National Housing Trust

TRANSFORMING A NATION

ANNUAL REPORT 2012/13

Transforming communities...Transforming lives.

OUR VISION

To be a role model among the world's leading housing finance institutions, delivering affordable housing solutions in a service culture, with professional staff serving customers with integrity and excellence.

OUR MISSION

To be effective stewards, caring for our contributors as we deliver housing solutions, build communities, refund contributions and influence the market to make housing more affordable.

National Housing Trust

National Housing Trust

CORE VALUES

INNOVATION

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

EXCELLENCE

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

PROFESSIONALISM

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

ACCOUNTABLITY

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

CARING

To treat all persons fairly and with respect.

INTEGRITY

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

TEAMWORK

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

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LETTER TO THE PRIME MINISTER

July 30, 2013

The Most Hon. Portia Simpson Miller, O.N., M.P.
Prime Minister
Jamaica House
Hope Road
Kingston 6

Dear Prime Minister,

In accordance with Section 3 First Schedule (no. 6) of the National Housing Trust Act 1979, I have the pleasure to present the NHT report for the year ended March 31, 2013, and a copy of its Statement of Accounts at March 31, 2013, duly certified by the Auditors.

Yours respectfully,

Easton Douglas, O.J., C.D., J.P.
Chairman

7 YEAR STATISTICAL SUMMARY

National Housing Trust

YEAR Ended March 31	2013 $'000	2012 $'000	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Total Assets	194,481,935	177,463,065	155,566,439	134,114,628	115,995,523	98,363,100	89,004,261
Inventories	11,372,815	9,902,862	8,380,924	5,693,088	4,914,369	3,909,465	3,870,059
Loans Receivable	148,065,717	129,364,036	110,276,274	95,757,161	85,131,068	70,629,633	58,728,730
Refundable Contributuions	67,971,646	62,177,515	56,286,861	50,235,825	44,060,124	38,188,003	32,716,876
Accumulated Fund							
Non-Refundable Contributions	90,077,720	78,686,847	67,284,979	56,605,529	47,579,711	38,927,479	33,463,941
Surplus on Income & Expenditure Account	23,114,518	21,939,916	20,471,988	19,047,190	16,736,746	15,491,948	16,215,498
Results From Operations							
Total Operating Income	11,409,929	9,687,369	8,439,982	9,208,760	8,627,500	6,615,566	6,193,353
Operating Expenditure	4,306,565	4,165,473	4,168,474	4,214,928	3,740,782	3,901,326	3,089,663
Net Surplus/(Deficit)	4,246,803	2,469,371	1,553,554	2,305,542	1,982,615	(300,015)	630,883
Financial Ratios							
Average Interest on Loans*	4.8%	4.7%	4.4%	5.5%	5.5%	4.8%	5.8%
Yield on Investments %	8.4%	7.6%	8.9%	14.1%	12.0%	11.2%	12.5%
Efficiency Ratio %	61.5%	75.9%	79.6%	62.1%	70.7%	135.0%	89.0%
Return on Capital	3.7%	2.4%	1.8%	3.0%	3.1%	(0.5)%	1.2%
Return on Assets	2.3%	1.5%	1.1%	1.8%	1.8%	(0.3)%	0.7%
Other Information							
Annual Housing Expenditure	22,607,055	24,216,512	21,209,341	16,915,796	20,242,636	16,941,643	13,171,808
Contributions Received	19,901,498	19,505,023	18,526,158	16,821,186	16,131,501	11,648,169	9,348,458
Contributions Refunded	3,908,253	3,253,025	2,874,123	2,751,659	2,624,178	2,250,457	1,682,606
Number of Mortgages Created Since Inception**	161,572	153,087	145,424	138,353	131,804	124,934	116,527
Number of Individual Benefits Provided Since Inception***	173,055	164,570	156,907	149,836	143,287	136,417	128,010

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

** Restated for 2012

*** Restated for 2012

BOARD OF DIRECTORS

Hon. Easton W.X. Douglas, O.J., JP, M.Sc, FRICS, Chairman

Mrs.A. Cecile Watson Managing Director

Senator Lambert Brown, C.D.

Mr. Robert Buddan

Mr. Easton Douglas has served his country with distinction for a combined period of 58 years in both the public and private sectors. His public service includes 26 years in the areas of Land and Valuation Surveying as well as serving in various capacities including: Principal Assistant Secretary in Land Use and Development, Ministry of Mining and Natural Resources; Government Town Planner; Permanent Secretary in the Ministries of National Security, Defence and Construction; and a Member/ Secretary of the Jamaica Defence Board. He has also served as Chairman of the National Security Council, Town and Country Planning Authority, Sub-division Committee, National Insurance Fund, Committee for recommending provisions for the Real Estate Dealers and Developers Act; and Director of several Statutory Boards and Government Companies.

He has been a Member of Parliament and Cabinet Minister in the Ministries of Health, Public Service and Environment, Land and Housing. He has also served as an Executive Director of the World Health Organization and Governor of the Human Ecology Council, London.

Mr. Douglas is the Principal of Easton Douglas and Company. He is a Chartered Surveyor, Land Economist and Real Estate Consultant. He is also Founder/Member of the Association of Land Economy and Valuation Surveyors.

Mr. Douglas was appointed Chairman of the Board of the National Housing Trust in April 2012 and is a Director of Harmonisation Ltd. and Harmony Cove Ltd.

Mrs. Watson assumed the role of Managing Director in May 2010. She is a senior business leader with over 20 years experience in leadership, strategy, change management, customer relations and operations. Her main industry experience has been in banking, engineering and consulting.

Mrs. Watson has worked extensively in Canada, Jamaica and Barbados. She joined CIBC in Canada in the early 1990's and relocated to Jamaica in 1995 to join the Bank's local operations. In 1997, Mrs. Watson was promoted to head the regional operations group of the Bank. She was part of the Senior Executive Team that established the Bank's headquarters in Barbados.

Mrs. Watson also serves on the Boards of Harmonisation Limited, Harmony Cove Limited and Sagicor Pooled Investments Funds.

Senator Brown was appointed to the NHT Board in April 2012. He currently sits as the President of the University & Allied Workers Union and is also the Vice President of the Jamaica Conference of Trade Unions (JCTU). He is also a member of the Urban Development Corporation and the Jamaica Productivity Centre Advisory Boards.

Mr. Brown lends his expertise in Trade Unionism and Human Resource Management.

Mr. Buddan was appointed to the NHT Board in April 2012. He is a Lecturer at the University of the West Indies in the Department of Government.

Mr. Buddan sits on the Boards of the Leadership Task Force and the Social Development Commission. He is a past member of the Jamaica Social Policy Evaluation Commission and the Prime Minister's Task Force. He was also a newspaper columnist from 2002-2011.

He lends his expertise in governance, democracy and constitutional reform.

Mrs. Cuthbert was appointed to the NHT Board in April 2012. She is the CEO of the Jamaica Employers' Federation. She is also a Board Member of the Fisheries Management & Development Fund.

Mrs. Cuthbert has knowledge, training and expertise in Agri-Business, Agriculture, Management and Finance.

Rev. Daley was appointed to the NHT Board in April 2012. He is a Pastor and the Moderator of the United Church in Jamaica & the Cayman Islands.

Mrs. Whyte was appointed to the Board in April 2012. She is the General Secretary for Jamaica Association of Local Government Officers (JALGO), Vice President for the Jamaica Confederation of Trade Unions (JCTU); and member of the Labour Advisory Council and the Jamaica Productivity Centre. She is also a representative of the Caribbean Public Sector Unions on the Health Services Task Force of Public Services International.

Mrs. Whyte lends her expertise in Negotiations, Training and Human Resource Management.

Dr. Daway was appointed to the NHT Board in April 2012. He is a part-time Lecturer at the University of Technology and the Principal of Kids of Vision Preparatory School. Dr. Daway is a past Board member of the Archdiocese of Jamaica and the Community Counselling Group and is currently a member of the Catholic Diocese Education Commission. He has also given his service in the Ministry of Education.

Dr. Daway has over twenty years experience as an economist and has expertise in Marketing & Research.

Senator Kavan Gayle, O.D.

Senator Gayle pursued Labour Studies at the International Institution for Force Free Labour Development (Israel) & George Manley Labour College (USA). He also did extensive work developing young labour leaders locally, regionally and internationally.

He was awarded National Honours in 2010 and appointed to the senate in 2012.

Senator Gayle lends his expertise in Education & Training, Human Resource Management and Industrial Relations.

Mr. O'Neil Grant

Mr. Grant was appointed to the Board in April 2012. He is the President of the Jamaica Civil Service Association and Board Member of the First Heritage Cooperative Credit Union.

Mr. Grant lends his expertise in Industrial Relations and Accounting/ Financial Analysis.

Mr. Norman Horne

Mr. Horne was appointed to the NHT Board in April 2012. He is the Chairman of ARC Systems Limited and is also a Board member for Jamaica Promotions Corporations (JAMPRO) and Jamaica Manufacturers' Association of Jamaica Limited (JMA).

Mr. Horne lends his expertise in International Trade and Business Management.

Mrs. Sonia Hyman

Mrs. Hyman was reappointed to the Board in April 2012, having served previously from 2005-2007. She is the Director of Planning and Development, in the Office of the Prime Minister. She also sits on the Boards of the Urban Development Corporation, St. Ann Development Company, Montego Bay Freeport and Caymanas Development Company.

Mrs. Hyman is a former Board Member of the Jamaica Cultural Development Commission and the Jamaica Bureau of Standards. Ms. Hyman also serves on the Boards of Greenwich All Age, Kemps Hill High and Cooreville Gardens Early Childhood Institution.

Ms. Minna Israel | Mr. Percival LaTouche | Ms. Deborah Martin | Mr. Vincent Morrison, C.D.

Ms. Minna Israel was appointed to the NHT Board In April 2012. She was appointed Distinguished Business Fellow at the Mona School of Business and Management (MSBM) UWI, effective March 2012.

Ms. Israel is a highly trained financial services provider with significant experience in corporate, commercial, and retail banking, compliance, risk management and strategic planning achieved over 30 years in Jamaica, Canada, and the Bahamas.

She is a career banker with excellent negotiating, relationship management, business development and presentation skills.

Ms. Israel's performance and contribution to the wider society has made her the recipient of a number of local, regional and international awards; the latest being the UWI Honorary Doctor of Laws degree, in November, 2011.

Mr. LaTouche was appointed to the NHT Board in April 2012. Mr. Latouche is the CEO for K. Rose Consultant & Construction Company. He is the Founder, President and Chief Executive Officer of the Association for the Resettlement of Returning Residents. Mr. LaTouche is the former Chairman of Sunset Strip Association.

Mr. LaTouche is a British trained Motor Mechanic who owned and operated a Chevron Petrol Station while living in England. After twenty-nine (29) years, he returned to Jamaica and gained employment in the following capacities: Mechanical Engineer at the Kingston and St. Andrew Corporation and Transport Manager at the National Water Commission. He also worked at the Jamaica Omnibus Service on a special project for the refurbishing of buses. He is a member of the Board of Directors of the Port Antonio Hospital and Chairman of the East Portland Action Lobby Group.

He lends his expertise in Building Construction and Motor Mechanics.

Ms. Martin was appointed to the Board in April 2012. She is an Attorney at law in private practice. Ms. Martin is also an associate tutor at the Norman Manley Law School and Chairman of the Criminal Practice and Procedures Committee of the Jamaica Bar Association.

Ms. Martin was an executive member of the Bar Council of the Jamaican Bar Association. She worked at the Private Criminal Bar for 17 years and was also the Deputy Director of Public Prosecutions in the office of the Director of Public Prosecutions from 1990-1995.

Mr. Morrison was appointed to the NHT Board in April 2012. He joined the staff of the NWU on April 14, 1969 and was elected President of the Union on September 30, 2006, having served as Vice President for over 25 years. Mr. Morrison is currently the President of the Three Oaks Gardens Citizen Association, the Chairman of St. Joseph High School Board and is also a Board member for the Mile Gully High School.

In 1970, Mr. Morrison was awarded a Scholarship to study Labour Economics and Industrial Relations at the Canadian Labour College, Montreal University and pursued a similar programme at Oxford University.

In October 1998, Mr. Morrison was awarded the Order of Distinction, (C.D.) Commander Class by the Government of Jamaica and lists among others as his most outstanding accomplishments, the setting up of the Jamaica Printing Services Limited.

MANAGEMENT TEAM

A. Cecile Watson
Managing Director

Lanie-Marie Oakley Williams
Senior General Manager
Customer Relations
Management

Martin Miller
Senior General Manager
Finance

Judith Larmond Henry
General Counsel &
Company Secretary

Donald Moore
Senior General Manager
Construction
& Development

Leighton Palmer
Chief Information
Officer

Lorna Walker
Chief Internal Auditor

Benedict Ranger
Senior General Manager
Corporate Services

Jeneita Townsend
General Manager
Human Resource
Management

Hon. Easton W.X. Douglas, OJ, JP, M.Sc, FRICS

CHAIRMAN'S REPORT

Dear Contributors,

The Board of Directors continues to be seized with the fact that embedded in the mandate of the National Housing Trust (NHT) is the responsibility for the provision of housing, fostering the development of communities and overall, enabling improvements in the quality of life of our people.

National Housing Trust

The goal of contributing to the transformation of our nation is at the heart of all we do and is expressed through committing to the provision of the highest level of service to you our contributors, by virtue of the leadership, mandate and guidance from our Portfolio Minister, the Most Honourable Portia Simpson Miller.

As part of this commitment, the entity also had to respond to a call to serve in the wider national interest. It was with a profound sense of national responsibility that we faced this challenge. During the year, the Government of Jamaica signed off on an agreement with the International Monetary Fund (IMF), securing a four–year (2013-2017) programme aimed at improving the economy. A major element of the funding agency's conditionality was for the country to reduce its debt to GDP ratio. As part of the fiscal measures, the NHT was called upon to contribute $11.4 billion annually over the period.

Notably, the impact of this contribution would not be captured at this juncture due to the timing of the request being so close to the end of the 2012/2013 fiscal year. However, we wish to use this opportunity to once again reassure you, the contributors, that despite the added responsibility, which undoubtedly redounds to the benefit of the nation, the Trust remains a viable entity.

The organization performed creditably amidst the ongoing economic challenges, meeting our target for mortgage collections and exceeding those for loans created, contributions collections, housing completions and expenditure containment. We also maintained the trend from the previous year, to post a surplus before tax.

Our focus continues to be the empowerment of our contributors through the reality of home ownership and community development. To this end, several housing solutions were completed in the parishes of Clarendon, Manchester and St. Thomas. The inaugural Architectural Design Challenge, launched in October 2012, was a direct response to our mandate to "encourage and stimulate improved methods of production of houses." The competition served to tap our country's creative pool and brought to the fore an additional source of identifying solutions to address the housing needs of our nation. There was also the unveiling of the "First Step Housing Programme", a collaborative effort with the Ministry of Water, Transport and Housing (MoTWH) and Food For the Poor (FFP). The initiative mainly targeted contributors in the lower income bands providing them with what is essentially a 'starter' housing unit with enough land on which improvements can be made for themselves and their families. New policies were also introduced, while others were amended, all in an effort to favourably impact the affordability of housing.

A partnership under the Youth Upliftment Through Employment (Y.U.T.E.) programme, served to train our young people in the field of construction. It was a year when we were also able to collaborate with an external funding entity (Universal Access Fund) among other initiatives to boost capacity in our communities.

In closing, the gratitude we feel toward the management and staff of the NHT cannot be overemphasized. With open minds, they responded to the government's call. Their continued commitment to the daily operations of the Trust is commendable and we use this opportunity to thank them publicly for a job well done. We would also like to thank our partners and stakeholders for their dedication in working with us throughout the year to achieve the common goal of providing for our contributors and meeting the needs in our communities.

As we prepare for another year, we wish to encourage continuing focus on our roles and responsibilities, and with your support and God's guidance, we will again deliver positive results.

We wish you continued blessings from the Almighty.

Easton W.X. Douglas, O.J.,C.D., J.P. FRICS
Chairman

National Housing Trust

PERFORMANCE REVIEW

"NHT allows me to constantly have a means by which to make an income for myself and my family. They (NHT) sent me to HEART Trust where I did a course in soft furnishing, now I make sheet sets, cushions, curtains, shoes, bags and even iron board and blender covers, and this is an extra income on the side."

– Angela Lawson, President Caribbean Palms Environmental Club.

The above statement reflects NHT's commitment to not only provide housing, but also to transform the lives of our contributors by giving them opportunities for a better quality of life. In light of the prevailing economic circumstances, we acknowledge our contributors' needs and we have responded with an increased focus on seeking solutions for affordable housing and building the capacities of the members of our communities island-wide.

In 2010, we committed to providing "More houses for less" we have not wavered from this commitment. In the 2012/13 Financial Year, we launched the First Step Housing Programme in conjunction with the Ministry of Water, Transport & Housing (MoWTH) and Food For the Poor (FFP). The First Step Housing Programme is primarily a low income housing product that will assist the most vulnerable of our contributors to own a home. The benefit comprises a super studio, costing $1.2m, which affords our contributors the opportunity of expansion in the future. We didn't end there. In October 2012, we launched an Architectural Design Challenge by inviting members of the public to submit designs for houses that could be built in Jamaica at a maximum cost of $3.2 million. The Trust was pleased to receive 30 entries of which five were submitted by students. The winning designs will be unveiled in the 2013/2014 financial year.

"There are a lot of things the programme does for us other than just education. As the programme says, "upliftment," and that's what it's helping me to do right now, uplift myself and be a better person".
– Oshaine Taylor, Y.U.T.E. Build Participant.

The preceeding testimonial, and others like it, makes the Trust extremely proud of its collaboration with Youth Upliftment Through Employment (Y.U.T.E.) in the delivery of 'Y.U.T.E. Build'. The initiative seeks to empower and encourage young people living in inner city communities by providing skills training, mentorship and certification in the field of construction. The trainees were selected from NHT schemes in Denham Town, Parade Gardens, Trench Town and Spanish Town Road; along with other participants in the wider YUTE programme. Testimonies of our impact have been poignant, and we remain committed to changing and transforming the lives of Jamaicans. Providing shelter forms the basis of our mandate, but transforming a nation is at the heart of our thrust.

EFFECTIVE STEWARDSHIP

NHT remains diligent stewards of the trust you, our contributors, have placed in us. Consequently, we recorded positive results in all key performance areas for 2012/2013, while maintaining excellence in the delivery of customer service. This year we introduced the Customer Account Card which contains client's NIS number, TRN and NHT account information, all pertinent when conducting general transactions with the Trust. Additionally, we have responded to a growing demand from you our contributors for more communication channels, by introducing our Facebook, Twitter and BlackBerry Messenger services. You can now send queries to our Customer Services Representatives who respond instantly via these channels. As we like to say here at the NHT, "customer satisfaction is a journey, not a destination; a journey that at each point delivers fantastic service every time."

Building & Transforming Communities

"I am really blessed to be have been a part of the Programme as it has lifted my self esteem, and helped me to move from unemployed to self–employed... I now own my own catering business…." – Resident of Paradise Court, Trench Town and graduate of the Hospitality Skills for Life Project

In the year under review, the Trust conducted projects in the areas of community governance, environment management, hospitality skills, income generation, arrears management, community beautification and behaviour change – all geared towards the development and sustainability of our respective schemes. Over one thousand NHT mortgagors and/or their co-applicants participated in strata training. These workshops have been particularly valuable to our mortgagors and forms part of our social development orientation for our new beneficiaries.

The annual NHT Summer Camp hosted children from NHT communities in Kingston, St. James, Westmoreland and St. Catherine. This year's concentration rested on Music for Social Transformation, which is a behavioral change programme targeting young people 9 to 21 years. Additionally, eleven Environmental Clubs were established this year and served as another means of engagement for our youth.

With the addition of these new clubs, participation in our environmental workshops rose to more than 200 children during the year. Our work in the communities also extended to the provision of assistance in developing grant proposals which resulted in six communities across St. Catherine, St. Mary and Westmoreland benefitting from computer labs through the Universal Access Fund.

In January 2013, we launched our Best Schemes Competition under the theme "Celebrating Communities." The Competition has been a major driver in the Trust's efforts towards encouraging community development and sustainability and is now in its twentieth year. The competition encourages communities to implement transformational projects and programmes which build civic pride and self reliance.

Affordable Housing Solutions

"… Like everyone else here, I have been dreaming of owning my own home for a very long time and this afternoon, our dreams have come through. Owning our own home is a sure sign of growth, and ensures a legacy for our children. It signifies stability and gives a sense of pride to all who aspire to be successful." – Winston Chambers, beneficiary Longville Park, Phase 3 Handover.

In keeping with our promise to reduce the cost of housing for contributors in the lower interest rate bands, we amended some of our existing policies and introduced new ones:

Home Grant

Low income contributors who earn below $10,000 weekly, and have been contributing for at least ten years, no longer have to wait until a home grant offer is advertised. Effective September 2012, they can apply for and receive a benefit of $1.2 million at any time during the year.

Interest Rate Reduction

Public Sector Workers now have the 1% interest rate reduction on their loans extended to 2015. Hotel Workers who are earning below $10,000 per week, also received a 1% interest rate reduction on their loans.

Building Interest Rate Discount

It will now cost less for contributors earning between $7,500 and $20,000, weekly, to build as the applicable interest rates have been reduced to maximum of 3% on loans to buy land and to build.

Mortgage Partner Policy

Persons who already own a home and are not planning to apply for a benefit can give their contributions, not due for refund, to help another contributor to own a home.

The NHT understands the importance of home ownership in the transformation process and as such; we continue to seek avenues to make this a reality for our contributors. In revising these products, we have given strong consideration not only to our low income contributors but also to the young professionals of Jamaica, aged 25-35 years.

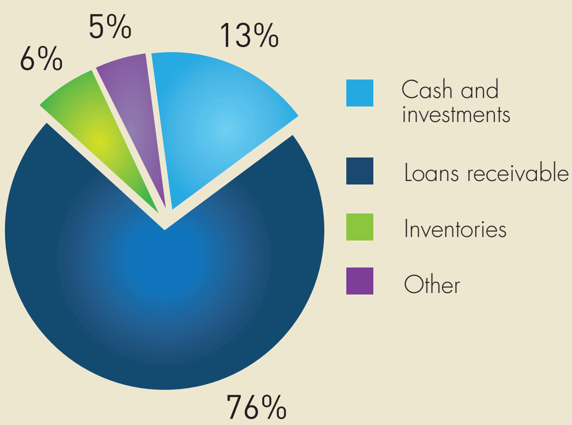
FINANCIAL REVIEW

Total Assets

At the end of the Financial Year 2012/13, NHT's assets totalled $194.5 billion, representing a 10% increase over the previous year. Loans receivables amounted to $148.1 billion and accounted for 76% of the Trust's total assets. This amount represents a 14% increase over the last financial year and is due mainly to increases in mortgages and institutional loans.

Conversely, there was a 15% decline in cash & investments, down from $28.7 billion to $24.5 billion. Settlement of tax obligations and the impact of the National Debt Exchange Programme were the main reasons for this decline. The construction of Hellshire Phase 4 and Longville Phase 3 contributed to a 14% increase in inventories compared to the previous year.

ASSET COMPOSITION



Income and Expenditure

Amidst ongoing macroeconomic challenges, surplus before tax at the end of 2012/13 increased by 44% moving from $3.56 billion to $5.13 billion. On the income side, interest revenue increased by 14%, moving from $7.75 billion to $8.85 billion, due mainly to a 13% expansion in the value of the mortgage portfolio. Approximately $1.6 billion was earned in miscellaneous income, a growth of 35%. This category comprises foreign exchange gains, penalty income, debt management fees and peril and life insurance administrative fees. At the end of the year, total income was $11.4 billion, an increase of 18% over the previous financial year.

Total expenditure increased by 3%, moving from $6.1 billion in 2012 to $6.3 billion at the end of March 2013. Operating expenses, which accounted for the majority (68%), increased slightly by an equivalent 3%, totaling $4.3 billion. With our thrust to improve access to home ownership, special subsidies and grants increased by 58%, to $919 million. Beneficiaries in our newly handed over schemes: Longville Phase 3 and Perth were the main recipients of these increased subsidies and grants.

Operational Review

Loans Created

For the year under review, the NHT created a total of 8,485 loans, 17% over the last financial year, at a value of $19.2 billion under its main mortgage portfolio. The Solar Water Heater and Solar Panel benefits along with the Joint Finance Mortgage programme accounted for an additional 1,201 loans, amounting to $3.6 billion.

LOAN TYPE	NUMBER	VALUE ($)
MAIN MORTGAGE LOAN:		
Build on Own Land	490	1,235,405,660
Construction Loan	937	1,719,585,116
Home Improvement	315	401,391,962
House Lot	1,301	1,406,636,252
Home Enhancement Loan Plan	21	28,597,941
Open Market	4,074	12,112,326,718
Scheme	561	1,595,451,862
Serviced Lot	786	654,120,669
SUBTOTAL	8,485	19,153,516,180
OTHER LOANS		
Solar Panel	4	5,308,417
Solar Water Heater	393	58,842,065
Joint Financed Mortgage	804	3,507,945,000
SUBTOTAL	1,201	3,572,095,482
TOTALS	**9,686**	**22,725,611662**

Mortgage Collection

The Trust achieved the target set for mortgage collections for the financial year. Amounts collected reflected a $1 billion or 7% increase over the last financial year, totaling $13.9 billion.

Contributions Management

Contributions Refunds

For the year under review, a total of $3.9 billion was refunded to 156,539 contributors, up from $3.3 billion and 147,653 contributors in 2011/2012. The Trust continues to pursue a business model that will deliver the flexibility customers demand along with a better client experience. Contributions refunds is one of the main channels through which we interface with our customers, and so, ensuring a hassle free environment for our contributors at this point of contact has always been our priority. We are therefore pleased by your enthusiasm in response to the ease and convenience of applying for your refunds online.

Contributions Collections

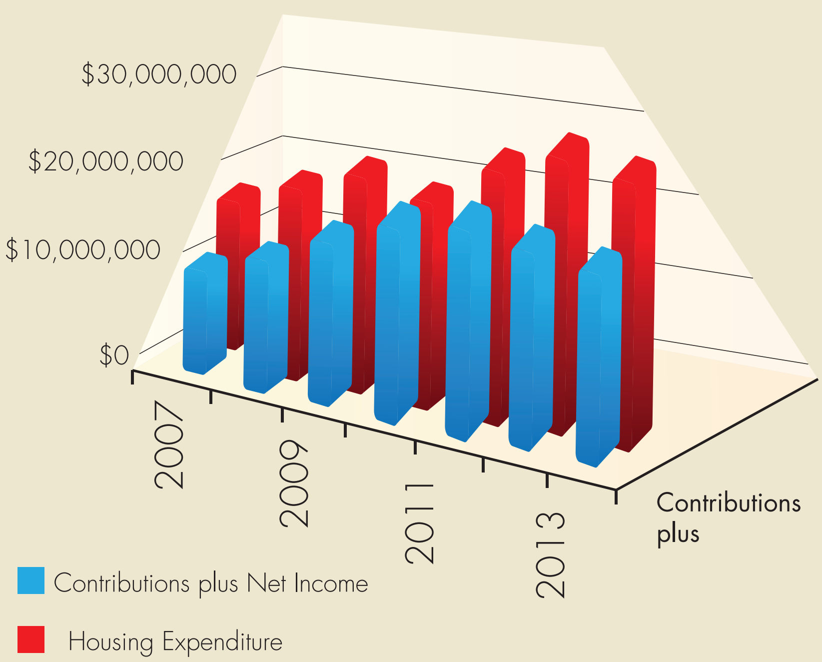
For the 2012/13 fiscal year, contributions collections amounted to $19.9 billion, a 2% increase or $397 million over the total for the previous year. Collections from employers declined marginally by 0.1% to $11.39 billion. The amount collected from employees, however, improved by 5% moving to $8.5 billion.

Market Review

Housing Expenditure

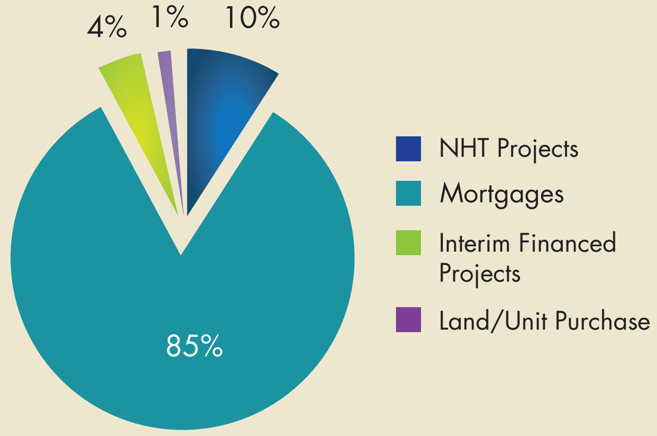
For 2012/2013, the organization spent 151% of its net collections of $16 billion (vs. 149% for the previous year) as housing expenditure. In comparison to last year, housing expenditure fell by $1.64 billion or 6.8% resulting in a total of $22.6 billion.

HOUSING EXPENDITURE VS NET INFLOWS



Mortgages accounted for the majority of housing expenditure – NHT mortgages, and loans disbursed under our Joint Finance Mortgage Programme accounted for 85% of the total spent vs. 81% in the previous year. Alternatively, NHT based projects, Interim Financed Developments and Joint Venture projects – amounted to 14% of the total vs. 18% prior year.

HOUSING EXPENDITURE 2012/2013



Housing Completions

In total, the Trust completed 3,688 solutions or 6% above the number of solutions planned. Beneficiary construction (Build-on-Own Land, Construction Loan, and Home Improvement) accounted for 1,395 or 38% of the total. NHT projects (1,316 solutions) and Interim Financed Schemes (977 units) accounted for the remaining 62%.

Completed NHT Projects for 2012-2013 included:

1. 654 units and 264 serviced lots, Longville, Clarendon
2. 139 serviced lots, Creighton Hall, St. Thomas
3. 258 serviced lots, Perth, Manchester

Market Share

The Trust, on average for the last five years, has contributed 58% of housing completions island-wide and a similar percentage of the total value of mortgages disbursed in the residential construction and housing finance sectors. For calendar year 2012, NHT accounted for 68% or $19.4 billion of total mortgages. There was a 20% decline in the total number of residential mortgages issued nationally in 2012, mainly due to a 44% reduction in the number of mortgages issued by the Credit Unions and Insurance Companies. The NHT continued to be a dominant player in the residential mortgage market.

MORTGAGES BY MAJOR AGENCIES 2008-2012

Agency	Number of Mortgages				
	2008	2009	2010	2011	2012
Specialised Mortgage Agencies:					
National Housing Trust	5,546	5,918	6,806	7,425	7,205
National Housing Development Corporation	48	0	0	0	0
Building Societies	4,704	2,037	1,479	918*	1,281
Non – Specialised					
Credit Unions & Insurance Companies	167	0	7	5,747	3,198
Total	10,465	7,955	8,292	14,090	11,684
	Value of Mortgages ($Millions)				
Specialised Mortgage Agencies:					
National Housing Trust	10,417.3	12,275.4	15,714.6	20,671.8	19,387.3
National Housing Development Corporation	13.0	0	0	0	0
Building Societies	22,353.3	10,849.4	8,910.9	5,171.4*	7,399.4
Non – Specialised Agencies:					
Credit Unions & Insurance Companies	299.0	0	49.3	2,112.5	1,911.1
Total	33,082.6	23,124.8	24,674.8	27,955.7	28,697.8

Source: The Planning Institute of Jamaica
(*): the values for 2011 includes amount provided by only two of the Building Societies

OUR PEOPLE

The extraordinary commitment and dedication of our employees to maintaining a high level of service to our customers must be highlighted. The NHT knows that a great company goes beyond its clientele, to encapsulate the talent, enthusiasm and leadership of its human resources – the growth drivers of the Trust. We believe that by making the NHT the best place to work for our employees, we are also encouraging greater staff-customer relationships. To this end, we continue to implement developmental programmes aimed at building their capacity, particularly in the core areas of our operations. We salute the tenacity of our employees as they continue to ensure quality of service delivery while assisting our contributors in realizing the dream of home ownership.

The Year Ahead

We are encouraged by the positive results in 2012/2013 and the prospects of even greater achievements in the next financial year and beyond. Despite the economic and operating challenges that lie ahead, we believe you our contributors will continue to benefit from our strategies: providing more houses for less and improving service delivery while remaining financially viable. The Financial Year 2013/2014 will see the revitalization of the NHT's Inner-City Project, aimed at transforming vulnerable communities within Jamaica. This project forms part of the Trust's social housing initiative and extends beyond simply providing homes to contributors, but also to uplifting the disadvantaged, thereby, impacting positively the welfare of our people.

In furtherance of our mandate we will be completing over 2,000 housing solutions through our various programmes. By now construction has commenced on some of these solutions which will include:

Projects	Number of Solutions
Nashville, St. Mary	63 serviced lots
Hellshire, Phase 4, St. Catherine	180 units, 46 serviced lots
Cherry Gardens, St. Catherine	31 units
Bellrock, St. Thomas	18 serviced lots
Balaclava, St. Elizabeth	88 serviced lots, 3 agricultural lots
Wickie Wackie, St. Andrew	13 units

Whilst 2013/2014 will undoubtedly bring challenges, the NHT remains optimistic. The threat of rising costs of construction inputs, the current wage freeze and the sluggish economic recovery globally, demands that the NHT continue to refine its strategies to remain viable and relevant to you our contributors.

YEAR IN REVIEW IN PHOTO
GROUND BREAKING

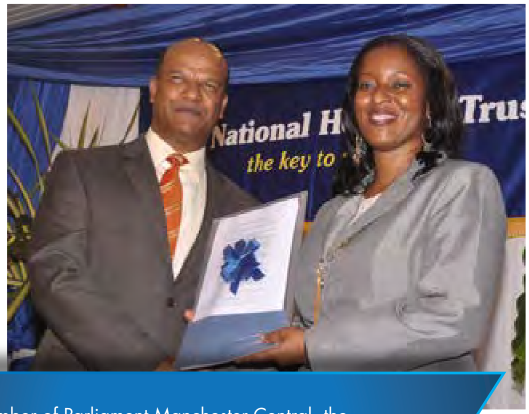
Prime Minister, The Most Hon. Portia Simpson Miller (second left) breaks ground for the fourth phase of the Hellshire Development. Accompanying her (l-r) are: Mr. Fitz Jackson, Member of Parliament, St. Catherine Southern; Hon. Dr. Morais Guy, Minister without portfolio, Ministry of Transport, Works and Housing; Mrs. A. Cecile Watson, Managing Director, NHT; His Worship George Lee, Mayor of the Municipality of Portmore. Standing in the background is His Worship Councillor, Norman Scott, Mayor of Spanish Town.

A model unit on display at Hellshire Phase III, St. Catherine.

Prime Minister breaks ground at Hampden Trelawny and is supported by from l-r Dr. the Hon. Omar Davies, MP, Minister of Transport, Works and Housing, NHT's Managing Director, A. Cecile Watson, Dr. the Hon. Morais Guy, Minister without portfolio and NHT's Chairman, Easton Douglas.

HANDOVERS

Prime Minister, The Most Hon. Portia Simpson Miller, ON, MP is joined by (l-r): a Perth beneficiary; NHT's Managing Director, A. Cecile Watson; NHT's Chairman, Easton Douglas CD, JP; and The Hon. Peter Bunting, Member of Parliament Manchester Central to cut the ribbon marking the hand-over of the Perth Housing Development in Manchester.



Member of Parliament Manchester Central, the Hon. Peter Bunting, proudly hands over a letter of commitment to a Perth beneficiary.

The Most Hon. Portia Simpson Miller, hands over a letter of commitment to a proud Hampden beneficiary.

NHT's Chairman, Easton Douglas, hands over a letter of commitment to a proud Hampden beneficiary.

Prime Minister, The Most Hon. Portia Simpson Miller hands over a letter of commitment to a delighted Hampden beneficiary, while from l-r, NHT's Chairman, Easton Douglas and Hon. Dr. Morais Guy, Minister without portfolio looks on.

Attending the hand-over ceremony, Longville Phase III, were (l-r): Member of Parliament Clarendon South Western, Hon. Noel Arscot, Hon. Dr. Morais Guy, Minister without portfolio; Prime Minister, The Most Hon. Portia Simpson Miller NHT's Chairman, Easton Douglas; and NHT's Managing Director, A. Cecile Watson.

Member of Parliament for Clarendon South Eastern, Rudyard Spencer, congratulates a very elated Longville beneficiary.

A display of a housing unit at Longville Phase III, Clarendon.

PARTNERSHIPS

The Most Hon. Portia Simpson Miller, Prime Minister and Portfolio Minister for the NHT, reaffirms the government's commitment to provide adequate housing facilities for the JDF at the signing of a Memorandum of Understanding for the rebuilding of the Lathbury Barracks. To the right are joint signatories, Minister of National Security, Hon. Peter Bunting and Chief of Defense Staff, Major General Antony Anderson. Looking on are Dr. the Hon. Peter Phillips, Minister of Finance & Planning (seated); Mrs. Elizabeth Stair, CEO, National Land Agency; Mr. Easton Douglas, Chairman NHT; Mrs. A. Cecile Watson, Managing Director, NHT.

JDF TO RECEIVE ADEQUATE HOUSING BARRACKS

3D Model of the proposed Lathbury Barracks.

NHT YUTE BUILD

A display of a mock up housing unit that was created by trainees from the YUTE Build Programme.

NHT YUTE Build trainees were fully engaged while assembling a mock-up housing unit for display

AFFORDABLE HOUSING

ARCHITECTURAL DESIGN CHALLENGE

The National Housing Trust initiated an Architectural Design Competition in search of housing units that are affordable, aesthetically pleasing and suitable to build; the units should cost no more than 3.2million to construct.

NHT IN THE COMMUNITY

BEST SCHEMES COMPETITION LAUNCH

From l-r, Melrose King President Angels Grove Community, Alice Simpson, PRO, Angels Grove Environmental Club recieves the 1st place award for the community history competition from Prime Minister, The Most Hon. Portia Simpson Miller.

Students from the Angels Grove Primary School performed for the audience at the launch of the Best Schemes Competition.

NHT board member, Brenda Cuthbert addresses the audience at the launch of the Best Schemes Competition held on January 31, 2013.

Members of the CDP Drum Core (Caribbean Palms, Delacree Park and Palm Grove Courts) perform at the Launch of the Best Schemes Competition.

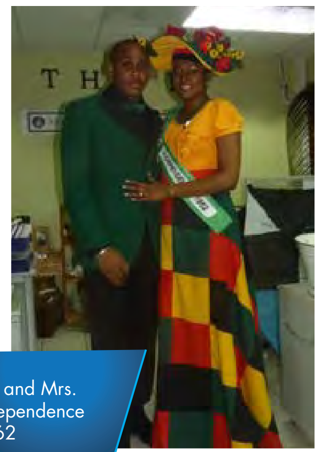
NHT Chorale performs at the Launch for the Best Schemes Competition.

NHT - A FUN PLACE TO WORK

JAMAICA 50 CELEBRATIONS

Our Office Decor Competition ran from July 16–20, 2012 with the aim of showcasing our Jamaica 50 enthusiasm and our cultural heritage. Photos below captures a few of what was displayed to both internal and external customers, the event came to a close after a small internal competition was judged by external judges from JCDC.

1st Place in the Office Décor Competition was Loan Management, 2nd place went to Information Systems Department and 3rd place went to Project Management Office.



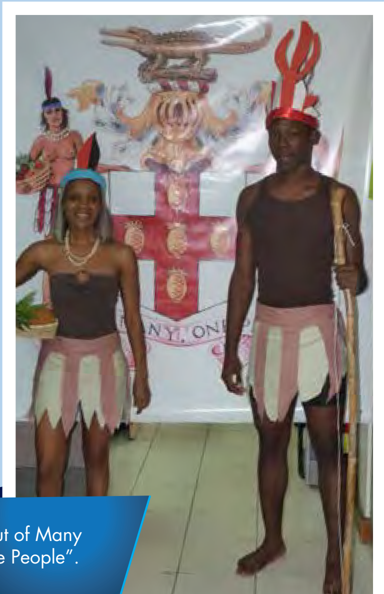
Mr. and Mrs. Independence 1962

A Market display

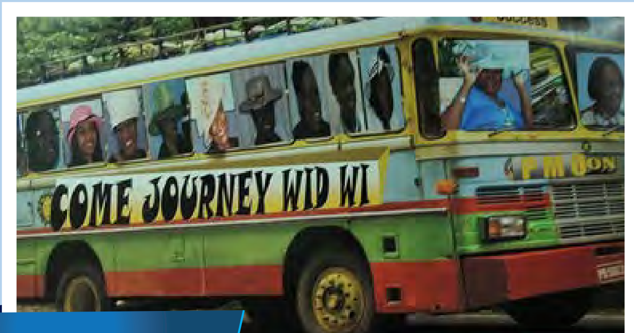
A musical peformance at the Jamaica 50 Celebration

“Dung A Market ” display

Exhibition of a coal stove



“Out of Many One People”.



Project Management On It”.

SPORTS DAY

Vibrant members from Garvey house supports and cheers for their house at NHT's games evening.

Staff engaging in the hoola-hoop competition at games evening 2012. In the photo are representatives from Manley and Bogle house.

Manley house representatives take part in a tug 'o' war.

Representatives from Manley, Busta, Sharpe, Bogle and Nanny House, participated in a sprint event at NHT's games evening 2013

DIRECTORS' REPORT

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED MARCH 31, 2013

	2013 $'000	2012 $'000
Interest revenue:		
- Loans	6,670,432	5,628,443
- Investments	2,175,537	2,123,761
	8,845,969	7,752,204
Bonus on employees' contributions	(1,191,696)	(1,040,524)
Net interest revenue	7,654,273	6,711,680
Other gains on securities carried at fair value through profit or loss	242,376	180,562
Dividends from equity investments	28,459	22,804
Service charge on loans to beneficiaries	711,076	558,062
Gains on disposal of investments	-	8
Miscellaneous	1,582,049	1,173,729
	10,218,233	8,646,845
Operating expenses	4,306,565	4,165,473
Increase (Decrease) in allowance for impairment on loans receivable	26,520	(358,867)
(Gains) Losses on projects (including allowance for impairment)	(260,934)	645,599
Special subsidies and grants	918,999	581,081
Restructuring costs	2,223	4,142
Loss on disposal of investment securities	51,292	-
Share of comprehensive losses of associates (including allowance for loan loss)	40,195	46,638
	5,084,860	5,084,066
SURPLUS BEFORE TAXATION	5,133,373	3,562,779
Taxation	(886,570)	(1,093,408)
SURPLUS FOR THE YEAR	4,246,803	2,469,371
Other Comprehensive Income:		
Losses on available-for-sale financial assets	(1,687,829)	442,934
Reduction in deferred tax liability on revaluation of property, plant and equipment	9,098	1,011
	(1,678,731)	443,945
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,568,072	2,913,316

DIRECTORS' REPORT cont'd

2. BOARD OF DIRECTORS

a. Hon. Easton Douglas, O.J., J.P., Chairman

b. Mrs. A. Cecile Watson (Managing Director)

c. Senator Lambert Brown, C.D.

d. Mr. Robert Buddan

e. Mrs. Brenda Cuthbert

f. Rev. J. Oliver Daley, C.D.

g. Mrs. Helene Davis Whyte, C.D.

h. Dr. Davidson Daway

i. Senator Kavan Gayle, O.D.

j. Mr. O'Neil Grant

k. Mr. Norman Horne

l. Mrs. Sonia Hyman

m. Ms. Minna Israel

n. Mr. Percival LaTouche

o. Ms. Deborah Martin

p. Mr. Vincent Morrison, C.D.

3. THE AUDITORS

The Board and Management of the NHT wish to thank our external auditors, KPMG, for their years of service. Based on Government procurement guidelines, Deloitte & Touche has been appointed for three years effective February 2013.

4. THE EMPLOYEES

The Directors wish to thank the management and staff of the Trust for their hard work during the year under review.

FINANCIAL STATEMENTS 2012/13

CONTENTS

Deloitte.

Deloitte & Touche
Chartered Accountants
7 West Avenue
Kingston Gardens
P.O. Box 13, Kingston 4
Jamaica, W.I.

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Fax: (876) 922 7673
http://www.deloitte.com/jm

42B & 42C Union Street
Montego Bay
Jamaica, W.I.

Tel: (876) 952 4713-4
Fax: (876) 979 0246

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

NATIONAL HOUSING TRUST

Report on the Financial Statements

We have audited the financial statements of the National Housing Trust (the Trust), set out on pages 35 to 114 which comprise the statement of financial position as at March 31, 2013, the statement of comprehensive income, the statement of changes in accumulated fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

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

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

Audley L. Gordon, Anura Jayatillake, Winston G. Robinson, Fagan E. Calvert, Gihan C. deMel

Member of
Deloitte Touche Tohmatsu Limited

Report on the financial statements (Cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at March 31, 2013 and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Act.

Other Matter

The financial statements of the Trust for the year ended March 31, 2012 were audited by another auditor who expressed a modified opinion on those financial statements, with respect to the treatment of non-refundable employers' contributions, on July 2, 2012.

Report on additional requirements of the National Housing Trust Act

As detailed in Note 21(c), the Trust has not fully established personal accounts for employed persons, who have made refundable contributions to the Trust, to enable it to issue certificates of contributions made, as required by the National Housing Trust Act. The processing of annual returns is ongoing and the Trust is taking steps to complete the processing in order to issue the relevant certificates, although progress is hampered by employers not submitting the returns required in a timely manner.

In our opinion, except for this matter, proper accounting records have been maintained and the financial statements are in agreement therewith.

Deloitte & Touche

Chartered Accountants

Kingston, Jamaica
July 29, 2013

STATEMENT OF FINANCIAL POSITION
As at March 31, 2013

	Notes	2013 $'000	2012 $'000
ASSETS			
Cash and bank balances	6	3,113,815	5,853,929
Receivables and prepayments	7	1,102,830	790,265
Non-current assets held for sale	8	70,904	70,904
Securities purchased under resale agreements	9	684,147	1,097,979
Investment securities	10	20,705,907	21,744,980
Taxation recoverable	30(a)	5,250,174	4,678,670
Loans receivable	11,12	148,065,717	129,364,036
Inventories	13	11,372,815	9,902,862
Intangible assets	14	28,135	30,543
Investments in associates	15	1,176,907	1,217,102
Retirement benefit asset	16	1,431,031	1,245,589
Investment property	17	46,600	-
Property, plant and equipment	18	1,432,953	1,466,206
Total assets		194,481,935	177,463,065
LIABILITIES AND ACCUMULATED FUND			
LIABILITIES			
Payables and accruals	19	2,789,319	1,890,714
Provisions	20	1,512,597	908,107
Refundable contributions	21	67,971,646	62,177,515
Deferred tax liabilities	22	625,185	724,999
Retirement benefit obligation	16	243,494	215,947
Taxation payable	30(b)	222,502	2,245,216
		73,364,743	68,162,498
ACCUMULATED FUND			
Non-refundable employers' contributions	2(c)	90,077,720	78,686,847
Fair value and other reserves	23	1,057,186	2,735,980
Peril reserve	24	2,946,858	2,607,465
Loan loss reserve	11,25	3,920,910	3,330,359
Accumulated surplus		23,114,518	21,939,916
		121,117,192	109,300,567
Total liabilities and accumulated fund		194,481,935	177,463,065

The notes on pages 39 to 114 form an integral part of the financial statements.

The financial statements on pages 35 to 114 were approved on July 29, 2013 by the Board of Directors and signed on its behalf by:

Easton Douglas – Chairman

A. Cecile Watson – Managing Director

STATEMENT OF COMPREHENSIVE INCOME
Year Ended March 31, 2013

	Notes	2013 $'000	2012 $'000
Interest revenue:			
- Loans	31	6,670,432	5,628,443
- Investments	31	2,175,537	2,123,761
		8,845,969	7,752,204
Bonus on employees' contributions	31	(1,191,696)	(1,040,524)
Net interest revenue		7,654,273	6,711,680
Other gains on securities carried at fair value through profit or loss	10(a)	242,376	180,562
Dividends from equity investments	31	28,459	22,804
Service charge on loans to beneficiaries	11(o)	711,076	558,062
Gains on disposal of investments		-	8
Miscellaneous	27	1,582,049	1,173,729
		10,218,233	8,646,845
Operating expenses		4,306,565	4,165,473
Increase (Decrease) in allowance for impairment on loans receivable	11(n)	26,520	(358,867)
(Gains) Losses on projects (including allowance for impairment)	13(b)	(260,934)	645,599
Special subsidies and grants	28	918,999	581,081
Restructuring costs	29	2,223	4,142
Loss on disposal of investment securities	31(c)	51,292	-
Share of comprehensive losses of associates (including allowance for loan loss)	15	40,195	46,638
		5,084,860	5,084,066
SURPLUS BEFORE TAXATION		5,133,373	3,562,779
Taxation	30(c)	(886,570)	(1,093,408)
SURPLUS FOR THE YEAR	31	4,246,803	2,469,371
Other Comprehensive Income:			
Losses on available-for-sale financial assets	23	(1,687,829)	442,934
Reduction in deferred tax liability on revaluation of property, plant and equipment	23	9,098	1,011
		(1,678,731)	443,945
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,568,072	2,913,316

The notes on pages 39 to 114 form an integral part of the financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUND
Year Ended March 31, 2013

	Notes	Non-Refundable Employers' Contributions $'000	Fair Value and other Reserves $'000	Peril Reserve $'000	Loan loss Reserve $'000	Accumulated Surplus $'000	Total Accumulated Fund $'000
Balances at April 1, 2011		67,284,979	2,292,035	2,563,527	2,372,854	20,471,988	94,985,383
Surplus for the year		-	-	-	-	2,469,371	2,469,371
Other comprehensive income for the year		-	443,945	-	-	-	443,945
Total comprehensive income for the year		-	443,945	-	-	2,469,371	2,913,316
Recognised directly in accumulated fund:							
Non-refundable contributions for the year (net)		11,401,868	-	-	-	-	11,401,868
Transfers to/(from) accumulated surplus	24,25	-	-	43,938	957,505	(1,001,443)	-
Balances at March 31, 2012		78,686,847	2,735,980	2,607,465	3,330,359	21,939,916	109,300,567
Surplus for the year		-	-	-	-	4,246,803	4,246,803
Other comprehensive income for the year		-	(1,678,731)	-	-	-	(1,678,731)
Total comprehensive income for the year		-	(1,678,731)	-	-	4,246,803	2,568,072
Recognised directly in accumulated fund:							
Loss on recognition of fixed rate accreting notes (FRAN) – National Debt Exchange	10(b)(iv)	-		-	-	(1,142,257)	(1,142,257)
Special Distribution	26	-	-	-	-	(1,000,000)	(1,000,000)
Contribution shortage on annual return		-	(63)	-	-	-	(63)
Non-refundable contributions for the year (net)		11,390,873	-	-	-	-	11,390,873
Transfers to/(from) accumulated surplus	24,25	-	-	339,393	590,551	(929,944)	-
Balances at March 31, 2013		90,077,720	1,057,186	2,946,858	3,920,910	23,114,518	121,117,192

The notes on Pages 39 to 114 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
Year Ended March 31, 2013

	Notes	2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		4,246,803	2,469,371
Adjustments to surplus for the year	39	(7,496,900)	(6,085,481)
		(3,250,097)	(3,616,110)
Increase in operating assets			
Receivables and prepayments		(310,005)	(161,123)
Contributions retirement benefits		(134,915)	(141,662)
Increase (Decrease) in operating liabilities:			
Payables and accruals		898,605	132,803
Provisions utilised		(150,934)	(6,954)
Cash used in operations		(2,947,346)	(3,793,046)
Interest received		8,554,282	7,666,818
Tax paid		(3,571,504)	(582,712)
Cash provided by operating activities		2,035,432	3,291,060
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of securities purchased under resale agreements		(2,613,840)	(4,997,166)
Proceeds on encashment of securities purchased under resale agreements		3,089,070	9,066,589
Acquisition of investment securities		(1,611,999)	(5,787,475)
Proceeds on encashment of investment securities		496,220	5,340,587
Loans receivable, less recoveries		(17,695,382)	(18,034,767)
Increase in inventories (net)		(1,332,202)	(1,686,557)
Intangible assets		(14,595)	(34,387)
Acquisition of property, plant and equipment		(90,983)	(73,303)
Proceeds on disposal of property, plant and equipment		1,053	-
Cash used in investing activities		(19,772,658)	(16,206,479)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions from employers		11,390,873	11,401,868
Contributions from employees		8,510,625	8,103,155
Refund of employees' contributions		(3,908,253)	(3,253,025)
Special distribution		(1,000,000)	-
Cash provided by financing activities		14,993,245	16,251,998
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,743,981)	3,336,579
OPENING CASH AND CASH EQUIVALENTS		5,829,499	2,496,822
Effect of foreign exchange rate changes		21,048	(3,902)
CLOSING CASH AND CASH EQUIVALENTS	6	3,106,566	5,829,499

The notes on pages 39 to 114 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

1 IDENTIFICATION

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

The functions of the Trust are:

- To add to and improve the country's existing supply of housing by -
  - (i) promoting housing projects to such extent as may, from time to time, be approved by the Minister responsible for the Trust.
  - (ii) making loans available to contributors to assist in the purchase, building, maintenance, repair or improvement of houses; and
  - (iii) encouraging and stimulating improved methods of production of houses.
- To enhance the usefulness of the funds of the Trust by promoting greater efficiency in the housing sector.

These financial statements include the Trust's share of the results of the Trust's associated company (Note 15).

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

2 CONTRIBUTIONS AND BENEFITS

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

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

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

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

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards and Disclosures affecting presentation and disclosure in the current period (and/or prior periods)

There were no Standards and Interpretations that were applied in the year that affected the presentation and disclosures in these financial statements.

Standards and Interpretations affecting the reported financial performance and/or financial position

There were no Standards and Interpretations that were applicable in the year that affected reported financial performance and/or financial position.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

		Effective for annual periods beginning on or after
Amendments to Standards		
IAS 12	Income Taxes – limited scope amendment (recovery of underlying assets)	January 1, 2012
IAS 27 and IFRS 3	Amendments arising from May 2010 Annual Improvements to IFRS	July 1, 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards	
	- Replacement of fixed dates for certain exceptions with the date of transition to IFRS	July 1, 2011
	- Additional exemption for entities ceasing to suffer from severe hyperinflation	July 1, 2011
IFRS 7	Financial Instruments: Disclosures	
	- Amendments enhancing disclosures about transfers of financial assets	July 1, 2011

Standards and interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but were not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New and Revised Standards		
IAS 1, 16, 32, 34 and IFRS 1	Amendments arising from 2009 – 2011 Annual Improvements to IFRS	January 1, 2013
IAS 1	Presentation of Financial Statements	
	- Amendments to revise the way other comprehensive income is presented	July 1, 2012
IAS 19	Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements	
	- Reissued as IAS 27 Separate Financial Statements	January 1, 2013
IAS 28	Investments in Associates	
	- Reissued as IAS 28 Investments in Associates and Joint Ventures	January 1, 2013

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

Standards and interpretations in issue not yet effective (Cont'd)

		Effective for annual periods beginning on or after
New and Revised Standards (Cont'd)		
IAS 32	Financial Instruments:	
	- Amendments to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014
IFRS 1	First-time Adoption of International Financial Reporting Standards	
	- Amendment for Government loan with a below-market rate of interest when transitioning to IFRS	January 1, 2013
IFRS 7	Financial Instruments: Disclosures	
	- Amendments enhancing disclosures about offsetting financial assets and financial liabilities	January 1, 2013
	- Amendments enhancing disclosures about transfers of financial assets	July 1, 2011
	- Amendments requiring disclosures about the initial application of IFRS 9	January 1, 2015 (or otherwise when IFRS 9 is first applied)
IFRS 9	Financial Instruments	
	- Classification and Measurement of financial assets	January 1, 2015
	- Accounting for financial liabilities and derecognition	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 10, 12 and IAS 27	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Separate Financial Statements	
	- Amendments for investment entities	January 1, 2014
IFRS 10, 11, 12	Consolidated Financial Statements, Joint Venture Arrangements and Disclosure of Interest in Other Entities: Transition Guidance	January 1, 2013
IFRS 12	Disclosures of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
New and Revised Interpretations		
IFRIC 20	Stripping costs in the Production Phase of a Surface Mine	January 1, 2013
IFRIC 21	Levies	January 1, 2014

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

3 **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)**

New and Revised Standards and Interpretations in Issue not yet effective that are relevant

The Board of Directors and management have assessed the impact of all new and revised Standards and Interpretations in issue not yet effective and have concluded that the following are relevant to the operations of the Trust:

- Annual Improvements to IFRS 2009 – 2011 Cycle issued in May 2012

  The Annual Improvements to IFRS 2009 – 2011 Cycle include a number of amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2013. Amendments to IFRS among others include:

  - Amendments to IAS 16 *Property, Plant and Equipment*

  <u>Amendments to IAS 16</u>

  The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Trust's financial statements.

- IAS 1 *Presentation of Financial Statements*

  The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

  The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

- IAS 19 *Employee Benefits*

  The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on the plan asses used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

  The amendments to IAS 19 are effective for annual periods beginning on or after January 1, 2013 and require retrospective application with certain exceptions. The directors and management anticipate that the amendments to IAS 19 will be adopted in the Trust's financial statements for the annual period beginning April 1, 2013 and that the application of the amendments to IAS 19 may have an impact on amounts reported in respect of the Trust's defined benefit pension plan. However, the directors and management have not completed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

New and Revised Standards and Interpretations in Issue not yet effective that are relevant (Cont'd)

- Amendments to IFRS 7 and IAS 32 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

  The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

  The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

  The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after January 1, 2014, with retrospective application required. The directors do not anticipate that the amendment will have a significant effect on the Trust's financial statements.

- IFRS 9 *Financial Instruments*

  IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

  Key requirements of IFRS 9:

  - All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

  - With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

  The directors and management anticipate that IFRS 9 will be adopted in the Trust's financial statements for the annual period beginning April 1, 2015 and that the application of IFRS 9 may impact the amounts reported in respect of the Trust's financial assets and liabilities. However, the directors have not completed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

3 **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)**

New and Revised Standards and Interpretations in Issue not yet effective that are relevant (Cont'd)

- IFRS 10 *Consolidated Financial Statements* – IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The directors and management have not yet assessed the impact of the application of this standard on the Trust's financial statements.

- IFRS 11 *Joint Arrangements*: introduces new accounting requirements for joint arrangements. It removes the option to apply the proportional consolidation method when accounting for jointly-controlled entities and it also eliminates jointly-controlled assets to now only differentiate between joint operations and joint ventures. On adoption at its effective date, the standard is not expected to have any significant impact on the Trust's financial results.

- *IFRS 12 Disclosures of Interests in Other Entities* - is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate (1) the nature of, and risks associated with, its interests in other entities, and (2) the effects of those interests on its financial position, financial performance and cash flows. The directors and management have not completed its assessment of the impact of the application of this standard on the Trust's financial statements.

- IFRS 13 *Fair Value Measurement*

  IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

  IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

  The directors and management have not completed their assessment the impact of the IFRS on the financial statement on adoption at its effective date.

4 **SIGNIFICANT ACCOUNTING POLICIES**

4.1 **Statement of compliance**

The Trust's financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the relevant requirements of the National Housing Trust Act.

4.2 **Basis of preparation**

These financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

4 **SIGNIFICANT ACCOUNTING POLICIES**

4.3 **Financial instruments**

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

Financial assets of the Trust include any asset that is:

(a) cash;
(b) an equity instrument of another entity;
(c) a contractual right:

(i) to receive cash or another financial asset from another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Trust.

Financial liabilities of the Trust include any liability that is a contractual obligation:

(i) to deliver cash or another financial asset to another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Trust.

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

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

4.3.1 ***Financial assets***

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the market place.

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.3 **Financial instruments (Cont'd)**

4.3.1 ***Financial assets (Cont'd)***

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

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

A financial asset is classified as held for trading if:

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

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

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

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

Derivative financial instruments

These are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to the fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

The Trust's portfolio of FVTPL investments comprises debt securities with inflation adjusted interest features.

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.3 **Financial instruments (Cont'd)**

4.3.1 ***Financial assets (Cont'd)***

4.3.1.2 Loans and receivables

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

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

<u>Securities purchased under resale agreements</u>
Securities purchased under resale agreements (reverse repurchase agreements) are treated as collaterised financing transactions and are recorded at the amount at which the securities were acquired plus accrued interest. The difference between the purchase and resale price is treated as interest income and is accrued over the lives of the agreements using the effective interest method.

<u>Loans receivable and service charge on loans</u>

Loans receivable

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

Service charge on loans to beneficiaries

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

4.3.1.3 AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as financial assets at fair value through profit or loss or loans and receivables.

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

AFS equity investments that do not have a quoted market price in an active market and which fair value cannot be reliably measured are carried at cost less any identified impairment losses at the end of each reporting period.

Gains and losses arising from changes in fair value are recognised directly in the fair value and other reserves included in accumulated fund, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value and other reserves are included in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.3 **Financial instruments (Cont'd)**

4.3.1 ***Financial assets (Cont'd)***

4.3.1.3 AFS financial assets (Cont'd)

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

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

The Trust's portfolio of AFS securities comprises quoted equities and various debt securities.

4.3.1.4 Impairment of financial assets

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

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

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

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

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the assets carrying amount that the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.3 **Financial instruments (Cont'd)**

4.3.1 ***Financial assets (Cont'd)***

4.3.1.4 Impairment of financial assets

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

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

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

IFRS permits specific loan loss and general allowances based upon the Trust's actual credit loss experience. General provisions are calculated on a portfolio basis based on the Trust's actual write off experience over the last two years. Prudential allowances by management for loan loss requirements are maintained at the higher of 3% of the total mortgage loans receivable (less loan financing to developers) net of IFRS provision, and the total arrears for over 90 days for which allowances are made. The loan loss allowance that is in excess of IFRS requirements is treated as an appropriation of undistributed surplus and included in a loan loss reserve (Note 25).

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

Renegotiated loans

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.3 **Financial instruments (Cont'd)**

4.3.1 ***Financial assets (Cont'd)***

4.3.1.4 Impairment of financial assets

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

4.3.1.5 Derecognition of financial assets

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

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

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

4.3.2 ***Financial liabilities***

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

4.3.2.1 Derecognition of financial liabilities

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

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.4 **Non-current assets held for sale**

The Trust classifies a non-current asset (or disposal group) as held-for-sale if the carrying amount will be recovered principally through a sale transaction, rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The non-current asset (or disposal group) classified as held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

4.5 **Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from 'surplus before taxation' as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Trust's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable surpluses will be available to allow all or part of the asset to be recovered.

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

Current and deferred tax for the period

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.6 **Inventories**

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

4.7 **Intangible assets**

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

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

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

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

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

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

4.7.1 <u>Intangible assets acquired separately</u>

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is determined on the same basis as for internally-generated intangible assets.

4.7.2 <u>Derecognition of intangible assets</u>

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

4.8 **Investments in associates**

An associate is an entity over which the Trust has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not to control those policies.

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Investments in associates (Cont'd)

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investments classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Trust's share of the profit or loss and other comprehensive income of the associate. When the Trust's share of losses of an associate exceeds the Trust's interest in that associate (which includes any long-term interests that in substance, form part of the Trust's net investment in the associate), the Trust discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Trust has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Trust's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognise at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Trust's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, Is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Trust's investment In an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Trust losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Trust accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would he reclassified to profit or loss on the disposal of the related assets or liabilities, the Trust reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Trust's financial statements only to the extent of interests in the associate that are not related to the Trust.

4.9 Employee benefits

Pension obligations
The Trust has established a defined-benefit pension scheme for its employees that is administered by Trustees and managed by Sagicor Life Jamaica Limited. The scheme's assets are separately held and the scheme is funded by employee contributions of 5% of pensionable salaries (with the option of contributing an additional 5%) and employer contributions as recommended by independent actuaries of 8.5% (2012: 8.5%).

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10% of the greater of the present value of the Trust's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on the straight-line basis over the average period until the benefits become vested.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.9 **Employee benefits (Cont'd)**

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

<u>Other post-retirement obligations</u>
The Trust provides medical benefits for its full time employees and pensioners retiring after May 1, 2007. The Trust pays the full cost of benefits for the pensioners and their spouses. Insurance coverage continues to the surviving spouses after the death of the retirees. The plan was amended effective May 1, 2010 to discontinue coverage of spouses. With effect from this date spouses of new retirees are not eligible for benefit under the Health Plan. The entitlement to these benefits is based on the employee remaining in service up to the retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that used for the defined benefit pension plan.

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

<u>Leave entitlements</u>
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave for services rendered by employees up to the reporting date.

4.10 **Investment Property**

Investment property are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4.11 **Property, plant and equipment**

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

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, are the same basis as other property assets, commenced when the assets are ready for their intended use.

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.11 **Property, plant and equipment (Cont'd)**

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

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

4.12 **Impairment of tangible and intangible assets**

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

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

4.13 **Provisions**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.13 **Provisions (Cont'd)**

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

4.14 **Contributions**

Contributions are recorded when received as this is considered the most practical method of dealing with such receipts given the difficulties in determining the number of employers, their outstanding contributions and the likelihood of collections. Accordingly, the Trust does not account for contributions which have not been collected from employers.

Employee contributions (including self employed persons) are refunded (including bonuses) in accordance with the NHT Act as discussed in ([Note 2(b)]. Employer contributions are non-refundable and are credited directly to the accumulated fund [Note 2(c)].

4.15 **Peril reserve**

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

4.16 **Related party**

A related party is a person or entity that is related to the Trust:

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

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

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

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

Transactions with related parties are accounted for in accordance with the normal policies of the Trust.

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.17 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of business.

Interest income

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

Dividend income

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

Rental income

The Trust's policy for recognition of revenue from operating leases is described at 'leases' below.

Disposal of inventory units

Revenue from the disposal of inventory units offset by cost of units is recognised when all the following conditions are satisfied:

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

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

Interest and penalties on contributions not paid

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

4.18 **Bonus on employees' contributions**

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

4 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4.19 **Leases**

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

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

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

4.20 **Foreign currencies**

In preparing the financial statements of the Trust, transactions in currencies other than the Trust's functional currency (Jamaican dollar) are recognised at the rates of exchange prevailing on the dates of those transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical costs in foreign currency are not retranslated. All exchange gains and losses are recognised in income in the period in which they arise.

5 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, 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.

Critical judgements in applying accounting policies

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

Litigations and claims

As detailed in Note 38, during 2007/8 the Trust recorded a provision of $36.92 million relating to an amount of $214.50 million awarded by an arbitrator, during that year, in respect of interest charges to a developer on a Trust financed housing project, which the Trust is contesting [Note 38(a)].

In making these judgements, management considered the relevant facts, the opinion of its attorneys and the current status of negotiations.

5 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)**

Critical judgements in applying accounting policies (Cont'd)

Security - loans receivable

As indicated in Note 11, there are impaired loans held by the Trust amounting to approximately $14.03 billion (2012: $11.16 billion) for which impairment allowances for IFRS purposes amounted to approximately $934.414 million (2012: $907.41 million) in respect of loans to beneficiaries and developers approved by the Trust. There are additional prudential provisions (loan loss reserve) through an appropriation of accumulated surplus of $3.92 billion (2012: $3.33 billion). Management believes, based on experience, that ultimately outstanding amounts and accumulated interest will be recovered through the realisation of securities, although, as disclosed in Note 12, at year-end the Trust did not hold title deeds to properties securing mortgages and amounts due from developers totaling approximately $895.98 million (2011: $767.19 million).

Key sources of estimation uncertainty

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

Impairment losses on loans and advances

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

In respect of loans to beneficiaries, the value of the security used in the determination of the estimated recoverable amounts is based on proxy values determined by the Trust's Private Treaty Department, which values take cognizance of factors such as past real estate sales of houses of similar size and location. If the proxy values determined by the Trust's Private Treaty Department differ by ±10% from those used in determining recoverable amounts, the portion of loans to beneficiaries considered unsecured would decrease/increase by $103.1 million/$156.7 million, respectively (2012: $81.71 million/$127.22 million, respectively).

Additionally, past experience and judgement are used in estimating the timing of the expected cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to minimise any differences between loss estimates and actual loss experience.

To the extent that the expected future cash flows in respect of the affected mortgage loans to beneficiaries differs by ±1%, the resulting provision for impairment would be estimated to be $12.2 million lower or $12.8 million greater (2012: $9.52 million lower or $9.99 million greater).

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Trust recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of estimates in respect of items deductible or not deductible for tax purposes is different from the amounts that were originally recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made (See Notes 22 and 30). A change of ±10% in the final tax outcome of these estimates would have the effect of approximately $88.66 million increase/decrease in the current and deferred tax provisions.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

5 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)**

Key sources of estimation uncertainty (Cont'd)

Investment in associates

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

Peril insurance

The Trust maintains a reserve equivalent to the insurance policy deductible limit of US$30 million (2012: US$30 million) to settle insurance claims by mortgage beneficiaries. Generally, claims are not booked immediately upon notification but are accounted for when the claims have been processed and a liability by the Trust is established [see Note 32(b)]. Experience has shown that these amounts are usually insignificant to the operations of the Trust, unless there is a one-off significant event such as a natural disaster, in which case, an estimate of potential liability is assessed and booked. This reserve is funded by certain securities denominated in United States dollars included in cash equivalents, securities purchased under resale agreements and investment securities (Note 24).

Employee benefit – pension obligation

As disclosed in Note 16, the Trust operates a defined-benefit pension plan and provides post-retirement medical benefits. The amounts shown in the statement of financial position of an asset of approximately $1.43 billion (2012: $1.25 billion) in respect of the defined benefit plan and a liability of approximately $243.49 million (2012: $215.95 million) in respect of the post-retirement medical benefit are subject to estimates in respect of periodic costs which costs would be dependent on future returns on assets, future discount rates, rates of salary increases and the inflation rate in respect of the pension plan, as well as rates of increases in medical costs for the post-retirement medical plan. External actuaries are contracted by the Trust in this regard.

The estimated return on pension assets is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Trust, on the advice of actuaries, estimates the appropriate discount rate annually, which rate is used to determine the present value of estimated cash outflows expected to be required to settle any future pension and post-retirement benefit obligation.

To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rate on government bonds that have maturities approximating the related pension liabilities were considered.

The expected increase in medical costs was determined by comparing the historical relationship of actual medical increases with the local rate of inflation.

Current market conditions also impact the assumptions outlined above. In respect of the post-retirement medical benefits, a ±1% increase/decrease in the medical inflation assumption would result in a revised accumulated obligation before actuarial adjustment of approximately $180.6 million and $111.2 million, respectively (2012: $140.4 million and $81.1 million, respectively). Note 16(h) details some history of experience adjustments in the post employment benefit plan.

Fair value of financial assets

As described in Note 4, management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Trust. The financial assets of the Trust at year end stated at fair value using the above valuation techniques amounted to $18.484 billion (2012: $19.436 billion) (Note 35). Based on circumstances specific to certain securities, the fair value amounting to $294.991 million was derived using pricing models adjusted for additional risk premium as well as media pronouncements of the investment's value from the issuer.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Service charge on loans to beneficiaries

As described in Note 4, these charges are amortised on the straight-line basis over five years which is the average time frame, as estimated by the Trust, where expenses directly related to these charges are incurred. The amount amortised during the year was approximately $711 million.

Mortgage subsidy

In July 2010, the Trust implemented a Mortgage Subsidy Programme for applicants who fall within the 1% to 3% income bands and have been contributing to the Trust for a minimum of 10 years. The Trust approves a maximum of 20% of its quarterly surplus after tax to be used to finance the Mortgage Subsidy Programme [Note 20(c)]. The utilisation of the subsidy is dependent on the eventual successful completion of the application process by contributors. The actual take up of the subsidy by eligible contributors may, therefore, differ significantly from that anticipated by the Trust. At year end, accumulated unutilised subsidy amounted to $1.398 billion (2012: $798.44 million).

6 CASH AND BANK BALANCES

	2013	2012
	$'000	$'000
Reverse repurchase agreements:		
- Jamaica dollar [Note 6(a)]	2,331,929	5,108,401
- United States dollar [Note 6(b)]	124,892	184,659
Bank balances [Note 6(c)]	651,992	555,917
Cash in hand	5,002	4,952
	3,113,815	5,853,929
Less interest receivable	(7,249)	(24,430)
Cash and cash equivalents	3,106,566	5,829,499

(a) These reverse repurchase agreements bear interest at rates ranging from 5.75% to 5.85% (2012: 6.30% to 6.68%) per annum and are fully backed by Government of Jamaica securities. At March 31, 2013, the interest receivable included in these agreements amounted to approximately $6.93 million (2012: $23.40 million). The nominal value of the underlying securities at March 31, 2013 was $2.641 billion (2012: $5.791 billion). The carrying value of the securities is considered to approximate the fair value.

(b) These reverse repurchase agreements of US$1.26 million (2012: US$2.10 million) bear interest at rates ranging from 3.10% to 3.25% (2012: 4.00% to 4.25%) per annum and are fully backed by Government of Jamaica securities and are designated to fund the Trust's peril reserve (Note 24). At March 31, 2013, the interest receivable included in these instruments amounted to approximately $0.32 million (2012: $1.03 million). The nominal value of the underlying securities at March 31, 2013 was $1.64 million (2012: $2.24 million). The carrying value of the securities is considered to approximate the fair value.

(c) Bank balances include foreign currency deposits of approximately J$27,700,000 (US$282,000) (2012: J$23,747,000 (US$264,000)) at interest rate of 0.5% (2012: 0.5%) per annum.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and other highly liquid investments that have an original maturity of 90 days or less from the date of acquisition and are held to meet cash requirements rather than for investment purposes.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

7 RECEIVABLES AND PREPAYMENTS

	2013 $'000	2012 $'000
Staff loans	441,600	342,369
Mortgage litigation receivable (fully provided - see Note (a) below)	58,456	67,017
Death claims recoverable	188,960	210,373
Advances to Jamaica Lifestyle Village (fully provided - see Note (a) below)	63,188	63,188
Prepayments	17,980	61,953
NWC/Greenpond – Sewage Infrastructure receivable	111,500	117,713
Mortgage loan fees receivable (fully provided - see Note (a) below)	58,140	52,139
Receivable on sale of land	7,792	8,027
Other litigation receivable (fully provided - see Note (a) below) and [Note 38 (a)(ii)]	144,660	144,660
Taxes recoverable – other (Note (b))	229,569	-
Other	106,554	50,955
	1,428,399	1,118,394
Less allowance for impairment (see note below)	(325,569)	(328,129)
	1,102,830	790,265

Movement in allowance for impairment

	2013 $'000	2012 $'000
Balance at beginning of the year	328,129	322,455
(Decrease) Increase for the year	(2,560)	5,674
Balance at end of the year	325,569	328,129

(a) Included in the above balance are full provisions in respect of mortgage litigation receivable, advances to Jamaica Lifestyle Village, mortgage loan fees receivable and other litigation receivable.

(b) Approval was granted to the Trust for the payment of General Consumption Tax, transfer tax, stamp duty and property tax applicable to the operations, to be exempted for the period commencing on April 1, 2012 and ending on March 31, 2014. Consequently, the Trust has made claims in respect of amounts paid during the 2012/2013 financial year.

8 NON-CURRENT ASSETS HELD-FOR-SALE

Land and building are presented as assets held-for-sale, following the commitment of the Trust, in July 2010, to sell the Jamintel building located at 97 Duke Street, Kingston. Efforts to sell the asset have commenced and a deposit was received from the purchaser during the year. At March 31, 2013, the carrying value of the disposal asset is as follows:

	2013 $'000	2012 $'000
Land	12,890	12,890
Building	58,014	58,014
	70,904	70,904

9 SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	2013	2012
	$'000	$'000
Jamaican dollars deposits [Note 9(a)]	-	786,506
United States dollar deposits [Note 9(b)]	684,147	311,473
	684,147	1,097,979

(a) There were no Jamaican Dollar deposits in this category as at March 31, 2013. For prior year, these deposits matured within one to three months after year-end, with interest rates ranging between 6.50% and 6.65% per annum and interest receivable of approximately $6.51 million. The fair value of the securities obtained and held under these resale agreements was $971.35 million.

(b) These instruments totaling approximately US$6.88 million (2012: US$3.55 million) mature within one to three months (2012: one to four months) after year-end and are designated to fund the Trust's peril reserve (Note 24), with interest rates ranging between 3.00% and 4.20% (2012: 3.90% and 4.30%) per annum. As at March 31, 2013, the interest receivable included in these balances amounted to $3.66 million (2012: $1.54 million). The fair value of the underlying securities at March 31, 2013 was US$7.28 million (2012: US$3.77 million).

10 INVESTMENT SECURITIES

	2013	2012
	$'000	$'000
Securities at fair value through profit or loss [Note10(a)]	3,243,538	2,929,414
Available-for-sale securities [Note 10b)]	17,462,369	18,815,566
	20,705,907	21,744,980

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

As at March 31, 2013, interest receivable amounted to $91.03 million (2012: $19.28 million). The fair value gain for the year amounted to $242.38 million (2012: $180.56 million).

(b) Available-for-sale securities comprise:

	2013	2012
	$'000	$'000
Equity securities		
Sagicor Life of Jamaica Limited – Universal Investment policy	174,322	168,475
Quoted equities	310,818	455,644
	485,140	624,119

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

10 **INVESTMENT SECURITIES**

(b) (Cont'd)

	2013 $'000	2012 $'000
Debt securities		
Euro Bonds US$15,904,000 (2012: US$15,821,000) held at interest rates of 8.00% to 10.625% (2012: 8.00% to 10.625%) per annum maturing in 2015/16 to 2027/28 (2012: 2015/16 to 2027/2028) [Note 10(b)(i)]	1,617,348	1,853,431
Treasury bills at interest rates of 6.70% to 6.75% per annum maturing per annum maturing 2013/14	102,147	-
Bank of Jamaica Certificate of Deposits at interest rate of 5.75% to 7.38% per annum maturing 2013/14	483,930	-
NWC Variable Rate Corporate Notes at interest rate of 8.44% per annum maturing 2016/17 (Note 10(b)(ii))	49,815	62,092
UWI Senior Secured Corporate Notes at an interest rate of 9.85% per annum maturing 2019/2020 (Note 10(b)(iii))	294,159	-
GOJ Fixed Rate Benchmark Notes at interest rate of 7.20% to 11.0% (2012: 7.2% to 12.875%) per annum maturing 2014/15 to 2024/25 (2012: 2011/12 to 2023/24) [Note 10(b)(iv)]	8,298,632	9,959,516
GOJ Fixed Rate Accreting Notes (FRAN) at interest rate of 10% per annum maturing 2028/29 [Note 10(b)(iv)]	3,981,334	-
GOJ Variable Rate Benchmark Notes at interest rate of 6.57% to 11.75% (2012: 6.57% to 11.75%) per annum maturing2012/13 to 2026/27 [Note 10(b)(iv)]	-	4,237,940
GOJ US$ Benchmark Notes US$ 21,628,000 (2012: US$23,808,000) at interest rate of 5.25% to7.0% (2012: 6.75% to 7.25%) per annum maturing 2013/14 to 2019/20 (2012: 2013/14 to 2015/16) [Notes 10(b)(i) and (b)(iv)]	2,149,864	2,078,468
Note 10(b)(v))	16,977,229	18,119,447
	17,462,369	18,815,566

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

(ii) The notes are unsecured obligations of the NWC, however, the Government of Jamaica will irrevocably and unconditionally guarantee the due and punctual payment of interest and principal as and when they come due and to the extent not paid by the Commission.

(iii) These notes are secured by:

- Assignment of tuition fees of the 'full paying' Bachelor of Medicine and Bachelor of Science students, such funds to be held in a designated account maintained at National Commercial Bank Jamaica (NCBJ);
- Assignment of tuition fees of the 'Government Subsidised' medical students, such funds to be held in a designated account maintained at National Commercial Bank Jamaica (NCBJ);
- Irrevocable Letter of Undertaking from UWI to deposit all monthly subvention proceeds received from the Government of Jamaica and due to the Mona Campus, to a designated account maintained at National Commercial Bank Jamaica (NCBJ);

10 **INVESTMENT SECURITIES**

(b) (Cont'd)

(iii) (Cont'd)

- Debt Service Reserve Account with National Commercial Bank Jamaica (NCBJ), maintaining a minimum of 3-months of interest payment requirement; and
- Any other security documentation that may be required the Arranger and agreed to by the Trust.

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

The table below summarises the impact on the Trust's investment portfolio, the Statement of Comprehensive Income and the Statement of Changes in Accumulated Fund for the instruments that were exchanged.

	Nominal value of investments exchanged at February 21, 2013	Loss on exchange	
		Surplus for the year - Other	Accumulated Fund - FRAN
	$'000	$'000	$'000
Investments			
Available-for-sale	J$13,090,433 and US$16,814	67,276	1,142,257

(v) At March 31, 2013, interest receivable included in the above amounted to $172.962 million (2012: $253.197 million).

11 **LOANS RECEIVABLE**

	2013	2012
	$'000	$'000
(a) Loans to beneficiaries selected by the Trust [Note 11(e), (f)]		
Mortgage loans	120,064,978	105,922,026
Loans for which mortgage processing is incomplete [Note 11(g)]	170,889	29,770
Loans through financial institutions [Note 11(h)]	648,808	744,898
Loans through joint venture programme [Note 11(i)]	2,365	3,854
	120,887,040	106,700,548
Less: allowances for impairment [Note 11(n)]	(529,956)	(522,429)
	120,357,084	106,178,119
Less: unexpired service charges [Note 11(o)]	(2,579,520)	(2,569,691)
	117,777,564	103,608,428

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

11 LOANS RECEIVABLE

		2013 $'000	2012 $'000
	Brought forward	117,777,564	103,608,428
(b)	Loans to Institutions on behalf of beneficiaries selected by the following Agencies approved by the Trust:		
	Jamaica Teachers' Association Housing Co-operative Limited (JTAHC):		
	Repayable in 25 years at 8% - 18% per annum [Note 11(j)(i)]	16,221	18,209
	Housing Agency of Jamaica (HAJ):		
	Repayable by 2026 at 5% per annum [Note 11(j)(ii)]	489,785	533,337
	Repayable by 2023 at 3% per annum [Note 11(j)(iii)]	326,418	384,467
	Repayable by 2018 at 3% per annum [Note 11(j)(iv)]	41,757	51,377
	Repayable by 2018 at 3% per annum [Note 11(j)(v)]	310,432	383,355
	Repayable by 2017 at 8% per annum [Note 11(j)(vi)]	41,717	49,623
	Repayable by 2015 at 8% per annum [Note 11(j)(vii)]	7,440	15,128
	Joint financing mortgage programme [Note 11(j)(viii)]	22,855,846	20,153,008
	Special loans through joint financing – Hurricane Ivan [Note 11(j)(ix)]	16,901	23,003
	Special loans to churches through joint financing – Hurricane Ivan [Note 11(j) (x)]	211,606	229,366
	Jamaica Defence Force [Note 11(j)(xi)]	43,811	49,842
	Other institutions	75,375	81,642
		24,437,309	21,972,357
	Less: allowance for impairment [Note 11(n)]	-	(19,439)
		24,437,309	21,952,918
(c)	Loan financing to developers [Note 11(k)]	3,123,302	2,347,855
	Less: allowance for impairment [Note 11(n)]	(404,458)	(384,982)
		2,718,844	1,962,873
(d)	University of the West Indies		
	Loan 1 [Note 11(l)]	540,015	554,459
	Loan 2 [Note 11(l)]	1,706,449	767,849
		2,246,464	1,322,308
(e)	Jamaica College Trust [Note 11(m)]	46,284	-
	Interest receivable	839,252	517,509
	Total	148,065,717	129,364,036

11 **LOANS RECEIVABLE (Cont'd)**

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

These new mortgagors should, however, have contributed for a minimum of ten years. Public sector workers receive an additional 1% reduction in their interest rates which is available for a period of three years. The loans, together with interest thereon, are repayable in monthly installments over periods ranging up to a maximum of 40 years.

(f) Mortgage loans of $120.06 billion (2012: $105.92 billion) include loans totaling $90.26 million (2012: $100.53 million) in certain schemes for which parent titles have been or will be surrendered to the Registrar of Titles in order for the splinter titles to be prepared. The Trust is taking steps to ensure that all splinter titles are received for such schemes.

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

(h) Loans through financial institutions

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

(i) Loans through joint venture programme

These are loans granted to beneficiaries who are in a position to obtain additional funds from their employers to enable them to purchase housing units.

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

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

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

(ii) This loan is repayable in monthly instalments over a 25-year period commencing January 1, 2001. Interest is chargeable at 5% per annum and is payable in monthly instalments from January 1, 1997. The loan is secured by the transfer of mortgages by Housing Agency of Jamaica (HAJ) to the Trust.

(iii) The Trust entered into an agreement in 2001 to make the sum of $1.1 billion available for the purpose of providing shelter solutions for beneficiaries under the HAJ - Operation PRIDE portfolio. The loan is for a period of 15 years which commenced November 2001, and was repayable, with interest, in instalments of $8.69 million per month. Interest was charged at 8% per annum.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

11 **LOANS RECEIVABLE (Cont'd)**

(j) Loans to beneficiaries selected by agencies approved by the Trust (Cont'd)

(iii) (Cont'd)

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

The loan is secured by:

- a letter of undertaking from the Ministry of Finance and Planning in respect of $250 million given to secure the advance until HAJ satisfied conditions precedent to loan disbursement. These conditions have subsequently been satisfied.
- transfer of mortgages in respect of the Greater Portmore portfolio.
- duplicate certificates of title in respect of the Greater Portmore portfolio retained by the Trust.

(iv) An amount of $180 million was advanced to HAJ in October 2001, for the purpose of providing shelter solutions for persons who fall within the social housing segment of the housing market and who reside in several depressed communities in Jamaica.

The loan was repayable over 10 years in 120 equal monthly instalments at an interest rate of 4% per annum. During 2007/2008, the interest rate on the loan was reduced from 4% to 3% per annum with repayments extended to the year 2018, consequent on a request by HAJ to reschedule the loan.

This loan is secured by a letter of undertaking from the Ministry of Finance and Planning, which has undertaken to repay the full amount of principal, plus interest, if the HAJ is unable to do so.

(v) The Trust entered into an agreement in 2002 to make the sum of $800 million available for the purpose of providing shelter solutions for beneficiaries under the HAJ - Operation PRIDE portfolio. The loan was disbursed in September 2002 and the principal is repayable in 120 equal monthly instalments which commenced September 2003. Interest is repayable monthly in arrears on the first business day of each calendar month and payments commenced October 1, 2002. Interest is charged at 8% per annum or such other rate as the Trust may from time to time notify the HAJ.

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

The loan is secured by:

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

(vi) The loan is for a sum of $88.71 million for the purpose of co-financing 279 mortgages in the Greater Portmore Project. The loan is for a period of 15 years and the principal is repayable in 180 equal monthly instalments. Interest is repayable monthly in arrears on the first business day in each calendar month and payments commenced August 2002. Interest is charged at 8% per annum or such other rate as the Trust may from time to time notify the HAJ. The loan is secured by mortgage over land at Barrett Hall Estates registered at Volume 1308 Folio 438.

11 **LOANS RECEIVABLE (Cont'd)**

(j) Loans to beneficiaries selected by agencies approved by the Trust (Cont'd)

(vii) During 2009, the Trust provided an amount of $120 million under a Revolving Loan facility for the purpose of providing housing solutions under the HAJ Operation PRIDE portfolio. The loan is repayable over 3 years at an interest rate of 8% per annum.

The loan is secured by:

- Deposit of splinter titles for the Portmore Villas Project or any other project approved by the Trust/with the Trust to cover the loan amount of $120 million, together with an excess equivalent to 15% of the loan amount.
- Assignment of all rights, title and interest in the securities.
- Promissory note evidencing each disbursement.

(viii) Joint financing mortgage programme

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

The participating institutions include:

- The Jamaica National Building Society
- The Victoria Mutual Building Society
- FirstCaribbean International Building Society
- Sagicor Life Jamaica Limited
- Scotia Jamaica Building Society

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

The obligations of the participating institutions are secured by:

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

(ix) Special loans through joint financing – Hurricane Ivan

In 2004/05, the Trust entered into an agreement with participating institutions to provide funds to assist persons who suffered damages due to Hurricane Ivan.

This involved the utilisation of an imprest mechanism whereby a float was agreed on and reimbursed upon the amount in the float reaching a percentage of approximately 20% of the original float.

The participating institutions include:

- The Jamaica National Building Society
- The Victoria Mutual Building Society
- First Caribbean International Building Society
- Sagicor Life Jamaica Limited
- Scotia Jamaica Building Society

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

11 **LOANS RECEIVABLE (Cont'd)**

(j) Loans to beneficiaries selected by agencies approved by the Trust (Cont'd)

(ix) Special loans through joint financing – Hurricane Ivan (Cont'd)

Interest is charged at a rate of 5% per annum to the Participating Institution for lending at a rate of 7% per annum to qualified borrowers and is computed from the first disbursement to the participating institutions. The sum of all disbursements and interest accrued to March 31, 2005 (or an earlier date as agreed with the participating institution) was combined to form the loan, which is repayable over 10 years on a quarterly basis and commenced June 2005.

The obligations of the participating institutions are secured by:

- deposit certificate from the participating institution for amounts equivalent to the funds held in the imprest account (where applicable)
- power of attorney to assign and transfer the mortgaged properties
- assignment of all rights, title and interest in the securities.

(x) Special loans to churches through joint venture – Hurricane Ivan

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

The participating institutions include:

- The Jamaica National Building Society
- The Victoria Mutual Building Society

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

The obligations of the participating institutions are secured by:

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

(xi) Jamaica Defence Force (JDF)

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

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

11 **LOANS RECEIVABLE (Cont'd)**

(k) Loan financing to developers

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

The Trust implemented a Developers Incentive Programme effective July 2010, where private home developers are able to access loans at a rate of 3%, only if the cost of their units falls within the range stipulated by the Trust. This arrangement will be in place for a maximum of three years.

(l) Advances to the University of the West Indies (UWI)

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

The security for the advance is:

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

Loan 2
The loan amount was disbursed in June 2011 for the construction of student housing in the sum of $1.4 billion. This graduated loan is for a period of 25 years at an interest rate of 8% per annum. The repayment will increase by 3% per annum for the first nine (9) years, thereafter; it will be based on the straight-line method.

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

The security for the advance is:

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

(m) Jamaica College Trust

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

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

The obligations of the participating institution are secured by:

(i) First Legal Mortgage over the Project Land
(ii) Assignment of the rental and/or payments arising from the use and occupation of the studio units constructed with the Loan.
(iii) Assignment of the Performance Bond.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

11 **LOANS RECEIVABLE (Cont'd)**

(m) Jamaica College Trust (Cont'd)

(iv) Assignment of adequate insurance coverage to mitigate loss such as contractors all risk, peril, public liability and employers' liability during the period of construction.
(v) Assignment of insurance coverage at the full insurable value over the building constructed with the loan.

(n) The movement in the loans receivable impairment allowance is as follows:

	Mortgage Loans	Development Financing	Agencies	Total
	$'000	$'000	$'000	$'000
Balance, April 1, 2011	909,764	374,132	35,897	1,319,793
(Decrease) Increase in allowance for the year	(353,259)	10,850	(16,458)	(358,867)
Write-off during the year	(34,076)	-	-	(34,076)
Balance, March 31, 2012	522,429	384,982	19,439	926,850
Increase (Decrease) in allowance for the year	26,483	19,476	(19,439)	26,520
Write-off during the year	(18,956)	-	-	(18,956)
Balance, March 31, 2013	529,956	404,458	-	934,414

(o) Unexpired service charge on loans to beneficiaries:

	2013	2012
	$'000	$'000
Balance at beginning of the year	2,569,691	2,362,684
Additions during the year	720,905	765,069
Amortisation	(711,076)	(558,062)
Balance at end of the year	2,579,520	2,569,691

(p) Approval process and quality of receivables

Before approving a loan, the Trust uses an evaluation system to assess the potential borrower's eligibility in order to determine if they satisfy the qualifying requirements for a loan from the Trust, and to determine the maximum amount of loan they can afford to borrow from the Trust. For institutional loans, the process involves a comprehensive analysis of the institution's financial standing and their ability to fund their portion of the proposed development (where applicable), with the Trust's placing strict limits on the percentage of total development cost it is willing to finance. 81% (2012: 82%) of the loans to beneficiaries are neither past due nor impaired and are considered to be of good quality.

Of the total category of loans to beneficiaries selected by agencies of the Trust, joint financing mortgage programme and HAJ account for 93.5% and 5.0% (2012: 91.8% and 6.5%), respectively. Joint financing mortgage programme accounts for 15.4% (2012: 15.6%) of the total loans receivable. There are no other loans receivable whose balance represents more than 5% of the total balance of this category.

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

11 **LOANS RECEIVABLE (Cont'd)**

(q) Past due not impaired loans

Included in the Trust's loans to beneficiaries balance are debtors with a carrying amount of approximately $8.576 billion (2012: $6.305 billion) which are past due at the reporting date and for which the Trust has not made an impairment allowance, as there has not been a significant change in the beneficiaries' credit quality and the amounts are still considered fully recoverable.

Ageing of past due but not impaired

	2013 $'000	2012 $'000
30 – 60 days	5,760,206	3,957,106
61 – 90 days	2,815,748	2,347,666
	8,575,954	6,304,772

Ageing of impaired loans

	2013 $'000	2012 $'000
91 – 180 days	3,451,358	3,136,549
181 – 360 days	5,531,127	4,437,839
Over 360 days	5,046,385	3,590,158
Total impaired loans	14,028,870	11,164,546

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

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

	2013 $'000	2012 $'000
Specific provisions	498,358	509,196
General provisions	31,598	13,233
	529,956	522,429
Excess over IFRS provision reflected in loan loss reserve (Note 25)	3,920,910	3,330,359

(r) Loans to beneficiaries renegotiated

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

As at March 31, 2013, loans totaling $1.49 billion (2012: $2.27 billion) were renegotiated which would have otherwise been past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

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

(a) The Trust does not hold title deeds as security in respect of the following investments:

		2013	2012
		$'000	$'000
(i)	Loans through joint venture mortgage programme [Note 12 (b)]	2,365	3,854
(ii)	Other loans [Note 12 (c)]		
	Mortgage loans to beneficiaries:		
	- Schemes for which splintering of parent titles is in process or has not yet commenced	90,263	100,526
	- Schemes for which mortgage processing is incomplete and land titles are not available	170,889	29,770
	- Non-scheme loans [Note 12 (d)]	228,004	248,056
		489,156	378,352
	Finance for housing construction projects	404,458	384,982
		893,614	763,334
	Total	895,979	767,188

(b) The loans through joint venture programmes stated in Note 12 (a)(i) are supported by promissory notes and, in the case of building societies, share certificates.

(c) It has been an established policy of the Trust to carry out housing projects on lands owned by the Government of Jamaica or its approved agencies without first registering mortgages on the land on which the houses are constructed. This has been done to minimise delays and to keep the cost of a housing unit to a minimum. In this respect, obtaining land titles, sub-division plans and splinter titles takes place during construction, and, after the housing projects are completed and houses handed over to beneficiaries [Note 11(f)]. While this results in certain construction finances and mortgage loans not being secured in the interim, management does not consider that the lack of security for finances provided under programmes described in Note 12(a)(ii) will have a material impact on the financial statements.

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

13 **INVENTORIES**

	2013	2012
	$'000	$'000
Land held for housing development	3,253,116	3,000,786
Housing under construction	2,356,919	4,541,293
Housing units completed but not allocated	5,840,653	2,810,306
Inner City Housing Project [Note 13(a)]	243,497	53,668
	11,694,185	10,406,053
Less: Allowance for losses and subsidies	(321,370)	(503,191)
	11,372,815	9,902,862

13 **INVENTORIES (Cont'd)**

The movement in the allowance is as follows:

	2013 $'000	2012 $'000
At beginning of year	503,191	338,572
Allowances during the year	1,142	164,619
Amounts written-back	(182,963)	-
At end of year	321,370	503,191

(a) Inner City Housing Project

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

The Trust had initially committed $14.71 billion for expenditure on the project in Kingston, St. Catherine, St. Mary and Westmoreland. The estimated project cost included the following:

- The construction of 5,000 housing solutions including the purchase of land at a cost of $9.41 billion.
- The provision of supporting social and physical infrastructure for new and existing communities at a cost of $2.53 billion.
- Provision of professional fees, social housing programme and indirect costs totalling $2.21 billion.
- The refurbishment and upgrading of existing inner city communities at a cost of $560 million.

The project was expected to run for the period 2003 to 2012. However, subsequent to March 31, 2008, the project scope was reduced and limited to works completed or under construction at that time.

The revised total project cost is estimated at approximately $4.27 billion (2012: $4.31 billion) as follows:

- The construction of 1,220 housing solutions in Kingston & St. Andrew, including land purchases, at a cost of $2.27 billion.
- The provision of supporting physical infrastructure and limited social infrastructure of $1.08 billion.
- Provision of professional fees and indirect costs, social housing programme of $282.3 million.
- The refurbishing programme of $640 million

As at March 31, 2013, total expenditure on this project amounted to $4.01 billion (2012: $3.79 billion).
`

The amounts spent on refurbishing works are being borne by the Trust. As at March 31, 2013, $698 million (2012: $676 million) has been spent on refurbishing several schemes and this amount, as well as, other subsidies to the project, are reflected in the statement of comprehensive income as Special Subsidies and Grants (Note 28).

Construction activities were concluded on the ICHP in March 2013 with the completion of the 48 apartments at Majesty Gardens, the superstructure of which was erected in 2007, bringing the total apartments completed under the project to 1,220 apartments.

The participation of the Trust in the programme of maintenance continues with the rehabilitation of the pumping stations. It is anticipated that this rehabilitation will be completed in the year 2013/2014.

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

13 **INVENTORIES (Cont'd)**

(a) Inner City Housing Project (Cont'd)

The new solutions being provided under the ICHP are in the form of two and three bedroom apartments. The units are sold by the Trust to qualified borrowers. The Trust provides a substantial subsidy and recoups the balance of the investment through the granting of mortgages.

During the 2013 budget presentation, the Prime Minister announced that the Trust will restart a revised Inner City Renewal Programme as of the 2014 financial year.

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

	2013	2012
	$'000	$'000
Sale of units	(2,258,720)	(1,635,871)
Cost of units sold	2,180,303	1,625,440
Net gain on disposal of units	(78,417)	(10,431)
Impairment allowances (written back) charge for year	(181,821)	164,619
(Recovery) Loss on NHT projects	(696)	491,411
	(260,934)	645,599

14 **INTANGIBLE ASSETS**

	2013	2012
	$'000	$'000
Cost		
At the beginning of the year	150,286	115,899
Additions for the year	14,595	34,387
At the beginning at end of the year	164,881	150,286
Amortisation		
At the beginning of the year	119,743	113,687
Charge for the year	17,003	6,056
At the end of the year	136,746	119,743
Carrying amount	28,135	30,543

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

15 INVESTMENTS IN ASSOCIATE

	2013 $'000	2012 $'000
Harmonisation Limited:		
Cost of investments [Note 15(a)]	490	490
Loans (including accrued interest) [Note 15(b)]	1,597,944	1,597,944
Allowance for possible loan loss	(383,969)	(383,969)
	1,213,975	1,213,975
Share of associate's profits:		
Balance, at beginning of year	2,637	49,275
Share of loss for the year	(39,815)	(45,205)
Adjustment	(380)	(1,433)
Balance, at end of year	(37,558)	2,637
	1,176,907	1,217,102

(a) Details of the associate as at March 31, 2013 are as follows:

Name of Associate	Place of Incorporation and operation	Proportion of ownership	Proportion of voting power held	Principal Activity
Harmonisation Limited	Jamaica	49.5%	49.5%	Land investment and development

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

	(Unaudited) 2013 $'000	(Audited) 2012 $'000
Total assets	2,504,275	2,473,077
Total liabilities	(2,579,299)	(2,467,526)
Net assets	(75,024)	5,551
Trust's share of associate's net assets	(37,137)	2,748
Revenue	11,608	11,445
Loss for the year	(80,435)	(91,324)
Trust's share of associate's loss for the year	(39,815)	(45,205)

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

16 **RETIREMENT BENEFIT ASSET**

The Trust operates two post-retirement employee benefit arrangements:

(a) The National Housing Trust Staff Pension Scheme ("Staff Pension Scheme")
(b) The Post-retirement medical benefits scheme

Staff Pension Scheme
The Trust operates a defined benefit pension plan for qualifying employees. The most recent actuarial valuation of the plan assets and present value of the defined benefit obligation were carried out as of March 31, 2013 by Eckler Consultants & Actuaries, Fellow of the Society of Actuaries. The plan is funded by contributions from the employees and the Trust. The employees contribute at a rate of 5% of annual pensionable salaries. Each employee may also elect to pay additional voluntary contributions (provided that his/her total contributions to the scheme do not exceed 10% of his/her pensionable salary) in order to secure additional benefits under the scheme. The Trust's contribution as recommended by external actuaries is 8.5% (2012: 8.5%). Pension benefits are determined on a prescribed basis and are payable at a rate of 1.67% of the employee's average earnings over the three years prior to retirement from the fund times the number of years of pensionable service. Normal retirement is at 65 years.

The Trust approved the proposal to amend the pension plan by reducing the vesting period from 10 years to 5 years of pensionable service, the retirement benefit to be improved from 1 2/3% of a member's final three year average salary for each year of pensionable service to 2% of a member's final salary for each year of pensionable service and to increase the current pensions in line with inflation.

The approval was subject to agreement by employees and/or provided by the Trust Deed. The relevant constitutive documents have not yet been approved.

The Financial Services Commission (FSC) has completed its review for the proposal as confirmed on April 12, 2013. The effective date of the amendment is December 4, 2012.

Tax Administration Jamaica (TAJ) has not yet approved the amendments. Once the amendment has been approved by the TAJ, the Financial Services Commission will issue a formal approval letter.

Post-retirement Medical Benefits Scheme
The Trust provides medical benefits for its pensioners and their spouses under an insured arrangement, which came into effect in April 2007. The Trust covers 100% of the premium for the pensioners and spouses (see Note 4, *Employee Benefits*).

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligations were carried out as at March 31, 2013 by Eckler Consultants & Actuaries, Fellows of the Society of Actuaries.

The present-value of the defined-benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

(a) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Staff Pension Scheme		Post-Retirement Medical Benefit Scheme	
	2013	2012	2013	2012
Gross discount rate	10.0%	10.0%	10.0%	10.0%
Expected return on assets	8.0%	9.5%	-	-
Expected rate of salary increases	7.5%	7.5%	-	-
Future pension increases	3.0%	3.0%	-	-
Rate of increase in medical premiums	-	-	7.5%	7.5%

16 **RETIREMENT BENEFIT ASSET (Cont'd)**

(b) The amounts included in the statement of financial position arising from the Trust's obligation in respect of its defined-benefit plan are as follows:

	Staff Pension Scheme		Post-Retirement Medical Benefit Scheme	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Present value of obligation	(2,342,905)	(2,108,273)	(159,166)	(141,091)
Fair value of plan assets	3,904,865	3,672,153	-	-
	1,561,960	1,563,880	(159,166)	(141,091)
Unrecognised actuarial gains	(130,929)	(318,291)	(84,328)	(74,856)
Net asset (liability) in statement of financial position	1,431,031	1,245,589	(243,494)	(215,947)

(c) Amounts recognised in income in respect of the defined-benefit plan are as follows:

	Staff Pension Scheme		Post Retirement Medical Benefit Scheme		Total	Total
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Current service cost	81,810	71,188	15,370	10,140	97,180	81,328
Interest cost	222,348	198,764	15,625	12,196	237,973	210,960
Expected return on assets	(355,117)	(305,121)	-	-	(355,117)	(305,121)
Net actuarial loss recognised in income	-	-	(3,016)	(4,177)	(3,016)	(4,177)
Total included in staff costs	(50,959)	(35,169)	27,979	18,159	(22,980)	(17,010)
Actual return on plan assets	63,112	362,413	-	-	63,112	362,413

(d) Movements in the present value of the plan assets (net) in the current period were as follows:

	Staff Pension Scheme		Post-Retirement Medical Benefit Scheme	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance at beginning of the year	1,245,589	1,068,968	(215,947)	(197,998)
Amounts credited (charged) to income	50,959	35,169	(27,979)	(18,159)
Contributions by the Trust	134,483	141,452	432	210
Balance at end of the year	1,431,031	1,245,589	(243,494)	(215,947)

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

16 **RETIREMENT BENEFIT ASSET (Cont'd)**

(e) Changes in the present value of the defined benefit obligation in the current period were as follows:

	Staff Pension Scheme		Post-Retirement Medical Benefit Scheme	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
At beginning of year	2,108,273	1,790,075	141,091	106,113
Service cost	81,810	71,188	15,370	10,140
Interest cost	222,348	198,764	15,625	12,196
Members contributions	98,294	103,980	-	-
Benefits paid	(63,177)	(49,553)	(432)	(210)
Actuarial loss (gain)	(104,643)	(6,181)	12,488	12,852
At end of year	2,342,905	2,108,273	159,166	141,091

(f) Changes in the fair value of plan assets are as follows:

	Staff Pension Scheme	
	2013	2012
	$'000	$'000
At beginning of year	3,672,153	3,113,861
Contributions	232,777	245,432
Expected return on plan assets	355,117	305,121
Benefits and expenses paid	(63,177)	(49,553)
Actuarial gain	(292,005)	57,292
At end of year	3,904,865	3,672,153

(g) The fair value of plan assets at the reporting date is analysed as follows:

	Staff Pension Scheme	
	2013	2012
	$'000	$'000
Sagicor Pooled Funds	669,786	699,063
Assets held in segregated fund	3,235,079	2,973,090
Closing fair value of plan assets	3,904,865	3,672,153

The percentage distribution of the major categories of plan assets and the expected rate of return at the reporting date for each category is as follows:

	Staff Pension Scheme	
	2013	2012
	%	%
Equity instruments	0.6	0.8
Money market investments and debt securities	78.8	76.9
Sagicor pooled fund	17.2	19.1
Other	3.5	3.2
	100.0	100.0

16 **RETIREMENT BENEFIT ASSET (Cont'd)**

(g) (Cont'd)

The overall expected rate of return is 8.0% (2012: 9.5%) and represents the weighted average of the expected returns of the various categories of plan assets held. Management's assessment of the expected return is based on historical return trend and analysts' predictions of the market for the assets in the next twelve months. The plan assets do not include any of the Trust's own financial instruments, nor any property occupied by or other assets used by the Trust.

(h) The history of experience adjustments is as follows:

	Staff Pension Scheme				
	2013	2012	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	(2,342,905)	(2,108,273)	(1,790,075)	(1,581,034)	(984,600)
Fair value of plan assets	3,904,865	3,672,153	3,113,861	2,593,703	1,944,100
Fund Surplus	1,561,960	1,563,880	1,323,786	1,012,669	959,500
Experience adjustments on plan liabilities	(104,643	(127,180)	(73,626)	(56,614)	(24,600)
Experience adjustments on plan assets	(292,005)	57,292	93,137	177,863	(71,600)

	Post- Retirement Medical benefits Scheme				
	2013	2012	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Present value of unfunded defined-benefit obligation	(159,166)	(141,091)	(106,113)	(163,662)	(129,600)
Experience adjustments on plan liabilities	9,087	(3,385)	(5,616)	213	9,100

Impact of 1% Increase/Decrease in Medical Inflation Adjustment

	2013 @8.5%	2013 @6.5%
Revised service and interest cost ($000)	40,777	23,759
Revised accumulated benefit obligation ($'000)	180,560	111,204

(i) The Trust expects to make a contribution of $142.39 million (2012: $134.59 million) to the defined benefit plan during the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

17 **INVESTMENT PROPERTY**

	2013	2012
	$'000	$'000
Fair Value	44,070	-
	$'000	$'000
Transferred from inventory (Note 17(a))	44,070	-
Increase in fair value (Note 26)	2,530	-
Balance at the end of the year (Note 17(b))	46,600	-

(a) During the year an inventory unit (a townhouse) was leased to a tenant. Accordingly, the unit was transferred to the category of investment property due to change in use of item.

(b) The fair value of the Trust's investment property at the end of the reporting period has been arrived at on the basis of a valuation carried out on May 10, 2013 by Henry Rose & Associates Limited, external valuators to the Trust. The valuation was arrived at by reference to the market evidence of transaction process for similar properties.

The property rental income earned by the Trust from its investment property amounted to approximately $1.36 million (2012: $Nil). Direct operating expenses arising on the investment property during the year amounted to $Nil (2012: $Nil).

(c) The title for the property is in the name of the Ministry of Housing (the Ministry). However, by agreement dated May 2, 2008, the Ministry does not retain ownership but will ensure that the title is passed to the purchaser when a sale agreement has been entered into and finalised by the Trust.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

18 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvement	Freehold Buildings	Partitions	Artwork	Furniture, Fixtures & Office Equipment	Computer Equipment	Heavy Equipment	Motor Vehicles	Advance on Fixed Assets	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
COST												
April 1, 2011	113,555	21,293	1,336,955	64,937	15,484	351,841	469,161	44,131	33,738	3,155	38,782	2,493,032
Additions	-	864	1,009	85	140	21,587	28,901	-	490	4,668	15,559	73,303
Transfers	-	-	5,575	-	-	1,905	-	-	-	(606)	(6,874)	-
Reclassification (Note 18(a))	32,000	-	-	-	-	553	-	-	-	(148)	-	32,405
Disposals	-	-	-	-	-	-	-	-	(9,425)	-	-	(9,425)
March 31, 2012	145,555	22,157	1,343,539	65,022	15,624	375,886	498,062	44,131	24,803	7,069	47,467	2,589,315
Additions	-	-	-	-	355	24,557	44,397	-	5,600	2,531	13,543	90,983
Transfers	-	-	-	-	-	42	-	-	4,626	(4,668)	-	-
Disposals	(4,926)	-	-	-	-	-	(97)	-	(4,681)	-	-	(9,704)
March 31, 2013	140,629	22,157	1,343,539	65,022	15,979	400,485	542,362	44,131	30,348	4,932	61,010	2,670,594
DEPRECIATION												
April 1, 2011	-	355	234,286	38,636	-	244,772	427,694	44,131	31,482	-	-	1,021,356
Charge for the year	-	1,477	33,600	5,899	-	38,410	28,475	-	1,647	-	-	109,508
Impairment loss	-	-	-	-	-	147	-	-	-	-	-	147
Adjustment	-	14	(224)	-	-	1,690	-	-	-	-	-	1,480
Eliminated on disposals	-	-	-	-	-	-	-	-	(9,382)	-	-	(9,382)
March 31, 2012	-	1,846	267,662	44,535	-	285,019	456,169	44,131	23,747	-	-	1,123,109
Charge for the year	-	1,477	33,588	5,780	-	35,689	39,743	-	3,028	-	-	119,305
Impairment loss	-	-	-	-	-	5	-	-	-	-	-	5
Eliminated on disposals	-	-	-	-	-	-	(97)	-	(4,681)	-	-	(4,778)
March 31, 2013	-	3,323	301,250	50,315	-	320,713	495,815	44,131	22,094	-	-	1,237,641
NET BOOK VALUES												
March 31, 2013	140,629	18,834	1,042,289	14,707	15,979	79,772	46,547	-	8,254	4,932	61,010	1,432,953
March 31, 2012	145,555	20,311	1,075,877	20,487	15,624	90,867	41,893	-	1,056	7,069	47,467	1,466,206

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

18 **PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

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

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

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

	2013 $'000	2012 $'000
Buildings/related infrastructure	201,237	201,237
Furniture, fixtures and office equipment	19,354	16,804
Artwork	13,931	13,931
	234,522	231,972

The Emancipation Park is a public park managed and maintained by the Trust. The Trust intends to transfer the maintenance and management of the park to the Emancipation Park Trust.

a) This represented the transfer of land from inventory to property, plant and equipment due to change of use.

19 **PAYABLES AND ACCRUALS**

	2013 $'000	2012 $'000
Accounts payable and accruals	1,899,237	1,027,689
Scheme deposits	79,795	66,820
Statutory and other payroll deductions	50,984	48,157
Retention payable	228,256	265,186
Other payables	527,890	469,661
Peril insurance claims [Note 32(b)]	3,157	13,201
	2,789,319	1,890,714

These primarily comprise amounts outstanding for purchases and other on-going operational costs.

20 PROVISIONS

	Sundry claims [Note 20(a)]		Employee Benefits [Note 20 (b)]		Mortgage Subsidy [Note 20(c)]		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balances at beginning of the year	36,925	36,925	72,742	70,061	798,440	353,481	908,107	460,467
Utilised [Note 20(a)(i)]	-	-	-	-	(150,934)	(6,954)	(150,934)	(6,954)
Charged to income for year	-	-	4,576	2,681	750,848	451,913	755,424	454,594
Balance at end of the year	36,925	36,925	77,318	72,742	1,398,354	798,440	1,512,597	908,107

(a) Sundry claims represents the provision for the settlement of certain claims against the Trust [Note 38 (a)(i)].

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

(c) This represents an allowance for mortgage subsidy computed at a maximum of 20% of surplus after tax quarterly as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

21 REFUNDABLE CONTRIBUTIONS

(a)

	2013			2012
	Currently Due	Not Yet Due	Total	Total
	$'000	$'000	$'000	$'000
Contributions refundable	12,291,668	50,358,232	62,649,900	56,962,148
Bonus accrued [Note 21(b)]	2,256,916	3,064,830	5,321,746	5,215,367
	14,548,584	53,423,062	67,971,646	62,177,515
Represented by:				
Savings Accounts				
Principal	8,896,561	-	8,896,561	7,227,190
Interest	69,950	-	69,950	62,161
	8,966,511	-	8,966,511	7,289,351
Time Accounts				
Principal	-	27,405,882	27,405,882	28,003,606
Interest	-	2,761,738	2,761,738	2,573,776
	-	30,167,620	30,167,620	30,577,382
Total for which personal accounts are established	8,966,511	30,167,620	39,134,131	37,866,733
Balances for which no personal accounts are established [Note 21(c)]	5,582,073	23,255,442	28,837,515	24,310,782
Total refundable employee Contributions	14,548,584	53,423,062	67,971,646	62,177,515

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

(c) The Trust has not fully established personal accounts for employed persons who have made contributions to it to enable it to issue certificates of contributions made as required by the Act.

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

(i) the non-submission of annual returns by employers.

(ii) where annual returns have been submitted, in many instances, these returns are incomplete, with a resultant difficulty in uniquely identifying some contributors and creating the appropriate personal accounts by interface with the computerized contributions system.

The Trust has implemented a number of strategies to address this problem. During the current financial year, 292,153 (2012: 829,637) individual (time) accounts totaling $3.47 billion (2012: $10.28 billion) were created.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

22 **DEFERRED TAX (ASSETS)/LIABILITIES**

The following are the deferred tax (assets)/liabilities recognised by the Trust and movements thereon:

	Assets				Liabilities								
	Post-Retirement Medical Benefits $'000	Unrealised Foreign Exchange Losses $'000	Accelerated Depreciable Charges $'000	Total Assets $'000	Revaluation of Properties $'000	Retirement Benefit Asset $'000	Interest Receivable $'000	Associates Interest Receivable and Share of Net Assets $'000	Unrealised Foreign Exchange Gains $'000	Rental Income Receivable $'000	Other Assets $'000	Total Liabilities $'000	Net Liabilities $'000
Balance, April 1, 2011	(65,998)	(32,461)	(15,112)	(113,571)	34,370	356,323	233,271	97,914	-	-	1,249	723,127	609,556
Charged (Credited) to income for the year (Note 30)	(5,983)	32,461	13,738	40,216	-	58,874	34,457	(17,305)	-	-	212	76,238	116,454
Credited to accumulated fund during the year (Note 23)	-	-	-	-	(1,011)	-	-	-	-	-	-	(1,011)	(1,011)
Balance, March 31, 2012	(71,981)	-	(1,374)	(73,355)	33,359	415,197	267,728	80,609	-	-	1,461	798,354	724,999
Charged (credited) to income for the year (Note 30)	11,109	-	(10,712)	397	-	(57,439)	(11,948)	(28,883)	2,633	1,743	2,781	(91,113)	(90,716)
Credited to accumulated fund during the year (Note 23)	-	-	-	-	(9,098)	-	-	-	-	-	-	(9,098)	(9,098)
Balance, March 31, 2013	(60,872)	-	(12,086)	(72,958)	24,261	357,758	255,780	51,726	(2,633)	(1,743)	4,242	698,143	625,185

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

23 FAIR VALUE AND OTHER RESERVES

	Fair Value Reserve $'000	Other Reserves: Unallocated Contributions Reserve $'000	Other Reserves: Properties Revaluation Reserve $'000	Total $'000
Balances at, April 1, 2011	1,382,454	712,008	197,573	2,292,035
Net increase in fair value of available-for-sale investments	439,147	-	-	439,147
Loss on impairment of available-for-sale equity investments charged to income	3,795	-	-	3,795
Gain on disposal of equity investments transferred to income	(8)	-	-	(8)
Deferred tax arising on revaluation of property, plant and equipment (Note 22)	-	-	1,011	1,011
Other comprehensive income	442,934	-	1,011	443,945
Balances at March 31, 2012	1,825,388	712,008	198,584	2,735,980
Net decrease in fair value of available-for-sale investments	(1,708,744)	-	-	(1,708,744)
Loss on impairment of available-for-sale equity investments charged to income	20,915	-	-	20,915
Deferred tax arising on revaluation of property, plant and equipment (Note 22)	-	-	9,098	9,098
Other comprehensive income	(1,687,829)	-	9,098	(1,678,731)
Contribution shortage on annual return	-	(63)	-	(63)
Balances at March 31, 2013	137,559	711,945	207,682	1,057,186

24 PERIL RESERVE

The Trust's policy deductible is US$30 million (2012: US$30 million), i.e., peril insurance claims up to this amount will be for the account of the Trust (claims over this amount will be for the account of the insurer) (Note 32(b)).

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

	2013 US$'000	2012 US$'000
Cash and Cash Equivalents [Note 6 (b)]	1,260	2,103
Securities purchased under resale agreement [Note 9(b)]	6,881	3,550
Available-for-sale securities [Note 10(b)(i)]	37,532	39,629
	45,673	45,282

25 LOAN LOSS RESERVE

This reserve represents the excess of the allowance for loan losses, determined using management's prudential estimate of the greater of 3% of the total mortgage loans (less loan financing to developers) receivable net of IFRS provision and the total arrears for over 90 days, for which allowances are made, over the amounts determined under IFRS (Note 11).

During the year, an increase of $590.60 million (2012: $957.51 million) was made to the loan loss reserve, to cover any losses that may arise from the loans referred to in [Note 12(a)(ii)] above as well as other mortgage loans.

26 SPECIAL DISTRIBUTION

In keeping with a Memorandum of Understanding between the Ministry of Finance and Planning and the Trust, a payment of $1 billion was paid by way of special distribution to the Government of Jamaica during the year.

27 MISCELLANEOUS INCOME

	2013 $'000	2012 $'000
Foreign exchange gain (net)	603,397	123,034
Penalty income	133,078	218,003
Debt management fees	75,801	71,629
Peril and life insurance administrative fees	632,579	599,375
Fair value adjustment – investment property (Note 17)	2,530	-
Other	134,664	161,688
	1,582,049	1,173,729

28 SPECIAL SUBSIDIES AND GRANTS

	2013 $'000	2012 $'000
Special projects:		
Inner City Housing Project	22,278	47,317
Sugar Housing Programme	63,728	18,126
Emancipation Park [net of recoveries of $5.43M (2012: $3.28M]	71,745	61,225
Grants:		
Mortgage Subsidy	750,848	451,913
Other	10,400	2,500
	918,999	581,081

29 RESTRUCTURING COSTS

This comprises redundancy costs resulting from the on-going restructuring of the organisation. Provisions are recognised when the Trust has an approved plan that has been communicated to affected stakeholders.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

30 TAXATION

By Jamaica Gazette Supplement dated December 31, 2012, effective January 1, 2013, the corporate tax rate was reduced from 33⅓% to 25% for unregulated entities. Consequently, current and deferred tax have been calculated using the tax rate of 25% (2012: 33⅓%).

(a) Taxation recoverable

	2013 $'000	2012 $'000
Balance at the beginning of the year	4,678,670	4,095,959
Addition during the year	571,504	582,711
Balance at the end of the year	5,250,174	4,678,670

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

(b) Taxation payable

	2013 $'000	2012 $'000
Balance at the beginning of the year	2,245,216	1,268,262
Current tax charge for the year	977,286	976,954
Paid during the year (Note 30(d))	(3,000,000)	-
Balance at the end of the year	222,502	2,245,216

Recognised in profit for the year

(c) (i) The taxation charge for the year comprises:

	2013 $'000	2012 $'000
Current tax	977,286	976,954
Deferred tax adjustment (Note 22)	(90,716)	116,454
	886,570	1,093,408

(ii) The tax charge for the year can be reconciled to the surplus before taxation in the comprehensive income statement as follows:

	2013 $'000	2012 $'000
Surplus before taxation	5,133,373	3,562,779
Tax at domestic income tax rate of 25% (2012: 33⅓%)	1,283,343	1,187,593
Tax effect of amounts not deductible in determining taxable Surpluses	83,884	44,740
Tax effect of income not subject to tax	(261,851)	(193,887)
Net effect of other charges and allowances	(218,806)	54,962
Taxation charge	886,570	1,093,408

30 **TAXATION (Cont'd)**

(d) Further to Memorandum of Understanding dated May 24, 2012 between the Ministry of Finance and Planning and the Trust, a payment of $3 billion representing prepayment of Corporation tax for the financial year 2012/2013 was made between July 2012 and March 2013.

31 **SURPLUS FOR THE YEAR**

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

(a) Revenue on financial assets:

	2013 $'000	2012 $'000
Interest income on Investments:		
Available-for-sale investment securities	1,966,061	1,994,622
Held-for-trading investment securities	209,476	129,139
	2,175,537	2,123,761
Interest income on Loans:		
Financial assets at amortised cost		
- Impaired financial assets	80,072	78,150
- Unimpaired financial assets	6,590,360	5,550,293
	6,670,432	5,628,443
	8,845,969	7,752,204
Dividends	28,459	22,804
	8,874,428	7,775,008

(b) Bonus on employees' contribution:

	2013 $'000	2012 $'000
- Savings accounts	(317,458)	(297,674)
- Time accounts	(874,238)	(742,850)
	(1,191,696)	(1,040,524)

(c) Gain (loss) on financial assets

	2013 $'000	2012 $'000
(i) Gain (Loss) on disposal of available-for-sale investment securities		
Equity securities	15,984	-
Debt securities	(67,276)	-
	(51,292)	-
(ii) Fair value gain on held-for-trading investment securities	242,237	180,562

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

31 SURPLUS FOR THE YEAR

(d) Other

	2013 $'000	2012 $'000
Directors' emoluments:		
Non Executive Directors – fees (Note 33)	2,322	1,263
Executive director (Note 33)		
Basic	9,800	9,800
Incentive payments and gratuity in lieu of pension	3,773	3,773
Travelling allowance	1,476	1,297
Non-cash benefits	4,037	4,037
Audit fees	8,500	10,507
Depreciation, impairment and adjustments	119,310	111,135
Loss on disposal of property, plant and equipment	3,873	43
Amortisation of intangible assets	17,003	6,056

32 COMMITMENTS AND CONTINGENCIES

(a) Commitments

	2013 $'000	2012 $'000
(i) Commitments contracted for -		
Financing house construction and acquisition of houses for allocation to beneficiaries	5,263,058	4,017,126
Purchase of land	158,048	4,580
Inner City Housing Project	56,393	199,400
Loans and/or mortgage financing	9,184,775	1,618,539
	14,662,274	5,839,645
(ii) Authorised and approved but not contracted for -		
Purchase of land	136,686	638,130
Computer software development	196,953	144,721
Office refurbishing	59,200	32,000
Air conditioning unit	43,980	26,610
Construction contracts under negotiation	178,648	180,616
Mortgage subsidy	750,848	298,040
	1,366,315	1,320,117

(iii) National Housing Trust (Special Provisions) Act, 2013

By amendment to the NHT Act, the Trust may provide financing for fiscal consolidation up to a maximum of $11.4 billion annually for the next four (4) years to 2016/17. The financing provided may be way of distribution, grant or otherwise as the Minister of Government responsible for finance may determine.

(b) Contingencies

(i) *Peril insurance claims*
The Trust's policy deductible on its peril insurance cover is US$30 million (J$2.95 billion) (2012: US$30 million (J$2.61 billion). Should a catastrophic event occur such as a hurricane or an earthquake, the Trust will be liable to meet the cost of damages up to the aggregate amount of the deductible with the balance borne by the insurer (Note 24).

32 COMMITMENTS AND CONTINGENCIES

(b) Contingencies (Cont'd)

(i) *Peril insurance claims (Cont'd)*
At year-end, claims made by beneficiaries provided for but not yet processed by the Trust amounted to approximately $3.16 million (2012: $13.20 million) (Note 19).

(ii) *Litigation*
The Trust becomes involved in litigation in the normal course of operations. Management believes that, apart from the matters referred to in Note 38, liabilities, if any, arising from such litigation will not have a material adverse effect on the financial position of the Trust.

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

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

A meeting was held on April 15, 2013 with representatives of Tax Administration Jamaica (TAJ) and the Trust concerning the Income Tax Objection.

A decision was taken as follows:

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

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

33 RELATED PARTY TRANSACTIONS/BALANCES

Operating transactions

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

	Loans granted (including interest)		Balance owed	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Key management personnel	21,090	36,366	100,257	92,682
Board of Directors and Committee members	-	-	2,260	838

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

33 **RELATED PARTY TRANSACTIONS/BALANCES (Cont'd)**

Compensation of key management personnel

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

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

	2013	2012
Board of Directors and Committee members:	$'000	$'000
Non-executive Directors' fees [Note 31 (c)]	2,322	1,263
Executive remuneration	19,086	18,907
Other key management personnel:		
Short-term benefits	75,657	73,596
Post employment benefits – pension obligation	4,061	4,061
	79,718	77,657

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

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

Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	2013	2012
	$'000	$'000
Financial assets		
Fair value through profit or loss (FVTPL)		
- Held for trading	3,243,538	2,929,414
Loans and receivables (including cash and cash equivalents) – at amortised cost		
- Cash and bank balances	3,113,815	5,853,929
- Loans receivable	148,065,717	129,364,036
- Securities purchased under resale agreements	684,147	1,097,979
- Receivables (excluding prepayments)	855,281	728,312
	152,718,960	137,044,256
Available-for-sale financial assets	17,462,369	18,815,566
	173,424,867	158,789,236
Financial liabilities (at amortised cost)		
- Payables	2,447,694	1,547,631
- Refundable contributions	67,971,646	62,177,515
	70,419,340	63,725,146

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

By its nature, the Trust's activities generally involve the use of financial instruments.

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

Financial risk management policies and objectives

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

The Trust's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up to date information systems. The Trust regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practices. The use of any derivative financial instrument is governed by the Trust's policies approved by the Board of Directors.

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

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

The Finance and Information System Committee, Audit Committee, Policy Committee, Technical Committee, Corporate Governance Committee and the Internal Audit Department.

Finance and Information System Committee

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

Audit Committee

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

Policy Committee

Policy Committee has responsibility to ensure that risk policies, processes and controls are in place to manage significant risks and the activities of the Trust are carried out in accordance with these policies.

Technical Committee

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

Corporate Governance Committee

This committee has responsibility for providing the Board with advice and recommendations relating to corporate governance in general. This includes the Board's stewardship role in the management of the Trust, as well as its size, composition and compensation.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

The Internal Audit Department

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

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

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

Market risk is the risk that the value or expected cash flows of a financial instrument will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

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

Management of market risk

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

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

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

(i) Equity price sensitivity analysis

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

If quoted equity prices had been 10% (2012: 15%) higher/lower, fair value and other reserves in accumulated fund for the year ended March 31, 2013 would increase/decrease by $31.08 million (2012: $68.35 million) as a result of the changes in fair values of the available-for-sale securities. The reduction in sensitivity is due to reduced holdings of equity investments during the year.

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

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign currency risk

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

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

Management of foreign currency risk

Management consistently monitors the Trust's exposure in this regard by constant monitoring of international foreign exchange markets and factors influencing currency movements and positioning its foreign currency investments accordingly.

At March 31, 2013, the Trust had US$ denominated investments amounting to US$45.954 million (2012: US$45.543 million). The Trust holds a minimum amount of US$ investments in respect of funding its peril reserve.

The carrying amounts of the Trust's foreign currency denominated monetary assets at the reporting date are as follows:

	Assets	
	2013	2012
	J$'000	J$'000
Cash and bank balances	152,592	208,406
Securities purchased under agreements to resell	684,147	311,473
Investment securities	3,767,212	3,931,899
	4,603,951	4,451,778

Foreign currency sensitivity analysis

The following table details the Trust's sensitivity to a 1% revaluation and 10% devaluation (2012: 1% revaluation and 1% devaluation) change in the Jamaica dollar against the relevant foreign currencies. The change in the sensitivity rates below are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the change in foreign currency rates below.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(a) Market risk (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

If the Jamaican dollar strengthens by 1% or weakens by 10% against the US dollar (2012: 1% revaluation and 1% devaluation), income will (decrease) or increase by:

	Revaluation 2013		Devaluation 2013		Revaluation 2012		Devaluation 2012	
	Change in Currency Rate		Change in Currency Rate		Change in Currency Rate		Change in Currency Rate	
	%	J$'000	%	J$'000	%	J$'000	%	J$'000
Surplus	+1	(46,040)	-10	460,395	+1	44,280	-1	44,280

This is mainly attributable to the exposure on investment securities, securities purchased under resale agreements and cash and cash equivalents at year-end.

The Trust's sensitivity to foreign currency has increased during the current period mainly due to the increased holdings of foreign currency deposits and investments.

(iii) Interest rate risk

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

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

Management of interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(ii) Interest rate risk (Cont'd)

As at March 31, 2013:	Within 3 Months $'000	Within 3 - 12 Months $'000	1 to 2 Years $'000	2 to 3 Years $'000	3 to 4 Years $'000	4 to 5 Years $'000	Over 5 Years $'000	Non- rate Sensitive $'000	Total $'000	Weighted Effective Interest rate %
Assets										
Cash and bank balances	2,484,521	-	-	-	-	-	-	629,294	3,113,815	5.67
Receivables	3,820	36,846	103,073	109,392	79,905	116,669	149,580	255,996	855,281	3.80
Securities purchased under resale agreements	684,147	-	-	-	-	-	-	-	684,147	3.74
Investment securities	662,834	699,818	344,875	2,247,957	-	3,801,709	12,463,574	485,140	20,705,907	6.94
Loans receivable	800,319	1,392,667	484,939	957,468	585,213	1,271,390	142,573,721	-	148,065,717	5.69
Total assets	4,635,641	2,129,331	932,887	3,314,817	665,118	5,189,768	155,186,875	1,370,430	173,424,867	
Liabilities and accumulated fund										
Payable	-	-	-	-	-	-	-	2,447,694	2,447,694	
Refundable contributions	684	14,547,900	5,633,807	7,225,506	9,540,607	10,540,449	20,482,693	-	67,971,646	3.60
Total liabilities and accumulated fund	684	14,547,900	5,633,807	7,225,506	9,540,607	10,540,449	20,482,693	2,447,694	70,419,340	
Net Interest Rate Sensitivity Gap	4,634,957	(12,418,569)	(4,700,920)	(3,910,689)	(8,875,489)	(5,350,681)	134,704,182	(1,077,264)	103,005,527	
Cumulative Gap	4,634,957	(7,783,612)	(12,484,532)	(16,395,221)	(25,270,710)	(30,621,391)	104,082,791	103,005,527	-	

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(iii) Interest rate risk (Cont'd)

As at March 31, 2012:	Within 3 Months $'000	Within 3 - 12 Months $'000	1 to 2 Years $'000	2 to 3 Years $'000	3 to 4 Years $'000	4 to 5 Years $'000	Over 5 Years $'000	Non- rate Sensitive $'000	Total $'000	Weighted Effective Interest rate %
Assets										
Cash and bank balances	5,316,807	-	-	-	-	-	-	537,122	5,853,929	6.31
Receivables	2,718	34,907	81,207	123,457	67,225	75,471	139,744	203,583	728,312	3.90
Securities purchased under resale agreements	1,097,966	13	-	-	-	-	-	-	1,097,979	5.43
Investment securities	154,121	3,089,725	3,098,986	2,392,505	4,001,643	460,697	7,923,184	624,119	21,744,980	8.03
Loans receivable	499,358	3,678,876	560,755	813,991	406,549	598,325	122,806,182	-	129,364,036	4.77
Total assets	7,070,970	6,803,521	3,740,948	3,329,953	4,475,417	1,134,493	130,869,110	1,364,824	158,789,236	
Liabilities and accumulated fund										
Payable	-	-	-	-	-	-	-	1,547,631	1,547,631	
Refundable contributions	13,406,584	2,787,432	5,188,812	5,432,600	6,962,761	9,187,251	19,212,075	-	62,177,515	3.49
Total liabilities and accumulated fund	13,406,584	2,787,432	5,188,812	5,432,600	6,962,761	9,187,251	19,212,075	1,547,631	63,725,146	
Net Interest Rate Sensitivity Gap	(6,355,614)	4,016,089	(1,447,864)	(2,102,647)	(2,487,344)	(8,052,758)	111,657,035	(200,807)	95,064,090	
Cumulative Gap	(6,355,614)	(2,319,525)	(3,767,389)	(5,870,036)	(8,357,380)	(16,410,138)	95,246,897	95,064,090	-	

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(a) Market risk (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the statement of financial position date. For floating rate assets, the analysis is prepared assuming the amount of assets held at the statement of financial position date was held throughout the year. For Jamaican dollar instruments, a 250 basis points increase and a 100 basis points decrease (2012: 50 basis points increase and decrease) and for foreign currency denominated instruments, a 200 basis points increase and a 50 basis points decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 250 basis points higher and 100 basis points lower for Jamaican dollar instruments and 200 basis points higher and 50 basis points lower for foreign currency denominated instruments, (2012: 50 basis points higher and 50 basis points lower) and all other variables were held constant, the Trust's:

- surplus for the year ended March 31, 2013 would increase by $115.4 million or decrease by $115.4 million (2012: increase or decrease by $136 million). This is mainly attributable to the Trust's exposure to interest rates on its variable rate investment securities; and
- fair value and other reserves in accumulated fund would decrease/increase by $659.1 million and $684.7 million (2012: decrease/increase by $98.2 million and $98.9 million), mainly as a result of the changes in the fair value of available-for-sale variable rate instruments.
- cashflow from floating rate assets would increase/decrease by $17.8 million and $17.8 million (2012: increase/decrease by $21.3 million and $21.3 million) as a result of the changes in the weighted average coupon rate earned of 7.60% (2012: 8.03%) on available-for-sale variable rate instruments.

The Trust's sensitivity to interest rate risk has increased during the current period mainly due to the restructuring of the investment portfolio resulting from participation in the National Debt Exchange.

(b) Credit risk

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

Credit risk is the most significant risk for the Trust's business. Therefore, management carefully monitors its exposure. Credit exposures arise principally in respect of the Trust's lending and investment activities.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(b) Credit risk (Cont'd)

(i) Loans receivable

The Trust has a significant credit risk exposure in respect of loans to beneficiaries and financial institutions, and advances to developers for housing construction. The Trust establishes policies and procedures which govern standards for granting loans and the process of continuous monitoring and measurement in relation to delinquency and debt recovery management.

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

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

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

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

The carrying amount of financial assets in respect of loans receivable totalling approximately $148.09 billion at year end, which is net of impairment losses, represents the Trust's maximum exposure to this class of financial asset without taking into account the value of any collateral obtained.

<u>Collateral</u>

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

Management monitors the market value of collateral on a regular basis and if necessary, requests additional collateral in accordance with the underlying agreement.

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(b) Credit risk (Cont'd)

(i) Loans receivable (Cont'd)

Fair value of collateral held at year end in respect of loans receivable that are past due and impaired

	2013 $'000	2012 $'000
Property	60,501,261	58,429,453

Repossessed collateral

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

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

	2013		2012	
	Carrying Value $'000	Value of Collateral $'000	Carrying Value $'000	Value of Collateral $'000
Residential properties	1,322,198	3,231,570	1,155,979	1,465,551

(ii) Investment securities, securities purchased under resale agreements and cash and bank balances

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

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

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(b) Credit risk (Cont'd)

(ii) Investment securities and cash and bank balances (Cont'd)

The following table summarises the Trust's credit exposure for investment at the carrying amounts, as categorised by using:

	2013	2012
	$'000	$'000
Government of Jamaica	19,442,678	21,120,861
Bank of Jamaica	483,930	-
Corporate	4,114,796	7,576,030
Total	24,041,404	28,696,891

(iii) Investment in associate

Loans to associated company and interest charges [Note 15 (b)] are evaluated on an ongoing basis and provision for probable loss made, as appropriate.

(c) Liquidity risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay contributors and fulfill commitments to lend. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Trust is exposed to daily calls on its available cash resources primarily in respect of loan and project disbursements, refund of contributions and operational expenses.

Management of liquidity risk

Monitoring and management of the Trust's liquidity management process resides with the Investments Unit. Prudent liquidity risk management requires the Trust to maintain sufficient cash and marketable securities, to monitor future cash flows on a daily basis and to maintain a minimum amount of free cash to meet unexpected liquidity demands.

Management ensures that strong liquidity levels are maintained in order to prevent unacceptable losses or risk of damage to the Trust's reputation. The daily liquidity position is monitored by reports covering the position of the Trust over several months in advance. All liquidity policies and procedures are subject to review and approval by the Board of Directors.

The Trust's liquidity management process, monitored by the Investment and Bank Unit includes:

- Maintaining sufficient amounts of cash and cash equivalents to cover unexpected levels of demand. This is achieved through the systematic aging of the Trust's cash and cash equivalents, to ensure that a minimum amount matures on a weekly basis. This is done in consideration of the Trust's other sources of income, including mortgage and contribution received as well as other investment income.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(c) Liquidity risk (Cont'd)

Management of liquidity risk (Cont'd)

The Trust's liquidity management process, monitored by the Investment and Bank Unit includes (Cont'd):

- Monitoring cash and bank balances and future cash flows on a daily basis to ensure that requirements can be met. This includes the monitoring of several reports compiled by the Investments Unit as well as the relevant operational areas of the Trust.

The Trust's liquidity management process, monitored by the Investment and Bank Unit includes:

- Maintaining a portfolio of highly marketable and diverse assets that can be readily liquidated as protection against any unforeseen interruption to cash flow. They include equities traded on the Jamaica Stock Exchange, money market investments and GOJ and BOJ debt issues.
- Managing the concentration and profile of debt maturities. Investment securities are purchased in accordance with the Board of Directors' guidelines, with clear directives to the stratification of the investment portfolio.
- Preparing daily, weekly and monthly cash and bank balances report to management for decision-making. These reports are integral in determining the level of liquidity risk faced by the Trust.

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

Financial risk management policies and objectives (Cont'd)

(c) Liquidity risk (Cont'd)

The following tables detail the Trust's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial assets and liabilities based on the earliest date on which the Trust can be required to pay.

As at March 31, 2013:

	Within 3 Months $'000	Within 3 - 12 Months $'000	1 to 2 Years $'000	2 to 3 Years $'000	3 to 4 Years $'000	4 to 5 Years $'000	Over 5 Years $'000	Total $'000	Carrying Value $'000
Assets									
Cash and bank balances	3,118,548	-	-	-	-	-	-	3,118,548	3,113,815
Receivables	16,674	168,681	390,820	142,487	47,681	66,042	143,656	976,041	855,281
Securities purchased under resale agreements	686,918	-	-	-	-	-	-	686,918	684,147
Investment securities	808,058	1,366,666	1,140,048	3,314,314	909,164	4,551,812	17,237,273	29,327,335	20,705,907
Loans receivable	814,325	1,490,154	552,830	1,158,536	749,072	1,716,376	217,134,389	223,615,682	148,065,717
Total assets	5,444,523	3,025,501	2,083,698	4,615,337	1,705,917	6,334,230	234,515,318	257,724,524	173,424,867
Liabilities									
Payables	2,447,694	-	-	-	-	-	-	2,447,694	2,447,694
Refundable contributions	768	16,268,650	6,237,429	7,882,370	10,247,318	11,137,078	21,281,960	73,055,573	67,971,646
Total liabilities	2,448,462	16,268,650	6,237,429	7,882,370	10,247,318	11,137,078	21,281,960	75,503,267	70,419,340

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

(c) Liquidity risk (Cont'd)

As at March 31, 2012:

	Within 3 Months $'000	Within 3 - 12 Months $'000	1 to 2 Years $'000	2 to 3 Years $'000	3 to 4 Years $'000	4 to 5 Years $'000	Over 5 Years $'000	Total $'000	Carrying Value $'000
Assets									
Cash and bank balances	5,880,638	-	-	-	-	-	-	5,880,638	5,853,929
Receivables	21,241	105,896	286,752	139,244	73,158	83,919	160,168	870,378	728,312
Securities purchased under resale agreements	1,105,735	311	-	-	-	-	-	1,106,046	1,097,979
Investment securities	247,429	4,467,769	4,549,688	3,468,429	4,924,097	1,030,195	12,400,683	31,088,290	21,744,980
Loans receivable	508,096	3,936,397	639,260	984,929	520,383	807,739	187,670,730	195,067,534	129,364,036
Total assets	7,763,139	8,510,373	5,475,700	4,592,602	5,517,638	1,921,853	200,231,581	234,012,886	158,789,236
Liabilities									
Payables	60,351	587,256	359,448	-	-	-	240,745	240,745	1,547,631
Refundable contributions	14,976,055	3,086,085	5,660,522	5,835,015	7,356,880	9,540,607	19,574,336	66,029,500	62,177,515
Total liabilities	15,036,406	3,673,341	6,019,970	5,835,015	7,356,880	9,540,607	19,815,081	67,277,300	63,725,146

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Capital risk management

The Trust's objectives when managing capital are:

(i) to safeguard the Trust's ability to continue as a going concern;
(ii) to maintain a strong capital base in order to carry out its mandate.

Capital adequacy is monitored by the Trust's management on a regular basis. The Trust's overall strategy remains unchanged from 2011/2012.

The capital structure of the Trust consist of non-refundable employers contributions [Note 2(c)], fair value and other reserves (Note 23), peril reserve (Note 24), loan loss reserve (Note 25) and accumulated surplus.

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument.

The National Housing Trust was established under legislation which was designed, inter alia, to expand the pool of low cost housing by providing loans at interest rates lower than market rates. These housing projects and/or loans would be funded by contributions from employees, at interest rates below market rates, and from contributions by employers which are non-refundable and non-interest bearing.

These conditions would not exist in a normal commercial environment. Consequently, the carrying values of certain of the Trust's financial instruments are not comparable with other commercial financial mortgage institutions and any such comparison would in fact be misleading. In these circumstances, the fair values presented in these financial statements have, therefore, been presented using various estimation techniques based on market conditions existing at reporting date as well as the special circumstances of the Trust.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions have been used:

(i) The carrying amounts of cash and cash equivalents, receivables, payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.

(ii) The fair values of fair-value through profit or loss and available-for-sale investment securities are measured by reference to quoted market prices where there is an active market. Some of the Trust's securities lack an active market, and in such cases, fair value has been determined using discounted cash flow analysis or other acceptable valuation techniques.

(iii) The carrying values of loans receivable (after deductions for the provision for impairment), bonus to employees not yet due and refundable contributions not yet due are assumed to approximate their fair values based on the particular circumstances of the Trust.

35 FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

Fair Values versus carrying amounts

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$'000	$'000	$'000	$'000
Assets carried at fair value				
Available-for-sale securities[Note 10(b)]	17,462,369	17,462,369	18,815,566	18,815,566
Securities at FVTPL [Note 10(a)]	3,243,538	3,243,538	2,929,414	2,929,414
	20,705,907	20,705,907	21,744,980	21,744,980
Assets carried at amortised cost				
Cash and bank balances	3,113,815	3,113,815	5,853,929	5,853,929
Loans receivable	148,065,717	148,065,717	129,364,036	129,364,036
Securities purchased under resale agreements	684,147	684,147	1,097,979	1,097,979
Receivables (excluding prepayments)	1,084,850	1,102,830	728,312	789,950
	152,948,529	152,966,509	137,044,256	137,105,894
Liabilities carried at amortised cost				
Payables and accruals	2,391,341	2,419,685	1,890,714	1,583,658
Refundable Contribution	67,971,646	67,971,646	62,177,515	62,177,515
	70,362,987	70,391,331	64,068,229	63,761,173

Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method as at March 31, 2013. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs, other than quoted prices included within level 1, that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
Available-for-sale securities [Note 10(b)]	1,927,333	15,240,045	294,991	17,462,369
Securities at FVTPL [Note 10(a)]	-	3,243,538	-	3,243,538
	1,927,333	18,483,583	294,991	20,705,907

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
Available-for-sale securities [Note 10(b)]	2,309,075	16,506,491	-	18,815,566
Securities at FVTPL [Note 10(a]	-	2,929,414	-	2,929,414
	2,309,075	19,435,905	-	21,744,980

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

35 **FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)**

a) Available-for-sale securities classified as Level 3 as at March 31, 2013 comprise:

- Corporate bonds, not guaranteed by the Government of Jamaica, for which there is no clear yield curve. A pricing model commonly used by market practitioners, plus additional risk premium of 2%, was used to determine the fair value for these instruments.

- Shares in New Transport Group (2012) Limited (NTG). These shares were received as settlement for acceptance of Campari Espana S.L. Ltd's offer to acquire the Trust's holdings in Lascelles deMercardo & Co. Ltd in December 2012. This transaction was settled in cash plus one share of the newly formed NTG share held in Lascelles. As at the end of the reporting period, an official estimate of share value was still outstanding from the Board of Directors of NTG. An estimated value based on media pronouncements from NTG was used in the determination of the value of the Trust's holdings in NTG in these financials.

b) Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale		
	Unlisted Shares	Debt Securities	Total
March 31, 2013	$'000	$'000	$'000
Opening balance	-	-	-
Total gains or losses:			
- in profit or loss	-	14,552	14,552
- in other comprehensive income	-	15,508	15,508
Purchases	833	300,001	300,834
Disposals/settlements	-	(35,903)	(35,903)
Closing balances	833	294,158	294,991

The balance above only includes financial assets. The total gains or losses for the year included a gain of $15.51 million relating to assets held at the end of the reporting period (2012: $Nil). Such fair value gains or losses are included in 'Gain (Losses) on financial assets' (See Note 31).

All gains and losses included in other comprehensive income relate to unlisted shares and debt securities, held at the end of the reporting period and are reported as changes of fair value reserve (see Note 23).

36 OPERATING LEASE ARRANGEMENTS

The Trust as a lessee

Operating leases relate to administrative facilities with lease terms of between six to twelve months. The Trust does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date, the Trust contracted with its lessor for the following future minimum lease payments:

	2013	2012
	$'000	$'000
Within one year	20,791	17,836

The Trust as a lessor

The Trust rents a portion of its properties under operating leases with lease terms of between two to five years, with an option to extend for a further two years. The maintenance charges incurred by the lessee are reimbursed to the Trust monthly. The lessee does not have an option to purchase the property at the expiry of the lease period.

The property rental income earned by the Trust from these properties in the period amounted to $3.4million (2012: $3.9 million).

Maintenance charges received on these properties in the period amounted to $10.19 million (2012: $6.4 million).

At the reporting date, the Trust contracted with its tenants for the following future minimum lease payments:

	2013	2012
	$'000	$'000
Within one year	3,983	3,777
Within two to five years	20,333	19,283
Over 5 years	6,415	6,083
	30,731	29,143

37 OTHER DISCLOSURES – EMPLOYEES' COSTS

	2013	2012
	$'000	$'000
Staff costs incurred during the year:		
Salaries and wages including statutory contributions	2,584,765	2,524,446
Other staff costs	352,000	312,437
	2,936,765	2,836,883

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2013

38 **LITIGATION AND CLAIMS**

(a) Developer's claim

(i) In July 2005, an arbitrator awarded a developer under the Trust's finance of housing construction programme the sum of $24.32 million – developer's profit and risk – in respect of a housing development project which the developer commenced in 1995. The arbitrator declined to award interest and the sum of $24.32 million was paid by the Trust. The developer then sought an order from the Supreme Court regarding the consideration of interest by the arbitrator.

In January 2007, the court ordered that the matter be remitted to the arbitrator for him to consider interest on the developer's profit and risk. A supplementary award was published by the arbitrator on May 11, 2007 and received by the Trust on May 22, 2007 whereby the sum of $214.50 million and costs were awarded to the developer. During 2008, the Trust recorded a provision of $36.92 million using the simple interest method [Note 20 (a)].

The attorneys representing the Trust were of the opinion that the award was open to challenge on the basis of error of law and the matter relating to the challenge was heard in court on April 10 and 14, 2008. In September 2009, the court ruled in favour of the Trust and set aside the Supplemental Arbitration Award and remitted the matter to the Arbitrator to reconsider the rate of simple interest. In November 2009, the NHT received notice from the developer's attorneys, indicating that they were appealing the ruling.

The date of July 12, 2010 was fixed and the hearing scheduled for three (3) days. For various reasons the hearing was rescheduled and finally heard during the week commencing May 14, 2012.

The appeal was heard and Judgement reserved.

(ii) In March 2009, new arbitration proceedings were commenced by the same developer in respect of re-measurement of works and final accounts on the project. An award was made by the Arbitrators on October 7, 2009 in favour of the developer amounting to $144.66 million. The Trust filed an appeal to challenge the award. A hearing was held on May 6, 2010 where the judge ordered that the enforcement of the Arbitration Award be stayed on condition that the Trust paid the amount of $144.66 million to an interest-bearing account by May 31 2010. This amount was subsequently paid (Note 7). A pre-trial review date was set for March 7, 2011 and a trial date set for May 2, 2011. The matter was heard from May 2 – 6, 2011 and continued June 27 – July 1, 2011 and July 4, 2011.

The matter was adjourned part-heard on July 4, 2011.

There was a change of attorney representing the Trust and attempts were made to obtain Court transcripts for the new Attorney-at-law without success.

The matter of obtaining the transcripts was finally settled on the return of the previous Attorney-at-law to the matter.

The hearing of the matter was scheduled to continue for the seven (7) days, November 5 -13, 2012 and the adjournment hearing in the part-heard matter took place from November 5-6, 2012. At the close of submissions, the Judge took time to consider the matter before rendering her decision. The court did not provide a timeframe within which the Judgement would be available.

38 **LITIGATION AND CLAIMS (Cont'd)**

(b) Contractor's claim

In November 2007, a contractor on one of the Trust's major development projects made a claim of approximately $1.06 billion in respect of the following:

(i) Loss of profit and overheads (amounting to approximately $585 million), arising from a shortfall in the number of units the contractor was able to complete under the contract.

(ii) Variations and claims (amounting to approximately $478 million) for works already completed.

During the year 2009/10, the Trust decided the following:

(i) Loss of profits and overheads

The Trust would enter into contracts with the contractor for the construction of housing units and/or infrastructure to afford the contractor the opportunity to earn profits estimated at approximately $250 million in full consideration of the above mentioned claim.

(iii) Variations and claims for work completed

An offer would be made to the Contractor of $143 million in full settlement of the claim. The Contractor subsequently indicated his willingness to accept the offer of $143 million, subject to agreement on the final accounts.

During the year ended March 31, 2011:

Further to the forgoing agreement, both parties agreed that the amount due was $120.67 million plus retention of $36.17 million. In June 2010, the amount of $120.67 million was paid to the Contractor upon execution of the necessary Release and Discharge.

Apart from the retention amount of $36.17 million, there were no other sums owing to the Contractor in respect of this claim.

During the year ended March 31, 2012/2013:

$20 million of the retention amount owed was released to the Contractor in April 2011 and a further $10 million was released in April 2012. Though the Defects Liability Period has expired, there are still defects for which the Contractor is responsible. A balance of $6.17 million is owed to the Contractor as at March 31, 2013.

Management, based on the facts and the opinion of their attorneys, has made certain provisions at year-end based on its best judgement of the likely liability resulting from the litigation and claims.

However, the ultimate outcome of those matters cannot be determined at this time and should the Trust be unsuccessful in its challenge and in the mediation process, an adjustment (which may or may not be significant) may be required to the amounts provided in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2013

39 ADJUSTMENTS TO RECONCILE SURPLUS FOR THE YEAR TO CASH PROVIDED BY OPERATING ACTIVITIES

	2013 $'000	2012 $'000
Provisions for losses on projects	1,142	164,619
Provisions on project written back	(182,963)	-
Increase/(decrease) in provisions on loans receivable	26,520	(358,867)
Bonus on employees' contribution	1,191,696	1,040,524
Provision for irrecoverable debt on receivables	(2,560)	5,674
Depreciation and adjustment	119,305	110,988
Loss on impairment of property, plant and equipment	5	147
Loss on disposal of property, plant and equipment	3,873	43
Adjustments to property, plant and equipment	-	(32,405)
Fair value gain on investment property	(2,530)	-
Service charges amortised	(711,076)	(558,062)
Intangible assets amortised	17,003	6,056
Loss on impairment of equity investment security	20,915	3,795
Gain in revaluation of held for trading investment securities	(242,376)	(180,562)
Gain on disposal of equity investment securities	(15,984)	(8)
Loss on disposal of investment securities (NDX)	67,276	-
Retirement benefit charge (net)	(22,980)	(17,010)
Interest Income	(8,845,969)	(7,752,204)
Foreign exchange adjustment	(600,386)	(112,849)
Share of losses of associates (including allowance for loan loss)	40,195	46,638
Tax expense	886,570	1,093,408
Provisions charged during the year	755,424	454,594
Adjustments to reconcile net surplus to cash flow used in operating activities and changes in operating assets (liabilities)	(7,496,900)	(6,085,481)

40 SUBSEQUENT EVENTS

Subsequent to year-end, during the 2013/14 Budget presentation, the Government announced its commitment to drive policy initiatives that will support the efforts of the Trust to make housing more affordable for its contributors, especially those who are most vulnerable. Some of the major initiatives announced are as follows:

(i) Public sector workers who received a 1% interest rate reduction in their mortgage to March 31, 2013, will have the benefit extended for another two years, to March 31, 2015;
(ii) Effective immediately, the Trust will increase loan limits on serviced lots in its schemes from $1.5 million to $2.5 million;
(iii) Effective September 1, 2013, public sector workers will be given a 15% discount on peril insurance premiums. Also, they will continue to benefit from a 15% discount below NHT standard insurance rates for the period through to March 31, 2017;
(iv) Effective January 1, 2014, public sector employees with NHT mortgages will be eligible for contribution refunds during the four year period 2014 to 2017;
(v) The Trust will restart a revised Inner City Renewal Programme as of the 2014 financial year. Full details of the scope of the revised programme are not yet finalised.

At the date of approval of the financial statements, the Trust had assessed the impact of these measures on its operations and is of the view that the impact will not be material.

DIRECTORS' COMPENSATION
2012/2013

Position of Director	Fees ($)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle ($)	Honoraria ($)	All Other Compensation including Non-Cash Benefits as applicable ($)	Total ($)
Chairman	$440,000.00				$440,000.00
Director 1*	$8,500.00				$8,500.00
Director 2	$117,880.00				$117,880.00
Director 3	$146,500.00				$146,500.00
Director 4	$100,500.00				$100,500.00
Director 5*	$8,500.00				$8,500.00
Director 6	$107,380.00				$107,380.00
Director 7*	$16,000.00				$16,000.00
Director 8	$173,880.00				$173,880.00
Director 9	$141,500.00				$141,500.00
Director 10*	$14,680.00				$14,680.00
Director 11	$150,380.00				$150,380.00
Director 12	$110,880.00				$110,880.00
Director 13	$132,260.00				$132,260.00
Director 14	$88,880.00				$88,880.00
Director 15	$157,000.00				$157,000.00
Director 16*	$8,500.00				$8,500.00
Director 17*	$8,500.00				$8,500.00
Director 18	$122,500.00				$122,500.00
Director 19*	$8,500.00				$8,500.00
Director 20	$133,000.00				$133,000.00
Director 21	$117,500.00				$117,500.00
Director 22*	$8,500.00				$8,500.00
TOTAL	**$2,321,720.00**				**$2,321,720.00**

* Reflect payments to some members of the previous Board of Directors

SENIOR EXECUTIVE
COMPENSATION
2012/2013

Position of Senior Executive	Salary ($)	Gratuity or Performance Incentive ($)	Travelling Allowance or Value of Assignment of Motor Vehicle ($)	Pension or Other Retirement Benefits ($)	Other Allowances ($)	Non-Cash Benefits ($)	Total ($)
Managing Director	9,800,000	3,773,000	1,475,720	0.00		4,036,885	19,085,605
SGM – Constr. & Dev	6,480,502	939,673	1,065,988	550,843		1,996,433	11,033,439
SGM- Corp. Services	6,480,502	939,673	975,720	550,843		1,996,433	10,943,171
SGM - Finance	6,480,502	955,874	975,720	550,843		1,969,859	10,932,798
SGM – Customer Rel.	6,480,502	972,075	1,065,988	550,843		1,996,434	11,065,842
Chief Int. Auditor	5,486,609	795,558	975,720	466,361		1,186,225	8,910,473
Company Secretary	6,101,859	884,770	975,720	518,658		1,186,225	9,667,232
GM – HRM	5,486,609	809,275	975,720	466,362		1,178,873	8,916,839
Chief Information Off.	4,778,060	692,819	1,065,988	406,135		1,304,848	8,247,850
TOTAL	**57,575,145**	**10,762,717**	**9,552,284**	**4,060,888**		**16,852,215**	**98,803,249**

ADMINISTRATION

MANAGING DIRECTOR
A. Cecile Watson

SENIOR GENERAL MANAGERS
Martin Miller – Finance
Donald Moore – Construction and Development
Dr. Lanie-Marie Oakley Williams – Customer Relations Management
Benedict Ranger – Corporate Services

GENERAL MANAGERS
Judith Larmond Henry – Company Secretariat & Legal Services
Leighton Palmer – Information Systems
Jeneita Townsend – Human Resources Management
Lorna Walker – Internal Audit

ASSISTANT GENERAL MANAGERS
Norman Anderson – Inner City Housing Project
Camille Chevannes – Legal Conveyancing & Mortgage Registry
Maxine Hart – Project Management Office
Gladstone Johnson – Contributions Processing
Quinton Masters – Project Appraisal Management
Neil Miller – Corporate & Business Strategy
Helen Pitterson – Company Secretariat & Legal Services
Hortense Rose – Corporate Communications
Joyce Simms-Wilson – Branch Network
Michael Taylor – Project Management
Errol Thompson – Financial Reporting and Cost Management
Suzanne Wynter Burke – Loan Management
Elton Vassell – Receivables, Banking & Investments

MANAGERS
Herman Baker – Industrial Relations & Staff Benefits, HRM
Richard Blackwood – Management Support, HRM
Everton Boothe – Loan Portfolio Management
Judith Brown – Accounts Payable & Payroll
Dave Campbell – Financial Reporting
Keith Clarke – Property Management
Tracey-Ann Creary – Project Management
Percival Cunningham – Technical Support, Information Systems
Shani Dacres-Lovindeer – Project Management
Kareen Daley – Application Development, IS
Clive Davis – Project Management, ICHP
Dwight Ebanks - Investments
Delores Facey-Johnson – Contributions Refund
Clivia Green – Compliance

ADMINISTRATION

Harvey Hall – Business Analysis, IS
Ransford Hamilton – Project Services
Cheryll Harris-Walder – Project Management, PMO
Dian Isaacs – Risk & Insurance Management
Rohan Jones – Information Systems Security
Lisa Myrie-Davis – Internal Audit
Paul Oliver – Loan Accounting
Donnetta Russell – Customer Care
Philbert Solomon – Banking and Accounts Receivables
Audley Stewart – Contributor Accounts
Sandra Williams – Managing Director's Office
Wendy-Jo Williams – Social Development
Vencot Wright – Planning & Research

BRANCH NETWORK:

MANAGERS

Allison Beaumont-Smith – Kingston & St. Andrew
Lorna Bernard – St. James
Morcelle Brown – Customer Service
Janet Hartley Millwood – St. Catherine
Eric McLeish – Manchester
Norris Rainford – Westmoreland
Andrea Reid (Actg.) – St. Ann
Ava-Ann Scott – New Loans
Judith Thompson – Clarendon

SENIOR CUSTOMER SERVICE REPRESENTATIVES

Sancia Cornwall – St. Elizabeth
Karen Forbes-Rodney – Portland
Althea Green – Trelawny
Ketrion Verisales – St. Mary
Nichole Howden – Hanover
Cotchesta Watson – St. Thomas

LEGAL TEAM:

LEGAL SERVICES

Sheron Green Brown

LEGAL CONVEYANCING

Alayne Bennett
Sharon Blair
Tashia Madurie
Marisa Forbes Spencer
Carol Higgins
Jefferine Stubbs-Ruddock
Mazielyn Walker

National Housing Trust

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Design and artwork production by: Adlib Studio
Printed by: Lithographic Printery Limited