2015/16 ANNUAL REPORT & FINANCIAL STATEMENTS

HOUSING JAMAICA ONE FAMILY AT A TIME

OUR

VISION 2020 - The NHT will be ranked among the leading housing finance institutions in the world, renowned for customer service and contribution to National development.

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

CORE VALUES

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

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

CARING
To treat all persons fairly and with respect.

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

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

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National Housing Trust

LETTER TO THE PRIME MINISTER

July 31, 2016

The Most Hon. Andrew Holness, 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, 2016, and a copy of its Statement of Accounts at March 31, 2016, duly certified by the Auditors.

Yours respectfully,

N. l. d. C

Ambassador Dr. Nigel Clarke
Chairman

National Housing Trust

7 YEAR

STATISTICAL SUMMARY

YEAR Ended March 31	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Total Assets	236,965,897	220,950,445	206,289,926	194,612,864	177,781,356	155,566,439	134,114,628
Inventories	6,988,501	8,303,657	8,822,275	11,372,815	9,902,862	8,380,924	5,693,088
Loans Receivable	192,964,602	180,909,435	166,336,403	148,065,717	129,364,036	110,276,274	95,757,161
Refundable Contributions	87,816,287	80,658,857	75,539,203	67,971,646	62,177,515	56,286,861	50,235,825
Accumulated Profit	127,552,754	121,669,927	115,120,488	113,353,683	100,888,863	87,756,967	75,652,719
Results From Operations							
Total Operating Income	27,127,142	26,954,190	22,604,097	22,800,802	21,089,237	19,119,432	18,234,578
Operating Expenditure	5,638,683	4,968,250	5,106,979	4,290,512	4,165,473	4,168,474	4,214,928
Net Surplus	18,119,330	18,668,454	14,149,563	14,458,141	13,871,239	12,233,004	11,331,360
Financial Ratios							
Average Interest on Loans**	4.9%	4.9%	4.9%	4.8%	4.7%	4.4%	5.5%
Yield on Investments %	7.1%	7.5%	7.4%	8.4%	7.6%	8.9%	14.1%
Efficiency Ratio %	63.5%	61.5%	71.3%	60.6%	75.9%	79.6%	62.1%
Return on Capital	13.2%	14.4%	11.4%	12.5%	13.6%	13.9%	15.0%
Return on Assets	7.9%	8.7%	7.2%	7.8%	8.3%	8.4%	9.1%
Other Information							
Annual Housing Expenditure *	17,737,663	20,001,448	21,485,419	22,607,055	24,256,512	21,209,341	16,915,796
Contributions Received	24,585,409	23,361,346	21,412,380	19,901,498	19,505,023	18,526,158	16,821,186
Contributions Refunded	5,090,898	5,339,328	4,437,518	3,908,254	3,253,025	2,874,123	2,751,659
Number of Mortgages Created Since Inception	180,646	174,768	168,744	160,937	153,087	145,424	138,353
Number of Individual Benefits Provided Since Inception	192,126	186,248	180,224	172,420	164,570	156,907	149,836

* Restated for 2014 & 2015

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

BOARD OF DIRECTORS

DR. CARLTON DAVIS
Board Chairman

Dr. Davis is a graduate of McGill University and the University of the West Indies. Professional experience include: Scientific Officer, Scientific Research Council 1968-70; Inspector of Mines; Technical Officer, Department of Mines 1970-73; Senior Principal Scientific Officer, Scientific Research Council 1973-74; Director of Research and Development, Ministry of Mining and Natural Resources 1974-75 and Executive Director/ Chairman, Jamaica Bauxite Institute 1976-93. He was also Chairman for the Clarendon Alumina Production Ltd., Jamaica Bauxite Institute, and Jamaica Special Olympics and the Director for Jamaica Public Service Co. Ltd.

Dr. Davis is a Member of Mineralogical Society, London. His awards include: Institute of Jamaica Centenary Medal for Science 1980; S.R.C. 25 year award; Manager of the year 1990, Gleaner Honour Award 1990; Order of Jamaica 1990; Order of Distinction (Commander) 1976.

HON. DAISY MAY COKE, O.J., C.D.
Board Deputy Chairman

A retired actuary, Mrs. Coke has served as Chairman/Director – Public Service Commission and the Prices Commission; Deputy Chairman & Director – National Hotel & Properties Limited, Director of the then Jamaica Broadcasting Corporation; the National Insurance Fund; Jamaica Industrial Development Corporation, Management Institute for National Development and the Statistical Institute of Jamaica.

Mrs. Coke has also served on the Boards of several financial institutions, and as a Member of Council at the University of the West Indies, and as a member of its Audit Committee. She is a member of the Board of Happy Grove School and St Hugh's High School. Currently she is a Commissioner of the Overseas Examination Commission (OEC).

SENATOR LAMBERT BROWN, C.D.

Senator Brown is currently President of the University & Allied Workers Union and the Vice President of the Jamaica Conference of Trade Unions (JCTU). He is a member of the Urban Development Corporation Board and of the Jamaica Productivity Centre Advisory Board.

ROBERT BUDDAN, C.D.

Mr. Buddan is a former Lecturer at the University of the West Indies in the Department of Government. He served as a board member of the Social Development Commission, and a past board member for Jamaica Social Policy Evaluation, Public Policy Commission, Leadership Task Forces and The Prime Minister's Task Force.

SENATOR KAVAN GAYLE

Senator Gayle joined the BITU in 1986 and was appointed to its executive in 2001. He was elected President of the union in 2007. Mr. Gayle is an Executive Member of the Global Trade Union, also known as the Union Network International, representing the Americas. Mr. Gayle is a past board member of the 4H Clubs and the SCH Holdings and Jamaica Productivity Centre. He was appointed to the senate in 2012.

GRANVILLE VALENTINE

Mr. Granville Valentine (Trade Unionist/ Industrial Relations Consultant), joined the staff of the National Workers Union as a Negotiating Officer in September 1999 and has since enjoyed meteoric growth in the organisation and the labour movement in general.

SONIA HYMAN

Mrs. Hyman is the Senior Director of Development, Planning, Policy and Strategy in the Office of the Prime Minister. Ms. Hyman is a former Board member for the Jamaica Cultural Development Commission and the Bureau of Standards and has served on the board of the Urban Development Corporation, St. Ann Development Corporation, Montego Bay Freeport & Caymanas Development Company.

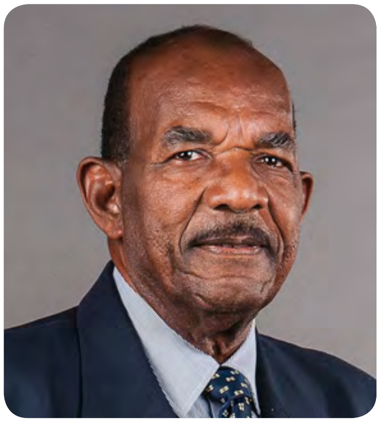
O'NEIL GRANT

Mr. Grant is the President of the Jamaica Civil Service Association and Board Member of First Heritage Cooperative Credit Union.

CLAYTON HALL

Mr. Hall was appointed to the Board in April 2015. He is the Principal of Spanish Town High School and is a former President of the Jamaica Teacher's Association.

PERCIVAL LA TOUCHE



Mr. La Touche 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. La Touche is the former Chairman of Sunset Strip Association. He is a British trained Motor Mechanic who owned and operated a Chevron Petrol Station while living in England.

LISA HARRISON

Mrs. Lisa Harrison is a trained Museologist with interest and experience in both historical and science museums. She obtained a Master of Arts in Museum Studies from the George Washington University and worked at the Smithsonian Institution's Natural History Museum while completing her studies. Having obtained her degree she returned to Jamaica to work at the Institute of Jamaica's Museum of History and Ethnography (now National Museum Jamaica) as keeper of the Collections and subsequently Acting Director of the Division.

Lisa currently holds a Bachelor of Science (Hons) degree from the University of the West Indies Mona and is currently Practice Manager at the law firm Harrison & Harrison. Her other board appointments include Culture, Health, Arts, Sports, Education (CHASE) Fund and the National Museum Jamaica.

SCARLETTE I. GILLINGS, C.D., JP

Mrs. Scarlette Gillings has spent her over 30 year career improving the conditions of the underserved in Jamaica, the Caribbean, Latin America and East Africa. Mrs Gillings assisted in the development of the Jamaica Social Investment Fund and since its inception in 1999, she has served as the Managing Director. She later retired from the position of Managing Director in March 2015.

Scarlette Gillings earned her Masters degree in Development Studies in The Hague, Netherland and continues to develop professionally through her participation in workshops, seminars and conferences. Mrs. Gillings serves on several boards and committees notably, the Ministry of Education's National Education Trust (NET); the Milk River Board; the Steering Committee of the Technical Working Group on Citizens Security (a programme of the Ministry of National Security), the Rural Development Taskforce in the Office of the Prime Minister; the Science, Technology & Innovation Thematic Working Group (STI-TWG) and the Micro, Small and Medium-sized Enterprises (MSME) Taskforce (Ministry of Industry, Investment & Commerce.

JACQUELINE LYNCH - STEWART, LL.B, C.L.E. M.B.A.

Mrs. Jacqueline Lynch-Stewart is the Director of Administration and Special Services at the Office of the Prime Minister (OPM). Mrs. Lynch-Stewart is an Attorney-at-Law with a Masters in Business Administration, and has had extensive experience working in the private and public sector. Mrs. Lynch-Stewart was Legal Counsel for the Kingston Free Zone Company Limited, Legal Counsel and Company Secretary for the Seprod Group of Companies, practised at the Private Bar for a number of years, owned and operated a successful business and was Senior Director, Operations at the National Housing Trust. In addition, Mrs. Lynch-Stewart lectured part time at the University of the West Indies as well as at what was then the Jamaica Institute of Management.

Prior to joining the Office of The Prime Minister, Mrs. Lynch-Stewart was the General Manager of the Bob Marley Foundation and Museum. She is also a founding member of the Jamaica Reggae Industry Association (JARIA. Mrs. Lynch-Stewart is currently a Director on the Entertainment Advisory Board and also serves as a Director of The Jamaica Anti – Doping Commission (JADCO).

RAYMOND WILSON

Mr. Wilson joined the Jamaica Constabulary Force in 1990, having graduated from the Police Academy, he was sent to St. Thomas, where he served in General Policing, Traffic Cop, Divisional Training Sub Officer (DTSO), Constabulary Communication Network (CCN) representative (now CCU) and Community Relations Co-ordinator. Mr. Wilson was elected to the Police Federation Central Executive in 2001 as a Constable. He was later elected Chairman of the Police Federation in November 2004, and has been re-elected to that post every year since 2004 to present. He is now the longest serving Chairman in the history of the Police Federation.

He is the holder of an Associate of Science Degree (A.Sc) in Business Studies and a Bachelor of Science Degree (B.Sc) in Human Resource Management. He is currently reading for a Bachelor of Law Degree (LLB) at the University of Technology.

MICHAEL HUGH HARVEY, J.P.

Mr. Harvey served as the President of Spiritual Affairs at Northern Caribbean University (NCU), and a member of the University's Cabinet. He served as a District Pastor in the West Jamaica Conference of Seventh-day Adventists (WJCSDA), President of the Northern Caribbean University Alumni Association – St. James Chapter and as Associate Publishing Director, then Publishing Director of the WJCSDA. He also served as President of the North Jamaica Mission of Seventh-day Adventists.

Currently, he also serves on the Community Counseling and Restorative Justice Board and Chairman of the Manchester Dispute Resolution & Violence Prevention. He also sits on the Board of the Jamaica Social Investment Fund.

DR. PAULINE KNIGHT, CD

Dr. Knight is a Social Scientist, with a Bachelor's Degree in Sociology, Master's Degree in Planning and Doctorate in Sociology. She is a former employee of the Planning Institute of Jamaica, where she served for over thirty (30) years, primarily as Director of the Division responsible for social research, planning and policy development. She later retired in 2012 in the capacity of Acting Director General, where she was awarded Order of Distinction, Commander Class for her contribution to social policy development. Dr. Knight currently provides consultancy services in social research and analysis.

The Hon. Easton Douglas, OJ, JP, M.Sc, FRICS and Mr. Vincent Morrison's tenure as members of the Board of Directors ended in April 2015.
Mr. Martin Miller, Managing Director (Acting) is also a memberof the Board.

BOARD APPOINTMENTS 2016-2019

The Prime Minister of Jamaica, the Most Hon. Andrew Holness, O.N., M.P., appointed a new Board of Directors to the National Housing Trust effective May 16, 2016. The board will serve for three years and comprises:

Ambassador Dr. Nigel A. L. Clarke (Chairman)
Mr. Lennox Channer
Mr. Doran Evan Dixon, J.P.
Senator Kavan Gayle, O.D.
Mr. O'Neil Wilton Grant
Mr. Jeffery McGowan Hall
Mrs. Nesta-Claire Hunter
Senator Kerensia Morrison
Ms. Deborah A. Newland
Mr. Ryan D. Parkes
Mrs. Antoinette Patterson Bartley
Mr. Granville Valentine
Mr. David P. Wan

The Management and staff of the NHT wishes to extend a warm welcome to the new Board of Directors and look forward to a productive tenure.

CO-OPTED COMMITTEE

MEMBERS

Recognising that additional technical expertise was required to facilitate deliberations and recommendations at the level of the Committees of the Board, the Chairman, in consultation with the Board, approved the inclusion of Co-opted Members on Committees.

The Public Bodies Management Act at S.8 (6) provides the following in respect of the Audit Committee:-

"For the purpose of ensuring that the audit committee of a public body has the capability to perform the duties of the audit committee, the Board may co-opt, to perform the duties of the audit committee, individuals who are not members of the Board but who possess a broad range of qualifications relevant to the functions of the public body."

The Corporate Governance Framework also recommends that Boards may co-opt individuals who are not members of the Board but who possess a broad range of qualifications relevant to the functions of the Public Body in order that the committees have capability to perform their duties.

Effective April 3, 2015, the following persons were co-opted to assist the committees of the Board:

BRIGITTE COLLINS – HRM & Information Technology Committee

DIANE GORDON – Properties Committee

PAULETTE HENRY – Policy & Communications Committee

OPAL LEVY-CLARKE – Finance & Investment Committee

DR. PARRIS LYEW-AYEE, Jr. - Properties Committee

JOSEPH MANLEY - HRM & Information Technology Committee

MS. GWYNETH MOORE - Audit Committee

MILVERTON REYNOLDS - Policy & Communications Committee

PATRICIA ROBINSON - Finance & Investments Committee & Properties Committee

TONI SPENCE - Finance & Investment Committee

BARRINGTON WHYTE – Audit Committee

MARTIN MILLER

Managing Director (Acting)

DONALD MOORE

Senior General Manager
Construcion & Development

DR. LANIE-MARIE OAKLEY-WILLIAMS

Senior General Manager
Customer Relations Management

ERROL THOMPSON

Senior General Manager (Acting)
Finance

NEIL MILLER

Senior General Manager (Acting)
Corporate Services

JUDITH LARMOND-HENRY

General Counsel & Company Secretary

LORNA WALKER

Chief Internal Auditor

JENEITA TOWNSEND

General Manager Human Resource Management

LEIGHTON PALMER

Chief Information Officer

CHAIRMAN & MANAGING DIRECTOR'S REPORT

Ambassador Dr. Nigel A. L. Clarke
Chairman

MARTIN MILLER
Managing Director (Acting)

Fellow Contributors,

This year, the National Housing Trust celebrates 40 years of service to the nation. The establishment of the Trust in January 1976 resulted from the collaborative discussions of government, Private Sector and Trade Unions. Legally, it was enabled by an amendment to the National Insurance (NIS) Act. By 1979 however, the organization received its own Charter and has since been operating by virtue of the National Housing Trust Act. The mandate of the organization is to:

A. Add to and improve the existing supply of housing by;
   i. Promoting housing projects to such extent as may from time to

time be approved by the Minister,

ii. Making available to such contributors as may be prescribed, in such manner and on such terms and conditions as may be prescribed, loans to assist in the purchase, building, maintenance, repair or improvement of houses; and

iii. Encouraging and stimulating improved methods of production of houses;

B. Enhance the usefulness of the funds of the Trust by promoting greater efficiency in the housing sector.

The Trust has made some progress in fulfilling its mandate. It has written in excess of 192,000 mortgages since inception and financed the construction of 95,000 housing solutions. The organization remains the most dominant player in Jamaica's mortgage market and has been instrumental in pulling mortgage rates to among the lowest the nation has seen post-independence. It is the beacon of hope for home ownership for most Jamaican employees, and has adjusted its policies with frequency which has enabled it to remain relevant to its contributors and other stakeholders over the years. The NHT has also excelled in service to its customers as is evidenced by the fact that it has won the Prime Minister's Award for Customer Service more than any other public institution. The organization recognizes however, that there are further challenges to be met if optimal effectiveness is to be achieved.

This anniversary observance provides an opportunity for the organization to properly reflect, evaluate its achievements against its mandate and look forward to an entity that is better aligned to meet the ever evolving needs of contributors, communities and the country.

A strategic review of the organization is to be undertaken and this should result in an organization honed for relevance throughout the next forty years and beyond. The review will be inclusive, involving political parties, churches, unions, the business community and all other stake holders.

The organization has committed to a renewed thrust in the provision of housing solutions for our contributors. Our policies and operational processes will continuously evolve to ensure improved access to housing financing and efficient delivery of services.

As we celebrate this 40th year, we express appreciation to our many stakeholders who have contributed to the growth and development of the NHT into the formidable institution it has become. We salute the former Boards, Management and Staff of the organization, who have served excellently and with pride over the years.

The NHT will be recognizing our 40th Anniversary milestone with several events under our theme: "NHT-40 Years Strong; Building Communities Now and Beyond". Celebrations will commence in the 2016/17 financial year and will involve the participation of our Portfolio Minister, the Most Hon. Prime Minister Andrew Holness.

During the 2015/16 financial year, and up to 2020, priority was/will be given to various strategies under the following themes:

1. More houses for less
2. Sustained business viability
3. Optimized operations and service delivery
4. Build a performance oriented team

At the end of the year, the organization exceeded all but one of its targets in the five Key Performance Areas: Contribution Collections, Mortgage Repayments, Loans Created, Housing Completions and Operating Expenditure. The area which fell short at the end of the year was Mortgage Repayments, in which 98% of the target was achieved. This was however approximately 8% higher compared to the previous year.

Managing customer needs and requirements are foremost among our priorities as we seek to redefine the way we make decisions, work as a team and align our strategic priorities to you, our valued customer. The current aim of the National Housing Trust is to provide low income housing, within the financial reach of our contributors. With this in mind, The NHT implemented various strategic activities which are expected to significantly improve the customer service experience at the NHT.

In November 2015, the Trust increased its loan ceiling from $4.5 million to $5.5 million, for contributors making purchases in new developments and also lowered its interest rate by one percentage point for all categories of new borrowers. These new measures were aimed at improving affordability and stimulating construction in the industry.

FINANCIAL MANAGEMENT
Total Assets

At March 31, 2016, the Trust's assets totalled $237.0 billion, 7.2% higher than the previous year. Investment in Housing (Loans receivables and Inventories) increased by 5.6% ($10.7 billion) and accounted for over 84% of total assets.

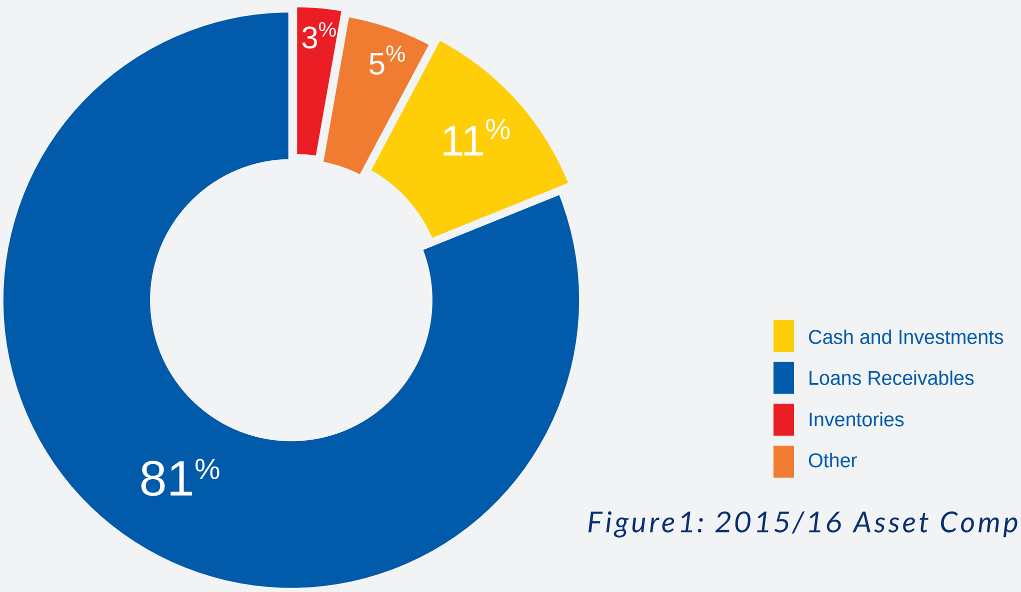


Figure1: 2015/16 Asset Composition

Cash and Investments accounted for a further 11% of total assets; the balance as at March 2016 increased by $4.8 billion or 23.9% over the prior year. The increase was due to higher cash inflows (contribution and mortgage repayments) and decreased cash outflows (housing expenditure) over the prior year.

INCOME AND EXPENDITURE

The Trust recorded a surplus amounting to $18.1 billion down from $18.7 billion in the previous year. Total income increased marginally from $27 billion to $27.1 billion for 2015/2016.

On the income side, interest on investments increased by 4.5% to $1.5 billion and interest on mortgages increased by 7.8% (or $0.7 billion) to $9.2 billion. The increase in the latter is the result of a combination of the net increase in the mortgage portfolio, and an increase in the weighted average mortgage interest rate over last year.

An additional $2.6 billion was earned mainly from service charge on loans, miscellaneous income (which comprises mainly foreign exchange gains, insurance administrative fees, penalty income, and debt management fees), disposal and fair value gains on securities and dividends.

Expenditure for the year totalled $7.8 billion, up by $0.7 billion or 9.4% from last year. Operating expenses, which accounted for 72.4% of the total, increased by $0.67 billion or 13.5% over 2014/2015. Increase in employee costs, resulting from wage adjustments, as well as higher scheme maintenance and site planning expenses accounted for this increase.

OPERATIONAL REVIEW 2015/16

The NHT exceeded four of its five key performance targets for the 2015/16 financial year. The organisation performed creditably in the areas of contribution collection, loans creation, housing completions and operating expenses (previously discussed).

KEY PERFORMANCE AREAS

CONTRIBUTION COLLECTION

The Trust collected more contributions than projected for the 2015/16 financial year. The result was a positive variance of $2.2B. This was $1.37 billion or 5.7% higher than the amount collected for the corresponding period last year. The following were attributed to the higher than anticipated collections:

i. Increase in salaries and retroactive payments for government workers.
ii. The Internal Litigation Project.
iii. Increase in employer collections from the Business Process Outsourcing subsector.

MORTGAGE COLLECTION

The organization collected $18.75B in loan repayments, $0.3B less than planned for the financial year. The lower than expected collections was mainly due to delays in the sale of some scheme solutions such as Hellshire, Longville and Creighton Hall. Mortgage Collections for the year were however 7.7% more than the amounts collected for 2014/2015. At the end of the financial year, the Trust's mortgage portfolio consisted of 105,837 accounts with a total payoff balance of $156B. Between March 2015 and March 2016, the portfolio recorded a net growth of 2% or 2,237 accounts. Over the same period, the loan receivables portfolio increased by approximately $12B or 6.7%.

LOANS CREATED

The Trust created 5,878 loans, 351 more than planned for the 2015/16 financial year. The Trust achieved higher than anticipated Open Market and Home Improvement loans. The number of loans created, however, was 395 or 6% lower than the previous year's total.

TABLE 1

LOANS CREATED: ACTUAL VS TARGET

APRIL 2015 TO MARCH 2016	ACTUAL	TARGET
Benefit Type	Count	Count
Main Mortgage Loans:		
Build on Own Land	368	410
Construction Loan	786	750
Home Enhancement Loan Plan	8	-
Home Improvement	246	179
House Lot	955	918
Open Market	2,828	2,585
Scheme	297	225
Serviced Lot	172	319
Subtotal	**5,660**	**5,386**
Other Loans:		
Solar Panel	1	1
Solar Water Heater	126	137
15 Plus loans	5	3
First Step	85	-
Others	1	-
TOTALS	**5,878**	**5,527**

A total of 901 loans were written under the Joint Finance Mortgage Programme (with the building societies) during 2015/2016. This was done at a value of $3.8 billion.

During the year, the National Housing Trust increased its individual loan limit for new applicants, from $4.5 million to $5.5 million and reduced interest rate on loans to contributors who applied after November 1, 2015. The full impact of these changes will be experienced in the 2016/17 financial year. The policy changes are as follows:

i. New loan limit for construction purposes – Applicants to benefit from the increased loan limit are those who are buying properties in new housing developments as well as those constructing new housing units.

ii. Reduced interest rates – To improve affordability, the Trust reduced interest rates by one percentage point across the board, for all new loan applicants. Therefore, new beneficiaries earning up to $7,500 weekly are now benefiting from home loans at 0% interest while at the upper end, persons earning over 20,000 weekly are repaying loans at a rate of 6%. Further adjustments to the Trust's interest rate structure are expected in 2016/2017. The interest rate table below illustrates the concessions.

TABLE 2

CHANGES TO THE NHT'S INTEREST RATE POLICIES

	Interest Rate for New Applicants				Interest Rate for Special Programmes	
Weekly Income Band	Contributors who are Public Sector Workers	Contributors who are 55 years & over	Disabled Persons	All Other Contributors	Contribution Refund Towards Deposit Loan	Solar Water Heater
Minimum wage - $7,500	0%	0%	0%	0%	5%	3%
$7,501-$10,000	1%	0%	0%	2%	5%	3%
$10,000-$20,000	3%	2%	2%	4%	5%	3%
$20,001 and over	5%	4%	4%	6%	5%	3%

HOUSING COMPLETIONS

There were 1,254 housing completions for the year. This was 55 more than projected and was mainly due to the higher than anticipated Home Improvement and construction loans. See Table 3 below for actual completions compared to plan.

TABLE 3

HOUSING COMPLETIONS AS AT MARCH 2016

Construction Type	Location	YTD ACTUAL	YTD Planned
Individual Benefits Loans			
Build on Own Land		235	246
Construction Loan		603	571
Home Owners' Loan		319	230
1st Step - BOL		31	52
SUB-TOTAL		***1,188***	***1,099***
NHT Financed Projects			
Holland Estate - Phase I	Trelawny	14	13
Jacaranda Phase III	St. Catherine	30	30
Heathfiled Palms Estate	St. Catherine	22	57
SUB-TOTAL		***66***	***100***
TOTAL		**1,254**	**1,199**

Completions for 2015/16 were less than the previous year by 876. This was mainly due to the completion of Hellshire Phase 4, Jacaranda Phase 2 and 3 in the previous year, without matching project completions in 2015/16. With NHT's announcement in November 2015 to start over 9000 housing solutions across the island, activities are underway which will lead to significant annual increases in the number of housing starts and completions.

OTHER OPERATIONAL AREAS

CONTRIBUTIONS REFUND

Contributions paid to the NHT in 2008 and before were refunded during the year. NHT continually refines its day-to-day business practices to enhance its ability to deliver sustained customer satisfaction. Ensuring a hassle free environment for our contributors at this point of contact has always been a priority.

During the 2015/16 period, the Trust refunded contributions at a value of $4.6B. This was $0.4B or 9% higher than the previous year and $0.4B higher than budgeted.

HOUSING EXPENDITURE

Total housing expenditure for the year was $18B; this was $6.9B lower than anticipated.

Interim Finance disbursements were lower than anticipated due to delays in approvals for the developments. Delays in the approval process impacted the implementation of NHT projects during the year; however these should be on stream in the coming year.

TABLE 4

Housing Expenditure for April 2015 to March 2016 – Actual vs Budget

PROJECT TYPES	ACTUAL MARCH 2016	BUDGET MARCH 2016
	$'000	$'000
Interim Financed	632,410	1,695,153
NHT Projects (including LSMP, ICHP, Sugar)	297,630	2,221,867
Joint Venture Projects	161,323	575,850
First Step	73,932	248,634
Individual Mortgages	16,684,605	19,681,587
Land Purchase	50,000	410,000
	17,899,900	24,833,091

Disbursements on daily intake mortgages were lower than anticipated, this was impacted by loan benefits/policies scheduled to begin October 2015. This change (increase in loan limit for new applicants purchasing properties in new developments and constructing new units) came into effect December 2015. It is expected that the full effect of the policy changes will be experienced in 2016/17 leading to increased mortgage disbursements.

NHT SALUTES SUCCESSFUL ENTREPRENEURS

The National Housing Trust, not only provides housing solutions, but also seeks to ensure the development of wholesome, sustainable communities. In line with the community development aspect of its operations, in March 2014 the NHT launched an Entrepreneurial Challenge among residents of its Scheme communities. The competition sought to encourage the productive talents within schemes and thereby foster employment opportunities.

More than 1,700 persons with business ideas or already established enterprises submitted applications. Of the 55 selected to receive training and guidance with respect to business development and management, the NHT has selected nine to receive cash and business development support valued at $10.6 million. The award ceremony was held in May 2015.

LABOUR DAY PROJECT 2015

Staff of the National Housing Trust (NHT), led volunteers in upgrading a section of the Maxfield Park Children's Home on Labour Day, May 25, 2015. Supported by approximately 40 participants attached to the Y.U.T.E. (Youth Upliftment Through Employment) programme and the wards of the institution, the staff spent the day renovating four dormitories as part of efforts to improve the living conditions at the facility.

The YUTE participants assisting the NHT on the project were enrolled at the HEART Trust/NTA in a General Construction and Development programme funded by the NHT to train and certify 100 inner city youth. The participants used the Labour Day activities to demonstrate the skills they learnt under the programme.

In addition to the main Labour Day project, the NHT Branch Network carried out parish projects across the island. The Social Development unit of the Trust also partnered with various NHT Scheme Associations on other projects focusing on the national Labour Day theme: 'Labour of Love, Nurturing Our Children'

ENGAGEMENT OF EXTERNAL DEBT COLLECTION SERVICES

On June 1, 2015 NHT began utilising the services of external debt collectors as part of its effort to make our debt management operations more efficient. The agencies have been assisting the Trust in servicing selected delinquent loans with arrears in excess of 60 days.

NHT YOUTH SYMPOSIUM

On Saturday May 9th, the Jose Marti Technical High School was the venue for a youth symposium staged by the NHT Social Development Department in conjunction with the community organisations in NHT schemes from St. Catherine. The event was oversubscribed, with over 300 attendees from the parish as well as from communities in Kingston and St. Andrew.

MAJOR HOUSING INITIATIVE: FUNDING 9,000 SOLUTIONS OVER NEXT TWO YEARS.

In November 2015, the NHT announced a major housing initiative. Under a short to medium term housing programme, some 9,000 housing solutions will be funded at a cost of approximately $25 billion over the next two years, to enable thousands of families to realise their dream of owning a home.

The housing projects, some of which are already underway, will involve a mix of houses and residential lots in 42 developments. The Honourable Prime Minister announced changes to this initiative during his budget presentation in May 2016. The most significant change was that the number of unit would be increased to approximately 10,000 solutions to be constructed over a 3-year period.

SCHEME DELIVERY (HOUSING LOTS): BALACLAVA HEIGHTS

Sixty contributors of the National Housing Trust (NHT) received letters of possession for lots at Balaclava Heights in St Elizabeth in December 2015.

Balaclava Heights is a 53 acre housing project located approximately one kilometre from Balaclava's town centre. The Trust developed 113 lots (110 residential lots –and three agricultural lots) at Balaclava Heights. The development is outfitted with green areas as well as a playfield/ communal recreational area, storm water infiltration ponds and buffer zone. The project was developed at a cost of $237.1M.

HUMAN RESOURCES

The execution of our staff development plan is an essential step in the overall growth of the business. The NHT makes that connection, and are determined in the execution of major human resource development initiatives. A solid plan to further develop our staff and improve skills is pertinent to the advancement of our staff base and likewise, the continuity of the organisation. Professional development runs the gamut from supervisory management and leadership workshops, to more intensive job-embedded programmes such as debt management, tax amalgamation and procurement and customer service, which have staff acquiring greater knowledge of the day-to-day environment in which they operate.

The cultural human resource backbone of the NHT likewise extends to the personal growth of our staff. We invest in our employees each year. For the financial year under review, two employees were awarded scholarships and grants to pursue higher education. Degrees included Business Management and Workforce Training and Education.

Through our various social events we continue to make NHT a fun place to work for our employees. Our sports teams were successful in the Business House Competition with the winning Basket Ball team and second placed Cricket team. Our teams thereby endorsed the corporate brand of performance excellence.

THE YEAR AHEAD

In accordance with our 2016 - 2020 strategic plan, the NHT will accomplish several strategies in the new financial year. Chief among these are increased contributions compliance, increased housing delivery, improved productivity of our resources, reduced delinquency, and better customer service offerings.

The Trust intends to complete construction of 3,011 housing solutions in the coming year. Work is already in progress on some of these solutions. Major NHT projects earmarked for 2016/2017 are:

TABLE 5 Upcoming NHT projects for FY 2016/2017

PROJECT TYPES	PARISH	No. of Solutions	Scheduled Start	Scheduled Completion
Longville 3A	Clarendon	44	Nov-15	Oct-16
Granville	Trelawny	89	Feb-16	Dec-16
Masemure	Westmoreland	106	Jul-16	Dec-16
Barham	Westmoreland	44	Aug-16	Dec-16
Mary Field	St. Catherine	37	Oct-16	Jan-17
Shrewsbury	Westmoreland	61	Aug-16	Jan-17
Yeast Plant	Westmoreland	50	Aug-16	Jan-17

We look forward to 2016/2017 where our efforts to continue to house Jamaica, one family at a time, will be intensified.

ROLL BACK OF THE YEAR IN PHOTOS

HANDOVERS

Former Prime Minister Portia Simpson Miller (extreme right), stands with the new beneficiaries at the Balaclava Heights Handing Over Ceremony.

NHT Board Member, O'Neil Grant hands over a Letter of Commitment to a Balaclava Heights beneficiary.

Students from the Roger Clarke High School performing for the audience at the ceremony

Proud beneficiaries show their letter of commitment at the Handover ceremony.

Balaclava Heights

Dr Lanie-Marie Oakley Williams (second right) presents Maurice Robinson, former Senior Superintendent - Clarendon (3rd from left), with the keys to the Longville Park Police Post at the Handover Ceremony. Also looking on is Wendy-Jo Williams, Social Development Manager at NHT and Clarendon Branch Manger, Judith Thompson.

Longville Park Police Station

Member of the Jamaica Constabulary Force, hoisting the National Flag at the Handover Ceremony.

Police Chaplin, Carl Tulloch blesses the handover of the Longville Police Post.

SOCIAL DEVELOPMENT

Music for Social Transformation - Back to School Hanover

Individuals from the Creative Dance and Players were recipients of back to school scholarships from the NHT under the"Music for Social Transformation Programme". Pictured with them is Ms. Rose-Marie Barton, Social Development Officer, NHT (extreme right).

NHT Construction Fair – St Ann

NHT customers at the annual Construction Fair held at the St Ann Branch Office. The event was presented as an opportunity to spur construction activity in the parish.

NHT Compliance Officer Rowan Campbell, assisting a customer at the Annual Construction Fair.

NHT Tackles Bushfires

Officers of the National Housing Trust's Geographic Information Systems (GIS) Unit, Adrian Bailey (right) and Andre Hewell (2nd from right), assisting the Office of Disaster Preparedness and Emergency Management (ODPEM) with data collection on bush fires affecting rural St. Andrew areas.

We are Customer Service Certified Professionals

Officially "pinned" with International Customer Service Certification on January 27, 2016, twenty-nine (29) NHT staff members were all smiles as they entered the esteemed group of Customer Service Certified Professionals

NHT Labour Day Project 2015

NHT gives institution Labour Day facelift

Granville Valentine (Left) and Alicia Glasgow –Gentles, Executive Director at Y.U.T.E planting a tree at the NHT 2015 Labour Day Project.

Kashmane Golding, Customer Service Representative at NHT, and Y.U.T.E trainee assisting Junior Hall (right) at the NHT's 2015 Labour Day Project at Maxfield Park Children's Home

Lucille Brodber Project Director at JEEP, NHT board member Granville Valentine, Chief Project Officer at the NHT, Maxine Hart, Project Officer, Jacqueline Johnson and Alicia Glasgow –Gentles, Executive

Dr Lanie Oakley Williams, Senior General Manager, Customer Relations Management and Donnetta Russell, Customer Care Manager, with awards for second place in the Best Customer Service Entity (multiple locations) category of The Public Sector Customer Service Competition.

Ryan Campbell, Customer Service Representative at the St. Catherine Branch Office walked away with "The Best Customer Service Officer" Award.

(l-r) NHT's Marjorie Douglas, Donnetta Russell, Marcia Williams, Dennis Simpson, Clover Gordon, Ryan Campbell and Dr. Lanie Oakley-Williams with Awards received.

The Public Sector Customer Service Award Ceremony

Congratulations Ms. Lorna Walker

Governor- General His Excellency Sir Patrick Allen presents Ms. Lorna Walker, NHT's Chief Internal Auditor, with the "Badge of Honour for Long and Faithful Service" for her contribution of over 35 years to the growth and development of the National Housing Trust.

STAFF EVENT

NHT Staff Events

Business House Basketball 2015

Captain Clifton Lumsden, President of the Jamaica Basketball Association presents trophy to the NHT team, winners of the Business House Basketball Competition 2015.

NHT's Michael Blake lays up to score against Grace Kennedy while team mate David Shaw looks on at the Business House Basketball 2015.

3 NHT's Damion Atkinson shields Grace Kennedy opponent from intercepting the ball.

DIRECTORS'

REPORT

1 Statement of Profit and Loss and Other Comprehensive Income for Year Ended March 31, 2016

	2016	2015
	$'000	$'000
Non-refundable employers' contributions	13,874,895	14,379,086
Interest revenue:		
- Loans	9,210,118	8,543,361
- Investments	1,489,867	1,425,961
	10,699,985	9,969,322
Bonus on employees' contributions	(1,537,559)	(1,476,572)
Net interest revenue	9,162,426	8,492,750
Gains on securities carried at fair value through profit or loss	135,015	182,188
Gains on disposal of available-for-sale securities	119,302	-
Dividends from equity investments	25,573	21,375
Service charge on loans to beneficiaries	1,121,489	1,009,964
Miscellaneous	1,150,883	1,392,255
	11,714,688	11,098,532
	25,589,583	25,477,618
Operating expenses	5,638,683	4,968,250
Increase in allowance for impairment on loans receivable	268,227	193,177
(Gains)/losses on projects (including allowance for impairment)	(88,546)	(10,122)
Special subsidies and grants	374,239	429,957
Government levies	30,867	15,845
Loss on disposal of available-for-sale securities		123
Share of losses of associate	29,992	46,676
	6,253,462	5,643,906
PROFIT BEFORE TAXATION	19,336,121	19,833,712
Taxation	(1,216,791)	(1,165,258)
PROFIT FOR THE YEAR	18,119,330	18,668,454

DIRECTORS' REPORT cont'd

1 Statement of Profit and Loss and Other Comprehensive Income for Year Ended March 31, 2016 Continued

Other comprehensive income:		
Item that may be reclassified to profit or loss:		
- Gains on available-for-sale financial assets	603,929	110,712
Items that will never be reclassified to profit or loss:		
- Contribution shortage on annual returns	(256)	(150)
- Remeasurement gains on defined benefit plan	15,694	264,551
- Deferred tax on remeasurement gains on defined benefit plan	(3,924)	(66,138)
- Reduction in deferred tax liability on revaluation of property, plant and equipment	758	758
	12,272	199,021
Other comprehensive income for the year, net of tax	616,201	309,733
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	18,735,531	18,978,187

2 The Board of Directors

Ambassador the Hon. Dr. Carlton Davis, OJ, CD., Chairman
Hon. Easton Douglas, OJ, JP, M.Sc, FRICS
Hon. Daisy May Coke, OJ, CD, Deputy Chairman
Martin Miller, Managing Director (Acting)
Sen. Lambert Brown
Robert Buddan
Senator Kavan Gayle, OD
Scarlette I. Gillings, CD, JP
O'Neil Grant
Clayton Hall
Lisa Harrison
Pastor Michael H. Harvey, J.P.
Sonia Hyman, O.D.
Dr. Pauline Knight, CD
Percival LaTouche
Jacqueline Lynch Stewart
Vincent Morrison
Granville Valentine
Sgt. Raymond R. Wilson.

CO-Opted Board Members
Brigitte Collins
Diane Gordon
Paulette Henry
Opal Levy-Clarke
Dr. Parris Lyew-Ayee, Jr.
Ms. Gwyneth Moore
Joseph Manley
Milverton Reynolds
Patricia Robinson
Toni Spence
Barrington Whyte

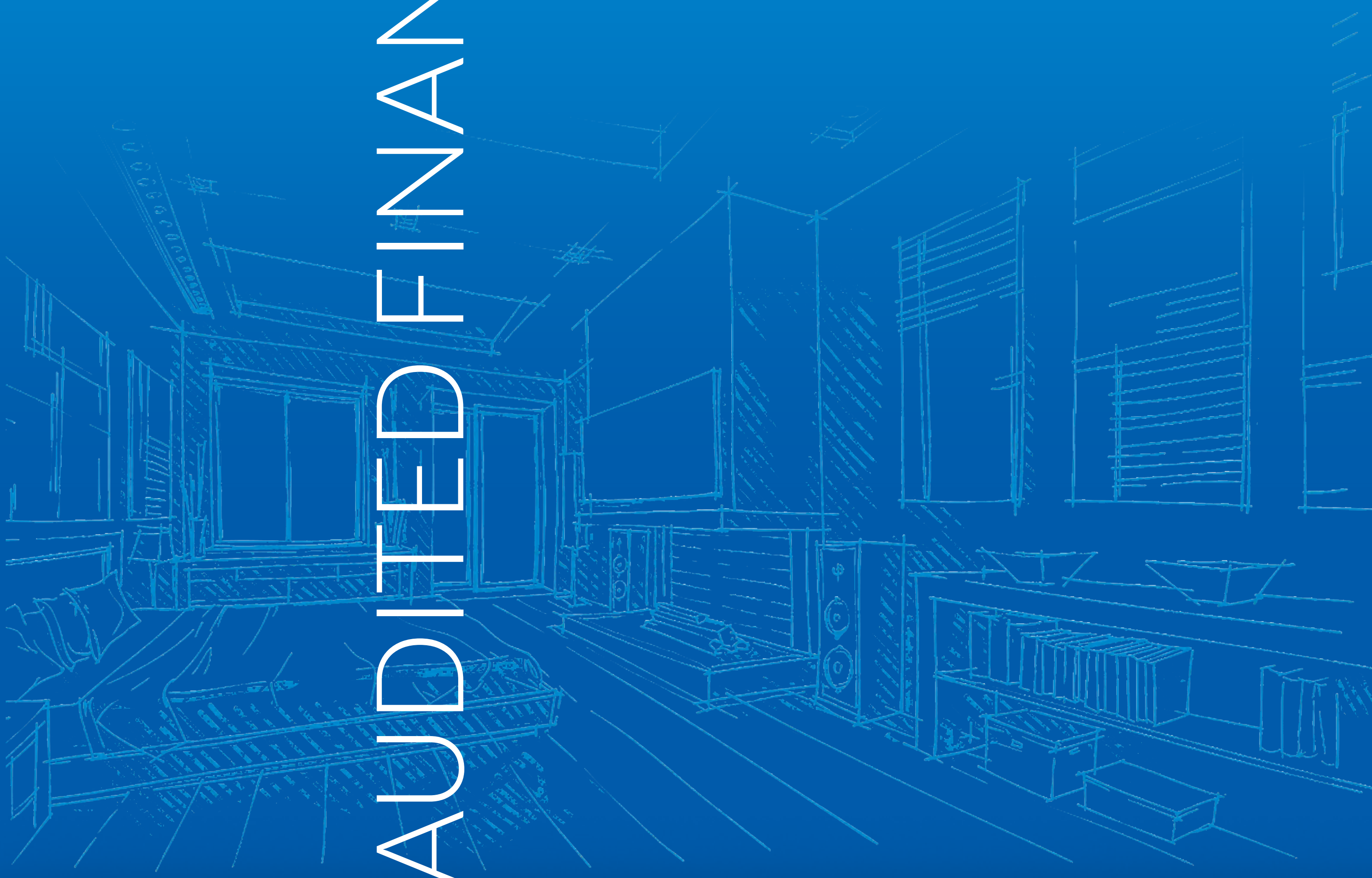
3 The Auditors

Effective January 2015, KPMG, Chartered Accountants, have been appointed auditors for a period of three years.

4 The Employees

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

AUDITED FINANCIAL STATEMENTS 2015/16



YEAR ENDED MARCH 31, 2016

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Housing Trust

Report on the Financial Statements

We have audited the financial statements of National Housing Trust, set out on pages 34 to 101, which comprise the statement of financial position as at March 31, 2016, the statements of profit or loss and other comprehensive income, changes in accumulated fund and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the National Housing Trust 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 our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.

KPMG

INDEPENDENT AUDITORS' REPORT
To the Board of Directors
National Housing Trust

Report on the financial statements (Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at March 31, 2016 and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the National Housing Trust Act.

Report on additional matters as required by the National Housing Trust Act

As detailed in Note 19(b), 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, so far as appears from our examination of those records, and the financial statements are in agreement therewith.

KPMG

Chartered Accountants
Kingston, Jamaica

July 21, 2016

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Cash and cash equivalents	6	4,371,459	4,748,724
Receivables and prepayments	7	1,285,395	1,206,494
Resale agreements	8	3,227,850	1,177,038
Investment securities	9	17,363,999	14,217,753
Taxation recoverable	28(a)	6,190,242	5,917,074
Loans receivable	10	192,964,602	180,909,435
Inventories	12	6,988,501	8,303,657
Intangible assets	13	2,810	8,679
Investments in associate	14	1,062,785	1,092,777
Employee benefits asset	15	2,094,494	1,926,137
Property, plant and equipment	16	1,413,760	1,442,677
Total assets		236,965,897	220,950,445
LIABILITIES AND ACCUMULATED FUND			
LIABILITIES			
Payables and accruals	17	3,483,629	3,280,856
Provisions	18	145,371	193,176
Refundable contributions	19	87,816,287	80,658,857
Deferred tax liability	20	797,587	720,730
Employee benefits obligation	15	405,974	308,778
Taxation payable	28(b)	3,609,104	2,466,004
		96,257,952	87,628,401
ACCUMULATED FUND			
Fair value and other reserves	21	1,902,837	1,298,406
Mortgage subsidy reserve	22	2,866,217	2,315,927
Peril reserve	23	3,640,884	3,434,649
Loan loss reserve	24	4,745,253	4,603,135
Accumulated profit		127,552,754	121,669,927
		140,707,945	133,322,044
Total liabilities and accumulated fund		236,965,897	220,950,445

The financial statements, on pages 34 to 101, were approved for issue on July 21, 2016 by the Board of Directors and signed on its behalf by:

.... Ambassador Dr. Nigel Clarke - Chairman

.... Martin Miller – Managing Director (Acting)

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME MARCH 31, 2016

	Notes	2016 $'000	2015 $'000
Non-refundable employers' contributions	2(c)	13,874,895	14,379,086
Interest revenue:			
- Loans	29(a)	9,210,118	8,543,361
- Investments	29(a)	1,489,867	1,425,961
		10,699,985	9,969,322
Bonus on employees' contributions	29(b)	(1,537,559)	(1,476,572)
Net interest revenue		9,162,426	8,492,750
Gains on securities carried at fair value through profit or loss	29(c)	135,015	182,188
Gains on disposal of available-for-sale securities	29(c)	119,302	-
Dividends from equity investments		25,573	21,375
Service charge on loans to beneficiaries	10(p)	1,121,489	1,009,964
Miscellaneous	26	1,150,883	1,392,255
		11,714,688	11,098,532
		25,589,583	25,477,618
Operating expenses	29(d)	5,638,683	4,968,250
Increase in allowance for impairment on loans receivable	10(o)	268,227	193,177
Gains on projects (including allowance for impairment)	12(b)	(88,546)	(10,122)
Special subsidies and grants	27	374,239	429,957
Government levies		30,867	15,845
Loss on disposal of available-for-sale securities	29(c)	-	123
Share of losses of associate	14	29,992	46,676
		6,253,462	5,643,906
PROFIT BEFORE TAXATION		19,336,121	19,833,712
Taxation	28(c)	(1,216,791)	(1,165,258)
PROFIT FOR THE YEAR	29	18,119,330	18,668,454
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
- Gains on available-for-sale financial assets	21	603,929	110,712
Items that will never be reclassified to profit or loss:			
- Contribution shortage on annual returns	21	(256)	(150)
- Remeasurement gains on defined benefit plan	15(c)	15,694	264,551
- Deferred tax on remeasurement gains on defined benefit plan	20	(3,924)	(66,138)
- Reduction in deferred tax liability on revaluation of property, plant and equipment	20	758	758
		12,272	199,021
Other comprehensive income for the year, net of tax		616,201	309,733
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		18,735,531	18,978,187

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

STATEMENT OF CHANGES IN ACCUMULATED FUND
MARCH 31, 2016

	Notes	Fair value and other reserves $'000	Mortgage subsidy reserve $'000	Peril reserve $'000	Loan loss reserve $'000	Accumulated profit $'000	Total $'000
Balance at March 31, 2014		1,187,086	1,842,395	3,269,997	4,323,891	115,120,488	125,743,857
Total comprehensive income							
Profit for the year		-	-	-	-	18,668,454	18,668,454
Other comprehensive income for the year		111,320	-	-	-	198,413	309,733
Total comprehensive income for the year		111,320	-	-	-	18,866,867	18,978,187
Recognised directly in accumulated fund							
Transfer to Consolidated Fund	25	-	-	-	-	(11,400,000)	(11,400,000)
Transfers	22,23,24	-	473,532	164,652	279,244	(917,428)	-
Balance at March 31, 2015		1,298,406	2,315,927	3,434,649	4,603,135	121,669,927	133,322,044
Total comprehensive							
Profit for the year		-	-	-	-	18,119,330	18,119,330
Other comprehensive income for the year		604,431	-	-	-	11,770	616,201
Total comprehensive income for the year		604,431	-	-	-	18,131,100	18,735,531
Recognised directly in accumulated fund:							
Transfer to Consolidated Fund	25	-	-	-	-	(11,400,000)	(11,400,000)
Effect of (FRAN) National Debt Exchange		-	-	-	-	50,370	50,370
Transfers	22,23,24	-	550,290	206,235	142,118	(898,643)	-
Balance at March 31, 2016		1,902,837	2,866,217	3,640,884	4,745,253	127,552,754	140,707,945

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

STATEMENT OF CASH FLOWS
MARCH 31, 2016

	Notes	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		18,119,330	18,668,454
Adjustments to profit for the year	37	(8,985,181)	(8,175,256)
		9,134,149	10,493,198
Increase in operating assets			
Receivables and prepayments		(76,908)	(35,729)
Employees benefit contributions		(153,507)	(145,641)
Increase in operating liabilities:			
Payables and accruals		202,773	629,184
Cash provided by operations		9,106,507	10,941,012
Interest received		10,433,706	9,732,399
Tax paid		(273,168)	(301,633)
Cash provided by operating activities		19,267,045	20,371,778
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Resale agreements		(6,505,328)	(4,164,404)
Proceeds on encashment of resale agreements		4,497,999	3,582,061
Acquisition of investment securities		(3,660,885)	(2,025,645)
Proceeds on encashment of investment securities		1,732,485	3,090,371
Loans receivable, less recoveries		(11,009,606)	(13,570,245)
Decrease in inventories (net)		1,287,675	547,285
Intangible assets	13	-	(900)
Acquisition of property, plant and equipment	16	(81,099)	(149,926)
Proceeds on sale of property, plant and equipment		2,664	-
Proceeds on disposal of non-current asset held-for-sale		-	70,904
Cash used in investing activities		(13,736,095)	(12,620,499)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions from employees		10,710,514	8,982,260
Refund of employees' contributions		(5,090,898)	(5,339,328)
Transfer to Consolidated Fund		(11,400,000)	(11,400,000)
Cash used in financing activities		(5,780,384)	(7,757,068)
DECREASE IN CASH AND CASH EQUIVALENTS		(249,434)	(5,789)
OPENING CASH AND CASH EQUIVALENTS		4,737,176	4,783,534
Effect of foreign exchange rate changes		(125,769)	(40,569)
CLOSING CASH AND CASH EQUIVALENTS	6	4,361,973	4,737,176

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

1 IDENTIFICATION

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

The functions of the Trust are:

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

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

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

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

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

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

I. to provide for:

(i) development projects undertaken by the Trust;

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

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

III. to enter into loan agreements with borrowers;

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

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

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

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

<u>National Housing Trust (Special Provisions) Act, 2013</u>

In addition to the functions specified in (a) and (b) above, the Trust may provide financing up to a maximum annual amount of eleven billion, four hundred million dollars for the fiscal consolidation in respect of each financial year ending respectively, on

- March 31, 2015
- March 31, 2016 and
- March 31, 2017

Financing provided may be by way of distribution, grant or otherwise as the Minister responsible for Finance may determine.

2 CONTRIBUTIONS AND BENEFITS

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

2 **CONTRIBUTIONS AND BENEFITS (CONT'D)**

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

(i) loans for housing acquisition or improvement;

(ii) contribution refunds including bonuses awarded in the eighth year after the first contribution year and annually thereafter for each successive year in which contributions were made [see note 19(a)] and;

(iii) contribution refunds in the event of death, invalidity and other circumstances prescribed.

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

3. **BASIS OF PREPARATION**

3.1 Statement of compliance

The Trust's financial statements as at and for the year ended March 31, 2016 (the reporting date) have been prepared in compliance with International Financial Reporting Standards (IFRS) and the relevant requirements of the National Housing Trust Act.

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

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Trust has assessed them and has adopted those which are relevant to its financial statements. The only one that affected these financial statements, with a date of initial application of April 1, 2015, is the amendments to IAS 24*, Related Party Disclosures*. The standard has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

The impact on the financial statements was not significant.

New and amended standards and interpretations not yet effective:

At the date of approval of these financial statements, certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the Trust has not early-adopted. The Trust has assessed the relevance of all such new and amended standards and interpretations with respect to its operations and has determined that the following are likely to have an effect on the financial statements:

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard;
  - the order of notes to the financial statements is not prescribed;
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
  - specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

3 **BASIS OF PREPARATION (CONT'D)**

3.1 Statement of compliance (cont'd)

New and amended standards and interpretations not yet effective: (cont'd)

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation,* are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

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

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

- IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

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

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases, IAS 17 lease accounting.

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

3 **BASIS OF PREPARATION (CONT'D)**

3.1 Statement of compliance (cont'd)

New and amended standards and interpretations not yet effective: (cont'd)

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:

  (i) the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

  (ii) a deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.

  (iii) Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.

  (iv) An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

  (v) Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

The Trust is assessing the impact that these standards, amendment will have on its financial statements when they are adopted.

3.2 Basis of measurement

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

3.3 Functional currency

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

4 **SIGNIFICANT ACCOUNTING POLICIES**

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

4.1 **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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

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

(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 on the Trust's statement of financial position when the Trust becomes a party to the contractual provisions of the instrument.

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

The fair values of the financial instruments are discussed in Note 33.

4.1.1 ***Financial assets***

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

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

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) throughout the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

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

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

A financial asset is classified as held for trading if:

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

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

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

a) Financial assets at fair value through profit or loss (FVTPL) (Cont'd)

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

b) Loans and receivables

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

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

<u>Cash and cash equivalents</u>

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

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

<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 2 years.

c) Available-for-sale (AFS) financial assets

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

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

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

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

c) Available-for-sale (AFS) financial assets (Cont'd)

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

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

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

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

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

d) Impairment of financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

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

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

d) Impairment of financial assets (Cont'd)

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.

<u>Loans receivable</u>
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 will not be collected according to the original contractual terms. When a loan has been identified as impaired, the carrying amount of the loan is reduced, by recording specific allowances for loan losses, to its estimated recoverable amount, which is the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

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

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

(i) the total mortgage loans receivable, less loan financing to developers, and IFRS provision, and
(ii) the total arrears for over 90 days for which allowances are made [note 10(t)].

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 24).

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

Renegotiated loans

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

<u>Other</u>
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.

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 Financial instruments (Cont'd)

4.1.1 *Financial assets (Cont'd)*

d) Impairment of financial assets (Cont'd)

Other (cont'd)

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

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

e) Derecognition of financial assets

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

On derecognltion 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.

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

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

4.1.2 ***Financial liabilities***

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

Derecognition of financial liabilities

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

(a) Accounts payable and accruals

Accounts payable are stated at amortised cost.

(b) Provisions

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

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

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

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.

(c) Refundable Contributions

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

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

4.2 **Taxation**

Income tax expense represents current and deferred tax.

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus. Deferred tax liabilities are generally recognised for taxable temporary differences. Deferred tax assets are generally recognised for deductible temporary differences to the extent that it is probable that taxable surplus 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 each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus 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 at the reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Trust expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

4.3 **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.

4.4 **Intangible assets**

4.4.1 Internally-generated intangible assets and research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An internally-generated intangible asset arising from the Trust's development (or from the development phase of an internal project) is recognised if, 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.

4.4.2 Intangible assets acquired separately

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.

4.4.3 Derecognition of intangible assets

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

4.5 **Investments in associate**

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

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

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

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

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

4.6 **Employee benefits**

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

Defined benefit plan
The Trust has established a defined-benefit pension plan for its employees who have met certain minimum requirements. The plan's assets are separately held and the plan is funded by employee contributions of 5% of pensionable salaries (with the option of contributing an additional 6.5%) and employer contributions of 8.2% (2015: 8.5%).

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

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

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

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

4.6 **Employee benefits (cont'd)**

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

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

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

4.7 **Property, plant and equipment**

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

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

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

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

4 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.8 **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 units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

4.9 **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.

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

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

4 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.11 **Revenue recognition**

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

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

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

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

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

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

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

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

4.12 **Bonus on employees' contributions**

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

4.13 **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.

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Foreign currencies

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

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

5 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, 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 36, arising from the decision of the Privy Council that the developer was not entitled to compound interest of $214 million and that the issue of an appropriate simple interest rate be remitted to the Arbitrator for consideration, the Trust has recorded a provision of $42.33 million.

In making this judgement, management considered the relevant facts and the opinion of its attorneys.

Security - loans receivable

As indicated in Note 10, there are impaired loans held by the Trust amounting to approximately $18.93 billion (2015: $18.16 billion) for which impairment provisions for IFRS purposes amounted to approximately $1.50 billion (2015: $1.24 billion) 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 $4.75 billion (2015: $4.60 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 11, at year-end the Trust did not hold title deeds to properties securing mortgages and amounts due from developers totalling approximately $4.62 billion (2015: $3.62 billion).

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

5 **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**

Key sources of estimates

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

Impairment losses on 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 Unit, which values take account 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 Unit differ by ±10% from those used in determining recoverable amounts, the portion of loans to beneficiaries considered unsecured would decrease/increase by $205.2 million/$285.7 million, respectively (2015: $154.4 million/$224.6 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 allowance for impairment would be estimated to be $20.4 million lower or $24.1 million greater (2015: $18.9 million lower or $18.7 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 in the ordinary course of business. Where the final tax outcome of estimates in respect of items deductible or not deductible for tax purposes is different from the amounts that were originally recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made (See Notes 20 and 28). A change of ±10% in the final tax outcome of these estimates would have the effect of approximately $137.84 million (2015: $110.23 million) increase/decrease in the current and deferred tax provisions.

Investment in associate

The Trust's share of associate's profits or losses [Note 14(a)] is based on available financial statements of the associate. The associate's audited financial statements, which usually become available after issuing the Trust's financial statements, may differ significantly from the unaudited figures.

Peril insurance

The Trust maintains a reserve equivalent to the insurance policy deductible limit of US$30 million (2015: 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 31(b)(i)]. Experience has shown that these amounts are usually insignificant to the operations of the Trust, unless there is a one-off significant event such as a natural disaster, in which case, an estimate of potential liability is assessed and booked. This reserve is funded by certain securities denominated in United States dollars included in cash and cash equivalents, resale agreements and investment securities (Note 23).

5 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

Key sources of estimates (Cont'd)

Employee benefits – pension obligation

As disclosed in Note 15, the Trust operates a defined-benefit pension plan and provides post-retirement medical benefits. The amounts shown in the statement of financial position are subject to estimates such as discount rates, future rates of salary increases and the mortality rates in respect of the pension plan, as well as inflation rates and rates of increases in medical costs for the post-retirement medical plan.

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

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

For the benefit plan, the benefit is derived using information supplied by the Trust and the Fund managers in relation to full members of the plan.

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

Details of sensitivity analyses in respect of the defined benefit plans are disclosed at Note 15(e).

Fair value of investment securities

In the absence of quoted prices in an active market, management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Trust.

Service charge on loans to beneficiaries

These charges are amortised on the straight-line basis over two years which is the average time frame, as estimated by the Trust, where expenses directly related to these charges are incurred. The amount amortised during the year was approximately $1.12 billion (2015: $1.01 billion).

6 CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Resale agreements:		
- Jamaica dollar (a)	2,379,331	3,491,493
- United States dollar (b)	123,172	116,389
Bank balances (c)	1,863,904	1,135,804
Cash in hand	5,052	5,038
Cash and cash equivalents	4,371,459	4,748,724
Less interest receivable	(9,486)	(11,548)
Cash and cash equivalents, per statement of cash flows	4,361,973	4,737,176

(a) These resale agreements bear interest at rates ranging from 5.25% to 6.10% (2015: 3.00% to 6.65%) per annum and are fully backed by Government of Jamaica securities. At March 31, 2016, the interest receivable included in these agreements amounted to approximately $9.33 million (2015: $11.49 million). The nominal value of the underlying securities at March 31, 2016 was $2.49 billion (2015: $3.65 billion).

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

6 **CASH AND CASH EQUIVALENTS (CONT'D)**

(b) These resale agreements of US$1.01 million (2015: US$1.01 million) bear interest at rates ranging from 1.75% to 2.05% (2015: 2.00% to 2.30%) per annum, are fully backed by Government of Jamaica securities and are designated to fund the Trust's peril reserve (Note 23). At March 31, 2016, the interest receivable included in these instruments amounted to approximately $0.16 million (2015: $0.06 million). The nominal value of the underlying securities at March 31, 2016 was US$1.06 million (2015: US$1.06 million).

(c) Bank balances include foreign currency deposits of approximately $23.91 million (US$0.20 million) [2015:$41.51 million (US$0.36 million)] at an interest rate of 0.5% (2015: 0.5%) per annum.

7 **RECEIVABLES AND PREPAYMENTS**

	2016 $'000	2015 $'000
Staff loans	622,399	590,623
Mortgage litigation receivable (a)	54,339	57,848
Death claims recoverable	127,731	132,075
Advances to Jamaica Lifestyle Village (b)	-	63,188
Prepayments	41,121	21,563
NWC/Greenpond – Sewage Infrastructure receivable	90,918	98,112
Mortgage loan fees receivable (a)	100,652	83,162
Receivable on sale of land	11,676	11,676
Other litigation receivable (a) and [Note 36(ii)]	144,660	144,660
Taxes recoverable – other (c)	225,968	225,968
Other	172,109	148,979
	1,591,573	1,577,854
Less provision for impairment (see note below)	(306,178)	(371,360)
	1,285,395	1,206,494

Movement in provision for impairment

	2016 $'000	2015 $'000
Balance at beginning of the year	371,360	326,067
(Decrease)/increase for the year	(65,182)	45,293
Balance at end of the year	306,178	371,360

(a) Included in the above balances are allowances for impairment in respect of mortgage litigation receivable, mortgage loan fees receivable and other litigation receivable.

(b) Approval was granted by the Board of the Trust to write-off administrative expenses in respect of Jamaica Lifestyle Villages.

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

8 RESALE AGREEMENTS

	2016	2015
	$'000	$'000
Jamaican dollars (a)	2,827,630	1,006,439
United States dollar (b)	400,220	170,599
	3,227,850	1,177,038

(a) These instruments mature within one to three months after year-end, with interest rates ranging between 5.75% to 6.80% (2015: 6.75% to 6.80%) per annum. As at March 31, 2016, the interest receivable included in these balances amounted to $27.63 million (2015: $6.44 million). The fair value of the underlying securities at March 31, 2016 was $3.01 billion (2015: $1.24 billion).

(b) These instruments totalling approximately US$3.27 million (2015: US$1.48 million) mature within one to four months (2015: one to two months) after year-end with interest rates ranging between 2.35% to 2.60% (2015: 2.35% to 2.60%) per annum and are designated to fund the Trust's peril reserve (Note 23). As at March 31, 2016, the interest receivable included in these balances amounted to $1.15 million (2015: $0.642 million). The fair value of the underlying securities at March 31, 2016 was US$3.46 million (2015: US$1.56 million).

9 INVESTMENT SECURITIES

	2016	2015
	$'000	$'000
Securities at fair value through profit or loss (a)	3,787,942	3,652,017
Available-for-sale securities (b)	13,576,057	10,565,736
	17,363,999	14,217,753

(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 paid semi-annually in arrears and is accrued at a rate of 4.5% per annum on the inflation adjusted principal. Under the terms of the agreement, the principal is adjusted for inflation on the Jamaican "All Group" Consumer Price Index (CPI). The principal and interest are paid by the Government of Jamaica. The Trust has the option to convert the bonds to NROCC shares at redemption.

As at March 31, 2016, interest receivable amounted to $25.40 million (2015: $24.49 million). The fair value gain for the year amounted to $135.01 million (2015: $182.19 million).

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

9 **INVESTMENT SECURITIES (CONT'D)**

(b) Available-for-sale securities comprise:

	2016 $'000	2015 $'000
Pooled Investment Funds		
Sagicor Life of Jamaica Limited – Universal Investment policy	260,824	215,712
Equities		
Quoted equities	751,341	383,148
	1,012,165	598,860
Debt securities		
Euro Bonds US$14,784,429 (2015: US$15,535,667) held at interest rates of 8.00% to10.625% per annum maturing in 2016/17 to 2027/28 (i)	2,074,545	2,012,217
Treasury bills at interest rates of 5.60% to 6.0% per annum, maturing 2015/16	241,993	290,259
Bank of Jamaica variable rate Certificates of Deposit at interest rates of 6.00% to 6.25% per annum, maturing 2016/17 to 2017/18	1,178,432	393,588
National Water Commission ("NWC") Variable Rate Corporate Notes at interest rate of 7.98% per annum, maturing 2016/17 (ii)	12,426	25,143
University of the West Indies ("UWI") Senior Secured Corporate Notes at interest rate of 8.33% per annum, maturing 2016/17 to 2019/2020 (iii)	150,223	193,181
GOJ Fixed Rate Benchmark Notes at interests rate of 7.50% (2015: 7.50% to 11.0%) per annum, maturing 2017/18 (iv)	449,144	450,025
GOJ Fixed Rate Accreting Notes (FRAN) at interest rate of 10% per annum, maturing 2028/29 (iv)	4,317,242	4,126,975
Bank of Jamaica Certificates of Deposits US$15,515,160 (2015: US$13,735,000) at interest rates of 4.10% to 5.50% per annum, maturing 2016/17 to 2021/22 (i)	1,949,770	1,623,566
Bank of Jamaica Fixed Rate Certificates of Deposits at interest rates of 5.80% to 6.20% per annum, maturing 2016/17	1,046,807	-
Bank of Jamaica Fixed Rate US$ Indexed Note US$1,653,000 (2015: Nil) at interest rates of 1.50% per annum, maturing 2016/17 (i)	235,391	-
GOJ Benchmark Notes US$7,314,575 (2015:US$7,314,575) at interest rate of 5.25% (2015:5.25%) per annum, maturing 2019/20 to 2020/21(2015:2019/20 to 2020/21) (i)	907,919	851,922
	12,563,892	9,966,876
	13,576,057	10,565,736

(i) These investment securities are designated to fund the Trust's peril reserve (Note 23).

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

9 **INVESTMENT SECURITIES (Cont'd)**

(b) Available-for-sale securities (Cont'd)

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

(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 Jamaica dollars, CPI-indexed in Jamaica dollars and fixed rates in United States dollars. Participation in the NDX was voluntary and open to Jamaican resident holders.

With the FRAN, the $20 foregone will accrete until it is fully recovered prior to maturity, starting in 2015/16.

(v) At March 31, 2016, interest receivable included in debt securities amounted to $197.22 million (2015: $143.79 million).

10 **LOANS RECEIVABLE**

	2016	2015
	$'000	$'000
(a) Loans to beneficiaries selected by the Trust (f)		
Mortgage loans (g)	152,408,534	143,357,235
Loans for which mortgage processing is incomplete (h)	3,648,473	2,713,147
Loans through financial institutions (i)	280,137	412,109
Loans through joint venture programme (j)	657	866
	156,337,801	146,483,357
Less: Allowance for impairment (o)	(1,019,202)	(787,350)
	155,318,599	145,696,007
Less: Unexpired service charges (p)	(1,579,536)	(2,112,544)
Balance c/f	153,739,063	143,583,463

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

	2016 $'000	2015 $'000
Balance b/f	153,739,063	143,583,463
(b) Loans on behalf of beneficiaries selected by Agencies approved by the Trust (K)		
Jamaica Teachers' Association Housing Co-operative Limited:		
Repayable in 25 years at 8% - 18% per annum (k)(i)	10,032	12,283
Housing Agency of Jamaica (HAJ):		
Repayable in 10 years at 3% (2015: 3%) per annum (k)(ii)	441,511	464,916
Repayable in 10 years at 3% per annum (k)(iii)	201,618	227,330
Repayable in 10 years at 3% per annum (k)(iv)	31,120	32,761
Repayable in 10 years at 3% per annum (k)(v)	207,359	223,003
Repayable in 10 years at 3% (2015: 8%) per annum (k)(vi)	33,902	35,700
Repayable in 3 years at 8% per annum (k)(vii)	7,440	7,440
Joint financing mortgage programme (k)(viii)	31,141,297	28,387,493
Special loans through joint financing – Hurricane Ivan (k)(ix)	836	2,187
Special loans to churches through joint financing – Hurricane Ivan (k)(x)	150,003	171,587
Jamaica Defence Force (k)(xi)	23,386	30,920
Other institutions	120,971	134,407
	32,369,475	29,730,027
(c) Loan financing to developers (l)	3,697,974	4,580,369
Less: Allowance for impairment (o)	(477,732)	(451,683)
	3,220,242	4,128,686
(d) University of the West Indies		
Loan 1 (m)	462,479	483,840
Loan 2 (m)	1,894,846	1,896,188
	2,357,325	2,380,028
(e) Jamaica College Trust (n)	43,710	44,743
Interest receivable	1,234,787	1,042,488
Total	192,964,602	180,909,435

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

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

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

(g) Mortgage loans of $152.41 billion (2015: $143.36 billion) include loans totalling $352.58 million (2015: $257.03 million) relating to certain schemes for which parent titles have been or will be surrendered to the Registrar of Titles in order for the splinter titles to be prepared. The Trust is taking steps to ensure that all splinter titles are received for such schemes.

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

(i) 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.

(j) 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 11 (a)(i)].

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

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

(ii) This loan is repayable in monthly instalments over a 25 year period which commenced January 1, 2001. Interest was chargeable at 5% per annum and was payable in monthly instalments from January 1, 1997. The loan is secured by the transfer of mortgages by Housing Agency of Jamaica (HAJ) to the Trust. During 2014/2015 the interest rate on the loan was revised from 5% to 3% per annum, with monthly repayment of $4.5 million to 2025, consequent on a request by HAJ.

(iii) The Trust entered into an agreement in 2001 to make the sum of $1.1 billion available for the purpose of providing shelter solutions for beneficiaries under the HAJ - Operation PRIDE portfolio. The loan was for a period of 15 years which commenced November 2001, and was repayable, with interest, in instalments of $8.69 million per month. Interest was charged at 3% per annum.

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

(k) 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:

- 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.

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

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

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

During 2007/2008, the interest rate on the loan was reduced from 8% to 3% per annum with repayments extended to the year 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 was charged at 8% per annum or such other rate as the Trust may from time to time notify the HAJ. The loan is secured by mortgage over land at Barrett Hall Estates registered at Volume 1308 Folio 438. During 2014/2015, the interest rate on the loan was reduced from 8% to 3% per annum with monthly repayment of $0.344 million to 2015 consequent on a request by HAJ to reschedule the loan.

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

(k) 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 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, titles and interest in the securities.

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

(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 whose homes were damaged by Hurricane Ivan.

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 FINANCIALS STATEMENTS
MARCH 31, 2016

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

(k) 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 financing – Hurricane Ivan

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

The 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 repayments, 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 instalments at an interest rate of 8% per annum.

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

(l) 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.

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

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

The security for the advance is:

(i) Leasehold mortgage in respect to land contained in Volume 1065 Folio 940.
(ii) Assignment of rental and/or payments arising from the use of units constructed with the loan, which payments are due to the borrower from the occupiers of the 600 single and double bedrooms and shared facilities, which 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.

(n) Jamaica College Trust

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

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

The obligations of the participating institution are secured by:

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

(n) 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.

(o) The movement in the allowance for impairment is as follows:

	Mortgage Loans $'000	Development Financing $'000	Total $'000
Balance at April 1, 2014	639,024	428,095	1,067,119
Increase in allowance for the year	169,589	23,588	193,177
Write-off during the year	(21,263)	-	(21,263)
Balance at March 31, 2015	787,350	451,683	1,239,033
Increase in allowance for the year	242,178	26,049	268,227
Write-off during the year	(10,326)	-	(10,326)
Balance at March 31, 2016	1,019,202	477,732	1,496,934

(p) Unexpired service charge on loans to beneficiaries:

	2016 $'000	2015 $'000
Balance at beginning of the year	2,112,544	2,497,796
Additions during the year	588,481	624,712
Amortisation to profit or loss	(1,121,489)	(1,009,964)
Balance at end of the year	1,579,536	2,112,544

(q) Approval process and quality of receivables

Before approving a loan, the Trust uses an evaluation system to assess the potential borrowers' eligibility in order to determine if they satisfy the qualifying requirements for a loan from the Trust, and to determine the maximum amount of loan they can afford to borrow from the Trust. For institutional loans, the process involves a comprehensive analysis of the institution's financial standing and their ability to fund their portion of the proposed development (where applicable), with the Trust placing strict limits on the percentage of total development cost it is willing to finance 80% (2015: 80%) 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 accounts for 96.21% (2015: 95.48%) and 16.52% (2015: 15.69%) of the total loans receivable. There is no other loan category with balance that represents more than 5% of the total loan balance.

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

(r) Past due loans

Past due but not impaired

Included in the Trust's loans to beneficiaries balance are debtors with a carrying amount of approximately $12.10 billion (2015: $10.82 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.

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

(r) Past due loans (cont'd)

Past due but not impaired (cont'd)

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

	2016 $'000	2015 $'000
30 – 60 days	7,271,984	7,049,493
61 – 90 days	4,830,965	3,768,843
	12,102,949	10,818,336

(s) Loans past due and impaired

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

	2016 $'000	2015 $'000
91 – 180 days	4,762,883	4,722,618
181 – 360 days	6,910,939	6,851,156
Over 360 days	7,259,695	6,584,287
Total impaired loans	18,933,517	18,158,061

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).

(t) Allowance for impairment

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

	2016 $'000	2015 $'000
Prudential allowance set by management	5,769,506	5,390,485
IFRS allowances:		
Specific allowances	1,010,073	768,919
General allowances	9,129	18,431
Total IFRS allowances (o)	1,019,202	787,350
Excess over IFRS allowances reflected in loan loss reserve (Note 24)	4,750,304	4,603,135

(u) Loans to beneficiaries renegotiated

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

10 LOANS RECEIVABLE (Cont'd)

(u) Loans to beneficiaries renegotiated (cont'd)

As at March 31, 2016, loans totalling $1.16 billion (2015: $790.73 million) were renegotiated which would have otherwise been past due or impaired.

11 **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 loans:

		2016	2015
		$'000	$'000
(i)	Loans through joint venture mortgage programme [Note 10(j)]	657	866
(ii)	Other loans (b)		
	Mortgage loans to beneficiaries:		
	- Schemes for which splintering of parent titles is in process or has not yet commenced	352,575	257,027
	- Schemes for which mortgage processing is incomplete and land titles are not available	3,648,473	2,713,147
	- Non-scheme loans (c)	136,527	201,347
		4,137,575	3,171,521
	Finance for housing construction projects	477,732	451,683
		4,615,307	3,623,204
	Total	4,615,964	3,624,070

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

(c) 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.

12 **INVENTORIES**

	2016	2015
	$'000	$'000
Land held for housing development	3,372,451	3,373,019
Housing under construction	1,980,010	1,606,395
Housing units completed but not allocated	1,851,542	3,488,785
Inner City Housing Project (a)	30,102	14,581
Transferred from investment property	-	39,000
	7,234,105	8,521,780
Less: Allowances for impairment losses and subsidies	(245,604)	(218,123)
	6,988,501	8,303,657

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

12 **INVENTORIES (Cont'd)**

The movement in the allowance is as follows:

	2016	2015
	$'000	$'000
At beginning of year	218,123	207,790
Provisions during the year	30,610	16,687
Amounts written-back	(3,129)	(6,354)
At end of year	245,604	218,123

(a) Inner City Housing Project

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

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

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

The units being provided under the ICHP are in the form of 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.

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

	2016	2015
	$'000	$'000
Sale of units	(2,028,774)	(1,275,260)
Cost of units sold	1,877,298	1,208,137
Net gain on disposal of units	(151,476)	(67,123)
Impairment allowance charged for year	30,610	17,254
Loss on Trust projects	25,867	26,876
Litigation expenses	6,453	12,871
	(88,546)	(10,122)

13 **INTANGIBLE ASSETS**

	2016	2015
	$'000	$'000
Cost		
At the beginning of the year	182,005	181,105
Additions for the year	-	900
At the end of the year	182,005	182,005
Amortisation		
At the beginning of the year	173,326	155,185
Charge for the year	5,869	18,141
At the end of the year	179,195	173,326
Carrying amount	2,810	8,679

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

13 **INTANGIBLE ASSETS (CONT'D)**

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

14 **INVESTMENTS IN ASSOCIATE**

	2016 $'000	2015 $'000
Harmonisation Limited:		
Cost of investments	490	490
Loans (including accrued interest) (b)	1,597,944	1,597,944
Provision for possible loan loss	(383,969)	(383,969)
	1,213,975	1,213,975
Share of associate's losses:		
Balance at beginning of year	(121,688)	(75,012)
Share of loss for the year	(29,992)	(46,676)
Balance at end of year	(151,680)	(121,688)
	1,062,785	1,092,777

(a) Details of the associate as at March 31, 2016 are as follows:

Name of associate	Place of Incorporation and operation	Proportion of ownership	Proportion of voting power held	Principal Activities
Harmonisation Limited	Jamaica	49.5%	49.5%	Land investment and development and its
(i) wholly-owned subsidiary - Silver Sands Estate Limited	Jamaica			Rental of resort accommodation
(ii) 49% associated company – Harmony Cove Limited	Jamaica			Property development

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

	(Unaudited) 2016 $'000	(Audited) 2015 $'000
Total assets	2,577,498	2,524,975
Total liabilities	(2,876,004)	(2,748,511)
Net liabilities	(298,506)	(223,536)
Trust's share of associate's net liabilities	(147,760)	(110,650)
Revenue	12,760	13,608
Loss for the year	(71,880)	(82,860)
Trust's share of associate's loss for the year, net of adjustments	(29,992)	(46,676)

(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 FINANCIALS STATEMENTS
MARCH 31, 2016

15 **EMPLOYEE BENEFITS ASSET**

The Trust operates two post-retirement employee benefit arrangements:

(a) The National Housing Trust Staff Pension Plan (“staff pension plan”)
(b) The Post-retirement medical benefits scheme

Staff pension plan

The Trust operates a defined benefit pension plan for qualified employees. The plan is administered by Trustees, who are assisted by an independent plan administrator, Employee Benefits Administrator Limited, a wholly-owned subsidiary of Sagicor Life Jamaica Limited. The fund manager, Sagicor Life Jamaica Limited, administers the pooled funds in which the investments of the plan are held. The plan is regulated by the Financial Services Commission (FSC). The Trustees include representatives from the employer, members and pensioners of the plan.

Medical benefits scheme

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

As at the reporting date, an actuarial valuation was done for the plan and the medical benefit scheme by Eckler Consultants + Actuaries, using the Projected Unit Credit Method. The results of the valuation are included below.

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

	Staff pension plan		Medical benefit scheme	
	2016	2015	2016	2015
Financial assumptions				
Discount rate	9.00%	9.50%	9.00%	9.50%
Future salary increases	5.50%	6.00%	-	-
Future pension increases	2.75%	3.00%	-	-
Price inflation (CPI)	5.50%	6.00%	5.50%	6.00%
Health cost inflation	-	-	1.50%	7.50%

	2016 Years	2015 Years
Demographic assumptions		
Average liability duration for each category of member:		
- Staff pension scheme		
Active members	18.1	18.2
Deferred pensioners	2.9	3.4
Pensioners	12.9	12.4
All participants	16.9	17.2
- Post-retirement medical benefit scheme		
Active members	23.5	24.1
Pensioners	12.1	10.7
All participants	22.6	23.1

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

15 **EMPLOYEE BENEFITS ASSET (CONT'D)**

(a) (Cont'd)

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

Attained age	Males	Females
20	0.332	0.199
25	0.530	0.213
30	0.717	0.281
35	0.762	0.315
40	0.898	0.508

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

	Staff pension plan		Medical benefit scheme	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Present value of obligation	(4,012,020)	(3,313,206)	(405,974)	(308,778)
Fair value of plan assets	6,106,514	5,239,343	-	-
Net asset/(liability) recognised in statement of financial position	2,094,494	1,926,137	(405,974)	(308,778)

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

	Staff pension plan		Medical benefit scheme	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	1,926,137	1,464,980	(308,778)	(216,912)
Included in profit or loss:				
current service cost	(120,581)	(128,195)	(35,818)	(24,662)
interest cost	(316,916)	(299,345)	(29,282)	(20,572)
past service cost	(74,595)	-	(10,576)	-
Expenses	(17,175)	(16,354)	-	-
interest on plan assets	506,903	448,393	-	-
	(22,364)	4,499	(75,676)	(45,234)
Included in other comprehensive income				
experience adjustment	(141,773)	173,887	-	-
financial assumptions	(75,120)	121,287	-	-
remeasurement of plan assets	255,197	(20,450)	(22,610)	(47,363)
other	-	37,190	-	-
	38,304	311,914	(22,610)	(47,363)
Other adjustments	-	(166)	-	-
Employer's contribution	152,417	144,910	1,090	731
Balance at end of year	2,094,494	1,926,137	(405,974)	(308,778)

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

15 **EMPLOYEE BENEFITS ASSET (CONT'D)**

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

(i) Amount recognised in profit or loss on:

	2016 $'000	2015 $'000
- Staff pension plan	22,364	(4,499)
- Post-retirement medical scheme	75,676	45,234
	98,040	40,735

(ii) Amount recognised in other comprehensive income:

	2016 $'000	2015 $'000
- Staff pension plan	38,304	311,914
- Post-retirement medical scheme	(22,610)	(47,363)
	15,694	264,551

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

	Staff pension plan			
	2016		2015	
	$'000	%	$'000	%
Pooled Investment Funds				
Equity	303,083	4.96	196,918	3.76
Fixed income	176,771	2.89	316,174	6.03
Mortgage and Real Estate	264,125	4.33	210,309	4.01
	743,979	12.18	723,401	13.80
Segregated funds				
GOJ securities	3,098,375	50.74	3,099,496	59.16
Resale agreements	218,950	3.59	769,440	14.69
Corporate bonds	1,777,651	29.11	177,500	3.39
Equity	95,526	1.56	299,722	5.72
Other	172,033	2.82	169,784	3.24
	5,362,535	87.82	4,515,942	86.20
Closing fair value of plan assets	6,106,514	100.00	5,239,343	100.00

15 **EMPLOYEE BENEFITS ASSET (Cont'd)**

(e) Sensitivity analyses

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

March 31, 2016	1% movements in							
	Health inflation rate		Discount rate		Salary escalation rate		Pension increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Impact on:								
- Staff pension plan	-	-	(572,475)	766,816	409,554	(339,150)	281,578	(243,672)
- Post-retirement medical scheme	100,075	(77,391)	(75,580)	99,110	-	-	-	-

March 31, 2015	1% movements in							
	Health inflation rate		Discount rate		Salary escalation rate		Pension increases	
Sensitivity level	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Impact on:								
- Staff pension plan	-	-	(480,437)	655,092	368,313	(300,697)	220,108	(190,992)
- Post-retirement medical scheme	77,535	(59,881)	(58,491)	76,796	-	-	-	-

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

(i) The Trust expects to make a contribution of $151.93 million (2015: $147.45 million) to the defined benefit plan during the next financial year.

16 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings $'000	Furniture, fixtures and other equipment $'000	Computer equipment $'000	Motor vehicles $'000	Advance on assets $'000	Construction in progress $'000	Total $'000
Cost or Valuation							
March 31, 2014	1,530,314	549,170	549,181	27,096	19,088	55,807	2,730,656
Additions	77,564	19,369	44,595	823	4,316	3,259	149,926
Transfers	14,236	995	476	10,422	(11,893)	(14,236)	-
Adjustments	-	(105)	-	-	(2,285)	-	(2,390)
Disposals	-	(8,409)	-	-	-	-	(8,409)
March 31, 2015	1,622,114	561,020	594,252	38,341	9,226	44,830	2,869,783
Additions	-	17,002	24,224	8,497	26,286	5,090	81,099
Transfers	-	965	364	-	(1,329)	-	-
Adjustments	(346)	-	-	-	(878)	-	(1,224)
Disposals	-	(2,872)	(56,243)	(7,970)	-	-	(67,085)
March 31, 2016	1,621,768	576,115	562,597	38,868	33,305	49,920	2,882,573
Depreciation							
April 1, 2014	340,317	446,358	509,846	21,194	-	-	1,317,715
Charge for the year	41,653	32,608	36,234	5,390	-	-	115,885
Impairment loss	-	210	-	-	-	-	210
Adjustments	1,738	(47)	14	-	-	-	1,705
Eliminated on disposals	-	(8,409)	-	-	-	-	(8,409)
March 31, 2015	383,708	470,720	546,094	26,584	-	-	1,427,106
Charge for the year	45,192	27,113	29,849	6,614	-	-	108,768
Impairment loss	-	9	-	-	-	-	9
Adjustments	(1)	-	(16)	-	-	-	(17)
Eliminated on disposals	-	(2,870)	(56,213)	(7,970)	-	-	(67,053)
March 31, 2016	428,899	494,972	519,714	25,228	-	-	1,468,813
Net Book Values							
March 31, 2016	1,192,869	81,143	42,883	13,640	33,305	49,920	1,413,760
March 31, 2015	1,238,406	90,300	48,158	11,757	9,226	44,830	1,442,677

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

16 **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
Motor vehicles	-	4 years
Heavy equipment	-	5 years

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

	2016	2015
	$'000	$'000
Buildings/related infrastructure	217,143	217,143
Furniture, fixtures and office equipment	160,423	158,201
Artwork	13,931	13,931
	391,497	389,275

17 **PAYABLES AND ACCRUALS**

	2016	2015
	$'000	$'000
Accounts payable and accruals*	1,581,192	1,830,270
Scheme deposits	88,234	87,670
Statutory and other payroll deductions	56,664	71,239
Retention payable	187,458	197,987
GCT payable	572,282	236,538
Withholding Tax Specified Services	671	-
Sums withheld for modification of covenant	153,702	140,628
Other payables	816,429	702,717
Peril insurance claims [Note 31(b)]	26,997	13,807
	3,483,629	3,280,856

*The above balances primarily comprise amounts outstanding for purchases and other on-going operational costs.

18 **PROVISIONS**

	Sundry claims (a)		Employee Benefits (b)		Total	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Balances at beginning of the year	109,126	96,255	84,050	86,030	193,176	182,285
Recognised in profit or loss for the year	(59,295)	12,871	11,490	(1,980)	(47,805)	10,891
Balance at end of the year	49,831	109,126	95,540	84,050	145,371	193,176

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

18 **PROVISIONS (CONT'D)**

(a) Sundry claim represents the (write back)/provision for the settlement of a legal claim against the Trust [Note 36(i)].

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

19 **REFUNDABLE CONTRIBUTIONS**

	2016			2015
	Currently Due	Not Yet Due	Total	Total
	$'000	$'000	$'000	$'000
Contributions refundable	17,103,937	64,832,073	81,936,010	74,939,051
Bonus accrued (a)	2,476,020	3,404,257	5,880,277	5,719,806
	19,579,957	68,236,330	87,816,287	80,658,857
Represented by:				
Savings Accounts				
Principal	13,708,830	-	13,708,830	11,684,276
Interest	93,376	-	93,376	84,298
	13,802,206	-	13,802,206	11,768,574
Time Accounts				
Principal	-	30,937,438	30,937,438	26,840,738
Interest	-	3,322,549	3,322,549	2,959,208
	-	34,259,987	34,259,987	29,799,946
Total for which personal accounts are established	13,802,206	34,259,987	48,062,193	41,568,520
Balances for which no personal accounts are established (b)	5,777,751	33,976,343	39,754,094	39,090,337
Total refundable employee Contributions	19,579,957	68,236,330	87,816,287	80,658,857

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

(b) The Trust has not fully established personal accounts for employed persons who have made contributions to the Trust 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) Incomplete returns with a resultant difficulty in uniquely identifying some contributors and creating the appropriate personal accounts by interface with the computerised contributions system.

The Trust has implemented a number of strategies to address this problem. During the current financial year, 464,043 (2015: 316,677) individual (time) accounts totalling $9 billion (2015: $5.21 billion) were created.

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

20 DEFERRED TAX LIABILITY

Deferred tax liability is attributable to the following:

	2016			
	Balance at April 1, 2015 $'000	Recognised in income $'000	Recognised In other comprehensive income $'000	Balance at March 31, 2016 $'000
Interest payable	(51,393)	11,276	-	(40,117)
Employee benefits asset (net)	404,341	13,867	3,924	422,132
Accelerated depreciable charges	(4,790)	(1,012)	-	(5,802)
Revaluation of properties	22,745	-	(758)	21,987
Interest receivable	301,227	66,342	-	367,569
Associates interest receivable and share of net assets	36,059	(7,498)	-	28,561
Unrealised foreign exchange gains	3,970	(2,948)	-	1,022
Rental income receivable	6,252	(4,178)	-	2,074
Other assets	2,319	(2,158)	-	161
Net liabilities	720,730	73,691	3,166	797,587

	2015			
	Balance at April 1, 2014 $'000	Recognised in income $'000	Recognised in other comprehensive income $'000	Balance at March 31, 2015 $'000
Interest payable	(48,122)	(3,271)	-	(51,393)
Employee benefits asset (net)	312,018	26,185	66,138	404,341
Accelerated depreciable charges	(7,241)	2,451	-	(4,790)
Revaluation of properties	23,503	-	(758)	22,745
Interest receivable	263,419	37,808	-	301,227
Associates interest receivable and share of net assets	42,364	(6,305)	-	36,059
Unrealised foreign exchange gains	1,694	2,276	-	3,970
Rental income receivable	1,602	4,650	-	6,252
Other assets	3,139	(820)	-	2,319
Net liabilities	592,376	62,974	65,380	720,730

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

21 FAIR VALUE AND OTHER RESERVES

	Other Reserves			
	Fair value reserve $'000	Unallocated contributions reserve $'000	Properties revaluation reserve $'000	Total $'000
Balances at March 31, 2014	266,785	711,861	208,440	1,187,086
Net increase in fair value of available-for-sale investments	99,668	-	-	99,668
Reversal of impairment loss on available-for-sale equity investments	10,921	-	-	10,921
Loss on disposal of investment securities transferred to income	123	-	-	123
Contribution shortage on annual return	-	(150)	-	(150)
Deferred tax arising on revaluation of property, plant and equipment (Note 20)	-	-	758	758
Balances at March 31, 2015	377,497	711,711	209,198	1,298,406
Net increase in fair value of available-for-sale investments	486,011	-	-	486,011
Impairment loss on available-for-sale equity investments charged to income	(1,384)	-	-	(1,384)
Gain on disposal of investment securities transferred to income	119,302	-	-	119,302
Contribution shortage on annual return	-	(256)	-	(256)
Deferred tax arising on revaluation of property, plant and equipment (Note 20)	-	-	758	758
Balances at March 31, 2016	981,426	711,455	209,956	1,902,837

22 MORTGAGE SUBSIDY RESERVE

In July 2010, the Trust implemented a Mortgage Subsidy Programme for applicants who fall within those income bands which are charged 1% to 3% interest, and have been contributing to the Trust for a minimum of 10 years. The Trust approves a maximum of 20% of its quarterly surplus after tax to be used to finance the Mortgage Subsidy Programme. The utilisation of the subsidy is dependent on the eventual successful completion of the application process by contributors. The actual take up of the subsidy by eligible contributors during the year amounted to $232.02 million (2015: $273.38 million) (Note 27).

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

23 PERIL RESERVE

The Trust's insurance policy deductible is US$30 million (2015: 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 31(b)(i)].

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

	2016	2015
	US$'000	US$'000
Cash and cash equivalents [Note 6(b)]	1,008	1,011
Resale agreements [Note 8(b)]	3,270	1,477
Available-for-sale securities [Note 9(b)(i)]	41,139	38,386
	45,417	40,874

24 LOAN LOSS RESERVE

This reserve represents the excess of the provision for loan losses, determined using management's prudential estimate of the greater of 3% of the total mortgage loans (less loan financing to developers) receivable, net of IFRS allowance and the total arrears for over 90 days, for which allowances are made, over the amounts determined under IFRS [Note 10(t)].

During the year, an increase of $142.12 million (2015: $279.24 million) was made to the loan loss reserve, to cover any losses that may arise from the loans referred to above as well as other mortgage loans [Note 11(a)].

25 TRANSFER TO CONSOLIDATED FUND

This represents transfers made to the Government of Jamaica through the Ministry of Finance and Planning based on the amendment to the National Housing Trust Act (the Act) under which the Trust may transfer up to a maximum of $11.4 billion to the Consolidated Fund for each of four years up to 2016/2017.

The matter is presently being challenged in court by a contributor on the grounds that the amendment to the Act was unconstitutional.

26 MISCELLANEOUS INCOME

	2016	2015
	$'000	$'000
Foreign exchange gain, net	281,626	214,855
Penalty income	96,034	121,032
Debt management fees	100,541	94,611
Peril and life insurance administrative fees	289,326	377,027
Other	383,356	584,730
	1,150,883	1,392,255

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

27 SPECIAL SUBSIDIES AND GRANTS

	2016 $'000	2015 $'000
Special projects:		
Inner City Housing Project	909	19,587
Emancipation Park [net of recoveries of $5.19 million (2015: $5.03 million)]	86,501	76,942
Grants:		
Mortgage Subsidy (Note 22)	232,026	273,382
Property maintenance – Orange Grove	17,454	22,389
Other	37,349	37,657
	374,239	429,957

28 TAXATION

(a) Taxation recoverable

	2016 $'000	2015 $'000
Balance at the beginning of the year	5,917,074	5,615,340
Additions during the year	273,168	301,734
Balance at the end of the year	6,190,242	5,917,074

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

	2016 $'000	2015 $'000
Balance at the beginning of the year	2,466,004	1,363,620
Current tax charge for the year	1,143,100	1,102,284
Adjustment	-	100
Balance at the end of the year	3,609,104	2,466,004

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

28 **TAXATION (CONT'D)**

(c) Recognised in profit or loss for the year

(i) The taxation charge for the year comprises:

	2016 $'000	2015 $'000
Current tax	1,143,100	1,102,284
Deferred tax (Note 20)	73,691	62,974
	1,216,791	1,165,258

(ii) Reconciliation of effective tax rate:

	2016 $'000	2015 $'000
Profit before taxation	19,336,121	19,833,712
Expected tax at domestic income tax rate of 25%	4,834,030	4,958,428
Tax effect of amounts not deductible	27,188	33,964
Tax effect of income not subject to tax	(3,669,161)	(3,792,119)
Net effect of other charges and allowances	24,734	(35,015)
Taxation charge	1,216,791	1,165,258

29 **PROFIT FOR THE YEAR**

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

(a) Revenue on financial assets:

	2016 $'000	2015 $'000
Financial assets at amortised cost		
- Rescheduled loans	45,009	26,455
- Unimpaired loans	9,165,109	8,516,906
	9,210,118	8,543,361
Interest income on investments:		
Available-for-sale investment securities	1,321,472	1,259,690
FVTPL investment securities	168,395	166,271
	1,489,867	1,425,961
	10,699,985	9,969,322
Dividends	25,573	21,375
	10,725,558	9,990,697

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

29 **PROFIT FOR THE YEAR (Cont'd)**

(b) Bonus on employees' contributions:

	2016 $'000	2015 $'000
- Savings accounts	(404,811)	(374,836)
- Time accounts	(1,132,748)	(1,101,736)
	(1,537,559)	(1,476,572)

(c) Gain/(loss) on financial assets

	2016 $'000	2015 $'000
(i) Gain/(loss) on disposal of available-for-sale securities		
Equity securities	119,302	-
Debt securities	-	(123)
	119,302	(123)
(ii) Gains on investment securities at fair-value-through-profit-or-loss	135,015	182,188

(d) Expenses by nature

	2016 $'000	2015 $'000
Directors' emoluments:		
Non-Executive Directors – fees (Note 30)	2,363	2,145
Executive director (Note 30)		
Basic	11,334	10,125
Incentive payments and gratuity in lieu of pension	1,421	1,348
Travelling allowance	1,220	976
Non-cash benefits	2,386	2,532
Audit fees	10,317	9,666
Depreciation	108,750	117,590
Impairment of property, plant and equipment	9	210
Amortisation of intangible assets	5,869	18,141
Employees costs (note 35)	3,874,224	3,314,157
Office rental, maintenance and security	243,264	234,374
Electricity and telephone	140,339	205,145
Site expenses	208,687	126,975
Data processing – Licences and maintenance	241,475	208,781
Irrecoverable General Consumption Tax	144,389	115,456
Other	642,636	600,629
	5,638,683	4,968,250

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

30 **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		Balance owed (including interest)	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Key management personnel	1,370	35,131	71,427	93,743
Board of Directors and Committee members	-	-	8,201	8,034

Compensation of key management personnel

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

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

	2016	2015
	$'000	$'000
Board of Directors and committee members:		
Non-executive Directors' fees [Note 29(d)]	2,363	2,145
Executive remuneration	16,361	14,981
Other key management personnel:		
Short-term benefits	86,032	82,767
Post-employment benefits – pension obligation	5,711	5,404
	91,743	88,171
	110,467	105,297

31 **COMMITMENTS AND CONTINGENCIES**

(a) Commitments

	2016	2015
	$'000	$'000
(i) Commitments contracted for -		
Financing house construction and acquisition of houses for allocation to beneficiaries	8,399,166	5,014,974
Purchase of land	1,607,917	1,657,917
Inner City Housing Project	223,907	26,649
	10,230,990	6,699,540

	2016	2015
	$'000	$'000
(ii) Authorised and approved but not contracted for -		
Purchase of land	-	270,550
Computer software development	25,000	17,500
Office refurbishing	55,300	251,530
Construction contracts under negotiation	138,648	280,442
Mortgage subsidy	784,290	674,019
	1,003,238	1,494,041

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

31 **COMMITMENTS AND CONTINGENCIES**

(b) Contingencies

(i) *Peril insurance claims*

The Trust's self-insured retention on its peril insurance cover was US$30 million (J$3.64 billion) [2015: US$30 million (J$3.43 billion)]. Should a catastrophic event occur such as a hurricane or an earthquake, the Trust will be liable to meet the cost of damage up to the aggregate amount of the retention for any one or several events in the given period. The Trust was insured for full value on all earthquake perils and for all other perils US$30M above the Self Insurance Retention (Note 23).

At year-end, claims made by beneficiaries provided for but not yet processed by the Trust amounted to approximately $27.0 million (2015: $13.81 million) (note 17).

(ii) *Litigation*

The Trust is involved in litigations in the normal course of operations. Management believes that, apart from the matters referred to in Note 36, liabilities, if any, arising from such litigations 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 operations.
(ii) whether certain expenses representing costs associated with collecting employers' contributions should be allowed for tax purposes.

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

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

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

32 **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.

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

32 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**

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

Financial risk management policies and objectives

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

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

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

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 Committee, Audit Committee, Risk management and Information Systems Committee, Technical Committee, HRM, Communication and Governance Committee, Diaspora Committee and the Internal Audit Department.

Finance 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.

Risk management and Information Systems Committee

This Committee has the responsibility to review, evaluate and manage material business risk and to recommend strategies for the technological direction of the Trust.

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.

HRM, Communication and Governance Committee

This committee has responsibility for providing the Board with advice and recommendations relating to corporate governance, communication, and HRM policy formulation 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 FINANCIALS STATEMENTS
MARCH 31, 2016

32 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (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 year.

(a) Market risk

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

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

Management of market risk

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

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

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

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% (2015: 10%) higher/lower, fair value and other reserves in accumulated fund for the year ended March 31, 2016 would increase/decrease by $75.13 million (2015: $38.31 million) as a result of the changes in fair values of the available-for-sale securities.

(ii) Foreign currency risk

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

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

Management of foreign currency risk

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

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

(a) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

At March 31, 2016, the carrying amounts of the Trust's foreign currency denominated financial assets were as follows:

	Assets	
	2016	2015
	US$'000	US$'000
Cash and bank balances	115	1,375
Resale agreements	3,281	1,483
Investment securities	42,368	39,013
	45,764	41,871

The exchange rate of the United States dollar in relation to the Jamaica dollar was US$1 to J$121.97 (2015: US$1 to J$115.03).

Foreign currency sensitivity analysis

The following table details the Trust's sensitivity to a 1% revaluation and 10% devaluation (2015: 1% revaluation and 10% devaluation) of the Jamaica dollar against the United States dollar. The change in the sensitivity rates below are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	2016		2015	
	10% revaluation of the US$	1% devaluation of the US$	10% revaluation of the US$	1% devaluation of the US$
Effect on profit for the year	(516,673)	51,676	(481,652)	48,165

The Trust's sensitivity to foreign currency has increased during the current period mainly due to the growth in holdings of foreign currency investments. The analysis is done on the same basis as for 2015 and assumes that all other variables, in particular, interest rates, remain constant.

(iii) Interest rate risk

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

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

Management of interest rate risk

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

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

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

Financial risk management policies and objectives (Cont'd)

(iii) Interest rate risk (cont'd)

	2016						
	Within 3 months $'000	Within 3-12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-rate sensitive $'000	Total $'000	Weighted effective interest rate %
Assets:							
Cash and bank balances	2,502,502	-	-	-	1,868,957	4,371,459	5.38
Receivables	7,644	21,793	358,040	117,406	554,544	1,059,427	1.96
Resale agreements	3,150,957	76,893	-	-	-	3,227,850	5.64
Investment securities	1,583,675	1,746,920	4,129,435	8,891,794	1,012,175	17,363,999	6.63
Loans receivable	9,926,675	204,756	2,970,152	179,863,019	-	192,964,602	4.90
Total assets	17,171,453	2,050,362	7,457,627	188,872,219	3,435,676	218,987,337	
Liabilities							
Payables	-	-	-	-	2,679,629	2,679,629	-
Refundable contributions	2,874,951	16,705,006	47,106,477	21,129,853	-	87,816,287	3.42
	2,874,951	16,705,006	47,106,477	21,129,853	2,679,629	90,495,916	
Net interest rate sensitivity gap	14,296,502	(14,654,644)	(39,648,850)	167,742,366	756,047	128,491,421	
Cumulative gap	14,296,502	(358,142)	(40,006,992)	127,735,374	128,491,421	-	

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

Financial risk management policies and objectives (Cont'd)

(iii) Interest rate risk (Cont'd)

	2015						
	Within 3 months	Within 3-12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total	Weighted effective interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Assets:							
Cash and bank balances	3,607,882	-	-	-	1,140,842	4,748,724	6.28
Receivables	2,286	29,955	360,490	115,691	450,541	958,963	2.22
Resale agreements	1,177,038	-	-	-	-	1,177,038	6.16
Investment securities	1,288,800	365,473	3,089,449	8,875,171	598,860	14,217,753	7.07
Loans receivable	8,838,671	1,367,866	2,542,455	168,160,443	-	180,909,435	4.85
Total assets	14,914,677	1,763,294	5,992,394	177,151,305	2,190,243	202,011,913	
Liabilities							
Payables	-	-	-	-	2,806,468	2,806,468	-
Refundable contributions	1,556	16,113,574	41,289,498	23,254,229	-	80,658,857	3.27
	1,556	16,113,574	41,289,498	23,254,229	2,806,468	83,465,325	
Net interest rate sensitivity gap	14,913,121	(14,350,280)	(35,297,104)	153,897,076	(616,225)	118,546,588	
Cumulative gap	14,913,121	562,841	(34,734,263)	119,162,813	118,546,588	-	

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MARCH 31, 2016

32 **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 from non-derivative instruments at the reporting date. For floating rate assets, the analysis is prepared assuming the amount of assets held at the reporting date was held throughout the year. For Jamaica dollar instruments, a 250 basis points increase and a 100 basis points decrease (2015: 250 basis points increase and 100 basis points decrease) and for US$ denominated instruments, a 200 basis points increase and a 50 basis points decrease (2015: 200 basis points increase and 50 basis points decrease) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 250 basis points higher and 100 basis points lower (2015: 250 basis points higher and 100 basis points lower) for Jamaica dollar instruments and 200 basis points higher and 50 basis points lower (2015: 200 basis points higher and 50 basis points) for foreign currency denominated instruments) and all other variables were held constant, the Trust's:

- profit for the year ended March 31, 2016 would increase by $33.3 million (2015: $15.2 million) or decrease by $13.3 million (2015: $6.1 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 would increase by $2.12 billion or decrease by $0.93 billion (2015: increase by $2.0 billion or decrease by $0.9 billion), mainly as a result of the changes in the fair value of available-for-sale variable rate instruments.

(b) Credit risk

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

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

32 **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. Each loan is assigned to loan officers who are responsible for the monitoring and management of the loan facilities.

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

The Housing Receivable Unit submits monthly and quarterly statements to beneficiaries and 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.

Collateral

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

32 **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

	2016 $'000	2015 $'000
Properties	76,012,180	84,776,050

Repossessed collateral

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

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

	2016		2015	
	Carrying Value $'000	Value of Collateral $'000	Carrying Value $'000	Value of Collateral $'000
Residential properties	2,165,593	9,567,069	2,120,566	9,308,491

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

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

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

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

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

Financial risk management policies and objectives (Cont'd)

(b) Credit risk (Cont'd)

(ii) Investment securities, resale agreements and cash and cash equivalents (Cont'd)

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

	2016 $'000	2015 $'000
Government of Jamaica	11,791,211	11,408,557
Bank of Jamaica	4,410,400	2,017,155
Others	6,892,731	5,576,962
Total	23,094,342	19,002,674

(c) Liquidity risk

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

Management of liquidity risk

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

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

The Trust's liquidity management process, monitored by the Investment and Cash management Units, includes:

- Maintaining sufficient amounts of cash and cash equivalents to cover unexpected levels of demand. This is achieved through the systematic aging of the Trust's cash and cash equivalents, to ensure that a minimum amount matures on a weekly basis. This is done in consideration of the Trust's other sources of income, including mortgage and contribution received as well as other investment income.
- Monitoring cash and bank balances and future cash flows on a daily basis to ensure that requirements can be met. This includes the monitoring of several reports compiled by the Investments Unit as well as the relevant operational areas of the Trust.
- Maintaining a portfolio of highly marketable and diverse assets that can be readily liquidated as protection against any unforeseen interruption to cash flow. They include equities traded on the Jamaica Stock Exchange, money market investments and GOJ and BOJ debt issues.
- Managing the concentration and profile of debt maturities. Investment securities are purchased in accordance with the Board of Directors' guidelines, with clear directives to the stratification of the investment portfolio.
- Preparing daily, weekly and monthly cash and bank balances report to management for decision-making. These reports are integral in determining the level of liquidity risk faced by the Trust.

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

32 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 maturities for its non-derivative financial liabilities. The amounts are gross and undiscounted, and include estimated interest payments and are based on the earliest date on which the Trust can be required to pay.

As at March 31, 2016:	Contractual cash flows					
	Within 3 Months	Within 3-12 Months	1 to 5 Years	Over 5 Years	Total	Carrying value
	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities						
Payables and accruals	2,679,629	-	-	-	2,679,629	2,679,629
Refundable Contributions	3,228,015	18,746,493	51,010,758	21,924,564	94,909,830	87,816,287
Total liabilities	5,907,644	18,746,493	51,010,758	21,924,564	97,589,459	90,495,916

As at March 31, 2015:	Contractual cash flows					
	Within 3 Months	Within 3-12 Months	1 to 5 Years	Over 5 Years	Total	Carrying value
	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities						
Payables and accruals	2,806,468	-	-	-	2,806,468	2,806,468
Refundable Contributions	1,747	18,033,636	44,734,606	24,158,479	86,928,468	80,658,857
Total liabilities	2,808,215	18,033,636	44,734,606	24,158,479	89,734,936	83,465,325

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

Capital risk management

The Trust's objectives when managing capital, which is its accumulated fund, are:

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

Capital adequacy is monitored by the Trust's management on a regular basis. The Trust's overall strategy remains unchanged from prior year, and the Trust is not subject to any external capital requirements.

33 **FAIR VALUES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

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

The following table shows the Trust financial assets that are carried at fair value and their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities where the carrying amount is a reasonable approximation of fair value.

	2016			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Carrying amount $'000
Assets measured at fair value:				
- Available-for-sale securities Note 9(b)	751,341	12,674,493	150,223	3,576,057
- Securities at FVTPL Note 9	-	-	3,787,942	3,787,942
	751,341	12,674,493	3,938,165	7,363,999

	2015			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Carrying amount $'000
Assets measured at fair value:				
- Available-for-sale securities Note 9(b)	383,148	9,989,407	193,181	10,565,736
- Securities at FVTPL Note 9	-	-	3,652,017	3,652,017
	383,148	9,989,407	3,845,198	14,217,753

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33 **FAIR VALUES (Cont'd)**

Valuation techniques and significant unobservable inputs (Cont'd)

The following table shows the valuation technique used in measuring fair value in the level 2 and level 3 hierarchy, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
GOJ and GOJ guaranteed	Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids) Using this yield, determine price using accepted formula Apply price to estimate fair value.	Not applicable	Not applicable
Corporate bonds, not guaranteed by the Government of Jamaica	A pricing model commonly used by market practitioners, plus additional risk premium of 2%	Risk premium of 2%	The estimated fair value would increase (decrease) if the risk premium was higher or lower

The fair value of the Trust's financial assets and liabilities that are not carried at fair value are as follows:

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

(ii) The carrying values of loans receivable (after deductions of provision for impairment), bonus to employees not yet due and refundable contributions not yet due are assumed to approximate their fair values based on the fact that there will be no discount or premium on settlement.

Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale unlisted shares	Securities at-FVTPL debt securities	Total
At March 31, 2014	234,984	3,468,568	3,703,552
Total gains or losses:			
- in profit or loss	(64)	183,449	183,385
- in other comprehensive income	1,118	-	1,118
Disposals/settlements	(42,857)	-	(42,857)
At March 31, 2015	193,181	3,652,017	3,845,198
Total gains or losses:			
- in profit or loss	-	135,925	135,925
- in other comprehensive income	(110)	-	(110)
Disposals/settlements	(42,848)	-	(42,848)
At March 31, 2016	150,223	3,787,942	3,938,165

There were no transfer between levels during the year.

NOTES TO THE FINANCIALS STATEMENTS
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34 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:

	2016 $'000	2015 $'000
Within one year	20,081	21,724

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 $2.12 million (2015: $2.05 million).

Maintenance charges received on these properties in the period amounted to $10.80 million (2015: $4.76 million).

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

	2016 $'000	2015 $'000
Within one year	2,197	2,673
Within two to five years	11,214	13,648
Over 5 years	3,538	4,305
	16,949	20,626

35 OTHER DISCLOSURES – EMPLOYEES' COSTS

	2016 $'000	2015 $'000
Salaries and wages including statutory contributions	3,240,762	2,811,924
Employee benefits	98,040	40,735
Other staff costs	535,422	461,498
	3,874,224	3,314,157

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

36 **LITIGATION AND CLAIMS**

Developer's claim

(i) The Trust and the developer entered into a loan agreement on or about August 28, 1995, whereby the Trust granted a loan in the amount of $187,316,603.00 to the developer for the purpose of financing the construction of 210 two bedroom units and 49 serviced lots with all related infrastructure and facilities. It was an express term of the agreement that interest would accrue on all outstanding advances from the Trust to the developer.

The developer failed to complete the development.

The Trust's claim for interest and the developer's claim for profit were referred to arbitration by the parties and the Arbitrator made an award with respect to the claim for profit and did so in favour of the developer (in the sum of $24,325M), but did not award interest thereon.

The developer challenged the non-award of interest and in January 2007 the Supreme Court remitted the matter to the Arbitrator for him to consider the claim for interest on profit.

In May 2007, in a Supplemental Award, the Arbitrator found in favour of the developer and awarded compound interest in the sum of $214,512,232.76 in respect of the $24.325M. The Trust challenged the said supplemental award of compound interest in the Supreme Court and this challenge was heard in April 2008. Judgment was delivered in September 2009 in favour of the Trust and the matter remitted back to the Arbitrator.

The developer successfully appealed the decision of the Supreme Court. The Court of Appeal reinstated the Arbitration Award. The Trust paid the $214,512,232.76 to the developer following receipt of a Banker's Guarantee regarding repayment in the event and to the extent that the Trust succeeds in its appeal to the Privy Council. 015.

Despite the payment of $214,512,232.76, the developer contended that it was owed interest (compound) on this sum amounting to $411.42 Million.

The Judicial Committee of the Privy Council on October 19, 2015 handed down its judgement in favour of the Trust. The Privy Council, in allowing the Trust's appeal and setting aside the Court of Appeal's decision, has set aside the supplementary award of compound interest in the sum of $214,512,232.76, stating that the Arbitrator, in awarding compound interest, acted in excess of his jurisdiction.

The Privy Council has remitted the issue of an appropriate simple interest rate to the Arbitrator for reconsideration in accordance with principles, which it had set out in its decision.

Regarding costs, the parties have been given 21 days from the ruling of the Privy Council to make submissions to it on costs in the Privy Council and below, with a further seven (7) days thereafter to reply to each other's submissions on costs.

Arising from this decision of the Privy Council and having received the Attested Copy Order of the Privy Council, demand was made on the Bank to repay to the Trust the $214,512,232.76, pursuant to its Guarantee of March 3, 2014. Payment was received on December 9, 2015.

The submission on cost was filed in the Privy Council on December 2, 2015 and a ruling is awaited. In the Interim, submissions are being filed in the matter remitted to the Arbitrator to consider simple interest, consequent on the Privy Council's ruling that the developer was not entitled to compound interest of $214 Million.

The Trust has made a provision of $42.33 Million (using simple interest see Note 18).

NOTES TO THE FINANCIALS STATEMENTS
MARCH 31, 2016

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

Developer's claim

(ii) In March 2009, new arbitration proceedings commenced in respect of the re-measurement of works and final accounts on the project by the said developer. An award was made by the Arbitrators on October 7, 2009 in favour of the developer amounting to $144.6M. The Trust appealed.

At a case management meeting in May 2010 prior to hearing of the appeal, it was agreed that the Trust would pay the sum of $144.6 million into an interest bearing account in the joint names of the Attorneys-at-Law.

Judgement was handed down in favour of the Trust on December 18, 2014 whereby the Court ordered that:

- The award dated October 7,2009 was void, and be set aside,
- Costs to the National Housing Trust to be agreed and taxed.

The Trust has since been served with Notice of Appeal by the developer. The appeal is scheduled for hearing on the 25th of July 2016.

Management considers that NHT's chances of success on this appeal are good.

37 **ADJUSTMENTS TO RECONCILE PROFIT FOR THE YEAR TO CASH PROVIDED BY OPERATING ACTIVITIES**

	2016 $'000	2015 $'000
Provisions for losses on projects	30,610	16,687
Provisions on projects written back	(3,129)	(6,354)
Increase in provisions on loans receivable	268,227	193,177
Bonus on employees' contributions	1,537,558	1,476,572
Provision for other receivables	(1,993)	45,292
Depreciation	108,751	117,590
Impairment of property, plant and equipment	9	210
Gain on disposal of property, plant and equipment	(2,632)	-
Adjustments to property, plant and equipment	1,224	2,390
Service charges amortised	(1,121,489)	(1,009,964)
Intangible assets amortised	5,869	18,141
Loss on impairment of equity investment portfolio	(1,384)	10,921
Gain in revaluation of held for trading investment securities	(135,015)	(182,188)
Gain on disposal of investment securities	(119,302)	123
Employee benefit charge (net) (Note 15)	98,040	40,735
Interest Income	(10,699,985)	(9,969,322)
Foreign exchange adjustment	(149,518)	(152,091)
Share of losses of associates	29,992	46,676
Tax expense	1,216,791	1,165,258
Provisions charged during the year	(47,805)	10,891
Adjustments to reconcile profit for the year to cash flows from operating activities	(8,985,181)	(8,175,256)

DIRECTOR'S COMPENSATION

Name and 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 $
Hon. Easton Douglas Chairman A	32,000				32,000
Hon. Dr. Carlton Davis Chairman B	282,300				282,300
Hon. Daisy Coke Deputy Chairman	157,500				157,500
* Martin Miller Managing Director	-				-
Clayton Hall- Director	56,500	177,848			234,348
Granville Valentine - Director	75,000				75,000
Jacqueline L. Stewart - Director	126,000				126,000
Sen. Kavan Gayle - Director	82,500				82,500
Sen. Lambert Brown - Director	98,000	5,076			103,076
Lisa Harrison - Director	119,000				119,000
Michael Harvey - Director	66,500	89,112			155,612
O'Neil Grant - Director	96,000	7,003			103,003
Dr. Pauline Knight - Director	112,000				112,000
Percival LaTouche - Director	104,500	15,839			120,339
Raymond Wilson - Director	60,000				60,000
Robert Buddan - Director	81,000	108,194			189,194
Scarlette Gillings - Director	105,000				105,000
Sonia Hyman - Director	157,500				157,500
Vincent Morrison - Director	12,000				12,000
CO-OPTED COMMITTEE MEMBERS					
Barrington Whyte	7,000				7,000
Gwyneth Moore	10,500				10,500
Milverton Reynolds	17,500				17,500
Opal Levy-Clarke	21,000				21,000
Patricia Robinson	35,000				35,000
Paulette Henry	24,500				24,500
Toni Spence	21,000				21,000
**Brigitte Collins					
**Diane Gordon					
**Dr. Parris Lyew-Ayee, Jr.					
**Joseph Manley					
TOTAL	**1,959,800**	**403,072**			**2,362,872**

Notes

1. Where a non-cash benefit is received e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.
2. The Managing Director, although a member of the Board, is not compensated as a Director.
3. Hon. Easton Douglas & Mr. Vincent Morrison, members of the previous Board, were compensated during the period as their tenure ended April 2015.
4. **These Committee members were not compensated during the period

SENIOR EXECUTIVE COMPENSATION

Name and 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 ($)
Martin Miller *Managing Director (Actg)*	11,334,436	1,420,895	1,219,656	963,427		2,386,196	17,324,610
Donald Moore *SGM Constr. & Dev*	7,495,187	1,086,802	1,309,924	637,091		2,416,028	12,945,033
Neil Miller *SGM - Corp. Services (Actg)*	7,495,187	1,086,802	1,219,656	637,091		1,350,739	11,789,475
Errol Thompson *SGM – Finance (Actg)*	7,495,187	1,124,278	1,219,656	637,091		1,210,059	11,686,271
Judith Larmond Henry *Company Secretary*	6,833,598	1,058,589	1,219,656	580,856		1,633,667	11,326,366
Lorna Walker *Chief Int. Auditor*	6,345,676	920,123	1,219,656	539,382		0.00	9,024,837
Dr. Lanie Oakley-Williams *SGM – Customer Rel.*	7,495,187	1,124,278	1,309,924	637,091		2,024,929	12,591,409
Jeneita Townsend *GM – HRM*	6,345,676	951,851	1,219,656	539,382		1,642,278	10,698,843
Leighton Palmer *Chief Info. Officer*	6,345,676	888,395	1,309,924	539,382		1,633,667	10,717,043
TOTAL	**67,185,810**	**9,662,013**	**11,247,708**	**5,710,793**		**14,297,563**	**108,103,887**

Notes

1. Other Allowances (including laundry, entertainment, housing, utility, etc.)
2. Where a non-cash benefit is received (e.g. government housing), the value of that benefit is quantified and stated in the appropriate column above.

ADMINISTRATION

MANAGING DIRECTOR (Acting)
Martin Miller

SENIOR GENERAL MANAGERS
Errol Thompson – Finance (Acting)
Donald Moore – Construction & Development
Dr. Lanie-Marie Oakley Williams – Customer Relations Management
Neil Miller – Corporate Services (Acting)

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

ASSISTANT GENERAL MANGERS
Keith Clarke – Inner City Housing Project (Acting)
Camille Chevannes – Legal Conveyancing & Mortgage Registry
Maxine Hart – Project Management Office
Gladstone Johnson – Contributions Processing
Quinton Masters – Project Appraisal Management
Helen Pitterson – Company Secretariat & Legal Services
Hortense Rose – Corporate Communications
Joyce Simms-Wilson – Branch Network
Michael Taylor – Project Management
Dave Campbell – Financial Reporting and Cost Management (Acting)
Suzanne Wynter – Loan Management
Elton Vassell – Receivables, Banking & Investments
Vencot Wright – Corporate & Business Strategy (Acting)

MANAGERS
Andre Atkinson – Project Services (Acting)
Herman Baker - Industrial Relations & Staff Benefits, HRM
Richard Blackwood – Management Support, HRM
Everton Boothe – Loan Portfolio Management
Judith Brown – Accounts Payable & Payroll
Keith Clarke – Energy Saving Initiative
Tracey- Ann Creary – Project Management, Special Projects
Percival Cunningham – Technical Support, Information Systems
Shani Dacres – Lovindeer – Project Management, Joint Venture
Kareen Daley – Application Development & Support
Clive Davis – Project Appraisal Management
Joan Dennis – Project Management, NHT Development Project
Dwight Ebanks – Investments
Andre Bent – Contributions Refund (Acting)
Clivia Green – Compliance
Harvey Hall – Business Analysis
Ransford Hamilton – Property Management
Cheryll Harris – Walder – Project Management, PMO

ADMINISTRATION Cont'd

Dian Isaacs – Risk and 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 – Data Quality and Special Projects
Wendy- Jo Williams - Social Development

BRANCH NETWORK
Managers
Allison Beaumont – Smith – Kingston & St Andrew
Lorna Bernard – St James
Morcelle Brown – Customer Service, Kingston & St Andrew
Janet Hartley Millwood – St Catherine
Eric McLeish – Manchester
Norris Rainford – Westmoreland
Dameon McNally – St Ann
Ava – Ann Scott – New Loans, Kingston & St Andrew
Judith Thompson – Clarendon

SENIOR CUSTOMER SERVICE REPRESENTATIVES
Sancia Cornwall – St Elizabeth
Karen Forbes – Rodney – Portland
Althea Green – Trelawny
Ketrion Verisales – St Mary
Nickole Howden – Hanover
Cotchesta Watson – St Thomas

LEGAL TEAM
LEGAL SERVICES
Sheron Green Brown
Donna Stephenson
Nadine Taylor
Dawn Walker

LEGAL CONVEYANCING
Alayne Bennett
Sharon Blair
Tashia Madourie
Marisa Forbes Spencer
Carol Higgins
Jefferine Stubbs-Rubbock
Mazielyn Walker