ANNUAL REPORT 2014

PROVIDING SOCIAL PROTECTION FOR ALL

NATIONAL INSURANCE CORPORATION

For the benefit of us all!

JULY 2013 - JUNE 2014

Hon. Dr. Kenny D. Anthony

Prime Minister

Minister for Finance, Economic Affairs, Planning and Social Security

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MISSION STATEMENT

To ensure that every St. Lucian enjoys social and financial protection and to assist in the development of our nation through the efficient collection of contributions, payment of relevant benefits, prudent management of assets, use of cutting edge technology and a cadre of highly skilled staff.

VISION STATEMENT

An effective, transparent and financially sound institution which is customer-focused, provides social protection to the St. Lucian population and plays a leading role in national development.

CORPORATE INFORMATION

HEAD OFFICE

National Insurance Corporation
Francis Compton Building
Waterfront
Castries
St. Lucia
Tel: 452-2808
Fax: 451-9882

SUB OFFICES

National Insurance Corporation
Antoine L. Theodore Building
Cnr. of Theodore and Hospital Streets
Vieux Fort
St. Lucia
Tel: 454-6758
Fax: 454-5001

National Insurance Corporation
Sir Darnley Alexander Building
Bay Street
Soufriere
St. Lucia
Tel: 459-7241
Fax: 459-5434

National Insurance Corporation
Providence Commercial Centre
Rodney Bay
Gros Islet
St. Lucia
Tel: 457-4074/75
Fax: 452-0576

BANKERS

Bank of Saint Lucia Ltd.
Bridge Street
Castries
St. Lucia

AUDITORS

BDO
Mercury Court
Choc Estate
P.O. Box 364
Castries
St. Lucia

ATTORNEYS

Mrs. Cadie St. Rose-Albertini LLB, LEC, LLM

Ms. Kit-Juelle Frank-Amoroso LLB, LEC, MCI Arb
First Floor
Francis Compton Building
Waterfront
Castries
St. Lucia

BOARD MEMBERS

Lisle Chase
(Chairman)

Trevor Louisy
(Deputy Chairman)

Keigan Cox
(Member)

Margaret Monplaisir
(Member)

Matthew Mathurin
(Member)

Michelle Phillips
(Member)

Peter Alexander
(Member)

BOARD COMMITTEES

AUDIT COMMITTEE

Keigan Cox — Chairperson
Lisle Chase
Peter Alexander
Ryan Devaux

HUMAN RESOURCE COMMITTEE

Margaret Monplaisir — Chairperson
Trevor Louisy
Michelle Phillips
Matthew Mathurin

GOVERNANCE COMMITTEE

Trevor Louisy — Chairperson
Lisle Chase

APPEALS COMMITTEE

Lisle Chase — Chairperson
Trevor Louisy
Michelle Phillips
Peter Alexander

INVESTMENT COMMITTEE

Dr. Reginald Darius — Chairperson
Alvin Malaykhan
Huanna Leon
Matthew Mathurin

MANAGEMENT TEAM & SENIOR STAFF

MANAGEMENT TEAM

Mr. Matthew Mathurin	Director
Mr. Desmond Dujon-Henry	Assistant Director (Operations)
Mrs. Cadie St. Rose Albertini	Senior Legal Counsel/Corporate Secretary
Mrs. Paula Bleasdille	Chief Accountant
Mr. Irwin Jean	Investment Manager
Mr. Aloysius Burke	Systems Manager
Mr. Augustin Louis	Marketing and Corporate Communications Manager
Ms. Allison Delmede	Human Resource Manager
Mrs. Sue-Ann Charlery-Payne	Head of Group Internal Audit
Ms. Callixta Emmanuel	Manager, Compliance and Records Department
Mr. Bernard Jankie	Manager, Branch Offices
Ms. Joan Leon	Manager, Customer Service Department

SENIOR OFFICERS

Mr. Paul Kallicharan	Statistician
Mrs. Theresa Cox	Customer Service Supervisor
Mrs. Elmona Leonce	Benefits Supervisor
Mrs. Semanthia Wells-Joseph	Executive Assistant
Ms. Merle Regis	Records Supervisor
Mr. Timothy John	Chief Security Officer

CHAIRMAN'S REPORT
July 2013 - June 2014

Lisle Chase
Chairman

The year ended June 2014 marked another challenging but successful period for the National Insurance Corporation (NIC), having fulfilled its mandate for the reporting period.

During the year under review, we remained focused on the core business of the NIC, which is the collection of contributions and the payment of benefits. The Corporation placed much emphasis on collecting arrears of contributions, a key variable in the stability of the fund. Much attention was also paid to building our investment portfolio, a critical pillar of the long-term viability of the fund.

I am pleased to report that the period ended June 30, 2014 was characterized by strong financial performance and improved service delivery to our valued customers, indicators of another successful year of operations for the NIC.

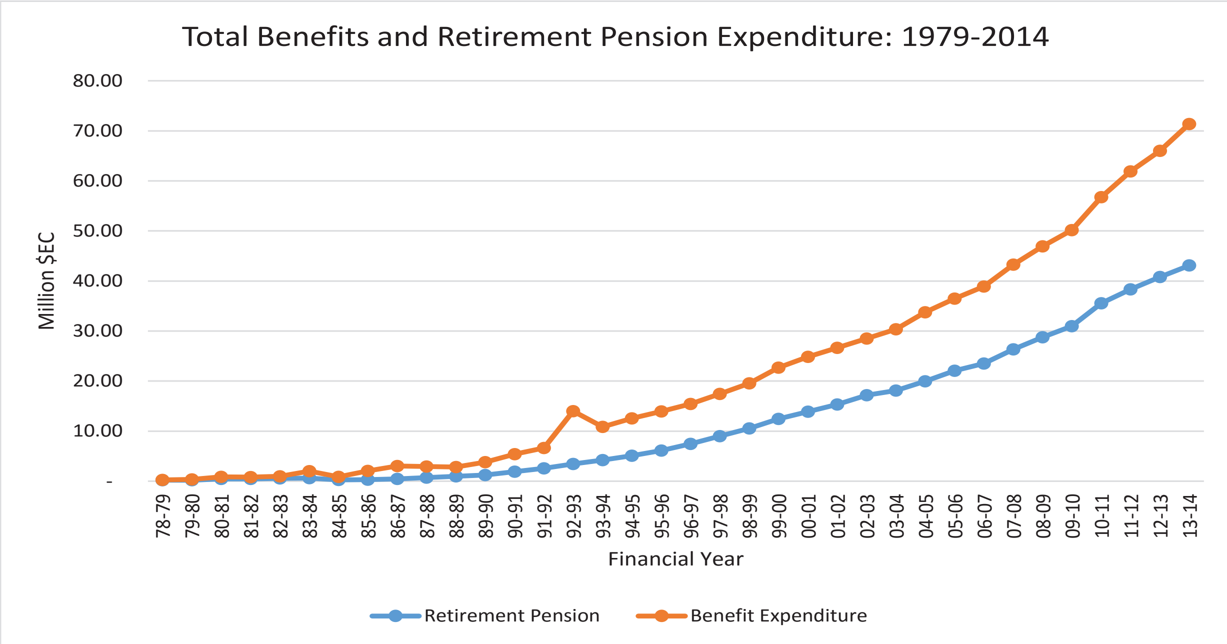
FINANCIAL HIGHLIGHTS

BENEFITS

Total benefits expenditure in 2013/14 was $72.27 million, an increase of 5.48% over the $68.52 million incurred in the previous financial year. Of this amount, long-term benefit payments accounted for 80.00% or $57.71 million, while short-term benefit payments including the Medical Health Program accounted for the remaining 20% or $14.56 million. The surplus of contribution income over benefit expenditure was $32.07 million or 30.73%(of contribution income).

Retirement Pensions continue to be the major component of pension expenditure and accounted for 64.22% of total benefits incurred. This trend will continue into the future to reflect the projected steady increase in retirement of active contributors (Figure 1 below). When expressed as a percentage of contribution income, total benefits expenditure incurred was 69.27% compared to 67.52% in the previous financial year.

Figure 1



Regarding benefits governed by reciprocal agreement, 5 transactions were processed under the agreement between Saint Lucia and Canada and 13 under the CARICOM agreement on Social Security. As at June 30th 2014, a total of 49 persons were in receipt of pensions under these agreements.

INCOME

Total income for the financial year in review was $188.11 million, compared to $225.38 million in the previous financial year, a decrease of 16.54%. The above performance in total income was mainly due to the considerable contraction in investment income of 42.04%, from $123.55 million in the previous financial year to $71.61 million in 2013/14.

Contribution income on the other hand recorded a modest increase of 2.82% from $101.48 million in 2012/13 to $104.34 million this period.

EXPENSES

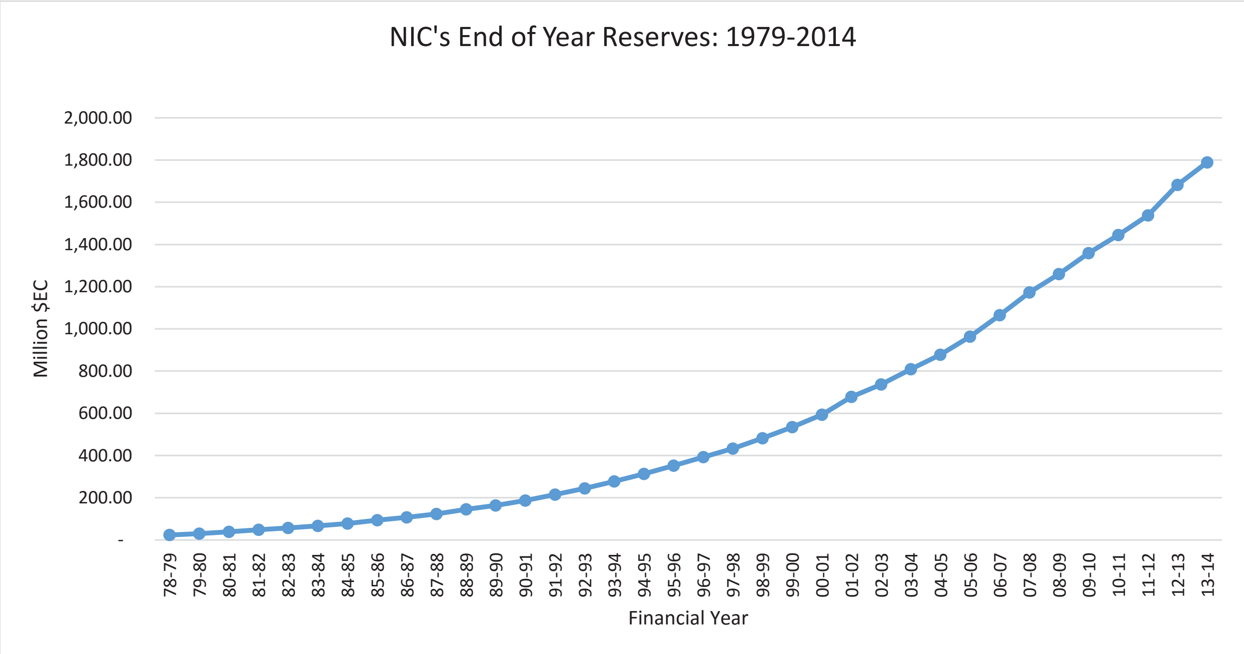
During the review period, General and Administrative Expenses increased by 4.6% to $17.38 million. This represented 16.66% of contribution income which, compared to the previous financial year, reflected an increase of 0.29%.

ASSETS

Total assets at 30th June, 2014 amounted to $1.86 billion and represented a moderate increase of 4.67% over the previous financial year. This moderate growth was reflected in the Investment Portfolio of the Corporation which balance stood at $1.77 billion at the end of the review period, as compared to $1.73 billion at the end of 30th June, 2013.

At the end of the financial year in review, the Reserves of the NIC expanded by 5.32% or $93.39 million to $1.85 billion. The trend in the Corporation's Reserves is illustrated in Figure 2 below.

Figure 2



INVESTMENTS

The National Insurance Corporation seeks continuously to adapt its investment strategy to fit the changing economic and investment environments. Accordingly, during the period under review, the Corporation upgraded its Investment Policy & Guidelines to allow for a shift to a Passive Investment Strategy with annual rebalancing of the Investment Portfolio to enhance the returns therefrom.

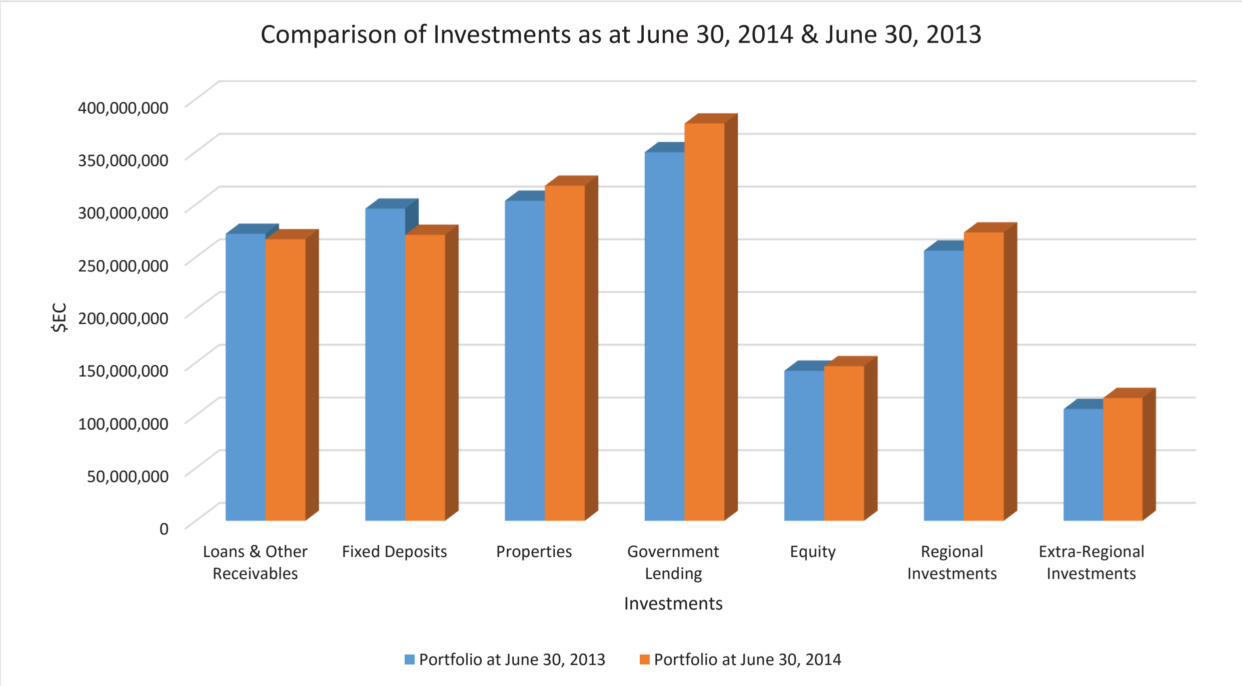
The following are investments which were undertaken during the year ended June 2014:

- *Invested USD 9.6 million in a Passive Investment Portfolio.*
- *Purchased EC$ 7.5 million of Eastern Caribbean Home Mortgage Bank Bond at an interest rate of 3.75% per annum maturing in 2016.*
- *Purchased EC$ 5 million of Government of Saint Lucia 8 year Bond maturing in 2021 at an interest rate of 7.10%.*
- *Purchased EC$ 5 million 91 day Government of Saint Lucia Treasury Bill at an interest rate of 4.50%.*
- *Purchased USD 5 million 10 year Desalcott Bond at an interest rate of 6% per annum maturing 2023.*
- *Purchased EC$ 10 million 91 day Government of Saint Lucia Treasury Bill at an interest rate of 5.00%.*

- *Purchased EC$ 10 million 1 year Government of Saint Lucia Treasury Bill at an interest rate of 4.75%.*
- *Purchased USD 4 million Government of Bermuda Bond at an interest rate of 4.85% per annum maturing 2024.*
- *Purchased EC$ 10 million of 7.25% Government of Saint Lucia 8 year Bonds maturing in 2021.*
- *Purchased EC$ 6 million of 7.00% Government of Saint Lucia 6 year bond maturing 2019.*
- *Purchased EC$ 25 million of Government of Saint Lucia Bond at an interest rate of 7.00% per annum maturing in 2019.*
- *Purchased EC$ 5 million 91 day Government of Saint Lucia Treasury Bill at an interest rate of 2.99%.*
- *Purchased EC$ 10 million 91 day Government of Saint Lucia Treasury Bill at an interest rate of 5.00%.*
- *Purchased EC$ 4 million 1 year Government of Saint Lucia Treasury Bill at an interest rate of 4.75%.*
- *Purchased USD 5 million of Government of Trinidad & Tobago Bond at an interest rate of 4.375% per annum maturing in 2023.*
- *Disbursed EC$ 3 million in loan funding to Saint Lucia Mortgage and Finance Corporation.*
- *Purchased EC$ 10 million of Eastern Caribbean Home Mortgage Bank Bond at an interest rate of 4.25% per annum maturing in 2017.*
- *Purchased EC$ 5.4 million 180 day Government of Saint Lucia Treasury Bill at an interest rate of 6.00%.*
- *Purchased EC$ 4.9 million 91 day Government of Saint Lucia Treasury Bill at an interest rate of 4.00%.*
- *Purchased EC$ 10 million of 7.50% Government of Saint Lucia 10 year bond maturing 2024.*
- *Purchased EC$ 4.9 million 91 day Government of Saint Lucia Treasury Bill at an interest rate of 4.00%.*
- *Converted EC$ 10 million Government of Saint Lucia Treasury Bills into a 10 year Government of Saint Lucia bond at an interest rate of 7.5% maturing 2024.*
- *Purchased EC$ 10 million 91 day Government of Saint Lucia Treasury bill at an interest rate of 5.00%.*

The following table juxtaposes the Investment Portfolio Summary as at June 2014 and 2013.

Investments	Portfolio at June 30, 2014 $	Portfolio at June 30, 2013 $
Loans & Other Receivables	267,120,510	272,301,585
Fixed Deposits	271,299,140	296,189,548
Properties	317,927,403	303,640,364
Government Lending	376,953,581	349,680,743
Equity	146,738,138	142,448,395
Regional Investments	273,570,290	256,338,652
Extra-Regional Investments	116,549,309	106,117,920
Total	1,770,158,371	1,726,717,207



INFORMATION AND COMMUNICATIONS TECHNOLOGY SYSTEMS

The Computer Department's *raison d'être* is to provide an enabling environment for the provision of Social Security benefits and other data-driven operations. By acquiring leading edge technology, the NIC has been able to future-proof the organisation's networks. This has also allowed us to leverage services including inter-governmental collaboration and web-based functionality. The areas highlighted below are some of the developments of the IT department.

Web Services

We are in Beta testing phase of our C3 Online contribution system, and currently collaborating with the Government to simplify the submission process. After successful completion of testing, the systems will be introduced to the public as the medium for submitting contributions to the NIC via the Web. This system will allow employers throughout the country to submit contributions on behalf of their employees to the NIC from the comfort of their offices.

Network Expansion

As a means of future-proofing our network, we have upgraded our network plant at the main offices from CAT4 to CAT6 cables, increasing our bandwidth capacity up to 10 GBits. This allows us to support any future applications or technology with minimal disruption to the architecture.

Documentation

We have completed the documentation of NIC core Social Security System. This allows the organisation to increase retention and transfer of institutional knowledge.

Security

In addition to Intrusion Protection System (IDS/IPS), monitoring the entire network has been enhanced, and alerts are sent when important services such as servers and printers are not functional. Additionally, we monitor rejected emails against received emails, to analyse the rate of spammed email from external sources. This includes social network sites and illegal sites.

IT Audit

The audit of our Information Technology System was undertaken and completed during the period. The reviews addressed personnel, security, application quality, system development life cycle, project management and internal controls.

Software Maintenance and Expansion

The IT Department software development team continues to engage departments to develop software solutions for efficiency enhancements. An Asset Tracking System has been developed for the Accounts Department and is in the process of implementation.

HUMAN RESOURCE

Training & Development

Cognizant of the critical role our employees play in the success of the Corporation, and to ensure that our employees are equipped with the necessary skills, significant attention was devoted to the area of training and development. To this end, employees received customized training in: Supervising for Quality, ACL Training, Productivity in Focus, Customer Service and Stress Management. Managers, Supervisors and employees received training on the performance review instrument to provide a common understanding of the tool, and to ensure that all employees are assessed in a standard manner.

Occupational Health & Safety

The safety & health of employees is of paramount importance to the Corporation. To that end, and in keeping with the requirements of the Labour Act, the NIC established a Health and Safety Committee which proceeded to develop its work plan to guide its activities. Notable, was the undertaking of the NIC's bi-annual Diabetes and Hypertension screening program.

The Corporation also commenced the formulation of its Occupational Health and Safety Policy during the period.

Scholarships

Two, five-year scholarships were awarded to the children of staff members to support their education at secondary school level, consistent with the Corporation's efforts at keeping our staff motivated.

Other

The Corporation continued to assist secondary and tertiary institutions by providing students with the opportunity to gain work experience as well as exposure to positive work ethics.

CORPORATE COMMUNICATIONS

Communication with stakeholders is an essential part of the work programme of the NIC. The emphasis of the Corporation's public relations efforts focused on the provision of information to advise the public of its rights and obligations, and enforce compliance with the provisions of the National Insurance Act and Regulations.

This manifested itself in inter alia: various outreach programmes involving government ministries, schools, pensioners, self-employed, and business houses.

SUBSIDIARIES

The following profiles the Corporation and its subsidiaries at 30 June, 2014.

Company	% Holding by NIC	Business	Date Incorporated	Total Assets $	Net Assets / (Liabilities) $
NIC	-	Provision of Social Security services.	April 1979	1,823,246,952	1,813,499,091
NIPRO	100	Provides property development, management, and maintenance services.	April 1999	26,615,968	8,338,814
SMFC	75	Providing loans for the purchase, construction, extension or completion of dwelling houses and the purchase of developed plots.	January 1968	40,869,828	9,441,496
BCL	100	Rental of space for office and commercial use. Proprietor of Blue Coral Mall Building.	April 2003	18,184,226	(19,201,247)
CCFL	100	Provision of car parking facilities and rental of space for office and commercial use.	January 1998	27,652,777	16,477,481

SAINT LUCIA MORTGAGE FINANCE COMPANY LIMITED (SMFC)

July 2013 to June 30, 2014

The Company continued to provide residential mortgages in accordance with the terms of its Operating Agreement with the Government of Saint Lucia.

The Financial year ended June 30, 2014 was yet another challenging year for the Company. The Banking sector continues to be highly competitive as commercial banks aggressively pursue residential mortgages.

Over the twelve month period, SMFC disbursed the sum of **$3,784,939** (2013 - $3,692,351) bringing cumulative disbursements from inception to **$174,993,956.** Mortgage Assets (net of loss provisions) decreased by **1.03%**. There was a marginal reduction in mortgage assets mainly due to an increase in the provision for loan impairment leading to net profits of $348,158 i.e. $54,721 (13.58%) less than the previous year.

SMFC withdrew $2,600,000 in new loans but repaid **$3,065,000** of its existing debt to the NIC bringing the total indebtedness at June 30, 2014 to **$30,377,500** (2013 - $30,842,500); a dividend of 5% of issued shares (2013 – 5%) was declared and paid to Shareholders.

NATIONAL INSURANCE PROPERTY DEVELOPMENT & MANAGEMENT COMPANY LIMITED (NIPRO)

INTRODUCTION

Net loss for the Company for the period ending June 30, 2014 was $83,946. This represents a significant decrease from the previous year when the net income was $404,009.

This decline was due primarily to the following:

1. *The slow rate of implementation of capital projects, which represents the main profit centre for the Company.*

2. *Lower than projected expenditure by one of our two principal clients on the repair and other capital improvements of the BOLT facilities.*

Operations Review

The Company continued to seek opportunities to generate net additional revenue by utilizing its human resources more effectively. This met with limited success. A need was recognized then for greater investment in capacity building and retooling.

During the year, the Company continued with the review of systems, processes and procedures that was started in the previous year. In the medium term, this should result in improvements in the planning, control and monitoring of the business of the Company.

With the assistance of the Internal Audit Department of the National Insurance Corporation and the Accounting firm BDO, several initiatives to examine and correct deficiencies in the systems were undertaken.

Additionally, the computer-based facilities maintenance system was upgraded and the users were trained in order to optimize the use of the software and increase productivity of the maintenance technicians.

In an attempt to decrease the time between conceptualization and commencement of construction of new BOLT facilities, there has been greater emphasis placed on collaboration and communication between NIPRO and the Government of Saint Lucia.

Financial Review

For the period under review, NIPRO recorded a net loss of just under eighty four thousand dollars ($83,946). This is a dramatic reduction in performance when compared to the period 2012/2013 when recorded net income was four hundred and four thousand and nine dollars ($404,009)

Total operating income (excluding interest income) for the year was $4,140,662 compared to $5,110,359 in the previous year.

Total expenses of $4,471,159, inclusive of interest payments, decreased from $4,754,948 in 2012/2013.

Total assets at June 30, 2014 were $26.61 million, a decrease from $27.23 million at June 30, 2013.

The cash and cash equivalents held by the Company at the end of the financial year were significantly more than it held at June 30, 2013, although total current assets were less by approximately $2.03 million at June 30, 2014.

During the financial year, NIPRO was engaged in thirteen capital projects and at June 30, 2014, several of these projects were at an advanced stage of completion. Most of these projects were being undertaken and managed on behalf of the National Insurance Corporation.

The most capital intensive project, the construction of the Babonneau Police Station, under a BOLT arrangement with the Government of Saint Lucia, was completed in June 2014.

Management Services

NIPRO continues to manage, maintain as well as provide accounting services to the Castries Car Park Facility.

Property Maintenance

NIPRO is responsible for the maintenance of all NIC-owned facilities and BOLT projects undertaken on behalf of the Government of Saint Lucia and, in the main, executed the planned preventative maintenance and repair of facilities during the period under review.

Castries Carpark Facility Ltd.

CASTRIES CAR PARK FACILITY LIMITED (CCFL)

Strategic Focus

The focus continues to be on reversing the decline in car parking revenue and ensuring that tenants of the office spaces are retained by continuing to keep the facilities well-maintained. Additionally, attention continues to be paid to preserving the integrity of the revenue collection and accounting processes at the car park.

Financial performance for the year ended June 30, 2014

Total revenue for the period ending June 2014 was $3,115,261, which represented a slight decline when compared to $3,134,331 recorded for the year ending June 2013.

Revenue from rental income increased marginally from $2,635,205 to $2,674,513. However, revenue from parking fees showed a 12% decline from $499,126 to $440,748 over the same period. This is despite an increase in clients on monthly plans.

Total general and administrative expenses increased from $1,267,980 to $1,554,100 (23%) while interest expenses incurred for the period were reduced marginally to $952,098. This increase in administrative cost was due primarily to significantly increased payments of property taxes from $113,940 in 2013 to $552,637 in 2014, as a result of which net Income for the period under review decreased by 35% from $904,942 in the previous year to $587,409.

There was a slight improvement in financial position at the end of June 30, 2014 with total assets of $27,652,777 compared to $27,030,263 at June 30, 2013.

The Company's liquidity improved over the June 30, 2013 position, with current assets increasing to $944,147 as compared to $380,255, with cash and cash equivalents amounting to 60% of current assets.

Overall, performance declined during the year, but the Company was able to meet all of its short-term obligations during the period.

BLUE CORAL LIMITED (BCL)

Blue Coral Limited registered a profit for the first time since it began its operations. This was as a result of the restructuring plan that was implemented to enable the Company to address its debts. During the period under review, the parent company had purchased all outstanding minority interest in the Company.

There was a slight decrease in rental income in 2014. However, the two biggest expense heads - utilities and repairs and maintenance - decreased as well, by 5% and 12% respectively.

Though there was no change in the methodology used to assess the value of the investment property, there was a significant decrease in 2014 with a reduction of $2,960,912 in the fair value of the investment property from its previous fair value of $20,696,001 in 2013.

The Company's total liabilities and shareholders' deficiency at the end of the review period amounted to $18,184,226.

AFFILIATE

NATIONAL COMMUNITY FOUNDATION

The National Community Foundation (NCF) is a philanthropic, nonprofit, community-based, non-governmental organization that functions primarily as a grant-making institution. The NCF was established in August 2002 and supports initiatives that engender self-development and social upliftment.

Areas of Focus

The National Community Foundation focuses its attention in six main areas. The amounts spent on each focus areas are:

1. *Youth at Risk - $12,270 (3 projects) including grooming project, purchase of sports gear.*
2. *Elderly Persons - $28,475 (feeding programme).*
3. *Disadvantaged Children (scholarship programme) – $254,229.*
4. *Health Care - $239,013.*
5. *Homeless- $4397 (5 families benefited) - Help for fire victims and one landslide victim.*
6. *Persons with Disabilities - $19,940 (5 projects) including Beehive project, transportation programme, craft skills projects.*

Over 1,169 people benefited from NCF's activities and projects this year.

Telethon

The NCF raised $151,720 during the period 1st July, 2013 – 30th June, 2014. These funds, in addition to other donations, are used to finance philanthropic activities.

APPRECIATION

The Corporation has continued to play its supporting role in the social fabric of our nation, and to meet its mandate to its main constituents, its contributors. We commend those employers whose ongoing fulfilment of their responsibilities under the National Insurance Corporation Act makes it easier to ensure the long-term sustainability of the National Insurance System. I also express sincere thanks to all our other valued customers who continue to provide the impetus in our quest for even higher levels of service excellence.

I wish to place on record our gratitude to the Government of Saint Lucia, and the Prime Minister as Minister responsible for Social Security for the continued support of the work of the Corporation.

To the Board I say thank-you for your input and the spirit of collaboration that has facilitated the process of decision-making in the discharge of our responsibilities as trustees of the funds of the Corporation.

On behalf of the Board of Directors, I thank the Director and his management team for another outstanding year. I thank the staff for their dedication and service to the people of Saint Lucia. Without this, the NIC would not have registered such admirable performance during the financial year.

Lisle Chase
Chairman

NATIONAL INSURANCE CORPORATION

Consolidated Financial Statements

June 30, 2014

(expressed in Eastern Caribbean dollars)

National Insurance Corporation

Consolidated Financial Statements
Year Ended June 30, 2014
(Expressed in Eastern Caribbean Dollars)

Contents

Corporate Information

REGISTERED OFFICE

Francis Compton Building
John Compton Highway
Castries
St. Lucia

DIRECTORS

Mr. Lisle Chase (Chairman)
Mr. Trevor Louisy (Deputy Chairman)
Mr. Keigan Cox
Mrs. Margaret Monplaisir
Mr. Matthew Mathurin
Mrs. Michelle Phillips
Mr. Peter Alexander

SOLICITORS

Mrs. Cadie St. Rose-Albertini, LLB, LEC, LCM
Ms. Kit-Juelle Frank-Amoroso, LLB, LEC, MCI Arb

BANKER

Bank of Saint Lucia Limited

AUDITORS

BDO
Chartered Accountants

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www.bdo.lc

Mercury Court
Choc Estate
P.O. Box 364
Castries
St. Lucia

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of National Insurance Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of National Insurance Corporation, which comprise the consolidated statement of financial position as at June 30, 2014, and the consolidated statements of changes in reserves, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of an opinion on the effectiveness of the entity's internal controls. 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Insurance Corporation as at June 30, 2014, and the results of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO

August 6, 2015

National Insurance Corporation
Consolidated Statement of Financial Position
For the Year Ended June 30, 2014
(Expressed in Eastern Caribbean Dollars)

	Notes	2014 $	2013 $
Assets			
Cash and cash equivalents	6	88,331,391	45,252,506
Financial assets	7	1,452,230,968	1,423,076,843
Investment properties	10	317,927,403	303,640,364
Property, plant and equipment	11	4,501,903	4,716,260
Projects in progress		190,049	3,430,102
Inventory		22,868	21,997
Income tax recoverable		25,560	-
TOTAL ASSETS		1,863,230,142	1,780,138,072
Liabilities			
Trade and other accounts payable	12	14,404,659	12,012,577
Borrowings	13	-	12,591,133
Income tax liability		-	90,095
Deferred tax liability		8,412	12,957
		14,413,071	24,706,762
Reserves			
Short-term benefits	16	66,856,630	63,502,153
Long-term benefits	16	1,714,615,013	1,635,835,209
Reserves	15	1,486,580	1,524,356
Retained earnings		63,511,065	60,337,995
		1,846,469,288	1,761,199,713
Minority interest in reserves		2,347,783	(5,768,403)
		1,848,817,071	1,755,431,310
TOTAL LIABILITIES AND RESERVES		1,863,230,142	1,780,138,072

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

APPROVED ON BEHALF OF THE BOARD:-

Chairman

Director

National Insurance Corporation

Consolidated Statement of Changes in Reserves

For the Year Ended June 30, 2014

(Expressed in Eastern Caribbean Dollars)

	Short-term Benefits $	Long-term Benefits $	Reserves $	Retained Earnings $	Minority Interest $	Total $
Balance at June 30, 2012	58,333,213	1,502,568,602	1,516,300	57,907,157	(4,540,925)	1,615,784,347
Excess of comprehensive income over expenditure for the year	5,168,940	133,266,607	-	2,438,894	(1,158,478)	139,715,963
Transfer to statutory reserve	-	-	60,432	(60,432)	-	-
Transfer from portfolio risk reserve	-	-	(52,376)	52,376	-	-
Dividends paid	-	-	-	-	(69,000)	(69,000)
Balance at June 30, 2013	63,502,153	1,635,835,209	1,524,356	60,337,995	(5,768,403)	1,755,431,310
Excess of comprehensive income over expenditure for the year	3,354,477	78,779,804	-	15,912,698	74,448	98,121,427
Transfer to statutory reserve	-	-	52,224	(52,224)	-	-
Transfer from portfolio risk reserve	-	-	(90,000)	90,000	-	-
Dividends paid	-	-	-	-	(69,000)	(69,000)
Transfer of minority interest deficit in subsidiary	-	-	-	(12,777,404)	12,777,404	-
Elimination of minority interest share in subsidiary	-	-	-	-	(4,666,666)	(4,666,666)
Balance at June 30, 2014	66,856,630	1,714,615,013	1,486,580	63,511,065	2,347,783	1,848,817,071

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

Consolidated Statement of Comprehensive Income
For the Year Ended June 30, 2014
(Expressed in Eastern Caribbean Dollars)

	Notes	2014 $	2013 $
Contribution income	17	104,336,132	101,478,977
Benefits expenses			
Short-term benefits	18	(9,557,197)	(8,932,773)
Long-term benefits	18	(57,713,157)	(54,083,932)
Medical health programme	17	(5,000,000)	(5,500,000)
		(72,270,354)	(68,516,705)
Surplus of contribution over benefits		32,065,778	32,962,272
General and administrative expenses	19	(17,380,691)	(16,615,838)
		14,685,087	16,346,434
Other income			
Investment income - net	21	71,613,280	123,551,967
Decrease in fair value of investment properties	10	(3,629,038)	(1,183,705)
Gain on debt restructuring		9,296,703	-
Gain on acquisition of shares		4,666,666	-
Other		1,821,794	1,533,212
		83,769,405	123,901,474
Excess of income over expenditure before finance costs and taxation		98,454,492	140,247,908
Finance costs		(337,610)	(443,697)
Excess of income over expenditure before taxation		98,116,882	139,804,211
Taxation	23	4,545	(88,248)
EXCESS OF COMPREHENSIVE INCOME OVER EXPENDITURE FOR THE YEAR		98,121,427	139,715,963
Attributable to:			
Reserves		98,046,979	140,874,441
Minority interest		74,448	(1,158,478)
EXCESS OF COMPREHENSIVE INCOME OVER EXPENDITURE FOR THE YEAR		98,121,427	139,715,963

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

National Insurance Corporation
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2014
(Expressed in Eastern Caribbean Dollars)

	2014 $	2013 $
Cash Flows from Operating Activities		
Excess of comprehensive income over expenditure before taxation	98,116,882	139,804,211
Adjustments for:		
Interest income	(72,442,196)	(68,785,600)
Decrease/(increase) in fair value of financial assets at fair value through income	6,660,013	(45,683,089)
Decrease in fair value of investment properties	3,629,038	1,183,705
Provision for loan impairment	1,691,379	1,397,476
Dividend income	(4,242,077)	(3,951,981)
Depreciation	696,450	715,263
Finance costs	337,610	443,697
Gain on debt restructuring	(9,296,703)	-
Gain on acquisition of shares	(4,666,666)	-
Gain on disposal of property, plant and equipment	(89,860)	(4,306)
Operating income before working capital changes	20,393,870	25,119,376
Decrease in loans and receivables	6,619,758	35,902,378
Purchase of held-to-maturity financial assets	(42,010,592)	(47,708,138)
Decrease/(increase) in loans and receivables investment securities	22,669,679	(4,419,340)
Increase in financial assets at fair value through income	(21,381,148)	(14,756,218)
Decrease/(increase) in projects in progress	3,240,053	(1,536,689)
Increase in inventory	(871)	(2,540)
Decrease in other assets	-	6,853,358
Increase/(decrease) in trade and other payables	2,392,082	(1,218,287)
Cash used in operations	(8,077,169)	(1,766,100)
Interest received	69,038,982	29,742,991
Dividends received	4,242,077	3,951,981
Finance costs paid	(337,610)	(443,697)
Taxation paid	(115,655)	-
Net cash generated from operating activities	64,750,625	31,485,175
Cash Flows from Investing Activities		
Improvements to investment properties	(18,224,507)	(22,840,383)
Proceeds from disposal of investment properties	308,430	128,538
Purchase of property, plant and equipment	(487,093)	(510,341)
Proceeds from disposal of property, plant and equipment	94,860	4,587
Net cash used in Investing Activities	(18,308,310)	(23,217,599)
Cash Flows from Financing Activities		
(Repayment of)/proceeds from borrowings	(3,294,430)	170,955
Dividends paid to minority interest	(69,000)	(69,000)
Net cash (used in)/generated from financing activities	(3,363,430)	101,955
Increase in Cash and Cash Equivalents	43,078,885	8,369,531
Cash and Cash Equivalents at Beginning of Year	45,252,506	36,882,975
Cash and Cash Equivalents at End of Year	88,331,391	45,252,506

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

Index to Notes to the Consolidated Financial Statements

1. Introduction

The National Insurance Corporation (the Corporation) is governed by the National Insurance Corporation Act CAP 16.01 of the revised laws of Saint Lucia 2001. The principal activity of the Corporation is to provide social security services in the country of Saint Lucia.

The consolidated financial statements include the statements of National Insurance Corporation and its subsidiaries (together “the Group”) whose activities are as follows:-

(a) St. Lucia Mortgage Finance Company Limited

The principal activity of the company is to operate a mortgage finance company.

(b) National Insurance Property Development and Management Company Limited.

The company is currently engaged in the development and management of the Government of Saint Lucia Build-Own-Lease-Transfer (BOLT) and refurbishment projects; the provision of property development, management and maintenance services to NIC and its subsidiaries.

(c) Castries Car Park Facility Limited

The company provides car parking facilities, all other matters incidental thereto and rental of office block and commercial space.

(d) Blue Coral Limited

The company provides rental of office and commercial space.

The registered office and principal place of business of the Corporation is Francis Compton Building, John Compton Highway, Castries, Saint Lucia.

2. Date of Authorisation of Issue

These financial statements were authorised for issue by the Board of Directors on August 6, 2015.

3. Significant Accounting Policies

The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of Preparation

The consolidated financial statements of National Insurance Corporation have been prepared in accordance with the International Financial Reporting Standards (IFRS), and under the historical cost convention as modified by the revaluation of financial assets classified at fair value through income and investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3. Significant Accounting Policies (Cont'd)

(a) Basis of Preparation (Cont'd)

Amendments to International Financial Reporting Standards effective in the 2014 financial year

IAS 27 (Revised), 'Separate Financial Statements'

A revised version of IAS 27 was issued in May 2011. It contains accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The revised standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. These amendments became effective January 1, 2013.

IFRS 12, 'Disclosures of Interest in Other Entities'

IFRS 12 was issued in May 2011. This new standard applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The IFRS requires an entity to disclose information that enables users of financial statements to evaluate:

(a) the nature of, and risks associated with, its interests in other entities; and

(b) the effects of those interests on its financial position, financial performance and cash flows.

This standard became effective January 1, 2013.

IFRS 13, 'Fair Value Measurement'

IFRS 13 was issued in May 2011. This new standard defines fair value, provides a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies both to financial and non-financial instruments for which other IFRSs require or permit fair value measurement and disclosures about fair value measures, except in specified circumstances. This standard became effective January 1, 2013.

New and revised International Financial Reporting Standards that have been issued but are not yet effective and have not been early adopted

IFRS 9, 'Financial Instruments Part 1: Classification and Measurement'

IFRS 9 issued in November 2009 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition and the classification depends on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the assets. In October 2010, the requirements for classification and measurement of financial liabilities, as well as the requirements for derecognition of financial assets and liabilities, were moved from IAS 39 to IFRS 9. This standard is effective for financial periods beginning on or after January 1, 2018; however, earlier application is allowed.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. Significant Accounting Policies (Cont'd)

(b) Consolidation

Subsidiaries

Subsidiaries are all entities over which the Corporation has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Corporation. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Corporation's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Corporation.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in reserves. Gains or losses on disposals to non-controlling interests are also recorded in reserves.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the Consolidated Statement of Comprehensive Income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Comprehensive Income. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Comprehensive Income where appropriate.

3. **Significant Accounting Policies (Cont'd)**

(c) **Foreign Currencies**

The financial statements are presented in Eastern Caribbean dollars which is the currency of the primary economic environment in which the Group operates (its functional currency).

Assets and liabilities expressed in foreign currencies are translated into the functional currency at the rates of exchange ruling at the date of the financial statements. Transactions arising during the year involving foreign currencies are translated into the functional currency and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates as well as including differences between buying and selling rates, are included in the Consolidated Statement of Comprehensive Income.

(d) **Cash and Cash Equivalents**

Cash and cash equivalents represent cash on hand and deposits held on call with financial institutions. For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand and in financial institutions. Bank overdrafts are shown within borrowings on the Consolidated Statement of Financial Position.

(e) **Financial Assets**

The Group classifies its financial assets into these categories:-

1. Fair value through income
2. Loans and receivables
3. Held-to-maturity financial assets
4. Available-for-sale financial assets

<u>Financial Assets at Fair Value through Income</u>

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management.

Financial assets designated as fair value through income at inception are those that are:-

- Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through income eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through income (see Note 7 for additional details on the Group's portfolio structure).

3. Significant Accounting Policies (Cont'd)

(e) Financial Assets (Cont'd)

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through income or available-for-sale. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms.

Held-to-Maturity Financial Assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Group's management has the positive intention and ability to hold to maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of held-to-maturity debt securities is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Regular-way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through income, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through income are initially recognised at fair value, and transaction costs are expensed in the Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through income are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through income' category are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Unrealised changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the Statement of Comprehensive Income; translation differences on non-monetary securities are recognised in equity. Unrealised changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

3. Significant Accounting Policies (Cont'd)

(e) Financial Assets (Cont'd)

Available-for-sale Financial Assets (Cont'd)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Consolidated Statement of Comprehensive Income as net realised gains on financial assets.

Interest on debt securities calculated using the effective interest method is recognised in the Consolidated Statement of Comprehensive Income. Dividends on equity instruments are recognised in the Consolidated Statement of Comprehensive Income when the Group's right to receive payments is established. Both are included in the investment income line.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(f) Impairment of Assets

Financial Assets Carried at Amortised Cost

The Group assesses at each date of the financial statements whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence that impairment as a result of one or more events occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:-

i. Significant financial difficulty of the issuer or debtor;

ii. A breach of contract, such as a default or delinquency in payments;

iii. It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

iv. The disappearance of an active market for that financial asset because of financial difficulties; or

v. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:-

  - Adverse changes in the payment status of borrowers in the group; or
  - National or local economic conditions that correlate with defaults on the assets in the group.

3. Significant Accounting Policies (Cont'd)

(f) Impairment of Assets (Cont'd)

Financial Assets Carried at Amortised Cost (Cont'd)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income. If the debt securities has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the asset being evaluated.

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 (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Consolidated Statement of Comprehensive Income.

Financial Assets Carried at Fair Value

The Group assesses at each date of the financial statements whether there is objective evidence that an available-for-sale financial asset is impaired, including in the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in the Consolidated Statement of Comprehensive Income – is removed from equity and recognised in the Consolidated Statement of Comprehensive Income. Impairment losses recognised in the Consolidated Statement of Comprehensive Income on equity instruments are not subsequently reversed. The impairment loss is reversed through the Consolidated Statement of Comprehensive Income, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Consolidated Statement of Comprehensive Income.

3. Significant Accounting Policies (Cont'd)

(f) Impairment of Assets (Cont'd)

Impairment of Other Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(g) Investment Property

Property held for long-term rental yields is classified as investment property.

Investment property comprises freehold land and office buildings. It is measured initially at cost and all subsequent assessments are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the Consolidated Statement of Comprehensive Income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the Consolidated Statement of Comprehensive Income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the Consolidated Statement of Comprehensive Income.

3. **Significant Accounting Policies (Cont'd)**

(h) **Property, Plant and Equipment**

Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis, so as to write down the cost of property, plant and equipment over their estimated useful lives as follows:-

Assets	Estimated Useful Lives
Building	50 years
Leasehold improvements	2 – 10 years
Motor vehicles	3 - 5 years
Furniture and equipment	4 - 10 years
Computer hardware	5 years
Computer software	5 years
Generators	5 years
Maintenance equipment	10 years

Gains or losses arising on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Comprehensive Income.

(i) **Projects in Progress**

Build-Own-Lease-Transfer (BOLT) Projects

These include all costs associated with the construction and furnishing of the buildings. Direct costs of construction are recognised when an interim valuation is done. On completion, they are accounted for as finance leases.

(j) **Inventory**

Inventory is valued at the lower of cost and net realisable value. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the cost of realisation. Provision is made for slow moving and obsolete stocks.

(k) **Borrowings and Borrowings Costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the financial statements. Interest costs on borrowings to finance the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(l) **Financial Liabilities**

Financial liabilities comprise trade and other accounts payable and borrowings and are measured at amortised cost.

3. Significant Accounting Policies (Cont'd)

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made.

(n) Recognition of Income and Expenses

(a) Contribution Income and Benefits

Contribution income is accounted for on an accrual basis to take account of all collections subsequent to the year-end that relate to the current year, and to recognise all known significant receivables.

Benefits expense is accounted for on an accrual basis to take account of all benefits paid subsequent to the year-end that relate to the current year, and to recognise all known significant benefits payable.

(b) Dividend income

Dividend income for investment in equity securities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

(c) Interest income and expense

Interest income and expense for all interest-bearing financial instruments, including financial instruments measured at fair value through income, are recognised within investment income in the Consolidated Statement of Comprehensive Income using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(e) Other income and expenses

All other income and expenses are accounted for on the accruals basis.

3. Significant Accounting Policies (Cont'd)

(o) Basis of Allocation of Income and Expenses

(a) Contributions

Contribution income, as recommended by the seventh actuarial review, is allocated as follows:-

	2014	2013
	%	%
Short-term benefits fund	17	17
Long-term benefits fund	83	83
	100	100

(b) Investment income and expenses

Investment income and expenses are allocated to the benefit fund in the ratio of the beginning of year reserve of each fund to the total beginning of year reserves.

Investment expenses comprise all costs relating to the management of investment properties and financial assets and provision for impairment of financial assets.

(c) Changes in fair value of investment properties

Changes in fair value of investment properties are allocated to the benefit fund in the ratio of the beginning of year reserve of each fund to the total beginning of year reserves.

(d) Expenses

General and administrative expenses and amortisation and impairment of intangible assets are allocated in proportion to the sum of contributions and benefits.

(e) Other income

Other income is allocated in the same proportion as contribution income.

3. **Significant Accounting Policies (Cont'd)**

(p) **Income Tax**

National Insurance Corporation is exempt from the payment of income tax under the Income Tax Act.

As per Cabinet conclusions, the following exemptions have been granted to the subsidiary companies:

St. Lucia Mortgage Finance Company Limited is exempt from income tax on any income accruing to the company by way of interest on loans up to $500,000.

National Insurance Property Development and Management Company Ltd. is exempt from income tax on the profits earned by the company, which are specific to refurbishment and BOLT projects. All other income is subject to income taxes at a rate of 30% per annum.

Castries Car Park Facility Limited has been granted a tax holiday for the first ten years of operation, which expired October 2008. A further ten year tax holding was granted to the Company as per Cabinet Conclusion No.1031 with effect from November 2009.

Blue Coral Limited is subject to income taxes at a rate of 30% per annum.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the financial statements. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

The Group follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the Group tax rates which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the assets may be utilised.

(q) **Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

4. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. In particular, the key financial risk is that the proceeds from its financial assets will not be sufficient to fund its obligations arising from claims. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Income earned from investments, together with the excess of contributions after benefits are paid, is used to earn interest rate margins through investment in high quality, high yielding assets with acceptable level of risks.

The Board of Directors has overall responsibility for the establishment of a risk management framework. The following are the systems and structures put in place to ensure that the Group's exposure to risk is minimised:-

- Investment Section, which conducts regular due diligence exercises based on published financial reports and other available data. Detailed monthly and quarterly reports are submitted to the Executive Director and to the Investment Committee.
- The Investment Committee, whose role is to review the results of the due diligence exercises conducted by the Investment Manager. Decisions/recommendations are submitted to the Board of Directors for ratification.

Investment decisions are made in the context of Section 21 of the National Insurance Corporation Act Cap 16.01 of the revised laws of Saint Lucia 2001 and the Group's Investment policy and guidelines.

The investment policy and guidelines establish asset categories with targeted asset allocations.

Credit Risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk. Credit risk exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments such as loan commitments. The credit risk management and control are centralised and report to the Board of Directors.

Credit Risk Measurement

(a) Loans and Advances

If customers are independently rated, their ratings are used. Otherwise, if there is no independent rating, the Investment Committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group uses the historical information about counterparty default rates to classify the customers in different groups. Clients of the Group are segmented into two rating classes, customers with no history of default and customers with history of default. The Group regularly validates the performance of the rating and its predictive power with regard to default events.

(b) Debt Securities and Other Bills

For debt securities and other bills, external ratings such as Moody's Investment Service, Standard & Poor's rating, CariCRIS or their equivalents are used by the Board for managing of the credit risk exposures.

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

Risk Limit Control and Mitigation Policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries.

The Group limits its credit risk exposure with respect to its debt securities portfolio by investing only in financial instruments with a minimum rating of BAA (Moody's Investment Service) or BBB (Standard & Poor Corporation) and Regional Governments or institutions with high credit worthiness. The Board through the Investments Section and the Investment Committee consistently monitors the performance of these instruments.

The Group constantly monitors its Loans and advances portfolio and outstanding contributions. The necessary contact with debtors and employers is maintained to ensure that payments are received in a timely manner. Where necessary, re-scheduling of repayments is done, which considers the borrower's new financial position. In the event where recovery may seem doubtful, provisions are set aside to cover any potential losses.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to the industry segments as established by the investment policy. Such risks are monitored regularly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

Collateral

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Government guarantee; and
- Charges over business assets such as premises, inventory and accounts receivable.

Longer-term finance and lending to corporate entities are generally secured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

Impairment and Provisioning Policies

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:-

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to on-balance sheet assets are as follows:-

	2014 $	2013 $
Cash at bank	75,331,135	32,719,012
Short term deposits – cash equivalents	13,000,256	12,533,494
Fair value through income		
- Debt securities	72,006,528	68,545,715
Loans and receivables		
- Loans to Government of Saint Lucia and statutory bodies	42,831,509	45,831,510
- Other loans	159,503,922	165,384,058
- Other advances and receivables from Government of Saint Lucia	55,138,946	51,797,570
- Contributions receivable	7,609,851	7,934,171
- Other receivables	1,302,711	1,250,715
Projects in progress	190,049	3,430,102
Debt security investments		
- Held-to-maturity	406,998,685	364,594,298
– Loans and receivables	514,824,325	537,614,647
Credit risk exposures relating to off-balance sheet items are as follows:-		
Financial Guarantees		
- Loan commitments and other credit related liabilities	5,194,657	17,478,399
At June 30	1,353,932,574	1,309,113,691

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

Maximum exposure to credit risk before collateral held or other credit enhancements (Cont'd)

The above table represents a worst case scenario of credit risk exposure to the Group at June 30, 2014 and 2013, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the Consolidated Statement of Financial Position.

As shown above, 20% of the total maximum exposure is derived from loans and receivables (2013 - 21%); 73% represents investments in debt securities other than loans and receivables (2013 - 74%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and advances portfolio based on the following:

Loans to Government of Saint Lucia which represents the largest percentage of the portfolio, followed by loans to subsidiaries, are backed by collateral;

69% of the loans and advances portfolio are considered to be neither past due nor impaired (2013 - 72%); and

The Group continues to grant loans and advances in accordance with its lending policies and guidelines.

Loans and Receivables

Loans and receivables are summarised as follows:-

	2014 $	2013 $
Neither past due nor impaired	207,619,316	217,194,300
Past due but not impaired	41,958,028	38,078,144
Impaired	50,346,203	48,140,799
Gross	299,923,547	303,413,243
Less: Allowance for impairment (Note 8)	(32,803,037)	(31,111,658)
Net	267,120,510	272,301,585

The total impairment provision for loans and receivables recognised in the Consolidated Statement of Comprehensive Income is $1,691,379 (2013 - $1,397,476). Further information of the impairment allowance for loans and receivables is provided in Note 8.

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

Loans and Receivables (Cont'd)

(a) Neither past due nor impaired

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

	Loans		**Other advances and receivables**		
	Statutory bodies $	Other $	Government of St. Lucia $	Other $	Total $
June 30, 2014					
Customers with no history of default	27,750,000	151,117,749	19,530,952	9,220,615	207,619,316
June 30, 2013					
Customers with no history of default	30,750,000	158,324,686	19,450,055	8,669,559	217,194,300

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

Loans and Receivables (Cont'd)

(b) Past due but not impaired

Gross amount of loans and receivables by class to customers net of unearned interest that were past due but not impaired were as follows:-

	Loans	Other advances and receivables		
	Other $	Government of St. Lucia $	Other $	Total $
June 30, 2014				
With amounts past due up to 30 days	-	1,073,519	139,395	1,212,914
With amounts past due 31 to 60 days	-	169,150	65,618	234,768
With amounts past due 61 to 90 days	550,768	129,577	49,218	729,563
With amounts past due over 90 days	5,373,748	34,235,748	171,287	39,780,783
	5,924,516	35,607,994	425,518	41,958,028
Fair value of collateral	15,016,234	-	-	15,016,234
June 30, 2013				
With amounts past due up to 30 days	-	646,031	142,852	788,883
With amounts past due 31 to 60 days	-	2,438,902	50,315	2,489,217
With amounts past due 61 to 90 days	645,023	126,075	147,436	918,534
With amounts past due over 90 days	4,506,224	29,094,376	280,910	33,881,510
	5,151,247	32,305,384	621,513	38,078,144
Fair value of collateral	12,707,085	-	-	12,707,085

Upon initial recognition of loans and receivables, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market price or indexes of similar assets.

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

(c) Impaired

Other advances and receivables are unsecured.

The table below shows the gross amount of individually impaired loans and receivables before taking into consideration the cash flows from collateral held.

	Loans		Other advances and receivables		
	Statutory body $	Other $	Government of St. Lucia $	Other $	Total $
June 30, 2014					
Impaired	46,333,332	3,307,420	370,812	334,639	50,346,203
June 30, 2013					
Impaired	44,972,965	2,562,041	412,943	192,850	48,140,799

The impaired loan to a statutory body is secured by a Government guarantee with respect to a principal balance of $20,000,000 together with accrued interest. Other advances and receivables are unsecured.

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at June 30, 2014, based on Standard & Poor's ratings, CariCRIS or their equivalent:-

	Treasury bills $	Debt securities $	Total $
A- to A+	-	143,062,928	143,062,928
Lower than A-	33,150,038	359,725,408	392,875,446
Unrated	-	457,891,164	457,891,164
	33,150,038	960,679,500	993,829,538

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at June 30, 2013, based on Standard & Poor's ratings, CariCRIS or their equivalent:-

	Treasury bills $	Debt securities $	Total $
A- to A+	-	151,107,974	151,107,974
Lower than A-	63,061,684	302,140,171	365,201,855
Unrated	-	454,444,831	454,444,831
	63,061,684	907,692,976	970,754,660

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

Concentration of risks of financial assets with credit risk exposure

(a) Geographical Sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the geographical sectors of our counterparties.

	Local $	Regional $	Extra Regional $	Total $
As at June 2014				
Cash and cash equivalents	88,331,391	-	-	88,331,391
Financial assets:				
- Fair value through income	-	-	72,006,528	72,006,528
- Loans and receivables	266,386,939	-	-	266,386,939
Investment securities:				
- Held-to-maturity	376,953,581	30,045,104	-	406,998,685
- Loans and receivables	273,581,832	241,242,493	-	514,824,325
On balance sheet financial position	1,005,253,743	271,287,597	72,006,528	1,348,547,868
Credit commitments	5,194,657	-	-	5,194,657
	1,010,448,400	271,287,597	72,006,528	1,353,742,525
As at June 2013				
Cash and cash equivalents	45,252,506	-	-	45,252,506
Financial assets:				
- Fair value through income	-	-	68,545,715	68,545,715
- Loans and receivables	272,198,024	-	-	272,198,024
Investment securities:				
- Held-to-maturity	349,680,743	14,913,555	-	364,594,298
- Loans and receivables	298,377,749	239,236,898	-	537,614,647
On balance sheet financial position	965,509,022	254,150,453	68,545,715	1,288,205,190
Credit commitments	17,478,399	-	-	17,478,399
	982,987,421	254,150,453	68,545,715	1,305,683,589

4. Financial Risk Management (Cont'd)

Credit Risk (Cont'd)

Concentration of risks of financial assets with credit risk exposure (Cont'd)

(b) Industry Sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.

	Financial Institutions $	Utilities $	Government & statutory bodies (local) $	Government (Regional) $	Oil & Energy $	Medical/ Pharmaceutical $	Beverage $	Conglomerates $	Government Extra Regional $	Goods $	Communication $	Machinery & Equipment $	Retail $	Index Funds $	Rental $	Other Industries $	Total $
As at June 2014																	
Cash and cash equivalents	88,331,391	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,331,391
Financial assets:																	
- Fair value through income	38,622,269	-	-	-	2,403,404	2,880,685	1,701,845	4,629,814	5,116,495	1,440,099	622,833	1,876,108	1,165,606	9,248,783	-	2,298,587	72,006,528
- Loans and receivables	28,483,873	93,220,325	97,970,455	-	-	-	-	-	-	-	-	-	-	-	37,869,427	8,842,859	266,386,939
Investment securities:																	
- Held-to-maturity	29,628,668	-	376,953,581	416,436	-	-	-	-	-	-	-	-	-		-	-	406,998,685
- Loans and receivables	392,938,347	12,718,617	-	93,422,486	15,744,875	-	-	-	-	-	-	-	-		-	-	514,824,325
	578,004,548	105,938,942	474,924,036	93,838,922	18,148,279	2,880,685	1,701,845	4,629,814	5,116,495	1,440,099	622,833	1,876,108	1,165,606	9,248,783	37,869,427	11,141,446	1,348,547,868
Credit Commitments	5,194,657	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,194,657
As at June 2013																	
Cash and cash equivalents	45,252,506	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,252,506
Financial assets:																	
- Fair value through income	17,562,278	-	-	-	2,957,605	2,674,984	1,689,213	5,185,601	30,021,919	1,472,880	1,192,624	1,826,504	1,723,190	-	-	2,238,917	68,545,715
- Loans and receivables	29,461,688	97,657,797	97,629,080	-	-	-	-	-	-	-	-	-	-	-	38,264,572	9,184,887	272,198,024
Investment securities:																	
- Held-to-maturity	14,456,711	-	349,680,743	456,844	-	-	-	-	-	-	-	-	-	-	-	-	364,594,298
- Loans and receivables	415,180,316	7,005,915	-	88,665,054	16,667,094	-	-	-	-	-	-	-	-	-	-	16,096,268	543,614,647
	521,913,499	104,663,712	447,309,823	89,121,898	19,624,699	2,674,984	1,689,213	5,185,601	30,021,919	1,472,880	1,192,624	1,826,504	1,723,190	-	38,264,572	27,520,072	1,294,205,190
Credit Commitments	17,478,399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,478,399

4. Financial Risk Management (Cont'd)

Market Risk

(a) Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from recognised assets. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group's strategy of managing this risk is to limit foreign exchange exposure to Eastern Caribbean dollars and United States dollars, avoid speculation with an aim to keep a balanced portfolio and match foreign currency denominated assets with foreign currency denominated liabilities. The table below summarises the Group's exposure to foreign currency exchange rate risk at June 30, 2014 and June 30, 2013.

Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by currency.

Concentration of currency risk - on- and off-balance sheet financial instruments

	EC $	US $	Total $
As at June 2014			
Assets			
Cash and cash equivalents	88,331,391	-	88,331,391
Financial assets:			
- Fair value through income	123,990,792	138,544,776	262,535,568
- Loans and receivables	267,120,510	-	267,120,510
Investment securities:			
- Held-to-maturity	378,743,524	28,255,161	406,998,685
- Loans and receivables	392,938,347	121,885,978	514,824,325
- Available-for-sale	751,880	-	751,880
Total Financial Assets	1,251,876,444	288,685,915	1,540,562,359
Liabilities			
Trade and other payables	14,404,659	-	14,404,659
Total Financial Liabilities	14,404,659	-	14,404,659
Net on-balance sheet financial position	1,237,471,785	288,685,915	1,526,157,700
Credit commitments	5,194,657	-	5,194,657

4. Financial Risk Management (Cont'd)

Market Risk (Cont'd)

(a) Currency Risk (Cont'd)

	EC $	US $	Total $
As at June 2013			
Assets			
Cash and cash equivalents	45,252,506	-	45,252,506
Financial assets:			
- Fair value through income	140,484,367	107,330,066	247,814,433
- Loans and receivables	272,301,585	-	272,301,585
Investment securities:			
- Held-to-maturity	339,922,325	24,671,973	364,594,298
- Loans and receivables	425,276,585	112,338,062	537,614,647
- Available-for-sale	751,880	-	751,880
Total Financial Assets	1,223,989,248	244,340,101	1,468,329,349
Liabilities			
Trade and other payables	12,012,577	-	12,012,577
Borrowings	12,591,133	-	12,591,133
Total Financial Liabilities	24,603,710	-	24,603,710
Net on-balance sheet financial position	1,199,385,538	244,340,101	1,443,725,639
Credit commitments	17,478,399	-	17,478,399

(b) Price Risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified as available-for-sale or at fair value through income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors.

The majority of the Group's publicly traded equity securities are included on the Eastern Caribbean Stock Exchange (ECSE). At June 30, 2014 if equity securities prices had been 200 basis points higher/lower with all variables held constant, reserves for the year would have been $3,810,580 (2013 - $3,585,374) higher/lower as a result of the increase/decrease in fair value of available for sale and fair value through income equity securities.

(c) Cash Flow and Fair Value Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. As the Group does not hold financial instruments with variable rates, it is not exposed to cash flow interest rate risk.

4. Financial Risk Management (Cont'd)

Market Risk (Cont'd)

(c) Cash Flow and Fair Value Risk (Cont'd)

	Up to 1 month $	1-3 months $	3-12 months $	1-5 years $	Over 5 years $	Non-interest Bearing $	Total $
As at June 30, 2014							
Assets							
Cash and cash equivalents	88,331,391	-	-	-	-	-	88,331,391
Financial assets:							
- Fair value through income	-	-	72,006,528	-	-	190,529,040	262,535,568
- Loans and receivables	2,000,000	6,602,142	21,069,051	142,379,843	140,640,570	44,240,758	356,932,364
Investment securities:							
- Held-to-maturity	-	30,020,111	53,638,548	284,650,431	68,874,875	-	437,183,965
- Loans and receivables	52,883,581	72,299,624	155,038,561	32,569,139	136,629,975	-	449,420,880
- Available-for-sale	-	-	-	-	-	751,880	751,880
Total Financial Assets	143,214,972	108,921,877	301,752,688	459,599,413	346,145,420	235,521,678	1,595,156,048
Liabilities							
Trade and other payables	-	-	-	-	-	14,404,659	14,404,659
Total Financial Liabilities	-	-	-	-	-	14,404,659	14,404,659
Total interest repricing gap	143,214,972	108,921,877	301,752,688	459,599,413	346,145,420		
As at June 30, 2013							
Total financial assets	169,614,891	147,212,703	358,328,601	399,406,067	332,830,058	239,964,448	1,647,356,768
Total financial liabilities	1,850,000	-	461,280	1,940,126	8,041,699	12,310,605	24,603,710
Total interest repricing gap	167,764,891	147,212,703	357,867,321	397,465,941	324,788,359		

The Group's fair value interest rate risk arises from debt securities classified as fair value through income. At June 30, 2014 if market interest rates had been 100 basis points higher/lower with all variables held constant, reserves for the year would have been $720,065 (2013 - $685,457) lower/higher as a result of the decrease/increase in fair value of fair value through income debt securities.

4. Financial Risk Management (Cont'd)

Liquidity Risk

The Group is exposed to daily calls on its available cash resources mainly from payments of short-term benefits. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management ensures that a minimum level of cash and short-term resources are available to meet its current obligations.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the financial statements to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	1 year $	1-5 years $	Over 5 years $	Total $
As at June 30, 2014				
Trade and other payables	13,554,541	-	850,118	14,404,659
As at June 30, 2013				
Trade and other payables	10,554,654	-	1,457,923	12,012,577
Borrowings	665,929	2,663,717	9,212,021	12,541,667
Preference shares	1,850,000	-	-	1,850,000
	13,070,583	2,663,717	10,669,944	26,404,244

The liquidity position for both operational and the payment of benefits is monitored daily by the Investment Manager, who ensures that the bank accounts are adequately serviced. Transfers are done between bank accounts and the excess of contribution income over benefit payments is taken up by the Investment Manager who will seek to earn above average interest rate margins through investing in high quality, high yielding assets with acceptable risk.

Fair Value Estimation of Financial Instruments

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

The carrying amounts and fair values of financial instruments other than financial assets through income and available-for-sale are as follows:-

	Carrying Amount		Fair Value	
	2014 $	2013 $	2014 $	2013 $
Cash and cash equivalents	88,331,391	45,252,506	88,331,391	45,252,506 -
Loans and receivables	267,120,510	272,301,585	273,436,352	265,410,208
Investment securities:				-
Held-to-maturity	406,998,685	364,594,298	394,062,083	351,179,490 -
Loans and receivables	514,824,325	537,614,647	510,508,768	543,098,803
Trade and other payables	14,404,659	12,012,577	14,404,659	12,012,577
Borrowings	-	12,591,133	-	12,591,133

4. Financial Risk Management (Cont'd)

Fair Value Estimation of Financial Instruments (Cont'd)

The carrying value of cash and cash equivalents, other advances and receivables, and trade and other payables approximate their fair values due to the short-term maturity of these items.

The fair value of held-to-maturity and other loans and receivables financial assets for disclosure purposes are estimated by discounting the future contractual cash flows at the current market rate of 7.5% (2013 - 7.58%) that is available to the Group in respect of similar financial instruments.

The Group is not able to reliably estimate the fair value of available-for-sale financial assets since the shares are not traded in an active market and the future cash flows relating to the investment cannot be reliably estimated.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

4. Financial Risk Management (Cont'd)

Fair Value Estimation of Financial Instruments (Cont'd)

	Level 1 $	Level 2 $	Level 3 $	Total $
June 30, 2014				
Financial assets at fair value through income				
- Investment securities - debt	72,006,528	-	-	72,006,528
- Investment securities - equity	60,218,342	125,902,590	4,408,108	190,529,040
Financial assets at available-for-sale				
- Investment securities - equity	-	-	751,880	751,880
Total assets	132,224,870	125,902,590	5,159,988	263,287,448
June 30, 2013				
Financial assets at fair value through income				
- Investment securities - debt	68,545,715	-	-	68,545,715
- Investment securities - equity	35,574,906	139,337,030	4,356,782	179,268,718
Financial assets at available-for-sale				
- Investment securities - equity	-	-	751,880	751,880
Total assets	104,120,621	139,337,030	5,108,662	248,566,313

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily NYSE, NASDAQ, and OTC Bulletin Board equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter fixed income securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This category includes financial instruments such as mutual funds, preference shares and other equity instruments whose market value could not be readily obtained and, as such, the carrying value has been used to approximate fair value.

4. **Financial Risk Management (Cont'd)**

Fair Value Estimation of Financial Instruments (Cont'd)

Assets measured at fair value

The following table presents the changes in Level 3 instruments for the year ended June 30, 2014 and 2013.

	Financial assets at fair value through income
	Equity securities
	$
June 30, 2014	
At beginning of year	4,356,782
Loss recognized in profit and loss	(337)
Other changes	51,663
At end of year	4,408,108
Total loss for the period included in profit or loss for assets held at the end of the reporting period, under "Investment income"	(337)
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(337)
June 30, 2013	
At beginning of year	4,432,840
Transfers from Level 3	(42,750)
Sale of securities	(29,861)
Loss recognized in profit and loss	(3,447)
At end of year	4,356,782
Total loss for the period included in profit or loss for assets held at the end of the reporting period, under "Investment income"	(3,447)
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(3,447)

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. The transfers noted in 2014 and 2013 are due to the availability of observable data for those financial instruments held which were unavailable in the prior period.

Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to meet its statutory obligation to pensioners and contributors.

As further discussed in Note 24, actuarial reviews are conducted periodically in order to ensure that the Group's management has all the information required to adjust the rate of contribution to ensure that the statutory requirements to pensioners and contributors are met.

5. Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of Loans and Advances

The Group reviews its loan portfolio to assess impairment annually. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held-to-maturity Investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If the entire held-to-maturity investments are tainted, the carrying value would decrease by $12,936,602 (2013 - $13,414,808) with a corresponding entry in the fair value reserve in reserves.

Basis of Allocation of Income and Expenditure

The Group allocates income and expenditure to short-term and long-term benefits in accordance with the approved recommendations of the actuarial review. This allocation involves the use of estimates concerning factors such as demographic, economic and financial assumptions. Assumptions to project benefits and expenses are based on the Group’s experience and are updated in each actuarial review.

Fair Value of Investment Properties

The fair value of buildings included in investment properties as at June 30, 2014 is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value of buildings is estimated by discounting expected rentals at market yields. If net cash flows had been 5% higher/lower with all variables held constant, the fair value of investment properties determined using the valuation model would have been $7,867,430 higher/lower (2013 - $4,432,947).

6. Cash and Cash Equivalents

	2014	2013
	$	$
Cash at bank and in hand	75,331,135	32,719,012
Short-term deposits	13,000,256	12,533,494
	88,331,391	45,252,506

The effective interest rate on short-term bank deposits ranges from 0% - 3.25% (2013: 0%-3.8%).

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:-

	2014	2013
	$	$
Cash and cash equivalents	88,331,391	45,252,506

7. Financial Assets

The Group's financial assets are summarised by measurement category in the table below:-

	2014	2013
	$	$
Fair value through income	262,535,568	247,814,433
Loans and receivables	267,120,510	272,301,585
Investment securities		
- Held-to-maturity	406,998,685	364,594,298
- Loans and receivables	514,824,325	537,614,647
- Available-for-sale	751,880	751,880
Total financial assets	1,452,230,968	1,423,076,843

The assets comprised in each of the categories above are detailed in the tables below:

	2014	2013
	$	$
Financial assets at fair value through income		
Equity securities		
- Listed	190,529,040	179,268,718
Debt securities		
- Listed	72,006,528	68,545,715
	262,535,568	247,814,433

Equity securities classified at fair value through income are designated in this category upon initial recognition. There are no non-derivative financial assets held for trading.

Debt securities bear interest rates ranging from 1.5% - 9.75% (2013 – 1.7% - 9.75%).

7. **Financial Assets (Cont'd)**

The assets comprised in each of the categories above are detailed in the table below:-

	2014 $	2013 $
Investment securities		
Debt securities at fixed interest rates		
- Held -to-maturity - listed	406,998,685	364,594,298
- Loans and receivables - unlisted	514,824,325	537,614,647
	921,823,010	902,208,945
Equity securities		
- Available-for-sale - unlisted	751,880	751,880

The breakdown of debt securities at fixed interest rates into current and non-current portion are shown below:-

	2014 $	2013 $
Current portion	435,150,614	537,451,679
Non-current portion	486,672,396	364,757,266
	921,823,010	902,208,945

Debt securities bear interest rates ranging from 1.5% - 9.75% (2013 – 5% - 10.25%). There were no debt securities and available-for-sale financial assets that were considered past due or impaired at the reporting date.

7. Financial Assets (Cont'd)

Maturity	Investment Securities Held -to- $	Investment Securities Loans and Receivables $	Available -for- Sale $	Fair Value Through Income $	Loans and Receivables $	Total $
At the beginning of 2013	317,813,458	533,878,662	751,880	187,375,126	268,948,177	1,308,767,303
Net additions	58,092,927	18,032,918	-	14,756,218	17,507,094	108,389,157
Disposals (redemption)	(11,312,087)	(14,296,933)	-	-	(12,762,854)	(38,371,874)
Net increase in provisions for impairment	-	-	-	-	(1,390,832)	(1,390,832)
Fair value gains on equity/debt securities	-	-	-	45,683,089	-	45,683,089
At the end of 2013	364,594,298	537,614,647	751,880	247,814,433	272,301,585	1,423,076,843
At the beginning of 2014	364,594,298	537,614,647	751,880	247,814,433	272,301,585	1,423,076,843
Net additions	72,356,440	34,775,612	-	21,381,148	10,712,988	139,226,188
Disposals (redemption)	(29,952,053)	(57,565,934)	-	-	(14,172,977)	(101,690,964)
Net increase in provisions for impairment	-	-	-	-	(1,721,086)	(1,721,086)
Fair value losses on equity/debt securities	-	-	-	(6,660,013)	-	(6,660,013)
At the end of 2014	406,998,685	514,824,325	751,880	262,535,568	267,120,510	1,452,230,968

8. Loans and Receivables

	2014 $	2013 $
Loans and receivables		
Loans to Government of Saint Lucia and statutory bodies	74,083,332	75,722,965
Provision for impairment on loans	(31,251,823)	(29,891,455)
	42,831,509	45,831,510
Other loans	160,349,685	166,037,974
Provision for impairment	(845,763)	(653,916)
	159,503,922	165,384,058
	202,335,431	211,215,568
Other advances and receivables		
Due from Government of Saint Lucia		
Other receivables	35,339,819	32,523,268
Finance lease receivables	19,912,164	18,479,407
Contributions receivable	257,775	1,165,707
Provision for impairment	(370,812)	(370,812)
	55,138,946	51,797,570
Other receivables		
Contributions receivable	7,609,851	7,934,171
Other receivables	2,370,921	1,549,751
Provision for impairment	(334,639)	(195,475)
	9,646,133	9,288,447
Total loans and receivables	267,120,510	272,301,585

	2014 $	2013 $
Current portion	50,436,164	44,982,469
Non-current portion	216,684,346	227,319,116
	267,120,510	272,301,585

The estimated fair values of loans and receivables are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Interest rates range from 2% - 8.75% (2013 – 2% - 8.75%).

8. Loans and Receivables (Cont'd)

Allowance for Impairment

Reconciliation of allowance account for losses on loans and receivables by class is as follows:

	Loans			
	Statutory bodies	Other	Other receivables	Total
	$	$	$	$
Balance at July 1, 2013	29,891,455	653,916	566,287	31,111,658
Provision for loan impairment	1,360,368	191,847	157,001	1,709,216
Loans recoveries	-	-	(17,837)	(17,837)
At June 30, 2014	31,251,823	845,763	705,451	32,803,037
Balance at July 1, 2012	28,531,087	484,952	698,143	29,714,182
Provision for loan impairment	1,360,368	168,964	-	1,529,332
Loans recoveries	-	-	(131,856)	(131,856)
At June 30, 2013	29,891,455	653,916	566,287	31,111,658

The Group has recognised a loss of $1,691,379 (2013 - $1,397,476) for the impairment of its loans and receivables during the year ended June 30, 2014. The losses have been included under expenses attributable to investment income in the Consolidated Statement of Comprehensive Income.

9. Finance Lease Receivable

	2014	2013
	$	$
Due from Government of Saint Lucia		
Finance leases	19,273,177	17,441,856
Unpaid charges	638,987	1,037,551
	19,912,164	18,479,407
Finance leases - gross receivables	29,742,505	27,203,161
Unearned finance income	(9,830,341)	(8,723,754)
	19,912,164	18,479,407
Current receivables	2,775,906	2,831,109
Non-current receivables	17,136,258	15,648,298
	19,912,164	18,479,407
Gross receivables from finance leases		
No later than 1 year	4,763,945	4,691,651
Later than 1 year and not later than 5 years	15,195,231	14,307,800
Later than 5 years	9,783,329	8,203,710
	29,742,505	27,203,161
Unearned future finance income on finance leases	(9,830,341)	(8,723,754)
Net investment in finance leases	19,912,164	18,479,407
The net investment in finance leases may be analysed as follows:		
No later than 1 year	2,775,906	2,831,109
Later than 1 year and not later than 5 years	9,936,899	9,249,699
Later than 5 years	7,199,359	6,398,599
	19,912,164	18,479,407

10. Investment Properties

	2014 $	2013 $
Beginning of year	303,640,364	282,112,224
Additions	18,224,507	22,840,383
Disposals	(308,430)	(128,538)
Decrease in fair value	(3,629,038)	(1,183,705)
End of year	317,927,403	303,640,364

The Group's investment properties are carried at fair value. Fair values of land included in investment properties are based on valuations performed by independent, professionally qualified valuers as at June 30, 2014 and 2013. Fair value of investment properties are estimated by discounting expected rentals at market yields.

The following amounts have been recognised in the Consolidated Statement of Comprehensive Income:-

	2014 $	2013 $
Rental income	11,942,360	11,881,680
Direct operating expenses arising from investment properties that generate rental income	4,828,838	3,955,145

11. Property, Plant and Equipment

	Land and Buildings $	Leasehold Improvements $	Motor Vehicles $	Furniture and Equipment $	Computer Hardware $	Computer Software $	Generators $	Maintenance Equipment $	Total $
At June 30, 2012									
Cost	2,780,521	257,836	938,788	6,490,756	1,597,835	711,650	325,430	159,252	13,262,068
Accumulated depreciation	(272,961)	(257,836)	(567,748)	(4,923,333)	(1,352,323)	(590,573)	(325,430)	(50,401)	(8,340,605)
Net book value	2,507,560	-	371,040	1,567,423	245,512	121,077	-	108,851	4,921,463
Year ended June 30, 2013									
Opening net book value	2,507,560	-	371,040	1,567,423	245,512	121,077	-	108,851	4,921,463
Additions	-	-	102,000	340,762	60,846	2,708	-	4,025	510,341
Disposals	-	-	-	(281)	-	-	-	-	(281)
Depreciation charge	(33,701)	-	(182,175)	(321,070)	(121,341)	(40,916)	-	(16,060)	(715,263)
Closing net book value	2,473,859	-	290,865	1,586,834	185,017	82,869	-	96,816	4,716,260
At June 30, 2013									
Cost	2,780,521	257,836	1,040,788	5,325,972	1,658,681	714,358	325,430	163,277	12,266,863
Accumulated depreciation	(306,662)	(257,836)	(749,923)	(3,739,138)	(1,473,664)	(631,489)	(325,430)	(66,461)	(7,550,603)
Net book value	2,473,859	-	290,865	1,586,834	185,017	82,869	-	96,816	4,716,260
Year ended June 30, 2014									
Opening net book value	2,473,859	-	290,865	1,586,834	185,017	82,869	-	96,816	4,716,260
Additions	-	-	73,000	179,083	2,894	54,406	173,081	4,629	487,093
Disposals	-	-	-	(5,000)	-	-	-	-	(5,000)
Depreciation charge	(33,701)	-	(152,109)	(329,441)	(83,856)	(46,298)	(34,616)	(16,429)	(696,450)
Closing net book value	2,440,158	-	211,756	1,431,476	104,055	90,977	138,465	85,016	4,501,903
At June 30, 2014									
Cost	2,780,521	257,836	876,088	5,425,018	1,660,780	768,764	498,511	167,906	12,435,424
Accumulated depreciation	(340,363)	(257,836)	(664,332)	(3,993,542)	(1,556,725)	(677,787)	(360,046)	(82,890)	(7,933,521)
Net book value	2,440,158	-	211,756	1,431,476	104,055	90,977	138,465	85,016	4,501,903

11. Property, Plant and Equipment (Cont'd)

Gain on Disposal

	Cost $	Accumulated Depreciation $	Net Book Value $	Proceeds $	(Gain)/ loss $
June 30, 2014					
Motor vehicles	237,700	(237,700)	-	54,860	(54,860)
Computer hardware	795	(795)	-	-	-
Furniture and equipment	80,037	(75,037)	5,000	40,000	(35,000)
	318,532	(313,532)	5,000	94,860	(89,860)
June 30, 2013					
Furniture and equipment	1,505,546	(1,505,265)	281	4,587	(4,306)

12. Trade and Other Accounts Payable

	2014 $	2013 $
Trade payables	5,354,937	5,139,185
Benefits payable	1,089,363	882,051
Other payables	7,960,359	5,991,341
	14,404,659	12,012,577

	2014 $	2013 $
Current	13,554,541	10,554,654
Non-current	850,118	1,457,923
	14,404,659	12,012,577

13. Borrowings

	2014 $	2013 $
Bank borrowings	-	10,741,133
Redeemable preference shares	-	1,850,000
Total borrowings	-	12,591,133
Current	-	1,850,000
Non-current	-	10,741,133
	-	12,591,133

Borrowings from Bank of Saint Lucia Limited were settled through the restructuring of debt plan.

14. Principal Subsidiary Undertakings

	2014 %	2013 %
St. Lucia Mortgage Finance Company Limited	75	75
Castries Car Park Facility Limited	100	100
National Insurance Property Development and Management Company Ltd. (NIPRO)	100	100
Blue Coral Limited	100	66 2/3

All holdings are in the ordinary share capital of the undertaking concerned. The companies noted above are all incorporated and domiciled in Saint Lucia.

15. Reserves

	Statutory Reserve $	Portfolio Risk Reserve $	Total $
Balances as at June 30, 2012	1,326,465	189,835	1,516,300
Transfer to statutory reserve	60,432	(52,376)	8,056
Balances as at June 30, 2013	1,386,897	137,459	1,524,356
Transfer to statutory reserve	52,224	(90,000)	(37,776)
Balances as at June 30, 2014	1,439,121	47,459	1,486,580

Statutory Reserve

This reserve is maintained in accordance with Section 14(1) of the Banking Act, 1991 which requires that every licensed financial institution maintain a reserve fund and shall, out of its net profit of each year, transfer to that fund a sum equal to not less than 20% of such profits whenever the amount of the fund is less than one hundred percent of the paid-up capital of the financial institution.

Excess Loan Fees

It is the policy of St. Lucia Mortgage Finance Company Limited to provide finance not exceeding 80% of the value of the asset. If finance is in excess of 80%, an additional charge of 2.5% of the loan amount is requested and kept as a reserve. In prior years, these fees were recognised as income when the loans were repaid. In the current year the deferred excess loan fees were transferred to the loan balances and it will be accounted for as an adjustment to the effective interest rate of the corresponding loan.

Portfolio Risk Reserve

This reserve represents amounts set aside for impairment losses on loans and advances to comply with the Prudential Credit Guidelines issued by the Eastern Caribbean Central Bank (ECCB) in addition to those losses that have been recognised under IAS 39. The Prudential Credit Guidelines require a provision to be made in respect of the portion of the portfolio where loans are three payments or more in arrears.

By letter dated 23rd July, 2009, the ECCB clarified that only when the regulatory requirement for loan loss provisions exceeds provisions determined for accounting purposes are licensees required to establish a special reserve for the amount by which the regulatory requirement exceeds that computed under the applicable accounting standard.

No further regulatory provision was required as at June 30, 2014.

16. Short-term and Long-term Benefits Fund

Short-term benefits fund is held to cover sickness benefit, maternity allowance and grant, funeral grant, employment injury benefit, hospitalization and medical benefits in respect of qualifying persons.

Long-term benefits fund is held to cover retirement pensions, retirement grants, death and disablement, invalidity and survivors' benefits in respect of qualifying persons.

17. Detailed Statement of Income and Expenditure

	Short-term		Long-term		Retained Earnings		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Contribution income	17,737,143	17,251,426	86,598,989	84,227,551	-	-	104,336,132	101,478,977
Benefits expenses								
Short-term benefits	(9,557,197)	(8,932,773)	-	-	-	-	(9,557,197)	(8,932,773)
Long-term benefits	-	-	(57,713,157)	(54,083,932)	-	-	(57,713,157)	(54,083,932)
Medical health programme	(5,000,000)	(5,500,000)	-	-	-	-	(5,000,000)	(5,500,000)
	(14,557,197)	(14,432,773)	(57,713,157)	(54,083,932)	-	-	(72,270,354)	(68,516,705)
Surplus of contributions over benefits	3,179,946	2,818,653	28,885,832	30,143,619	-	-	32,065,778	32,962,272
General and administrative expenses	(2,348,474)	(2,103,046)	(10,494,515)	(9,180,459)	(4,537,702)	(5,332,333)	(17,380,691)	(16,615,838)
Income from Operations	831,472	715,607	18,391,317	20,963,160	(4,537,702)	(5,332,333)	14,685,087	16,346,434
Other income								
Investment income - net	2,329,121	4,218,071	60,215,104	109,176,186	9,069,055	10,157,710	71,613,280	123,551,967
(Decrease)/increase in fair value of investment properties	(36,871)	94,217	(953,244)	2,438,627	(2,638,923)	(3,716,549)	(3,629,038)	(1,183,705)
Gain on restructuring of debt	-	-	-	-	9,296,703	-	9,296,703	-
Gain on acquisition of shares	-	-	-	-	4,666,666	-	4,666,666	-
Other income	230,755	141,045	1,126,627	688,634	464,412	703,533	1,821,794	1,533,212
	2,523,005	4,453,333	60,388,487	112,303,447	20,857,913	7,144,694	83,769,405	123,901,474
Excess of income over expenditure before finance costs and income tax expense	3,354,477	5,168,940	78,779,804	133,266,607	16,320,211	1,812,361	98,454,492	140,247,908

17. Detailed Statement of Income and Expenditure (Cont'd)

	Short-term		Long-term		Retained Earnings		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Excess of income over expenditure before finance costs and income tax brought forward	3,354,477	5,168,940	78,779,804	133,266,607	16,320,211	1,812,361	98,454,492	140,247,908
Finance costs	-	-	-	-	(337,610)	(443,697)	(337,610)	(443,697)
Excess of income over expenditure before income tax	3,354,477	5,168,940	78,779,804	133,266,607	15,982,601	1,368,664	98,116,882	139,804,211
Income tax expense	-	-	-	-	4,545	(88,248)	4,545	(88,248)
Excess of income over expenditure	3,354,477	5,168,940	78,779,804	133,266,607	15,987,146	1,280,416	98,121,427	139,715,963
Attributable to:								
Reserves	3,354,477	5,168,940	78,779,804	133,266,607	15,912,698	2,438,894	98,046,979	140,874,441
Minority interest	-	-	-	-	74,448	(1,158,478)	74,448	(1,158,478)
Excess of income over expenditure	3,354,477	5,168,940	78,779,804	133,266,607	15,987,146	1,280,416	98,121,427	139,715,963

18. Short-term and Long-term Benefits Expenses

	Short-term Benefits		Long-term Benefits		Total	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Retirement	-	-	46,411,567	43,431,745	46,411,567	43,431,745
Survivorship	-	-	6,428,335	6,205,918	6,428,335	6,205,918
Sickness	5,248,439	4,562,843	-	-	5,248,439	4,562,843
Maternity	3,624,395	3,646,936	-	-	3,624,395	3,646,936
Invalidity	-	-	4,661,687	4,220,613	4,661,687	4,220,613
Funeral	523,264	485,173	-	-	523,264	485,173
Disablement	-	-	140,566	158,939	140,566	158,939
Employment injury	134,925	192,164	-	-	134,925	192,164
Death	-	-	71,002	66,717	71,002	66,717
Confinement fees and medical expenses	26,174	45,657	-	-	26,174	45,657
	9,557,197	8,932,773	57,713,157	54,083,932	67,270,354	63,016,705

19. Expenses by Nature

	2014 $	2013 $
Administrative and general expenses		
Employee benefits	8,778,685	8,033,281
Electricity, water and sewage	1,422,215	1,426,556
Rent	1,126,256	1,108,918
Repairs and maintenance	974,370	1,749,650
Property tax	729,668	378,794
Professional and legal fees	688,551	365,230
Depreciation	519,934	566,560
Insurance	445,518	482,028
Contribution to National Community Foundation	400,000	400,000
Public relations	370,792	321,310
Postage and telephone	343,772	320,348
Security	284,411	277,817
Stationery and printing	253,829	299,385
Audit fees	178,294	193,065
Motor vehicle expenses	149,604	154,242
Subscriptions	145,613	109,712
Donations	101,400	2,429
Board expenses	99,871	101,110
Overseas meetings and conferences	98,116	81,972
Bank charges	86,190	60,453
Management fees	26,384	39,069
Office and general expenses	22,548	28,027
Other	134,670	115,882
	17,380,691	16,615,838
Expenses attributable to investment income		
Repairs and maintenance	3,184,413	2,237,695
Employee benefits	2,460,695	2,159,879
Provision for loan impairment	1,691,379	1,397,476
Bond premium	1,387,561	-
Insurance	603,645	617,285
Electricity, water and sewage	599,011	548,384
Security services	441,769	551,781
Subcontractor fees	361,074	835,106
Professional and legal fees	213,934	305,653
Depreciation	176,516	148,703
Foreign exchange loss	142,234	-
Overseas meetings and conferences	98,116	81,973
Bad debts	62,887	51,167
Audit fees	62,576	83,507
Board expenses	60,526	45,874
Motor vehicle expenses	34,447	34,659
	11,580,783	9,099,142
Total administrative and general expenses and Expenses attributable to investment income	28,961,474	25,714,980

19. Expenses by Nature (Cont'd)

	2014 $	2013 $
Administrative and general expenses and expenses attributable to investment income		
Employee benefits	11,239,380	10,193,160
Repairs and maintenance	4,158,783	3,987,345
Electricity, water and sewage	2,021,226	1,974,940
Provision for loan impairment	1,691,379	1,397,476
Bond premium	1,387,561	-
Rent	1,126,256	1,108,918
Insurance	1,049,163	1,099,313
Professional and legal fees	902,485	670,883
Property taxes	729,668	378,794
Security services	726,180	829,598
Depreciation	696,450	715,263
Contribution to National Community Foundation	400,000	400,000
Public relations	370,792	321,310
Subcontractor fees	361,074	835,106
Postage and telephone	343,772	320,348
Stationery and printing	253,829	299,385
Audit fees	240,870	276,572
Overseas meetings and conferences	196,232	163,945
Motor vehicle expenses	184,051	188,901
Board expenses	160,397	146,984
Subscriptions	145,613	109,712
Foreign exchange loss	142,234	-
Bank charges	86,190	60,453
Bad debts	62,887	51,167
Management fees	26,384	39,069
Office and general expenses	22,548	28,027
Medical board fees	17,323	9,112
Scholarships and quiz sponsorships	36,404	27,564
Donations	101,400	2,429
Other	80,943	79,206
	28,961,474	25,714,980

20. Employee and Management Costs

	2014 $	2013 $
Salaries	9,830,912	8,889,244
Gratuities	456,918	396,800
Other staff costs	951,550	907,116
	11,239,380	10,193,160

21. Investment Income - Net

	2014 $	2013 $
Cash and cash equivalents interest income	2,752,571	3,463,773
Fair value through income:		
- Dividend income	4,242,077	3,951,981
- Fair value (losses)/gains on equity/debt securities	(6,660,013)	45,683,089
- Interest income on debt securities	2,163,350	1,428,267
Loans and receivables interest income	20,823,621	20,762,811
Investment securities interest income		
- Held-to-maturity	24,958,998	21,297,160
- Loans and receivables	21,743,656	21,833,589
Rental income	11,942,360	11,881,680
Development income	16,691	61,454
Maintenance fees	758,949	1,087,148
Parking fees	440,748	499,126
Management fees	11,055	701,031
	83,194,063	132,651,109
Expenses attributable to investment income	(11,580,783)	(9,099,142)
	71,613,280	123,551,967

22. Related Party Transactions

The following transactions were carried out with related parties:-

	2014 $	2013 $
Finance lease interest income	2,211,963	2,044,514
Rental income	4,731,015	4,731,015
Interest income	3,486,491	4,240,930
Key management compensation is as follows:-		
Salaries and wages	2,592,659	2,430,397
Other benefits	404,129	389,995
	2,996,788	2,820,392
Year-end balances with related parties are as follows:-		
Loans to Government of St. Lucia and Statutory Bodies		
Held-to-maturity investment securities	343,803,543	286,619,060
Loans	42,831,509	45,831,510
Other advances and receivables	34,969,007	32,152,456
Contributions receivable	257,775	1,165,707
Finance lease receivable	19,912,164	18,479,407

23. Taxation

	2014 $	2013 $
Current tax	-	88,944
Deferred tax	(4,545)	(696)
	(4,545)	88,248

The tax on the Group's income before taxation for the year differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2014 $	2013 $
Excess of income over expenditure before income tax	98,116,882	139,804,211
Tax calculated at domestic tax rates applicable to income of the respective companies	29,435,065	41,941,263
Tax effect of exempt income	(29,439,610)	(42,886,548)
Effect of tax losses not recognised in the prior year	-	1,033,533
	(4,545)	88,248

The weighted average applicable tax rate was 0.005% (2013 – 0.063%).

Deferred tax liability

The Group has recognised deferred tax relating to the subsidiary company, NIPRO which is detailed below:

	2014 $	2013 $
Accelerated capital allowance	8,412	12,957

The movement on the deferred income tax account is as follows:

	2014 $	2013 $
At beginning of year	12,957	13,653
Consolidated Statement of Comprehensive Income credit	(4,545)	(696)
At end of year	8,412	12,957

24. Actuarial Review

Section 24 of the National Insurance Act requires an actuarial review of the National Insurance Fund to be conducted at least every five years.

The tenth actuarial review of the National Insurance Fund as at June 30, 2010 was conducted by an Actuary of the International Labour Organisation.

Key results of the financial and demographic projections based on the contribution and benefit provisions in place as of the valuation date:

- The total population of St. Lucia is expected to increase from 165,568 in 2010 to 183,365 in 2038 and decrease thereafter to 175,497 in 2060.

- The employed population is expected to increase from 67,704 in 2010 to 88,776 in 2036, decreasing thereafter to 78,828 in 2060.

- The aging of the general population will have a significant impact on the ratio of workers to retirees. Those aged 65 and over represent an increasing percentage of the total population, up from 8.6 percent in 2010 to 16.5% in 2035 and 24.6% in 2060.

- Contribution income is expected to be sufficient to meet total expenditure through 2051.

- The NIC is relatively young, so the long-term benefits branch has not yet reached a state of maturity and the cost of pensions expressed as a percentage of insurable earnings is still increasing. In 2011, the annual expenditure represented 6.1% of total insurable earnings and will gradually increase to 28.7% in 2063.

- Reserves are expected to begin decreasing in 2036 when total expenditure will begin to exceed total income for the first time. In 2051 projected reserves will be exhausted unless relevant measures are taken to reverse the projected trend.

- The pay-as-you-go rate or the contribution rate that would be required to produce just enough income to meet expenditure if there is no fund will increase gradually from 6.1% in 2011 to over 20% in the long term. This indicates that there will be a need to eventually increase the contribution rate of the branch in order to face its long-term cost.

25. Commitments

As at end of year, loans and receivables approved by the Group but not yet disbursed amounted to approximately $5,194,657 (2013 - $17,478,399).

STATISTICAL APPENDIX

The following Statistics have been prepared on a cash basis.

Table 1

Contribution Received by Economic Sector: 2009/14

Economic Sector	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Agriculture, Hunting, Forestry and Fishing	1,095,453	1,148,116	1,475,258	1,173,503	1,273,790
Mining and Quarrying	330,762	245,398	371,534	321,526	277,059
Manufacturing	6,115,924	5,857,336	5,685,074	6,210,340	6,274,701
Electricity, Gas and Water Supply	2,599,119	2,717,816	2,918,090	3,085,859	3,283,195
Construction	3,408,351	2,760,690	3,443,517	3,415,825	3,255,130
Wholesale and Retail Trade	12,270,112	12,680,462	13,075,882	13,459,601	13,456,869
Restaurants and Hotels	16,729,316	17,382,015	20,111,069	19,535,921	20,872,134
Transport, Storage and Communication	5,899,065	6,786,060	6,521,535	6,721,774	7,136,680
Financial Intermediaries	7,577,899	7,650,617	8,313,101	7,789,677	7,957,179
Real Estate, Renting and Business Services	6,973,921	7,725,811	7,446,569	9,076,214	9,568,971
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	20,380,207	20,039,006	25,540,890	23,995,805	26,909,774
Community, Social and Personal Services,Households with Employed Persons and Extra-Territorial Organisations and Bodies	7,552,389	6,120,003	6,987,350	6,726,121	6,500,605
Self-Employed	613,065	635,203	679,539	755,205	847,294
Voluntary Contributors	44,440	38,861	34,599	30,817	26,800
Activities not adequately defined	229,857	237,498	284,863	306,311	311,232
Total	**91,819,880**	**92,024,893**	**102,888,870**	**102,604,498**	**107,951,413**

Table 2

Active Insured Persons by Economic Sector: 2009/14

Economic Sector	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Agriculture, Hunting, Forestry and Fishing	940	958	820	852	879
Mining and Quarrying	144	144	161	176	183
Manufacturing	3,930	3,765	3,639	3,516	3,329
Electricity, Gas and Water Supply	738	755	808	821	887
Construction	3,081	2,820	3,079	2,633	1,907
Wholesale and Retail Trade	8,143	8,518	8,501	8,314	8,026
Restaurants and Hotels	8,447	8,960	9,370	9,399	9,459
Transport, Storage and Communication	3,329	3,444	3,400	3,574	3,403
Financial Intermediaries	2,855	2,830	2,862	2,825	2,817
Real Estate, Renting and Business Services	4,006	4,304	3,727	4,638	5,178
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	8,899	9,421	9,829	10,259	10,486
Community, Social and Personal Services, Household with Employed Persons and Extra-Territorial Organisations and Bodies	3,644	3,882	4,046	3,761	3,606
Self-Employed	1,010	1,052	1,086	1,123	1,161
Voluntary Contributors	92	84	75	66	61
Activities not adequately defined	258	290	294	341	380
Total	**49,516**	**51,227**	**51,697**	**52,298**	**51,762**

Table 3

Active Employers by Economic Sector: 2010/14

Economic Sector	Financial Year Ending				
	June 2010	June 2011	June 2012	June 2013	June 2014
Agriculture, Hunting, Forestry and Fishing	129	131	125	127	132
Mining and Quarrying	8	8	9	9	8
Manufacturing	257	261	259	256	250
Electricity, Gas and Water Supply	15	15	17	17	19
Construction	171	172	165	167	168
Wholesale and Retail Trade	623	644	639	633	625
Restaurants and Hotels	370	392	378	375	362
Transport, Storage and Communication	162	163	167	170	171
Financial Intermediaries	126	125	135	135	140
Real Estate, Renting and Business Services	392	386	394	398	405
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	256	263	258	264	274
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	895	914	933	955	923
Activities not adequately defined	191	210	202	208	192
Total	**3,595**	**3,684**	**3,681**	**3,714**	**3,669**

Table 4

Contributing Employers by Economic Sector: 2009/14

Economic Sector	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Agriculture, Hunting, Forestry and Fishing	117	114	110	107	107
Mining and Quarrying	7	8	8	8	7
Manufacturing	230	227	230	225	222
Electricity, Gas and Water Supply	15	14	17	19	19
Construction	126	124	127	136	117
Wholesale and Retail Trade	580	619	621	617	623
Restaurants and Hotels	316	340	329	316	326
Transport, Storage and Communication	150	148	158	155	151
Financial Intermediaries	118	117	122	127	130
Real Estate, Renting and Business Services	353	359	352	359	350
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	251	266	261	265	271
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	892	910	930	921	903
Activities not adequately defined	176	207	207	205	208
Total	**3,331**	**3,453**	**3,472**	**3,460**	**3,434**

Table 5

Newly Registered Employers by Economic Sector: 2009/14

Economic Sector	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Agriculture, Hunting, Forestry and Fishing	7	8	3	7	6
Mining and Quarrying	0	0	0	0	0
Manufacturing	28	18	15	26	20
Electricity, Gas and Water Supply	0	2	2	1	2
Construction	29	30	20	43	14
Wholesale and Retail Trade	56	72	46	67	58
Restaurants and Hotels	59	65	41	35	39
Transport, Storage and Communication	16	12	18	16	7
Financial Intermediaries	9	4	13	5	10
Real Estate, Renting and Business Services	42	44	35	40	30
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	22	23	13	19	18
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	106	118	120	123	83
Activities not adequately defined	63	73	39	38	32
Total	**437**	**469**	**365**	**420**	**319**

Table 6

Short-Term Benefits Paid by Type: 2009/14

Short-Term Benefits	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Employment Injury	74	132	145	166	157
Sickness Allowance	9,482	9,909	10,850	10,767	11,966
Maternity Allowance	813	778	866	921	892
Maternity Grant	847	772	937	923	917
Funeral Grant	238	245	235	286	306
Medical Expenses	47	77	74	90	63
Total	**11,501**	**11,913**	**13,107**	**13,153**	**14,301**

Table 7

Short-Term Benefits Expenditure by Type: 2009/14

Short-Term Benefits	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Employment Injury	122,176	162,484	206,314	208,088	139,481
Sickness Allowance	3,602,593	3,847,781	4,482,785	4,568,549	5,089,859
Maternity Allowance	2,400,683	2,488,955	2,771,392	3,112,546	3,066,501
Maternity Grant	523,800	466,200	571,200	557,400	559,200
Funeral Grant	417,296	421,250	405,963	492,023	512,857
Medical Expenses	3,049,668	3,084,516	3,038,140	3,034,383	5,034,993
Total	**10,116,216**	**10,471,187**	**11,475,793**	**11,972,990**	**14,402,891**

Table 8

Long-Term Benefits Paid by Type: 2009/14

Long-Term Benefits	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Retirement Pension	3,951	4,201	4,449	4,683	4,991
Survivors' Pension	939	1,054	1,051	1,008	1,057
Invalidity Pension	354	396	432	475	509
Disablement Pension	13	12	13	13	16
Retirement Grant	350	394	490	494	543
Survivors' Grant	50	42	56	61	65
Invalidity Grant	34	35	41	35	56
Disablement Grant	1	2	2	3	2
Total	**5,692**	**6,136**	**6,534**	**6,772**	**7,239**

Table 9

Long-Term Benefits Expenditure by Type: 2009/14

Long-Term Benefits	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Retirement Pension	30,977,728	35,576,734	38,311,420	40,825,761	43,650,230
Survivors' Pension	4,521,268	4,804,159	5,242,406	5,951,723	6,155,834
Invalidity Pension	2,894,503	3,413,576	3,959,399	4,064,326	4,403,864
Disablement Pension	96,493	95,707	99,852	99,111	123,553
Retirement Grant	1,505,992	1,997,769	2,341,495	2,607,217	2,816,438
Survivors' Grant	120,398	154,040	246,288	252,174	303,919
Invalidity Grant	107,389	190,539	197,093	173,385	253,953
Disablement Grant	40,651	34,604	23,394	57,661	18,948
Total	**40,264,422**	**46,267,128**	**50,421,347**	**54,031,359**	**57,726,739**

Table 10

Pensions Paid by Type: 2009/14

Pensions	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Retirement Pension	3,951	4,201	4,449	4,683	4,991
Survivors' Pension	939	1,054	1,051	1,008	1,057
Invalidity Pension	354	396	432	475	509
Disablement Pension	13	12	13	13	16
Total	**5,257**	**5,663**	**5,945**	**6,179**	**6,573**

Table 11

Pensions Expenditure by Type: 2009/14

Pensions	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Retirement Pension	30,977,728	35,576,734	38,311,420	40,825,761	43,650,230
Survivors Pension	4,521,268	4,804,159	5,242,406	5,951,723	6,155,834
Invalidity Pension	2,894,503	3,413,576	3,959,399	4,064,326	4,403,864
Disablement Pension	96,493	95,707	99,852	99,111	123,553
Total	**38,489,992**	**43,890,175**	**47,613,077**	**50,940,921**	**54,333,481**

Table 12

Pensions In-Payment by Type: 2009/14

Pensions	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Retirement Pension	3,807	4,028	4,272	4,525	5,009
Survivors' Pension	939	882	940	965	983
Invalidity Pension	351	356	396	432	485
Disablement Pension	8	12	13	12	13
Total	**5,105**	**5,278**	**5,621**	**5,934**	**6,490**

Table 13

Average Monthly Pensions by Type: 2009/14

Pensions	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Retirement Pension	664.61	758.93	763.42	768.05	785.43
Survivors' Pension	387.92	486.66	501.82	702.65	733.12
Invalidity Pension	724.78	803.18	811.69	856.30	806.25
Disablement Pension	565.00	653.58	657.58	704.92	634.15

Table 14

Benefits Expenditure by Type and Branch: 2009/14

Benefit Branch	Financial Year				
	09-10	10-11	11-12	12-13	13-14
Long-Term					
Retirement	32,483,720	37,574,502	40,652,915	43,432,978	46,466,668
Survivorship	4,641,666	4,958,199	5,488,694	6,203,897	6,459,753
Incapacitation	3,139,036	3,734,426	4,279,738	4,394,483	4,800,318
Sub-Total	40,264,422	46,267,128	50,421,347	54,031,359	57,726,739
Short-Term					
Employment Injury	122,176	162,484	206,314	208,088	139,481
Sickness Allowance	3,602,593	3,847,781	4,482,785	4,568,549	5,089,859
Maternity Allowance	2,400,683	2,488,955	2,771,392	3,112,546	3,066,501
Maternity Grant	523,800	466,200	571,200	557,400	559,200
Funeral Grant	417,296	421,250	405,963	492,023	512,857
Medical Expenses	3,049,668	3,084,516	3,038,140	3,034,383	5,034,993
Sub-Total	10,116,216	10,471,187	11,475,793	11,972,990	14,402,891
Total	**50,380,638**	**56,738,314**	**61,897,140**	**66,004,348**	**72,129,630**

2014