

**2011/12**

**BAUXITE & ALUMINA TRADING  
COMPANY OF JAMAICA  
LIMITED**

**ANNUAL REPORT**

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# BAUXITE & ALUMINA TRADING COMPANY OF JAMAICA LIMITED

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The Bauxite & Alumina Trading Company of Jamaica Limited (“BATCO”) was incorporated in 1977 as the trading arm for the Government’s alumina and bauxite interests and is wholly owned by the Government of Jamaica.

Its main activity comprises trading in alumina with the Company acting as the principal marketing agent for Clarendon Alumina Production Limited (“CAP”) and Jamaica Bauxite Mining Limited (“JBM”); themselves both wholly owned by the Government of Jamaica.

BATCO manages supply agreements with Swiss trading conglomerate, Glencore AG on behalf of both CAP and JBM. BATCO organizes and agrees shipment schedules, and performs financial duties such as invoicing and fund management. The Government of Jamaica is seeking to divest its ownership of CAP, but until that divestiture is completed, BATCO will continue to work with JBM, CAP and the Jamaica Bauxite Institute to maximize benefits realized from the industry.

BATCO remains committed to providing the Jamaican alumina industry with proper representation at the trading and management levels as the Company interacts with customers and potential customers from around the globe.

## **BOARD CHANGES**

The Directors, Mr. Phillip Armstrong, (Chairman), Mrs. Violet Smith, Mr. Delano Seiveright, Mr. Lloyd Bent, Mr. David Minott, Mr. Peter Fakhouri, Mr. Gary Coulton and Mr. Richard Hector resigned effective October 18, 2011.

On October 18, 2011 a new Board of Directors comprising Mr. Peter McConnell Jnr. (Chairman), Mr. David Minott, Mr. Lloyd Bent, Mr. Colin Virgo, Mr. George Evans, Mr. Duane Smith and Mr. Sean Azan was formed. This board resigned effective February 13, 2012.

On February 13, 2012 a new Board of Directors was reconstituted with, Mr. Linton Walters (Chairman), Dr. Conrad Douglas, Ms. Marcia Davis, Dr. Marie Freckleton, Dr. Margaret Sylvester Reid, Mr. Richard Bertram, Mr. Brando Hayden, Mr. Carl Thomas and Miss Karen Ho Young while Mr. Coy Roache was retained as Managing Director.

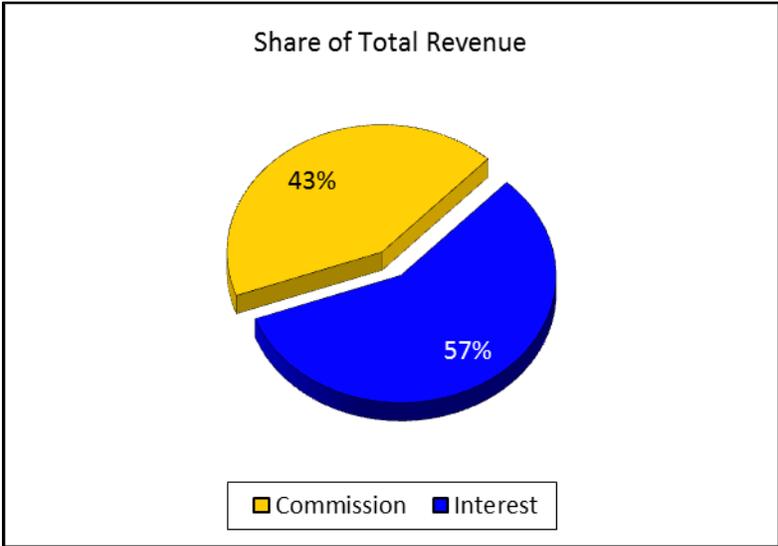
## MANAGING DIRECTOR'S REPORT

The price of alumina sold by BATCO relating to its 2002 ten-year contract is based on a complex formula which combines a fixed component with a variable component, with the variable being based on the price of aluminium set daily on the London Metal Exchange ("LME Aluminium"). Like the vast majority of transactions in the aluminium and alumina industries, the price formulas are based on long term supply agreements, with BATCO having entered into two such contracts with Glencore in 2011 which would each last for five years. These two contracts are based on the variable component described above, and as such BATCO keeps ahead of them by closely watching the fluctuating prices of LME Aluminium.

As a trading entity, BATCO must be prepared to anticipate changes in the market. Information must be routinely collected, organized and analyzed in order to make sound decisions on the future based on the market conditions and the contracts to which the Company is bound. To assist with this information collection, BATCO subscribes to multiple information sources such as the Metal Bulletin, Bloomberg Businessweek and CRU Group's Monthly Alumina Analysis.

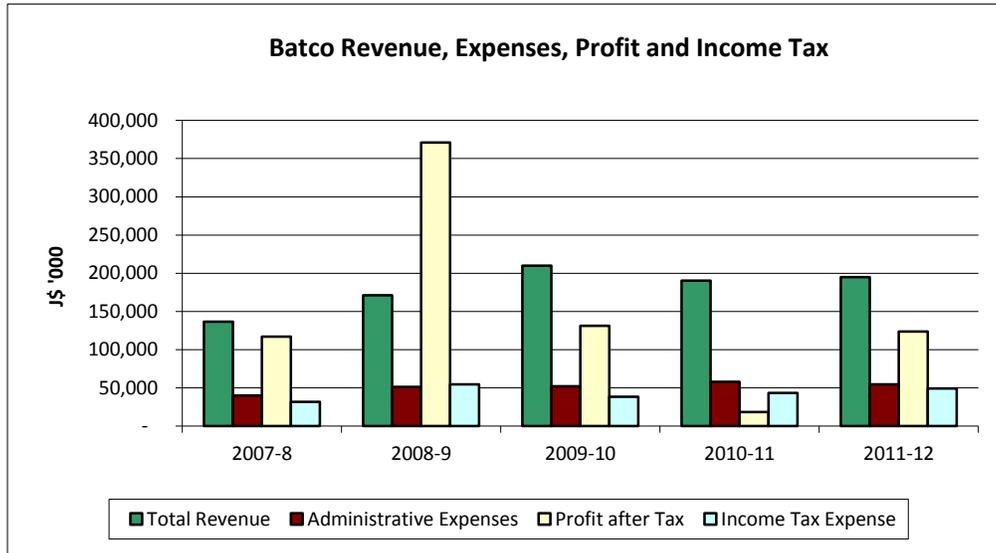
## OPERATING RESULTS

Revenues from continuing operations comprise commission earned on the sale of alumina and interest on deposits. BATCO's revenues increased in fiscal year 2011/12 by 2.5%, or J\$4.8 million. The graph below shows that interest income represented 57% of BATCO's revenues. Total interest income decreased by 19%, or J\$21 million from the 2010/11 fiscal year.

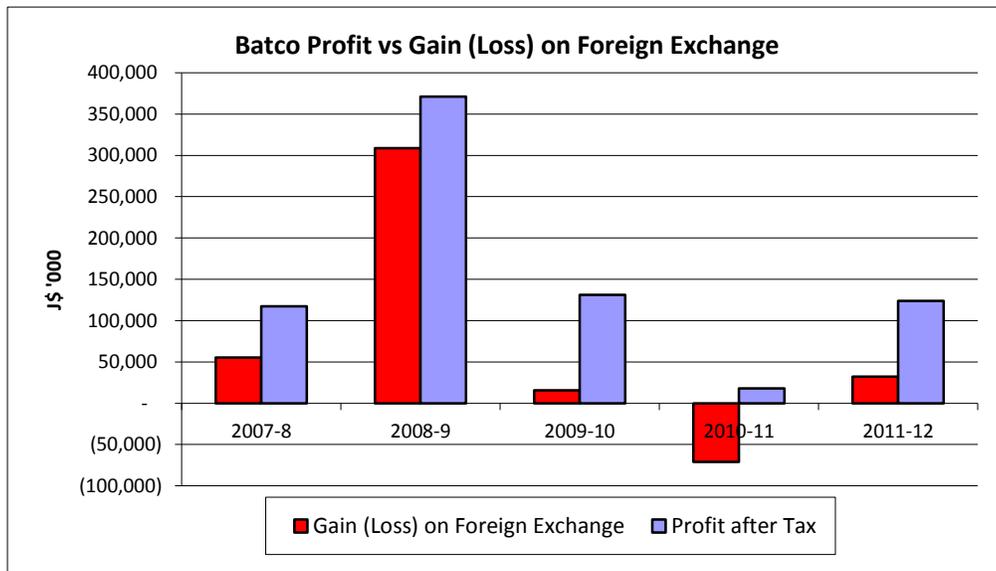


In keeping with the Government’s mandate to manage administrative and other costs, operating costs fell by 6% over the previous fiscal year.

The graph below shows the relationship between revenue, administrative expenses, profit and income tax over the last four years.

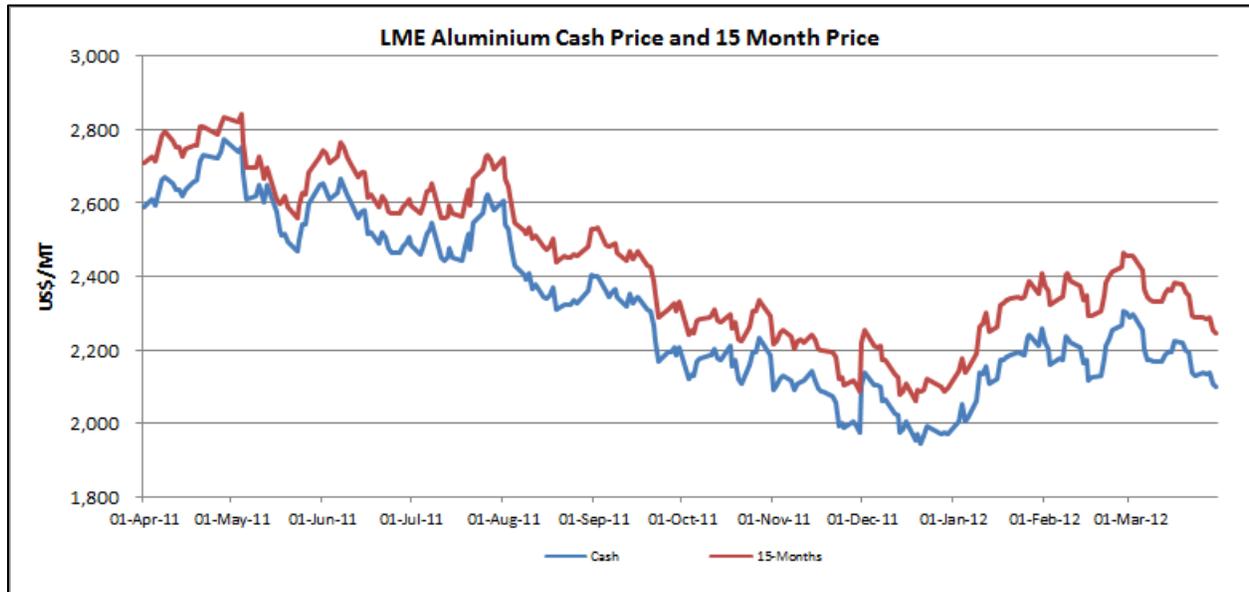


The notable increase in profit for 2008/9 reflects a one-time gain in foreign exchange and was discussed in that year’s Annual Report. 2011/12 fiscal year saw a return to healthy profitability. The gain in foreign exchange for the Company over the past four fiscal years is seen in the graph below.

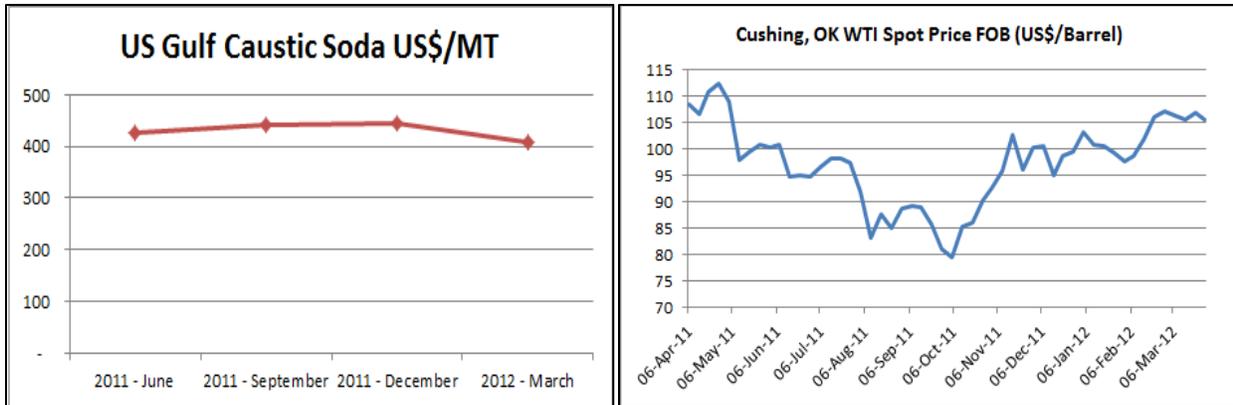


## INDUSTRY OVERVIEW

The benchmark used for setting alumina prices, the London Metal Exchange's Aluminium Cash Price, showed a definite downward trend for the fiscal year 2011-12. LME Aluminium rose to its highest price for the fiscal year on the 26<sup>th</sup> of April, 2011 at US\$2,721/MT and has been on a consistent, but volatile downward trend since then as seen on the graph below. It reached a low for the fiscal year of US\$1,945/MT on December 21, 2011, but has bounced back to as the US\$2,200/MT range since then.



Closer analysis of the graph will show that the 15 month and cash curves almost converge during the month of May. Data collected by BATCO show that the 3 month forward and cash prices actually went into backwardation (cash price higher than forward contract) which, in hindsight, served as a useful indicator that a downward price movement was looming. Backwardation indicates that it would be unprofitable for a trader to hold a 3-month contract, taking into consideration interest rates and storage costs; it would be a costly proposition. Since the 15 month and the 3 month usually track each other, the graph above implicitly shows that contango (forward contract price higher than cash price) returned thereafter and even opened wider later in the year. As usual, however, underlying world economics plays the most significant role in determining commodities prices.



Fuel oil, which represents, on average 45% of input costs, was again quite volatile over the fiscal year, moving from approximately US\$110/bbl in April 2011 to approximately US\$80/bbl in Oct 2011, ending the fiscal year above US\$105/bbl. Unfortunately, the rise in the price of aluminium did not match the rise in the price of oil, and as such operators of aluminium smelters are worse off than they were one year ago. This is even worse for producers of alumina as prices of both caustic soda (another critical input) and oil remain at high levels as compared to the price of aluminium.

With these high input costs in mind, although there has been a significant development in the pricing of alumina over the past few years with some major producers (specifically Alcoa), and trade magazines (Metal Bulletin and Platts) establishing their own indices for alumina pricing, none have yet caught on as an industry standard as yet. BATCO will continue to monitor this trend and determine its applicability to any of its current contracts or future negotiations

The 25% fall in aluminium prices and, by proxy alumina prices, has left UCRusal's Ewarton alumina plant (part of Winalco), vulnerable once again because of the high prices of both caustic soda and crude oil. Furthermore, there is a significant slowdown in growth from two major economies: China and India. Also, there is the on-going European debt crisis, which threatens to bankrupt several European nations.

Lastly, there is the United States of America's slow recovery from recession, specifically the industry which is the primary user of aluminium: the housing market. Altogether, things do not bode well for Jamaica's alumina industry in the medium-term. As such, BATCO continues to hold the view that an energy solution must be the highest priority to maintain the alumina industry as it currently exists.

**Managing Director**

**Chairman**

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**YEAR ENDED MARCH 31, 2012**

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## INDEPENDENT AUDITORS' REPORT

To the members of

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

### Report on the financial statements

We have audited the accompanying financial statements of Bauxite and Alumina Trading Company of Jamaica Limited (the Company), set out on pages 2 to 33, which comprise the statement of financial position as at March 31, 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2004 of Jamaica and of such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Report on the financial statements (Cont'd)**

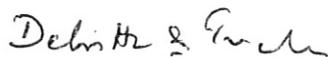
*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on additional requirements of the Companies Act, 2004 of Jamaica**

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

In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required in the manner so required.

  
Chartered Accountants

Kingston, Jamaica,  
July 25, 2012

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2012

	<u>Notes</u>	<u>2012</u> \$'000	<u>2011</u> \$'000
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	12,200	8,518
Intangible asset	6	440	660
Investment securities	7	<u>21,779</u>	<u>42,786</u>
<b>Total non-current assets</b>		<u>34,419</u>	<u>51,964</u>
<b>Current assets</b>			
Owed by related company	9	673	-
Short-term advances	10	50,620	50,620
Short-term loans receivable	11	1,640,486	1,633,906
Trade and other receivables	12	19,640	8,647
Investment securities	7	22,074	-
Cash and bank balances	13	<u>516,505</u>	<u>422,701</u>
<b>Total current assets</b>		<u>2,249,998</u>	<u>2,115,874</u>
<b>Total assets</b>		<u>2,284,417</u>	<u>2,167,838</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Equity</b>			
Share capital	14	1	1
Retained profits		<u>2,219,468</u>	<u>2,095,773</u>
<b>Total equity</b>		<u>2,219,469</u>	<u>2,095,774</u>
<b>Non-current liability</b>			
Deferred tax liability	15	<u>20,282</u>	<u>23,914</u>
<b>Total non-current liability</b>		<u>20,282</u>	<u>23,914</u>
<b>Current liabilities</b>			
Payables and accruals	16	5,954	8,210
Income tax payable		38,712	12,289
Owed to related company	10	<u>-</u>	<u>27,651</u>
<b>Total current liabilities</b>		<u>44,666</u>	<u>48,150</u>
<b>Total equity and liabilities</b>		<u>2,284,417</u>	<u>2,167,838</u>

The Notes on Pages 6 to 33 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 33 were approved and authorised for issue by the Board of Directors on July 25, 2012 and are signed on its behalf by:



Director



Director

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**YEAR ENDED MARCH 31, 2012**

	<u>Notes</u>	<u>2012</u> \$'000	<u>2011</u> \$'000
<b>Revenue</b>			
Commission		82,655	56,726
Finance income	17	111,779	132,898
Management fee		500	500
Other		<u>35</u>	<u>40</u>
		194,969	190,164
Other gains and losses	18	<u>32,211</u>	<u>( 70,987)</u>
		<u>227,180</u>	<u>119,177</u>
Administrative expenses		51,397	54,650
Promotional costs		68	237
Other operating expenses		<u>3,036</u>	<u>3,097</u>
	19	<u>54,501</u>	<u>57,984</u>
<b>PROFIT BEFORE TAXATION</b>		172,679	61,193
Taxation	21	<u>( 48,984)</u>	<u>( 43,097)</u>
<b>PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME</b>	22	<u>123,695</u>	<u>18,096</u>

The Notes on Pages 6 to 33 form an integral part of the Financial Statements.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**YEAR ENDED MARCH 31, 2012**

	<u>Share Capital</u> \$'000	<u>Retained Profits</u> \$'000	<u>Total</u> \$'000
Balance at April 1, 2010	1	2,077,677	2,077,678
Net profit and Total comprehensive income for the year	<u>-</u>	<u>18,096</u>	<u>18,096</u>
Balance at March 31, 2011	1	2,095,773	2,095,774
Net profit and Total comprehensive income for the year	<u>-</u>	<u>123,695</u>	<u>123,695</u>
Balance at March 31, 2012	<u>1</u>	<u>2,219,468</u>	<u>2,219,469</u>

The Notes on Pages 6 to 33 form an integral part of the Financial Statements.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2012**

	<u>Note</u>	<u>2012</u> \$'000	<u>2011</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		123,695	18,096
Adjustments for:			
Depreciation and amortisation		3,036	3,097
Loss (gain) on disposal of property, plant and equipment		31	( 147)
Interest income		(111,779)	(132,898)
Foreign exchange		( 32,242)	2,119
Taxation		<u>48,984</u>	<u>43,097</u>
		31,725	( 66,636)
Movements in working capital:			
(Increase) decrease in trade and other receivables		( 10,865)	3,134
(Decrease) increase in owed by related company		( 28,324)	51,092
(Decrease) increase in payables and accruals		<u>( 2,256)</u>	<u>1,404</u>
Cash used in operations		( 9,720)	( 11,006)
Income taxes paid		<u>( 26,193)</u>	<u>( 49,718)</u>
Net cash used in operating activities		<u>( 35,913)</u>	<u>( 60,724)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		( 6,982)	( 25)
Proceeds from disposal of property, plant and equipment		453	884
Interest received		127,015	134,654
Short-term loans receivable		<u>-</u>	<u>(186,171)</u>
Net cash provided by (used in) investing activities		<u>120,486</u>	<u>( 50,658)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		84,573	(111,382)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>420,871</u>	<u>532,253</u>
		505,444	420,871
Effects of exchange rate changes on the balance of cash held in foreign currency		<u>7,610</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	13	<u>513,054</u>	<u>420,871</u>

The Notes on Pages 6 to 33 form an integral part of the Financial Statements.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

**1 IDENTIFICATION**

Bauxite and Alumina Trading Company of Jamaica Limited (BATCO), a limited liability company, was incorporated under the Laws of Jamaica on April 6, 1977. The company is domiciled in Jamaica, with registered office and principal place of business located at PCJ Resource Centre, 36 Trafalgar Road, Kingston 10.

The company is Government owed with shares held by the Accountant General of Jamaica.

The company acts as a marketing agent for Clarendon Alumina Production Limited (CAP) and Jamaica Bauxite Mining Limited (JBM).

The financial statements are expressed in Jamaican dollars.

**2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Standards and Interpretations affecting presentation and disclosures in the current period (and/or prior periods)

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

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

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

***Standards and Interpretations adopted with no effect on financial statements***

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

	<u>Effective for annual periods beginning on or after</u>
<u>Amendments to Standards</u>	
IAS 1, 34, IFRS 1 and 7	Amendments arising from May 2010 Annual Improvements to IFRS
	January 1, 2011
IAS 24	Related party disclosures - revised definition of related parties
	January 1, 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards
	- Limited exemption from comparative IFRS 7 disclosures for first-time adopters
	July 1, 2010
<u>New and Revised Interpretations</u>	
IFRIC 13	Customer loyalty programme
	- Amendment arising from May 2010 Annual Improvements to IFRS
	January 1, 2011
IFRIC 14: IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction: November 2009 amendment with respect to voluntary prepaid contributions
	January 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
	July 1, 2010

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

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

*Standards and interpretations in issue not yet effective*

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

		<u>Effective for annual periods beginning on or after</u>
<u>New Standards</u>		
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosures of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
<u>Amendments to Standards</u>		
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 1, 2012
IAS 12	Income Taxes - limited scope amendment (recovery of underlying assets)	January 1, 2012
IAS 19	Employee Benefits - Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27 and IFRS 3	Amendments arising from May 2010 Annual Improvements to IFRS	July 1, 2011
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements	January 1, 2013
IAS 28	Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures	January 1, 2013
IAS 32	Financial Instruments: - Amendments to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014
IFRS 1	First-time Adoption of International Financial Reporting Standards - Replacement of fixed dates for certain exceptions with the date of transition to IFRS - Additional exemption for entities ceasing to suffer from severe hyperinflation	July 1, 2011 July 1, 2011

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

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

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

		<u>Effective for annual periods beginning on or after</u>
<u>Amendments to Standards (Cont'd)</u>		
IFRS 7	Financial Instruments: Disclosures	
	- Amendments enhancing disclosures about offsetting financial assets and financial liabilities	January 1, 2013
	- Amendments enhancing disclosures about transfers of financial assets	July 1, 2011
<u>New and Revised Interpretations</u>		
IFRIC 20	Stripping costs in the Production Phase of a Surface Mine	January 1, 2013

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

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

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

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

- IAS 12 (Revised) Income Taxes requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment provides a practical solution to recovery through use or through sale when the asset is measured using the fair value model, by introducing a presumption that the recovery of the carrying value amount will normally be through sale. On adoption at its effective date, the standard is not expected to have any impact on the company's financial statements.
- The amendments to *IFRS 7 Disclosures - Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The company does not anticipate that these amendments to IFRS 7 will have any effect on the disclosures in the financial statements.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

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

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

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

- *Amendment to IFRS 7 - Enhanced Derecognition Disclosure Requirements* - The IASB introduced enhanced disclosure requirements to IFRS 7 as part of its comprehensive review of off-balance sheet activities. The amendments are designed to ensure that users of financial statements are able to more readily understand transactions involving the transfer of financial assets (for example, securitisations), including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Disclosures are not required for comparative periods before the date of initial application of the amendments. The application of the amendment will result in enhanced disclosures in the financial statements to the extent applicable.
- IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope. Management has not yet assessed the impact of this IFRS on the financial statements.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 *Statement of compliance***

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act, 2004 of Jamaica.

**3.2 *Basis of preparation***

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The principal accounting policies are set out below and have been consistently applied.

**3.3 *Property, plant and equipment***

All property, plant and equipment held for use in the supply of services, or for administrative purposes, are stated at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.3 *Property, plant and equipment (Cont'd)***

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

**3.4 *Intangible assets***

Intangible assets with finite useful lives acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

**3.5 *Impairment of tangible and intangible assets***

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

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

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

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

**3.6 *Financial Instruments***

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

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

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.7 Financial assets**

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

**3.7.1 Classification of financial asset**

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the asset is held within a business model whose object is hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**3.7.2 Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "finance income" line item.

**3.7.3 Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

**3.7.4 Impairment of financial assets**

Financial assets that are measured at amortised cost are assessed for indication of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.7 Financial assets (Cont'd)****3.7.4 Impairment of financial assets (Cont'd)**

Objective evidence of impairment could include:

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

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of any collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the period recovered. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

**3.7.5 Derecognition of financial assets**

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.8 *Financial liabilities and equity instruments*****3.8.1 Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**3.8.2 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**3.8.3 Financial liabilities**

The company's financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the accounting policies set out below.

**3.8.3.1 *Financial liabilities subsequently measured at amortised cost.***

The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method, except for short-term liabilities where the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**3.8.3.2 *Foreign exchange gains and losses***

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.8 *Financial liabilities and equity instruments (Cont'd)*****3.8.3 Financial liabilities (Cont'd)****3.8.3.3 *Derecognition of financial liabilities***

The Company derecognises financial liability when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

**3.9 *Taxation***

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

**3.9.1 Current tax**

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

**3.9.2 Deferred tax**

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

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

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

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.9 Taxation (Cont'd)****3.9.3 Current and deferred tax for the period**

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

**3.10 Employee benefits****3.10.1 Retirement benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when due in the period in which employees have rendered service entitling them to the contributions.

**3.10.2 Other short-term employee benefits**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave for services rendered by employees up to the end of the reporting period.

**3.11 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Revenue comprises commission earned on the sale of alumina, interest and management fee.

**3.11.1 Investment income***Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.12 Leasing**

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

**3.12.1 The Company as lessee**

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

**3.13 Foreign currencies**

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in foreign currency are not retranslated.

Exchange differences are recognised in profit or loss for the period in which they arise.

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

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**4.1 Critical judgments in applying accounting policies**

Management believes that there are no judgments made apart from those involving estimation, in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)****4.2 *Key sources of estimation uncertainty***

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

**4.2.1 Depreciation of property, plant and equipment**

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are as disclosed in Note 5.

**4.2.2 Amortisation of intangible assets**

Amortisation is provided to write down the assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and residual values require the use of estimates and judgements. Details of the estimated useful lives are disclosed in Note 6.

**4.2.3 Income taxes**

Estimates are required in determining the provisions for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. (Notes 15 and 21).

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

## 5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Sabina Park Private Box	Furniture, Fixtures and Office Equipment	Motor Vehicles	Computers	Communi- cation Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>							
April 1, 2010	644	6,468	1,724	12,791	1,463	306	23,396
Additions	-	-	25	-	-	-	25
Disposal	-	-	-	( 4,419)	-	-	( 4,419)
March 31, 2011	644	6,468	1,749	8,372	1,463	306	19,002
Additions	-	-	-	6,820	93	69	6,982
Disposal	-	-	( 4)	( 2,263)	( 97)	(131)	( 2,495)
March 31, 2012	<u>644</u>	<u>6,468</u>	<u>1,745</u>	<u>12,929</u>	<u>1,459</u>	<u>244</u>	<u>23,489</u>
<b>Depreciation</b>							
April 1, 2010	644	647	1,068	7,869	843	218	11,289
Charge for the year	-	647	88	1,896	214	32	2,877
Disposal	-	-	-	( 3,682)	-	-	( 3,682)
March 31, 2011	644	1,294	1,156	6,083	1,057	250	10,484
Charge for the year	-	647	90	1,883	170	26	2,816
Disposal	-	-	( 4)	( 1,810)	( 97)	(100)	( 2,011)
March 31, 2012	<u>644</u>	<u>1,941</u>	<u>1,242</u>	<u>6,156</u>	<u>1,130</u>	<u>176</u>	<u>11,289</u>
<b>Carrying amounts</b>							
March 31, 2012	<u>-</u>	<u>4,527</u>	<u>503</u>	<u>6,773</u>	<u>329</u>	<u>68</u>	<u>12,200</u>
March 31, 2011	<u>-</u>	<u>5,174</u>	<u>593</u>	<u>2,289</u>	<u>406</u>	<u>56</u>	<u>8,518</u>

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

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

The following useful lives are used in the calculation of depreciation:

Leasehold improvements	-	2 years
Sabina Park Private Box	-	10 years
Furniture, fixtures and office equipment	-	10 years
Motor vehicles	-	5 years
Computers	-	5 years
Communication equipment	-	5 years

**6 INTANGIBLE ASSET**

	<u>Computer Software</u>
	\$'000
<b>Cost</b>	
Additions	<u>1,100</u>
March 31, 2011 and March 31, 2012	<u>1,100</u>
<b>Amortisation</b>	
April 1, 2010	220
Charge for the year	<u>220</u>
March 31, 2011	440
Charge for the year	<u>220</u>
March 31, 2012	<u>660</u>
<b>Carrying amount</b>	
March 31, 2012	<u>440</u>
March 31, 2011	<u>660</u>

Amortisation of the computer software is calculated based on an estimated useful life of 3 - 5 years.

**7 INVESTMENT SECURITIES**

These include:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
<i>Measured at amortised cost</i>		
Government of Jamaica Fixed Rate		
Investments (US\$500,000)	43,558	42,786
Interest receivable	<u>295</u>	<u>-</u>
Long-term portion (US\$250,000)	43,853	42,786
Current portion (US\$250,000)	<u>(22,074)</u>	<u>-</u>
Long-term portion (US\$250,000)	<u>21,779</u>	<u>42,786</u>

Interest rates on these investments are at rates of 6.75% and 7% per annum and mature in 2013 and 2014.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2012****8 RETIREMENT BENEFIT**

The Company operated a defined benefit pension scheme (the Scheme) in prior periods.

The Trustees of the National Investment Bank of Jamaica Pension Scheme applied to the Financial Services Commission for approval to wind up the Scheme effective September 1, 2006. The employees of Bauxite and Alumina Trading Company of Jamaica Limited signed an agreement to the winding up of the Scheme as at September 1, 2006 and discontinued their contributions. The Financial Services Commission (FSC) granted approval to wind up the Scheme on May 8, 2009.

The Scheme refunded the members their accumulated contributions with interest. The entitlement exclusive of employees contributions for members who were still in employment and who made an election to transfer to individual retirement account (IRA) at Scotia Jamaica Life Insurance Company Limited, an approved Retirement Scheme.

The Board of Directors agreed to the Company contributing 5% of salary to the IRA of these employees effective as of April 2010. The Company bears no obligation for the provision of benefits beyond these contributions to IRAs.

A balance of \$8.023 million remaining on the defined benefit pension scheme has been stated as trade and other receivables (Note 12) pending finalization of the winding up of the Scheme.

**9 BALANCES/TRANSACTIONS WITH RELATED PARTIES**

A party is related to the Company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the Company (this includes parent, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the Company; or
  - has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

Related party transactions and balances are recognised and disclosed in the financial statements.

Transactions with related parties are recorded in accordance with the normal policies of the Company at transaction dates.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

**9 BALANCES/TRANSACTIONS WITH RELATED PARTIES (Cont'd)**

9.1 At the end of the reporting period, trade and non-trade balances with related parties were as follows:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Included in short-term loans (Note 12) - JBM	1,036,779	1,040,889
Owed (to) by related company (Note 10.3) - JBM	<u>673</u>	<u>( 27,651)</u>
	<u>1,037,452</u>	<u>1,013,238</u>

9.2 Profit for the period includes amounts arising in the normal course of business with related parties as follows:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Income:		
Jamaica Bauxite Mining Limited		
Interest	43,527	60,977
Management fee	<u>500</u>	<u>500</u>
	<u>44,027</u>	<u>61,477</u>

9.3 Amounts owing by related company are due from (to) Jamaica Bauxite Mining Limited, and arose during the normal course of business. These amounts are interest free and have no set repayment terms.

9.4 The remuneration of directors and other members of key management during the year were as follows:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Short-term employee benefits	<u>22,163</u>	<u>18,015</u>

**10 SHORT-TERM ADVANCES**

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Clarendon Alumina Production Limited	<u>50,620</u>	<u>50,620</u>

This amount is unsecured and has no set repayment terms. No interest is charged on the outstanding balance.

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2012

## 11 SHORT-TERM LOANS RECEIVABLE

			<u>2012</u>	<u>2011</u>
			\$'000	\$'000
Promissory notes			<u>1,640,486</u>	<u>1,633,906</u>
<u>Promissory Notes: 2012</u>				
	Interest Rate	<u>Due Date</u>		<u>Equivalent</u>
	<u>Per Annum</u>		US\$'000	J\$'000
	%			
Clarendon Alumina Production Limited (CAP)	8	May 2012	5,000	435,577
Clarendon Alumina Production Limited	8	May 2012	<u>1,883</u>	<u>164,056</u>
			6,883	599,633
Accrued interest (see (a) below)			<u>47</u>	<u>4,074</u>
Total CAP			<u>6,930</u>	<u>603,707</u>
Jamaica Bauxite Mining Limited (JBM)	5	June 30, 2012	-	252,771
Jamaica Bauxite Mining Limited	2	June 30, 2012	1,000	87,115
Jamaica Bauxite Mining Limited	2	June 30, 2012	2,500	217,789
Jamaica Bauxite Mining Limited	2	June 30, 2012	2,500	217,789
Jamaica Bauxite Mining Limited	2	June 30, 2012	<u>2,500</u>	<u>217,789</u>
			8,500	993,253
Accrued interest (see (a) below)			<u>343</u>	<u>43,526</u>
Total JBM (Note 10.1)			<u>8,843</u>	<u>1,036,779</u>
			<u>15,773</u>	<u>1,640,486</u>

(a) Accrued interest includes US\$390,008 (J\$33.975 million) on US\$ denominated loans and \$13.625 million on J\$ denominated loans.

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2012

## 11 SHORT-TERM LOANS RECEIVABLE (Cont'd)

Promissory Notes: 2011

	Interest Rate	Due Date	US\$'000	Equivalent J\$'000
	<u>Per Annum</u>	(See (b) below)		
	%			
Clarendon Alumina Production Limited (CAP)	8	March 31, 2011	5,000	427,864
Clarendon Alumina Production Limited	8	March 31, 2011	<u>1,883</u>	<u>161,151</u>
			6,883	589,015
Accrued interest			<u>47</u>	<u>4,002</u>
Total CAP			<u>6,930</u>	<u>593,017</u>
Jamaica Bauxite Mining Limited (JBM)	8	March 31, 2011	-	252,772
Jamaica Bauxite Mining Limited	5.5	December 31, 2011	1,000	85,573
Jamaica Bauxite Mining Limited	6.75	March 14, 2011	2,500	213,931
Jamaica Bauxite Mining Limited	6.75	June 14, 2011	2,500	213,931
Jamaica Bauxite Mining Limited	6.75	July 9, 2011	<u>2,500</u>	<u>213,931</u>
			8,500	980,138
Accrued interest (see (c) below)			<u>475</u>	<u>60,751</u>
Total JBM (Note 10.1)			<u>8,975</u>	<u>1,040,889</u>
			<u>15,905</u>	<u>1,633,906</u>

(b) The Promissory notes from CAP and JBM that were due for repayment during the year were extended to the following year by the Company. In respect of the CAP promissory notes the Company uses its discretion to extend repayment beyond the due date and is authorised to deduct interest payment due from revenue received from JBM and CAP alumina shipments.

(c) Accrued interest includes US\$521,794 (J\$44.53 million) on US\$ denominated loans and \$20.222 million on J\$ denominated loans.

## 12 TRADE AND OTHER RECEIVABLES

	<u>2012</u> \$'000	<u>2011</u> \$'000
Trade	10,744	18
Prepayments	384	250
Retirement benefit (Note 8)	8,023	8,023
Other	<u>1,079</u>	<u>946</u>
	20,230	9,237
Less: Allowance for doubtful debts	( 590)	( 590)
Total	<u>19,640</u>	<u>8,647</u>

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

**12 TRADE AND OTHER RECEIVABLES (Cont'd)**

Allowance for doubtful debt is as follows:

	<u>2012</u> \$'000	<u>2011</u> \$'000
Balance at beginning and end of year	(590)	(590)

Trade receivables are in respect of commission earned from Clarendon Alumina Production Limited on the sale of Alumina and are normally settled within 30 days of delivery. All amounts are current at the end of the reporting period.

Receivables have been reviewed for indicators of impairment and relevant allowance has been recognised accordingly. The allowance is in respect of other receivables which are in excess of one year.

**13 CASH AND BANK BALANCES**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in Money Market instruments with an original maturity of three months or less from the date of acquisition.

Cash and bank balances include:

	<u>Average</u> <u>Interest Rate</u> %	<u>2012</u> \$'000	<u>2011</u> \$'000
Money Market Investments denominated in Jamaican dollars	6.09	90,600	57,611
Money Market Investments denominated in foreign currency US\$4,717,550 (2010 - US\$4,847,466)	3.99	410,971	275,782
Cash on hand and in banks:			
- Current accounts	-	1,101	3,936
- Saving account - US\$119,174 (2010 - US\$976,265)	1.25	<u>10,382</u>	<u>83,542</u>
Cash and cash equivalents		513,054	420,871
Interest accrued		<u>3,451</u>	<u>1,830</u>
		<u>516,505</u>	<u>422,701</u>

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2012

## 14 SHARE CAPITAL

	<u>2012</u> No. of shares	<u>2011</u> No. of shares	<u>2012</u> \$'000	<u>2011</u> \$'000
Authorised:				
100 no par value ordinary shares at beginning and end of year	<u>100</u>	<u>100</u>		
Issued capital:				
Ordinary shares at beginning and end of the year	<u>100</u>	<u>100</u>		
Stated capital:				
Issued and fully paid:				
100 ordinary shares at beginning and end of the year			<u>1</u>	<u>1</u>
			<u>1</u>	<u>1</u>

## 15 DEFERRED TAX

This comprises:

	<u>2012</u> \$'000	<u>2011</u> \$'000
Deferred tax assets	721	923
Deferred tax liabilities	<u>(21,003)</u>	<u>(24,837)</u>
Net position at March 31	<u>(20,282)</u>	<u>(23,914)</u>

The movement in the net deferred tax position was as follows:

	<u>2012</u> \$'000	<u>2011</u> \$'000
At April 1, 2011	(23,914)	( 7,948)
Credited to income for the year (Note 21)	<u>3,632</u>	<u>(15,966)</u>
At March 31, 2012	<u>(20,282)</u>	<u>(23,914)</u>

The following are the major deferred tax assets and liabilities recognised by the Company during the year:

	<u>Assets</u>		<u>Liabilities</u>		
	Accrued Vacation Leave \$'000	Total \$'000	Capital Allowance in excess of Depreciation \$'000	Interest Receivable \$'000	Total \$'000
At April 1, 2010	901	901	(3,715)	( 5,134)	( 8,849)
Credited (Charged) to income for the year	<u>22</u>	<u>22</u>	<u>1,072</u>	<u>(17,060)</u>	<u>(15,988)</u>
At March 31, 2011	923	923	(2,643)	(22,194)	(24,837)
(Charged) Credited to income for the year	<u>(202)</u>	<u>(202)</u>	<u>(1,245)</u>	<u>5,079</u>	<u>3,834</u>
At March 31, 2012	<u>721</u>	<u>721</u>	<u>(3,888)</u>	<u>(17,115)</u>	<u>(21,003)</u>

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

## 16 PAYABLES AND ACCRUALS

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Other payables	21	21
Accruals	<u>5,933</u>	<u>8,189</u>
	<u>5,954</u>	<u>8,210</u>

## 17 FINANCE INCOME

Finance income comprises interest earned on:

Loans and receivables

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Interest income on short-term deposits	21,016	18,183
Interest income CAP promissory notes	47,604	53,737
Interest income JBM promissory notes	<u>43,159</u>	<u>60,978</u>
	<u>111,779</u>	<u>132,898</u>

## 18 OTHER GAINS AND LOSSES

These comprise:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
(Loss) on disposal of property, plant and equipment	( 31)	147
Pension refund	<u>-</u>	<u>391</u>
	( 31)	538
Foreign exchange gain (loss) on financial assets classified as loan and receivable	<u>32,242</u>	<u>(71,525)</u>
	<u>(32,211)</u>	<u>(70,987)</u>

## 19 EXPENSES

Total administrative and other operating expenses:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Directors' fees	451	728
Directors' remuneration	10,827	10,339
Employee benefits (Note 20)	28,803	30,393
Auditors' remuneration	1,030	1,025
Legal and professional fees	827	1,500
Rent and maintenance	4,991	5,011
Depreciation and amortisation	3,036	3,097
Other expenses	<u>4,536</u>	<u>5,891</u>
	<u>54,501</u>	<u>57,984</u>

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

**20 EMPLOYEE BENEFITS**

Non-executive staff

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Salaries and wages	20,415	22,126
Statutory contributions	1,913	1,745
Pension contributions	530	489
Other personnel cost	<u>5,945</u>	<u>6,033</u>
	<u>28,803</u>	<u>30,393</u>

The average number of employees during the year was fourteen (14), (2011 - fifteen (15)).

**21 TAXATION**

i) Income tax based on profit for the year, adjusted for tax purposes and computed at the tax rate of 33 $\frac{1}{3}$ %, comprises:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Current tax	52,616	27,131
Deferred tax (credit) charge (Note 15)	<u>( 3,632)</u>	<u>15,966</u>
	<u>48,984</u>	<u>43,097</u>

ii) Reconciliation of theoretical tax charge to effective tax charge:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Profit for the year before tax	<u>172,679</u>	<u>61,193</u>
Tax at the applicable tax rate of 33 $\frac{1}{3}$ %	57,560	20,398
Tax effect of expenses/income not deductible for tax purposes	( 10,686)	23,885
Tax effect on cost of private motor vehicle	2,272	-
Net effect of other charges	<u>( 162)</u>	<u>( 1,186)</u>
Income tax for the year	<u>48,984</u>	<u>43,097</u>

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

**22 PROFIT FOR THE YEAR**

Profit for the year before tax is stated after charging/(crediting):

	<u>2012</u> \$'000	<u>2011</u> \$'000
Directors' emoluments		
Fees	451	728
Directors' remuneration	10,827	10,339
Auditors' remuneration	1,030	1,025
Depreciation and amortisation	3,036	3,097
Interest income	111,779	(132,898)
(Loss) gain on disposal of equipment	( 31)	147
Gain (loss) on foreign exchange	32,242	( 71,525)

**23 LEASING ARRANGEMENTS**

The company rents its administrative office under an operating lease arrangement. The current lease is negotiated for a period five years commencing in 2008 with an option to renew (2013). Rental payments are subject to annual review.

	<u>2012</u> \$'000	<u>2011</u> \$'000
Minimum lease payments recognised as an expense in the year	<u>4,991</u>	<u>5,011</u>
<u>Operating lease commitments</u>		
	<u>2011</u> \$'000	<u>2010</u> \$'000
Not later than 1 year	1,006	1,006
Less than 1 year and not later than 5 years	-	<u>1,509</u>
	<u>1,006</u>	<u>2,515</u>

**24 FINANCIAL INSTRUMENTS**

**24.1 Capital risk management**

The capital structure of the Company consists of equity attributable to the equity holders comprising issued capital, reserves, retained earnings and cash and cash equivalents.

The Company's objective when managing its capital structure, which is a broader concept than the equity on the face of the statement of financial position, is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company's Board of Directors reviews the financial position of the Company at regular meetings.

The Company is not subject to any externally imposed capital requirements.

The Company's overall strategy remains unchanged from 2011.

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

## 24 FINANCIAL INSTRUMENTS (Cont'd)

24.2 *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 3 to the financial statements.

24.3 *Categories of financial instruments*

	<u>2012</u> \$'000	<u>2011</u> \$'000
<b>Financial assets</b>		
Amortised cost	<u>2,263,370</u>	<u>2,150,387</u>
<b>Financial liabilities</b>		
Amortised cost	<u>21</u>	<u>27,672</u>

The carrying amount of the Company's financial assets and liabilities recognised at the end of the reporting periods under review is categorised as follows:

	<u>2012</u> Carrying Amount \$'000	<u>2011</u> Carrying Amount \$'000
<b>Loans and receivables at amortised cost</b>		
<i>Non-current assets</i>		
Investment securities	43,853	42,786
<i>Current assets</i>		
Trade and other receivables	11,233	374
Owed by related company	673	-
Short-term advance	50,620	50,620
Short-term loans receivable	1,640,486	1,633,906
Cash and cash equivalents	<u>516,505</u>	<u>422,701</u>
	<u>2,263,370</u>	<u>2,150,387</u>
<b>Financial liabilities at amortised cost</b>		
<i>Current liabilities</i>		
Payables	21	21
Owed to related party	<u>-</u>	<u>27,651</u>
	<u>21</u>	<u>27,672</u>

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

**24 FINANCIAL INSTRUMENTS (Cont'd)**

**24.4 *Financial risk management policies and objectives***

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on prudence in managing risks and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information.

The Company's Finance Committee and management are responsible for recommending to the Board of Directors, investment decisions. Exposures are measured using sensitivity analysis as indicated below.

**24.5 *Market risk***

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

The Company's investment activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as disclosed in Note 24.6 and 24.7 below respectively.

There has been no change to the manner in which it manages and measures the risk.

**24.6 *Foreign currency risk management***

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company undertakes certain investment transactions denominated in currencies other than the Jamaican dollar. Exchange rate exposures are managed within approved policy parameters and maintaining a manageable balance in the types of investments.

The following balances held in United States dollars are included in these financial statements.

	<u>2012</u> \$'000	<u>2011</u> \$'000
Investment securities	43,853	42,786
Cash and bank balances	424,027	360,940
Short-term loans receivable	<u>1,374,090</u>	<u>1,360,912</u>
Net exposure	<u>1,841,970</u>	<u>1,764,638</u>

Foreign currency sensitivity analysis

The Company's investment portfolio is exposed to the United States dollar. The Company's sensitivity to a 1% (2011: 0.5%) increase or decrease in the Jamaican dollar against the United States dollar is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rate in the short term.

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

**24 FINANCIAL INSTRUMENTS (Cont'd)**

**24.6 Foreign currency risk management (Cont'd)**

The sensitivity of a 1% increase or decrease in the Jamaican dollar against the United States dollar exposure would be an increase or decrease of net surplus by J\$18.4 million (2011: 0.5% increase - J\$8.8 million).

The foreign currency sensitivities have varied due to the sensitivity rates used and the increase in the level of short-term loans receivable held in foreign currency.

**24.7 Interest rate risk management**

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

The Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

Interest rate sensitivity has been determined based on the exposure to interest rates for the Company's investment portfolio at the end of reporting period as these are substantially the interest sensitive instrument impacting financial results. For floating rate assets, the analysis assumes the amount of asset outstanding at the end of the reporting period was outstanding for the whole period. A 0.5% increase or decrease for investments denominated in local currency or foreign currency is used and represents management's assessment of the reasonable possible change in interest rates in the short term. In 2011 the assumption was a 0.5% increase or decrease in interest rates.

If market interest rates had been 0.5% higher or lower and all other variables were held constant:

	<u>2012</u> \$'000	<u>2011</u> \$'000
Effect on net surplus increase /decrease 0.5%	2,560	-
Effect on net surplus increase /decrease 0.5%	-	2,104

**24.8 Credit risk management**

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Company. Credit risk exposure arises principally from cash and bank balances, investment securities, trade and other receivables, short-term advances and short-term loans receivable.

In relation to the company's bank accounts, short-term deposits and investment securities, as a policy, these are contracted with creditworthy financial institutions and invested in government debt instruments, to minimize credit risk exposures.

Short-term advances and short-term loans receivables are granted to related parties and business partners that are government-owned entities. Balances are supported by promissory notes and are monitored regularly.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

## 24 FINANCIAL INSTRUMENTS (Cont'd)

24.9 *Liquidity risk management*

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and other liquid assets, and maintaining the availability of funding through an adequate amount of committed credit facilities.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash resources on demand and by continuously monitoring forecasts and actual cash flows.

24.9.1 Liquidity and interest rate tables

The following table details the Company's contractual maturity for its financial assets and financial liabilities. The tables below have been drawn up based on undiscounted contractual maturities of financial assets including interest that will be earned on those except where the Company anticipates that the cash flows will occur in a different period, and in the case of financial liabilities, based on the earliest date on which the Company can be required to pay.

	Weighted average effective interest rate %	On demand up to 1 year \$'000	1 to 5 years \$'000	Total \$'000
<b>Financial assets</b>				
Non-interest bearing		63,627	-	63,627
Interest bearing				
Cash and bank balances	3.84	517,065	-	517,065
Short-term loans receivable	4.73	1,659,083	-	1,659,083
Investment securities	6.88	<u>24,778</u>	<u>23,318</u>	<u>48,096</u>
		<u>2,216,250</u>	<u>23,318</u>	<u>2,239,598</u>
<b>Financial liabilities</b>				
Non-interest bearing		( 21)	-	( 21)
		<u>2,216,259</u>	<u>23,318</u>	<u>2,239,577</u>

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

## 24 FINANCIAL INSTRUMENTS (Cont'd)

## 24.9 Liquidity risk management (Cont'd)

## 24.9.1 Liquidity and interest rate tables (Cont'd)

	Weighted average effective interest <u>rate</u> %	On demand up <u>to 1 year</u> \$'000	1 to 5 <u>years</u> \$'000	<u>Total</u> \$'000
Financial assets				
Non-interest bearing		54,930	-	54,930
Interest bearing				
Cash and cash equivalents	3.73	422,479	-	422,479
Short-term loans receivable	7.35	1,694,004		1,694,004
Investment securities	6.88	<u>2,942</u>	<u>46,919</u>	<u>49,861</u>
		<u>2,174,355</u>	<u>46,919</u>	<u>2,221,274</u>
Financial liabilities				
Non-interest bearing		( <u>27,672</u> )	<u>-</u>	( <u>27,672</u> )
		<u>2,146,683</u>	<u>46,919</u>	<u>2,193,602</u>

## 24.10 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Where market prices are not available for some of the financial assets and liabilities of the Company, the fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at the end of the reporting year. Generally, judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Company would realise in a current market exchange.

The following methods and assumptions have been used:

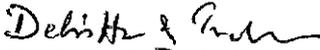
- (i) The carrying values of cash and bank balances, owed to or by related companies, trade and other receivables and payables are assumed to approximate their fair values because of the short-term maturity of these instruments.
- (ii) The fair value of variable rate financial instruments is assumed to approximate their carrying amount as interest rates are contractually adjusted by issuer with movement in underlying bank base rates.
- (iii) The fair value of short-term advances and short-term loan receivable could not be reasonably determined as they were granted under special conditions and are not likely to be traded on a fair market exchange.

## 25 COMMITMENT

Under the terms of a loan agreement, BATCO as agent of Clarendon Alumina Production Limited (CAP) is to supply alumina to Jamaica Bauxite Mining Limited (JBM), which it will obtain from CAP to meet its annual obligation of supplying alumina to Glencore AG.

**REPORT TO THE DIRECTORS OF  
BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED  
ON  
ADDITIONAL INFORMATION**

Our examination of the financial statements of the Company for the year ended March 31, 2012 was intended primarily for the purpose of formulating an opinion on those financial statements taken as a whole. The additional information presented in pages 2 to 4 has been taken primarily from accounting and other records of the Company and is not necessary to give a true and fair view of the financial position of the Company at March 31, 2012 or of its financial performance, or cash flows for the year then ended. Such information has not been subjected to sufficient tests and other auditing procedures to enable us to express an opinion as to the fairness of all the details included therein, and accordingly we do not express an opinion on the additional information.

  
Chartered Accountants

Kingston, Jamaica,  
July 25, 2012

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**SUPPORTING SCHEDULE OF EXPENSES**

**YEAR ENDED MARCH 31, 2012**

	<u>2012</u> \$'000	<u>2011</u> \$'000
<b>Administrative expenses</b>		
Directors' fees	451	728
Directors' remuneration	10,827	10,339
Salaries, wages and related expenses	22,328	23,871
Uniform and staff benefits	5,945	5,800
Staff training	-	233
Pension	530	489
Rent	4,991	5,011
Telephone, postage and cables	563	522
Local travel and subsistence	122	137
Motor vehicle operating expenses	574	744
Repairs, replacements and maintenance	381	427
Printing and stationery	444	342
Audit and accounting fee	1,030	1,025
Legal and professional fees	827	1,500
Insurance	466	474
Gifts donation	169	230
Subscriptions	369	591
Office expenses	1,051	1,041
Asset declaration and annual returns fees	55	41
Postage (freight and shipping)	19	14
Bank charges	113	136
Foreign travel	142	907
Other expenses	<u>-</u>	<u>48</u>
	<u>51,397</u>	<u>54,650</u>
<b>Promotional costs</b>		
Travelling and entertainment	8	183
Advertising (public relations)	<u>60</u>	<u>54</u>
	<u>68</u>	<u>237</u>
<b>Other operating expenses</b>		
Depreciation and amortisation	<u>3,036</u>	<u>3,097</u>
	<u>54,501</u>	<u>57,984</u>

**BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED**

**INCOME TAX COMPUTATION**

**YEAR OF ASSESSMENT 2012**

	\$	\$
Profit for the year		172,679,909
Add: Depreciation and amortisation	3,035,992	
Loss on disposal of property, plant and equipment	31,650	
Donations	153,000	
Interest receivable - 31/03/11	66,583,201	
Vacation payable - 31/03/12	<u>2,161,763</u>	
		<u>71,965,606</u>
Adjusted profit		244,645,515
Less: Accrued vacation - 31/03/11	2,768,846	
Interest receivable - 31/03/12	51,347,289	
Revaluation gain on loans receivable and investments	<u>32,242,993</u>	
		<u>86,359,128</u>
Adjusted profit		158,286,387
Less: Capital allowances		
Initial	32,250	
Annual	404,350	
Balancing	<u>961</u>	
		<u>437,561</u>
Taxable profit for the year		<u>157,848,826</u>
Income tax at 33 $\frac{1}{3}$ %		<u>52,616,275</u>
Tax withheld at source		<u>4,847,389</u>

## BAUXITE AND ALUMINA TRADING COMPANY OF JAMAICA LIMITED

## CLAIM FOR CAPITAL ALLOWANCES

## YEAR OF ASSESSMENT 2012

			W.D.V B/F	Acquisition	DISPOSAL		Initial Allowance	Annual Allowance		W.D.V C/F
					Cost	01/04/11		Proceeds	Balancing Allowance	
			\$	\$	\$	\$	\$		\$	\$
Furniture and fixtures			-	431,370	-	-	-	10 RB	43,137	388,233
Furniture and partition			-	45,015	-	-	-	10 RB	4,502	40,514
Photocopier			-	97,276	-	-	-	10 RB	9,728	87,548
Communication equipment	-	2002	148,500	127,072	-	-	-	10 SL	14,850	112,222
Communication equipment	-	2012	62,744	-	68,744	-	13,749	10 SL	6,874	48,121
Office equipment	-	2009	236,316	125,246	-	-	-	10 SL	23,632	101,614
Office equipment	-	2011	24,990	17,493	-	-	-	10 SL	2,499	14,994
<b>Computers</b>										
Computer	-	2000	334,430	1	-	-	-	22½ SL	-	1
Computer	-	2001	53,199	1	-	-	-	22½ SL	-	1
Computer	-	2002	181,320	1	-	-	-	22½ SL	-	1
Computer	-	2003	58,200	1	-	-	-	22½ SL	-	1
Computer	-	2004	-	1	-	-	1	22½ SL	-	-
Computer	-	2005	371,774	1	-	-	-	22½ SL	-	1
Computer	-	2006	166,360	1	-	-	-	22½ SL	-	1
Computer	-	2007	188,611	1	-	-	-	22½ SL	-	1
Computer	-	2008	224,165	100,176	-	-	-	22½ SL	50,437	49,739
Computer	-	2009	195,845	100,176	-	-	-	22½ SL	44,065	56,111
Computer	-	2010	366,393	100,176	-	-	-	22½ SL	82,438	17,738
Computer	-	2011	92,504	-	92,504	-	18,501	22½ SL	20,813	53,190
Accpac software	-	2010	1,100,068	100,176	-	-	-	22½ SL	100,175	1
<b>Motor vehicles</b>										
Mitsubishi Lancer	-	1999	364,583	1	-	-	-	12½ SL	-	1
Suzuki Grand Vitara 5127 EW	-	2006	2,507,467	1,600	-	-	-	12½ SL	400	1,200
Toyota Corolla 6069 FA	-	2007	2,263,426	1,600	-	640	960	12½ SL	-	-
Toyota Corolla	-	2008	3,236,647	2,000	-	-	-	12½ SL	400	1,600
Mitsubishi Pajero wagon	-	2012	6,820,600	-	3,200	-	-	12½ SL	400	2,800
				<u>1,249,385</u>	<u>164,448</u>	<u>640</u>	<u>961</u>		<u>404,350</u>	<u>975,633</u>