

Financial Statements

March 31, 2007

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Independent Auditors' Report

To the Members of
 Jamaica Deposit Insurance Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Jamaica Deposit Insurance Corporation, set out on pages 52 to 68, which comprise the balance sheet as of 31 March 2007 and the profit and loss account, statement of changes in equity and cash flow statement 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 and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 expressing 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 accompanying financial statements give a true and fair view of the financial position of the company as of 31 March 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

Chartered Accountants

2 July 2007
 Kingston, Jamaica

Jamaica Deposit Insurance Corporation

Statement of Operations

Year ended 31 March 2007

(expressed in Jamaican dollars unless otherwise indicated)


	Note	2007 \$'000	2006 \$'000
Revenue			
Insurance premiums		437,732	388,748
Interest earned		374,415	331,685
Foreign exchange gain		3,182	4,093
Other Income		928	-
		<u>816,257</u>	<u>724,526</u>
Expenses			
Administrative expenses	6	<u>126,477</u>	<u>101,015</u>
Surplus from Operations for the Year		<u><u>689,780</u></u>	<u><u>623,511</u></u>

Jamaica Deposit Insurance Corporation**Balance Sheet****31 March 2007**


(expressed in Jamaican dollars unless otherwise indicated)

		2007	2006
	Note	\$'000	\$'000
ASSETS			
Cash at bank		6,815	14,670
Investment securities	8	3,248,803	2,557,249
Receivables	9	97,111	50,711
Property, plant and equipment	10	64,074	70,242
		<u>3,416,803</u>	<u>2,692,872</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Unearned premium income	11	268,813	245,722
Payables		17,254	18,106
		<u>286,067</u>	<u>263,828</u>
Shareholder's Equity			
Share capital	12	1,000	1,000
Capital reserves	13	15,006	15,006
Fair value reserves		9,832	(2,080)
Deposit insurance fund	14	3,104,898	2,415,118
		<u>3,130,736</u>	<u>2,429,044</u>
		<u>3,416,803</u>	<u>2,692,872</u>

Approved by the Board of Directors on 2 July 2007 and signed on its behalf by:



 Herbert Walker Chairman



 Antoinette McKain Director

Jamaica Deposit Insurance Corporation

Statement of Changes in Equity

Year ended 31 March 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Capital Reserves	Fair Value Reserves	Deposit Insurance Fund	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2005	1,000	-	-	1,791,607	1,792,607
				-	
Revaluation of property, plant and equipment	-	15,006	-	-	15,006
Unrealised loss on available-for-sale investments	-	-	(2,080)	-	(2,080)
Net surplus	-	-	-	623,511	623,511
Total recognised income for 2006	-	-	-	623,511	623,511
Balance at 31 March 2006	1,000	15,006	(2,080)	2,415,118	2,429,044
Unrealised gain on available-for-sale investments	-	-	11,912	-	11,912
Net surplus	-	-	-	689,780	689,780
Total recognised income for 2007	-	-	-	689,780	689,780
Balance at 31 March 2007	1,000	15,006	9,832	3,104,898	3,130,736

Jamaica Deposit Insurance Corporation

Statement of Cash Flows

Year ended 31 March 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2007 \$'000	2006 \$'000
Cash Flows from Operating Activities			
Surplus from operations		689,780	623,511
Adjustments for:			
Depreciation		4,974	4,484
Interest income		(374,415)	(331,684)
Unearned premium income		23,091	32,489
Foreign exchange gains		(3,182)	(4,093)
Loss on disposal of property, plant and equipment		365	-
		<u>340,613</u>	<u>324,707</u>
Changes in non-cash working capital components:			
Other receivables		(46,400)	1,425
Payables		(852)	2,117
		<u>(47,252)</u>	<u>3,542</u>
Cash provided by operating activities		<u>293,361</u>	<u>328,249</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,500)	(5,901)
Disposal of property, plant and equipment		2,329	-
Investment securities		(679,285)	(627,948)
Interest received		377,228	317,158
Cash used in investing activities		<u>(301,228)</u>	<u>(316,691)</u>
Effect of exchange rate changes on cash balances		<u>12</u>	<u>29</u>
Decrease/Increase in cash balance at end of year		<u>(7,855)</u>	<u>11,587</u>
Cash balance at the beginning of the year		<u>14,670</u>	<u>3,083</u>
CASH BALANCE AT THE END OF THE YEAR		<u><u>6,815</u></u>	<u><u>14,670</u></u>

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

1. IDENTIFICATION AND PRINCIPAL ACTIVITY

The Jamaica Deposit Insurance Corporation (the Corporation) is incorporated and domiciled in Jamaica. The Corporation was established in accordance with the Deposit Insurance Act, 1998 (the Act) and commenced operations on August 31, 1998. The registered office of the Corporation is located at 30 Grenada Crescent, Kingston 5.

The principal objective of the Corporation is to manage a scheme to provide insurance against the loss of deposits held in insured financial institutions, up to a maximum of \$300,000 per depositor, in each right and capacity, in each institution.

The Corporation has the power to do all things necessary or incidental to the furtherance of its objects, including levying premiums and fees on policyholders and managing a Deposit Insurance Fund. Among other things it can make enquiries of a policyholder as to the conduct of its affairs and act as receiver, liquidator or judicial manager of any insolvent policyholder, or of its holding company or subscriber, which becomes insolvent.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities and other financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. 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 4.

Interpretations and amendments to published standards effective in 2006

Certain interpretations and amendments to existing standards have been published that became effective during the current financial year. The Corporation has assessed the relevance of all such new interpretations and amendments, and has adopted the following IFRSs, which are relevant to its operations. The 2006 comparative figures have been amended as required, in accordance with the relevant requirements. IAS 39 (Amendment) The Fair Value Option

The adoption of IAS 39 did not result in substantial changes to the Corporation's accounting policies. In summary:

- **IAS 39 (Amendment) - The Fair Value Option**, Following amendments to IAS 39 Financial Instruments: Recognition and Measurement in June 2005, the ability of entities to designate any financial instrument as fair value through the profit and loss has been limited. As the Corporation classifies its financial instruments as available-for-sale, adoption of this amendment has no impact on these financial statements.

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(a) Basis of preparation (Continued)*****Standards, interpretations and amendments to published standards that are not yet effective***

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at balance sheet date, and which the Corporation has not early adopted. The Corporation has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be relevant to its operations, and has concluded as follows:

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The Corporation will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 April 2007.

The Corporation has concluded that the following interpretations to existing standards, which are published but not yet effective, are not relevant to the Corporation's operations:

- **IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies** (effective for annual periods beginning on or after 1 March 2006)
- **IFRIC 8 Scope of IFRS 2** (effective for annual periods beginning on or after 1 May 2006)
- **IFRIC 9 Reassessment of Embedded Derivatives** (effective for annual periods beginning on or after 1 June 2006)
- **IFRIC 10 Interim Financial Reporting and Impairment** (effective for annual periods beginning on or after 1 November 2006)
- **IFRIC 11 IFRS 2 - Group and Treasury Share Transactions** (effective for annual periods beginning on or after 1 March 2007)
- **IFRIC 12 Service Concession Arrangements** (effective for annual periods beginning on or after 1 January 2008)
- **IFRS 8 Operating Segments** (effective for annual periods beginning on or after 1 January 2009)

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date monetary liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange difference on unsettled foreign currency monetary assets are recognised in the statement of operations.

(c) Premium income

Premiums are based on the amount of insurable deposits held by member institutions as at 31 December of the previous year. Insurance premiums are payable initially on the issuance of a policy and subsequently in annual or half yearly installments on or before the policy's anniversary date. Premium income is recognised on the accrual basis.

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(d) Receivables**

Receivables are carried at original amounts less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest.

(e) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and on hand.

(f) Payables

Payables are stated at historical cost.

(g) Investments

The Corporation classifies investments into the following categories: held-to-maturity and available-for-sale financial assets. Management determines the appropriate classification of investments at the time of purchase.

(i) Held-to-maturity

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. Where the Corporation sells other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale.

(ii) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest or exchange rates are classified as available-for-sale. These investments are initially recognised at cost, which includes transaction costs, and are subsequently remeasured at fair value based on amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities are disposed of or impaired, the related accumulated fair value adjustments are included in the statement of operations as gains and losses from investment securities.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the value of expected future cash flows discounted at current market interest rate for a similar financial asset.

All purchases and sales of investment securities are recognised at settlement date.

Jamaica Deposit Insurance Corporation

Notes to Financial Statements

31 March 2007

(expressed in Jamaican dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(h) Property, plant and equipment**

Land and buildings are shown at fair value based on triennial valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on the revaluation of land and buildings are credited to capital reserves in shareholder's equity. Decreases that offset previous increases of the same asset are charged against capital reserves directly in equity; all other decreases are charged to the profit and loss account.

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the expected useful life of each asset held at the beginning of the year at the following rates:

Building	2.5%
Freehold improvement	2.5%
Furniture and fixtures	10%
Motor vehicles	20%
Computers	20%
Office machines	10%

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of operations when the expenditure is incurred.

(i) Provisions

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

Employee entitlements to annual leave and other benefits are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the balance sheet date.

(j) Interest income

Interest income is recognised in the profit and loss account for all interest bearing instruments on an accrual basis unless collectibility is doubtful.

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(k) Provision for losses**

The Act requires that the Corporation shall review the size of its Deposit Insurance Fund at least annually having regard to its liabilities and potential liabilities and taking into account the advice of duly qualified professionals and, as necessary, make such recommendation to the Minister as it deems appropriate to enable it to meet its obligations.

In the event that the ultimate insurance losses exceed the Deposit Insurance Fund, the Corporation may, with the approval of the Minister, increase annual premiums and recommend that the Government increase its contributions by way of advances to the Fund.

No claim has been made on the Corporation to date and, based on the most recent review, management does not deem it necessary to make any provision for losses at this time.

(l) Financial instruments

Financial instruments carried on the balance sheet include cash resources, investment securities, receivables and payables.

(m) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to reflect the requirements of new IFRSs, as well as, amendments to, and interpretations of existing IFRSs (Note 2(a)).

3. INCOME TAXES AND INSURANCE LEGISLATION

The Corporation is exempt from income tax, transfer tax, stamp duty, recording and registration fees and is also exempt from the provision of the Insurance Act under Sections 21 and 8, respectively, of the Deposit Insurance Act, 1998.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**Held-to-maturity Investments**

The company follows the guidance of IAS 39 in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the company evaluates its intention and ability to hold such investments to maturity. If the company fails to keep these investments to maturity other than for specific circumstances – for example, selling other than an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investment would therefore be measured at fair value, not amortised cost. If the entire class of held-to-maturity investments is compromised, the carrying value would increase by \$37,607,000 (2006 - \$22,716,000) with a corresponding adjustment in the fair value reserve in stockholder's equity.

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT**(a) Financial risk factors**

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance.

Management seeks to minimise potential adverse effects on the financial performance of the Corporation by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

(i) Market risk***Currency risk***

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The main currency giving rise to this risk is the United States dollar. The Corporation had net foreign currency assets of US\$1,832,000 at 31 March 2007 (2006 – US\$2,198,000) in respect of transactions arising in the ordinary course of business.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Corporation is exposed to securities price risk because of investments held by the Corporation and classified on the balance sheet as available-for-sale. Price risks arise from open positions in interest earning products which are exposed to general and specific market movements.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation has no significant concentrations of credit risk except for high levels of investment in Government of Jamaica instruments. Cash is placed with substantial financial institutions.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's operating cash flows are dependent on changes in market interest rates. The Corporation has interest-bearing assets which are subject to interest rate fluctuations as disclosed in Note 8.

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

5. FINANCIAL RISK MANAGEMENT (Continued)**(a) Financial risk factors (Continued)****(iv) Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The Corporation manages this risk by maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities with the Bank of Jamaica.

(v) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The company manages this risk by ensuring, as far as possible, that financial assets and liabilities are matched to mitigate any significant adverse cash flows.

(b) Fair value estimation

The amounts included in the financial statements for cash and bank balances, receivables and payables reflect their approximate fair values because of the short-term maturity of these instruments.

The estimated fair values for investment securities have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented below are not necessarily indicative of the ultimate net realisable values or amounts that the Corporation would realise in a current market exchange.

Fair values were estimated as follows:

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Investments	3,162,550	3,200,157	2,468,183	2,490,899

Jamaica Deposit Insurance Corporation

Notes to Financial Statements

31 March 2007

(expressed in Jamaican dollars unless otherwise indicated)

6. EXPENSES BY NATURE

Total administrative expenses:

	2007	2006
	\$'000	\$'000
Advertising	17,984	13,274
Auditors' remuneration - current year	630	593
Depreciation	4,974	4,484
Directors' emoluments -		
Fee	455	455
Management remuneration (included in staff costs)	8,462	4,902
Other	17,864	12,021
Professional fees	8,727	4,773
Repairs and maintenance	4,169	2,461
Staff costs (Note 7)	63,212	58,052
	<u>126,477</u>	<u>101,015</u>

7. STAFF COSTS

	2007	2006
	\$'000	\$'000
Wages and salaries	46,336	44,695
Statutory contributions	5,330	4,393
Others	11,546	8,964
	<u>63,212</u>	<u>58,052</u>
Management remuneration	8,462	4,902
	<u>71,674</u>	<u>62,954</u>

The number of persons employed by the Corporation at the end of the year was 20 (2006 - 23).

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

8. INVESTMENT SECURITIES**(a) Held-to-maturity**

	2007	2006
	\$'000	\$'000
Government of Jamaica	2,716,918	2,281,105
Interest accrued	81,263	84,041
	<u>2,798,181</u>	<u>2,365,146</u>

(b) Available-for-sale

Government of Jamaica	445,632	187,077
Interest accrued	4,990	5,026
	<u>450,622</u>	<u>192,103</u>
	<u>3,248,803</u>	<u>2,557,249</u>

Remaining Term to Contractual Repricing or Maturity

	2007				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Carrying Value
	\$'000	\$'000	\$'000	\$'000	\$'000
Held-to-maturity:					
Government of Jamaica -					
Treasury bills	-	-	-	-	-
Local registered stocks	57,176	251,955	608,009	180,712	1,097,852
Debentures	75,005	20,000	569,203	881,086	1,545,294
US\$ Bonds	-	-	73,772	-	73,772
US\$ Indexed bonds	-	-	-	-	-
Interest accrued	66,659	14,604	-	-	81,263
	<u>198,840</u>	<u>286,559</u>	<u>1,250,984</u>	<u>1,061,798</u>	<u>2,798,181</u>
Available for sale:					
Government of Jamaica -					
Local registered stocks	-	-	-	60,170	60,170
Debentures	-	101,839	223,890	9,504	335,233
US\$ Bonds	-	-	46,792	-	46,792
US\$ Indexed bonds	-	-	3,437	-	3,437
Interest accrued	-	4,990	-	-	4,990
	<u>-</u>	<u>106,829</u>	<u>274,119</u>	<u>69,674</u>	<u>450,622</u>
	<u>198,840</u>	<u>393,388</u>	<u>1,525,103</u>	<u>1,131,472</u>	<u>3,248,803</u>

Jamaica Deposit Insurance Corporation

Notes to Financial Statements

31 March 2007

(expressed in Jamaican dollars unless otherwise indicated)

8. INVESTMENT SECURITIES (Continued)

	Remaining Term to Contractual Repricing or Maturity				
	2006				Carrying Value
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Held-to-maturity:					
Government of Jamaica -					
Treasury bills	-	-	-	-	-
Local registered stocks	108,894	84,158	642,357	427,804	1,263,213
Debentures	146,515	40,000	717,240	25,000	928,755
US\$ Bonds	2,443	-	-	-	2,443
US\$ Indexed bonds	14,672	662	71,360	-	86,694
Interest accrued	84,041	-	-	-	84,041
	356,565	124,820	1,430,957	452,804	2,365,146
Available for sale:					
Government of Jamaica -					
Local registered stocks	-	-	40,228	-	40,228
Debentures	-	-	105,407	-	105,407
US\$ Indexed bonds	-	-	41,442	-	41,442
Interest accrued	-	-	5,026	-	5,026
	-	-	192,103	-	192,103
	356,565	124,820	1,623,060	452,804	2,557,249

Average effective yields by the earlier of the contractual repricing or maturity dates:

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%
Instruments					
Local registered stocks	14.88	14.52	14.35	14.39	14.54
Debentures	8.227	13.83	14.22	13.75	12.52
US\$ Bond	-	-	10.25	-	10.25
US\$ Indexed bond	-	-	7.81	-	7.81

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

9. RECEIVABLES

	2007	2006
	\$'000	\$'000
Withholding tax	93,178	46,535
Prepayments	241	243
Other	3,692	3,933
	<u>97,111</u>	<u>50,711</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Freehold	Furniture	Motor	Computers	Office	Total
	\$'000	\$'000	Improvement	& Fixtures	Vehicles	\$'000	Machines	\$'000
			\$'000	\$'000	\$'000		\$'000	
Valuation -								
31 March 2005	12,000	25,200	2,101	11,680	-	5,518	8,949	65,448
Additions	-	-	410	648	3,104	1,698	41	5,901
Revaluation adjustment	2,500	10,300	-	-	-	-	-	12,800
31 March 2006	14,500	35,500	2,511	12,328	3,104	7,216	8,990	84,149
Additions	-	-	297	18	-	-	1,185	1,500
Disposals	-	-	-	410	3,104	-	644	4,158
31 March 2007	14,500	35,500	2,808	11,936	-	7,216	9,531	81,491
Accumulated Depreciation -								
31 March 2005	-	1,575	118	3,881	-	3,835	2,219	11,628
Charge for the period	-	630	60	1,192	517	1,190	895	4,484
Revaluation adjustment	-	(2,205)	-	-	-	-	-	(2,205)
31 March 2006	-	-	178	5,073	517	5,025	3,114	13,907
Charge for the period	-	887	69	1,188	466	1,443	921	4,974
Relieved on disposal	-	-	-	198	983	-	283	1,464
31 March 2007	-	887	247	6,063	-	6,468	3,752	17,417
Net Book Value -								
31 March 2007	14,500	34,613	2,561	5,873	-	748	5,779	64,074
31 March 2006	14,500	35,500	2,333	7,255	2,587	2,191	5,876	70,242

Jamaica Deposit Insurance Corporation**Notes to Financial Statements****31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Corporation's land and buildings were revalued as at 31 March 2006 on the basis of open market value by Allison, Pitter & Company, independent qualified valuers. The revaluation surplus was credited to capital reserves in shareholders' equity.

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2007	2006
	\$'000	\$'000
Cost	36,591	36,591
Accumulated depreciation	(3,688)	(3,073)
Net book value	<u>32,903</u>	<u>33,518</u>

11. UNEARNED PREMIUM INCOME

This represents the portion of insurance premiums received from policyholders relating to the period subsequent to 31 March 2007.

12. SHARE CAPITAL

Authorised capital of the Corporation of \$1,000,000 is fully subscribed by the Government of Jamaica in accordance with Section 9 (1) of the Deposit Insurance Act, 1998.

The Corporation did not elect, under section 37 of the Companies Act 2004, to maintain its shares at par or nominal value. As of 1 August 2005, therefore, the issued shares of the Corporation are deemed to have been converted to shares without a nominal or par value.

13. CAPITAL RESERVES

Capital reserves comprise:

	2007	2006
	\$'000	\$'000
Unrealised surplus on revaluation of property, plant and equipment	15,006	15,006
	<u>15,006</u>	<u>15,006</u>

Jamaica Deposit Insurance Corporation

Notes to Financial Statements

31 March 2007

(expressed in Jamaican dollars unless otherwise indicated)

14. DEPOSIT INSURANCE FUND

	2007	2006
	\$'000	\$'000
Balance at beginning of Year	2,415,118	1,791,607
Surplus from Insurance Operations for the Year	437,732	388,748
Net Profit from Investment and Administrative Operations	252,048	234,763
Deposit Insurance Fund at Year End	<u>3,104,898</u>	<u>2,415,118</u>

15. RELATED PARTY TRANSACTIONS

Significant elements of the relationship between the Corporation and the Bank of Jamaica are as follows:

- (a) Representation on the Board of Directors.
- (b) Under Sections 7(1) and 7(2) of the Deposit Insurance Act, 1998, consultations are entered into between the Bank of Jamaica and the Corporation on certain matters relating to policyholders.
- (c) Transactions and balances for the period are as follows.

	2007	2006
	\$'000	\$'000
Investment balance	937,460	542,941
Cash balance	<u>6,614</u>	<u>14,526</u>
Transactions and balances with key management -		
Wages and salaries	19,477	15,618
Statutory contributions	2,193	1,756
Other staff benefits	6,461	6,099
	<u>28,131</u>	<u>23,473</u>



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2 July 2007

To the Directors of
Jamaica Deposit Insurance Corporation

Auditors' Report

The supplementary information set out on page 70, taken from the accounting records of the Corporation, has been subjected to the tests and other auditing procedures applied in our examination of the Corporation's financial statements for the year ended 31 March 2007.

In our opinion, this information, although not necessary for a fair presentation of the Corporation's state of affairs, results of operations, changes in equity or cash flows, is fairly presented in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants
Kingston, Jamaica

Jamaica Deposit Insurance Corporation**Administrative Expenses****Year ended 31 March 2007**

(expressed in Jamaican dollars unless otherwise indicated)

	2007	2006
	\$'000	\$'000
Expenses		
Advertising and promotion	17,984	13,274
Audit fees - current year	630	593
Bank charges	45	35
Depreciation	4,974	4,484
Directors' fees	454	455
Entertainment	8	40
Foreign travel	2,642	2,812
Insurance	3,637	1,738
Loss on disposal of property, plant and equipment	365	-
Local travel and motor vehicle expenses	228	118
Miscellaneous expenses	134	54
Printing, stationery and office expenses	6,432	3,224
Professional fees	8,727	4,773
Property tax	23	25
Repairs and maintenance	4,169	2,461
Staff costs	71,674	62,954
Telephone, post and bearer service	2,098	2,052
Utilities	2,253	1,923
	<u>126,477</u>	<u>101,015</u>