

N.C.B. Foundation

Financial Statements
31 December 2007

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N.C.B. Foundation

Directors' Report

31 December 2007

The directors submit herewith the financial statements of N.C.B. Foundation for the year ended 31 December 2007.

The Statement of Revenues and Expenses shows a deficit of \$1,665,000. The Fund balance at 31 December 2007 amounted to \$143,076,000.

Directors

The Board of Directors currently comprises:

Mrs. Thalia Lyn - Chairman
Dr. Joy Callender
Mrs. Yvonne Clarke
Mrs. Jennifer Dewdney Kelly - Secretary
Mrs. Lisa Lakhan-Chen
Mrs. Sheree Martin
Mrs. Diana Oddi
Mr. Andrew Pairman
Dr. Diana Thorburn
Mrs. Irene Walter

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and offer themselves for re-appointment.

On behalf of the Board



.....
Jennifer Dewdney Kelly
Secretary

Independent Auditors' Report

To the Members of
N.C.B. Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of N.C.B. Foundation, set out on pages 1 to 14, which comprise the balance sheet as of 31 December 2007 and the statement of revenue and expenses, statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal 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 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 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 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.

Members of N.C.B. Foundation
Independent Auditors' Report
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Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as of 31 December 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

27 May 2009
Kingston, Jamaica

N.C.B. Foundation

Statement of Revenue and Expenses

Year ended 31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

	2007 \$'000	2006 \$'000
Revenue		
Contributions received	75,495	91,202
Interest	<u>17,745</u>	<u>15,775</u>
	<u>93,240</u>	<u>106,977</u>
Expenses		
Grants and scholarships	85,141	81,057
Management fees	1,263	1,144
Auditors' remuneration	-	-
Directors' emoluments	-	-
Administration	1,293	-
Advertisement	7,149	6,448
Miscellaneous	<u>59</u>	<u>173</u>
	<u>94,905</u>	<u>88,822</u>
(DEFICIT)/SURPLUS	<u><u>(1,665)</u></u>	<u><u>18,155</u></u>

N.C.B. Foundation


Balance Sheet

31 December 2007

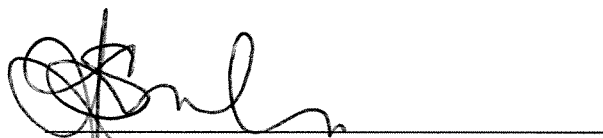
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2007 \$'000	2006 \$'000
NET ASSETS EMPLOYED			
Assets			
Taxation recoverable		8,809	10,767
Investment securities	6	55,524	47,148
Reverse repurchase agreements	7	86,820	88,449
Cash at bank	8	<u>6,845</u>	<u>-</u>
		157,998	146,364
Liability			
Bank overdraft	8	<u>14,401</u>	<u>964</u>
		<u>143,597</u>	<u>145,400</u>
FINANCED BY			
Fair value reserve		521	659
Fund balance		<u>143,076</u>	<u>144,741</u>
		<u>143,597</u>	<u>145,400</u>

Approved for issue by the Board of Directors on 27 May 2009 and signed on its behalf by:



Thalia Lyn
Director



Shefee Martin
Director

N.C.B. Foundation

Statement of Changes in Equity

Year ended 31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Fair Value Reserve	Fund Balance	Total
	\$'000	\$'000	\$'000
Balance as at 31 December 2005	780	126,586	127,366
Unrealised loss on available for sale securities	(121)	-	(121)
Surplus for the year	-	18,155	18,155
Balance at 31 December 2006	659	144,741	145,400
Unrealised loss on available for sale securities	(138)	-	(138)
Deficit for the year	-	(1,665)	(1,665)
Balance at 31 December 2007	521	143,076	143,597

N.C.B. Foundation

Statement of Changes in Cash Flows

Year ended 31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2007 \$'000	2006 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):			
Operating Activities			
(Deficit)/surplus for the year		(1,665)	18,155
Adjustments for:			
Interest income		<u>(17,745)</u>	<u>(15,775)</u>
		(19,410)	2,380
Changes in non-cash working capital balance:			
Taxation recoverable		<u>1,958</u>	<u>(3,025)</u>
Net cash used in operating activities		<u>(17,452)</u>	<u>(645)</u>
Cash Flows from Investing Activities			
Interest received		16,503	18,156
Investments, net		(8,700)	5,331
Reverse repurchase agreements		<u>3,057</u>	<u>(28,216)</u>
Net cash provided by/(used in) investing activities		<u>10,860</u>	<u>(4,729)</u>
Decrease in cash and cash equivalents		(6,592)	(5,374)
Cash and cash equivalents at beginning of year		<u>(964)</u>	<u>4,410</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	<u><u>(7,556)</u></u>	<u><u>(964)</u></u>

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

1. Incorporation

N.C.B. Foundation (the Foundation) was incorporated on 27 October 1981 as a company limited by guarantee not having a share capital.

All amounts are stated in Jamaican dollars.

2. Objects

The objects of the Foundation are to promote and assist for the benefit of the public of Jamaica, any charitable purposes, the advancement of education, the furtherance of health, the relief of poverty, distress and sickness, appreciation of Jamaica culture and any other work in Jamaica as the Foundation may from time to time decide.

3. 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 International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention, as modified by the valuation of available-for-sale investment securities.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates.

Interpretations and amendments to published standards effective in 2007

Certain interpretations and amendments to existing standards have been published that became effective during the current financial year. The Foundation has assessed the relevance of all such new interpretations and amendments, and has adopted the following interpretation, which is relevant to its operations.

- **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. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Foundation assessed the impact of IFRS 7 and the amendment to IAS 1 and has made the necessary disclosures (Note 4).

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

3. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2007 (continued)

There was no impact on opening fund balance at 1 January 2007 from the adoption of the above mentioned standard.

Standards, amendments and interpretations effective in 2007 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the foundation's operations:

- IFRS 4 (Amendment), Insurance contracts
- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies
- IFRIC 8, Scope of IFRS 2
- IFRIC 9, Reassessment of Embedded Derivatives
- IFRIC 10, Interim Financial Reporting and Impairment

Standards, interpretations and amendments to published standards that are not yet effective and not relevant to the Foundation's operations

The Foundation has concluded that the following standards, interpretations and amendments to existing standards, which are published but not yet effective, are not relevant or will not have a significant impact on the foundation's operations:

- **IAS 1 (Revised), Presentation of financial statements and IAS 1 (Amendment), Presentation of financial statements** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 16 (Amendment), Property, plant and equipment (and consequential amendment to IAS 7, Statement of cash flows)** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 19 (Amendment), Employee benefits** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 20 (Amendment), Accounting for government grants and disclosure of government assistance** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 23 (Amendment), Borrowing costs** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 27 (Amendment), Consolidated and separate financial statements** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 28 (Amendment), Investments in associates (and consequential amendments to IAS 32, Financial instruments: presentation and IFRS 7, Financial instruments: disclosures)** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 29 (Amendment), Financial reporting in hyperinflationary economies** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 31 (Amendment), Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7)** (effective for annual periods beginning on or after 1 January 2009).

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

3. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and not relevant to the Foundation's operations (continued)

- **IAS 32 (Amendment), Financial instruments: Presentation and IAS 1 (Amendment), Presentation of financial instruments – Puttable financial instruments and obligations arising on liquidation** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 36 (Amendment), Impairment of assets** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 38 (Amendment), Intangible assets** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 39 (Amendment), Financial instruments: recognition and measurement** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 40 (Amendment), Investment property (and consequential amendments to IAS 16)** (effective for annual periods beginning on or after 1 January 2009).
- **IAS 41 (Amendment), Agriculture** (effective for annual periods beginning on or after 1 January 2009).
- **IFRS 1 (Amendment), First time adoption of IFRS and IAS 27 (Amendment), Consolidated and separate financial statements – Cost of an investment in a subsidiary, jointly controlled entity or associate** (effective for annual periods beginning on or after 1 January 2009).
- **IFRS 2 (Amendment), Share-based payment** (effective for annual periods beginning on or after 1 January 2009).
- **IFRS 3 (Revised), Business combinations** (effective for annual periods beginning on or after 1 July 2009).
- **IFRS 5 (Amendment), Non-current assets held for sale and discontinued operations (and consequential amendment to IFRS 1, First-time adoption)** (effective for annual periods beginning on or after 1 July 2009).
- **IFRS 8, Operating segments** (effective for annual periods beginning on or after 1 January 2009).
- **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).
- **IFRIC 13, Customer loyalty programmes** (effective for annual periods beginning on or after 1 July 2008).
- **IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction** (effective for annual periods beginning on or after 1 January 2008).
- **IFRIC 15, Agreements for the construction of real estate** (effective for annual periods beginning on or after 1 January 2009).
- **IFRIC 16, Hedges of a net investment in a foreign operation** (effective for annual periods beginning on or after 1 October 2008).

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

3. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and not relevant to the Foundation's operations (continued)

- **IFRIC 17, Distributions of non-cash assets to owners** (effective for annual periods beginning on or after 1 July 2009).
- **IFRIC 18, Transfers of assets from customers** (effective for annual periods beginning on or after 1 July 2009).

(b) Funding and contributions

The Foundation is funded by National Commercial Bank Jamaica Limited (the Bank). Contributions are recognised when received.

(c) Awards and grants

Awards and grants are recorded when paid.

(d) Financial instruments

Financial instruments carried on the balance sheet include investments, reverse repurchase agreements and bank overdraft. The fair values of these financial instruments are discussed in Note 4(d).

(e) Securities purchased under agreements to resell

The securities purchased under agreements to resell are treated as collateralised lending. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(f) Investment securities

Investment securities are classified as available-for-sale. Management determines the appropriate classification of investments at the time of purchase.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at cost, which includes transaction costs, and subsequently remeasured at fair value based on quoted bid prices or amounts derived from cash flow models.

Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in the fair value reserve. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in fair value reserve are transferred to the statement of revenue and expenses.

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 present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

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

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

3. Significant Accounting Policies (Continued)

(g) Interest income

Interest Income is recognised in the statement of revenues and expenses for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount on discounted instruments.

(h) Cash and cash equivalents

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

(i) Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. In particular, comparative notes have been included to take into account the adoption of IFRS 7 (Note 4).

4. Financial Risk Management

The Foundation's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Management seeks to minimise potential adverse effects on the financial performance of the Foundation by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

The Foundation complies with the risk management policies of the Bank which are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. They provide principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The Foundation takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Foundation by failing to discharge their contractual obligations. Credit risk is the most important risk for the Foundation's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Foundation's investment activities. The Foundation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

The Board of Directors perform ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Investments

The Foundation limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, the Board does not expect any counterparty to fail to meet its obligations.

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Cash at bank

Cash balances are held only with the Bank.

Maximum exposure to credit risk

The following table summarises the Foundation's credit exposure of its financial assets at their carrying amounts:

	2007 \$'000	2006 \$'000
Investment securities	55,524	47,148
Reverse repurchase agreements	86,820	88,449
	142,344	135,597
Cash at bank	6,845	-
	<u>149,189</u>	<u>135,597</u>

(b) Liquidity risk

Liquidity risk is the risk that the foundation 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 marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Foundation's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Optimising cash returns on investment;
- (iv) Managing the concentration and profile of debt maturities.

The bank overdraft is the Foundation's only liability, and is considered to be current and due to be settled on demand, \$14,401,000 (2006 - \$964,000).

(c) Market risk

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

There is no currency risk as all assets and liabilities are denominated in Jamaican dollars.

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Foundation to cash flow interest rate risk, whereas fixed interest rate instruments expose the Foundation to fair value interest rate risk. As at years ended 2007 and 2006, all of the Foundation's interest rates on reverse repurchase agreements and Government of Jamaica securities were fixed.

At 31 December 2007, the Foundation's operating cash flows were substantially independent of changes in market interest rates. However, the Foundation has interest-bearing assets as disclosed below. At the year-end the weighted average interest rates were as follows:

	2007	2006
	%	%
Government of Jamaica securities	13.6	15.4
Reverse repurchase agreements	<u>12.8</u>	<u>12.4</u>

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The following table summarises the Foundation's exposure to interest rate risk. It includes the Foundation's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
2007							
Assets							
Taxation recoverable	-	-	-	-	-	8,809	8,809
Investment securities	-	-	51,462	-	3,459	603	55,524
Reverse repurchase agreements	10,000	44,838	27,384	-	-	4,598	86,820
Cash at bank	6,845	-	-	-	-	-	6,845
Total financial assets	16,845	44,838	78,846	-	3,459	14,010	157,998
Liability							
Bank overdraft	14,401	-	-	-	-	-	14,401
Total interest repricing gap	2,444	44,838	78,846	-	3,459	14,010	143,597
2006							
Assets							
Taxation recoverable	-	-	-	-	-	10,767	10,767
Investment securities	8,300	8,000	-	30,059	-	789	47,148
Reverse repurchase agreements	15,212	23,924	46,143	-	-	3,170	88,449
Total financial assets	23,512	31,924	46,143	30,059	-	14,726	146,364
Liability							
Bank overdraft	964	-	-	-	-	-	964
Total interest repricing gap	22,548	31,924	46,143	30,059	-	14,726	145,400

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(d) 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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The amounts included in the financial statements for reverse repurchase agreements and bank overdraft, reflect their approximate fair values due to the short term nature of these instruments. The fair values of the Government of Jamaica securities are calculated using market data.

5. Restriction of Use of Income and Property

The Memorandum of Association of the Foundation provides that its income and property shall be applied solely towards the promotion of the objects of the Foundation, and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise however by way of profit, to the members of the Foundation.

6. Investments

	2007 \$'000	2006 \$'000
Available-for-sale securities at fair value:		
Government of Jamaica securities	54,921	46,359
Interest receivable	603	789
	<u>55,524</u>	<u>47,148</u>

7. Reverse Repurchase Agreements

The Foundation entered into reverse repurchase agreements collateralised mainly by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparties to these transactions are unable to fulfill their contractual obligations. Included in this balance is interest receivable of \$4,598,000 (2006 - \$3,170,000).

At 31 December 2007, the Foundation held securities with accumulated face values of \$82,222,000 (2006 - \$85,280,000), mainly Government of Jamaica debt securities, as collateral for reverse repurchase agreements.

8. Cash and Cash Equivalents

	2007 \$'000	2006 \$'000
Cash at bank	6,845	-
Bank overdraft	(14,401)	(964)
	<u>(7,556)</u>	<u>(964)</u>

The bank overdraft results from cheques drawn at year end but not presented to the bank.

N.C.B. Foundation

Notes to the Financial Statements

31 December 2007

(expressed in Jamaican dollars unless otherwise indicated)

9. Taxation

The Foundation has been declared an approved charitable organisation for the purposes of Section 13(1) (q) of the Income Tax Act. By order of the Commissioner of Income Tax, the income of the Foundation is exempt from taxation under section 12(h) of the Income Tax Act.

10. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

	2007 \$'000	2006 \$'000
The following transactions were carried out with related parties:		
Income		
Contributions – the Bank	75,495	91,202
Interest – subsidiary of the Bank	<u>11,941</u>	<u>8,428</u>
Expenses		
Management fees – subsidiary of the Bank	<u>1,263</u>	<u>1,144</u>
Year-end balance with related party is as follows:		
Cash at bank – the Bank	<u>6,845</u>	<u>-</u>