

Scotiabank Jamaica Foundation

**Financial Statements
31 December 2008**

Scotiabank Jamaica Foundation

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31 December 2008

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Independent Auditors' Report

To the Members of
Scotiabank Jamaica Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Scotiabank Jamaica Foundation, set out on pages 1 to 18 which comprise the balance sheet as of 31 December 2008, and the income and expenditure 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. 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.

Auditor's 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 auditor's 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 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.

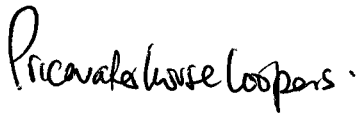
Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as of 31 December 2008, 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 Additional Requirements of the Jamaican Companies Act

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 Jamaican Companies Act, in the manner so required.



Chartered Accountants
21 April 2009

Kingston, Jamaica

Scotiabank Jamaica Foundation

Income and Expenditure Account

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 \$'000	2007 \$'000
Income			
Contributions		44,366	-
Investment income		<u>41,866</u>	<u>39,644</u>
		<u>86,232</u>	<u>39,644</u>
Expenditure			
Grants	10	74,547	67,952
Auditors' remuneration		146	210
Miscellaneous expenses		<u>11</u>	<u>249</u>
		<u>74,704</u>	<u>68,411</u>
Surplus/(Deficit)		<u><u>11,528</u></u>	<u><u>(28,767)</u></u>

Scotiabank Jamaica Foundation

Balance Sheet

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 \$'000	2007 \$'000
NET ASSETS			
Assets			
Taxation recoverable	3(ii)	27,065	20,832
Investment securities – held-to-maturity	8	246,448	255,142
Government securities purchased under resale agreements	9	3,582	3,180
Other receivable		454	903
Cash and bank		<u>17,046</u>	<u>2,997</u>
		294,595	283,054
Liability			
Accrued expense		<u>141</u>	<u>128</u>
		<u>294,454</u>	<u>282,926</u>
REPRESENTED BY			
Accumulated deficit		(857)	(12,385)
Endowment fund	11	<u>295,311</u>	<u>295,311</u>
		<u>294,454</u>	<u>282,926</u>

Approved for issue by the Board of Directors on 21 April 2009 and signed on its behalf by:

Joylene Griffiths-Irving

Director

Bruce Bowen

Director

Scotiabank Jamaica Foundation

Statement of Changes in Equity

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Endowment Fund \$'000	Accumulated Surplus/ (Deficit) \$'000	Total \$'000
Balance at 1 January 2006	290,311	16,382	306,693
Contribution to Endowment Fund	5,000	-	5,000
Deficit	-	(28,767)	(28,767)
Balance at 31 December 2007	295,311	(12,385)	282,926
Surplus	-	11,528	11,528
Balance at 31 December 2008	295,311	(857)	294,454

Scotiabank Jamaica Foundation

Statement of Cash Flows

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008 \$'000	2007 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Surplus/(deficit)	11,528	(28,767)
Change in non-cash working capital components:		
Taxation recoverable	(6,233)	(512)
Interest receivable	573	936
Other receivable	449	(903)
Accrued expense	13	128
Cash provided by/(used in) operating activities	<u>6,330</u>	<u>(29,118)</u>
Investing Activities		
Investment securities	8,156	8,035
Government securities purchased under resale agreements	<u>(437)</u>	<u>7,856</u>
Cash provided by investing activities	<u>7,719</u>	<u>15,891</u>
Financing Activity		
Contribution to Endowment Fund	<u>-</u>	<u>5,000</u>
Cash provided by financing activity	<u>-</u>	<u>5,000</u>
Increase/(decrease) in cash balance	14,049	(8,227)
Cash at beginning of year	<u>2,997</u>	<u>11,224</u>
CASH AT END OF THE YEAR	<u><u>17,046</u></u>	<u><u>2,997</u></u>

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

1. Incorporation and Main Objects

The company was incorporated in Jamaica on 13 February 1996 as a company limited by guarantee not having a share capital. The company is operated and funded by The Bank of Nova Scotia Jamaica Limited (BNSJ), which is incorporated and domiciled in Jamaica. BNSJ's ultimate holding company is The Bank of Nova Scotia, which is incorporated and domiciled in Canada.

The main objects for which the Foundation is established are:

- (a) The relief of poverty, deprivation and distress among economically and socially disadvantaged persons resident in Jamaica by whatever means deemed necessary by the company.
- (b) The provision of financial assistance for dependents of economically or socially disadvantaged persons resident in Jamaica.
- (c) To undertake research into the special problems arising from poverty and social deprivation and into methods of alleviating them and publish the results of such.

2. Summary of 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 International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's 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 6.

Interpretations and amendments to published standards effective in the current year

Certain new interpretations and amendments to existing standards have been published that became effective during the current year. The company has assessed the relevance of all such new interpretations and amendments and determined that the following interpretations to published standards are mandatory for the current and future accounting periods but are not relevant to the company's operations. The adoption of these pronouncements has not led to any changes in the company's accounting policies.

IFRIC interpretation 11, 'IFRS 2, Group and treasury share transactions'

IFRIC 12, 'Service concession arrangements'

IFRIC 14 IAS 19, 'The limit on a defined benefit asset, minimum funding requirements and their interaction'

IAS 39 (Amendment), 'Financial instruments: recognition and measurement'

IFRS 7 (Amendment), 'Financial instruments: disclosures'.

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of 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 are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods, but were not effective at balance sheet date, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IAS 1 (Revised), 'Presentation of financial statements' and IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity and requires 'non-owner changes in shareholders' equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and a statement of comprehensive income). Components of other comprehensive income will not be permitted to be presented in the statement of changes in shareholders' equity.

The amendment to the standard clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively.

The company will apply IAS 1 (Revised) and IAS 1 (Amendment) from 1 January 2009.

The company has concluded that the following standards, interpretations and amendments to existing standards, which are published but not yet effective:

- (i) are relevant to its operations, but will have no material impact on adoption; or
- (ii) are not relevant to its operations and will therefore have no material impact on adoption; or
- (iii) contain inconsequential clarifications that will have no material impact when they come into effect.
 - IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows')
 - IAS 19 (Amendment), 'Employee benefits'
 - IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'
 - IAS 23 (Amendment), 'Borrowing costs'
 - IAS 27 (Amendment), 'Consolidated and separate financial statements'
 - IAS 27 (Revised), 'Consolidated and separate financial statements'
 - IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures')
 - IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies'
 - IAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7)
 - IAS 32 (Amendment), 'Financial instruments: Presentation' and IAS 1 (Amendment), 'Presentation of financial instruments' – 'Puttable financial instruments and obligations arising on liquidation'

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

- IAS 36 (Amendment), 'Impairment of assets'
- IAS 38 (Amendment), 'Intangible assets'
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' Amendment to IAS 39, 'Eligible hedged items' IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16)
- IAS 41 (Amendment), 'Agriculture'
- 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'
- IFRS 2 (Amendment), 'Share-based payment'
- IFRS 3 (Revised), 'Business combinations'
- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption')
- IFRS 8 'Operating segments'
- IFRIC 13, 'Customer loyalty programmes'
- IFRIC 15, 'Agreements for the construction of real estate'

(b) Revenue Recognition

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income includes coupons earned on fixed income investments and accrued discount and premium on local registered stocks and other discounted instruments.

Contributions and other income

Contributions received, with the exception of contributions directly to the Endowment Fund, are recorded as income on the cash basis. Other income is recorded on the accrual basis.

(c) Deferred taxation

Deferred tax assets and liabilities are not recognised, as the company's income is exempt from income tax. See Note 3(i) for further details.

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The company classifies its financial assets as held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Held-to-maturity

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

Held-to-maturity investments are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 assets' carrying amounts and the present value of expected future cash flows discounted at the original effective interest rate.

Financial liability

The company's financial liability comprises accrued expense.

(e) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and bank balances and deposits.

(f) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

3. Taxation

(i) By order of the Minister of Finance, the company was declared an approved charitable organisation. Its income is also exempt from income tax under Section 12(h) of the Income Tax Act.

(ii) Taxation recoverable represents withholding tax receivable on investment income.

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management

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

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The company's sponsor, The Bank of Nova Scotia Jamaica Limited, monitors all the various risks and has monthly department meetings.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

(a) Credit risk

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit exposure arises principally in investment activities. The company manages its credit risk by maintaining its investments mainly in various forms of Government of Jamaica securities.

Credit review process

The company has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest.

Investments and other receivable

The company 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, management does not expect any counterparty to fail to meet its obligations.

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

The following table summarises the company's credit exposure for debt securities at their carrying amounts:

	2008	2007
	\$'000	\$'000
Government of Jamaica	241,157	249,313
Other	3,500	3,063
	<u>244,657</u>	<u>252,376</u>
Interest receivable	5,373	5,946
	<u>250,030</u>	<u>258,322</u>

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with financial liabilities when they fall due.

Liquidity risk management process

The company's liquidity management process includes:

- (i) An established line of credit with its immediate parent company;
- (ii) Monitoring future cash flows and liquidity on a daily basis;
- (iii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow; and
- (iv) Optimising cash returns on investments.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Financial liability cash flows

The table below presents the expected maturities of the company's financial assets and liability at the balance sheet date. The expected maturity dates of financial assets and liability are based on estimates made by management as determined by retention history.

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
As at 31 December 2008:					
Total financial liability	(141)	-	-	-	(141)
Total financial assets	49,832	37,481	124,556	55,661	267,530
	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
As at 31 December 2007:					
Total financial liability	(128)	-	-	-	(128)
Total financial assets	28,943	57,958	139,794	35,527	262,222

Assets available to meet the liability include cash and investment securities. The company is also able to meet unexpected net cash outflows by having an established line of credit with its sponsor.

(c) 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 is monitored by the company's sponsor.

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

(i) Currency risk

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.

Foreign exchange risk occurs from investment purchases. The company's sponsor monitors its exposure to foreign exchange risk.

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk

The table below summarises the company exposure to foreign currency exchange rate risk at 31 December.

	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
	2008		
Financial Assets			
Investment securities – held to maturity	239,974	6,474	246,448
Government securities purchased under resale agreements	3,582	-	3,582
Other receivable	454	-	454
Cash and bank	17,046	-	17,046
Total financial assets	261,056	6,474	267,530
Financial Liability	141	-	141
Net financial position	260,915	6,474	267,389
Credit commitments	51,737	-	51,737
	2007		
Financial Assets			
Investment securities – held to maturity	249,402	5,740	255,142
Government securities purchased under resale agreements	3,180	-	3,180
Other receivable	903	-	903
Cash and bank	2,997	-	2,997
Total financial assets	256,482	5,740	262,222
Financial Liability	128	-	128
Net financial position	256,354	5,740	262,094
Credit commitments	70,012	-	70,012

Government of Jamaica US\$ indexed bonds are included in the US\$ category for currency risk disclosure.

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) 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 company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The company's exposure to interest rate risk is monitored by its immediate parent company and is managed by maintaining an appropriate mix of fixed and variable instruments. The policy also requires it to manage the maturities of interest bearing financial assets.

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

	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
2008						
Assets						
Investment securities held-to-maturity	186,841	27,600	26,716	-	5,291	246,448
Government securities purchased under resale agreements	3,500	-	-	-	82	3,582
Other receivable	-	454	-	-	-	454
Cash and bank	17,046	-	-	-	-	17,046
Total financial assets	207,387	28,054	26,716	-	5,373	267,530
Financial Liability	-	-	-	-	141	141
Total interest repricing gap	207,387	28,054	26,716	-	5,232	267,389

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	Within 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						
Investment securities held-to-maturity	123,619	53,992	71,702	-	5,829	255,142
Government securities purchased under resale agreements	3,063	-	-	-	117	3,180
Other receivable	-	903	-	-	-	903
Cash and bank	2,997	-	-	-	-	2,997
Total financial assets	129,679	54,895	71,702	-	5,946	262,222
Financial Liability	-	-	-	-	128	128
Total interest repricing gap	129,679	54,895	71,702	-	5,818	262,094

Interest rate sensitivity

Interest rate sensitivity aims to analyse the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the company's income and expenditure account and accumulated surplus.

The sensitivity of the surplus or deficit is the effect of the assumed changes in interest rates on net income based on the floating rate non-trading financial assets and financial liabilities. The correlation of variables will not have a significant effect in determining the ultimate impact on market risk.

5. Fair Value Estimation

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. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. However, market prices are not available for a significant number of the financial assets held by the company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

5. Fair Value Estimation (Continued)

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (i) the fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets;
- (ii) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts;

The table below summarises the fair value of financial instruments based on the following valuation methods and assumptions. It is presented because not all financial instruments are reflected in the financial statements at fair values.

	Carrying Value	Fair Value	Carrying Value	Fair Value
	2008 \$'000	2008 \$'000	2007 \$'000	2007 \$'000
Financial Assets				
Investment securities – held-to- maturity	241,157	239,108	249,313	253,771
Government securities purchased under resale agreements	3,500	3,500	3,063	3,063
	244,657	242,608	252,376	256,834
Interest receivable	5,373	5,373	5,946	5,946
	<u>250,030</u>	<u>247,981</u>	<u>258,322</u>	<u>262,780</u>

6. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the company's accounting policies, management has made no critical accounting estimates or judgements which it believes has a significant risk of causing a material misstatement in these financial statements.

7. Related Party Transactions

A related party is one which controls or exercises significant influence over, or is controlled or significantly influenced by, the company in making financial and operating decisions or, along with the company, is subject to common control or significant influence.

- (a) The company's bank account is held with The Bank of Nova Scotia Jamaica Limited.
- (b) During the year, contributions to the endowment fund of \$Nil (2007 - \$5,000,000) was received from The Bank of Nova Scotia Jamaica Limited.

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

8. Investment Securities – held-to-maturity

	Remaining Term to Maturity				Carrying Value 2008 \$'000	Carrying Value 2007 \$'000
	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000		
GOJ Bond	7,544	7,709	55,402	47,864	118,519	96,203
Local Registered Stock	38,222	7,466	69,154	7,796	122,638	153,110
	45,766	15,175	124,556	55,660	241,157	249,313
Interest receivable	484	4,807	-	-	5,291	5,829
	46,250	19,982	124,556	55,660	246,448	255,142

9. Government Securities Purchased under Resale Agreements

	2008 \$'000	2007 \$'000
Principal	3,500	3,063
Interest receivable	82	117
	<u>3,582</u>	<u>3,180</u>

10. Grants

Details of grants made during the year are as follows:

	2008 \$'000	2007 \$'000
Education		
NCU Scholarships	744	1,091
Grade Six Achievement Test (GSAT)	8,542	8,589
University of the West Indies- Scholarships	1,306	936
Mayer Matalon/SJF Scholarship (UWI)	440	440
Holy Family Primary and Infant School Breakfast Program	319	319
Primary School Expanded Breakfast Program	312	600
University of Technology- Scholarships	1,831	2,636
Montego Bay Community College – Scholarships	-	839
Montego Bay Community College - Lecture Theatre	-	22,836
Mona School of Business – Scholarships	1,105	1,167
High School Bursaries	1,000	984
Balance carried forward	<u>15,599</u>	<u>40,437</u>

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

10. Grants (continued)	2008 \$'000	2007 \$'000
Education (continued)		
Balance brought forward	15,599	40,437
Caribbean School for the Deaf	487	462
Iris Gelley Primary School	-	1,500
Tertiary Award for Women	1,011	-
Inner City Scholarships	1,200	-
Coleen Weise	115	836
Scotiabank Chair in Entrepreneurship & Development	6,500	-
Award to Paediatrics	180	171
	<u>25,092</u>	<u>43,406</u>
Health Care		
Cornwall Regional Hospital – Haemodialysis Unit	8,620	21,311
Jamaica Cancer Society – Mammography Unit	1,343	-
Savanna-la-Mar Hospital Equipment	4,100	-
Scoliosis Care - Surgeries	2,507	-
SJF Accident and Emergency Unit – Port Antonio Hospital	-	118
University Hospital of the West Indies – Accident & Emergency Unit- Maintenance	2,126	1,000
	<u>18,696</u>	<u>22,429</u>
Community Outreach		
Golden Age Home	2,876	2,117
Church of the Good Sheperd – Community Centre	2,500	-
International Police Officers	5,000	-
	<u>10,376</u>	<u>2,117</u>
Other	<u>20,383</u>	<u>-</u>
	<u>74,547</u>	<u>67,952</u>

Scotiabank Jamaica Foundation

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

11 Endowment Fund

This consists of contributions received by the company. The income generated by investing these contributions is used primarily to build the Endowment Fund and make charitable donations to various organisations.

12 Grant Commitments

	2008	2007
	\$'000	\$'000
Grants authorised and contracted for	<u>51,737</u>	<u>70,012</u>