



ANNUAL REPORT
2017 - 2018

CONTENTS

Mission, Vision, Principles & Values	4
Directors	6
Appointment of New Chair	8
History	10
Scholarships	12
Lecture Series	14
Bursary Programme	16
Environmental Stewardship	20
U.W.I. Chairs	24
GraceKennedy Jamaican Birthright Programme	26
Financials	29

Since its inception, the GraceKennedy Foundation has been guided by strong leadership from the parent company. We thank Prof. Gordon Shirley (Right), Chairman of the Board of GraceKennedy Ltd, and Senator Don Wehby, Group CEO, (left) for their continued support. Special thanks to Prof, Elsa Leo-Rhynie for her stellar leadership and guidance as Chairman of the Foundation Board from 2009 - 2017.



VISION

To become a world-class corporate foundation committed to the wellbeing of individuals and communities

MISSION

We support GraceKennedy as a corporate citizen by creating environmentally sustainable programmes, promoting healthy lifestyles and increasing access to education

PRINCIPLES

Equity | Voluntarism | Empowerment | Contributing to national development

VALUES

My word is my bond | The promise that is kept | Ethics and integrity
Respect and consideration | Commitment | Openness



Directors

AS AT JUNE 2018



Dr. Fred Kennedy
Chairman



Philip Alexander



Noel Greenland



Cathrine Kennedy



Chaluk Richards



Fay McIntosh



James Moss-Solomon



Deidre Cousins



Dr. Carol Gentles



Allison Rangolan



Radley Reid



Hilary Wehby





Passing the Baton

New chair Dr. Fred Kennedy with outgoing chair Prof Elsa Leo-Rhynie.



Fred Kennedy

CHAIRMAN

Fred William Kennedy was appointed Chair of the GraceKennedy Foundation, effective 1 July 2017. Mr Kennedy's wealth of experience as an educator makes him well positioned to lead the Foundation's programme of activities which focuses on national development through education and the environment. Mr Kennedy's lifetime career of over three decades has been spent in the service of education in both Jamaica and Canada.

A graduate of St. George's College, Fred Kennedy attended The University of the West Indies to complete his BA and Postgraduate Diploma in Education. He later obtained both Masters and Doctoral degrees of Education at the University of Toronto.

Dr Kennedy began his teaching career in Jamaica at York Castle High School. He later taught at Trench Town Comprehensive. He migrated to Canada in the 1970s where he taught in several secondary schools and served as school administrator with the Toronto District School Board. He was a member of several professional organizations including Ontario Principals' Council, The Ontario College of Teachers and the Writers' Union of Canada. In 2004, he returned to Jamaica to become Principal of his alma mater, St. George's College. He returned to Canada in 2006 where he worked with the Jamaican Diaspora Canada Foundation and served as Jamaica Liaison Director on the Board of P.A.C.E. (Canada).

His work with St. George's College continued in his capacity as President of the STGC Old Boy's Association (Ontario), and Chair of Endowment Fundraiser Committee for the school. He was inducted into the STGC Hall of Fame in 2016.

Dr Kennedy is a published author of Jamaican historical fiction. In 2008, he published the critically acclaimed Daddy Sharpe, a historical account of the life of National Hero Sam Sharpe, and in 2015, completed his second work, Huareo, a story of the indigenous people of Jamaica (translated into Spanish, Ian Randle Publishers, 2016).


1982



Second meeting of the Board of Directors held on January 11, 1983 (Left to right) Rev. Sam Reid, Mrs. Faustine Sharp, Mr. Peter Moss-Solomon, Sir Herbert Duffus (Chairman), Mrs. Marjorie Humphreys (Secretary), Mr. James Moss-Solomon, Mr. Christopher Bovell and Prof. Gladstone Mills, Absent from photograph is Miss Mable Tenn.

1983



One of our earlier grants to the Ceramic Department at the School of Hope.



History

The GraceKennedy Foundation was established in 1982 to mark the 60th anniversary of GraceKennedy & Company Limited. The Foundation began with an initial grant of \$500,000 provided by its parent company, and with Sir Herbert Duffus as its Chairman. The first few years were formative in nature. The early months were spent in developing policy guidelines and identifying areas. For the first three years, the Foundation focused on three specific areas of interest. These were: community service, education and Jamaica's heritage. Initially, the Foundation responded to requests received, rather than attempting to initiate activities.

By January 1983, the Foundation received its first requests and issued grants to the Hyacinth Lightbourne Memorial Association, the Women's Centre Programme for Adolescent Mothers, and the Physics Department of The University of the West Indies.

In 1984, the Foundation assumed full responsibility for the GraceKennedy Scholarship, which had been established in 1980. In that same year, it initiated a special post-graduate award known as the Luis Fred Kennedy Scholarship.

Towards the late 80s, the Foundation began the gradual shift of its focus from community service grants to education in order to solidify its long-term impact on Jamaica's development.



Former Chairman & CEO of GraceKennedy Ltd, M Douglas Orane making a presentation to Prof. Elsa Leo-Rhynie.

1993

Prof Elsa Leo-Rhynie signing copies of her book, The Jamaican Family, Continuity and Change, at the 1993 GraceKennedy Annual Lecture.



2010

Honouring Prof. Elizabeth Thomas-Hope (2nd right) upon her retirement as the James Moss-Solomon Snr. Chair in Environmental Management. Joining her (from L-R) is James Moss-Solomon Jnr, Prof. Elsa Leo-Rhynie (directors of the Foundation), Prof. Dale Webber, the successor for the Chair and Mr. Peter Moss-Solomon, The then Chair of the Foundation.



2015

Members of the GraceKennedy Family at the 1st Climate Walk held in Kingston, Jamaica in December 2015.



2016

2016 Birthright Ambassadors meet Prime Minister Andrew Holness.



The CAST (now University of Technology, Jamaica) Scholarship is established.

1987



The Bruce Rickards Scholarship is established in memory of the former director for graduates of Kingston College tenable at the UWI and UTech in alternate years.

2002



Establishment of the Rafael Diaz and Douglas Orane Scholarships in commemoration of GK Foundation's 30th anniversary and GraceKennedy's 90th anniversary.

2012



Inaugural Scholars Awards Ceremony in October, 2016.

2016



1983

The Foundation assumed responsibility for the Jamaica/GraceKennedy Scholarship which was established in 1980.



1989

The Carlton Alexander Scholarship to graduates of Jamaica College tenable at the UWI and UTech in alternate years is established through the S. Carlton Alexander Memorial Fund.



2004

The Foundation establishes a scholarship to the Edna Manley College of Visual and Performing Arts.



2014

Final year scholarship to Caribbean Maritime University (formerly Institute) established for logistics students.

Scholarships

GraceKennedy
FOUNDATION


1989

In 1988, it launched its Annual Lecture Series. The first lecture was held in 1989 with distinguished economist, the Hon. G. Arthur Brown as the inaugural presenter.



G. Arthur Brown delivering the first lecture.

Since 1989, the Foundation has invited persons of distinction to lecture on subjects of political, economic or social concern to Jamaica and the Caribbean. It is the aim of the Foundation that the lecture should initiate public debate and commentary at all levels of society. To further facilitate this process the lecture is published and circulated to institutions and individuals.

Several of the lectures have become important sources for reference in their fields. A number have been assigned as texts at both the University of the West Indies and the University of Technology. Two titles have been in constant demand by schools and the general public and have had to be reprinted. These are Elsa Leo-Rhynie's *The Jamaican Family: Continuity and Change* and Don Robotham's *Vision and Volunteerism*.

Lecture Series 2017



"Having a good sense of humour and the ability to laugh heartily are valuable in assisting us to navigate our way through life." These were the opening lines of the 2017 lecture that was presented by renowned comedian, columnist and gynaecologist, Dr. Michael Abrahams, who presented on the topic "Humour, Laughter and Life." This was by no means a frivolous topic. Dr. Abrahams' presentation highlighted the fact that humour and laughter positively impact the quality, health and happiness of one's life and the nation as a whole.

Sen. Don Wehby, Group CEO, GraceKennedy Ltd gets his copy of the lecture book signed by Dr. Michael Abrahams.

Lecture Series 2018



It's time we 'Tek Charge' of technology! Dr. Parris Lyew-Ayee Jr's lecture titled "Tech Charge – Smart Homes, Smart Businesses, Smart Nations", took an insightful and scholarly approach to this perplexing subject. The lecture explored the impact of technology on today's society as it continues to influence the patterns of modern life.



Bursary PROGRAMME

2017 Carlton Alexander Bursary awardees.



2016 Carlton Alexander Bursary awardees.


1990

Following the death of Carlton Alexander in 1989, GraceKennedy established the Carlton Alexander Memorial Fund with a grant of \$4.5 million under the administration of the Foundation. The first awards went to institutions with which the late Chairman had strong links during his lifetime. These included a bursary scheme for the children of staff of GraceKennedy Limited; an annual scholarship to graduates of Jamaica College, and the endowment of the Carlton Alexander Chair to the University of the West Indies' Department of Management Studies.



Philip Alexander (left), son of the late Carlton Alexander, presents a bursary to the daughter of a GraceKennedy employee.



2016 Carlton Alexander Bursary Recipient, Gabrielle Findlay and father Edward Findlay receive their award from director, Cathrine Kennedy.



Douglas Orane, former CEO of GraceKennedy Limited with 2008 Carlton Alexander Bursary awardees.



Adrian Wallace

BURSARY



Faustine Sharp

BURSARY



Adrian Wallace Bursary

The Adrian Barrington Wallace Bursary was established by the Foundation in 2006 in memory of its founding director, at his alma mater Calabar High School. The Bursary is awarded annually to a lower sixth form student who has excelled academically and in athletics.



Faustine Sharp Bursary

In 2008, the Foundation established the Faustine Sharp Bursary in memory of its founding director at her alma mater, St. Andrew High School for Girls. The Bursary is awarded annually to a lower sixth form student who has excelled academically.



The Foundation oversees the environmental activities for the GraceKennedy Group with the aim of increasing awareness and finding solutions to the environmental issues facing small island states. A major focus is education on the importance of plastic bottle separation at source, environmental stewardship and how to reuse, reduce and recycle. The plastic bottle collection programme was introduced to 10 subsidiaries within the GraceKennedy Group in 2014, and encourages staff to bring their plastic bottles to work for collection for recycling. Since 2014, 9 schools have been trained in environmental stewardship and added to the programme. To date over 21,000 lbs of plastic have been collected.



2011

The Luis Fred Kennedy Environmental Foundation was wound up and the assets transferred to the GraceKennedy Foundation.

The JMS Choir was also established this year.

2013

The GraceKennedy Foundation, along with the parent company makes a combined donation of J\$1million to the development of the UWI P.E.T. Plastic Separation and Recovery Project.

2014

The GraceKennedy Foundation implements a plastic bottle separation programme in GK subsidiaries and trains staff on environmental stewardship.

The first International Coastal Clean-up Day activity for GK Foods and GK Corporate staff is led by the Foundation.

2015

The GraceKennedy Foundation leads a plastic bottle collection initiative at ISSA/GraceKennedy Boys & Girls Champs. A team of GraceKennedy staff participates in Jamaica's 1st Climate Walk.

2016

As part of GraceKennedy's 94th anniversary celebrations, the Foundation coordinates the 'Harbour Haul' beach clean-up activity, with a team of GK staff to clean up a section of the Kingston Harbour.

2017

The GraceKennedy Group awarded top corporate collector, both in 2016 and 2017 for collecting the most waste at a single cleanup site.



ENVIRONMENT



Harbour Haul! - A team of 120 volunteers cleaned up Buccaneer and Gunboat beaches as part of the 2017 International Coastal Cleanup Day.



Campion College students at the 2017 International Coastal Cleanup Day activity.



The volunteers at the 2016 International Coastal Cleanup Day activity at the Kingston Harbour.



Recycling project at Champs 2016.



UWI Chairs

S. Carlton Alexander Chair

1989

The S. Carlton Alexander Chair in Management to the University of the West Indies is established as part of the Memorial Fund in honour of the late S. Carlton Alexander, former Chairman and CEO of GraceKennedy.

1991

Prof. Gordon Shirley becomes the first holder of the S. Carlton Alexander Chair.

2010

Prof. Ian Boxill is appointed as the Carlton Alexander Chair in Management Studies.

1992

The James Moss-Solomon Snr. Chair in Environmental Management is established and entrusted to the Foundation in celebration of GraceKennedy's 70th anniversary, in recognising the importance of preserving the environment.

1993

Prof. Elizabeth Thomas-Hope is appointed as Professor of the James Seivright Moss-Solomon Snr Chair.

2010

Prof. Dale Webber is appointed as the new Chair after the retirement of Prof. Elizabeth Thomas-Hope.

2016

Prof. Mona Webber is appointed as the Chair following the resignation of Prof. Dale Webber after his appointment as the Pro-Vice Chancellor, Graduate Studies & Research, UWI.

James Seivright Moss-Solomon Snr. Chair

In 2015, the GraceKennedy Jamaican Birthright Programme was reinstated after a 9 year hiatus. The first cohort is pictured here. (L-R) Janae Bell, (Florida) Jamila Turner-Dell'Aqua (United Kingdom); Ukpong Etang Canada) and Kira Starks (New York).

BIRTHRIGHT





2004

Birthing Interns.



2006

Birthing Interns.



2017

Birthing Interns.



The GraceKennedy Jamaican Birthright Programme is designed to reconnect 2nd and 3rd generation Jamaicans living in the USA, UK and Canada to their proud Jamaican heritage. It was established in 2004 and went on a brief hiatus in 2008 before being reinstated in 2015.

The GraceKennedy Jamaican Birthright Programme is a cultural and professional internship geared at highlighting all aspects of Jamaican life while furthering the career goals of the selected candidates. It is a programme that will give successful candidates a well-rounded Jamaican experience.

FINANCIALS



GraceKennedy Foundation Limited

Financial Statements
30 June 2018

Independent Auditor’s Report to the Members
Financial Statements

	Page
Statement of comprehensive income	34
Statement of financial position	35
Statement of changes in equity	36
Statement of cash flows	37
Notes to the financial statements	38



Independent auditor’s report

To the Members of GraceKennedy Foundation Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of GraceKennedy Foundation Limited (the Foundation) as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Foundation’s financial statements comprise:

- the statement of financial position as at 30 June 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Foundation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Jamaican Companies Act, in the manner so required.

Chartered Accountants
Kingston, Jamaica
14 November 2018

GraceKennedy Foundation Limited

Statement of Comprehensive Income

Year ended 30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

	GraceKennedy Scholarship Fund	S. Carlton Alexander Memorial Fund	James Moss- Solomon Snr. Chair Fund	Bruce Rickards Fund	Luis Fred Kennedy Fund	General Income & Expenditure Account	Total Fund	Total Fund
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	Year ended 30 June 2018 \$'000	Six months ended 30 June 2017 \$'000
Income								
Interest and dividends	14,184	14,149	6,717	3,209	1,894	6,610	46,763	19,504
Other	346	274	274	137	300	41,939	43,270	22,222
	14,530	14,423	6,991	3,346	2,194	48,549	90,033	41,726
Expenditure								
Annual lecture series	-	-	-	-	-	3,570	3,570	3,085
Grants	-	-	-	-	-	5,824	5,824	2,815
Printing and stationery	-	-	-	-	-	79	79	99
Directors' emoluments								
Fees	-	-	-	-	-	708	708	624
Expenses	-	-	-	-	-	372	372	168
Bank charges	-	-	-	-	-	71	71	13
Staff costs	-	-	-	-	-	33,465	33,465	17,093
Other operating expenses	1,500	1,000	750	150	300	372	4,072	2,015
Scholarships and bursaries	8,391	4,270	-	3,000		4,500	20,161	632
University chair	-	5,500	5,500	-	-	-	11,000	-
Environmental projects	-	-	-	-	1,659	-	1,659	232
Motor vehicle and travel expenses	-	-	-	-	-	115	115	253
Public relations	-	-	-	-	-	550	550	322
Meetings and conferences	-	-	-	-	-	1,122	1,122	275
Fees - Registrar General	-	-	-	-	-	18	18	-
	9,891	10,770	6,250	3,150	1,959	50,766	82,786	27,626
Net Surplus/(Deficit)	4,639	3,653	741	196	235	(2,217)	7,247	14,100

GraceKennedy Foundation Limited

Statement of Financial Position

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
ASSETS			
Non-Current Assets			
Fixed assets	6	2	2
Investments	7	1,144,510	963,250
		1,144,512	963,252
Current Assets			
Accounts receivable		2,212	3,268
Taxation recoverable		12,618	7,306
Cash and cash equivalents	8	41,280	53,466
		56,110	64,040
Current Liability			
Accounts payable and accrued liabilities	9	888	254
Net Current Assets		55,222	63,786
		1,199,734	1,027,038
FINANCED BY			
Share capital	4	-	-
Contribution Fund	10	32,988	32,988
GraceKennedy Scholarship Fund	11	555,557	465,715
S. Carlton Alexander Memorial Fund	12	414,722	352,111
James Moss-Solomon, Snr. Chair Fund	13	90,438	74,860
Bruce Rickards Fund	14	51,707	50,855
Luis Fred Kennedy Fund	15	28,730	25,670
General Fund		20,546	22,763
Fair value reserve	16	5,046	2,076
		1,199,734	1,027,038

Approved for issue by the Board of Directors on 13 November 2018 and signed on its behalf by:



Deldre Cousins

Director



Fay McIntosh

Director

GraceKennedy Foundation Limited

Statement of Changes in Equity

Year ended 30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Contribution Fund \$'000	Grace, Kennedy Scholarship Fund \$'000	S. Carlton Alexander Memorial Fund \$'000	James Moss- Solomon Snr. Chair Fund \$'000	Bruce Rickards Fund \$'000	Luis Fred Kennedy Fund \$'000	General Income & Expenditure Account \$'000	Fair Value Reserve \$'000	Total Fund \$'000
Balance at 31 December 2016	32,988	455,087	342,581	72,375	48,880	24,694	25,081	(1,476)	1,000,210
Net surplus/(deficit) for the period	-	4,301	5,483	3,814	1,844	976	(2,318)	-	14,100
Fair value movement	-	6,327	4,047	(1,329)	131	-	-	3,552	12,728
Balance at 30 June 2017	32,988	465,715	352,111	74,860	50,855	25,670	22,763	2,076	1,027,038
Net surplus/(deficit) for the year	-	4,639	3,653	741	196	235	(2,217)	-	7,247
Fair value movement	-	85,203	58,958	14,837	656	2,825	-	2,970	165,449
Balance at 30 June 2018	32,988	555,557	414,722	90,438	51,707	28,730	20,546	5,046	1,199,734

GraceKennedy Foundation Limited

Statement of Cash Flows

Year ended 30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Year ended 30 June 2018 \$'000	Six months ended 31 December 2017 \$'000
Cash Resources were used in:		
Operating Activities		
Net surplus	7,247	14,100
Items not affecting cash:		
Exchange gain on foreign balances	(3,866)	(3,267)
Interest and dividend income	(46,763)	(19,504)
	(43,382)	(8,671)
Changes in operating assets and liabilities:		
Accounts receivable	1,056	(2,665)
Accounts payable and accrued liabilities	634	184
	(41,692)	(11,152)
Withholding tax	(5,312)	(2,700)
Cash used in operating activities	(47,004)	(13,852)
Investing Activities		
Proceeds from disposal of investments	40,108	11,456
Acquisition to investments	(55,482)	(20,586)
Interest and dividends received	50,192	19,211
Cash provided by/(used in) investing activities	34,818	(10,081)
Decrease in cash and cash equivalents	(12,186)	(3,771)
Cash and cash equivalents at beginning of year/period	53,466	57,237
Cash and Cash Equivalents at End of The Year/Period (Note 8)	41,280	53,466

1. Identification and Activities

GraceKennedy Foundation Limited (The Foundation) was incorporated in Jamaica on 22 October 1982 and its main objects are to develop and promote the arts, health, culture, sports, education, skills and religious programmes. The Foundation is registered as an approved charitable organisation under the Charities Act 2013, for a two year period ending 26 May 2020.

During the prior period, the Foundation changed its accounting year end from 31 December to 30 June. As a consequence, these financial statements cover a period of twelve months whereas the comparative amounts are for a six month period.

2. Summary of Significant Accounting Policies

(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 revaluation of certain financial assets.

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 action, actual results could differ from those estimates.

At the period end, in the opinion of directors and management, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Standards, interpretations and amendments to published standards effective during the current period

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial period. None of these are expected to have a significant impact on the accounting policies or disclosure of the Foundation.

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 Foundation’s accounting periods beginning after 1 July 2018, and which the Foundation has not early adopted. The Foundation 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:

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)

IFRS 9, ‘Financial Instruments’ (effective for annual periods beginning on or after 1 January 2018). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from what obtained under IAS 39. The Foundation does not expect this to have a significant impact on its operations.

IFRIC 22, ‘Foreign currency transactions and advance consideration’ (effective annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Foundation does not expect this to have a significant impact on its operations.

(b) Revenue recognition

Interest and dividends are accounted for on the accrual basis.

(c) Fixed assets

Fixed assets are recorded at cost.

Depreciation is calculated on furniture and fixtures on the straight-line basis at a rate of 10% and computer and equipment at 33 1/3%, which will write-off their cost over the period of estimated useful life. Art work is not depreciated.

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Financial instruments

The Foundation classifies its financial assets in the category of available-for-sale financial assets. Management determines the appropriate classification of investments at the time of purchase.

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Financial assets are derecognised when the right to receive cash flows from the financial assets expires or where the Foundation has transferred substantially all risks and rewards of ownership.

Changes in the fair value of available-for-sale securities denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the income statement, and other changes in carrying amount are recognised in equity. Changes in the fair value of available-for-sale securities are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

The Foundation assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Financial instruments carried on the statement of financial position include cash, investments and accounts receivable. Cash and cash equivalents are carried at cost and, for the purposes of the statement of cash flows, comprise cash at bank and short term deposits. The particular recognition methods for other financial instruments are disclosed in the individual policy statements associated with those items.

The fair value of the Foundation’s financial instruments is discussed in Note 18.

(e) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost and comprise balances which mature within 90 days of the date of acquisition, including cash and bank balances.

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Funding

The Foundation is funded through endowment funds and a subvention from GraceKennedy Limited.

4. Share Capital

The Foundation is limited by guarantee and has no share capital.

5. Taxation

No charge has been made for taxation as the Foundation has been granted tax exempt status as an approved charitable organisation under the Charities Act 2013.

6. Fixed Assets

	Art Work \$'000	Furniture and Fixtures \$'000	Computer Equipment \$'000	Total \$'000
At Cost -				
At 1 July 2017 and 30 June 2018	2	7	100	109
Accumulated Depreciation -				
At 1 July 2017 and 30 June 2018	-	7	100	107
Net Book Value -				
30 June 2018	2	-	-	2
30 June 2017	2	-	-	2

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

7. Investments

	2018 \$'000	2017 \$'000
Available-for-Sale Securities		
Government of Jamaica –		
J\$ and US\$ local bonds	281,401	264,411
Interest receivable	2,128	5,776
	<u>283,529</u>	<u>270,187</u>
Corporate Bonds-		
US\$ bonds	134,454	102,770
Interest receivable	1,732	1,513
	<u>136,186</u>	<u>104,283</u>
	<u>419,715</u>	<u>374,470</u>
Quoted, ordinary stocks	724,795	588,780
	<u>1,144,510</u>	<u>963,250</u>

8. Cash and Cash Equivalents

	2018 \$'000	2017 \$'000
Cash	36,637	15,158
Deposits	4,643	38,308
	<u>41,280</u>	<u>53,466</u>

9. Accounts Payable and Accrued Liabilities

	2018 \$'000	2017 \$'000
Accrued liabilities	<u>888</u>	<u>254</u>

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

10. Contribution Fund

	2018 \$'000	2017 \$'000
Contribution Fund – GraceKennedy Limited	28,988	28,988
Contribution Fund - Luis Fred Kennedy	<u>4,000</u>	<u>4,000</u>
Fund balance at start and end of period	<u>32,988</u>	<u>32,988</u>

11. GraceKennedy Scholarship Fund

The scholarship programme was originally funded by a grant of \$350,000 received in 1985 which was invested in GraceKennedy Limited ordinary stocks.

	2018 \$'000	2017 \$'000
Original grant received	350	350
Accumulated surplus	111,225	106,586
Fair value reserve –		
Brought forward	358,779	352,452
Movement	85,203	6,327
	<u>443,982</u>	<u>358,779</u>
Total fund	<u>555,557</u>	<u>465,715</u>

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

12. S. Carlton Alexander Memorial Fund

This fund was established on 20 December 1989 and is funded primarily by grants from GraceKennedy Limited. Additional contributions to the fund are received from GraceKennedy Limited from time to time.

	2018 \$'000	2017 \$'000
Primary grants received	10,557	10,557
Accumulated surplus	130,039	126,386
Fair value reserve –		
Brought forward	215,168	211,121
Movement	58,958	4,047
	274,126	215,168
Total fund	414,722	352,111

The GraceKennedy Limited stock units held by the Foundation are assigned to the GraceKennedy Scholarship Fund and the S. Carlton Alexander Memorial Fund. The unrealised gains and losses arising from the changes in the fair value of the stock units are being recognised in the individual fund balances in the proportion of the stock units held.

13. James Moss-Solomon, Snr. Chair Fund

This fund was established in January 1995 with a grant from the GraceKennedy Scholarship Fund. Subsequent grants have been received from GraceKennedy Limited.

	2018 \$'000	2017 \$'000
Primary grants received	30,633	30,633
Accumulated surplus	43,416	42,675
Fair value reserve		
Brought forward	1,552	2,881
Movement	14,837	(1,329)
	16,389	1,552
Total fund	90,438	74,860

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

14. Bruce Rickards Fund

This fund was established on 1 October 2003 from transfers from the GraceKennedy Scholarship Fund and the S. Carlton Alexander Memorial Fund.

	2018 \$'000	2017 \$'000
Primary grant received	18,000	18,000
Accumulated surplus	32,045	31,849
Fair value reserve		
Brought forward	1,006	875
Movement	656	131
	1,662	1,006
Total fund	51,707	50,855

15. Luis Fred Kennedy Fund

The Fund was established in Jamaica on 21 June 1993 and its main objects are to promote the study and research of the environment and to encourage good environmental practices.

	2018 \$'000	2017 \$'000
Accumulated surplus	25,905	25,670
Fair value reserve		
Brought forward	-	-
Movement	2,825	-
	2,825	-
Total fund	28,730	25,670

16. Fair Value Reserve

This represents the unrealised surplus or deficit on the revaluation of available-for-sale investment securities held by the General Fund.

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

17. Financial Risk Management

The Foundation’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. 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 Board of Directors is ultimately responsible for the establishment and oversight of the Foundation’s risk management framework. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risk.

(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 one of 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 group of related counterparties.

Maximum exposure to credit risk

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 management and directors do not expect any counterparty to fail to meet its obligations.

Payment is made on a purchase once the securities have been received. The trade will fail if either party fails to meet its obligation.

	2018	2017
	\$’000	\$’000
Credit risk exposures are as follows:		
Government of Jamaica securities available-for-sale	283,529	270,187
Corporate securities available-for-sale	136,186	104,283
Accounts receivable	2,212	3,268
Cash and cash equivalents	41,280	53,466
	463,207	431,204

The above table represents the worst case scenario of credit risk exposure to the Foundation.

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2018

(expressed in Jamaican dollars unless otherwise indicated)

17. Financial Risk Management (Continued)

(a) Credit risk (continued)

The following table summarises the concentration of the Foundation’s credit exposure:

	30 June	30 June
	2018	2017
	\$’000	\$’000
Government of Jamaica	283,529	270,187

None of the Foundation’s outstanding financial assets are overdue or impaired.

(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, as carried out within the Foundation and monitored by the Board of Directors, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis;
- (ii) Maintaining a portfolio of highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Optimising cash returns on investment.

The contractual maturities of the undiscounted cash flows of the financial liabilities are due within three months of the period end.

(c) Market risk

The Foundation takes on exposure to market risks, which is the risk that the fair value of 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. The Board of Directors monitors the market and its impact on the Foundation’s securities on a regular basis, and takes appropriate action to minimise the effect of market fluctuations. .

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

17. Financial Risk Management (Continued)

(c) Market risk (continued)

(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.

The Foundation is exposed to foreign exchange risk primarily with respect to the United States (US) dollar. The statement of financial position at 30 June 2018 includes aggregate foreign assets of \$165,448,000 (2017 - \$169,100,000).

The Fondation manages its foreign exchange risk by ensuring that the exposure in foreign assets is kept to an acceptable level by monitoring currency positions.

Foreign currency sensitivity

The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a possible change in foreign currency rates.

	% Change in Currency Rate 2018	Effect on Net Surplus 2018 \$'000	% Change in Currency Rate 2017	Effect on Net Surplus 2017 \$'000
Devaluation	6	9,927	6	10,146
Revaluation	2	(3,309)	1	(1,691)

(ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on financial position and cash flows. The average interest rates of financial instruments are as follows:

	2018 %	2017 %
Investments -		
Government of Jamaica Securities	8.5	8.10
Corporate securities	6.0	7.00

18. 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. However, market prices are not available for a significant number of the financial assets held by the Foundation. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimates and valuation techniques based on market conditions existing at balance sheet date.

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

- (a) The fair value of cash and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to cash and short-term elements of all other financial assets.
- (b) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.
- (c) The fair value of other financial instruments is based upon projected cash flows discounted at an estimated current market rate of interest.

The following table presents the Foundation assets that are measured at fair value at 30 June 2018. The financial assets are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 \$'000	Level 2 \$'000	Total balance \$'000
30 June 2018			
Assets			
Available-for-sale financial assets -			
Equity securities	724,795	-	724,795
Debt investments	-	419,715	419,715
	724,795	419,715	1,144,510
30 June 2017			
Assets			
Available-for-sale financial assets -			
Equity securities	580,003	8,777	588,780
Debt investments	-	374,470	374,470
	580,003	383,247	963,250

There were no transfers between levels during the period.



GraceKennedy Foundation
73 Harbour Street, Kingston, Jamaica, W.I.
Telephone 876-932-3181
e-mail: gkfoundation@gkco.com