Social Security Board

Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

SOCIAL SECURITY BOARD

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
SOCIAL SECURITY BOARD:

Report on the Financial Statements

We have audited the accompanying financial statements of Social Security Board, which comprise the statements financial position as at December 31, 2013 and 2012 and statements of profit, statements of other comprehensive income, statements of changes in reserves and statements of cash flows for the years 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, the Social Security Act and requirement of the Financial and Accounting Regulations, Chapter 44, Revised Edition 2000 – 2003. 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 audits. 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Social Security Board as of December 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, the Social Security Act and requirement of the Financial and Accounting Regulations, Chapter 44, Revised Edition 2000 – 2003.

Castillo Sanchez & Burrell, LLP

Chartered Accountants
Belize City, Belize
April 4, 2014

SOCIAL SECURITY BOARD

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

ASSETS	Notes	2013	2012
Current assets:			
Cash and cash equivalents	2g, 2h, 4	**$ 20,672,607**	$ 17,476,139
Central Bank of Belize	2g	**216,899**	234,303
Short term investments	2g, 5	**126,242,532**	121,580,228
Investment income receivable	2g, 6	**7,231,419**	6,410,070
Office supplies	2j	**127,224**	171,806
Accounts receivable	2g, 2i, 7	**1,829,412**	6,647,003
Prepayments	2k	**408,548**	445,273
Total current assets		**156,728,641**	152,964,822
Non-current assets:			
Advances to employees	2g	**1,161,428**	1,245,366
Pension asset	21, 8	**1,972,301**	3,290,751
Investment in associates	2g, 2m,9	**150,714,275**	143,749,973
Loan to associate	2g, 10	**10,000,000**	10,000,000
Long term investments	2g, 11	**111,493,637**	102,751,909
Fixed assets	2n, 12	**27,528,199**	28,681,536
Intangible asset	2o	**1,632,396**	1,771,206
Total non-current assets		**304,502,236**	291,490,741
TOTAL ASSETS		**$461,230,877**	$444,455,563
LIABILITIES AND RESERVES			
Current liabilities:			
Accounts payable and accruals	2g, 13	**$ 8,228,780**	$ 5,989,955
Total current liabilities		**8,228,780**	5,989,955
Deferred income	2p	**-**	1,353,457
Reserves:			
Short term benefits branch		**1,765,403**	4,051,823
Long term benefits branch		**325,815,373**	318,924,615
Employment injury benefits reserve		**102,391,569**	90,659,714
Disablement and death benefits reserves	2v	**16,504,329**	16,385,946
National health insurance fund		**2,751,373**	2,291,900
Natural disaster fund		**1,301,076**	1,131,076
Social development fund		**500,673**	376,326
Pension reserve	21, 8	**1,972,301**	3,290,751
Total reserves		**453,002,097**	437,112,151
TOTAL LIABILITIES AND RESERVES		**$461,230,877**	$444,455,563

The financial statements on pages 3 to 7 were approved and authorized for issue by the Board of Directors on August 28, 2014 and are signed on its behalf by:

______________________________) Chairman
)
)
______________________________) Director

The notes on pages 8 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF PROFIT
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	Notes	2013	2012
INCOME	2r		
Contributions:			
Employers and employed persons		**$ 66,866,173**	$64,524,849
Total contributions		**66,866,173**	64,524,849
Other income:			
Net investment income	14	**19,069,448**	11,742,837
Other income – net	15	**981,825**	1,051,843
GOB contribution to NHI Fund	2s	**14,000,004**	14,000,004
Total other income		**34,051,277**	26,794,684
TOTAL INCOME		**100,917,450**	91,319,533
EXPENDITURES			
Benefits:	2w		
Short term benefits branch	18a	**11,540,640**	10,751,043
Long term benefits branch	18b	**34,003,133**	31,563,988
Employment injury benefits branch	18c	**4,232,463**	3,286,430
Disablement and death benefits		**2,082,778**	1,991,547
National health insurance benefits		**12,808,924**	12,804,932
Total benefits		**64,667,938**	60,397,940
Operating expenses:			
Administration	16	**18,155,670**	18,302,276
Establishment	17	**1,306,282**	1,156,865
Financial		**138,679**	148,295
Total operating expenses		**19,600,631**	19,607,436
TOTAL EXPENDITURES		**84,268,569**	80,005,376
Excess of income over expenditures		**$ 16,648,881**	$11,314,157

The notes on pages 8 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF OTHER COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
EXCESS OF INCOME OVER EXPENDITURES	**$ 16,648,881**	$11,314,157
OTHER COMPREHENSIVE INCOME:		
APV disablement benefits	**1,220,788**	426,524
APV death benefits	**253,734**	277,959
	1,474,522	704,483
Re-measurements	**(1,318,450)**	(134,922)
Other comprehensive income for the year	**156,072**	569,561
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**$ 16,804,953**	$11,883,718

The notes on pages 8 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	Short term Benefits Branch	Long term Benefits Branch	Employment Injury Benefits Branch	Disablement and Death Benefits Reserve	National Health Insurance Fund	Natural Disaster Fund	Social Development Assistance Account	Pension Reserve	Total
Balance, December 31, 2012	$4,051,823	$318,924,615	$90,659,714	$16,385,946	$2,291,900	$1,131,076	$ 376,326	$3,290,751	$437,112,151
Transfer to Social Development Account and Assistance Fund	-	-	(1,209,354)	-	-	250,000	1,209,354	-	250,000
Transfer to Short Term Benefit Branch	-	-	-	-	-	-	(250,000)	-	(250,000)
Natural Disaster Fund Expenditure	-	-	-	-	-	(80,000)		-	(80,000)
Social Development Account and Assistance Fund Expenditures	-	-	-	-	-	-	(835,007)	-	(835,007)
Excess of (expenditures over income) income over expenditures	(2,286,420)	6,890,758	12,941,209	(1,356,139)	459,473	-	-	-	16,648,881
Other Comprehensive Income	-	-	-	1,474,522	-	-	-	(1,318,450)	156,072
Balance, December 31, 2013	**$1,765,403**	**$325,815,373**	**$102,391,569**	**$16,504,329**	**$2,751,373**	**$1,301,076**	**$ 500,673**	**$1,972,301**	**$453,002,097**

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SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	Short term Benefits Branch	Long term Benefits Branch	Employment Injury Benefits Branch	Disablement and Death Benefits Reserve	National Health Insurance Fund	Natural Disaster Fund	Social Development Assistance Account	Pension Reserve	Total
Balance, January 1, 2012	$5,990,921	$316,257,143	$80,161,711	$17,191,883	$1,835,699	$ 881,076	$ 161,523	$3,425,673	$425,905,629
Transfer to Social Development Account and Assistance Fund	-	-	(1,141,999)	-	-	-	1,141,999	-	-
Transfer to Short Term Benefit Branch	-	-	-	-	-	-	-	-	-
Natural Disaster Fund Expenditure	-	-	-	-	-	250,000	-	-	250,000
Social Development Account and Assistance Fund Expenditures	-	-	-	-	-	-	(927,196)	-	(927,196)
Excess of (expenditures over income) income over expenditures	(1,939,098)	2,667,472	11,640,002	(1,510,420)	456,201	-	-	-	11,314,157
Other Comprehensive Income	-	-	-	704,483	-	-	-	(134,922)	569,561
Balance, December 31, 2012	**$4,051,823**	**$318,924,615**	**$90,659,714**	**$16,385,946**	**$2,291,900**	**$1,131,076**	**$ 376,326**	**$3,290,751**	**$437,112,151**

The notes on pages 8 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
Cash flows from operating activities:		
Excess of income over expenditures	**$16,648,881**	$11,314,157
Adjustments to reconcile excess of income over expenditures to net cash provided by operating activities:		
Amortization – intangible asset	**197,461**	196,801
Depreciation	**1,478,691**	1,534,435
Amortization of deferred income	**(1,353,457)**	(2,212,783)
Loss on sale of fixed asset	**232,666**	139,817
Operating profit before working capital changes	**17,204,242**	10,972,427
Changes in current assets and liabilities:		
(Increase)decrease in investment income receivable	**(821,349)**	172,012
Decrease (increase) in office supplies	**44,582**	(26,546)
Decrease (increase) in accounts receivable	**4,817,591**	(419,518)
Decrease (increase) in prepayments	**36,725**	(191,114)
Decrease (increase) in advances to employees	**83,938**	(100,618)
Increase (decrease) in accounts payable and accruals	**2,238,825**	(698,954)
Total adjustment	**6,400,312**	(1,264,738)
Net cash provided by operating activities	**23,604,554**	9,707,689
Cash flows from investing activities:		
Investment in associates	**(6,964,302)**	(88,899)
Loan to associate	**-**	(10,000,000)
Long and short term investments	**(13,404,032)**	5,351,355
Net additions to fixed assets	**(559,042)**	(970,097)
Increase in intangible asset	**(58,651)**	-
Proceeds from disposal	**1,022**	190,645
Net cash used in investing activities	**(20,985,005)**	(5,516,996)
Cash flows from financing activities:		
Change in death and disablement reserve	**1,474,522**	704,483
Change in social development fund	**(835,007)**	(677,194)
Change in natural disaster fund	**(80,000)**	-
Net cash provided by financing activities	**559,515**	27,289
Net increase in cash and bank balances	**3,179,064**	4,217,982
Cash and cash equivalents, January 1	**17,710,442**	13,492,460
Cash and cash equivalents, December 31	**$20,889,506**	$17,710,442

The notes on pages 8 to 43 are an integral part of these financial statements.

1. STATUS

Status – Social Security Board (Board/SSB) is a statutory body which came into existence with the enactment of the Social Security Act, Chapter 44, Laws of Belize 1980. Social Security was established to provide various financial benefits to insured persons residing in Belize. Funding of these benefits is provided through contributions from employers and employees. The corporate headquarters is located at Bliss Parade, Belmopan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance – The financial statements of Social Security Board have been prepared from the records maintained in the financial accounting system of the Board, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), while the form and content are specified in the Social Security Act, Chapter 44, Revised Edition 2003.

b. Basis of presentation – The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

c. Functional and presentation currency – The financial statements are presented in Belize dollars, which is also the functional currency of the Board.

d. Use of estimates and judgments – The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Board's accounting policies.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Board based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur.

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All valuations are made by an actuary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies – The accounting policies adopted are consistent with those used in the previous financial year except that the Board has adopted the following standards, amendments and interpretations which did not have a significant effect on the financial performance or position of the Board. Some, however, give rise to additional disclosures or changes to the presentation of the financial statements.

Adoption of New Standards, Amendments and Interpretations Effective from January 1, 2013:

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendment to IFRS 7

This amendment requires an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on the Board's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

As the Board is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Board.

IFRS 13 Fair Value Measurement

IFRS 13 provides guidance on how to measure fair value under IFRS when fair value is required or permitted, as well as introducing additional disclosure requirements for:

- Items measured at fair value in the statement of financial position
- Items where fair value is required to be disclosed in the notes to the financial statements.

The Board is not currently impacted by these requirements however may in future periods if it decides to use a fair value model for any asset or liability.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings).

The amendment had no financial impact on the Board's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued)

IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation.

The adoption of this standard has not materially affected the financial statements of the Board since the most recent re-measurement of plan assets were recorded in line with the standard as amended and have been included as an Other Comprehensive Income item.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee.

The Board uses the equity method in accordance with IAS 28 to account for its investment in associates.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Board's financial statements are disclosed below. The Board intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments (classification and measurement)
IFRS 9, as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. The release of IFRS 9 (2013) on November 19, 2013 contained consequential amendments which bring into effect a substantial overhaul of hedge accounting; it removed the mandatory effective date of IFRS 9 'January 1, 2015' and permits an entity to apply the requirements on the presentation of gains and losses on financial liabilities designated as 'fair value through profit or loss' without applying the other requirements. When all projects are completed an effective date will be added. However, IASB has tentatively decided that the mandatory effective date will be no earlier than annual periods beginning on or after January 1, 2017.

The Board will quantify the effect of all phases when the final standard becomes effective.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued)

IFRS 10, IFRS12 and IAS 27 Amendments to Investment Entities
Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement, additional disclosures on investment entities and requires an in investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The amendment is effective for annual periods beginning on or after January 1, 2014.

These amendments will have no impact on the financial statements of the Board since it holds no interests in other entities.

IAS 19 Employee Benefits: Employee Contributions (Amendment).
Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment is effective for annual periods beginning on or after January 1, 2014.

The Board is currently assessing the impact, if any; this amendment will have on the Board's financial statement.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendment to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendment also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

This amendment is not expected to impact the Board's financial position or performance.

IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendment)*
Amendment to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is effective for annual periods beginning on or after January 1, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued)

The Board will adopt this amendment when it becomes effective and present requisite disclosures when applicable.

IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendment).
Amendment to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is effective for annual periods beginning on or after January 1, 2014.

The Amendment will not have an impact on the Board's financial statement.

IFRIC 21 – Levies
Provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The amendment is effective for annual periods beginning on or after January 1, 2014.

The Amendment will be adopted by the Board when effective and its effects if any will be quantified at that time.

Annual Improvements 2010-2012 Cycle

The following improvements are effective for annual periods beginning on or after January 1, 2014. The adoption of the below amendments are not expected to have any material impact on the Board's financial performance or financial position.

IFRS 2 Share-based Payment
The improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3 Business Combinations
The amendment requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8 Operating Segments
The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13 Fair Value Measurement
This improvement clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued)

This improvement clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
This improvement clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24 Related Party Disclosures
This improvement clarifies how payments to entities providing management services are to be disclosed.

Annual Improvements 2011-2013 Cycle

The following improvements are effective for annual periods beginning on or after January 1, 2014. The adoption of the below amendments are not expected to have any material impact on the Board's financial performance or financial position.

IFRS 1 First-time Adoption of International Financial Standards
Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3 Joint Arrangements
Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement
Clarify the scope of the portfolio exception for measuring fair value. The exception applies only to financial assets and financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments.

IAS 40 Investment Property
Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Foreign currency transactions and balances – Transactions in foreign currencies are initially recorded by the Board at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

g. Financial instruments – A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

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

The Board initially recognizes, accounts receivables, deposits, and debt instruments on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables.’ The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Note 3 outlines the categories of the Board’s financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial instruments (continued)

Effective interest method

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

Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Board's financial assets classified as loans and receivable are outlined in Note 3.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Evidence of impairment could include:

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Board's past experience of collections, an increase in number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the financial asset's original effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial instruments (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in the other comprehensive income and accumulated in equity is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial instruments (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Board retains an option to repurchase part of the transferred asset), the Board allocates the previous carrying amount of the financial asset between the part it continues to recognise under the continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount and part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities at amortized cost'.

Note 3 outlines the categories of the Board's financial liabilities.

Other financial liabilities at amortized cost
Interest-bearing loans and borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument, and are subsequently recognized at amortized costs. Financial liabilities included in trade and other payables are recognized initially at fair value and subsequently at amortized cost using the effective interest method.

The Board classifies its financial liabilities as measured at amortised cost or fair value through profit or loss. The Board's financial liabilities are outlined in Note 24.

Derecognition of financial liabilities
The Board derecognizes financial liabilities when and only when, the Board's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and is payable is recognized in profit or loss.

h. Cash and cash equivalents – Cash and cash equivalents represent cash on hand, bank deposits and short term highly liquid investments with original maturity of three months or less.

i. Accounts receivables – Accounts receivables represent amounts receivable from the sale of products and services of the Board. The receivables are initially recorded at fair value and subsequently measured at amortized cost, net of estimates of potential losses. The estimated losses from doubtful accounts are provided in an amount considered sufficient to cover potential losses. The value of the loss estimated for doubtful debts is made based on experience of defaults that occurred in the past.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Office supplies – Office supplies are stated at the lower of cost and net realizable value, cost being determined on the actual cost of the supplies.

k. Prepayments – Prepayments represents insurance, license, property tax and other cost paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is received.

l. Pension fund – The Board, as of January 1, 1991, operates a pension scheme which is separately administered by a Board of Trustees. The scheme, which is a defined benefit plan, is funded by contributions from the Board in amounts recommended by the actuaries, and from employees at the rate of 2.8% of annual pensionable salaries. The Board's contributions of 4.3% of pensionable salaries are charged against income in the year they become payable.

Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

m. Investments in associates – Associates are investments in entities where the Board has the power to exercise a significant influence, but they do not have control or joint control through participation in the financial and operational decisions of the entity.

Usually the stockholding is 20% to 50% of the voting rights. Investments in associated entities are accounted for under the equity method and include goodwill identified on acquisition, net of any accumulated impairment loss.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in the Board's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Board's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Board recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Board and the associate are eliminated to the extent of the interest in the associate.

The Board's share of profit of an associate is included in the income statement as Investment Income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates of the Board are prepared for the same reporting period as the Board. When necessary, adjustments are made to bring the accounting policies in line with those of the Board. After application of the equity method, the Board determines whether it is necessary to recognize an additional impairment loss on its investment in its associates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Investment in associates (continued)

The Board determines at each reporting date, whether there is any objective evidence that the investment in each associate is impaired. If this is the case, the Board calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Board measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

n. Fixed assets – Fixed assets are recorded at cost and, other than land, are depreciated using the straight line method over the estimated useful life of the assets as follows:

Buildings	50 years
Furniture, fixtures and equipment	10 years
Computers and accessories, hardware and software	5 years
Motor vehicles	4 years

Repairs and maintenance are charged against income. Improvements which extend the useful life of the assets are capitalized. When fixed assets are disposed of by sale or are scrapped, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

o. Intangible assets – Intangible assets comprise basically the contractual rights and expenses incurred on specific projects with future economic value, are valued at cost, less accumulated amortization and losses by reducing the recoverable amount where applicable. Intangible assets are recognized only if it is likely that they will generate economic benefits to the Board, are controllable under the Board's control and their respective value can be measured reliably.

Intangible assets that have finite useful lives are amortized over their effective use or a method that reflects their economic benefits, while those with indefinite useful lives are not amortized; consequently these assets are tested at least annually as to their recovery (impairment test).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Intangible assets (continued)

The estimated useful life and amortization methods are reviewed at the end of each financial year and the effect of any changes in estimates are recorded in a prospective manner.

Internally generated intangible assets, during the research phase, have their expenditure recorded in expenses of the period when incurred. Expenditure on development activities (or stage of development of an internal project) is recorded as intangible assets if and only if it meets all of the requirements of the standard. Initial recognition of this asset corresponds to the sum of the expenditures incurred from when the intangible asset has passed to meet the recognition criteria required by the standard.

Intangible assets generated internally, are recorded at cost value less amortization and loss on the accumulated impairment. The Board's intangible assets comprise mainly of acquired software licenses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

p. Deferred income – The Board sold portions of the flows from its mortgage investment portfolio. The financial instrument associated with these flows is carried in the financial statements as "restricted mortgages (Note 11)" and are stated at cost less impairment losses.

Income derived from these transactions are treated as deferred income and amortized over the term of each agreement-governing disposal of mortgage flows.

Where losses are sustained as a result of servicing mortgage portfolios under the securitization program, such losses are charged directly to income.

q. Borrowing costs – Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

r. Income recognition – Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Board, and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Board assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Board has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Income recognition (continued)

i. Investment income – is accounted for on the accrual basis, except for dividends, which are recognized when received. Income from associates is accounted for by the equity method.

ii. Interest income – For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in Investment Income and Other income in the income statement.

iii. Dividends – Revenue is recognized when the Board's right to receive the payment is established.

iv. Rental income – Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

Basis of apportionment of income –

(i) Contributions
Section 14(1) of the Financial and Accounting Regulations, 1980 provides that all contributions shall be distributed among the Benefits Branches in the following proportions:

		2013	2012
(1)	Short term Benefits Branch	19.25%	19.25%
(2)	Long term Benefits Branch	56.25%	56.25%
(3)	Employment Injury Benefits Branch	24.50%	24.50%

(ii) Other income
Section 14(2) of the Financial and Accounting Regulation, 1980 provides that income from investment of the Reserves is allocated to each branch on the basis of their respective reserves at the end of the previous financial year.

Section 14(3) of the Financial and Accounting Regulations, 1980 provides that all other income to the fund which cannot be identified with any specific branch shall be distributed among the three benefit branches in equal parts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Government contributions – Government contributions and support are accounted for when the Board complies with reasonable security conditions set by the government related to contributions, and assistance received. The Board records via the statement of income, as reducing spending according to the nature of the item, and through the distribution of results on statement of income, or earnings in reserve accounts.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Board receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. When loans or similar assistance are provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grants.

t. Taxes –

Income and property tax and stamp duty

Section 64 (2) of the Social Security Act, Chapter 44, Revised Edition 2003 exempts the Board from income tax and property tax, and stamp duty.

General sales tax

Revenues, expenses and assets are recognized net of the amount of general sales tax.

u. Benefit payments –

i. SSB recognizes costs associated with payments in the period the beneficiary or recipient is entitled to receive the payment.

ii. Liabilities are accrued on benefits for past periods that have not completed processing by the close of the fiscal year, such as benefit payments due but not paid pending receipt of pertinent information.

v. Disablement and death benefit reserves – The Disablement and Death Benefits Reserve is made up as provided by Section 16(3) of the Financial and Accounting Regulations, 1980 by transferring thereto at the end of each financial year the balance outstanding in the current account after the actuarial present value of the periodically payable disablement and death benefits awarded in that year have been charged against income for that year in the Income and Expenditure Account of the Employment Injury Benefit Branch and credited to a current account, which is also credited with the income from the investment of the said reserve, and debited with actual payment of the current periodical disablement and death benefit effected during that year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w. Basis of apportionment of expenditure

i. Section 15(1) of the Financial and Accounting Regulation, 1980 states that the expenditures of each benefit branch shall be ascribed to that Branch under which the benefit is grouped, namely: Short Term Benefits Branch, Long Term Benefits Branch and Employment Injury Benefits Branch.

ii. Section 15(2) of these regulations states that the administrative expenditures of the Fund shall be distributed among the three benefit branches in such a manner that the proportion allocated to a particular branch shall be equal to the proportion which the sum of the contribution income and benefit expenditure shown in the Income and Expenditure Account of that branch bears to the sum of the contribution income and benefit expenditure of the Fund as a whole.

iii. Administrative expenses are taken to mean all expenses properly incurred in the administration of the Scheme.

All other expenditures that are not attributable to any specific branch are distributed among the three benefit branches in equal parts.

3. FINANCIAL RISKS

Financial risk factors

The Board'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.

The Board's overall risk management program seeks to maximize the returns derived for the level of risk to which the Board is exposed and seeks to minimize potential adverse effects on the Board's financial performance. The Board's policy allows it to use financial instruments to both moderate and create certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased long term equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the investment manager under policies approved by the Investment Committee and Board of Directors and the General Manager of Finance. The Board has specific limits on these instruments to manage the overall potential exposure.

In accordance with IFRS 7, an entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

3. FINANCIAL RISKS (Continued)

	Fair value through profit or loss		Loans and receivable	
Financial assets	**December 31, 2013**	December 31, 2012	**December 31, 2013**	December 31, 2012
	$	$	**$**	$
Cash and cash equivalents	**-**	-	**20,889,506**	17,710,442
Short term investments	**-**	-	**126,242,532**	121,580,228
Investment income receivable	**-**	-	**7,231,419**	6,410,070
Accounts receivable	**-**	-	**1,829,412**	6,647,003
Advances to employees	**-**	-	**1,161,428**	1,245,366
Long term investments	**13,217,691**	15,443,276	**98,275,946**	87,308,633
Loan to associate	**-**	-	**10,000,000**	10,000,000
Investment in associates	**150,714,275**	143,749,973	**-**	-
Total financial assets	**163,931,996**	159,193,249	**265,630,243**	250,901,742

Financial liabilities

	Financial liabilities at fair value through profit or loss		Other financial liabilities at amortised cost	
	December 31, 2013	December 31, 2012	**December 31, 2013**	December 31, 2012
	$	$	**$**	$
Accounts payable and accruals	**4,971,205**	2,830,089	**3,257,575**	3,159,866
Total financial liabilities	**4,971,205**	2,830,089	**3,257,575**	3,159,866

The Board uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

Market risk

a. Price risk

The Board's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Social Security Act (Chapter 44) of the Laws of Belize, the Investment Committee and the Board of Directors.

A summary analysis of investments by asset class at December 31, 2013 is presented below:

3. FINANCIAL RISKS (Continued)

Investment Mix	**% of Total Investment**
Debentures	1.47
Other	4.17
Shares	1.60
Treasury Notes	2.70
Real Estate	3.20
Mortgage and Housing	2.00
Private Sector Loans	15.37
Investment in Associates	38.78
Term Deposits	30.71
Total	**100.00**

The Act also limits a single investment to be no more than 20% of the total amount of the Reserves, including economically targeted investments. The majority of the Board's equity investments are publicly traded. The Board's policy requires that the overall market position is monitored on a weekly basis by the Board's Investment Manager and is reviewed on a quarterly basis by the Investment Committee and Board of Directors. Compliance with the Board's investment policies are reported to the Investment Committee on a monthly basis.

b. Foreign exchange risk

The Board does not operate internationally and does not hold monetary and non-monetary assets denominated in currencies other than the Belize Dollar, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

c. Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Board holds fixed interest securities that expose the Board to fair value interest rate risk. The Board also holds cash and cash equivalents that expose the Board to cash flow interest rate risk. The Board's policy requires the General Manager of Finance to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The Board's policy is to hold no more than 20% of the Board's net assets in interest bearing assets and liabilities.

3. FINANCIAL RISKS (Continued)

c. Cash flow and fair value interest rate risk (continued)

The Board has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Board invests and impact on the valuation of certain over-the-counter derivative products that use interest rates as an input in their valuation model.

In accordance with the Board's policy, the Investment Manager monitors the Board's overall interest sensitivity on a weekly basis; the Investment Committee reviews it on a monthly basis.

d. Credit risk

The Board is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. The main concentration to which the Board is exposed arises from the Board's investments in debt securities. The Board is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, amounts due from associates, debtors and other receivable balances.

The Board manages credit risk by setting limits on the amount loaned, ensuring the loan is properly collaterized, considering the borrower's leverage and the seasonality of the business by restriction in the loan agreements.

In accordance with the Board's policy, the Investment Manager monitors the Board's credit position on a daily basis, and the Investment Committee reviews it on a monthly basis.

Collateral
Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types. The Board defines collateral as the assets or rights provided to the Board by the borrower or a third party in order to secure a credit facility. The Board would have the rights of secured creditor in respect of the assets/contracts offered as security for the obligations of the borrower/obligor.

The Board ensures that the underlying documentation for the collateral provides the Board appropriate rights over the collateral or other forms of credit enhancement including the right to liquidate, retain or take legal possession of it in a timely manner in the event of default by the counterparty. The Board also endeavors to keep the assets provided as security to the Board under adequate insurance during the tenor of the Board's exposure. The collateral value is monitored periodically.

Types of collateral taken by the Board
Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as land, plant and machinery; marketable securities; third party guarantees; and letters of credit.

3. FINANCIAL RISKS (Continued)

d. Credit risk (continued)

Types of collateral taken by the Board (continued)
The Board determines the appropriate collateral for each facility based on the type of product and risk profile of the counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally taken. In addition, in some cases, additional security such as pledge of shares, cash collateral, charge on receivables with an escrow arrangement and guarantees is also taken.

For personal loans, the security to be taken is defined in the investment policy for the respective types of loans. Housing loans and automobile loans are secured by the security of the property/automobile being financed. The valuation of the properties is carried out by an empanelled appraiser at the time of sanctioning the loan.

The Board extends unsecured facilities to clients for certain products such as derivatives, credit cards and personal loans. The limits with respect to unsecured facilities have been approved by the Board of Directors. The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the Board of Directors. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

For certain types of lending – typically mortgages, asset financing – the right to take charge over physical assets is significant in terms of determining appropriate pricing and recoverability in the event of default.

Collateral is reported in accordance with our risk mitigation policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Where appropriate collateral values are adjusted to reflect current market conditions, its probability of recovery and the period of time to realize the collateral in the event of possession. The collateral values reported are also adjusted for the effects of over-collateralization.

Loans and advances
The requirement for collateral is not a substitute for the ability to pay, which is the primary consideration for any lending decisions. In determining the financial effect of collateral held against loans neither past due nor impaired, we have assessed the significance of the collateral held in relation to the type of lending. For loans and advances to Board’s employees and customers (including those held at fair value through profit or loss), the Board held the following amounts of collateral, adjusted where appropriate as indicated above.

3. FINANCIAL RISKS (Continued)

	CONSUMER LOANS			COMMERCIAL LOANS			TOTAL		
Value	Total	Past Due but not Individually Impaired Loans	Individually Impaired Loans	Total	Past Due but not Individually Impaired Loans	Individually Impaired Loans	Total	Past Due but not Individually Impaired Loans	Individually Impaired Loans
December 31, 2013									
Collateral	8,157,012	5,778,756	2,378,256	81,835,959	58,859,784	22,976,175	89,992,971	64,638,540	25,354,431
Loans	8,186,440	5,778,756	2,407,684	81,835,959	58,859,784	22,976,175	90,022,399	64,638,540	25,383,859

	CONSUMER LOANS			COMMERCIAL LOANS			TOTAL		
Value	Total	Past Due but not Individually Impaired Loans	Individually Impaired Loans	Total	Past Due but not Individually Impaired Loans	Individually Impaired Loans	Total	Past Due but not Individually Impaired Loans	Individually Impaired Loans
December 31, 2012									
Collateral	9,823,851	5,538,152	4,285,699	44,044,994	42,134,542	1,910,452	53,868,845	47,672,694	6,196,151
Loans	10,158,523	5,829,608	4,328,915	64,398,774	62,458,894	1,939,880	74,557,297	68,288,502	6,268,795

3. FINANCIAL RISKS (Continued)

e. Liquidity risk

Liquidity risk is the risk that the Board may not be able to generate sufficient cash, resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

As a result, the Board may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. At December 31, 2013 and 2012, the Board held no investments that it considered illiquid.

The Board manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At December 31, 2013, current assets exceeded current liabilities by $148,499,861.

In accordance with the Board's policy, the General Manager of Finance monitors the Board's liquidity position on a weekly basis, and the Investment Manager reviews it on a daily basis.

The table below analyses current assets and current liabilities of the Board into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date.

Net liquidity gap, December 31, 2013

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	$	$	$	$	$
Current Assets					
Cash and cash equivalent	20,672,607	-	-	-	**20,672,607**
Central Bank of Belize	216,899	-	-	-	**216,899**
Short term investments	62,563,538	63,678,994	-	-	**126,242,532**
Investment income receivable	2,611,286	4,620,133	-	-	**7,231,419**
Office supplies	49,922	77,302	-	-	**127,224**
Accounts receivable and prepayments	189,017	279,245	1,769,698	-	**2,237,960**
Total current assets	**86,303,269**	**68,655,674**	**1,769,698**	**-**	**156,728,641**
Current Liabilities					
Accounts payables and accruals	3,257,575	4,971,205	-	-	**8,228,780**
Total current liabilities	3,257,575	4,971,205	-	-	**8,228,780**
Net liquidity gap, December 31, 2013	**83,045,694**	**63,684,469**	**1,769,698**	-	**148,499,861**

3. FINANCIAL RISKS (Continued)

f. Operational risk

The Board is exposed to operational risk which can lead to financial losses through error, fraud or inefficiencies. The Board mitigates this risk by periodically revisiting its internal controls, adhering to its operational policies and procedures, and reliance on the internal audit function.

4. CASH AND CASH EQUIVALENTS

	2013	2012
Cash on hand	**$ 4,917**	$ 5,052
Bank balances	**20,667,690**	17,471,087
	$20,672,607	$17,476,139

5. SHORT TERM INVESTMENTS

	2013	2012
Term deposits	**$119,326,406**	$103,773,953
Citrus Growers Association crop loan	**6,916,126**	7,306,275
GOB treasury notes	**-**	10,500,000
	$126,242,532	$121,580,228

6. INVESTMENT INCOME RECEIVABLE

	2013	2012
Sunshine Holdings Limited	**$4,110,930**	$2,909,578
Other loans and mortgage portfolios	**1,116,173**	1,292,823
Certificate of deposits	**2,004,316**	2,207,669
	$7,231,419	$6,410,070

Under the terms of the loan note between Sunshine Holdings Limited and SSB issued September 19, 2005, interest earned up to July 31, 2010 was capitalized.

7. ACCOUNTS RECEIVABLE

	2013	2012
Accounts receivable	**$ 127,887**	$ 203,708
Assessment of contributions	**2,677,106**	2,510,552
Mortgage securitization programme	**-**	4,818,147
	2,804,993	7,532,407
Less: provisions for loss on uncollectible assessments	**(972,993)**	(884,904)
Less: provisions for loss on investments	**(2,588)**	(500)
	$1,829,412	$6,647,003

8. PENSION ASSET

The Board sponsors a defined benefit pension scheme in accordance with a Trust Deed signed by the Board and the Trustees on April 24, 1996, but deemed to have been established under irrevocable trust with effect from January 1, 1991. The scheme is contributory (funded on a bipartite basis by the SSB and the employees. The Board pays fixed contributions into the separate trust which is managed by a Board of Trustees nominated by the employer. These contributions are expensed in the period in which they accrue.

The terms of the defined benefit pension scheme define the amount that employees will receive on retirement. These amounts are dependent on factors such as age, years of service and compensation, and are determined independently of the contributions payable or the investments of the scheme.), and past services are recognized as from January 1, 1991.

An asset or liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated by independent actuaries every three years using the projected unit cost method. Actuarial gains and losses are recognized in full in the year in which they occur within other comprehensive income.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government bonds that are denominated in the currency in which the benefits will be paid and, which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives, where these amounts represent an excess over the 10% corridor.

On a going-concern basis and taking into consideration projected salaries at retirement rather than static salaries, the funded status is as follows, as at December 31, 2013:

Projected Benefit Obligation and Funded Status

Funded Status	**2013**	2012
Accumulated benefit obligation	**$(3,713,980)**	$(2,265,186)
Projected benefit obligation [a/]	**(6,217,803)**	(4,854,902)
Net assets	**8,190,104**	7,979,450
Pre-paid Surplus	**$ 1,972,301**	$ 3,124,548

[a/] Of which $3,258,504 are vested

8. PENSION ASSET (Continued)

Liability (Surplus) to be recognized in the Statement of Financial Position (at 31 December) [a/]

	2013	2012
Present value of the obligation	**6,217,803**	4,854,902
Fair value of plan assets	**(8,190,104)**	(7,979,450)[b/]
Net obligations (surplus)	**(1,972,301)**	(3,124,548)
Unrecognized past service cost	**-**	-
Unrecognized actuarial gain	**-**	(166,203)
Liability (surplus) to be recognized	**(1,972,301)**	(3,290,751)

[a/] IAS-19, paragraph 54
[B/]Unaudited

Changes in Benefit Obligations and Net Assets

The changes in benefit obligations are as follows:

Change in Projected Obligations	2013	2012
Projected benefit obligation at January 1	**$4,854,902**	$4,406,719
Service cost	**493,089**	386,589
Interest cost	**282,560**	301,826
Benefits and expenses	**(291,124)**	(233,171)
Actuarial (gain) loss – obligations	**878,376**	(7,061)
Projected benefit obligation at December 31	**$6,217,803**	$4,854,902
Change in Plan Assets		
Assets at December 31	**$7,965,841**	$7,666,408
Expected return on assets	**480,839**	545,498
Contributions	**194,582**	184,303
Benefit payments	**(291,124)**	(233,171)
Actuarial (loss) gain – assets	**(160,034)**	(183,588)
Assets at December 31	**8,190,104**	7,979,450
Consolidated gain	**$1,972,301**	$3,124,548

Liability (Surplus) to be recognized in the Statement of Financial Position

	2013	2012
Present value of the obligation	**$ 6,217,803**	$ 4,854,902
Fair value of plan assets	**(8,190,104)**	(7,979,450)
Net surplus	**(1,972,301)**	(3,124,548)
Unrecognized past service cost	**-**	-
Unrecognized actuarial gain	**-**	(166,203)
Liability (surplus) to be recognized	**$(1,972,301)**	$(3,290,751)

9. INVESTMENT IN ASSOCIATES

Belize Electricity Limited 26.92%	2013	2012
Balance, beginning of year	**$78,014,854**	$83,343,955
Income (loss) from associate	**6,415,305**	(4,307,200)
Dividend received from associate	**(929,003)**	(1,021,901)
Balance, end of year	**$83,501,156**	$78,014,854

Belize Telecommunications Limited 20.18%	2013	2012
Balance, beginning of year	**$ 65,735,119**	$ 60,317,119
Income from associate	**3,928,000**	5,418,000
Dividend received from associate	**(2,450,000)**	-
Balance, end of year	**$ 67,213,119**	$ 65,735,119
Total investment in associate, end of year	**$150,714,275**	$143,749,973

By the Belize Telecommunications (Assumption of Control over Belize Telemedia Limited) Order, Statutory Instrument No. 104 of 2009, the Government of Belize (GOB) acquired for and on behalf of itself Forty-Six Million Eight Hundred Forty-Five Thousand Five Hundred and Thirteen (46,845,513) ordinary shares in Belize Telemedia Limited [BTL]. Thereafter GOB issued an Offer for Sale in respect of 22,069,687 of the above mentioned shares in BTL to the Belizean public at a price of $5.00 per share. On November 23, 2010, a share purchase agreement was signed between GOB and the Social Security Board to purchase Ten Million (10,000,000) ordinary shares in the Belize Telemedia Limited.

10. LOAN TO ASSOCIATE

Provisional loan to Belize Electricity Limited of $10,000,000 with interest on a daily basis at a rate of 5% per annum. First payment due and payable on March 31, 2013 and thereafter interest shall be paid quarterly up to a maximum term of 3 years or upon the issuance of the Belize Electricity Limited preference shares to the value of $10,000,000 in favor of the Social Security Board.

11. LONG TERM INVESTMENT

	2013	2012
Shares	**$ 6,229,790**	$ 6,216,890
Term deposit	**-**	9,691,010
GOB treasury notes	**10,500,000**	-
Private sector loans	**59,587,414**	53,842,948
Mortgages	**7,769,328**	9,073,076
Restricted mortgages	**-**	86,186
Real estate	**12,421,849**	12,480,049
Government of Belize loan	**1,245,056**	2,221,550
Belize City Council Municipal bonds	**8,040,200**	3,440,200
Debentures	**5,700,000**	5,700,000
	$111,493,637	$102,751,909

At December 31, 2013, non-performing investments amounted to 1.05 % of total long and short term investments (December 31, 2012 – 2.55%). Under the Board's mortgage securitization program, interest earned on restricted mortgages does not accrue to the Board.

Mortgages received from the Ministry of Housing at December 31, 2013 totaled $681,854 (December 31, 2012 – $660,038).

12. FIXED ASSETS

Cost	Land	Buildings	Furniture and fixtures	Office equipment	Computers and accessories, hardware and software	Motor vehicles	Work in progress	Total
Brought forward, January 1, 2013	$6,591,005	$24,475,887	$2,550,113	$2,676,827	$5,269,733	$561,049	$96,345	$42,220,959
Additions	-	15,480	39,986	90,312	353,404	87,051	24,104	610,337
Disposals	-	(283,106)	(23,759)	(46,090)	(71,648)	-	(51,295)	(475,898)
Carried forward, December 31, 2013	6,591,005	24,208,261	2,566,340	2,721,049	5,551,489	648,100	69,154	42,355,398
Accumulated depreciation								
Brought forward, January 1, 2013	-	5,399,571	2,061,208	1,437,672	4,278,536	362,436	-	13,539,423
Additions	-	617,255	117,685	247,487	401,979	94,287	-	1,478,693
Disposals	-	(61,477)	(20,216)	(40,065)	(69,159)	-	-	(190,917)
Carried forward, December 31, 2013	-	5,955,349	2,158,677	1,645,094	4,611,356	456,723	-	14,827,199
Net book value								
December 31, 2013	**$6,591,005**	**$18,252,912**	**$ 407,663**	**$1,075,955**	**$ 940,133**	**$191,377**	**$69,154**	**$27,528,199**
December 31, 2012	$6,591,005	$19,076,316	$ 488,905	$1,239,155	$ 991,197	$198,613	$96,345	$28,681,536

13. ACCOUNTS PAYABLE AND ACCRUALS

	2013	2012
Mortgage securitization program	**$4,749,980**	$2,622,962
Benefits payable	**1,030,673**	880,616
Accrued expenses and other liabilities	**2,448,127**	2,486,377
	$8,228,780	$5,989,955

14. NET INVESTMENT INCOME

	2013	2012
Long and short term investments income	**$ 8,274,746**	$ 9,290,713
Income from associates	**10,343,305**	1,110,800
Mortgage securitization program	**1,353,458**	2,212,783
Investment expenses	**(140,205)**	1,166,325
Loan losses bad debt	**(761,856)**	(2,037,784)
	$19,069,448	$11,742,837

15. OTHER INCOME – NET

	2013	2012
Interest on assessments	**$511,528**	$ 176,906
Interest on late contributions	**301,382**	581,657
Interest on staff advances	**89,331**	94,280
Rental income	**21,692**	13,640
Loss on disposal of fixed assets	**(232,666)**	(139,817)
Others	**290,558**	325,177
	$981,825	$1,051,843

16. ADMINISTRATION EXPENSES

	2013	2012
Actuarial expenses	**$ 122,765**	$ 117,544
Amortization (intangible asset)	**197,461**	196,801
Appeals Tribunal expenses	**18,795**	20,174
Audit fee	**105,648**	110,191
Board expenses	**303,454**	231,027
Cleaning and sanitation	**264,924**	267,636
Committees expense	**112,413**	116,250
Compliance project	**7,230**	33,190
Depreciation	**867,927**	992,411
Insurance	**72,957**	88,652
Legal and professional fees	**227,156**	97,122
Medical and group health insurance	**337,152**	304,755
Motor vehicle expenses	**84,840**	68,205
Overseas conference	**129,437**	86,648
Postage	**41,595**	46,160
Premises repairs and maintenance	**372,936**	381,830
Printing, stationery and supplies	**690,136**	668,220
Publicity and promotion	**205,812**	318,360
Recruitment	**7,292**	5,869
Registration expenses	**119,135**	131,563
Salaries	**9,803,040**	10,009,084
Security	**916,591**	888,233
Social security contributions	**234,893**	243,227
Subscriptions	**55,038**	55,096
Sundries	**4,268**	4,032
Telephones and cables	**533,886**	599,549
Training	**212,718**	182,494
Transfer and other allowances	**1,446,972**	1,287,863
Traveling and subsistence	**659,199**	750,090
	$18,155,670	$18,302,276

17. ESTABLISHMENT EXPENSES

	2013	2012
Light, power and water	**$ 625,878**	$ 539,850
Depreciation	**610,764**	542,024
Rent	**69,640**	74,991
	$1,306,282	$1,156,865

18. SEGMENT REPORTING

In accordance with IFRS 8 and for management purposes, the Board's activities are organized into three main operating segments prescribed in the Social Security Act, Chapter 44, Revised Edition 2003. These are as follows:

a) *Short Term Benefits Branch*: Covers

- **Maternity Benefits** which are paid to insured women who are on Maternity leave from work because of their pregnancy and confinement.

- **Sickness Benefit** is paid for up to 26 weeks to an insured person under 65 years who is temporarily unable to work because of an illness and who is employed when he or she becomes ill.

b) *Long-term Benefits Branch:* Covers

- **Retirement Benefits** paid to insured persons who are 65 years of age (and older) or 60 to 64 and not employed.

- **Invalidity Benefits** paid to insured persons under 60 years who are medically certified by Social Security Medical Board as permanently unable to do any type of work because of an illness.

- **Survivors' Benefits** paid to the widow/widower, children or parents of a deceased insured person whose death was not caused by a work-related injury.

c) *Employment Injury Benefits Branch:* This branch of benefits provides coverage for an insured person who suffers an employment injury, that is a personal injury or death by way of an accident at work or a disease caused by the type of work he or she does.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. The result of operations for each Branch is disclosed in pages 45 to 49. Revenues and expenses are allocated based on formula prescribed by law (See note 2r and 2w).

19. COMMITMENTS AND CONTINGENCIES

i. Mortgage Securitization – Tranche A

On April 21, 1999, the Board entered into an agreement for the Assignment of Mortgages (Tranche A). The Board, the Development Finance Corporation (DFC), and the Government of Belize (GOB) signed the agreement with the Royal Merchant Bank and Finance Company of Trinidad and Tobago (RMB). Under the agreement, the Board assigned a total of $18,906,359 worth of mortgages. The Board's commitment under this agreement is for $293,640 monthly. Under the Administrative Agreement, the monthly commitment is paid to DFC, for further payment to RMB, and shall remain in force until April 30, 2013.

In October 2004, GOB, through a Fixed Rate Non-Callable Bond Issue refinanced the existing agreement with RMB. The Board did not participate in the refinancing agreement, however, under the new arrangement the Board is committed to continue making monthly payments of $293,640 to GOB. The Board's responsibility under the new agreement expired on April 30, 2013. Commitments to GOB will be settled in 2014.

Mortgage Securitization – Tranche B

On December 23, 1999, a second Assignment of Mortgages (Tranche B) agreement was signed between the Board, DFC and RMB. The total value of mortgages assigned by the Board in this transaction is $15,473,754. The Board's commitment under this agreement is for $175,200 monthly payable to DFC, for further payment to RMB, and shall remain in force until December 30, 2013.

In October 2004, GOB, through a Fixed Rate Non-Callable Bond Issue refinanced the existing agreement with RMB. The Board did not participate in the refinancing agreement, however, under the new arrangement the Board is committed to continue making monthly payments of $175,200 to GOB. The Board's responsibility under the new agreement expired on December 30, 2013. Commitments to GOB will be settled in 2014.

Mortgage Securitization – Tranche C and D

On March 21, 2000 and August 30, 2000, a third (Tranche C) and fourth (Tranche D) agreement was signed between the Board, DFC and RMB. Under these two agreements, the mortgages assigned by the Board came from the Saint James National Building Society (SJNBS), and totaled $27,731,240. Under these agreements, the SJNBS pays the Board a total of $1,221,720 on a quarterly basis. The Board then pays that amount to DFC for further payment to RMB. As signatory to these agreements the Board is responsible to ensure collections from SJNBS, this responsibility remained in force until March 21, 2009 for Tranche C, and August 30, 2010 for Tranche D. Under a default scenario the Board is responsible to effect payment to DFC. Commitments under this agreement will be settled in 2014.

19. COMMITMENTS AND CONTINGENCIES (Continued)

ii. Claims

The Government of Belize gave notice of its acquisition of Belize Telemedia Limited (BTL) by order of the Belize Telecommunications (Assumption of Control Over Belize Telemedia Limited) Amendment Order, 2009, Statutory Instrument No. 130 of 2009. Subsequently, in a notice dated December 7, 2009, and Gazetted on December 12, 2009, the Government required all those who may have claims to compensation to submit their claims to the Financial Secretary. The Notice of Acquisition specifically included the shares of BTL held by Sunshine Holdings, as well as the outstanding shares of Sunshine Holdings itself.

As a consequence of the acquisition of Sunshine Holdings, and by letter dated October 13, 2009, the Social Security Board filed a claim with the Financial Secretary, Ministry of Finance, indicating that "Pursuant to Belize Gazette Notice 529, dated August 27, 2009, the Social Security Board (SSB) hereby makes a claim for payment of the sums evidence as to SSB by a Loan Note between Sunshine Holdings Ltd. and SSB dated September 19, 2005."

The Company has defaulted on principal and an interest payment, the first interest payment date was October 31, 2010. However, principal and interest accrued to date has been guaranteed by the Government of Belize.

iii. Litigations

Pending proceedings before the Court of Appeal

Civil Appeal No. 39 of 2010 Social Security Board vs. Ida Herrera

This is a case for breach of contract. By written contract dated July 1, 2009 the SSB engaged Ida Herrera as an independent contractor to provide cleaning services to the SSB's premises. The contract provided for termination in two ways: either for "no cause" upon the giving of thirty days written notice, or "for cause" in case of poor performance and following a grievance procedure in which the Claimant was to be given an opportunity to remedy any fault. The SSB became dissatisfied with the Claimant's performance and so it terminated the contract. The termination letter specified a reason for termination (poor performance), but instead of following the grievance procedure the SSB opted to terminate the contract under the provisions for "no cause" and the SSB paid the Claimant an amount in lieu of notice.

19. COMMITMENTS AND CONTINGENCIES (Continued)

The Claimant thereafter filed a claim dated April 6, 2010 claiming damages for wrongful termination. The Claimant alleges that because there were allegations of poor performance the SSB could only properly terminate the contract after following the grievance procedure. The SSB filed a defense to the claim and at the same time filed an application for summary judgment or, alternatively, for an order to strike out the claim as an abuse of process. The basis for the application is that there was no breach of contract because the SSB was entitled to terminate the contract in the manner in which it did (by giving notice) and even if there was a breach of contract the damages are limited to the notice period of thirty days.

The application for summary judgment was dismissed by Justice Hafiz in the Supreme Court and the SSB is appealing that dismissal. The appeal was heard on June 10, 2011 and we are yet awaiting the decision of the Court of Appeal.

If, on the other hand, the appeal fails then the matter of the claim is to continue in the Supreme Court.

Supreme Court Claim No. 341 of 2001 Social Security Board vs. Sunshine Holdings Ltd
This is a claim for breach of contract. By a written loan note dated September 19, 2005 the SSB extended an unsecured credit facility of $14,000,000.00 to Sunshine Holdings Ltd. Sunshine Holdings Ltd. has defaulted in the loan note by failing to pay interest as agreed and the SSB commenced a claim dated May 30, 2011 for the full loan balance of $15,221,766.27 (which it is entitled to do under the terms of the loan note). This figure includes interest and costs. The SSB obtained judgment on admission dated June 9, 2011 and is proceeding to enforce the judgment.

Sunshine Holdings Ltd. owned shares in Belize Telemedia Limited. All shares in Sunshine Holdings Ltd. and all shares that Sunshine Holdings Ltd. owned in Belize Telemedia Limited were acquired by the Government of Belize pursuant to the Belize Telecommunications (Assumption of Control Over Belize Telemedia Limited) Order, Statutory Instrument No. 104 of 2009. The SSB sought to enforce the judgment obtained against Sunshine Holdings Ltd. against the proceeds to be paid to Sunshine Holdings Ltd. as compensation for the acquisition of their share in Belize Telemedia Limited. The Defendant has however applied for judgment to be set aside. Dean Boyce and the Trustees of the BTL Employees Trust have also applied to be joined as parties to the claim and to stay the proceedings or enforcement of the judgments until the determination to the Court of Appeal and the CCJ in the cases relating to the acquisition of BTL. The Court is expected to hand down its decision in the near future.

19. COMMITMENTS AND CONTINGENCIES (Continued)

Pending proceedings before the Magistrate's Court

Social Security Board vs. Hearts International & Emy Ramirez
This claim is for failure to pay Social Security contributions. SSB is claiming the sum of $22,639.70. Proceedings have commenced in the Magistrate's Court in Corozal Town, Corozal District and the matter has been adjourned to May 29, 2013 pending a statement on calculation of interest to be submitted by SSB by May 15, 2013. On the 15 day of August, 2013 we appeared in the Corozal Magistrate's Court for the trial of this matter. Magistrate Hurl Hamilton was of the view that he could not proceed to hear the matter in spite of a memorandum issued by the office of the Chief Justice on or about the 20th day of March, 2012, which sought to clarify the jurisdiction of the magistrate court to hear claims in excess of $15,000.00 brought by the Social Security Board. Magistrate Hamilton has requested that we obtain a signed copy of the memorandum and that the same is submitted to his attention. We have complied and are awaiting a response from the Chief Justice as to how to proceed.

Social Security Board vs. Support Services of Belize Limited
This is a claim for failure to pay Social Security contributions. SSB is claiming the sum of $23,649.80. The Defendant was represented by Attorney Richard Stuart. The SSB received judgment for the full amount owed and the matter is at the enforcement stage. Chattels were marked and removed by the Court Bailiffs so as to recover funds owing and these are to be auctioned shortly.

Social Security Board vs. Arlo Bodden
This is a claim for failure to pay Social Security contributions. The Defendant is being represented by Attorney Dean Lindo. The matter was heard on February 17, 2011 and SSB obtained judgment for the full amount. It was ordered that judgment of $20,304.80 was to be paid in monthly installments of $4,000. The Defendant has appealed and the matter is to be brought up for hearing.

Social Security Board vs. HL's Limited
This is a claim for failure to pay Social Security contributions. SSB claimed the sum of $22,154.63. The Defendant is being represented by Attorney Hubert Elrington. SSB obtained judgment for the full amount and HL's Limited was ordered to pay the sum owed in thirty days and in default distress. HL's Limited has not made payment and have filed for bankruptcy and SSB has made representations in the bankruptcy court to ensure payment based on priority. This matter is continuing.

19. COMMITMENTS AND CONTINGENCIES (Continued)

Social Security Board vs. National Transport Services Ltd.
This is a claim for failure to pay Social Security contributions. SSB obtained judgment in the amount of $47,834.20, $12,938.00 and $19,153.60 respectively. The Defendant is in receivership and it is expected that judgment is to be settled once the assets have been sold.

Social Security Board vs. Sanitation Enterprises Ltd and Rupert Marin
This is a claim for failure to pay Social Security contributions. The matter was heard on May 20, 2008 and SSB obtained judgment in the amount of $293,644.48. The Defendant has appealed the judgment order obtained and no date has been set for the hearing of the appeal. The Defendants have paid a substantial sum to the judgment debt and continues to make payment.

Social Security Board vs. Richard Hoare
This is a claim for failure to pay Social Security contributions. SSB claims the amount of $8,673.60. The Defendant is deceased but his estate is being represented by Attorney Robertha Magnus-Usher. The matter is to proceed to court for collections, but inquiries have been made of the estate (through its Attorneys) for payment in full.

Social Security Board vs. Southern Transport Limited
This is a claim for failure to pay Social Security contributions. SSB is claiming the sum of $7,529.67. Proceedings have commenced in the Magistrates Court in Dangriga. SSB is awaiting a date for trial.

Social Security Board vs. Belize National LPG Limited
This is a claim for failure to pay Social Security contributions. The amount being claimed is $49,570.78. The matter has been adjourned without a further date for hearing.

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Audit & Risk Advisory
Business Solutions
Outsourcing
Real Estate
Corporate
Paralegal

To the Board of Directors of
SOCIAL SECURITY BOARD:

SUPPLEMENTARY AUDIT REPORT

Our report on the examinations of the financial statement of the Social Security Board as of December 31, 2013 appears on pages 1 and 2. These examinations were made primarily for the purpose of expressing an opinion on the financial statements taken as whole. The supplementary information accompanying the financial statements is not necessary for fair presentation of the financial statements of the financial position or results of operations in accordance with International Financial Reporting Standards. The supplementary information is presented in accordance with Sections 13 and 21 of S.I. No. 86 of 1980, Social Security (Financial and Accounting) Regulations, 1980. The supplementary information has been subjected to the auditing procedures applied in the examinations of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Chartered Accountants
April 4, 2014

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – SHORT TERM BENEFITS BRANCH
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
INCOME		
Contributions:		
Employers and employed persons	**$12,871,738**	$12,421,033
Total contributions	**12,871,738**	12,421,033
Other income:		
Net investment income	**179,679**	167,660
Others	**327,275**	350,614
Total other income	**506,954**	518,274
TOTAL INCOME	**13,378,692**	12,939,307
EXPENDITURES		
Benefits:		
Maternity	**3,341,735**	3,046,884
Sickness	**7,232,485**	6,756,678
Maternity grants	**966,420**	947,481
Total benefits	**11,540,640**	10,751,043
Operating expenses:		
Administration	**3,653,317**	3,701,179
Establishment	**425,203**	376,949
Financial	**45,952**	49,234
Total operating expenses	**4,124,472**	4,127,362
TOTAL EXPENDITURE	**15,665,112**	14,878,405
EXCESS OF EXPENDITURES OVER INCOME	**$ (2,286,420)**	$ (1,939,098)

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – LONG TERM BENEFITS BRANCH
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
INCOME		
Contributions:		
Employers and employed persons	**$37,612,222**	$36,295,228
Total contributions	**37,612,222**	36,295,228
Other income:		
Net investment income	**14,142,800**	8,850,671
Others	**327,275**	350,614
Total other income	**14,470,075**	9,201,285
TOTAL INCOME	**52,082,297**	45,496,513
EXPENDITURES		
Benefits:		
Retirement	**21,268,516**	19,097,183
Invalidity	**3,106,031**	2,956,042
Survivors	**5,138,197**	4,707,175
Funeral	**1,086,396**	1,022,527
Non-contributory pension	**3,403,993**	3,781,061
Total benefits	**34,003,133**	31,563,988
Operating expenses:		
Administration	**10,717,252**	10,838,870
Establishment	**425,202**	376,949
Financial	**45,952**	49,234
Total operating expenses	**11,188,406**	11,265,053
TOTAL EXPENDITURES	**45,191,539**	42,829,041
EXCESS OF INCOME OVER EXPENDITURES	**$ 6,890,758**	$ 2,667,472

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – EMPLOYMENT INJURY BENEFITS BRANCH YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
INCOME		
Contributions:		
Employers and employed persons	**$16,382,213**	$15,808,588
Total contributions	**16,382,213**	15,808,588
Other income:		
Net investment income	**4,020,330**	2,243,380
Others	**327,275**	350,615
Total other income	**4,347,605**	2,593,995
TOTAL INCOME	**20,729,818**	18,402,583
EXPENDITURES		
Benefits:		
Disablement grants	**431,925**	411,890
APV disablement benefits	**1,220,788**	426,524
APV death benefits	**253,734**	277,959
Employment injury	**2,319,316**	2,160,433
Funeral grants	**6,700**	9,624
Total benefits	**4,232,463**	3,286,430
Operating expenses:		
Administration	**3,084,991**	3,049,969
Establishment	**425,202**	376,949
Financial	**45,953**	49,233
Total operating expenses	**3,556,146**	3,476,151
TOTAL EXPENDITURES	**7,788,609**	6,762,581
EXCESS OF INCOME OVER EXPENDITURES	**$12,941,209**	$11,640,002

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – DISABLEMENT AND DEATH BENEFITS RESERVES YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
INCOME		
Contributions:		
APV disablement benefits	**$1,220,788**	$ 426,524
APV death benefits	**253,734**	277,959
Total contributions	**1,474,522**	704,483
Net investment income	**726,639**	481,127
TOTAL INCOME	**2,201,161**	1,185,610
EXPENDITURES		
Benefits:		
Disablement pension	**1,385,697**	1,314,974
Death benefits	**697,081**	676,573
TOTAL EXPENDITURES	**2,082,778**	1,991,547
EXCESS OF INCOME OVER EXPENDITURE (EXPENDITURES OVER INCOME)	**$ 118,383**	$ (805,937)

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES –
NATIONAL HEALTH INSURANCE FUND
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
INCOME		
Contributions:		
Government of Belize	**$14,000,004**	$14,000,004
Total contributions	**14,000,004**	14,000,004
EXPENDITURES		
Benefits:		
National health insurance benefits	**12,808,924**	12,804,932
Total benefits	**12,808,924**	12,804,932
Operating expenses:		
Administration	**700,110**	712,259
Establishment	**30,675**	26,018
Financial	**822**	594
Total operating expenses	**731,607**	738,871
TOTAL EXPENDITURES	**13,540,531**	13,543,803
EXCESS OF INCOME OVER EXPENDITURES	**$ 459,473**	$ 456,201

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

SHORT TERM INVESTMENTS	**2013**	2012
TERM DEPOSITS		
Heritage Bank Limited:		
4% Maturing January 8, 2013	**$ -**	$ 1,235,757
4% Maturing January 8, 2013	**-**	1,562,901
4% Maturing January 22, 2013	**-**	1,000,000
5% Maturing January 31, 2013	**-**	2,680,370
5% Maturing February 9, 2013	**-**	1,405,262
4% Maturing February 13, 2013	**-**	1,825,243
3.75% Maturing March 24, 2013	**-**	2,163,713
3.75% Maturing March 24, 2013	**-**	3,759,317
4% Maturing March 29, 2013	**-**	4,294,067
3.5% Maturing June 13, 2013	**-**	2,555,778
3.5% Maturing June 14, 2013	**-**	4,466,125
3.5% Maturing June 19, 2013	**-**	2,351,045
3.5% Maturing January 04, 2014	**1,269,605**	-
3.5% Maturing January 04, 2014	**1,605,709**	-
3.5% Maturing January 17, 2014	**1,000,000**	-
3.5% Maturing January 26, 2014	**2,862,966**	-
3.5% Maturing February 04, 2014	**1,500,994**	-
3.5% Maturing February 08, 2014	**1,875,264**	-
3.5% Maturing February 25, 2014	**3,000,000**	-
3.5% Maturing March 19, 2014	**2,244,480**	-
3.5% Maturing March 19, 2014	**3,899,645**	-
3.5% Maturing June 8, 2014	**2,644,767**	-
3.5% Maturing June 9, 2014	**4,621,628**	-
3.5% Maturing June 13, 2014	**2,432,905**	-
3.5% Maturing June 22, 2014	**4,443,580**	-
Belize Bank Limited		
4.5% Maturing January 15, 2013	**-**	1,620,658
4.5% Maturing January 18, 2013	**-**	1,620,000
4.75% Maturing March 1, 2013	**-**	2,332,521
4.75% Maturing March 11, 2013	**-**	2,352,978
4.75% Maturing March 15, 2013	**-**	2,675,000
4.75% Maturing March 15, 2013	**-**	1,070,000
4.75% Maturing March 20, 2013	**-**	1,164,138
4.75% Maturing March 25, 2013	**-**	1,478,603
4.75% Maturing March 29, 2013	**-**	1,902,527
3% Maturing June 12, 2013	**-**	6,197,023
5% Maturing June 20, 2013	**-**	2,413,931
4.25% Maturing October 1, 2013	**-**	5,382,068

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS CONTINUED
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
TERM DEPOSITS (CONTINUED)		
4.25% Maturing October 22, 2013	$ -	$ 2,312,742
4.25% Maturing November 6, 2013	-	4,746,219
4.25% Maturing December 10, 2013	-	2,737,424
4% Maturing January 15, 2014	**1,693,587**	-
4% Maturing January 20, 2014	**1,692,900**	-
4% Maturing March 3, 2014	**2,443,316**	-
4% Maturing March 12, 2014	**2,465,664**	-
4% Maturing March 17, 2014	**2,802,063**	-
4% Maturing March 17, 2014	**1,120,825**	-
4% Maturing March 20, 2014	**1,219,435**	-
4% Maturing March 26, 2014	**1,549,221**	-
4% Maturing April 2, 2014	**1,993,887**	-
4.25% Maturing June 20, 2014	**2,534,628**	-
3.25% Maturing October 1, 2014	**5,610,806**	-
3.25% Maturing October 22, 2014	**2,411,034**	-
3.5% Maturing November 6, 2014	**4,947,933**	-
3.25% Maturing December 9, 2014	**6,197,023**	-
3.25% Maturing December 10, 2014	**2,853,764**	-
Atlantic Bank Limited		
5.5% Maturing February 18, 2013	-	2,402,918
5.5% Maturing February 25, 2013	-	3,277,749
5.5% Maturing February 25, 2013	-	1,372,926
5.5% Maturing March 22, 2013	-	2,504,171
5.5% Maturing March 26, 2013	-	4,452,392
5.5% Maturing March 26, 2013	-	4,807,710
5.25% Maturing June 24, 2013	-	1,180,700
5.5% Maturing October 24, 2013	-	5,000,000
5.5% Maturing October 14, 2013	-	1,628,723
5.5% Maturing October 30, 2013	-	2,194,513
5.5% Maturing December 11, 2013	-	518,624
5.5% Maturing February 18, 2014	**2,402,918**	-
5.5% Maturing February 25, 2014	**3,277,749**	-
5.5% Maturing February 25, 2014	**1,372,926**	-
5.25% Maturing March 25, 2014	**2,504,171**	-
5.25% Maturing March 26, 2014	**4,452,392**	-
5.25% Maturing March 26, 2014	**4,807,710**	-
5.25% Maturing June 24, 2014	**1,180,700**	-
5.5% Maturing October 14, 2014	**1,628,723**	-
5.5% Maturing October 24, 2014	**5,000,000**	-
5.5% Maturing October 30, 2014	**2,194,513**	-

INVESTMENTS LISTINGS CONTINUED
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
TERM DEPOSITS (CONTINUED)		
7.25% Maturing November 2, 2014	**$ 1,500,000**	$ -
7.25% Maturing November 2, 2014	**1,500,000**	-
7% Maturing November 10, 2014	**3,345,505**	-
7% Maturing November 10, 2014	**3,345,505**	-
5.15% Maturing December 11, 2014	**518,624**	-
St. John's Credit Union Ltd.	**-**	
4% Maturing December 17, 2013	**-**	1,112,925
4% Maturing December 2, 2013	**-**	2,875,000
3% Maturing April 22, 2013	**-**	1,140,192
3.5% Maturing December 4, 2014	**1,157,442**	-
3.5% Maturing December 18, 2014	**1,185,600**	-
3% Maturing April 22, 2014	**3,014,299**	-
TOTAL	**119,326,406**	103,773,953
Citrus Growers Association Crop Loan @ 10% Interest	**6,916,126**	7,306,275
TREASURY NOTES		
Government of Belize		
7.5% Maturing January 31, 2013	**-**	9,500,000
7% Maturing December 10, 2013	**-**	1,000,000
	-	10,500,000
Total short term investments	**$126,242,532**	$121,580,228
INVESTMENT IN ASSOCIATES		
Belize Electricity Limited 18,580,028 ordinary shares, BZ$ 2 par value	**83,501,157**	78,014,855
Belize Telemedia Limited 10,000,000 ordinary shares, BZ$ 1 par value	**67,213,118**	65,735,118
	$150,714,275	$143,749,973
LONG TERM INVESTMENTS		
SHARES		
Belize Water Services Limited 4,000,000 shares, BZ$1.50 par value	**$ 6,000,000**	$ 6,000,000
Atlantic Bank Limited		
786 shares, BZ$165 par value	**129,690**	18,400
1,001 shares, BZ$100 par value	**100,100**	198,490
	6,229,790	6,216,890

INVESTMENTS LISTINGS CONTINUED
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
TERM DEPOSITS		
Atlantic Bank Limited		
7.25% Maturing November 2, 2014	**-**	1,500,000
7.25% Maturing November 2, 2014	**-**	1,500,000
7% Maturing November 10, 2014	**-**	3,345,505
7% Maturing November 10, 2014	**-**	3,345,505
	-	9,691,010
TREASURY NOTES		
Government of Belize		
7.5% Maturing July 31, 2016	**9,500,000**	-
6% Maturing December 10, 2015	**1,000,000**	-
	10,500,000	-
PRIVATE SECTOR LOANS		
Development Finance Corporation		
5 years loan @ 7% interest	**2,277,675**	1,027,675
6 Months loan @ 5% interest	**5,000,000**	-
Belize Airport Authority		
12 years loan @ 8% interest	**2,819,451**	-
Belize Odyssey Limited		
12 years loan @ 12% interest	**1,926,487**	1,910,452
Sunshine Holdings Limited		
15 years loan @ 8.5% interest	**14,133,562**	14,133,562
Belize Water Services Limited		
17 years loan @ 8.5% interest	**17,600,008**	19,066,672
Belize Elementary School		
15 years loan @ 8.5% interest	**557,087**	581,956
Urbina Brothers		
5 ½ years loan @ 12% interest	**29,428**	29,428

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS CONTINUED
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

PRIVATE SECTOR LOANS (CONTINUED)	2013	2012
Banana Growers Association		
8 years loan @ 9% interest	**$ 3,103,207**	$ 4,115,504
Citrus Growers Association		
15 years loan @ 8.5% interest	**1,612,613**	1,612,613
Belize Cane Farmers Association		
4 years loan @ 10% interest	**192,644**	449,599
Marie Sharp Fine Foods		
10 years loan @ 8.5% interest	**2,917,728**	3,186,547
Royal Mayan Shrimp Farm		
8 years loan @ 8.5% interest	**3,445,126**	3,756,701
Border Management Agency		
12 years loan @ 8.5% interest	**4,322,004**	4,738,696
12 years loan @ 8.5% interest	**232,987**	261,543
Stann Creek- Ecumenical High School		
11 years loan @ 7.50%	**404,340**	-
Belmopan Comprehensive School		
4 years loan @ 7.50%	**322,217**	-
Independence High School		
5 years loan @ 7.50%	**478,619**	-
	61,375,183	54,870,948
Less: Provision for loss on investments	**(1,787,769)**	(1,028,000)
	59,587,414	53,842,948

MORTGAGES AND HOUSING

Housing/RECONDEV Mortgages		
10 to 20 years mortgages @ 8% to 12% interest	**735,633**	782,979
RECONDEV		
30 years loan @ 8% interest	**467,242**	498,824

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS CONTINUED
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

MORTGAGES AND HOUSING (CONTINUED)	2013	2012
Civil Service Credit Union Limited		
20 years loan @ 9% interest	**$ -**	$ 124,618
15 years loan @ 8.5% interest	**-**	1,172,229
15 years loan @ 7.5% interest	**1,295,350**	
St. Martin's Credit Union		
10 years loan @ 8.5% interest	**-**	124,988
Belize National Teachers Union		
20 years loans @ 8.5% interest	**165,205**	182,871
BNBS Assigned Mortgages		
20 years loans @ 10 – 12% interest	**1,199,911**	1,482,938
Border Management Agency		
10 years loan @ 8.5% interest	**-**	2,357,885
Housing Mortgages – BNBS:		
District and Secondary, 10 – 20 years loans @ 12% interest	**371,482**	728,932
Vista Del Mar Project:		
Secondary mortgages, 20 years @ 12%	**306,386**	319,577
P.S.U. Housing Scheme		
Middle income, 20 years loans @ 12%	**964,633**	939,564
Housing, 20 years loans @ 12%	**67,026**	67,026
St. James National Building Society Ltd.		
Assigned mortgages, 5 – 20 years loan @ 10 – 12% interest	**650,688**	644,551
Staff housing and other mortgage loans		
10 – 20 years @ 8% interest	**3,102,081**	3,181,881
Previous staff housing loans		
10 – 20 years @ 8% interest	**1,007,656**	768,647
Vista Del Mar - Other	**121,621**	120,000
	10,454,914	13,497,510
Less: provisions for loss on investment	**(2,685,586)**	(4,338,248)
	7,769,328	9,159,262

INVESTMENTS LISTINGS CONTINUED
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
REAL ESTATE		
Vista Del Mar Housing Project		
Remaining lots acquired from Vista Del Mar Development		
Company Ltd.	**$ 467,000**	$ 494,000
Homeland Development Limited		
1,198 plots of land	**1,143,600**	1,174,800
Investment- Rocky Point	**175,015**	175,015
San Pedro, Ambergris Caye		
3,491 acres land	**10,636,234**	10,636,234
	12,421,849	12,480,049
OTHER INVESTMENTS		
Government of Belize		
9 years loan @ 7.5% interest	**1,245,056**	2,221,550
Belize City Council - Municipal Bond		
2 years bond @ 3.5%	**238,200**	238,200
5 years bond @ 5.5%	**319,800**	319,800
10 years bond @ 8%	**2,882,200**	2,882,200
5 years bond @ 5.5%	**1,000,000**	-
10 years bond @ 8%	**1,000,000**	-
5 years bond @ 8%	**1,000,000**	-
10 years bond @ 8%	**1,600,000**	-
	8,040,200	3,440,200
DEBENTURES		
Belize Electricity Limited		
12% debentures maturing December 31, 2012	**500,000**	500,000
10% debentures maturing July 31, 2022	**200,000**	200,000
7% debentures maturing December 31, 2024	**5,000,000**	5,000,000
	5,700,000	5,700,000
Total long term investment	**$111,493,637**	$102,751,909
TOTAL INVESTMENTS	**$388,450,444**	$368,082,110

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