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Kingston Wharves Limited

Financial Statements
31 December 2015

Kingston Wharves Limited

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Independent Auditor's Report

To the Members of
Kingston Wharves Limited

Report on the Consolidated and Company Stand-Alone Financial Statements

We have audited the accompanying consolidated financial statements of Kingston Wharves Limited and its subsidiaries, set out on pages 1 to 67, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Kingston Wharves Limited standing alone, which comprise the statement of financial position as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand-Alone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and company stand-alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand-alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand-alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand-alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand-alone financial statements that give a true and fair view 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 consolidated and company stand-alone financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

Opinion

In our opinion, the consolidated financial statements Kingston Wharves Limited and its subsidiaries, and the financial statements of Kingston Wharves Limited standing alone give a true and fair view of the financial position of Kingston Wharves Limited and its subsidiaries and the Kingston Wharves Limited standing alone as at 31 December 2015, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Kingston Wharves Limited, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers
Chartered Accountants
1 March 2016
Kingston, Jamaica

Kingston Wharves Limited

Group Statement of Comprehensive Income
Year ended 31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Revenue		4,672,884	3,819,691
Direct costs		(2,525,895)	(2,154,472)
Gross Profit		2,146,989	1,665,219
Other operating income	8	249,045	278,117
Administration expenses		(823,978)	(798,069)
Operating Profit		1,572,056	1,145,267
Finance costs	9	(162,718)	(224,151)
Profit before Income Tax		1,409,338	921,116
Income tax expense	10	(141,879)	(71,724)
Net Profit for Year		1,267,459	849,392
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		(142,142)	(84,667)
Deferred tax effect on re-measurements of post-employment benefits		13,731	7,196
De-recognition of revaluation surplus on disposal of property plant and equipment		(203,794)	-
Deferred tax effect on de-recognition of revaluation surplus		17,322	-
Surplus on revaluation of property, plant and equipment		-	3,627,886
Deferred tax effect on revaluation surplus		-	(288,584)
Effect of change in tax rate on deferred taxation on revaluation surplus		(45,329)	450,347
Total other comprehensive income, net of taxes		(360,212)	3,712,178
Total Comprehensive Income for Year		907,247	4,561,570
Net Profit Attributable to:			
Equity holders of the company	11	1,256,397	842,730
Non-controlling interest	12	11,062	6,662
		1,267,459	849,392
Total Comprehensive Income Attributable to:			
Equity holders of the company		896,185	4,554,908
Non-controlling interest	12	11,062	6,662
		907,247	4,561,570
Earnings per stock unit for profit attributable to the equity holders of the company during the year	13	$0.88	$0.59

Kingston Wharves Limited

Group Statement of Financial Position

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	16,644,894	16,121,451
Intangible assets	16	322,849	367,921
Investments	18	84,346	-
Recoverable from The Port Authority of Jamaica	19	-	32,730
Due from related party	22	102,405	102,405
Deferred income tax assets	31	1,498	1,337
Retirement benefit asset	20	619,083	679,828
		17,775,075	17,305,672
Current Assets			
Inventories	21	203,049	187,420
Trade and other receivables	23	404,351	586,747
Taxation recoverable		9,200	11,752
Short term investments	24	2,687,739	1,747,912
Cash and bank	24	332,129	1,161,523
		3,636,468	3,695,354
Total Assets		21,411,543	21,001,026

Kingston Wharves Limited

Group Statement of Financial Position (Continued)
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
EQUITY			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	25	2,079,398	2,079,398
Capital reserves	26	10,760,607	10,979,829
Asset replacement/rehabilitation and depreciation reserves	27	215,917	215,668
Retained earnings		4,440,974	3,683,366
		17,496,896	16,958,261
Non-controlling Interest	12	77,258	66,196
		17,574,154	17,024,457
LIABILITIES			
Non-current Liabilities			
Borrowings	28	1,095,836	1,490,542
Long term liability	30	29,785	84,510
Deferred income tax liabilities	31	1,111,131	1,110,748
Retirement benefit obligations	20	245,378	201,449
		2,482,130	2,887,249
Current Liabilities			
Trade and other payables	32	735,090	535,212
Taxation		76,339	31,768
Borrowings	28	447,037	437,830
Current portion of long term liability	30	96,793	84,510
		1,355,259	1,089,320
Total equity and liabilities		21,411,543	21,001,026

Approved for issue by the Board of Directors on 1 March 2016 and signed on its behalf by:

Jeffrey Hall **Chairman**

Alvin Henry **Director**

Kingston Wharves Limited

Group Statement of Changes in Equity

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Attributable to equity holders of the company					Non-controlling Interest	Total Equity
		Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2013		2,079,398	7,177,601	215,391	3,217,003	12,689,393	59,534	12,748,927
Total comprehensive income for the year		-	3,789,649	-	765,259	4,554,908	6,662	4,561,570
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	27	-	-	277	(277)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	27	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	27	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Dividends	14	-	-	-	(286,040)	(286,040)	-	(286,040)
Balance at 31 December 2014		2,079,398	10,979,829	215,668	3,683,366	16,958,261	66,196	17,024,457
Total comprehensive income for the year		-	(231,801)	-	1,127,986	896,185	11,062	907,247
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	27	-	-	249	(249)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	27	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	27	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Dividends	14	-	-	-	(357,550)	(357,550)	-	(357,550)
Balance at 31 December 2015		2,079,398	10,760,607	215,917	4,440,974	17,496,896	77,258	17,574,154

Kingston Wharves Limited

Group Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Net profit		1,267,459	849,392
Adjustments for:			
Amortisation	16	82,570	66,137
Depreciation	15	407,817	362,381
Provision for impairment	15	15,000	-
Foreign exchange adjustment on loans		40,262	92,550
Foreign exchange gains on operating activities		(69,951)	(157,890)
Loss on disposal/write-off of property, plant and equipment		5,396	11,424
Retirement benefit asset		(57,460)	(88,614)
Retirement benefit obligations		19,992	(1,055)
Dividend received in kind	18	(84,346)	-
Interest income	8	(69,623)	(74,460)
Interest expense	9	122,456	131,601
Taxation	10	141,879	71,724
		1,821,451	1,263,190
Changes in operating assets and liabilities:			
Inventories		(15,629)	(40,143)
Trade and other receivables		176,795	23,725
Trade and other payables		85,978	193,380
Recoverable from The Port Authority of Jamaica		32,730	(32,730)
Cash provided by operations		2,101,325	1,407,422
Tax paid		(108,810)	(182,499)
Net cash provided by operating activities		1,992,515	1,224,923
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(1,164,916)	(916,715)
Purchase of intangible asset	16	(37,498)	(335,886)
Proceeds from sale of property, plant and equipment		9,466	656
Short term deposits with maturity greater than 90 days		191,676	(24,408)
Interest received		68,014	52,663
Net cash used in investing activities		(933,258)	(1,223,690)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(286,092)	(143,199)
Interest paid		(119,324)	(132,647)
Loans received		-	352,000
Loans repaid		(428,893)	(516,742)
Net cash used in financing activities		(834,309)	(440,588)
Net increase/(decrease) in cash and cash equivalents		224,948	(439,355)
Net cash and cash equivalents at beginning of year		2,703,074	2,977,946
Exchange adjustment on foreign currency cash and cash equivalents		77,161	164,483
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	24	3,005,183	2,703,074

Kingston Wharves Limited

Company Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Revenue		4,115,986	3,306,376
Direct expenses		(2,038,099)	(1,772,474)
Gross Profit		2,077,887	1,533,902
Other operating income	8	183,128	437,288
Administration expenses		(737,577)	(630,571)
Operating Profit		1,523,438	1,340,619
Finance costs	9	(168,248)	(230,896)
Profit before Income Tax		1,355,190	1,109,723
Income tax expense	10	(124,180)	(60,878)
Net Profit for Year		1,231,010	1,048,845
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		(142,142)	(84,667)
Deferred tax effect on re-measurements of post-employment benefits		13,731	7,196
De-recognition of revaluation surplus on disposal of property, plant and equipment		(203,794)	-
Deferred tax effect on de-recognition of revaluation surplus		17,322	-
Surplus on revaluation of property, plant and equipment		-	2,517,071
Deferred tax effect on revaluation surplus		-	(140,881)
Effect of change in tax rate on deferred taxation on revaluation surplus		(45,329)	450,347
Total other comprehensive income, net of taxes		(360,212)	2,749,066
Total Comprehensive Income for Year		870,798	3,797,911

Kingston Wharves Limited
Company Statement of Financial Position
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	12,593,293	11,974,200
Intangible assets	16	322,849	367,921
Investments in subsidiaries	17	75,731	75,731
Investments	18	55,878	-
Recoverable from The Port Authority of Jamaica	19	-	32,730
Due from related party	22	102,405	102,405
Retirement benefit asset	20	619,083	679,828
		13,769,239	13,232,815
Current Assets			
Inventories	21	195,056	182,834
Trade and other receivables	23	323,156	484,286
Group companies	22	21,233	23,126
Short term investments	24	2,056,746	1,196,599
Cash and bank	24	253,949	1,105,080
		2,850,140	2,991,925
Total assets		16,619,379	16,224,740

Kingston Wharves Limited
Company Statement of Financial Position (Continued)
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
EQUITY			
Stockholders' Equity			
Share capital	25	2,079,398	2,079,398
Capital reserves	26	6,612,630	6,831,852
Asset replacement/rehabilitation and depreciation reserves	27	212,968	212,968
Retained earnings		4,475,105	3,742,635
		13,380,101	12,866,853
LIABILITIES			
Non-current Liabilities			
Borrowings	28	1,094,384	1,489,090
Long term liability	30	29,785	84,510
Deferred income tax liabilities	31	492,339	470,070
Retirement benefit obligations	20	245,378	201,449
		1,861,886	2,245,119
Current Liabilities			
Trade and other payables	32	695,372	496,341
Group companies	22	74,138	73,011
Taxation payable		64,052	21,076
Borrowings	28	447,037	437,830
Current portion of long term liability	30	96,793	84,510
		1,377,392	1,112,768
Total equity and liabilities		16,619,379	16,224,740

Approved for issue by the Board of Directors on 1 March 2016 and signed on its behalf by:

Jeffrey Hall **Chairman**

Alvin Henry **Director**

Kingston Wharves Limited
Company Statement of Changes in Equity
Year ended 31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2013		2,079,398	3,992,736	212,968	3,069,880	9,354,982
Total comprehensive income for the year		-	2,826,537	-	971,374	3,797,911
Transfer to asset replacement/rehabilitation and depreciation reserves	27	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	27	-	12,579	(12,579)	-	-
Transactions with owners:						
Dividends	14	-	-	-	(286,040)	(286,040)
Balance at 31 December 2014		2,079,398	6,831,852	212,968	3,742,635	12,866,853
Total comprehensive income for the year		-	(231,801)	-	1,102,599	870,798
Transfer to asset replacement/rehabilitation and depreciation reserves	27	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	27	-	12,579	(12,579)	-	-
Transactions with owners:						
Dividends	14	-	-	-	(357,550)	(357,550)
Balance at 31 December 2015		2,079,398	6,612,630	212,968	4,475,105	13,380,101

Kingston Wharves Limited

Company Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Net profit		1,231,010	1,048,845
Adjustments for:			
Amortisation	16	82,570	66,137
Depreciation	15	306,053	266,447
Provision for impairment	15	15,000	-
Foreign exchange adjustment on long term loans		40,262	92,550
Foreign exchange gains		(57,684)	(147,225)
Loss on disposal/write-off of property, plant and equipment		6,681	11,873
Retirement benefit asset		(57,460)	(88,614)
Retirement benefit obligations		19,992	(1,055)
Dividend received in kind		(55,878)	-
Interest income	8	(43,015)	(44,798)
Interest expense	9	127,986	138,346
Taxation	10	124,180	60,878
		1,739,697	1,403,384
Changes in operating assets and liabilities:			
Inventories		(12,222)	(42,656)
Group companies		(288)	(13,677)
Trade and other receivables		154,934	(9,955)
Trade and other payables		85,130	196,106
Recoverable from The Port Authority of Jamaica		32,730	(32,730)
Cash provided by operations		1,999,981	1,500,472
Tax paid		(73,211)	(169,602)
Net cash provided by operating activities		1,926,770	1,330,870
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(1,156,571)	(913,552)
Purchase of intangible asset	16	(37,498)	(335,886)
Proceeds from sale of property, plant and equipment		5,950	206
Short term deposits with maturity greater than 90 days		191,676	(206,361)
Interest received		42,001	45,149
Net cash used in investing activities		(954,442)	(1,410,444)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(286,092)	(143,199)
Interest paid		(121,545)	(134,249)
Loans received		-	352,000
Loans repaid		(428,893)	(540,510)
Net cash used in financing activities		(836,530)	(465,958)
Net decrease in cash and cash equivalents		135,798	(545,532)
Net cash and cash equivalents at beginning of year		2,062,418	2,454,132
Exchange adjustment on foreign currency cash and cash equivalents		64,894	153,818
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	24	2,263,110	2,062,418

1. Identification and Principal Activities

The company and its subsidiaries (the Group) are incorporated and domiciled in Jamaica. The principal activities of the company and its subsidiaries comprise the operation of public wharves, logistics services, security services and the rental of and repairs to cold storage facilities.

The wharfage rates and penal charges billed to customers by the company are subject to regulation by the Port Authority of Jamaica.

The company's registered office is located at the Kingport Building, Third Street, Newport West, Kingston.

The company is a public company listed on the Jamaica Stock Exchange.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of certain items of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, amendments and interpretations to published standards effective in the current year

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

- **IAS 19 (Amendment), Employee Benefits,** (effective for annual periods beginning on or after 1 July 2014). This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Annual Improvements 2012 and 2013 (effective for annual periods beginning on or after 1 July 2014). The IASB issued its Annual Improvements to IFRS 2010 – 2012 and 2011 – 2013 cycles amending a number of standards, the following of which are relevant to the Group.

- The amendments to *IFRS 13, 'Fair Value Measurement'* clarified that short-term receivables and payables may be measured at invoice amounts where the impact of discounting is immaterial. They also clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

2. **Summary of Significant Accounting Policies (Continued)**

(a) **Basis of preparation (continued)**

Standards, amendments and interpretations to published standards effective in the current year (continued)

Annual Improvements (continued)

- *IAS 16, 'Property, Plant and Equipment,'* and *IAS 38, 'Intangible Assets'* were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or the accumulated depreciation is eliminated against the gross carrying amount of the asset.
- *IAS 24, 'Related Party Disclosures',* was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The adoption of these amendments effective 1 January 2015 did not have any significant impact on the Group's financial statements.

Standards, amendments and interpretations to existing standards that the Group has not yet adopted

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods, but were not effective for the current period, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations. The impact of the changes is still being assessed by management.

- **Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative** (effective for annual periods beginning on or after 1 January 2016). The amendments do not require specific changes. However, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. Preparers should consider their financial statements in light of these clarifications and whether there is an opportunity to clarify or improve the disclosure. The order of the notes needs to balance understandability and comparability and changes should generally result from a specific change in facts and circumstances.

- **Amendments to IAS 27, 'Separate financial statements' on equity method**, (effective for annual periods beginning on or after 1 January 2016). These amendments allow entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- **IFRS 15, Revenue from contracts with customers** (effective 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that the Group has not yet adopted (continued)

- **IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification will be made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

- ***IFRS 16, 'Leases'***, (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

- ***Amendments to IAS 12, 'Income Taxes***, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets.

- ***Amendments to IAS 7, 'Statement of Cash Flows'***, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The future adoption of these amendments will result in additional disclosure in the financial statements

- ***Annual Improvements 2014***, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards.
  - IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

  - The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7.

  - The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise.

There are no other standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a significant impact on the operations of the Group.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)
Subsidiaries (continued)

The subsidiaries, which are all incorporated and domiciled in Jamaica, are as follows:

Subsidiaries	Principal Activities	Holding by Parent	Holding by Group	Financial Year End
Trading				
Harbour Cold Stores Limited	Rental of and repair services to cold storage facilities	100%	100%	31 December
Security Administrators Limited	Security services	33 ⅓%	66 ⅔%	31 December
Western Storage Limited	Property rental	100%	100%	31 December
Western Terminals Limited	Property rental	100%	100%	31 December
Non-Trading				
Kingston Terminal Operators Limited	Dormant	100%	100%	31 December
Sub-Subsidiaries				
Jamaica Cooling Stores Limited	Non-Trading	-	100%	31 December
Security Administrators Specialist Services Limited	Security services	-	66 ⅔%	31 December

Transactions with non-controlling interests
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Revenue and income recognition
Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities.

Services
These are charges made for wharfage operations, port security, installation of cold storage facilities, storage and warehousing of goods after deduction of discounts and other reductions applicable to such charges.

Wharfage and other revenue items are accounted for on an accrual basis, except penal charges which are accounted for on a cash basis.

Interest income
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2. Summary of Significant Accounting Policies (Continued)

(d) Property, plant and equipment

Plant and buildings comprise mainly walls, piers, dredging facilities, roadways, warehouses and offices. Land, plant and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the asset's carrying amount after revaluation equals its revalued amount. Fair value represents open market value for land while buildings are shown at depreciated replacement cost as there is no market-based evidence of fair value because of the specialised nature of the buildings and the buildings cannot be sold except as part of a continuing business. All other property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as capital reserves in stockholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against capital reserves directly in equity; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The annual rates in use are:

Plant and buildings comprising buildings, leasehold properties, walls, piers, dredging and roadways	1.33% - 5%
Machinery and equipment	3% - 20%
Cold room and air conditioning equipment	10%
Furniture and fixtures	5% - 10%
Motor vehicles	10% - 20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter the term of the relevant lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(f)).

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

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2. Summary of Significant Accounting Policies (Continued)

(e) Intangible assets

Separately acquired rights and benefits under third party contracts with a finite useful life are shown at historical cost less subsequent amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the rights and benefits over their estimated useful lives of two to ten years.

Separately acquired computer software licences are shown at historical cost less subsequent amortisation. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each statement of financial position date.

(g) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Group's presentation currency and the functional currency of all the entities in the Group.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in profit or loss with 'finance costs'.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at market interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit and loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

(i) Investments in subsidiaries

Investments by the company in subsidiaries are stated at cost.

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2. Summary of Significant Accounting Policies (Continued)

(j) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

(k) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less net of bank overdrafts.

(l) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(p) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions as it relates to operations.

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2. Summary of Significant Accounting Policies (Continued)

(q) Dividends
Dividend distribution to the company's equity holders is recognised initially as a liability in the Group's financial statements in the period in which the dividends are approved

(r) Employee benefits
Pension obligations

The Group participates in two retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the Group, taking into account the recommendations of qualified actuaries. The Group has a defined benefit and a defined contribution plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

The Group, through a subsidiary, also participates in a defined contribution plan whereby it pays contributions to a privately administered pension plan which is administered by trustees. Once the contributions have been paid, the subsidiary has no further payment obligations. The contributions are charged to the income statement in the period to which they relate.

Other retirement obligations

The Group provides post-employment health care and life insurance benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. Summary of Significant Accounting Policies (Continued)

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(t) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Taxation

The tax expense comprises current and deferred income taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current income tax is calculated at tax rates that have been enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same Tax Authority and when the legal right of offset exists.

2. **Summary of Significant Accounting Policies (Continued)**

(v) Investments and other financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets

The Group classifies its financial assets as loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition. Loans and receivables are subsequently carried at amortised cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets and comprise recoverable from The Port Authority of Jamaica in the statement of financial position. Loans and receivables included in current assets comprise trade and other receivables, group balances, cash and short-term investments in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date, in which case, they are included in current assets. Balances classified as available-for-sale include unquoted equity securities.

Gains and losses arising from changes in the fair value are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains or losses from investment securities included in other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Group's right to receive payments is established.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Summary of Significant Accounting Policies (Continued)

(v) Investments and other financial instruments (continued)

Impairment of financial assets (continued)
For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

If there is objective evidence of impairment of available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in the subsequent year.

Financial liabilities
The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. They are included as trade and other payables, group company balances, bank overdrafts and long term loans on the statement of financial position.

3. Financial Risk Management

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

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

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides guidance for overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

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

The Board, through the Audit Committee, oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. For the Group, market risk includes currency risk and interest rate risk.

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3. Financial Risk Management (Continued)

(a) Credit risk

The Group is exposed to credit risk where a party to a financial instrument fails to discharge an obligation and causes the Group to incur a financial loss. The Group manages its concentrations of credit risk and places its cash and cash equivalents with high quality financial institutions. The Group limits the amount of credit exposure to any one financial institution. The Group's choice of financial institution is based primarily on its high asset base, stability over the years and its strong overseas connections. The Group's customer base comprises a number of shipping lines represented by their local agents and numerous other customers in a variety of business sectors. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

Worst case scenario of credit risk exposure

The worst case scenario of the Group's and Company's exposure to credit risk is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Due from related party	102,405	102,405	102,405	102,405
Investments	84,346	-	55,878	-
Due from The Port Authority of Jamaica	-	32,730	-	32,730
Trade receivables	365,014	355,901	303,178	285,203
Other receivables	30,915	214,381	16,920	191,685
Group companies	-	-	21,233	23,126
Short term investments	2,687,739	1,747,912	2,056,746	1,196,599
Cash and bank	332,129	1,161,523	253,949	1,105,080
	3,602,548	3,614,852	2,810,309	2,936,828

Credit review process

Management performs regular analyses of the ability of customers and other counterparties to meet repayment obligations.

(i) Aging analysis of trade receivables that are past due but not impaired

Trade receivables that are less than thirty-one (31) days past due are not considered impaired. As of 31 December 2015, trade receivables of $106,697,000 (2014 - $140,120,000) for the Group and $93,922,000 (2014 - $126,325,000) for the company were past due but were not considered to be impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
31 - 60 days	83,149	77,387	74,421	72,156
Over 60 days	23,548	62,733	19,501	54,169
	106,697	140,120	93,922	126,325

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Aging analysis of trade receivables that are past due and are impaired

As of 31 December 2015, trade receivables of $23,421,000 (2014 - $15,556,000) and $10,016,000 (2014 - $8,143,000) for the Group and company respectively were past due and considered to be impaired. These receivables were fully provided for.

The aging of these receivables is as follows:

	The Group		The Company	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Over 60 days	23,421	15,556	10,016	8,143

Movement in the provision for impairment of receivables

Trade and other receivables
Movements on the provision for impairment of trade receivables are as follows

	The Group		The Company	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
At 1 January	15,556	14,541	8,143	6,402
Provision for impairment	10,246	5,327	4,234	5,271
Receivables written off during the year as uncollectible	-	(1,497)	-	(715)
Amounts recovered	(2,381)	(2,815)	(2,361)	(2,815)
At 31 December	23,421	15,556	10,016	8,143

In 2014, $662,000 of trade receivables was written off directly for the Group and company.

The movement in the provision for the year included $3,849,000 (2014 - $1,810,000) and $2,742,000 (2014 - $1,335,000) for the Group and company respectively for related companies. These amounts are included in bad debt expense in profit or loss.

The creation and release of provision for impaired receivables have been included in expenses in profit or loss in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There are no financial assets other than those listed above that were individually impaired.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Concentrations of risk

(i) Trade receivables

The following table summarises the Group and company's credit exposure for trade receivables at their carrying amounts, as categorised by the concentration of customers:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Top ten customers	344,145	336,347	275,287	262,979
Other	44,290	35,110	37,907	30,367
	388,435	371,457	313,194	293,346
Less: Provision for impairment	(23,421)	(15,556)	(10,016)	(8,143)
	365,014	355,901	303,178	285,203

(ii) Short term investments

The Group's short term investments comprise cash on deposit held with financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining committed lines of credit;

(iii) Optimising cash returns on investment;

(iv) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

The tables below summarise the maturity profile of the Group's and company's financial liabilities at 31 December based on contractual undiscounted payments at contractual maturity dates.

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2015			
Borrowings	47,628	94,316	414,636	1,146,679	175,252	1,878,511
Long term liability	-	84,758	12,035	29,785	-	126,578
Trade and other payables	735,090	-	-	-	-	735,090
Total financial liabilities	782,718	179,074	426,671	1,176,464	175,252	2,740,179
			2014			
Borrowings	47,842	94,461	406,711	1,470,549	145,229	2,164,792
Long term liability	-	-	84,510	84,510	-	169,020
Trade and other payables	535,212	-	-	-	-	535,212
Total financial liabilities	583,054	94,461	491,221	1,555,059	145,229	2,869,024

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2015			
Borrowings	47,628	94,316	414,636	1,146,679	173,800	1,877,059
Long term liability	-	84,758	12,035	29,785	-	126,578
Trade and other payables	695,372	-	-	-	-	695,372
Group companies	74,138	-	-	-	-	74,138
Total financial liabilities	817,138	179,074	426,671	1,176,464	173,800	2,773,147
			2014			
Borrowings	47,842	94,461	406,711	1,470,549	143,777	2,163,340
Long term liability	-	-	84,510	84,510		169,020
Trade and other payables	496,341	-	-	-	-	496,341
Group companies	73,011	-	-	-	-	73,011
Total financial liabilities	617,194	94,461	491,221	1,555,059	143,777	2,901,712

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term investments.

3. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arise from changes in foreign currency exchange rates and interest rates.

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

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is primarily exposed to such risks arising from its significant level of foreign currency borrowings. This is partially offset by its US dollar revenue transactions and its holdings in US dollar cash and other accounts.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

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3. **Financial Risk Management (Continued)**

(c) **Market risk (continued)**

(i) ***Currency risk (continued)***

Concentrations of currency risk

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

	The Group		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
		2015	
Financial Assets			
Investments	84,346	-	84,346
Short term investments	1,139,733	1,548,006	2,687,739
Trade and other receivables	101,167	294,762	395,929
Cash and bank	170,756	161,373	332,129
Total financial assets	1,496,002	2,004,141	3,500,143
Financial Liabilities			
Borrowings	729,260	813,613	1,542,873
Long term liability	-	126,578	126,578
Trade and other payables	727,519	7,571	735,090
Total financial liabilities	1,456,779	947,762	2,404,541
Net financial position	39,223	1,056,379	1,095,602
		2014	
Financial Assets			
Recoverable from The PAJ	32,730	-	32,730
Short term investments	737,536	1,010,376	1,747,912
Trade and other receivables	294,930	275,352	570,282
Cash and bank	81,203	1,080,320	1,161,523
Total financial assets	1,146,399	2,366,048	3,512,447
Financial Liabilities			
Borrowings	869,553	1,058,819	1,928,372
Long term liability	-	169,020	169,020
Trade and other payables	526,104	9,108	535,212
Total financial liabilities	1,395,657	1,236,947	2,632,604
Net financial position	(249,258)	1,129,101	879,843

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk (continued)

	The Company		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
		2015	
Financial Assets			
Investments	55,878	-	55,878
Short term investments	748,416	1,308,330	2,056,746
Trade and other receivables	25,336	294,762	320,098
Group companies	21,233	-	21,233
Cash and bank	153,768	100,181	253,949
Total financial assets	1,004,631	1,703,273	2,707,904
Financial Liabilities			
Borrowings	727,808	813,613	1,541,421
Long term liability	-	126,578	126,578
Trade and other payables	687,801	7,571	695,372
Group companies	74,138	-	74,138
Total financial liabilities	1,489,747	947,762	2,437,509
Net financial position	(485,116)	755,511	270,395
		2014	
Financial Assets			
Recoverable from The PAJ	32,730	-	32,730
Short term investments	391,847	804,752	1,196,599
Trade and other receivables	201,536	275,352	476,888
Group companies	23,126	-	23,126
Cash and bank	45,388	1,059,692	1,105,080
Total financial assets	694,627	2,139,796	2,834,423
Financial Liabilities			
Borrowings	868,101	1,058,819	1,926,920
Long term liability	-	169,020	169,020
Trade and other payables	487,233	9,108	496,341
Group companies	73,011	-	73,011
Total financial liabilities	1,428,345	1,236,947	2,665,292
Net financial position	(733,718)	902,849	169,131

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currency to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 1% (2014 - 1%) appreciation and a 8% (2014 - 10%) depreciation change in foreign currency rates. The sensitivity of the profit was primarily as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, short term investments and US dollar-denominated borrowings. Profit is more sensitive to movements in Jamaican dollar/US dollar exchange rates because of the significant level of US-dollar denominated borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis. There is no direct impact on other comprehensive income or equity.

	Change in Currency Rate 2015 %	Effect on Profit before Taxation 2015 $'000	Change in Currency Rate 2014 %	Effect on Profit before Taxation 2014 $'000
		The Group		
Currency:				
USD	+1	10,564	+1	11,291
USD	-8	(84,510)	-10	(112,910)
		The Company		
USD	+1	7,555	+1	9,028
USD	-8	(60,441)	-10	(90,285)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and liabilities.

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

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2015			
Assets							
Investments	-	-	-	-	-	84,346	84,346
Short term investments	2,431,018	198,221	58,500	-	-	-	2,687,739
Trade and other receivables	-	-	-	-	-	395,929	395,929
Cash and bank	254,919	-	-	-	-	77,210	332,129
Total financial assets	2,685,937	198,221	58,500	-	-	557,485	3,500,143
Liabilities							
Borrowings	36,958	73,962	333,352	950,765	141,628	6,208	1,542,873
Long term liability	-	-	-	-	-	126,578	126,578
Trade and other payables	-	-	-	-	-	735,090	735,090
Total financial liabilities	36,958	73,962	333,352	950,765	141,628	867,876	2,404,541
Total interest repricing gap	2,648,979	124,259	(274,852)	(950,765)	(141,628)	(310,391)	1,095,602
				2014			
Assets							
Recoverable from The PAJ	-	-	-	-	-	32,730	32,730
Short term investments	1,224,994	316,557	206,361	-	-	-	1,747,912
Trade and other receivables	-	-	-	-	-	570,282	570,282
Cash and bank	138,898	-	-	-	-	1,022,625	1,161,523
Total financial assets	1,363,892	316,557	206,361	-	-	1,625,637	3,512,447
Liabilities							
Borrowings	38,895	78,055	341,020	1,323,941	143,367	3,094	1,928,372
Long term liability	-	-	-	-	-	169,020	169,020
Trade and other payables	-	-	-	-	-	535,212	535,212
Total financial liabilities	38,895	78,055	341,020	1,323,941	143,367	707,326	2,632,604
Total interest repricing gap	1,324,997	238,502	(134,659)	(1,323,941)	(143,367)	918,311	879,843

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2015			
Assets							
Investments	-	-	-	-	-	55,878	55,878
Short term investments	2,008,240	48,506	-	-	-	-	2,056,746
Trade and other receivables	-	-	-	-	-	320,098	320,098
Group companies	-	-	-	-	-	21,233	21,233
Cash and bank	220,377	-	-	-	-	33,572	253,949
Total financial assets	2,228,617	48,506	-	-	-	430,781	2,707,904
Liabilities							
Borrowings	36,958	73,962	333,352	950,765	141,628	4,756	1,541,421
Long term liability	-	-	-	-	-	126,578	126,578
Trade and other payables	-	-	-	-	-	695,372	695,372
Group companies	-	-	-	-	-	74,138	74,138
Total financial liabilities	36,958	73,962	333,352	950,765	141,628	900,844	2,437,509
Total interest repricing gap	2,191,659	(25,456)	(333,352)	(950,765)	(141,628)	(470,063)	270,395
				2014			
Assets							
Recoverable from The PAJ	-	-	-	-	-	32,730	32,730
Short term investments	794,676	195,562	206,361	-	-	-	1,196,599
Trade and other receivables	-	-	-	-	-	476,888	476,888
Group companies	-	-	-	-	-	23,126	23,126
Cash and bank	130,995	-	-	-	-	974,085	1,105,080
Total financial assets	925,671	195,562	206,361	-	-	1,506,829	2,834,423
Liabilities							
Borrowings	38,895	78,055	341,020	1,323,941	143,367	1,642	1,926,920
Long term liability	-	-	-	-	-	169,020	169,020
Trade and other payables	-	-	-	-	-	496,341	496,341
Group companies	-	-	-	-	-	73,011	73,011
Total financial liabilities	38,895	78,055	341,020	1,323,941	143,367	740,014	2,665,292
Total interest repricing gap	886,776	117,507	(134,659)	(1,323,941)	(143,367)	766,815	169,131

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)
Interest rate sensitivity

The following table indicates the sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's and company's statement of comprehensive income and stockholders' equity.

The Group's interest rate risk arises mainly from short term deposits and borrowings. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on floating rate deposits and borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear. There was no direct impact on other comprehensive income or equity.

Change in basis points				The Group		The Company	
				Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation
2015 JMD	2015 USD	2014 JMD	2014 USD	2015 $'000	2014 $'000	2015 $'000	2014 $'000
+100	+100	+250	+200	(13,998)	(1,287)	(7,357)	(14,100)
-150	-50	-100	-50	12,395	687	5,114	5,134

(d) Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders, to effectively service its customers and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total stockholders' equity and non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary stockholders.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total stockholders' equity. Debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less bank overdraft and interest payable. Total stockholders' equity is calculated as capital and reserves attributable to company's equity holders as shown in the consolidated statement of financial position.

3. Financial Risk Management (Continued)

(d) Capital management (continued)

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 $'000	2014 $'000
Total long term borrowings (Note 29)	1,538,117	1,926,748
Total stockholders' equity	17,496,896	16,958,261
Gearing ratio (%)	8.79%	11.36%

There were no changes to the Group's approach to capital management during the year.

(e) Fair Value of Financial Instruments

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the statement of financial position date. The estimated fair values have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. At the reporting date, the Group and company had only Level 3 financial instruments which are defined as:

- those with fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

  At 31 December 2015, instruments included within this level comprised available-for-sale unquoted equities which totalled $84,346,000 (2014 - nil) and $55,878,000 (2014 – nil) for the Group and company, respectively.

Valuation process
The Group has utilised the services of external experts to perform the valuation of the unlisted security to derive the price per share of the unquoted equities. The valuation was an asset based methodology with the main uplift in the assets relating to land and buildings which were originally carried at cost.

The main level 3 input used by the Group is the fair value of land and buildings which were increased by indexing to the CPI based on the last valuation performed ("the asset growth factor").

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3. Financial Risk Management (Continued)

(e) Fair Value of Financial Instruments (continued)

Valuation inputs and relationships to fair value:

Description	Fair value at 31 December 2015	Un-observable inputs *	Range of inputs	Relationship of unobservable inputs to fair value
Unlisted equity securities	$84,346,000 and $55,878,000 for Group and company respectively	Asset growth factor	1.5% - 3.5%	Increased asset growth factor (+100 basis points (bps)) would increase the value per share by 0.5%; lower growth factor (-100 bps) would decrease the price per share by 0.5%. The impact of this on the FV of the equities for the Group and company is an increase/decrease of $386,000 and $278,000 respectively.

The following methods and assumptions have been used in determining fair values for instruments not re-measured at fair value after initial recognition

(i) The carrying values less any impairment provision of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values due to the short term maturity of these instruments. These financial assets and liabilities are cash and bank balances, trade receivables and payables, related companies balances, short term investments and bank overdrafts.

(ii) The fair values of the long term receivables (due from related party and The Port Authority of Jamaica) could not be reliably determined as no reliable active market exists.

(iii) The carrying values of long term loans closely approximate amortised cost, which is estimated to be their fair value as they attract terms and conditions available in the market for similar transactions.

4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciable assets

Estimates of the useful life and residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods including the use of certified independent valuators in an effort to arrive at these estimates. Any changes in estimates of residual value will directly impact the depreciation charge.

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company was granted free zone status in December 2013, resulting in an income tax rate which is variable and based on approved methodology, and which is 9.65% (2014 – 8.50%) (Note 10).

Pension and other retirement benefits

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and other post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and other post-employment benefit obligations. In determining the appropriate discount rate, the Group considered interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of actual medical cost increases with the rate of inflation in the economy. Past experience has shown that the actual medical costs have increased on average by one time the rate of inflation. Other key assumptions for the pension and other post-employment benefit costs and credits are based in part on current market conditions.

If the actual health care trend rates for the post-employment obligations varied by 1% from estimates applied in valuation of the benefits, the consolidated net profit would be an estimated $39,169,000 lower or $30,591,000 higher (Note 20). Variations in the other financial assumptions can cause material adjustments in the next financial year, if it is determined that actual experience differed from the estimate (Note 20).

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5. Segment Financial Information

The Chief Executive Officer is the Group's chief operating decision maker (CODM). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The Group is organised into the following business segments:

(a) Terminal operations - Operation of public wharves and logistics facilities
(b) Cold storage operations - Rental of and repairs to cold storage facilities
(c) Security operations - Security services
(d) Other - Property rental.

Transactions between the business segments are on normal commercial terms and conditions.

The Group's operations are located at Newport West, Kingston, Jamaica.

	Terminal Operations	Cold Storage Operations	Security Operations	Other	Eliminations	Group
Year ended 31 December 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	4,107,717	91,283	473,884	-	-	4,672,884
Operating revenue from segments	8,269	1,200	60,340	1,940	(71,749)	-
Total revenue	4,115,986	92,483	534,224	1,940	(71,749)	4,672,884
Operating profit/(loss)	1,523,438	49,936	43,232	(38,451)	(6,099)	1,572,056
Interest expense	(127,986)	-	-	(569)	6,099	(122,456)
	1,395,452	49,936	43,232	(39,020)	-	1,449,600
Foreign exchange loss						(40,262)
Profit before income tax						1,409,338
Income tax expense						(141,879)
Profit before non-controlling interest						1,267,459
Non-controlling interest						(11,062)
Net profit attributable to equity holders of the company						1,256,397
Segment assets	16,000,296	982,743	274,277	3,701,219	(176,773)	20,781,762
Unallocated assets						629,781
Total assets						21,411,543
Segment liabilities	2,437,509	14,156	45,357	12,262	(104,743)	2,404,541
Unallocated liabilities						1,432,848
Total liabilities						3,837,389
Other segment items:						
Interest income (Note 8)	43,015	15,417	5,363	11,927	(6,099)	69,623
Capital expenditure (Note 15)	1,156,571	-	8,345	-	-	1,164,916
Capital expenditure (Note 16)	37,498	-	-	-	-	37,498
Amortisation (Note 16)	82,570	-	-	-	-	82,570
Depreciation and impairment (Note 15)	321,053	20,924	4,219	76,621	-	422,817

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5. Segment Financial Information (Continued)

	Terminal Operations	Cold Storage Operations	Security Operations	Other	Eliminations	Group
Year ended 31 December 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	3,297,981	84,533	437,177	-	-	3,819,691
Operating revenue from segments	8,395	5,201	55,800	1,940	(71,336)	-
Total revenue	3,306,376	89,734	492,977	1,940	(71,336)	3,819,691
Operating profit/(loss)	1,340,619	43,659	26,289	(57,802)	(207,498)	1,145,267
Interest expense	(138,346)	-	-	(753)	7,498	(131,601)
	1,202,273	43,659	26,289	(58,555)	(200,000)	1,013,666
Foreign exchange loss						(92,550)
Profit before income tax						921,116
Income tax expense						(71,724)
Profit before non-controlling interest						849,392
Non-controlling interest						(6,662)
Net profit attributable to equity holders of the company						842,730
Segment assets	15,544,912	950,595	233,885	3,753,886	(175,169)	20,308,109
Unallocated assets	-	-	-	-	-	692,917
Total assets						21,001,026
Segment liabilities	2,665,292	9,548	45,871	15,031	(103,138)	2,632,604
Unallocated liabilities	-	-	-	-	-	1,343,965
Total liabilities						3,976,569
Other segment items:						
Interest income (Note 8)	44,798	19,282	4,505	13,370	(7,495)	74,460
Capital expenditure (Note 15)	913,552	-	3,163	-	-	916,715
Capital expenditure (Note 16)	335,886	-	-	-	-	335,886
Amortisation (Note 16)	66,137	-	-	-	-	66,137
Depreciation and impairment (Note 15)	266,447	20,191	4,862	70,881	-	362,381

Revenues of approximately $1,510,768,000 (2014 – $1,351,084,000) were earned from two customers. The revenues are attributable to the Terminal Operations segment.

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6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Advertising and public relations	28,308	23,356	26,970	21,924
Amortisation (Note 16)	82,570	66,137	82,570	66,137
Auditors' remuneration	13,788	12,370	8,961	7,861
Bad debts	7,865	3,279	1,873	3,739
Bank charges	28,684	27,804	28,390	27,586
Claims	8,386	16,105	8,393	16,098
Cleaning and sanitation	22,400	17,751	22,338	17,751
Customs overtime	35,008	37,192	35,008	37,192
Depreciation (Note 15)	407,817	362,381	306,053	266,447
Directors' fees	17,425	24,777	16,488	24,328
Equipment rental	103,693	75,262	103,693	75,262
Fuel	135,835	133,194	135,835	133,194
Information technology	102,625	71,987	101,930	70,340
Insurance	152,447	159,424	139,352	144,049
Irrecoverable General Consumption Tax	8,737	50,829	4,006	46,107
Legal and consultation expenses	44,782	33,202	43,552	30,819
Occupancy: property taxes and rent	11,983	9,883	11,119	9,936
Provision for impairment of PPE (Note 15)	15,000	-	15,000	-
Repairs and maintenance	283,123	222,120	281,529	207,044
Security	80,672	39,016	58,526	52,934
Staff costs (Note 7)	1,369,265	1,212,640	984,745	824,082
Terminal transfers	48,803	47,852	48,803	47,852
Utilities	192,082	206,604	186,943	200,906
Other	148,575	99,376	123,599	71,457
	3,349,873	2,952,541	2,775,676	2,403,045

7. Staff Costs

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	1,086,662	941,451	771,130	622,289
Payroll taxes – employer's contributions	119,875	105,207	84,363	68,376
Pension costs – defined benefit plan (Note 20)	(29,954)	(64,166)	(29,954)	(64,166)
Pension costs – defined contribution plan	6,240	6,615	-	-
Other retirement benefits (Note 20)	28,549	9,576	28,549	9,576
Meal and travelling allowances	64,233	58,709	52,818	54,400
Termination costs	282	71,063	282	71,063
Other	93,378	84,185	77,557	62,544
	1,369,265	1,212,640	984,745	824,082

8. Other Operating Income

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Dividends	84,346	-	55,879	200,000
Interest	69,623	74,460	43,015	44,798
Bad debts recovered	-	621	-	621
Foreign exchange gains	69,951	157,890	57,684	147,225
Management fees	-	-	2,500	-
Proceeds from insurance claims	21,932	19,252	21,932	19,252
Termination costs recoverable from The PAJ	-	32,730	-	32,730
Other	3,193	(6,836)	2,118	(7,338)
	249,045	278,117	183,128	437,288

9. Finance Costs

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense	122,456	131,601	127,986	138,346
Foreign exchange losses	40,262	92,550	40,262	92,550
	162,718	224,151	168,248	230,896

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10. Income Tax Expense

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current tax on profit for the year	167,877	91,753	128,131	64,787
Prior year over provision	(11,944)	-	(11,944)	-
Deferred income tax (Note 31)	(14,054)	(20,029)	7,993	(3,909)
	141,879	71,724	124,180	60,878

The tax on profit differs from the theoretical amount that would arise using a basic statutory rate of 9.65% (2014 – 8.50%) as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	1,409,338	921,116	1,355,190	1,109,723
Tax calculated at a tax rate of 9.65% (2014 – 8.50%)	136,001	78,295	130,776	94,326
Adjusted for the effects of:				
Income not subject to tax	(12,509)	-	(5,392)	(17,000)
Income taxed at higher rate	8,311	2,843	-	-
Expenses not deductible for tax purposes	9,477	16,992	390	8,841
Change in rate for deferred income taxes	18,821	(31,400)	18,821	(31,400)
Prior year over provision	(11,944)	-	(11,944)	-
Other	(6,278)	4,994	(8,471)	6,111
Income tax expense	141,879	71,724	124,180	60,878

The company was granted free zone status under the Jamaica Export Free Zones Act effective December 2013, resulting in income tax being charged on applicable profits at zero for export activities and 25% for non-export activities. This resulted in an effective statutory rate of 9.65% (2014 – 8.50%). This rate has also been applied in determining the amounts for deferred taxation for the company in these financial statements (Note 31).

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11. Profit Attributable to Equity Holders of the Company

	2015 $'000	2014 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	1,231,010	1,048,845
Inter-group dividends from subsidiaries eliminated on consolidation	-	(200,000)
Adjusted net profit – holding company	1,231,010	848,845
Subsidiaries	25,387	(6,115)
	1,256,397	842,730
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	4,475,105	3,742,635
Subsidiaries	(34,131)	(59,269)
	4,440,974	3,683,366

12. Non-controlling Interest

	2015 $'000	2014 $'000
At beginning of year	66,196	59,534
Share of net profit of subsidiary	11,062	6,662
	77,258	66,196

13. Earnings Per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary stock units in issue during the year.

	2015	2014
Net profit attributable to equity holders of the company ($'000)	1,256,397	842,730
Number of ordinary stock units in issue (thousands)	1,430,200	1,430,200
Basic earnings per stock unit	$0.88	$0.59

14. Dividends

During the year, the company declared dividends to registered holders on record as follows.

	2015 $'000	2014 $'000
Ordinary dividends, gross - 25 cents (2014 – 20 cents)	357,550	286,040

In November 2015, the company declared a dividend of 15 cents per share which is payable on 20 January 2016 to shareholders on record in 3 December 2015 (Notes 32 and 35) which is included in the total dividend above.

15. Property, Plant and Equipment

	The Group							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Air Conditioning Equipment	Furniture and Fixtures	Motor Vehicles	Work In Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2015				
Cost or Valuation -								
At 31 December 2014	4,697,005	16,684,829	1,886,406	267,404	378,473	176,523	221,200	24,311,840
Additions	-	18,218	34,548	-	5,755	21,504	1,084,891	1,164,916
Transfers	34,766	29,262	465,639	-	752	-	(530,419)	-
Disposals	-	(681,359)	(1,417)	-	(792)	(7,222)	-	(690,790)
At 31 December 2015	4,731,771	16,050,950	2,385,176	267,404	384,188	190,805	775,672	24,785,966
Depreciation -								
At 31 December 2014	-	6,963,649	635,192	249,514	260,337	81,697	-	8,190,389
Charge for the year	-	277,354	85,839	9,806	16,004	18,814	-	407,817
Provision for impairment	-	-	9,000	-	6,000	-	-	15,000
Relieved on disposals	-	(465,726)	(1,134)	-	-	(5,274)	-	(472,134)
At 31 December 2015	-	6,775,277	728,897	259,320	282,341	95,237	-	8,141,072
Net Book Value -								
At 31 December 2015	4,731,771	9,275,673	1,656,279	8,084	101,847	95,568	775,672	16,644,894
				2014				
Cost or Valuation -								
At 31 December 2013	3,178,153	12,496,848	1,852,120	267,404	345,214	168,218	116,454	18,424,411
Additions	-	36,117	44,282	-	12,817	10,842	812,657	916,715
Transfers	139,208	502,907	19,312	-	20,442	-	(707,911)	(26,042)
Revaluation	1,379,644	3,648,957	-	-	-	-	-	5,028,601
Disposals	-	-	(29,308)	-	-	(2,537)	-	(31,845)
At 31 December 2014	4,697,005	16,684,829	1,886,406	267,404	378,473	176,523	221,200	24,311,840
Depreciation -								
At 31 December 2013	-	5,331,930	559,952	240,443	244,624	65,662	-	6,442,611
Charge for the year	-	231,004	88,022	9,071	15,713	18,571	-	362,381
On revaluation	-	1,400,715	-	-	-	-	-	1,400,715
Relieved on disposals	-	-	(12,782)	-	-	(2,536)	-	(15,318)
At 31 December 2014	-	6,963,649	635,192	249,514	260,337	81,697	-	8,190,389
Net Book Value -								
At 31 December 2014	4,697,005	9,721,180	1,251,214	17,890	118,136	94,826	221,200	16,121,451

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15. Property, Plant and Equipment (Continued)

	The Company							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Air Conditioning Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2015				
Cost or Valuation -								
At 31 December 2014	3,090,005	11,255,242	1,859,137	19,137	365,497	159,790	221,200	16,970,008
Additions	-	18,047	32,186	-	5,346	16,101	1,084,891	1,156,571
Transfers	34,766	29,262	465,639	-	752	-	(530,419)	-
Disposals	-	(681,359)	-	-	(792)	(1,080)	-	(683,231)
At 31 December 2015	3,124,771	10,621,192	2,356,962	19,137	370,803	174,811	775,672	17,443,348
Depreciation -								
At 31 December 2014	-	4,057,834	606,379	11,552	250,119	69,924	-	4,995,808
Charge for the year	-	188,661	83,444	1,271	15,369	17,308	-	306,053
Provision for impairment	-	-	9,000	-	6,000	-	-	15,000
Relieved on disposal	-	(465,726)	-	-	-	(1,080)	-	(466,806)
At 31 December 2015	-	3,780,769	698,823	12,823	271,488	86,152	-	4,850,055
Net Book Value -								
At 31 December 2015	3,124,771	6,840,423	1,658,139	6,314	99,315	88,659	775,672	12,593,293
				2014				
Cost or Valuation -								
At 31 December 2013	2,091,153	8,217,341	1,825,941	19,137	332,503	150,748	116,454	12,753,277
Additions	-	36,109	43,192	-	12,552	9,042	812,657	913,552
Transfers	139,208	502,907	19,312	-	20,442	-	(707,911)	(26,042)
Revaluation	859,644	2,498,885	-	-	-	-	-	3,358,529
Disposals	-	-	(29,308)	-	-	-	-	(29,308)
At 31 December 2014	3,090,005	11,255,242	1,859,137	19,137	365,497	159,790	221,200	16,970,008
Depreciation -								
At 31 December 2013	-	3,067,004	534,337	10,281	235,105	53,958	-	3,900,685
Charge for the year	-	149,372	84,824	1,271	15,014	15,966	-	266,447
On revaluation	-	841,458	-	-	-	-	-	841,458
Relieved on disposal	-	-	(12,782)	-	-	-	-	(12,782)
At 31 December 2014	-	4,057,834	606,379	11,552	250,119	69,924	-	4,995,808
Net Book Value -								
At 31 December 2014	3,090,005	7,197,408	1,252,758	7,585	115,378	89,866	221,200	11,974,200

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15. Property, Plant and Equipment (Continued)

(a) Freehold land of the Group was revalued as at 31 December 2014 on the basis of open market value by D.C. Tavares and Finson Reality Limited, independent qualified valuators. The freehold plant and buildings of the Group were also revalued as at 31 December 2014 on the depreciated replacement cost basis which approximates fair value, by Stoppi, Cairney and Bloomfield, quantity surveyors and construction cost consultants. The carrying value of these assets has been adjusted upwards and the increase in value net of deferred income taxes has been recognised in capital reserves (Note 26).

The property, plant and equipment that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The levels are as follows:

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

The items of property, plant and equipment of the Group and the company shown at revalued amounts are included in Level 2 and 3. There were no transfers between levels. The following tables disclose the Group and company's non-financial assets carried at fair value:

		The Group		
		Fair Value measurements as at 31 December 2015 using		
Categories	**Date of revaluation**	**Quoted price in an active market**	**Significant other observable inputs (Level 2) $'000**	**Significant other observable inputs (Level 3) $'000**
Freehold Land	Dec-14	-	4,731,771	-
Plant and Buildings	Dec-14	-	-	9,275,673
Total		-	4,731,771	9,275,673
		The Company		
Freehold Land	Dec-14	-	3,124,771	-
Plant and Buildings	Dec-14	-	-	6,840,423
Total		-	3,124,771	6,840,423

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15. Property, Plant and Equipment (Continued)

(a) continued

Level 2 fair values of land have been derived using the sales comparison approach and is comparable to sales of properties in close proximity and are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot. The valuation techniques for Level 3 fair values of plant and buildings are disclosed in the tables below.

The valuation technique for Level 3 uses the current construction replacement cost (depreciable replacement cost) approach of the assets based on current rates for labour, material and contractors charges. It is also based on the location, age and condition of the plant and buildings.

Fair Value Measurements using significant unobservable inputs (Level 3)

	Group	Company
	Plant & Buildings	**Plant & Buildings**
	$'000	**$'000**
Opening balance at valuation	9,721,180	7,197,408
Additions	47,480	47,309
Disposals net of accumulated depreciation	(215,633)	(215,633)
Depreciation through profit or loss	(277,354)	(188,661)
Closing Balance	9,275,673	6,840,423

The Group

Description	Fair value at December 2015 $'000	Valuation Technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value 2015 $'000
Plant and Building	9,275,673	Depreciable Replacement Cost method	Labour, material and contractor's charges	None noted	The higher the cost of labour, material and contractors' charges, the higher the replacement cost
			Remaining useful lives	1 year	If the estimates for the useful lives of the assets were higher or lower by one year, the value would higher by $10,972 and lower by $9,854.

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15. Property, Plant and Equipment (Continued)

(a) continued

The Company

	Fair value at December 2015 $'000	Valuation Technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value 2015 $'000
Plant and Building	6,840,423	Depreciable Replacement Cost method	Labour, material and contractor's charges	None noted	The higher the cost of labour, material and contractors' charges, the higher the replacement cost
			Remaining useful lives	1 year	If the estimates for the useful lives of the assets were higher or lower by one year, the value would higher by $6,863 and lower by $6,147.

(b) A fixed charge totalling US$26.6 million has been placed over the property, plant and equipment of the company as well as mortgages totalling $1,040 million over certain premises and equipment owned by the company in keeping with the terms of certain loan agreements (Note 29).

(c) During the year, the company commenced a physical inspection of certain classes of assets. Arising from this exercise, a provision for impairment of $15 million was recorded in respect of certain assets. The inspection exercise will continue in 2016.

(d) The disposal of items of property, plant and equipment mainly comprise the demolition of a warehouse.

(e) If freehold land, plant and buildings were stated on the historical cost basis, the amounts would be as follows:

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cost	4,826,372	4,769,011	4,725,568	4,668,208
Accumulated depreciation	(806,795)	(800,084)	(785,785)	(781,286)
Net book value	4,019,577	3,968,927	3,939,783	3,886,922

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16. Intangible Assets

	The Group and Company		
	Computer Software $'000	Rights to Customer Contracts $'000	Total $'000
At Cost -			
At 31 December 2013	7,553	104,558	112,111
Additions	16,777	319,109	335,886
At 31 December 2014	24,330	423,667	447,997
Additions	746	36,752	37,498
At 31 December 2015	25,076	460,419	485,495
Amortisation -			
At 31 December 2013	5,226	8,713	13,939
Amortisation charge for year	2,496	63,641	66,137
At 31 December 2014	7,722	72,354	80,076
Amortisation charge for year	3,699	78,871	82,570
At 31 December 2015	11,421	151,225	162,646
Net Book Value -			
31 December 2015	13,655	309,194	322,849
31 December 2014	16,608	351,313	367,921

The additions to 'Rights to Customer Contracts' during the year, related to the acquisition by Group of the stevedoring contracts of an operator at Port Bustamante. The amortisation period for the related contract is two years. Previously acquired contracts are amortised over ten and five years', respectively.

The total amortisation charge is included in direct expenses in profit or loss.

17. Investments in Subsidiaries

	2015 $'000	2014 $'000
Harbour Cold Stores Limited	13,335	13,335
Security Administrators Limited	6	6
Western Storage Limited	16,301	16,301
Western Terminals Limited	46,039	46,039
Kingston Terminal Operators Limited	50	50
	75,731	75,731

18. Investments

Investments comprise available-for-sale unquoted equities. Investments represent a non-recurring asset distribution in the form of shares issued to the Group. They have been recorded as investments and have been deemed as dividend in kind and accounted for in the statement of comprehensive income.

19. Recoverable from the Port Authority of Jamaica

The Port Authority of Jamaica (PAJ) requires the company to allocate 16% of wharfage collected to a special reserve. This reserve, that was created in 1976 can only be utilised for retroactive labour costs and special expenditure in accordance with directives from The Port Authority of Jamaica.

The prior year recoverable from the PAJ of $32,730,000 represents the amount due to be offset against wharfage reserves.

	The Group and Company	
	2015 $'000	2014 $'000
Balance at 1 January	32,730	-
Allocation of 16% of wharfage collections	(32,730)	-
Severance payments	-	32,730
	-	32,730
This comprises:		
Severance payments	-	32,730

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20. Retirement Benefit Asset and Obligations

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Statement of financial position (asset)/obligations for:		
Pension benefits	(619,083)	(679,828)
Other retirement benefits	245,378	201,449
Profit or loss for (Note 7):		
Pension benefits	(29,954)	(64,166)
Other retirement benefits	28,549	9,576
Remeasurements for:		
Pension benefits	118,205	62,107
Other retirement benefits	23,937	22,560
	142,142	84,667

(a) Pension benefits

The Group has established two pension schemes covering all permanent employees, a defined benefit plan and a defined contribution plan. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds.

Defined benefit plan
The Group operates a joint contributory defined benefit pension scheme which is fully funded. The scheme is open to all permanent employees of the Group and is administered by trustees. Under the scheme, retirement benefits are based on average salary during the three years preceding retirement. The scheme is funded by employee contributions at 5% and employer contribution of 10% of salary, as recommended by independent actuaries. Members may also make voluntary contribution of up to 5% of their earnings.

The assets of the scheme are held independently of the Group's assets in a separate trustee-administered fund. The scheme is valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31 December 2015.

Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation being as at 31 December 2011 revealed that the scheme was adequately funded as at that date. The valuation as at 31 December 2014 has not been finalized; however the draft report indicates that the pension plan is adequately funded.

Defined contribution plan
The Group, through a subsidiary, participates in a defined contributory pension scheme which was established in May 2001 and is open to security personnel and administrative personnel contracted to the subsidiary. The scheme is administered by trustees. The scheme is funded by employer's contribution of 5% as well as contractor mandatory contributions of 5%. Members may also make voluntary contribution of up to 5% of their earnings, as recommended by independent actuaries.

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20. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

The defined benefit asset amounts recognised in the statement of financial position are determined as follows:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Fair value of plan assets	(2,166,696)	(1,824,731)
Present value of funded obligations	1,547,613	1,144,903
Surplus of funded plan	(619,083)	(679,828)
Limitation of asset due to uncertainty of obtaining economic benefits	-	-
Asset in the statement of financial position	(619,083)	(679,828)

Movements in the amounts recognised in the statement of financial position:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Asset at beginning of year	(679,828)	(653,321)
Amounts recognised in statement of comprehensive income	88,251	(2,059)
Contributions paid	(27,506)	(24,448)
Asset at end of year	(619,083)	(679,828)

The movement in the defined benefit asset recognised in the statement of financial position is as follows:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of year	(1,824,731)	(1,713,046)
Interest income	(169,530)	(158,761)
Re-measurements -		
Return on plan assets, excluding amounts included in interest expense	(252,844)	(36,684)
Members' contributions	(25,188)	(21,887)
Employer's contributions	(27,506)	(24,448)
Benefits paid	133,103	130,095
Balance at end of year	(2,166,696)	(1,824,731)

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20. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

The movement in the present value of the funded obligations over the year is as follows:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of year	1,144,903	1,048,612
Current service cost	45,975	35,904
Past service cost	-	15,934
Interest cost	107,354	94,222
Re-measurements -		
Loss from change in financial assumptions	168,925	42,294
Loss from change in demographic assumptions	-	68,718
Loss/(gain) from change in experience assumptions	202,124	(52)
Members' contributions	11,435	9,663
Benefits paid	(133,103)	(130,095)
Gain on curtailment	-	(40,297)
Balance at end of year	1,547,613	1,144,903

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $778,336,000 relating to active employees, $44,053,000 relating to deferred members, $720,509,000 relating to members in retirement and $4,715,000 representing other liabilities.

The movement on the effect of asset ceiling during the year is as follows:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of year	-	11,113
Interest expense	-	1,056
Change in asset ceiling, excluding amounts included in interest expense	-	(12,169)
	-	-

The amounts recognised in profit or loss are as follows:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Current service cost	32,222	23,680
Interest income	(62,176)	(63,483)
Past service cost	-	15,934
Gain on curtailment	-	(40,297)
Total, included in staff costs (Note 7)	(29,954)	(64,166)

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20. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Plan assets are comprised as follows:

	The Group and Company			
	2015		2014	
	$'000	%	$'000	%
Quoted securities:				
Equity securities	672,837	31.1	362,229	19.9
Government of Jamaica securities	1,084,012	50.0	1,082,816	59.3
Corporate bonds and promissory notes	108,631	5.0	106,217	5.8
Repurchase agreements	43,992	2.0	90,661	5.0
Leases	16,065	0.7	22,582	1.2
Real estate	97,050	4.5	85,000	4.7
Other	144,109	6.7	75,226	4.1
	2,166,696	100.0	1,824,731	100

The pension plan assets include ordinary stock units of the company with a fair value of $110,000,000 (2014 - $60,000,000).

Expected contributions to the post-employment plan for the year ending 31 December 2016 are $14.9 million.

The significant actuarial assumptions used were as follows:

	2015	2014
Discount rate	8.50%	9.50%
Future salary increases	5.50%	6.00%
Expected pension increase	4.00%	4.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on Post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(183,786)	233,473
Future salary increases	1%	31,806	(29,324)
Expected pension increase	1%	179,493	(147,576)
Life expectancy	1%	27,481	(26,712)

20. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Sensitivity (continued):

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(b) Other retirement benefits

The Group operates both a group health plan and a group life plan. The parent company covers 100% of the premiums of both plans. However pensioners under the health plan have the option to pay an additional premium for single dependant or multiple dependants' coverage.

The method of accounting and the frequency of valuations for these plans are similar to those used for the pension scheme. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 7% per year (2014 – 7.5%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 5.5% per year (2014 – 6.0%).

The amounts recognised in the statement of financial position were determined as follows:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Present value of unfunded obligations	245,378	201,449

Movement in the amounts recognised in the statement of financial position:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Liability at beginning of year	201,449	179,944
Amounts recognised in the statement of comprehensive income	52,486	32,136
Contributions paid	(8,557)	(10,631)
Liability at end of year	245,378	201,449

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20. Retirement Benefit Asset and Obligations (Continued)

(b) Other retirement benefits (continued)

The movement in the present value of the defined benefit obligation over the year is as follows:

	The Group and Company	
	2015 **$'000**	**2014** **$'000**
Balance at beginning of year	201,449	179,944
Current service cost	8,966	7,219
Interest cost	19,583	16,215
Gain on curtailment	-	(13,858)
Included in staff costs in profit or loss (Note 7)	28,549	9,576
Re-measurements -		
Loss from change in financial assumptions	23,937	443
Loss from change in demographic assumptions	-	18,180
Experience losses	-	3,937
Total, included in other comprehensive income	23,937	22,560
Benefits paid	(8,557)	(10,631)
Balance at end of year	245,378	201,449

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on Post-employment Obligations - Life		
	Change in Assumption	**Increase in Assumption $'000**	**Decrease in Assumption $'000**
Discount rate	1%	(2,617)	3,158
Future salary increases	1%	878	(795)

	Impact on Post-employment Obligations - Medical		
	Change in Assumption	**Increase in Assumption $'000**	**Decrease in Assumption $'000**
Discount rate	1%	(30,591)	39,169
Future medical cost rate	1%	39,169	(30,591)

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20. Retirement Benefit Asset and Obligations (Continued)

(c) Risks associated with pension plans and other post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the trustees intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds largely represent investments in Government of Jamaica securities.

However, the company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the company's long term strategy to manage the plans efficiently. See below for more details on the company's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The company has not changed the processes used to manage its risks from previous periods. The company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2015 consists of bonds and equities.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries for the employees and 10% for the company. The next triennial valuation is due to be completed as at 31 December 2017. The company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

20. Retirement Benefit Asset and Obligations (Continued)

(c) Risks associated with pension plans and other post-employment plans (continued)
Life expectancy (continued)

The weighted average duration of the defined benefit obligation for pension scheme is 15 years.

The weighted average duration of the defined benefit obligation for post employment medical and life insurance benefits is 16 years.

21. Inventories

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Fuel	3,972	3,126	3,972	3,126
Operating supplies	199,077	184,294	191,084	179,708
	203,049	187,420	195,056	182,834

22. Related Party Transactions and Balances

(a) During the year the Group had normal business transactions with related parties with which there are common directors, as follows:

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
(i) Revenue earned from sales of services				
Subsidiaries	-	-	8,268	4,851
Companies controlled by directors/members or related by virtue of common directorships	2,042,211	1,619,374	1,656,556	1,473,071
	2,042,211	1,619,374	1,664,824	1,477,922

Services provided to related parties are negotiated, as with non-related party customers, and are all at arms length.

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
(ii) Other income - dividends				
Subsidiaries	-	-	-	200,000
(iii) Purchases of goods and services				
Subsidiaries	-	-	63,961	55,789
Companies controlled by directors/members related by virtue of common directorships	265,484	144,408	264,842	121,021
	265,484	144,408	328,803	176,810

Services are bought from related parties on the basis of the prices offered to non-related parties.

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
(iv) Interest paid				
Subsidiaries	-	-	3,308	6,756

22. Related Party Transactions and Balances (Continued)

(b) Year-end balances with related parties:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(i) Due from related companies				
Subsidiaries	-	-	21,233	23,126
Companies controlled by directors/members or related by virtue of common directorships				
Long term	102,405	102,405	102,405	102,405
Current (Note 23)	199,134	225,935	160,705	225,506
	301,539	328,340	284,343	351,037

The long term amount receivable from a related company is interest free and has no fixed repayment terms. Management has however represented that the loan will not be called within the next twelve months.

Provisions of $7,234,000 (2014 - $5,141,000) and $5,652,000 (2014 - $4,666,000) for the Group and company respectively are held against current accounts receivable from related parties.

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(ii) Due to related companies				
Subsidiaries	-	-	74,138	73,011
Companies controlled by directors/members and related by virtue of common directorships (Note 32)	53,313	75,261	50,446	53,792
	53,313	75,261	124,584	126,803

Included in the amount due to subsidiaries is $32,900,000 (2014 - $32,900,000), representing funds being held on deposit for a subsidiary (Note 24).

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(iii) Bank balances				
Companies controlled by directors/members or related by virtue of common directorships	11,310	4,198	11,310	4,198

The bank balances with related parties are interest free based on the type of accounts held.

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(iv) Borrowings				
Companies controlled by directors/members or related by virtue of common directorships – long term loans	51,296	68,233	51,296	65,301

22. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Salaries and other short term employee benefits	75,107	60,426	66,189	52,789
Payroll taxes – employer's contributions	5,241	3,412	4,298	2,846
Pension benefits	4,273	3,489	3,332	2,673
Other	4,188	4,284	4,188	3,328
	88,809	71,611	78,007	61,636
Directors' emoluments –				
Fees				
Current year	17,425	24,777	16,488	24,328
Management remuneration (included in salaries above)	33,918	24,985	33,918	24,985

23. Trade and Other Receivables

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Trade receivables	388,435	371,457	313,194	293,346
Less: Provision for impairment	(23,421)	(15,556)	(10,016)	(8,143)
	365,014	355,901	303,178	285,203
Prepayments	8,422	16,465	3,058	7,398
Other	30,915	214,381	16,920	191,685
	404,351	586,747	323,156	484,286

Trade receivables include amounts receivable from related parties (Note 22). The fair values for trade and other receivables approximates the carrying values.

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24. Cash and Cash Equivalents

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Short term investments - deposits	2,687,739	1,747,912	2,056,746	1,196,599
Less : Short term investments with maturity periods in excess of 90 days	(14,685)	(206,361)	(14,685)	(206,361)
Less: Investments held for subsidiary (Note 22)	-	-	(32,900)	(32,900)
	2,673,054	1,541,551	2,009,161	957,338
Cash and bank	332,129	1,161,523	253,949	1,105,080
	3,005,183	2,703,074	2,263,110	2,062,418

The weighted average effective interest rate on short term deposits was 1.74% (2014 – 2.00%) per annum for United States dollar denominated deposits and 5.72% (2014 – 6.81%) per annum for Jamaican dollar deposits. These short term deposits have an average maturity of 33 days.

The weighted average effective interest rate on short term deposits with maturity period in excess of 90 days was 0.59% (2014 – 1.97%) per annum for United States dollar denominated deposits and 6.97% per annum for Jamaican dollar deposits in 2014. There were no Jamaican dollar denominated deposits with maturity periods in excess of 90 days at 31 December 2015. These short term deposits have an average maturity of 94 days.

Cash and bank and short term investments include amounts placed with related parties (Note 22). Cash at bank includes a United States dollar savings account and an interest earning current account. Interest is currently 0.25% (2014 – 0.30%) per annum and 1% (2014 – 1%) per annum respectively.

The Group has undrawn credit facilities via bank overdrafts totalling $60 million which attracts interest at 16.85%. Security for the facilities is described in Note 29.

25. Share Capital

	Number of Stock Units '000	Ordinary Stock Units $'000
Issued share capital at:		
31 December 2014	1,430,200	2,079,398
31 December 2015	1,430,200	2,079,398

The total authorised number of ordinary shares is 1,507,550,000 (2014 - 1,507,550,000) units. All issued shares are fully paid.

The no par shares in issue comprise the stated capital of the company.

26. Capital Reserves

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unrealised surplus on revaluation of property, plant and equipment	11,460,746	11,664,540	6,703,128	6,906,922
Less: Deferred taxation	(1,174,509)	(1,146,502)	(400,885)	(372,878)
	10,286,237	10,518,038	6,302,243	6,534,044
Realised gain on sale of assets	30,188	30,188	5	5
Capital distributions received	3,612	3,612	3,612	3,612
Capitalisation of profits	130,325	130,325	-	-
Replacement reserve	306,760	294,181	306,760	294,181
Capitalisation of depreciation reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
	10,760,607	10,979,829	6,612,630	6,831,852

27. Asset Replacement/Rehabilitation and Depreciation Reserves

The Port Authority of Jamaica under the Wharfage Act mandated the creation of a special reserve to be provided through the tariff of wharfage rates, for the replacement and/or rehabilitation of the wharf facilities.

The Port Authority of Jamaica also stipulated that the depreciation charged on the historical cost of property, plant and equipment be matched with amounts placed in a Depreciation Fund.

The requirement for these reserves became effective in 1998.

The Authority requires that both the Asset Replacement/Rehabilitation and the Depreciation Reserves be represented by a Fund consisting of cash, deposits or highly liquid securities. The net interest arising on such Funds should be transferred to the Asset Replacement/Rehabilitation and Depreciation Reserves, respectively. Amounts from these reserves are used for capital projects in accordance with guidelines set by The Port Authority of Jamaica.

The balance of the reserves comprises:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Fund	215,917	215,668	212,968	212,968
	215,917	215,668	212,968	212,968

27. Asset Replacement/Rehabilitation and Depreciation Reserves (Continued)

The movement in each category of reserves was as follows:

(a) Asset Replacement/Rehabilitation Reserve

	The Group and Company	
	2015 $'000	2014 $'000
At beginning of year	-	-
Transfers from profit or loss account during the year	12,579	12,579
Transfer to capital reserves - utilised for capital expansion	(12,579)	(12,579)
At end of year	-	-

(b) Depreciation Fund

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At beginning of year	215,668	215,391	212,968	212,968
Transfer from retained earnings (net interest)	249	277	-	-
At end of year	215,917	215,668	212,968	212,968

(c) Value of Reserve Funds Represented by Cash and Short Term Investments

The dollar amount of approvals received by the company from The Port Authority of Jamaica to undertake capital projects to date, exceeds the required provisions. As such, all related cash, deposits or highly liquid securities pertaining to reserves have been fully utilised.

28. Borrowings

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-Current -				
Long term loans (Note 29)	1,095,836	1,490,542	1,094,384	1,489,090
Current -				
Current portion of long term loans (Note 29)	447,037	437,830	447,037	437,830
	1,542,873	1,928,372	1,541,421	1,926,920

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29. Long Term Loans

		The Group		The Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	The Port Authority of Jamaica	1,480	1,480	1,480	1,480
(b)	The Port Authority of Jamaica	1,452	1,452	-	-
(c)	Development Bank of Jamaica/First Global Bank Limited	-	44,769	-	44,769
(d)	Development Bank of Jamaica/First Global Bank Limited	156,000	184,800	156,000	184,800
(e)	Development Bank of Jamaica/CIBC FirstCaribbean International Bank (Jamaica) Limited	-	3,841	-	3,841
(f)	Development Bank of Jamaica/CIBC FirstCaribbean International Bank (Jamaica) Limited	178,571	214,286	178,571	214,286
(g)	CIBC FirstCaribbean International Bank (Jamaica) Limited	813,613	1,058,819	813,613	1,058,819
(h)	CIBC FirstCaribbean International Bank (Jamaica) Limited	335,705	352,000	335,705	352,000
(i)	Kingston Portworkers Superannuation Fund	51,296	65,301	51,296	65,301
		1,538,117	1,926,748	1,536,665	1,925,296
	Add: Interest payable	4,756	1,624	4,756	1,624
		1,542,873	1,928,372	1,541,421	1,926,920
	Less: Current portion	(447,037)	(437,830)	(447,037)	(437,830)
		1,095,836	1,490,542	1,094,384	1,489,090

(a) These loans, which are interest free and unsecured, were obtained to build a security wall and are repayable only if the wharf is sold.

(b) This comprises a loan towards the partial cost of construction of a security wall. This interest-free and unsecured loan is repayable only in the event of the asset being sold.

(c) This represents a loan granted by the Development Bank of Jamaica through First Global Bank Limited for the company's capital expenditure program. The interest rate is fixed at 11.85% per annum for the life of the loan. After a two year moratorium on principal repayments, thereafter, payments are to be amortised over sixty months at $6,651,000 per month, this loan was repaid during the year.

(d) This represents a loan of $288 million granted by the Development Bank of Jamaica through First Global Bank Limited. Interest rate is fixed at 11% per annum. The principal is repayable in one hundred and twenty monthly instalments of $2,400,000.

29. Long Term Loans (Continued)

(e) This represents a loan of $32 million granted by the Development Bank of Jamaica through CIBC FirstCaribbean International Bank (Jamaica) Limited. Interest rate is fixed at 11.85% per annum. The principal is repayable in eighty-three monthly instalments of $382,000, the loan was fully repaid during the year.

(f) This represents a credit facility granted by the Development Bank of Jamaica through CIBC FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. The interest rate is fixed at 8.25% and the loan is repayable over seven (7) years.

(g) This represents a credit facility of US$26.6 million through CIBC FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest is currently computed based on US six-month LIBOR plus 4.50% per year. This loan was issued in 2006 and is scheduled to be repaid in June 2018.

(h) This represents a loan facility from First Caribbean Bank International toward the company's capital expenditure program for the amount of $352 million. The loan will be amortized over a ten year period at a fixed interest rate of 9.5% for the first two years and WATBY plus 2.5% thereafter. The loan facility also attracts a moratorium in the first year.

(i) This represents a loan of $100 million granted by the Kingston Port Workers Superannuation Fund. The interest rate is fixed at 10% per annum. The principal is repayable over a seven year period.

The loan facilities with First Global Bank Limited (c) – (d) above are secured by mortgages over property owned by the Group, bills of sale over certain pieces of machinery and assignment of insurance over these pieces of machinery. Security for the loan facilities with CIBC FirstCaribbean Bank (Jamaica) Limited (e)-(h) above and including the bank overdrafts (Notes 3 and 24) and guarantees (Note 34), is a registered demand debenture providing fixed and floating charges over the company's fixed and floating assets stamped to cover US$26.6 million, assignment of insurance proceeds and promissory notes stamped in the sums of $32 million and US$10 million and mortgages over property owned by the Group of $352 million. The facility with Kingston Portworkers Superannuation Fund is secured by mortgages over property owned by the Group and bill of sales over certain pieces of machinery (Note 15).

30. Long Term Liability

Long term liability represents amounts due to third parties in relation to stevedoring contracts acquired (Note 16). The amounts are interest free and are payable upon the achievement of stipulated conditions.

This balance includes amounts payable to companies controlled by directors or related by virtue of common directorships.

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31. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 9.65% (2014 – 8.5%) for the parent and 25% (2014- 25%) for the subsidiaries.

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Statement of financial position (assets)/liabilities for:				
Deferred income tax assets	(1,498)	(1,337)	-	-
Deferred income tax liabilities	1,111,131	1,110,748	492,339	470,070
	1,109,633	1,109,411	492,339	470,070

The movement in the net deferred income tax assets and liabilities during the year is as follows:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net liabilities at beginning of year	1,109,411	1,298,399	470,070	790,641
Profit or loss (Note 10)	(14,054)	(20,029)	7,993	(3,909)
Effect on re-measurements of post- employment benefits	(13,731)	(7,196)	(13,731)	(7,196)
Stockholders' equity on disposal of PPE	(17,322)	-	(17,322)	-
Stockholders' equity on revaluation of PPE	-	288,584	-	140,881
Effect of change in tax rate on previous years' revaluation surplus	45,329	(450,347)	45,329	(450,347)
Net liabilities at end of year	1,109,633	1,109,411	492,339	470,070

The deferred tax movement in the profit or loss comprises the following temporary differences:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Vacation leave accrual	307	1,623	195	1,592
Other payables	-	24	-	-
Employee benefit obligations	(4,269)	29,781	(4,269)	29,781
Unrealised foreign exchange losses	(276)	117,870	(163)	117,870
Interest payable	(708)	4,949	(708)	4,949
Property, plant and equipment	(26,884)	(68,968)	(213)	(56,018)
Unrealised foreign exchange gains	(427)	(1,123)	(427)	(1,123)
Interest receivable	4,765	(3,918)	140	(693)
Retirement benefit asset	13,438	(100,267)	13,438	(100,267)
	(14,054)	(20,029)	7,993	(3,909)

31. Deferred Income Tax (Continued)

The deferred tax movement on the re-measurements of post-employment benefits in other comprehensive income comprises:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Retirement benefit asset	(11,419)	(5,278)	(11,419)	(5,278)
Employee benefit obligations	(2,312)	(1,918)	(2,312)	(1,918)
	(13,731)	(7,196)	13,731	(7,196)

Deferred income tax assets and liabilities are due to the following items:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred income tax assets -				
Vacation leave accrual	2,716	3,023	1,404	1,599
Other payables	509	509	163	-
Employee benefit obligations	23,704	17,123	23,704	17,123
Property, plant and equipment	265	-	-	-
Unrealised foreign exchange losses	276	-	-	-
Interest payable	3,789	3,081	3,789	3,081
	31,259	23,736	29,060	21,803
Deferred income tax liabilities -				
Property, plant and equipment	1,068,832	1,067,444	461,143	433,349
Unrealised foreign exchange gains	-	427	-	427
Interest receivable	12,256	7,491	452	312
Retirement benefit asset	59,804	57,785	59,804	57,785
	1,140,892	1,133,147	521,399	491,873
Net deferred income tax liabilities	1,109,633	1,109,411	492,339	470,070

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts shown in the statement of financial position include the following:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred income tax assets to be recovered -				
After more than 12 months	23,704	17,123	23,704	17,123
Deferred income tax liabilities to be extinguished -				
After more than 12 months	1,128,636	1,125,229	520,947	491,134

32. Trade and Other Payables

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	78,967	88,395	65,448	81,359
Dividends payable	220,965	149,507	220,965	149,507
Provision for 16% wharfage reserve	20,820	32,730	20,820	32,730
Other payables and accruals	414,338	264,580	388,139	232,745
	735,090	535,212	695,372	496,341

Trade and other payables include amounts payable to related parties (Note 22).

33. Operating Lease

A subsidiary company has entered into an operating lease arrangement, with the subsidiary being the lessor.

The future minimum lease payments receivable under operating leases are as follows:

	2015	**2014**
	$'000	**$'000**
No later than 1 year	30,000	22,500

34. Contingent Liabilities

Litigation
The company and its subsidiaries are subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both financial position and results of operations. The Group is not currently involved in any significant litigation other than that noted below.

Legal action was brought against Kingston Wharves Limited by companies involved in stevedoring activities at Port Bustamante. The plaintiffs are seeking a declaration that the company's stated intention to take over all the stevedoring activities on Berths 1-9 is in breach of the Fair Competition Act and is therefore illegal. Subsequent to the year end, all the injunctions were discharged and the claims were discontinued.

Other
The Group is contingently liable to its bankers in respect of guarantees in the ordinary course of business totalling approximately $2.8 million.

35. Subsequent Events

Subsequent to the year end, the company paid a dividend of 15 cents per share to shareholders on record on 3 December 2015 (Note 14), and acquired the rights to additional customer contracts from a stevedoring operator at Port Bustamante.