

Kingston Wharves Limited 2000

Notes to the Financial Statements

31 December 2000

1. Identification and Principal Activities

The principal activities of the company, which is incorporated in Jamaica, and its subsidiaries comprise the operation of public wharves, port security services and the provision and installation of 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 new tariff rate structure approved by the Port Authority of Jamaica became effective in April 1998.

All amounts in these financial statements are stated in Jamaican dollars.

2. Summary of Significant Accounting Policies

(a) Accounting convention

These financial statements have been prepared in accordance with and comply with Jamaican Accounting Standards and have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and investments.

(b) Use of estimates

The preparation of financial statements in conformity with Jamaican generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Consolidation

- (i) The group financial statements present the results of operations and financial position of the company, its subsidiaries and associated company to the extent explained in Note 2(c) (ii).

The subsidiaries consolidated are as follows:

Wholly owned and incorporated in Jamaica

Trading:

Harbour Cold Stores Limited
Kingston Terminal Operators Limited
Security Administrators Limited
Western Storage Limited and its non-trading subsidiary,
Jamaica Cooling Stores Limited

Non-trading:

Western Terminals Limited

- (ii) Associated company

During the year the company disposed of its interest in its associated company, Caribbean Freight Forwarders and Customs Brokers Limited.

In the prior year, the equity method of accounting was adopted for the recognition of the results of the associated company, in which the interest of Kingston Wharves Limited was 25%. Under this method the group's share of the results of the associated company was included in the group profit and loss account and the tax attributable to the share of profits was included in the group's tax charge.

(d) Depreciation

Fixed assets are depreciated on the straight line basis at rates which will amortize the carrying value of the various assets over their expected useful lives. The rates in use are:

Buildings, walls, piers, dredging and roadways	1.3%	-	5%
Machinery and equipment	10%	-	20%
Furniture and fixtures	5%	-	10%
Motor vehicles	10%	-	20%
Leasehold properties			10%

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in first-out basis.

(f) Trade Receivables

Trade receivables are carried at original invoice value less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(g) Foreign currencies

Transactions during the year are converted at the rates of exchange ruling on transaction dates. Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the appropriate rates of exchange ruling on balance sheet date. Gains or losses arising from fluctuations in exchange rates are reflected in the profit and loss account.

(h) Bonus shares received

The par value of shares received is credited to capital reserve. The carrying value of the investments is increased accordingly.

(i) Revenue

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

(j) Claims

Claims received are charged against the profit and loss account when they are accepted by the company, except to the extent that claims are recoverable under the company's insurance.

(k) Finance leases

The present value of minimum lease payments under finance leases is capitalised as fixed assets and a corresponding obligation to the lessor is recorded. Lease payments are treated as consisting of principal repayment and finance charges. The finance charges are recorded so as to give a constant periodic interest rate on the outstanding obligation.

(l) Pension costs

The group accrues and funds pension costs annually. Such costs are actuarially determined and include amounts to fund past and future service benefits and expenses.

(m) Financial instruments

Financial instruments carried on the balance sheet include receivables and prepayments, payables, dividends payable, related companies, group companies, short term deposits, cash, long term loans, finance lease obligations and long term receivables. The particular recognition methods adopted are disclosed in individual policy statements associated with each item.

The fair values of the group's financial instruments are discussed in Note 28.

(n) Comparative information

Where necessary certain comparative amounts have been reclassified to conform to current year presentation.

3. Turnover

Turnover consists of 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.

4. Related Party Transactions

During the year the company and its subsidiaries had normal business transactions with a major shareholder, Grace, Kennedy & Company Limited and its subsidiaries.

Related party transactions were as follows:

	2000	1999
	\$'000	\$'000
(a) Income earned	264,427	237,584
(b) Fees and other expenditure (Note 19)	<u>139,965</u>	<u>79,540</u>

5. Operating Profit

Operating profit for the year is arrived at after charging/(crediting) the following:

	2000	1999
	\$'000	\$'000
Depreciation	58,576	40,332
(Gain)/loss on disposal of fixed assets	(929)	168
Auditors' remuneration -		
Current year	1,841	1,544

Prior year	-	(3)
Directors' emoluments -		
Fees	1,343	1,741
Management remuneration	9,514	7,488
Provision for doubtful debts	76	52
Legal and consultancy fees	9,215	18,012
Staff costs (Note 6)	<u>328,052</u>	<u>303,813</u>

6. Staff Costs

	2000	1999
	\$'000	\$'000
Wages and salaries	279,820	260,781
Statutory contributions	27,307	23,818
Pension costs	<u>20,925</u>	<u>19,214</u>
	<u>328,052</u>	<u>303,813</u>

Average number of persons employed by the group during the year:

	2000	1999
	No.	No.
Full time	235	238
Part time	<u>145</u>	<u>146</u>
	<u>380</u>	<u>384</u>

7. Finance Income

	2000	1999
	\$'000	\$'000
Interest income	56,261	71,725
Investment income:		
- Dividend income	2,081	375
- Adjustment in fair value of investment	<u>-</u>	<u>(1,617)</u>
	<u>58,342</u>	<u>70,483</u>

Interest expense:

- Loans	(3,793)	(1,649)
- Finance leases	<u>(92)</u>	<u>(414)</u>
	<u>54,457</u>	<u>68,420</u>

The average rate of interest on long term loans was 10% (1999 - 13%).

8. Exceptional Item

This represents the surplus realised on termination of the Western Terminals Limited Superannuation Scheme.

9. Taxation

(a) Taxation is based on the group profit for the year adjusted for taxation purposes and comprises:

	2000	1999
	\$'000	\$'000
Income tax at 33 1/3%	89,417	85,291
Prior year underprovision	56	5,042
Tax credit arising on bonus shares issued	(11,995)	(7,717)
Associated company	<u>-</u>	<u>259</u>
	<u>77,478</u>	<u>82,875</u>

(b) Subject to agreement with the Commissioner of Income Tax, losses of certain subsidiaries available for offset against future taxable profits amount to approximately \$1,508,000 (1999 - \$1,508,000) and may be carried forward indefinitely.

(c) Withholding tax represents amounts deducted and remitted to the Commissioner of Inland Revenue in respect of dividends paid to the company by group companies.

10. Extraordinary Item

This represents loss on disposal of investment in associated company.

11. Net Profit Attributable to Stockholders

2000	1999
\$'000	\$'000

Dealt with in the financial statements of:

Holding company	143,708	108,164
Subsidiaries	23,383	61,367
Associated company	-	(831)
	<u>167,091</u>	<u>168,700</u>

12. Dividends

2000	1999
\$'000	\$'000

Ordinary -

First interim, paid out of franked income, net 2 cents (1999 - 1 cent)	14,590	6,253
Second interim, paid out of unfranked income, gross 5 cents (1999 - 9 cents)	<u>36,474</u>	<u>56,273</u>
	<u>51,064</u>	<u>62,526</u>

At 31 December 2000, the company has franked income of \$3,276,000 (1999 - \$923,000) available for distribution to stockholders without deduction of tax.

13. Retained Earnings

2000	1999
\$'000	\$'000

Reflected in the financial statements of:

Holding company	287,883	250,205
Subsidiaries	72,768	69,624
Associated company	-	2,870
	<u>360,651</u>	<u>322,699</u>

14. Earnings Per Stock Unit

The calculation of earnings per ordinary stock unit is based on the group net profit before and after extraordinary item and the stock units in issue at the end of the year. The earnings per stock unit for the prior year have been restated to give effect to the bonus issue of shares during the year (Note 22).

15. Wharfage Levy

The Port Authority of Jamaica has placed a levy of 6.5% on the revenue of the company in respect of wharfage collected on general cargo. The total accrual for the year included in payables amounts to \$14,240,000 (1999 - 22,240,000).

16. Fixed Assets

THE GROUP							
	Freehold Land and Roadways \$'000	Leasehold Properties \$'000	Freehold Buildings, Security Walls, Piers and Dredging \$'000	Machinery, Equipment and Motor Vehicles \$'000	Furniture and Fixtures \$'000	Work-In. Progress \$'000	Total \$'000
Cost of Valuation -							
At 1 January 2000	1,214,414	24,217	727,311	193,016	121,163	5,411	2,285,532
Additions	49,636	-	12,500	26,242	31,170	150,603	270,151
Disposals	-	-	-	(3,762)	(1,169)	-	(4,931)
Transfers	-	135,315	-	-	-	(135,315)	-
At 31 December 2000	1,264,050	159,532	739,811	215,496	151,164	20,699	2,550,752

Accumulated
Depreciation -

At 1 January 2000	11,725	12,555	178,955	125,445	36,268	-	364,948
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Charge for the year -

Historical	2,775	9,021	9,365	6,346	17,361	-	44,866
Revaluation	162	-	7,175	6,371	-	-	13,708
Relieved on disposal	-	-	-	(3,054)	(117)	-	(3,171)
At 31 December 2000	14,662	21,576	195,495	135,108	53,512	-	420,353

Net Book Value -

At 31 December

2000

1,249,388	137,956	544,316	80,388	97,652	20,699	2,130,399
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At 31 December

1999

1,202,689	11,662	548,356	67,571	84,895	5,411	1,920,584
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16. Fixed Assets

THE COMPANY

Freehold Land and Roadways \$'000	Leasehold Properties \$'000	Freehold Buildings, Security Walls, Piers & Dredging \$'000	Machinery, Equipment and Motor Vehicles \$'000	Furniture and Fixtures \$'000	Work-In. Progress \$'000	Total \$'000
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Cost of Valuation -

At 1 January 2000	756,529	24,024	525,173	39,869	116,012	5,411	1,467,018
Additions	49,636	-	12,500	20,803	29,299	150,603	262,841
Disposals	-	-	-	(932)	(21)	-	(953)

Transfers

-	135,315	-	-	-	(135,315)	-
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At 31 December 2000

806,165	159,339	537,673	59,740	145,290	20,699	1,728,906
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Accumulated
Depreciation -

At 1 January 2000	9,389	12,523	193,708	22,922	33,920	-	272,462
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Charge for the year -

Historical	2,775	9,002	5,021	2,018	16,151	-	34,967
Revaluation	162		6,057	853	-	-	7,072
Relieved on Disposal	-	-	-	(848)	(3)	-	(851)
At 31 December 2000	<u>12,326</u>	<u>21,525</u>	<u>204,786</u>	<u>24,945</u>	<u>50,068</u>	<u>-</u>	<u>313,650</u>

Net Book Value -

At 31 December 2000	<u>793,839</u>	<u>137,814</u>	<u>332,887</u>	<u>34,795</u>	<u>95,222</u>	<u>20,699</u>	<u>1,415,256</u>
At 31 December 1999	<u>747,140</u>	<u>11,501</u>	<u>331,465</u>	<u>16,947</u>	<u>82,092</u>	<u>5,411</u>	<u>1,194,556</u>

- (a) The freehold land and buildings of the group were revalued as at May 1993 on the basis of market value and depreciated replacement cost, respectively, by Stoppi, Cairney & Bloomfield, whilst machinery and equipment were revalued as at the same date on the basis of depreciated replacement cost by Delano Reid and Associates.

In 1998, the carrying cost of the buildings and all classes of machinery and equipment, previously valued in certain subsidiaries, were professionally revalued to reflect the remaining useful lives and fair value of these assets. Consequently, the cost of the assets were adjusted downwards and the impairment in value recognised in the capital reserves.

- (b) Machinery, equipment and motor vehicles for the group include an amount of \$10,576,000 (1999 - \$8,798,000) representing assets acquired under finance leases by subsidiaries (Note 27).

17. Investments

Investments comprise:

	The Group		The Company	
	2000 \$ '000	1999 \$ '000	2000 \$ '000	1999 \$ '000
(a) Subsidiaries	-	-	168,156	153,826
Associated company	-	4,052	-	1,182
	<u>-</u>	<u>4,052</u>	<u>168,156</u>	<u>155,008</u>
(b) Associated company				
At cost or written	-	10	-	10
Bonus shares	-	1,172	-	1,172
Group's share of	-	2,870	-	-
	<u>-</u>	<u>4,052</u>	<u>-</u>	<u>1,182</u>

18. National Housing Trust

This represents contributions recoverable in the years 2001 to 2004. The current portion of \$44,000 is included in receivables and prepayments.

19. Long Term Receivables

The Port Authority of Jamaica requires the company to collect and allocate 16% of wharfage collected to a special reserve based on tonnage handled at the port facilities operated by Kingston Wharves Limited and its subsidiary Kingston Terminal Operators Limited . The reserve, which was created in 1976, can only be utilised for retroactive labour costs and special expenditure in accordance with directives from Port Authority of Jamaica and must be represented by cash, deposits or easily realisable securities. The interest arising on the investments representing the reserve may be used by the company.

The long term receivables represent the amount spent in excess of the balance of the special reserve and is recoverable from future collection of wharfage allocated to the reserve. A total of \$36,011,000 (1999 \$35,066,000) was allocated to the reserve during the year.

During the year the Port Authority of Jamaica approved the recovery of \$8,818,000 in redundancy payments for Kingston Terminal Operators Limited from the special reserve. In the prior year, an additional \$5,000,000 in respect of management fees paid by the company was also approved in accordance with the provisions of the 1997 Wharfage Hearing Report. The amount shown in Note 4(b) does not include this recovery.

	The Group and The Company	
	2000	1999
	\$'000	\$'000
Balance at 1 January	135,335	136,040
Movements during the year -		
Approved expenditure:		
Redundancy for Kingston Terminal		
Operators Limited	8,818	29,361
Management fee reimbursed	-	5,000
Recoveries from wharfage	(36,011)	(35,066)
Balance at 31 December	<u>108,142</u>	<u>135,335</u>

This comprises:

Dock/Pile repairs	10,383	39,624
Off-dock expenses	38,142	38,142
Severance payments	27,139	25,091
Deferred expenses - leasehold		17,478
improvements	17,478	-
Management fee	15,000	15,000
	<u>108,142</u>	<u>135,335</u>

20. Short Term Deposits

	The Group		The Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica Repurchase Agreements - Local Registered Stock variable rate	68,228	74,529	68,228	49,686
Treasury Bills	61,922	54,151	61,925	54,151
Deposits	66,051	32,842	37,651	32,842
	<u>196,201</u>	<u>161,522</u>	<u>167,804</u>	<u>136,679</u>

Included in short term deposits is an amount of \$160,738,000 (1999 - \$85,553,000) representing the Assets Replacement/Rehabilitation and Depreciation Reserve funds. The balance includes net interest of \$14,299,000 (1999 - \$6,947,000) earned for the year (Note 24).

The weighted average effective interest rate on short-term bank deposits was 16% (1999 -21%.)

21. Bank Overdraft

In the prior year the group's bank overdraft facilities were secured by a mortgage over the company's properties at Berths 1 through 9 and debentures over other assets within the group. The facilities are no longer secured.

22. Share Capital and Share Premium

	Number of shares '000	Ordinary Shares '000	Share Premium '000	Total '000
At 31 December 1998	625,275	125,055	74,401	199,456
Bonus issue of shares	<u>104,215</u>	<u>20,843</u>	<u>-</u>	<u>20,843</u>

At 31 December 1999	729,490	145,898	74,401	220,299
Bonus issue of shares	<u>145,895</u>	<u>29,179</u>	<u>-</u>	<u>29,179</u>
At 31 December 2000	<u>875,385</u>	<u>175,077</u>	<u>74,401</u>	<u>249,478</u>

The total authorised number of ordinary shares is 950,000,000 shares (1999 - 800,000,000) with a par value \$0.20 per share. All issued shares are fully paid.

During the year the authorised share capital was increased by the creation of 150,000,000 ordinary shares of \$0.20 each to rank pari passu with the existing ordinary shares of the company in all respects. 145,895,000 ordinary shares were subsequently issued as fully paid up bonus shares by the capitalisation of a portion of the company's earnings for the year. The new ordinary shares were converted and allotted as ordinary stock units transferable in units of \$0.20 each.

23. Capital Reserves

Capital reserves comprise:

	The Group 2000	1999	The Company 2000	1999
	\$'000	\$'000	\$'000	\$'000
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	97,266	78,672	-	-
Unrealised surplus on revaluation of fixed assets	1,696,510	1,696,510	1,022,810	1,022,810

Bonus shares received	-	1,172	92,425	78,227
Arising on consolidation	3,419	3,419	-	-
	<u>1,830,995</u>	<u>1,813,573</u>	<u>1,118,852</u>	<u>1,104,654</u>

The movements in each category of reserves were as follows:

(i) Capitalisation of profits

	The Group	
	2000	1999
	\$'000	\$'000
At beginning of year	78,672	63,648
Profits capitalised during year	<u>18,594</u>	<u>15,024</u>
At end of year	<u>97,266</u>	<u>78,672</u>

(ii) Unrealised surplus on revaluation of fixed assets

	The Group	
	2000	1999
	\$'000	\$'000
At beginning of year	1,696,510	1,697,178
Transfers to profit and loss account	-	(668)
At end of year	<u>1,696,510</u>	<u>1,696,510</u>

(iii) Bonus shares received

	The Group		The Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
At beginning of year	1,172	777	78,227	63,042
Bonus shares received	-	395	14,330	15,185
Transfer from profit and loss account	(1,172)	-	(132)	-
At end of year	<u>-</u>	<u>1,172</u>	<u>92,425</u>	<u>78,227</u>

24. Asset Replacement/Rehabilitation and Depreciation Reserves

	The Group and The Company	
	2000	1999
	\$'000	\$'000
(a) Asset Replacement/Rehabilitation Reserve	82,826	49,000
(b) Depreciation Reserve	<u>9,986</u>	<u>3,594</u>
	<u>92,812</u>	<u>52,594</u>

- (a) During 1998, the Port Authority of Jamaica authorised the creation of a special reserve to be provided through the tariff, for the replacement and/or rehabilitation of the wharf facilities. A total of \$66,701,000 to be recovered from the tariff over a five-year period, was approved to meet the shortfall in the accumulated needs of the Assets Replacement/Rehabilitation Reserve. A further sum of \$12,579,000 was also approved to meet the annual needs of the reserve.

The requirement of the Assets Replacement/Rehabilitation Reserve became effective in April 1998 with the introduction of the new tariff rate structure approved by the Port Authority of Jamaica.

(b) In April 1998, the Port Authority of Jamaica stipulated that the depreciation charge on the historical cost of fixed assets be matched with amounts placed in a Depreciation Fund.

The Authority requires that both the Asset Replacement/Rehabilitation and the Depreciation Reserves be represented by a Fund consisting of cash, deposits or easily realisable securities. The net interest arising on such Fund should be credited directly to the Asset Replacement/ Rehabilitation and the Depreciation Reserves, respectively (Note 20).

The movements in each category of reserves were as follows:

(i) Asset replacement/rehabilitation reserve

	The Group and The Company	
	2000	1999
	\$'000	\$'000
At beginning of year	49,000	18,861
Transfers from profit and loss account during the year	25,919	25,921
Interest earned, net	<u>7,907</u>	<u>4,218</u>
At end of year	<u>82,826</u>	<u>49,000</u>

(ii) Depreciation reserve

	The Group and The Company	
	2000	1999
	\$'000	\$'000
At beginning of year	3,594	865
Interest earned, net	<u>6,392</u>	<u>2,729</u>
At end of year	<u>9,986</u>	<u>3,594</u>

The total historical depreciation reserve for the purposes of the Port Authority of Jamaica's requirements amounts to \$67,926,000 (1999 - \$32,959,000) which is reflected in accumulated depreciation under fixed assets (Note 16).

	The Group and The Company	
	2000	1999
	\$'000	\$'000
(a) Asset Replacement/Rehabilitation Reserve and Depreciation Reserves	92,812	52,594
(b) Accumulated historical cost depreciation	<u>67,926</u>	<u>32,959</u>
	<u>160,738</u>	<u>85,553</u>

25. Long Term Loans

	The Group		The Company	
	2000	1999	2000	1999
(a) Port Authority of Jamaica	2,933	2,933	1,480	1,480
(b) Port Authority of Jamaica	-	17,370	-	17,370
(c) Harbour Cold Stores Limited	-	-	120,000	-
(d) Western Terminals Limited	-	-	50,000	-
(e) Trafalgar Development Bank	9,395	11,000	-	-
(f) Bank of Nova Scotia Jamaica Limited	45,825	-	45,825	-
(g) Development Bank of Jamaica/Bank of Nova Scotia Jamaica Limited	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
	73,153	31,303	232,305	18,850
Less: Current portion	<u>(16,646)</u>	<u>(19,203)</u>	<u>(13,667)</u>	<u>(17,370)</u>
	<u>56,507</u>	<u>12,100</u>	<u>218,638</u>	<u>1,480</u>

- (a) These loans, which are interest free and unsecured, were obtained to build the security wall and are repayable only if the wharf is sold.
- (b) This represented the balance of the off-dock storage fees payable to the Port Authority of Jamaica (Note 19).
- (c) This loan is unsecured and attracts interest at the prevailing market interest rate. The principal is repayable over a five-year period with a moratorium of one year on principal payments.
- (d) This loan is unsecured and attracts interest at the prevailing market rate. The principal is repayable over a five-year period with a moratorium of one year on principal payments.
- (e) This loan, which attracts interest at a rate of 13% per annum is repayable over 48 months and matures in March 2003. The loan is secured by a bank guarantee.
- (f) This represents a non-revolving loan obtained under the Scotia Bank Jamaica Economic Growth Fund and was obtained for the company's capital expenditure program. The interest rate is fixed at 8.5% per annum for the life of the loan. The principal is repayable in sixty equal consecutive monthly installments of \$583,000.
- (g) This represents a non-revolving loan granted by the Development Bank of Jamaica through the Bank of Nova Scotia Jamaica Limited. The interest is set at the Development Bank of Jamaica's lending rate plus 3% per annum, which is currently equivalent to 9.5% per annum. The principal is repayable in nine equal consecutive quarterly installments of \$1,667,000.

There is no security for loans (f) and (g). However a restrictive covenant exists against the company's assets.

26. Deferred Income

During 1997, the Port Authority of Jamaica approved the reimbursement of \$17,478,000 which represents a proportion of the expenditure incurred by Kingston Wharves Limited for leasehold improvements of the mobile units storage facilities. This amount was deferred and is being amortised over a period of 8 years.

27. Finance Lease Obligations

At 31 December 2000 the group had outstanding obligations under finance leases as follows:

	2000 \$'000	1999 \$'000
In the year ending 31 December 2000	-	963
2001	1,230	321
2002	909	-
2003	<u>227</u>	<u>-</u>
Total minimum lease payments	2,366	1,284
Less: Future finance charges	<u>(588)</u>	<u>(240)</u>
Present value of minimum lease payments	1,778	1,044
Less: Current portion	<u>(839)</u>	<u>(742)</u>
	<u>939</u>	<u>302</u>

28. Financial Instruments

(a) Credit risk

The group has no significant concentrations of credit risk. Cash and short-term deposits are placed with substantial financial institutions.

(b) Fair values

- (i) The amounts included in the financial statements for receivables and prepayments, payables, dividends payable, related companies, group companies, short term deposits and cash reflect their approximate fair values because of the short term maturities of these instruments.
- (ii) The fair values of investments, lease obligations and other long-term debts approximate their carrying amounts.
- (iii) The fair values of the Port Authority of Jamaica long term liability and of the long term receivables cannot be reasonably determined as there is no fixed maturity date or applicable rate of interest.

29. Pension Schemes

- (a) The company and its subsidiary (Security Administrators Limited) participate in a joint contributory pension scheme which is open to all permanent employees and administered by trustees. Under the scheme retirement benefits are based on average salary during the five years preceding retirement; this applies to full time employees.

The results of the latest actuarial valuation as at 1 January 1998 disclosed that the scheme was adequately funded at that date.

Included in these financial statements are contributions of \$18,016,000 (1999-\$13,421,000).

- (b) The subsidiaries (Harbour Cold Stores Limited and Kingston Terminal Operators Limited) participate in separate joint contributory pension plans.

- (i) Harbour Cold Stores Limited is one of a number of participating employers in a joint contributory pension scheme administered by trustees. The scheme, which commenced on 1 January 1975, is funded by employee contributions at 5% and employer's contribution of 10% of salary as recommended by independent actuaries. Annual pension at normal retirement age is based on 2% of the final 3 years' average salary per year of pensionable service, plus any declared bonus pension.

An actuarial valuation of the scheme as at 31 December 1998 revealed that it was adequately funded.

This subsidiary made contributions during the year of \$2,909,000 (1999-\$2,472,000).

- (ii) Kingston Terminal Operators Limited has a contributory pension plan which is administered by First Life Insurance Company Limited. Retirement benefits are based on average salary during the three years preceding retirement. The latest actuarial valuation, which was carried out in December 1998, revealed that the plan was adequately funded as at that date.

This subsidiary made contributions during the year of approximately \$24,000,000 (1999-\$24,454,000).

30. Capital Commitments

Commitments for capital expenditure approved but not yet disbursed at 31 December 2000 amount to \$306,000,000

31. Contingent Liabilities

During the year, a claim was filed against the company for approximately US\$626,000 (J\$27,200,000). No provision has been made for this claim as management, based on legal advice, is of the opinion that the company is not likely to suffer any losses from this claim.
