Kingston Wharves Limited

Financial Statements
31 December 2014

Kingston Wharves Limited
Index
31 December 2014

pwc

Independent Auditors' 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 65, which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accompanying financial statements of Kingston Wharves Limited standing alone, which comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and 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.

Auditors' 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 of 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 Kingston Wharves Limited standing alone as at 31 December 2014, 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 consolidated and company stand alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers
Chartered Accountants
4 March 2015
Kingston, Jamaica

Kingston Wharves Limited

Group Statement of Comprehensive Income

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Revenue		3,819,691	4,232,408
Direct costs		(2,154,472)	(2,428,476)
Gross Profit		1,665,219	1,803,932
Other operating income	8	278,117	488,902
Administration expenses		(798,069)	(815,792)
Operating Profit		1,145,267	1,477,042
Finance costs	9	(224,151)	(325,746)
Profit before Income Tax		921,116	1,151,296
Income tax expense	10	(71,724)	(304,322)
Net Profit for Year		849,392	846,974
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		(84,667)	(38,114)
Deferred tax effect on re-measurements of post-employment benefits		7,196	9,528
Surplus on revaluation of property, plant and equipment		3,627,886	-
Deferred tax effect on revaluation surplus		(288,584)	-
Total other comprehensive income, net of taxes		3,261,831	(28,586)
Total Comprehensive Income for Year		4,111,223	818,388
Net Profit Attributable to:			
Equity holders of the company	11	842,730	839,255
Non-controlling interest	12	6,662	7,719
		849,392	846,974
Total Comprehensive Income Attributable to:			
Equity holders of the company		4,104,561	810,669
Non-controlling interest	12	6,662	7,719
		4,111,223	818,388
Earnings per stock unit for profit attributable to the equity holders of the company during the year	13	$0.59	$0.59

Kingston Wharves Limited
Group Statement of Financial Position
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	16,121,451	11,981,800
Intangible assets	16	367,921	98,172
Recoverable from The Port Authority of Jamaica	18	32,730	-
Due from related party	21	102,405	81,291
Deferred income tax assets	30	1,337	1,122
Retirement benefit asset	19	679,828	653,321
		17,305,672	12,815,706
Current Assets			
Inventories	20	187,420	137,902
Trade and other receivables	22	586,747	586,285
Taxation recoverabie		11,752	16,872
Short term investments	23	1,747,912	2,099,333
Cash and bank	23	1,161,523	1,060,566
		3,695,354	3,900,958
Total Assets		21,001,026	16,716,664

Kingston Wharves Limited

Group Statement of Financial Position (Continued)

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
EQUITY			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	24	2,079,398	2,079,398
Capitai reserves	25	10,979,829	7,177,601
Asset replacement/rehabilitation and depreciation reserves	26	215,668	215,391
Retained earnings		3,683,366	3,217,003
		16,958,261	12,689,393
Non-controlling Interest	12	66,196	59,534
		17,024,457	12,748,927
LIABILITIES			
Non-current Liabilities			
Borrowings	27	1,490,542	1,498,689
Long term liability	29	84,510	-
Deferred income tax liabiiities	30	1,110,748	1,299,521
Retirement benefit obligations	19	201,449	179,944
		2,887,249	2,978,154
Current Liabilities			
Trade and other payables	31	535,212	359,029
Taxation		31,768	127,634
Borrowings	27	437,830	502,920
Current portion of long term liability	29	84,510	-
		1,089,320	989,583
Total equity and liabilities		21,001,026	16,716,664

Approved for issue by the Board of Directors on 4 March 2015 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 2014

(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 2012		2,079,398	7,165,022	215,168	2,676,572	12,136,160	51,815	12,187,975
Total comprehensive income for the year		-	-	-	810,669	810,669	7,719	818,388
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	26	-	-	223	(223)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	26	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	26	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Dividends	14	-	-	-	(257,436)	(257,436)	-	(257,436)
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		-	3,339,302	-	765,259	4,104,561	6,662	4,111,223
Effect of change in tax rate on deferred taxation on revaluation surplus		-	450,347	-	-	450,347	-	450,347
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	26	-	-	277	(277)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	26	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	26	-	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

Kingston Wharves Limited
Group Statement of Cash Flows
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Net profit		849,392	846,974
Adjustments for:			
Amortisation	16	66,137	10,166
Depreciation	15	362,381	330,496
Foreign exchange adjustment on loans		92,550	198,307
Foreign exchange gains on operating activities		(157,890)	(319,191)
Loss on disposal/write-off of property, plant and equipment		11,424	617
Retirement benefit asset		(88,614)	(86,812)
Retirement benefit obligations		(1,055)	(15,284)
Interest income	8	(74,460)	(84,634)
Interest expense	9	131,601	127,439
Taxation	10	71,724	304,322
		1,263,190	1,312,400
Changes in operating assets and liabilities:			
Inventories		(40,143)	(107,876)
Trade and other receivables		23,725	175,458
Due from related party		-	(81,291)
Trade and other payables		193,380	(127,125)
Recoverable from The Port Authority of Jamaica		(32,730)	3,101
Cash provided by operations		1,407,422	1,174,667
Tax paid		(182,499)	(324,491)
Net cash provided by operating activities		1,224,923	850,176
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(916,715)	(474,225)
Purchase of intangible asset		(335,886)	(105,222)
Proceeds from sale of property, plant and equipment		656	2,389
Short term deposits with maturity greater than 90 days		(24,408)	68,037
Interest received		52,663	103,821
Net cash used in investing activities		(1,223,690)	(405,200)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(143,199)	(264,346)
Interest paid		(132,647)	(125,820)
Loans received		352,000	250,000
Loans repaid		(516,742)	(495,726)
Net cash used in financing activities		(440,588)	(635,892)
Net decrease in cash and cash equivalents		(439,355)	(190,916)
Net cash and cash equivalents at beginning of year		2,977,946	2,847,720
Exchange adjustment on foreign currency cash and cash equivalents		164,483	321,142
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	23	2,703,074	2,977,946

Kingston Wharves Limited
Company Statement of Comprehensive Income
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Revenue		3,306,376	3,613,083
Direct expenses		(1,772,474)	(1,971,885)
Gross Profit		1,533,902	1,641,198
Other operating income	8	437,288	439,736
Administration expenses		(630,571)	(582,661)
Operating Profit		1,340,619	1,498,273
Finance costs	9	(230,896)	(333,662)
Profit before Income Tax		1,109,723	1,164,611
Income tax expense	10	(60,878)	(308,785)
Net Profit for the Year		1,048,845	855,826
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		(84,667)	(38,114)
Deferred tax effect on re-measurements of post-employment benefits		7,196	9,528
Surplus on revaluation of property, plant and equipment		2,517,071	-
Deferred tax effect on revaluation surplus		(140,881)	-
Total other comprehensive income, net of taxes		2,298,719	(28,586)
Total Comprehensive Income for Year		3,347,564	827,240

Kingston Wharves Limited
Company Statement of Financial Position
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	11,974,200	8,852,592
Intangible assets	16	367,921	98,172
Investments in subsidiaries	17	75,731	75,731
Recoverable from The Port Authority of Jamaica	18	32,730	-
Due from related party	21	102,405	81,291
Retirement benefit asset	19	679,828	653,321
		13,232,815	9,761,107
Current Assets			
Inventories	20	182,834	130,803
Trade and other receivables	22	484,286	472,292
Group companies	21	23,126	18,693
Short term investments	23	1,196,599	1,480,273
Cash and bank	23	1,105,080	1,006,759
		2,991,925	3,108,820
Total assets		16,224,740	12,869,927

Kingston Wharves Limited
Company Statement of Financial Position (Continued)
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
EQUITY			
Stockholders' Equity			
Share capital	24	2,079,398	2,079,398
Capital reserves	25	6,831,852	3,992,736
Asset replacement/rehabilitation and depreciation reserves	26	212,968	212,968
Retained earnings		3,742,635	3,069,880
		12,866,853	9,354,982
LIABILITIES			
Non-current Liabilities			
Borrowings	27	1,489,090	1,497,237
Long term liability	29	84,510	-
Deferred income tax liabilities	30	470,070	790,641
Retirement benefit obligations	19	201,449	179,944
		2,245,119	2,467,822
Current Liabilities			
Trade and other payables	31	496,341	317,432
Group companies	21	73,011	77,112
Taxation payable		21,076	125,891
Borrowings	27	437,830	526,688
Current portion of long term liability	29	84,510	-
		1,112,768	1,047,123
Total equity and liabilities		16,224,740	12,869,927

Approved for issue by the Board of Directors on 4 March 2015 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 2014

(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 2012		2,079,398	3,980,157	212,968	2,512,655	8,785,178
Total comprehensive income for the year		-	-	-	827,240	827,240
Transfer to asset replacement/rehabilitation and depreciation reserves	26	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	26	-	12,579	(12,579)	-	-
Transactions with owners:						
Dividends	14	-	-	-	(257,436)	(257,436)
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		-	2,376,190	-	971,374	3,347,564
Effect of change in tax rate on deferred taxation on revaluation surplus		-	450,347	-	-	450,347
Transfer to asset replacement/rehabilitation and depreciation reserves	26	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	26	-	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

Kingston Wharves Limited
Company Statement of Cash Flows
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Net profit		1,048,845	855,826
Adjustments for:			
Amortisation	16	66,137	10,166
Depreciation	15	266,447	235,505
Foreign exchange adjustment on long term loans		92,550	198,307
Foreign exchange gains		(147,225)	(305,282)
Loss on disposal/write-off of property, plant and equipment		11,873	1,229
Retirement benefit asset		(88,614)	(86,812)
Retirement benefit obligations		(1,055)	(15,284)
Interest income	8	(44,798)	(51,076)
Interest expense	9	138,346	135,355
Taxation	10	60,878	308,785
		1,403,384	1,286,719
Changes in operating assets and liabilities:			
Inventories		(42,656)	(108,411)
Group companies		(13,677)	47,407
Trade and other receivables		(9,955)	16,188
Trade and other payables		196,106	(110,651)
Recoverable from The Port Authority of Jamaica		(32,730)	3,101
Cash provided by operations		1,500,472	1,134,353
Tax paid		(169,602)	(306,142)
Net cash provided by operating activities		1,330,870	828,211
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(913,552)	(465,350)
Purchase of intangible asset		(335,886)	(105,222)
Proceeds from sale of property, plant and equipment		206	1,574
Short term deposits with maturity greater than 90 days		(206,361)	-
Interest received		45,149	54,067
Net cash used in investing activities		(1,410,444)	(514,931)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(143,199)	(264,346)
Interest paid		(134,249)	(130,645)
Loans received		352,000	250,000
Loans repaid		(540,510)	(520,926)
Net cash used in financing activities		(465,958)	(665,917)
Net decrease in cash and cash equivalents		(545,532)	(352,637)
Net cash and cash equivalents at beginning of year		2,454,132	2,499,536
Exchange adjustment on foreign currency cash and cash equivalents		153,818	307,233
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	23	2,062,418	2,454,132

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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, 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 tariff rate structure which was approved by the Port Authority of Jamaica became effective in April 1998.

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, interpretations and amendments 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 put into effect the following IFRS, which are immediately relevant to its operations. The pronouncements were effective from 1 January 2014, unless otherwise indicated.

- **IFRIC 21, 'Levies'.** IFRIC 21 addresses the accounting for a liability to pay a levy recognised in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The group does not expect any significant impact from future adoption of the interpretation on its financial statements.

There was no impact on opening retained earnings from the adoption of the abovementioned interpretation.

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

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.

- **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 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.

- **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 also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. 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. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

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 over 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 and 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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (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	Provision and installation of 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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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 five 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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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.

(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.

(p) 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.

(q) 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.

2. Summary of Significant Accounting Policies (Continued)

(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 insurance plan on a contractual basis. 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) 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. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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.

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.

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.

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.

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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk
The Group is exposed to credit risk where one party to a financial instrument fails to discharge an obligation and causes the other party 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Due from related party	102,405	81,291	102,405	81,291
Trade receivables	355,901	394,090	285,203	308,278
Other receivables	214,381	176,016	191,685	155,812
Group companies	-	-	23,126	18,693
Short term investments	1,747,912	2,099,333	1,196,599	1,480,273
Cash and bank	1,161,523	1,060,566	1,105,080	1,006,759
	3,582,122	3,811,296	2,904,098	3,051,106

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 2014, trade receivables of $140,120,000 (2013 - $172,853,000) for the Group and $126,325,000 (2013 - $122,918,000) 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
31 - 60 days	77,387	136,285	72,156	99,515
Over 60 days	62,733	36,568	54,169	23,403
	140,120	172,853	126,325	122,918

Kingston Wharves Limited

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

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 2014, trade receivables of $15,556,000 (2013 - $14,541,000) and $8,143,000 (2013 - $6,402,000) 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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Over 60 days	15,556	14,541	8,143	6,402

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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At 1 January	14,541	9,377	6,402	3,482
Provision for impairment	5,327	10,093	5,271	6,402
Receivables written off during the year as uncollectible	(1,497)	(4,929)	(715)	(3,482)
Amounts recovered	(2,815)	-	(2,815)	-
At 31 December	15,556	14,541	8,143	6,402

Additionally, 662,000 (2013 - $694,000) of trade receivables was written off directly for the Group and company.

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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Top ten customers	336,347	380,621	262,979	300,878
Other	35,110	28,010	30,367	13,802
	371,457	408,631	293,346	314,680
Less: Provision for impairment	(15,556)	(14,541)	(8,143)	(6,402)
	355,901	394,090	285,203	308,278

(ii) Short term investments
The Group's short term investments comprise repurchase agreements 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.

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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
			2014			
Long term loans	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
			2013			
Long term loans	57,519	114,603	448,646	1,645,988	85,008	2,351,764
Trade and other payables	359,029	-	-	-	-	359,029
Total financial liabilities	416,548	114,603	448,646	1,645,988	85,008	2,710,793

	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
			2014			
Long term loans	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
			2013			
Long term loans	59,881	119,234	466,998	1,645,989	83,556	2,375,658
Trade and other payables	317,432	-	-	-	-	317,432
Group companies	77,112	-	-	-	-	77,112
Total financial liabilities	454,425	119,234	466,998	1,645,989	83,556	2,770,202

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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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**
		2014	
Financial Assets			
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	1,113,669	2,366,048	3,479,717
Financial Liabilities			
Long term loans	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	(281,988)	1,129,101	847,113
		2013	
Financial Assets			
Short term investments	677,066	1,422,267	2,099,333
Trade and other receivables	243,833	326,273	570,106
Cash and bank	89,190	971,376	1,060,566
Total financial assets	1,010,089	2,719,916	3,730,005
Financial Liabilities			
Long term loans	670,309	1,331,300	2,001,609
Trade and other payables	335,815	23,214	359,029
Total financial liabilities	1,006,124	1,354,514	2,360,638
Net financial position	3,965	1,365,402	1,369,367

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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**
		2014	
Financial Assets			
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	661,897	2,139,796	2,801,693
Financial Liabilities			
Long term loans	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	(766,448)	902,849	136,401
		2013	
Financial Assets			
Short term investments	188,578	1,291,695	1,480,273
Trade and other receivables	140,371	323,719	464,090
Group companies	18,673	20	18,693
Cash and bank	64,572	942,187	1,006,759
Total financial assets	412,194	2,557,621	2,969,815
Financial Liabilities			
Long term loans	692,625	1,331,300	2,023,925
Trade and other payables	294,218	23,214	317,432
Group companies	77,112	-	77,112
Total financial liabilities	1,063,955	1,354,514	2,418,469
Net financial position	(651,761)	1,203,107	551,346

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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% (2013 - 1%) appreciation and a 10% (2013 - 15%) 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	Effect on Profit before Taxation	Change in Currency Rate	Effect on Profit before Taxation
	2014	2014	2013	2013
	%	$'000	%	$'000
		The Group		
Currency:				
USD	+1	11,291	+1	13,654
USD	-10	(112,910)	-15	(204,810)
		The Company		
USD	+1	9,028	+1	12,031
USD	-10	(90,285)	-15	(180,466)

(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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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
				2014			
Assets							
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	-	-	1,592,907	3,479,717
Liabilities							
Long term loans	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)	885,581	847,113
				2013			
Assets							
Short term investments	1,145,952	771,428	181,953	-	-	-	2,099,333
Trade and other receivables	10,585	-	-	-	-	559,521	570,106
Cash and bank	124,756	-	-	-	-	935,810	1,060,566
Total financial assets	1,281,293	771,428	181,953	-	-	1,495,331	3,730,005
Liabilities							
Long term loans	48,457	91,228	360,993	1,417,890	77,440	5,601	2,001,609
Trade and other payables	-	-	-	-	-	359,029	359,029
Total financial liabilities	48,457	91,228	360,993	1,417,890	77,440	364,630	2,360,638
Total interest repricing gap	1,232,836	680,200	(179,040)	(1,417,890)	(77,440)	1,130,701	1,369,367

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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
				2014			
Assets							
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	-	-	1,474,099	2,801,693
Liabilities							
Long term loans	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)	734,085	136,401
				2013			
Assets							
Short term investments	716,901	763,372	-	-	-	-	1,480,273
Trade and other receivables	4,017	-	-	-	-	460,073	464,090
Group companies	-	-	-	-	-	18,693	18,693
Cash and bank	94,748	-	-	-	-	912,011	1,006,759
Total financial assets	815,666	763,372	-	-	-	1,390,777	2,969,815
Liabilities							
Long term loans	48,457	97,168	378,821	1,417,890	77,440	4,149	2,023,925
Trade and other payables	-	-	-	-	-	317,432	317,432
Group companies	-	-	-	-	-	77,112	77,112
Total financial liabilities	48,457	97,168	378,821	1,417,890	77,440	398,693	2,418,469
Total interest repricing gap	767,209	666,204	(378,821)	(1,417,890)	(77,440)	992,084	551,346

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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.

				The Group		The Company	
				Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation
				2014	2013	2014	2013
				$'000	$'000	$'000	$'000
Change in basis points							
2014 JMD	**2014 USD**	**2013 JMD**	**2013 USD**				
+250	+200	+250	+200	(1,287)	(4,895)	(14,100)	(11,040)
-100	-50	-100	-50	687	1,466	5,134	4,429

3. Financial Risk Management (Continued)

(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. Total stockholders' equity is calculated as capital and reserves attributable to company's equity holders as shown in the consolidated statement of financial position.

During 2014, the Group's strategy, which was unchanged from 2013, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014 $'000	2013 $'000
Total long term borrowings (Note 28)	1,926,748	1,998,940
Total stockholders' equity	16,958,261	12,689,393
Gearing ratio (%)	11.36%	15.8%

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

The company and its subsidiaries complied with all externally imposed capital requirements to which they were subjected.

(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.

(i) The fair values of the Group's financial instruments were estimated at the face value, less any estimated credit adjustments. The carrying values 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, the income tax rate is variable and is based on approved methodology which is 8.5% for 2014 (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 $31,430,000 lower or $24,572,000 higher (Note 19). 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 19).

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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
(b) Cold storage operations - Provision and installation of 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 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 (Note 15)	266,447	20,191	4,862	70,881	-	362,381

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Financial Information (Continued)

	Terminal Operations	Cold Storage Operations	Security Operations	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2013						
External operating revenue	3,604,476	191,485	436,447	-	-	4,232,408
Operating revenue from segments	8,607	4,571	54,791	1,940	(69,909)	-
Total revenue	3,613,083	196,056	491,238	1,940	(69,909)	4,232,408
Operating profit/(loss)	1,498,273	16,159	30,893	(59,838)	(8,445)	1,477,042
Interest expense	(135,355)	-	-	(529)	8,445	(127,439)
	1,362,918	16,159	30,893	(60,367)	-	1,349,603
Foreign exchange loss						(198,307)
Profit before income tax						1,151,296
Income tax expense						(304,322)
Profit before non-controlling interest						846,974
Non-controlling interest						(7,719)
Net profit attributable to equity holders of the company						839,255
Segment assets	12,216,606	976,458	221,721	2,832,818	(202,254)	16,045,349
Unallocated assets						671,315
Total assets						16,716,664
Segment liabilities	2,418,470	8,323	50,849	13,220	(130,224)	2,360,638
Unallocated liabilities						1,607,099
Total liabilities						3,967,737
Other segment items:						
Interest income (Note 8)	51,076	29,668	3,255	9,080	(8,445)	84,634
Capital expenditure (Note 15)	465,350	-	8,875	-	-	474,225
Capital expenditure (Note 16)	105,222	-	-	-	-	105,222
Amortisation (Note 16)	10,166	-	-	-	-	10,166
Depreciation (Note 15)	235,505	19,802	4,674	70,515	-	330,496

Revenues of approximately $1,351,084,000 (2013 – $1,706,927,000) were earned from two customers. The revenues are attributable to the Terminal Operations segment.

Kingston Wharves Limited

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2014 **\$'000**	**2013** **\$'000**	**2014** **\$'000**	**2013** **\$'000**
Advertising and public relations	23,356	25,125	21,924	22,643
Amortisation (Note 16)	66,137	10,166	66,137	10,166
Auditors' remuneration	12,370	10,448	7,861	7,179
Bad debts	3,279	10,787	3,739	7,096
Bank charges	27,804	27,915	27,586	27,843
Claims	16,105	28,394	16,098	26,318
Cleaning and sanitation	17,751	19,525	17,751	9,925
Customs overtime	37,192	30,773	37,192	30,773
Depreciation (Note 15)	362,381	330,496	266,447	235,505
Directors' fees	24,777	23,562	24,328	23,404
Equipment rental	75,262	103,388	75,262	103,388
Fuel	133,194	159,659	133,194	157,335
Information technology	71,987	68,159	70,340	65,773
Insurance	159,424	143,742	144,049	126,333
Irrecoverable General Consumption Tax	50,829	54,967	46,107	50,907
Legal and consultation expenses	33,202	44,460	30,819	39,761
Occupancy: property taxes and rent	9,883	10,404	9,936	10,426
Repairs and maintenance	222,120	378,650	207,044	342,688
Security	39,016	28,424	52,934	47,464
Staff costs (Note 7)	1,212,640	1,284,048	824,082	852,892
Terminal transfers	47,852	96,436	47,852	96,436
Utilities	206,604	264,076	200,906	203,901
Other	99,376	90,664	71,457	56,390
	2,952,541	3,244,268	2,403,045	2,554,546

7. Staff Costs

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Wages and salaries	941,451	1,048,030	622,289	728,372
Payroll taxes – employer's contributions	105,207	112,098	68,376	74,355
Pension costs – defined benefit plan (Note 19)	(64,166)	(57,176)	(64,166)	(57,176)
Pension costs – defined contribution plan	6,615	8,007	-	-
Other retirement benefits (Note 19)	9,576	5,778	9,576	5,778
Meal and travelling allowances	58,709	69,137	54,400	69,137
Termination costs	71,063	31,281	71,063	-
Other	84,185	66,893	62,544	32,426
	1,212,640	1,284,048	824,082	852,892

8. Other Operating Income

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Dividends	-	-	200,000	-
Interest	74,460	84,634	44,798	51,076
Bad debts recovered	621	1,995	621	1,995
Foreign exchange gains	157,890	319,191	147,225	305,283
Proceeds from insurance claims	19,252	82,611	19,252	82,611
Termination costs recoverable from The PAJ	32,730	-	32,730	-
Other	(6,836)	471	(7,338)	(1,229)
	278,117	488,902	437,288	439,736

9. Finance Costs

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Interest expense -				
Loans	131,601	127,439	138,346	135,355
Foreign exchange losses	92,550	198,307	92,550	198,307
	224,151	325,746	230,896	333,662

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

10. Income Tax Expense

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current tax on profit for the year	91,753	328,370	64,787	313,300
Deferred income tax (Note 30)	(20,029)	(24,048)	(3,909)	(4,515)
	71,724	304,322	60,878	308,785

The tax on profit differs from the theoretical amount that would arise using a basic statutory rate of 8.5% (2013 - 30%) as follows:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Profit before tax	921,116	1,151,296	1,109,723	1,164,611
Tax calculated at a tax rate of 8.5% (2013 - 30%)	78,295	345,389	94,326	349,383
Adjusted for the effects of:				
Income not allowable for tax	-	-	(17,000)	-
Income taxed at higher rate	2,843	-	-	-
Expenses not deductible for tax purposes	16,992	5,439	8,841	5,352
Change in rate for deferred income taxes	(31,400)	(13,120)	(31,400)	(13,639)
Special tax allowances	-	(32,452)	-	(32,452)
Other	4,994	(934)	6,111	141
Income tax expense	71,724	304,322	60,878	308,785

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 8.5% for the 2014 financial year. This rate has also been applied in determining the amounts for deferred taxation for the company in these financial statements (Note 30).

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

11. Profit Attributable to Equity Holders of the Company

	2014 $'000	2013 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	1,048,845	855,826
Inter-group dividends from subsidiaries eliminated on consolidation	(200,000)	-
Adjusted net profit – holding company	848,845	855,826
Subsidiaries	(6,115)	(16,571)
	842,730	839,255
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	3,742,635	3,069,880
Subsidiaries	(59,269)	147,123
	3,683,366	3,217,003

12. Non-controlling Interest

The non-controlling interest is comprised as follows:

	2014 $'000	2013 $'000
At beginning of year	59,534	51,815
Share of net profit of subsidiary	6,662	7,719
	66,196	59,534

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.

	2014	2013
Net profit attributable to equity holders of the company ($'000)	842,730	839,255
Weighted average number of ordinary stock units in issue (thousands)	1,430,200	1,430,200
Basic earnings per stock unit	$0.59	$0.59

14. Dividends

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

	2014 $'000	2013 $'000
Ordinary dividends, gross - 20 cents (2013 – 18 cents)	286,040	257,436

In December 2014, the company declared a dividend of ten (10) cents per share which is payable in February 2015 to shareholders on record in January 2015 (Notes 31 and 35).

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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
				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	16,684,629	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
				2013				
Cost or Valuation -								
At 31 December 2012	3,178,153	12,486,459	1,616,381	267,404	317,816	90,629	29,641	17,986,483
Additions	-	432	9,454	-	10,839	12,422	441,078	474,225
Transfers	-	10,297	259,714	-	16,559	67,695	(354,265)	-
Disposals	-	(340)	(33,429)	-	-	(2,528)	-	(36,297)
At 31 December 2013	3,178,153	12,496,848	1,852,120	267,404	345,214	168,218	116,454	18,424,411
Depreciation -								
At 31 December 2012	-	5,112,836	517,301	230,110	227,926	57,233	-	6,145,406
Charge for the year	-	219,230	73,278	10,333	16,698	10,957	-	330,496
Relieved on disposals	-	(136)	(30,627)	-	-	(2,528)	-	(33,291)
At 31 December 2013	-	5,331,930	559,952	240,443	244,624	65,662	-	6,442,611
Net Book Value -								
At 31 December 2013	3,178,153	7,164,918	1,292,168	26,961	100,590	102,556	116,454	11,981,800

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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
				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	385,497	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
				2013				
Cost or Valuation -								
At 31 December 2012	2,091,153	8,207,044	1,594,143	19,137	306,243	73,877	29,641	12,321,238
Additions	-	-	5,395	-	9,701	9,176	441,078	465,350
Transfers	-	10,297	259,714	-	16,559	67,695	(354,265)	-
Disposal	-	-	(33,311)	-	-	-	-	(33,311)
At 31 December 2013	2,091,153	8,217,341	1,825,941	19,137	332,503	150,748	116,454	12,753,277
Depreciation -								
At 31 December 2012	-	2,919,684	501,985	9,010	219,495	45,514	-	3,695,688
Charge for the year	-	147,320	62,860	1,271	15,610	8,444	-	235,505
On disposal	-	-	(30,508)	-	-	-	-	(30,508)
At 31 December 2013	-	3,067,004	534,337	10,281	235,105	53,958	-	3,900,885
Net Book Value -								
At 31 December 2013	2,091,153	5,150,337	1,291,604	8,856	97,398	96,790	116,454	8,852,592

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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 25).

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 2014 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	-	4,697,005	-
Plant and Buildings	Dec-14	-	-	9,721,180
Total		-	4,697,005	9,721,180
		The Company		
Freehold Land	Dec-14	-	3,090,005	-
Plant and Buildings	Dec-14	-	-	7,197,408
Total		-	3,090,005	7,197,408

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

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 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	7,164,918	5,150,337
Additions	539,024	539,016
Revaluation surplus (net)	2,248,242	1,657,427
Depreciation through profit or loss	(231,004)	(149,372)
Closing Balance	9,721,180	7,197,408

The Group

Description	Fair value at December 2014 $'000	Valuation Technique(s)	Unobservable Inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Plant & Building	9,721,180	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

The Company

Description	Fair value at December 2014 $'000	Valuation Technique(s)	Unobservable Inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Plant & Building	7,197,408	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

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (Continued)

(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 28).

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

	The Group		The Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Cost	4,769,011	4,090,787	4,668,208	3,989,984
Accumulated depreciation	(800,084)	(716,423)	(781,286)	(699,835)
Net book value	3,968,927	3,374,364	3,886,922	3,290,149

16. Intangible Assets

	The Group and Company		
	Computer Software $'000	**Rights to Customer Contracts $'000**	**Total $'000**
At Cost -			
At 31 December 2012	6,889	-	6,889
Additions	664	104,558	105,222
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
Amortisation -			
At 31 December 2012	3,773	-	3,773
Amortisation charge for year	1,453	8,713	10,166
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
Net Book Value -			
31 December 2014	16,608	351,313	367,921
31 December 2013	2,327	95,845	98,172

The additions to 'Rights to Customer Contracts' during the year, related to the acquisition by Group of the stevedoring operations of an operator at Port Bustamante. The remaining amortisation period for the related contract is four years. Similar contracts acquired in the 2013 financial year will be amortised over the remaining period of eight years.

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

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

17. Investments in Subsidiaries

	2014 $'000	2013 $'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. 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 recoverable from the PAJ of $32,730,000 represents the amount due to be offset against wharfage reserves. An additional amount of $33,725,000 is deemed recoverable but is subject to final validation and approval by the PAJ. As a result, this amount is yet to be recognised.

A total of $16,815,000 (2013 - $19,016,000) was collected during the year but at 31 December 2014 has not yet been approved for allocation against the receivable.

	The Group and Company	
	2014 $'000	2013 $'000
Balance at 1 January	-	3,101
Allocation of 16% of wharfage collections	-	(19,016)
Severance payments	32,730	-
Transferred to accounts payable (Note 31)	-	15,915
	32,730	-
This comprises:		
Severance payments	32,730	-

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefit Asset and Obligations

	The Group and Company	
	2014	Restated 2013
	$'000	$'000
Statement of financial position (asset)/obligations for:		
Pension benefits	(679,828)	(653,321)
Other retirement benefits	201,449	179,944
Profit or loss for (Note 7):		
Pension benefits	(64,166)	(57,176)
Other retirement benefits	9,576	5,778
Remeasurements for:		
Pension benefits	62,107	46,201
Other retirement benefits	22,560	(8,087)
	84,667	38,114

(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 2014.

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 completed.

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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

19. 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	
	2014 $'000	2013 $'000
Fair value of plan assets	(1,824,731)	(1,713,046)
Present value of funded obligations	1,144,903	1,048,612
Surplus of funded plan	(679,828)	(664,434)
Limitation of asset due to uncertainty of obtaining economic benefits	-	11,113
Asset in the statement of financial position	(679,828)	(653,321)

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

	The Group and Company	
	2014 $'000	2013 $'000
Asset at beginning of year	(653,321)	(612,710)
Amounts recognised in statement of comprehensive income	(2,059)	(10,975)
Contributions paid	(24,448)	(29,636)
Asset at end of year	(679,828)	(653,321)

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

	The Group and Company	
	2014 $'000	2013 $'000
Balance at beginning of year	(1,713,046)	(1,603,570)
Interest income	(158,761)	(168,017)
Re-measurements -		
Return on plan assets, excluding amounts included in interest (expense)/income	(36,684)	51,718
Members' contributions	(21,887)	(25,297)
Employer's contributions	(24,448)	(29,636)
Benefits paid	130,095	67,985
Transfers in	-	(6,229)
Balance at end of year	(1,824,731)	(1,713,046)

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

19. 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	
	2014	**2013**
	$'000	**$'000**
Balance at beginning of year	1,048,612	916,494
Current service cost	35,904	34,791
Past service cost	15,934	-
Interest cost	94,222	96,706
Re-measurements -		
Loss from change in financial assumptions	110,960	67,724
Experience gains	-	(2,179)
Members' contributions	9,663	9,948
Benefits paid	(130,095)	(67,985)
Transfers in	-	6,229
Gain on curtailment	(40,297)	(13,116)
Balance at end of year	1,144,903	1,048,612

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $501,960,000 relating to active employees, $38,028,000 relating to deferred members, $598,763,000 relating to members in retirement and $6,152,000 representing other liabilities.

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

	The Group and Company	
	2014	**2013**
	$'000	**$'000**
Balance at beginning of year	11,113	74,366
Interest expense	1,056	7,808
Change in asset ceiling, excluding amounts included in interest expense	(12,169)	(71,061)
	-	11,113

The amounts recognised in profit or loss are as follows:

	The Group and Company	
	2014	**2013**
	$'000	**$'000**
Current service cost	23,680	19,443
Interest income	(63,483)	(63,503)
Past service cost	15,934	-
Gain on curtailment	(40,297)	(13,116)
Total, included in staff costs (Note 7)	(64,166)	(57,176)

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

19. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Plan assets are comprised as follows:

	The Group and Company			
	2014		2013	
	$'000	%	$'000	%
Quoted securities:				
Equity securities	362,229	19.9	314,711	18.4
Government of Jamaica securities	1,082,816	59.3	998,922	58.3
Corporate bonds and promissory notes	106,217	5.8	85,309	5.0
Repurchase agreements	90,661	5.0	110,286	6.4
Leases	22,582	1.2	19,995	1.2
Real estate	85,000	4.7	85,000	4.9
Other	75,226	4.1	98,823	5.8
	1,824,731	100	1,713,046	100.0

The pension plan assets include ordinary stock units of the company with a fair value of $60,000,000 (2013 - $60,600,000).

Expected contributions to the post-employment plan for the year ending 31 December 2015 are $25,333,000.

The significant actuarial assumptions used were as follows:

	2014	2013
Discount rate	9.50%	9.50%
Future salary increases	6.00%	5.50%
Expected pension increase	4.00%	3.75%

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%	(133,484)	166,473
Future salary increases	1%	35,847	(32,185)
Expected pension increase	1%	117,638	(98,219)
Life expectancy	1%	19,817	(24,126)

19. 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 7.5% per year (2013 – 7.5%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 6% per year (2013 – 5.5%).

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

	The Group and Company	
	2014	**2013**
	$'000	**$'000**
Present value of unfunded obligations	201,449	179,944

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

	The Group and Company	
	2014	**2013**
	$'000	**$'000**
Liability at beginning of year	179,944	203,315
Amounts recognised in the statement of comprehensive income	32,136	(2,309)
Contributions paid	(10,631)	(21,062)
Liability at end of year	201,449	179,944

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

19. 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	
	2014 **$'000**	**2013** **$'000**
Balance at beginning of year	179,944	203,315
Current service cost	7,219	8,077
Interest cost	16,215	20,299
Gain on curtailment	(13,858)	(22,598)
Included in staff costs in profit or loss (Note 7)	9,576	5,778
Re-measurements -		
Loss/(gain) from change in financial assumptions	443	(24,378)
Loss from change in demographic assumptions	18,180	-
Experience losses	3,937	16,291
Total, included in other comprehensive income	22,560	(8,087)
Benefits paid	(10,631)	(21,062)
Balance at end of year	201,449	179,944

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%	(2,256)	2,727
Future salary increases	1%	943	(857)

	Impact on Post-employment Obligations - Medical		
	Change in Assumption	**Increase in Assumption $'000**	**Decrease in Assumption $'000**
Discount rate	1%	(24,572)	31,430
Future medical cost rate	1%	31,430	(24,572)

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

19. 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 2014 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 2014. 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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

19. 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 13 years.

The weighted average duration of the defined benefit obligation for post employment medical and life insurance benefits is 15 years.

20. Inventories

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Refrigeration equipment	4,112	5,583	-	-
Fuel	3,126	5,624	3,126	5,624
Spares	180,182	126,695	179,708	125,179
	187,420	137,902	182,834	130,803

21. 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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
(i) Revenue earned from sales of services				
Subsidiaries	-	-	4,851	8,606
Companies controlled by directors/members or related by virtue of common directorships	1,619,374	2,258,840	1,473,071	1,881,883
	1,619,374	2,258,840	1,477,922	1,890,489

Services provided to related parties are negotiated as is with non-related party customers. Services are sold on the basis of the price lists in force with non-related parties.

	The Group		The Company	
(ii) Interest income earned				
Companies controlled by directors/members or related by virtue of common directorships	-	38,445	-	36,303
(iii) Other income - dividends				
Subsidiaries	-	-	200,000	-
(iv) Purchases of goods and services				
Subsidiaries	-	-	55,789	56,005
Companies controlled by directors/members related by virtue of common directorships	144,408	173,069	121,021	173,069
	144,408	173,069	176,810	229,074

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

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

21. Related Party Transactions and Balances (Continued)

(a) Transactions with related parties (continued)

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(v) Interest paid				
Subsidiaries	-	-	6,756	7,915

(b) Year-end balances with related parties:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(i) Due from related companies				
Subsidiaries	-	-	23,126	18,693
Companies controlled by directors/members or related by virtue of common directorships				
Long term	102,405	81,291	102,405	81,291
Current (Note 22)	225,935	270,925	225,506	259,461
	328,340	352,216	351,037	359,445

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 $4,666,000 (2013 - $5,501,000) are held against current accounts receivable from related parties. These amounts are included in bad debt expenses in profit or loss.

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(ii) Due to related companies				
Subsidiaries	-	-	73,011	77,112
Companies controlled by directors/members and related by virtue of common directorships (Note 31)	75,261	69,683	53,792	69,683
	75,261	69,683	126,803	146,795

Included in the amount due to subsidiaries is $32,900,000 (2013 - $32,900,000), representing funds being held on deposit for a subsidiary (Note 23).

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(iii) Short term investments				
Companies controlled by directors/members or related by virtue of common directorships	-	1,467,443	-	1,130,904

The investments in 2013 attracted interest at rates between 2.90% and 6.50%.

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(iv) Bank balances				
Companies controlled by directors/members or related by virtue of common directorships	4,198	95,328	4,198	41,534

The bank balances with related parties are currently interest free. 2013 balances attracted interest of 0.25% - 0.75% per annum (Note 23).

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

21. Related Party Transactions and Balances (Continued)

(b) Year-end balances with related parties (continued):

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(v) Borrowings				
Subsidiaries – long term loans	-	-	-	23,768
Companies controlled by directors/members or related by virtue of common directorships – long term loans	68,233	93,172	65,301	91,720
	68,233	93,172	65,301	115,488

(c) Key management compensation:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Salaries and other short term employee benefits	60,426	59,983	52,789	48,364
Payroll taxes – employer's contributions	3,412	4,969	2,846	4,236
Pension benefits	3,489	4,515	2,673	3,193
Termination costs	-	10,482	-	-
Other	4,284	5,618	3,328	4,862
	71,611	85,567	61,636	60,655
Directors' emoluments –				
Fees				
Current year	24,777	23,562	24,328	23,404
Management remuneration (included in salaries above)	24,985	25,336	24,985	25,336

22. Trade and Other Receivables

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade receivables	371,457	408,631	293,346	314,680
Less: Provision for impairment	(15,556)	(14,541)	(8,143)	(6,402)
	355,901	394,090	285,203	308,278
Prepayments	16,465	16,179	7,398	8,202
Other	214,381	176,016	191,685	155,812
	586,747	586,285	484,286	472,292

Trade receivables include amounts receivable from related parties (Note 21). The fair values for trade and other receivables approximates the carrying values.

23. Cash and Cash Equivalents

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Short term investments - deposits	1,747,912	2,099,333	1,196,599	1,480,273
Less : Short term investments with maturity periods in excess of 90 days	(206,361)	(181,953)	(206,361)	-
Less: Investments held for subsidiary (Note 21)	-	-	(32,900)	(32,900)
	1,541,551	1,917,380	957,338	1,447,373
Cash and bank	1,161,523	1,060,566	1,105,080	1,006,759
	2,703,074	2,977,946	2,062,418	2,454,132

The weighted average effective interest rate on short term deposits was 2.00% (2013 – 2.10%) per annum for United States dollar denominated deposits and 6.81% (2013 – 6.79%) per annum for Jamaican dollar deposits. These short term deposits have an average maturity of forty two (42) days.

The weighted average effective interest rate on short term deposits with maturity period in excess of 90 days was 1.97% (2013 – 3.21%) per annum for United States dollar denominated deposits and 6.97% (2013 – 6.74%) per annum for Jamaican dollar deposits. These short term deposits have an average maturity of ninety three (93) days.

Cash and bank and short term investments include amounts placed with related parties (Note 21). Cash at bank includes an interest earning current account. Interest is currently 1% per annum.

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 28.

24. Share Capital

	Number of Stock Units '000	Ordinary Stock Units $'000
Issued share capital at:		
At 31 December 2013	1,430,200	2,079,398
At 31 December 2014	1,430,200	2,079,398

The total authorised number of ordinary shares is 1,507,550,000 (2013 - 1,507,550,000) units. All issued shares are fully paid.

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

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

25. Capital Reserves

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Unrealised surplus on revaluation of property, plant and equipment	11,664,540	8,036,654	6,906,922	4,389,851
Less: Deferred taxation	(1,146,502)	(1,308,265)	(372,878)	(682,344)
	10,518,038	6,728,389	6,534,044	3,707,507
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	294,181	281,602	294,181	281,602
Capitalisation of Depreciation Reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
	10,979,829	7,177,601	6,831,852	3,992,736

26. 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Fund	215,668	215,391	212,968	212,968
	215,668	215,391	212,968	212,968

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

26. 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	
	2014 $'000	2013 $'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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At beginning of year	215,391	215,168	212,968	212,968
Transfer from retained earnings (net interest)	277	223	-	-
At end of year	215,668	215,391	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.

27. Borrowings

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-Current				
Long term loans (Note 28)	1,490,542	1,498,689	1,489,090	1,497,237
Current				
Current portion of long term loans (Note 28)	437,830	502,920	437,830	526,688
	1,928,372	2,001,609	1,926,920	2,023,925

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

28. Long Term Loans

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'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)	Harbour Cold Stores Limited	-	-	-	23,768
(d)	Development Bank of Jamaica/First Global Bank Limited	44,769	114,701	44,769	114,701
(e)	Development Bank of Jamaica/First Global Bank Limited	184,800	213,600	184,800	213,600
(f)	Development Bank of Jamaica/CIBC FirstCaribbean International Bank (Jamaica) Limited	3,841	8,429	3,841	8,429
(g)	Development Bank of Jamaica/CIBC FirstCaribbean International Bank (Jamaica) Limited	214,286	250,000	214,286	250,000
(h)	CIBC FirstCaribbean International Bank (Jamaica) Limited	-	61,439	-	61,439
(i)	CIBC FirstCaribbean International Bank (Jamaica) Limited	1,058,819	1,269,861	1,058,819	1,269,861
(j)	CIBC FirstCaribbean International Bank (Jamaica) Limited	352,000	-	352,000	-
(k)	Kingston Portworkers Superannuation Fund	65,301	77,978	65,301	77,978
		1,926,748	1,998,940	1,925,296	2,021,256
	Add: Interest payable	1,624	2,669	1,624	2,669
		1,928,372	2,001,609	1,926,920	2,023,925
	Less: Current portion	(437,830)	(502,920)	(437,830)	(526,688)
		1,490,542	1,498,689	1,489,090	1,497,237

(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 represented an unsecured loan of $194 million with an interest rate of 13% per annum. The principal was repayable over a seven-year period with a one year moratorium on principal and the loan was fully repaid during the year.

(d) 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.

(e) 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.

28. Long Term Loans (Continued)

(f) 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.

(g) 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.

(h) This represented a credit facility through CIBC FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest was computed based on US six-month LIBOR plus 4.50% per year. The loan was repayable by forty equal monthly installments of US$95,000 per month. The loan was repaid during the year.

(i) 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.

(j) 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.

(k) 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 (d) – (e) 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 (f)-(i) above and including the bank overdrafts (Notes 3 and 23) and guarantees (Note 33), is a registered demand debenture providing fixed and floating charges over the company's fixed and floating assets stamped to cover US$26.6 miilon, 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).

29. Long Term Liability

The long term liability totalling $169,020,000 (including current portion) represents amounts due to a third party in relation to stevedoring contracts acquired (Note 16).

Kingston Wharves Limited

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

30. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 8.5% (2013 – 25%) for the parent and 25% (2013- 25%) for the subsidiaries.

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Statement of financial position (assets)/liabilities for:				
Deferred income tax assets	(1,337)	(1,122)	-	-
Deferred income tax liabilities	1,110,748	1,299,521	470,070	790,641
Net deferred income tax liabilities	1,109,411	1,298,399	470,070	790,641

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

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Net liabilities at beginning of year	1,298,399	1,331,975	790,641	804,684
Profit or loss (Note 10)	(20,029)	(24,048)	(3,909)	(4,515)
Other comprehensive income	(7,196)	(9,528)	(7,196)	(9,528)
Stockholders' equity on revaluation	288,584	-	140,881	-
Effect of change in tax rate on previous years' revaluation surplus	(450,347)	-	(450,347)	-
Net liabilities at end of year	1,109,411	1,298,399	470,070	790,641

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

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Vacation leave accrual	1,623	254	1,592	317
Other payables	24	-	-	-
Employee benefit obligations	29,781	3,821	29,781	3,821
Unrealised foreign exchange losses	117,870	(17,645)	117,870	(17,645)
Interest payable	4,949	(666)	4,949	(666)
Property, plant and equipment	(68,968)	(29,330)	(56,018)	(7,681)
Unrealised foreign exchange gains	(1,123)	(3,669)	(1,123)	(3,615)
Interest receivable	(3,918)	1,485	(693)	(748)
Retirement benefit asset	(100,267)	21,702	(100,267)	21,702
	(20,029)	(24,048)	(3,909)	(4,515)

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

30. Deferred Income Tax (Continued)

The deferred tax movement in other comprehensive income comprises:

	The Group		The Company	
	2014 **$'000**	**2013** **$'000**	**2014** **$'000**	**2013** **$'000**
Retirement benefit asset	(5,278)	(11,550)	(5,278)	(11,550)
Employee benefit obligations	(1,918)	2,022	(1,918)	2,022
	(7,196)	(9,528)	(7,196)	(9,528)

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

	The Group		The Company	
	2014 **$'000**	**2013** **$'000**	**2014** **$'000**	**2013** **$'000**
Deferred income tax assets -				
Vacation leave accrual	3,023	4,646	1,599	3,191
Other payables	509	533	-	-
Employee benefit obligations	17,123	44,986	17,123	44,986
Unrealised foreign exchange losses	-	117,870	-	117,870
Interest payable	3,081	8,030	3,081	8,030
	23,736	176,065	21,803	174,077
Deferred income tax liabilities -				
Property, plant and equipment	1,067,444	1,298,175	433,349	798,834
Unrealised foreign exchange gains	427	1,550	427	1,550
Interest receivable	7,491	11,409	312	1,004
Retirement benefit asset	57,785	163,330	57,785	163,330
	1,133,147	1,474,464	491,873	964,718
Net deferred income tax liabilities	1,109,411	1,298,399	470,070	790,641

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	
	2014 **$'000**	**2013** **$'000**	**2014** **$'000**	**2013** **$'000**
Deferred income tax assets to be recovered -				
After more than 12 months	17,123	162,856	17,123	162,856
Deferred income tax liabilities to be extinguished -				
After more than 12 months	1,125,229	1,461,505	491,134	962,164

31. Trade and Other Payables

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables	88,395	103,387	81,359	67,386
Dividends payable	149,507	6,666	149,507	6,666
Provision for 16% wharfage reserve	32,730	15,915	32,730	15,915
Other payables and accruals	264,580	233,061	232,745	227,465
	535,212	359,029	496,341	317,432

Trade and other payables include amounts payable to related parties (Note 21).

32. 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:

	2014 $'000	2013 $'000
No later than 1 year	22,500	30,000
Later than 1 year and no later than 5 years	-	22,500
	22,500	52,500

33. 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. These are not monetary claims and if the plaintiffs succeed in obtaining a judgement against the company, it is not likely that the outcome will have a negative impact on the company's operations. As at statement of financial position date judgement had not been decided.

Other

The Group is contingently liable to its bankers in respect of guarantees in the ordinary course of business totalling approximately $12.3 million.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

34. Capital Commitments

The Group and company had capital commitments at 31 December 2014 as follows:

	$'000
Authorised and contracted for	184,224
Authorised but not contracted for	187,699

35. Subsequent Event

Subsequent to the year end, the company paid a dividend of ten (10) cents per share to shareholders on record in January 2015 (Note 14).