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Cargo Handlers Limited

Financial Statements
30 September 2018

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Independent auditor's report

To the Members of Cargo Handlers Limited

Report on the audit of the financial statements

Our opinion

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

What we have audited

Cargo Handlers Limited's financial statements comprise:

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

Basis for opinion

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

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

Independence

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

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
14 December 2018
Montego Bay, Jamaica

Cargo Handlers Limited

Statement of Comprehensive Income
Year ended 30 September 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018	2017
		$	$
Revenue		355,738,173	320,832,392
Other income	6	24,100,975	4,123,773
Administrative expenses	7	(21,851,021)	(18,882,043)
Other operating expenses	7	(165,624,428)	(143,949,906)
Operating Profit		192,363,699	162,124,216
Interest income		1,249,160	2,464,773
Finance costs	9	(1,750,015)	(1,330,600)
Profit before Taxation		191,862,844	163,258,389
Taxation	10	(26,633,003)	(22,403,418)
Net Profit, being Total Comprehensive Income for the Year		165,229,841	140,854,971
EARNINGS PER STOCK UNIT	11	0.44	0.38

Cargo Handlers Limited

Statement of Financial Position

30 September 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $	2017 $
Non-Current Assets			
Property, plant and equipment	12	77,525,880	62,706,303
Related companies	13	7,281,114	23,477,022
		84,806,994	86,183,325
Current Assets			
Receivables	15	76,134,889	66,982,284
Taxation recoverable		668,603	668,603
Cash and cash equivalents	16	351,761,985	252,483,659
		428,565,477	320,134,546
Current Liabilities			
Payables	17	31,470,127	23,337,895
Income tax payable		9,179,882	3,905,200
Borrowings	18	1,340,215	80,340
		41,990,224	27,323,435
Net Current Assets		386,575,253	292,811,111
		471,382,247	378,994,436
Shareholders' Equity			
Share capital	19	43,175,494	43,175,494
Capital reserve	20	172,311	172,311
Retained earnings		380,152,865	306,714,308
		423,500,670	350,062,113
Non-Current Liabilities			
Related companies	13	42,076,805	26,076,817
Deferred tax liability	14	5,804,772	2,855,506
		47,881,577	28,932,323
		471,382,247	378,994,436

Approved by the Board of Directors on 14 December 2018 and signed on its behalf by:

Mark Hart Director

Jane Fray Director

Cargo Handlers Limited

Statement of Changes in Equity

Year ended 30 September 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Stock Units	Share Capital	Capital Reserve	Retained Earnings	Total
			$	$	$	$
Balance at 30 September 2016		37,465,830	43,175,494	172,311	257,650,620	300,998,425
Net profit, being total comprehensive income for the year		-	-	-	140,854,971	140,854,971
Transactions with owners:						
Shares issued	19	337,192,470	-	-	-	-
Dividends paid	21	-	-	-	(91,791,283)	(91,791,283)
Balance at 30 September 2017		374,658,300	43,175,494	172,311	306,714,308	350,062,113
Net profit, being total comprehensive income for the year		-	-	-	165,229,841	165,229,841
Transactions with owners:						
Dividends paid	21	-	-	-	(91,791,284)	(91,791,284)
Balance at 30 September 2018		374,658,300	43,175,494	172,311	380,152,865	423,500,670

Cargo Handlers Limited

Statement of Cash Flows

Year ended 30 September 2018

(expressed in Jamaican dollars unless otherwise indicated)

		2018 $	2017 $
Cash Flows from Operating Activities			
Net profit		165,229,841	140,854,971
Items not affecting cash:			
Unrealised exchange gain		(12,535,799)	(1,905,590)
Depreciation		11,273,099	8,104,131
Bad debt written off		12,000	2,336
Interest income		(1,249,160)	(2,464,773)
Interest expense		1,750,015	1,330,600
Taxation		26,633,003	22,403,418
		191,112,999	168,325,093
Changes in operating assets and liabilities:			
Receivables		(7,237,118)	12,915,646
Payables		8,037,514	(3,256,612)
Directors' current accounts		-	(40,322)
Cash provided by operating activities		191,913,395	177,943,805
Tax deducted at source		(25,090)	(55,160)
Income tax paid		(18,383,965)	(29,305,319)
Net cash provided by operating activities		173,504,340	148,583,326
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(26,092,676)	(22,401,652)
Interest received		1,249,160	2,464,773
Cash used in investing activities		(24,843,516)	(19,936,879)
Cash Flows from Financing Activities			
Dividends paid		(91,791,284)	(91,791,283)
Related companies		32,195,896	(8,122,333)
Interest paid		(1,750,015)	(1,330,600)
Cash used in financing activities		(61,345,403)	(101,244,216)
Increase in net cash and cash equivalents		87,315,421	27,402,231
Effect of exchange rate on cash and cash equivalents		10,703,030	1,530,085
Cash and cash equivalents at beginning of year		252,403,319	223,471,003
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(Note 16)**	350,421,770	252,403,319

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2018
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

Cargo Handlers Limited (the Company) is incorporated and domiciled in Jamaica and has its registered office at Montego Freeport Shopping Centre, Montego Bay. The Company's principal activities are the provision of stevedoring services, equipment leasing and the provision of management services.

The Company is listed on the Junior Market of 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 with, and comply with, the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company'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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(b) Changes in accounting policies and disclosures

Standards, interpretations and amendments to existing standards that are effective during the year

- **Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'** (effective for the periods beginning on or after 1 January 2017). Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that a temporary difference exists wherever the carrying amount of an asset is less than its tax base at the end of the reporting period. The amendment also confirms that an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit. Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

  This new amendment also clarifies that tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This amendment did not have a significant impact on the financial statements.

- **Amendments to IAS 7, 'Statement of Cash Flows'** on Disclosure Initiative (effective for the periods beginning on or after 1 January 2017). Amendments made to IAS 7 in January 2017 clarify that going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. draw downs and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

  The new amendments also clarifies that changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2018
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Changes in accounting policies and disclosures (continued)

Standards, interpretations and amendments to existing standards that are effective during the year (continued)

- **Amendments to IAS 7, 'Statement of Cash Flows'** on Disclosure Initiative (effective for the periods beginning on or after 1 January 2017) (continued).

  The amendment also states that entities may include changes in other items as part of this disclosure, for example, by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.

  There was no significant impact from the adoption of this amendment during the year.

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace *IAS 39 'Financial Instruments: Recognition and Measurement'*, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

  Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

  Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

  Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

  Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2018
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Changes in accounting policies and disclosures (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018) (continued).

  IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. The classification and measurement of investments in debt securities is driven by the entity's business model for managing the financial assets and the contractual characteristics and will result in one of the following three classifications: amortised cost, fair value through OCI ('FVOCI') or fair value through profit or loss ('FVPL').

  Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

  The Company is currently examining the effect of this standard on its operations.

- **IFRS 15, 'Revenue from Contracts with Customers', and associated amendments to various other standards** (effective for annual periods beginning on or after 1 January 2018). The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

  The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

  A new five-step process must be applied before revenue can be recognised:

  - Identify contracts with customers
  - Identify the separate performance obligation
  - Determine the transaction price of the contract
  - Allocate the transaction price to each of the separate performance obligations, and
  - Recognise the revenue as each performance obligation is satisfied.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2018
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Changes in accounting policies and disclosures (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)

- **IFRS 15, 'Revenue from Contracts with Customers', and associated amendments to various other standards** (effective for annual periods beginning on or after 1 January 2018) (continued).

  Key changes to current practice are:

  - 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.
  - Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.
  - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
  - There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

  Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

  The Company is currently assessing the effect of these accounting changes and the possible flow- on effects on the entity's business practices.

- **IFRS 16, 'Leases'** (effective for the periods beginning on or after 1 January 2019). The new standard will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

  This new standard will also affect the income statement because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expenses will be replaced with interest and depreciation, so key metrics such as EBITDA will change.

  The standard also states that operating cash flow will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflect interest can continue to be presented as operating cash flows.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2018
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Changes in accounting policies and disclosures (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)

- **IFRS 16, 'Leases'** (effective for the periods beginning on or after 1 January 2019) (continued).

  The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is currently assessing the impact of future adoption of the new standard on its financial statements.

- **IFRIC 22, 'Foreign currency transaction and advance consideration'** (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The Company is yet to assess the impact of this IFRIC.

- **IFRIC 23, 'Uncertainty over income tax'** (effective for annual periods beginning on or after 1 January 2019). The new standard explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. It discusses how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately together as a group, depending on which approach better predicts the resolution of the uncertainty. It further states that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk be ignored.

  The standard also states that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment. It further states that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty and that the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments.

- **Annual Improvements 2014-2016** (effective for annual periods beginning on or after 1 January 2018). Amendments were finalised in December 2016 with regards to IFRS 1 which recognised that short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant should be deleted. Amendments were also finalised in December 2016 with regards to IAS 28 which clarified that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The Company is currently examining the effect of these amendments on its operations.

- **Annual Improvements 2015-2017** (effective for annual periods beginning on or after 1 January 2019). Amendments were finalised in December 2017 with regards to IFRS 3 which recognised that obtaining control of a business that is a joint operation is a business combination achieved in stages.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2018
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Changes in accounting policies and disclosures (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)

- **Annual improvement 2015-2017** (effective for the periods beginning on or after 1 January 2019) (continued).

  Amendments were also finalised in December 2017 with regards to IFRS 11 which clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. The amendments were also finalised in December 2017 with regards to IAS 12 which clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

  Amendments to IAS 23 were also finalised in December 2017 which clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

(c) Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of General Consumption Tax. The Company recognises revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the entity and when the specific criteria have been met for each of the Company's activities as described below:

Sales of services
Sales of stevedoring and baggage handling, leasing and management services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction, assessed on the basis of the actual service provided.

Management fees
Income from management fees are recognised in the accounting period in which the services are rendered by reference to contractually agreed amounts.

Interest income
Interest income is recognised on a time-proportionate basis using the effective interest method.

(d) Leases

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 are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The leased assets are included in property, plant and equipment as trailers and forklift.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2018
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be reliably measured. Depreciation is provided on the straight-line basis at rates which are expected to write off the carrying value of the assets over their expected useful lives. The rates used are:

Buildings	2½%
Trailers, boomlift and forklift	10%
Furniture, equipment and golf carts	10% - 20%
Motor vehicles	20%

Property, plant and equipment are periodically reviewed for impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in operating profit.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life 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 separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. 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 the statement of comprehensive income.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2018
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2. Summary of Significant Accounting Policies (Continued)

(h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect the 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 receivables are 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 the original effective 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 the statement of comprehensive income. 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 against the statement of comprehensive income.

(i) Cash and cash equivalents

Cash is carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, net of bank overdraft. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

(j) Current and deferred income tax

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on the 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 Company's liability for current tax is calculated at tax rates applicable at the statement of financial position date.

Deferred income tax is the tax that is 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.

Current and deferred income tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income, in which case deferred income tax is also dealt with in other comprehensive income.

Current and deferred 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.

Cargo Handlers Limited

Notes to the Financial Statements
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2. Summary of Significant Accounting Policies (Continued)

(k) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

(l) Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, 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 Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) Employee benefits

Equity compensation benefits

The Company grants equity compensation to certain employees and key management from time to time. The fair value of the employee services received in exchange for the grant of the equity compensation is recognised as an expense.

Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for these entitlements as a result of services rendered by employees up to the statement of financial position date.

(n) 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

The Company's financial assets comprise related party balances, receivables and cash and cash equivalents.

Financial liabilities

The Company's financial liabilities comprise payables, directors' current accounts, borrowings and related party balances.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company's employee trust purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's owners.

Cargo Handlers Limited

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2. Summary of Significant Accounting Policies (Continued)

(p) Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

(i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the Company that gives them significant influence over the Company's affairs and close members of the families of these individuals.

(ii) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and officers and close members of the families of these individuals.

(q) Dividends

Dividends are recorded as a deduction from equity in the period in which they are approved.

(r) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

The CODM has been identified as the Board of Directors who make strategic decisions. The operating segments identified are disclosed in Note 22.

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including currency risk and interest rate risk). These activities require the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company'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 Company periodically reviews its risk management policies and systems to reflect changes in market conditions which might affect its activities.

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

3. Financial Risk Management (Continued)

(a) Credit risk

The Company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Company by failing to discharge their contractual obligations. Credit risk is an important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Company's receivables from customers and banking activities. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

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

(i) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each customer is analysed individually for creditworthiness prior to it offering them a credit facility. The Company has procedures in place to restrict customer credit if the customer has exceeded its credit limit. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company on a cash basis.

(ii) Cash

Cash is maintained at high credit quality financial institutions. Accordingly, management does not expect any counterparty to fail to meet their obligations.

Maximum exposure to credit risk

For items on the statement of financial position, the exposures are based on net carrying amounts as reported in the statement of financial position.

Cargo Handlers Limited

Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Exposure to credit risk for trade and other receivables by customer sector
The following table summarises the Company's credit exposure for trade and other receivables at their carrying amounts, as categorised by the customer sector:

	2018	2017
	$	$
Stevedoring	55,327,783	46,207,910
Lumber yard	600,000	600,000
Leasing	11,067,500	8,824,875
Management fees	3,961,000	4,951,250
Equipment rental	911,250	-
Other receivables	1,559,795	983,692
	73,427,328	61,567,727
Less: Impairment provision	(600,000)	(600,000)
	72,827,328	60,967,727

Ageing analysis of trade and other receivables that are past due but not impaired
Trade receivables that are less than 30 days past due are not considered impaired. As of 30 September 2018 trade receivables of $38,793,520 (2017 - $33,897,904) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade and other receivables was as follows:

	2018	2017
	$	$
31 – 60 days	8,040,370	14,247,355
61 – 90 days	4,949,086	7,216,420
Over 90 days	25,804,064	12,434,129
	38,793,520	33,897,904

The ageing of impaired receivables was as follows:

	2018	2017
	$	$
Over 90 days	600,000	600,000

Cargo Handlers Limited

Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Movement analysis of provision for impairment of trade and other receivables
The movement on the provision for impairment of trade and other receivables was as follows:

	2018	2017
	$	$
At beginning and end of year	600,000	600,000

The creation and release of provisions for impaired receivables have been included in expenses 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.

(b) Liquidity risk

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

Liquidity risk management process
The Company's liquidity management process includes:

(i) Monitoring future cash flows and liquidity regularly. 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 a portfolio of bank balances that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit.

Cargo Handlers Limited

Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities
The maturity profile of the Company's financial liabilities at year end based on contractual undiscounted payments were as follows:

	Within 1 Month $	1 to 3 Months $	3 to 12 Months $	1 to 5 Years $	Over 5 Years $	Total $
			2018			
Payables	27,586,838	-	-	-	-	27,586,838
Related companies	2,524,608	-	-	42,076,805	-	44,601,413
	30,111,446	-	-	42,076,805	-	72,188,251
			2017			
Payables	22,145,556	-	-	-	-	22,145,556
Related companies	1,564,868	-	-	26,076,817	-	27,641,685
	23,710,424	-	-	26,076,817	-	49,787,241

(c) Market risk
The Company 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 arises from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Board of Directors. Market risk exposures are measured using sensitivity analysis.

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

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company 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. At 30 September 2018, the Company's net foreign exchange exposure amounted to a net asset of $377,668,125 (2017 - $244,714,247).

Cargo Handlers Limited

Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

The following table indicates the effect on profit arising from changes in foreign currency rates, primarily with respect to the US dollar. There is no direct impact on equity resulting from changes in the foreign currency rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for depreciation or appreciation of the Jamaican dollar against the US dollar, which represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated bank balances.

	2018	2017
	$	$
Effect on profit –		
Depreciation 4% (2017 – 6%)	15,106,725	14,682,855
Appreciation 2% (2017 – 2%)	(7,553,363)	(4,894,285)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest rate risk arises from its related party and bank balances.

The Company manages interest rate risk by maintaining fixed rate instruments. It also manages the maturities of interest bearing financial assets and interest bearing financial liabilities. At 30 September 2018 and 2017 the Company had no significant exposure to variable rate interest rate risk.

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company met the capital requirement of at least $50,000,000 for listing on the Junior Market of the Jamaica Stock Exchange. There was no other externally imposed capital requirement.

There were no changes to the Company's approach to capital management during the year, and this is monitored by the Board of Directors.

4. Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Cargo Handlers Limited

Notes to the Financial Statements
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4. Fair Value Estimation (Continued)

Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a number of financial assets and liabilities held and issued by the Company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position date.

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

(i) The carrying amounts, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities are cash, receivables, payables and current borrowings.

(ii) The fair value of the directors' current accounts and related party balances cannot be reasonably determined as these instruments were granted under special terms and are not likely to be traded in a fair market exchange.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Estimates and judgments used in preparing the financial statements of the Company are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In the process of applying the Company's accounting policies, management has arrived at no judgments which it believes would have a significant impact on the amounts recognised in these financial statements. Also, management has derived no estimates for inclusion in these financial statements which it believes have a significant risk of causing a material adjustment to the carrying amounts of these assets and liabilities within the next financial year.

6. Other Income

	2018 $	2017 $
Foreign exchange gains	24,100,975	4,123,773

Cargo Handlers Limited

Notes to the Financial Statements
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7. Expenses by Nature

Total administration and other operating expenses:

	2018	2017
	$	$
Accounting fees	2,807,650	2,601,678
Advertising and promotion	496,477	1,613,317
Asset tax	200,000	200,000
Auditor's remuneration	2,536,000	2,415,000
Bad debts	12,000	2,336
Depreciation	11,273,099	8,104,131
Directors' emoluments -		
Directors' fees	1,015,000	1,050,000
Management fees	4,200,000	4,200,000
Damaged cargo claims	82,056	382,203
Donations	6,003,000	2,462,500
Insurance	6,592,478	6,134,958
Legal and professional fees	766,848	2,171,429
Loss on exchange	3,593,682	1,313,664
Other	4,212,616	4,213,515
Registration fees	2,047,308	1,499,042
Repairs and maintenance	3,620,506	3,226,825
Staff costs (Note 8)	136,570,350	119,807,224
Utililties	1,446,379	1,434,127
	187,475,449	162,831,949

8. Staff Costs

	2018	2017
	$	$
Salaries and wages	104,198,321	92,804,349
Statutory contributions	11,792,540	10,288,510
Other	20,579,489	16,714,365
	136,570,350	119,807,224

Cargo Handlers Limited

Notes to the Financial Statements
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9. Finance Costs

	2018	2017
	$	$
Interest expense	1,750,015	1,330,600

10. Taxation

Taxation is based on the profit for the year adjusted for tax purposes and represents income tax charged at 25%:

	2018	2017
	$	$
Current tax	23,683,737	21,840,178
Deferred tax (Note 14)	2,949,266	563,240
	26,633,003	22,403,418

Reconciliation of applicable tax charge to effective tax charge:

	2018	2017
	$	$
Profit before tax	191,862,844	163,258,389
Tax calculated at 25%	47,965,711	40,814,597
Adjusted for the effects of:		
Income not subject to tax	(1,718,953)	(147,967)
Expenses not deductible for tax purposes	5,510,075	5,242,181
Remission of taxes	(23,683,737)	(21,840,178)
Net effect of other charges and allowances	(1,440,093)	(1,665,215)
Taxation	26,633,003	22,403,418

Remission of income tax:
In December 2010 the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange. Consequently, the Company was entitled to a remission of income tax for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 5 to 10	50%

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. Subject to agreement with the Minister of Finance and Planning, the current year income tax payable for which remission will be sought is approximately $23,684,000 (2017 – $21,840,000).

Cargo Handlers Limited

Notes to the Financial Statements
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11. Earnings per Stock Unit

The calculation of the earnings per stock unit is based on the profit after taxation and the weighted average number of stock units in issue during the year.

	2018	2017
Net profit attributable to stockholders ($)	165,229,841	140,854,971
Weighted average number of stock units in issue	374,658,300	374,658,300
Earnings per stock unit ($)	0.44	0.38

12. Property, Plant and Equipment

	2018				
	Buildings	Trailers, Boomlift & Forklift	Furniture, Equipment & Golf Carts	Motor Vehicles	Total
	$	$	$	$	$
Cost -					
1 October 2017	2,318,815	76,945,330	6,284,594	9,808,587	95,357,326
Additions	-	6,204,097	5,088,579	14,800,000	26,092,676
30 September 2018	2,318,815	83,149,427	11,373,173	24,608,587	121,450,002
Depreciation -					
1 October 2017	705,306	20,911,668	5,278,215	5,755,834	32,651,023
Charge for the year	57,970	8,516,909	669,705	2,028,515	11,273,099
30 September 2018	763,276	29,428,577	5,947,920	7,784,349	43,924,122
Net book value -					
30 September 2018	1,555,539	53,720,850	5,425,253	16,824,238	77,525,880

Cargo Handlers Limited

Notes to the Financial Statements
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12. Property, Plant and Equipment (Continued)

	2017				
	Buildings	**Trailers & Forklift**	**Furniture, Equipment & Golf Carts**	**Motor Vehicles**	**Total**
	$	**$**	**$**	**$**	**$**
Cost -					
1 October 2016	2,318,815	54,543,678	6,284,594	9,966,000	73,113,087
Additions	-	22,401,652	-	-	22,401,652
Adjustments	-	-	-	(157,413)	(157,413)
30 September 2017	2,318,815	76,945,330	6,284,594	9,808,587	95,357,326
Depreciation -					
1 October 2016	647,336	14,674,828	4,758,729	4,465,999	24,546,892
Charge for the year	57,970	6,236,840	519,486	1,289,835	8,104,131
30 September 2017	705,306	20,911,668	5,278,215	5,755,834	32,651,023
Net book value -					
30 September 2017	1,613,509	56,033,662	1,006,379	4,052,753	62,706,303

Cargo Handlers Limited

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13. Related Party Transactions and Balances

(a) Net advances (paid)/received during the year

	2018	2017
	$	$
AMD Limited	10,316,044	(940,878)
Advisors Limited	(1,590,324)	3,820,555
Good Hope (Holdings) Limited	9,386,051	(13,267,753)
Good Hope Limited	(703,255)	301,808
Hart Investments Limited	854,685	5,802,986
Bilton Limited	176,060	1,733,967
Montego Place Limited	17,635	-
Saffack Limited	9,018,241	(2,940,038)
Port Handlers Limited	116,629	(676)
Samuel Hart & Son Limited	4,604,130	(2,632,304)
	32,195,896	(8,122,333)

(b) Key management compensation

	2018	2017
	$	$
Salaries and other short-term employee benefits	9,854,445	8,788,743
Statutory contributions	966,092	871,464
	10,820,537	9,660,207
Directors' emoluments -		
Directors' fees	1,015,000	1,050,000
Management remuneration	10,820,537	9,660,207
Management fees	4,200,000	4,200,000

(c) Transactions in the normal course of business

	2018	2017
	$	$
Professional services rendered by a related party	2,807,650	2,601,678
Interest earned on balances due from related parties	1,130,765	2,215,013
Interest paid on balances due to related parties	1,528,161	1,287,660
Lease income earned from a related party	22,800,000	18,180,000
Management fees earned from a related party	10,200,000	10,200,000
Purchase of goods from a related party	355,415	393,416

Cargo Handlers Limited

Notes to the Financial Statements
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13. Related Party Transactions and Balances (Continued)

(d) Year-end balances arising from transactions with related companies

	2018 $	2017 $
Non-current		
Due from:		
AMD Limited	62,458	6,933,227
Good Hope (Holdings) Limited	7,157,744	16,543,795
Port Handlers Limited	5,280	-
Samuel Hart & Son Limited	55,632	-
	7,281,114	23,477,022

	2018 $	2017 $
Due to:		
AMD Limited	3,445,275	-
Advisors Limited	5,653,699	7,244,023
Bilton Limited	4,522,192	4,346,132
Good Hope Limited	-	703,255
Hart Investments Limited	11,737,600	10,882,915
Montego Place Limited	17,635	-
Port Handlers Limited	194,281	72,372
Saffack Limited	11,121,123	2,102,882
Samuel Hart & Son Limited	5,385,000	725,238
	42,076,805	26,076,817

	2018 $	2017 $
Current		
Due from (Note 15):		
Bulk Liquid Carriers Petroleum Transport Limited	15,028,500	13,778,025

The Company is related to the above companies by having similar ownership and/or management control. With the exception of the amounts included in current receivables, balances due to and/or from these companies have no set repayment terms and are not due for payment within the next twelve months.

The weighted average effective interest rate on transfers between related party bank accounts for working capital purposes is 6% (2017 – 6%).

Cargo Handlers Limited

Notes to the Financial Statements
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13. Related Party Transactions and Balances (Continued)

(e) Directors' current accounts
The directors' balances are unsecured, interest free and have no set repayment terms.

14. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

The movement on the deferred taxation account is as follows:

	2018	2017
	$	$
Liability at beginning of year	(2,855,506)	(2,292,266)
Charged during the year (Note 10)	(2,949,266)	(563,240)
Liability at end of year	(5,804,772)	(2,855,506)

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

	2018	2017
	$	$
Deferred income tax assets:		
Accelerated depreciation	185,300	13,748
Accrued vacation	139,937	162,184
Unrealised foreign exchange loss	40,000	5,000
	365,237	180,932
Deferred income tax liabilities:		
Unrealised foreign exchange gain	(1,740,068)	-
Accelerated depreciation	(4,429,941)	(3,036,438)
	(6,170,009)	(3,036,438)
	(5,804,772)	(2,855,506)

The deferred tax charge in the statement of comprehensive income comprises the following temporary differences:

	2018	2017
	$	$
Accrued vacation	(22,247)	36,717
Unrealised foreign exchange gain	35,000	188,300
Unrealised foreign exchange loss	(1,740,068)	(17,500)
Accelerated depreciation	(1,221,951)	(770,757)
	(2,949,266)	(563,240)

Cargo Handlers Limited

Notes to the Financial Statements
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14. Deferred Taxation (Continued)

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

The offset amount shown in the statement of financial position includes the following:

	2018	2017
	$	$
Deferred income tax asset to be recovered -		
Within 12 months	179,937	162,184
After more than 12 months	185,300	18,748
	365,237	180,932
Deferred income tax liability to be settled -		
Within 12 months	(1,740,068)	-
After more than 12 months	(4,429,941)	(3,036,438)
	(6,170,009)	(3,036,438)
	(5,804,772)	(2,855,506)

15. Receivables

	2018	2017
	$	$
Trade	55,928,283	49,449,824
Less: Impairment provision	(600,000)	(600,000)
	55,328,283	48,849,824
Related parties (Note 13)	15,028,500	13,778,025
Other receivables and prepayments	5,778,106	4,354,435
	76,134,889	66,982,284

16. Cash and Cash Equivalents

	2018	2017
	$	$
Cash at bank and in hand	351,761,985	252,483,659

The weighted average effective interest rate for cash is 0.18% (2017 – 0.15%).

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16. Cash and Cash Equivalents (Continued)

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2018	2017
	$	$
Cash and bank balances	351,761,985	252,483,659
Bank overdraft (Note 18)	(1,340,215)	(80,340)
	350,421,770	252,403,319

17. Payables

	2018	2017
	$	$
Trade	8,700,690	5,546,436
Accruals	15,622,342	15,324,176
Other	7,147,095	2,467,283
	31,470,127	23,337,895

18. Borrowings

	2018	2017
	$	$
Bank overdraft (Note 16)	1,340,215	80,340

The bank overdraft represented cheques which were drawn and not presented to the bank at year end.

The Company has credit facilities of $15,000,000 with The Bank of Nova Scotia Jamaica Limited. Interest is charged at a rate of 17.25% when overdrawn, and the facility is secured by unlimited guarantees of Bilton Limited.

19. Share Capital

	2018	2017
	$	$
Total authorised ordinary shares 466,200,000		
Issued and fully paid -		
416,250,000	47,334,664	47,334,664
41,591,700 treasury shares	(4,159,170)	(4,159,170)
	43,175,494	43,175,494

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19. Share Capital (Continued)

By resolution dated 26 September 2016, the Shareholders approved the following:

(a) The existing authorised share capital of the Company was increased from 46,620,000 to 466,200,000 ordinary shares by the creation of an additional 419,580,000 ordinary shares on 21 October 2016. Such new shares created to rank pari passu in all respects with existing shares in the capital of the Company.

(b) Each of the 46,620,000 ordinary shares in the capital of the Company was subdivided into 10 ordinary shares each thereby making a total share capital of 466,200,000 ordinary shares of no par value at the existing total stated capital on 21 October 2016.

20. Capital Reserve

	2018	2017
	$	$
Realised gains on sale of property, plant and equipment	172,311	172,311

21. Dividends

By resolutions dated 8 February 2018 and 13 August 2018 , the Board of Directors approved the payment of interim dividends in the amounts of $0.115 and $0.13 per share, respectively. In the prior year, resolutions dated 10 February 2017 and 3 August 2017 resulted in the approval of interim dividend payments of $0.135 and $0.11 per share, respectively.

22. Segment Information

The Company is organised into the following business segments:

(a) Stevedoring – This incorporates the provision of stevedoring and baggage handling services to companies.

(b) Leasing – The Company earns lease income from the leasing of trailers.

(c) Management services – This incorporates fees charged for managing and operating a related company.

The Company's operations are located in Jamaica and all revenue is earned externally from customers located in Jamaica. The Company's major customers are Seaboard Freight & Shipping Jamaica Limited, Lannaman & Morris (Shipping) Limited, Bulk Liquid Carriers Petroleum Transport Limited and CMA CGM Jamaica Limited.

Direct allocated and unallocated income and expenses
Income and expenses incurred by the reportable business segments and the corporate office are reported to the Board of Directors based on certain criteria determined by management. These criteria include the nature of the service provided and the activity supported by the cost incurred. Direct allocated income and expenses include revenue, other income, interest income, depreciation and other expenses in respect of the identified business segments. Unallocated income and expenses include corporate office results.

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22. Segment Information (Continued)

Unallocated assets and liabilities

Unallocated assets and liabilities comprise taxation recoverable, income tax payable, deferred tax liabilities, related party balances and assets and liabilities that are not directly attributable to any specific business segment.

The segment information provided to management for the reportable segments is as follows:

	2018				
	Stevedoring	**Leasing**	**Management Services**	**Unallocated**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	321,826,923	22,800,000	10,200,000	911,250	355,738,173
Other income	7,840,162	-	-	16,260,813	24,100,975
Interest income	18,046	-	-	1,231,114	1,249,160
Depreciation	(727,673)	(7,698,075)	-	(2,847,351)	(11,273,099)
Other expenses	(146,164,138)	-	-	(30,038,212)	(176,202,350)
Finance costs	-	-	-	(1,750,015)	(1,750,015)
Profit before taxation	182,793,320	15,101,925	10,200,000	(16,232,401)	191,862,844
Taxation	-	-	-	(26,633,003)	(26,633,003)
Net profit	182,793,320	15,101,925	10,200,000	(42,865,404)	165,229,841
Segment assets	83,327,267	59,445,138	3,961,000	366,639,066	513,372,471
Segment liabilities	12,230,437	-	-	77,641,364	89,871,801
Capital expenditure	5,088,579	42,050	-	20,962,047	26,092,676

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22. Segment Information (Continued)

The profit or loss, assets and liabilities for the reportable segments are reconciled to the totals for profit or loss, assets and liabilities as follows:

	2017				
	Stevedoring	**Leasing**	**Management Services**	**Unallocated**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	292,452,392	18,180,000	10,200,000	-	320,832,392
Other income	1,082,117	-	-	3,041,656	4,123,773
Interest income	29,121	-	-	2,435,652	2,464,773
Depreciation	(577,457)	(6,236,840)	-	(1,289,834)	(8,104,131)
Other expenses	(133,897,461)	-	-	(20,830,357)	(154,727,818)
Finance costs	-	-	-	(1,330,600)	(1,330,600)
Profit before taxation	159,088,712	11,943,160	10,200,000	(17,973,483)	163,258,389
Taxation	-	-	-	(22,403,418)	(22,403,418)
Net profit	159,088,712	11,943,160	10,200,000	(40,376,901)	140,854,971
Segment assets	57,396,484	64,858,538	4,951,250	279,111,599	406,317,871
Segment liabilities	12,227,434	-	-	44,028,324	56,255,758
Capital expenditure	-	22,401,652	-	-	22,401,652

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22. Segment Information (Continued)

The profit or loss, assets and liabilities for the reportable segments are reconciled to the totals for profit or loss, assets and liabilities as follows:

	Profit before taxation		Assets		Liabilities	
	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$
Total for business segments	208,095,245	181,231,872	146,733,405	127,206,272	12,230,437	12,227,434
Unallocated amounts:						
Corporate office results	(15,713,500)	(19,078,535)	-	-	-	-
Interest income	1,231,114	2,435,652	-	-	-	-
Finance costs	(1,750,015)	(1,330,600)	-	-	-	-
Property, plant and equipment	-	-	5,343,212	-	-	-
Related companies	-	-	7,281,114	23,477,022	42,076,805	26,076,817
Receivables	-	-	4,218,811	6,014,557	-	-
Taxation recoverable	-	-	668,603	668,603	-	-
Cash	-	-	349,127,326	248,951,417	-	-
Payables	-	-	-	-	19,239,690	11,110,461
Income tax payable	-	-	-	-	9,179,882	3,905,200
Borrowings	-	-	-	-	1,340,215	80,340
Deferred tax liabilities	-	-	-	-	5,804,772	2,855,506
Total unallocated amounts	(16,232,401)	(17,973,483)	366,639,066	279,111,599	77,641,364	44,028,324
Total per financial statements	191,862,844	163,258,389	513,372,471	406,317,871	89,871,801	56,255,758

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23. Operating Lease Commitments

(a) The Company leases commercial space from The Port Authority of Jamaica for the operation of a changing room for stevedores. The lease is renewed annually with monthly payments of $59,636 (2017 - $55,475). The current lease will expire on June 30, 2019.

(b) The Company entered into an agreement on 1 January 2014 to lease equipment to Bulk Liquid Carriers Petroleum Transport Limited. The lease is for a period of 2 years with an option to renew for a further 2 years at the end of the first term and at the end of the second term each party has the option to renew for a further number of two-year terms not exceeding three renewals. The agreement expired during the year and both parties did not renew the agreement. On 1 January 2018, the Company entered into a new lease agreement with the said party to lease equipment. The lease is for a period of two years with an option to renew for a further 2 years at the end of the first term and at the end of the second term each party has the option to renew for a further number of two year terms not exceeding 3 renewals. The future minimum lease payments receivable are as follows :

	2018	2017
	$	$
Not later than 1 year	22,800,000	4,545,000
Later than 1 year but not later than 5 years	5,700,000	-
	28,500,000	4,545,000