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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Jamaica Producers Group Limited (the company) and its subsidiaries (collectively, "the group"), set out on pages 8 to 64, which comprise the group balance sheet as at December 31, 2018, the group profit and loss account, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the group as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers
W. Gihan C. De Mel
Nyssa A. Johnson
Wilbert A. Spence
Rochelle N. Stephenson

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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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.

1 Impairment of goodwill and intangible assets

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the group's goodwill and intangible assets may not be recoverable due to changes in the business and economic environment in which specific subsidiaries operate. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability. *See Note 14 of the consolidated financial statements.*	Our audit procedures included testing the reasonableness of the group's forecasts and discounted cash flow calculations, including: • Using our own valuation specialists to evaluate the assumptions and methodologies used by management. • Comparing the group's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. • Assessing the adequacy of the group's disclosures about the assumptions and the sensitivity of the impairment assessment to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

2 Valuation of employee benefit asset and obligations

The key audit matter	*How the matter was addressed in our audit*
A subsidiary operates a defined benefit retirement scheme and provides other unfunded retirement benefits. Significant estimates are made in valuing the group's employee benefit asset and obligations. The valuations are considered to be a significant risk, as given the size of the assets and liabilities, small changes in the assumptions can have a material financial impact on the group. The key assumptions involved in calculating employee benefit asset and obligations are discount rates, inflation, and future increases in salaries and pensions. Management appointed an external actuarial expert in measuring the employee benefit asset and obligations at the reporting date. The use of significant assumptions increases the risk that management's estimate can be materially misstated. *[see notes 4(m) and 17 to the financial statements]*	Our procedures in this area included the following: • Evaluating the independence and objectivity of the appointed actuarial expert. • Determining that the actuarial valuation was performed using the projected unit credit method as required under IAS 19. • Testing employee data provided by management to the actuarial expert. • Comparing the discount and the inflation rates used to independent sources. • Agreeing the scheme's assets to independent supporting information. • Assessing whether disclosures in the financial statements are appropriate in respect of the group's employee benefit arrangements.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information in the company's annual report for the year ended December 31, 2018, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do 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 financial statements that give a true and fair view in accordance with IFRS and 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 group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6 to 7, forms part of our auditors' report.

Report on additional matters 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 maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Nigel Chambers.

KPMG

Chartered Accountants
Kingston, Jamaica

March 1, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Group'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 auditors' 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 auditors' 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.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Appendix to the Independent Auditors' report (continued)

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 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 auditors' report unless law or regulation precludes public disclosure about the matters 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.

JAMAICA PRODUCERS GROUP LIMITED

Group Balance Sheet
December 31, 2018

	Notes	2018 $'000	2017 $'000
CURRENT ASSETS			
Cash and cash equivalents		836,176	885,254
Short-term investments	5	19,632	-
Securities purchased under resale agreements	6	4,467,950	3,805,031
Accounts receivable	7	2,245,045	2,450,355
Other financial assets	11(c)	470,000	-
Taxation recoverable		30,638	23,944
Inventories	8	890,199	765,220
Total current assets		8,959,640	7,929,804
CURRENT LIABILITIES			
Accounts payable	9	3,965,549	3,432,056
Taxation		151,423	173,250
Loans and borrowings	20	780,242	772,256
Total current liabilities		4,897,214	4,377,562
WORKING CAPITAL		4,062,426	3,552,242
NON-CURRENT ASSETS			
Biological assets	10	81,140	119,785
Interest in associates and joint venture	11(a)	803,747	625,664
Investments	13	88,311	97,813
Intangible assets	14	1,513,082	1,635,472
Deferred tax assets	15	3,730	2,245
Property, plant and equipment	16	21,624,039	21,083,079
Employee benefit asset	17(a)	1,985,258	1,174,675
Total non-current assets		26,099,307	24,738,733
Total assets less current liabilities		30,161,733	28,290,975
EQUITY			
Share capital	18	112,214	112,214
Reserves	19	11,997,858	11,148,619
Attributable to equity holders of the parent		12,110,072	11,260,833
NON-CONTROLLING INTEREST	12	12,675,000	11,484,023
Total equity		24,785,072	22,744,856
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	1,307,140	1,183,851
Loans and borrowings	20	3,742,739	4,004,476
Employee benefit obligations	17(b)	326,782	357,792
		5,376,661	5,546,119
Total equity and non-current liabilities		30,161,733	28,290,975

The financial statements on pages 8 to 64 were approved for issue by the Board of Directors on March 1, 2019 and signed on its behalf by:

_____ Chairman
C. H. Johnston

_____ Managing Director
J. Hall

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Group Profit and Loss Account
Year ended December 31, 2018

	Notes	2018 $'000	2017 $'000
Gross operating revenue	21	19,611,169	16,156,712
Cost of operating revenue		(13,622,784)	(11,013,714)
Gross profit		5,988,385	5,142,998
Other income		142,481	74,324
Selling, administration and other operating expenses	22	(3,448,973)	(2,931,669)
Profit from operations		2,681,893	2,285,653
Share of profits in associates and joint venture		120,306	3,784
Profit before finance cost and taxation		2,802,199	2,289,437
Finance cost	23	(366,823)	(308,805)
Profit before taxation		2,435,376	1,980,632
Taxation charge	24	(450,185)	(356,661)
Profit for the year		1,985,191	1,623,971
Attributable to:			
Parent company stockholders		815,621	661,884
Non-controlling interest	12	1,169,570	962,087
		1,985,191	1,623,971
Dealt with in the financial statements of:			
The company		(225,159)	(107,452)
Subsidiary companies		920,851	743,120
Associates and joint venture	11(b)	119,929	26,216
		815,621	661,884
Profit per ordinary stock unit:	25		
Based on stock units in issue		72.68¢	58.98¢
Excluding stock units held by ESOP		78.09¢	63.61¢

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2018

	Notes	2018 $'000	2017 $'000
Profit for the year		1,985,191	1,623,971
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit asset and obligations	17	837,177	131,848
Deferred tax effect on remeasurement of defined benefit asset and obligations		(94,768)	(14,713)
Items that may be reclassified to profit or loss:			
Exchange (losses)/gains on translating foreign operations		(142,696)	189,069
		599,713	306,204
Total comprehensive income for the year		2,584,904	1,930,175
Attributable to:			
Parent company stockholders		978,180	910,922
Non-controlling interest		1,606,724	1,019,253
		2,584,904	1,930,175

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Changes in Equity
Year ended December 31, 2018

	Share capital $'000 (note 18)	Share premium $'000 (note 19)	Capital reserves $'000	Reserve for own shares $'000	Retained profits $'000	Parent company stockholders' equity $'000	Non - controlling interest $'000	Total equity $'000
Balances at December 31, 2016	112,214	135,087	2,202,157	(96,911)	8,065,941	10,418,488	10,779,986	21,198,474
Total comprehensive income:								
Profit for the year	-	-	-	-	661,884	661,884	962,087	1,623,971
Other comprehensive income/(loss)								
Remeasurement of defined benefit asset and obligations	-	-	-	-	55,376	55,376	76,472	131,848
Deferred tax effect on remeasurement of defined benefit asset and obligations	-	-	-	-	(6,179)	(6,179)	(8,534)	(14,713)
Exchange gains/(losses) arising on retranslation of foreign operations	-	-	199,841	-	-	199,841	(10,772)	189,069
Total other comprehensive income	-	-	199,841	-	49,197	249,038	57,166	306,204
Total comprehensive income for the year	-	-	199,841	-	711,081	910,922	1,019,253	1,930,175
Transactions with owners of the company								
Own shares sold by ESOP	-	-	-	24,492	-	24,492	-	24,492
Distributions to non-controlling interests	-	-	-	-	-	-	(315,216)	(315,216)
Distributions to stockholders (note 26)	-	-	(104,483)	-	-	(104,483)	-	(104,483)
Unclaimed distributions to stockholders (note 26)	-	-	11,414	-	-	11,414	-	11,414
	-	-	(93,069)	24,492	-	(68,577)	(315,216)	(383,793)
Balances at December 31, 2017	112,214	135,087	2,308,929	(72,419)	8,777,022	11,260,833	11,484,023	22,744,856
Retained in the financial statements of:								
The company	112,214	135,087	1,297,716	-	2,767,264	4,312,281		
Subsidiary companies	-	-	1,011,213	(72,419)	5,929,425	6,868,219		
Associate companies and joint venture	-	-	-	-	80,333	80,333		
Balances at December 31, 2017	112,214	135,087	2,308,929	(72,419)	8,777,022	11,260,833		

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Changes in Equity (Continued)
Year ended December 31, 2018

	Share capital $'000 (note 18)	Share premium $'000 (note 19)	Capital reserves $'000	Reserve for own shares $'000	Retained profits $'000	Parent company stockholders' equity $'000	Non - controlling interest $'000	Total equity $'000
Balances at December 31, 2017	112,214	135,087	2,308,929	(72,419)	8,777,022	11,260,833	11,484,023	22,744,856
Total comprehensive income:								
Profit for the year	-	-	-	-	815,621	815,621	1,169,570	1,985,191
Other comprehensive income/(loss)								
Remeasurement of defined benefit asset and obligations	-	-	-	-	351,615	351,615	485,562	837,177
Deferred tax effect on remeasurement of defined benefit asset and obligations	-	-	-	-	(39,803)	(39,803)	(54,965)	(94,768)
Exchange gains arising on retranslation of foreign operations	-	-	(149,253)	-	-	(149,253)	6,557	(142,696)
Total other comprehensive income	-	-	(149,253)	-	311,812	162,559	437,154	599,713
Total comprehensive income for the year	-	-	(149,253)	-	1,127,433	978,180	1,606,724	2,584,904
Other reserve movements								
Other transfer to capital reserves	-	-	25,446	-	(25,446)	-	-	-
Transactions with owners of the company								
Own shares acquired by ESOP	-	-	-	(20,240)	-	(20,240)	-	(20,240)
Own shares sold by ESOP	-	-	-	12,515	-	12,515	-	12,515
Net movement in subsidiary ESOP	-	-	-	-	-	-	(42,465)	(42,465)
Distributions to non-controlling interests	-	-	-	-	-	-	(373,282)	(373,282)
Distributions to stockholders (note 26)	-	-	(125,360)	-	-	(125,360)	-	(125,360)
Unclaimed distributions to stockholders (note 26)	-	-	4,144	-	-	4,144	-	4,144
	-	-	(121,216)	(7,725)	-	(128,941)	(415,747)	(544,688)
Balances at December 31, 2018	112,214	135,087	2,063,906	(80,144)	9,879,009	12,110,072	12,675,000	24,785,072
Retained in the financial statements of:								
The company	112,214	135,087	1,032,545	-	2,791,043	4,070,889		
Subsidiary companies	-	-	1,031,361	(80,144)	6,895,762	7,846,979		
Associate companies and joint venture	-	-	-	-	192,204	192,204		
Balances at December 31, 2018	112,214	135,087	2,063,906	(80,144)	9,879,009	12,110,072		

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Cash Flows
Year ended December 31, 2018

	Notes	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,985,191	1,623,971
Adjustments for:			
Depreciation – property, plant and equipment	16	982,331	801,129
Amortisation and impairment – intangible assets	14	128,374	100,348
Amortisation – biological assets	10	88,813	53,685
Exchange movement in working capital		23,569	4,321
Current taxation charge	24(a)	423,074	372,719
Deferred tax, net	24(a)	27,111	(16,058)
Employee benefits, net		(4,416)	(25,620)
Loss on disposal of property, plant and equipment and investments		3,638	1,760
Share of profit in associate companies and joint venture		(120,306)	(3,784)
Amortisation of bond issue cost	20	2,626	14,658
Interest earned	23	(124,481)	(100,435)
Interest expense	23	366,823	308,805
		3,782,347	3,135,499
Decrease/(increase) in current assets:			
Accounts receivable		210,484	(592,665)
Taxation recoverable		(6,694)	8,801
Inventories		(124,979)	(33,710)
Increase/(decrease) in current liabilities:			
Accounts payable		543,350	1,061,484
Tax paid		(444,525)	(311,628)
Net cash provided by operating activities		3,959,983	3,267,781
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to biological assets	10	(50,168)	(21,536)
Short-term investments		(19,632)	828,920
Interest received		119,308	100,435
Securities purchased under resale agreements		(662,919)	(975,004)
Additions to property, plant and equipment	16	(1,679,729)	(2,267,831)
Additions to intangible assets	14	(18,068)	(1,566)
Proceeds from disposal of investments and property, plant and equipment, net of own shares sold by ESOP		25,979	28,125
Own shares or subsidiary shares acquired by ESOPs		(70,240)	-
Interest in associate companies and joint venture		(528,544)	(19,282)
Long-term loans receivable		11,651	12,972
Net cash used by investing activities		(2,872,362)	(2,314,767)

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Cash Flows (Continued)
Year ended December 31, 2018

	2018 $'000	2017 $'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans and borrowings	(254,802)	156,729
Interest paid	(393,413)	(263,491)
Distributions to non-controlling interests	(373,282)	(489,429)
Distributions to stockholders, net	(104,483)	(124,523)
Net cash used by financing activities	(1,125,980)	(720,714)
Net (decrease)/increase in cash and cash equivalents	(38,359)	232,300
Cash and cash equivalents at beginning of the year	885,254	632,914
Exchange (losses)/gains on foreign currency cash and cash equivalents	(10,719)	20,040
Cash and cash equivalents at end of the year	836,176	885,254

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
Year ended December 31, 2018

1. The company

Jamaica Producers Group Limited ("the company") is incorporated and domiciled in Jamaica. The company's registered office is located at 4 Fourth Avenue, Newport West, Kingston 13.

The main activities of the company, its subsidiaries (collectively, "group") and associates (note 32) are port terminal operations; logistics; the cultivation, marketing and distribution of fresh produce; food and juice manufacturing; land management and the holding of investments.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

This is the first set of the group's annual financial statements in which IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 3.

Standards issued but not yet effective

At the date of authorisation of the financial statements, certain new and amended standards have been issued which are not yet effective and which the group has not early-adopted. The group has assessed the relevance of all such new standards and amendments with respect to its operations and has determined that the following may be relevant:

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customer*s is also adopted. The group is assessing the impact that this amendment will have on its 2019 financial statements.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

Standards issued but not yet effective (continued)

- IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

  An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

  If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

  If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

  IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding:

  - judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - assumptions and other estimates used; and
  - potential impact of uncertainties that are not reflected in the financial statements.

  The group is assessing the impact that the standard will have on its 2019 financial statements.

- An amendment to IAS 28*, Investments in Associates and Joint Ventures,* effective for annual periods beginning on or after January 1, 2019, addresses equity-accounted loss absorption by long-term interests. It will affect companies that finance associates and joint ventures with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests) and involves the dual application of IAS 28 and IFRS 9, *Financial Instruments*. The group is required to apply both IFRS 9 and IAS 28 in a three-step annual process:

  1. Apply IFRS 9 independently - prior years' IAS 28 loss absorption is ignored.
  2. If necessary, prior years' IAS 28 loss allocation is trued-up in the current year, because the IFRS 9 carrying value may have changed.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

Standards issued but not yet effective (continued)

- An amendment to IAS 28, *Investments in Associates and Joint Ventures* (continued)

  3. Any current year IAS 28 losses are allocated to the extent that the remaining long-term interests balance allows. Any unrecognised prior years' losses are reversed by current year IAS 28 profits.

  The group is assessing the impact that the amendment will have on its 2019 financial statements.

- IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures,* have been amended to address the sale or contribution of assets between an investor and its associate or joint venture. The effective date of the amendments has been deferred indefinitely.

  The amendments deal with the accounting conflict between existing guidance on consolidation and equity accounting where a parent losses control of a subsidiary in a transaction with an associate or joint venture.

  Under IFRS 10, the parent would recognise the full gain on loss of control. But, under IAS 28, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or joint venture. In either case, the loss is recognised in full if the underlying assets are impaired.

  The full gain is to be recognised when the assets transferred meet the definition of a' business' under IFRS 3, *Business Combinations*.

  The amendments also introduce new accounting that involves neither cost nor full step-up of certain retained interests in assets that are not businesses.

  The group is assessing the impact that the amendments will have on its financial statements when they become effective.

(a) Basis of preparation

The financial statements are prepared on the historical cost basis, except for available-for-sale investments which are measured at fair value. The financial statements are presented in Jamaica dollars (J$), which is the functional currency of the company.

(b) Use of estimates and judgment

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

2. Statement of compliance and basis of preparation (continued)

(c) Use of estimates and judgment (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Impairment losses on trade receivables

Allowances for doubtful accounts were established until December 31, 2017, based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. Effective January 1, 2018, such allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") on trade accounts receivable.

Under the ECL model, the group analyses its accounts receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 8 months and analysis of future delinquency, that is applied to the balance of the accounts receivable.

The average ECL rate increases in each segment of days past due until the rate is 100% for the applicable ageing bracket.

(ii) Impairment of goodwill and other intangible assets

Impairment of goodwill and other intangibles is dependent upon management's internal assessment of future cash flows from the intangibles and cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of cash generating units in respect of goodwill. The estimate of the amount recoverable from future use of those cash generating units is sensitive to the discount rates used (note 14).

(iii) Depreciation methods, useful lives and residual values

Depreciation methods, useful lives and residual values rely on judgment and estimates by management, one of which is that the relevant assets will continue to be used for their current purpose within the group. In addition, useful lives and residual values vary between individual assets and are dependent upon continuation of the current level of maintenance. Should there be a change in the present use or level of maintenance this could change the charge for depreciation and net book value of property, plant and equipment (note 16) within the next financial year.

3. Changes in accounting policies

The group adopted IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* from January 1, 2018.

Due to the transition method chosen by the group in applying IFRS 9, comparative information throughout these financial statements has not generally been restated.

(a) IFRS 9, *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The group has adopted consequential amendments to IFRS 7 *Financial Instruments*: *Disclosures* that are applied to disclosures about 2018, but have not been applied to the comparative information.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale [see note 4(c)].

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and financial liabilities as at January 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount at December 31, 2017	Remeasurement	IFRS 9
				$'000		
Financial assets						
Cash and cash equivalent		Loans and receivables	Amortised cost	885,254	-	885,254
Investment		Loans and receivables	Amortised cost	97,813	-	97,813
Accounts receivable		Loans and receivables	Amortised cost	2,450,355	-	2,450,355

Impairment of financial assets

IFRS 9 replace the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (See note 4(l).

3. Changes in accounting policies (continued)

(a) IFRS 9, *Financial Instruments* (continued)

Transition

For assets in the scope of the IFRS 9 impairment model, impairment loses are generally expected to increase and become more volatile. The group has determined that application to IFRS 9's impairment requirements at January 1, 2018 has not given rise to any material change in the group's impairment allowances.

The impact, net of tax, of transition to IFRS 9 on the opening accumulated losses was nil.

(b) IFRS 15, *Revenue Recognition*

Under IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The adoption of IFRS 15 did not impact the timing or amount of sales from contracts with customers and the related assets and liabilities recognised by the group. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

4. Significant accounting policies

Except for the changes indicated in note 3, the group has consistently applied the accounting policies as set out in note 4 to all periods presented in these financial statements.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method from the date on which control is transferred to the group. Control is the power to govern the relevant financial and operating policies of an entity so as to obtain benefits from its activities.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with a business combination, are expensed as incurred.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets from the acquisition date.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the change in the carrying value of non-controlling interest and the fair value of consideration paid or received is recognised directly in equity.

(iii) Subsidiaries

Subsidiaries are those entities controlled by the group. The group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements include the financial statements of all subsidiaries, including an Employees Share Ownership Plan (ESOP) classified as a structured entity (note 19), made up to December 31, 2018.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

On the loss of control, the group derecognises the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the group retains any interest in a former subsidiary, then such interest is measured at fair value at the date that control is lost.

(v) Joint venture arrangements

A joint venture is a contractual arrangement in which the group has joint control and whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are recognised initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of joint ventures using the equity method, until the date on which joint control ceases. If the group's share of losses exceeds its interest in a joint venture the group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of a joint venture. If the joint venture subsequently reports gains, the group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

(vi) Associates

Associates are those entities over which the group has significant influence, but not control or joint control over the financial and operating polices, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost, including transaction costs.

The group's investment is carried at its share of the fair value of net identifiable assets of the associate net of any impairment loss identified on acquisition.

The group's share of associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the group's significant accounting policies.

Should the group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the group will not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) Foreign currencies

The group's foreign currency assets and liabilities are translated at the buying rates of exchange ruling at the reporting date [note 31(b)(ii)]. Items in the foreign subsidiaries' profit and loss accounts are translated at rates of £1 to J$169.93 (2017: J$163.11), US$1 to J$128.04 (2017: J$127.49), €1 to J$146.67 (2017: J$140.02), being the weighted average rates of exchange for the year. Other transactions in foreign currencies are converted at the rates of exchange at the dates of those transactions.

Gains and losses arising from translating profit or loss items are included in profit or loss. Unrealised portions of such gains are ultimately transferred to capital reserve. Exchange differences arising on other changes to stockholders' interests are reflected in other capital reserves [note 19(ii)].

(c) Financial instruments – Classification, recognition and de-recognition, and measurement

Policies applicable from January 1, 2018

Financial instruments carried on the statement of financial position include cash and cash equivalents, accounts receivable, short-term investments, securities purchased under resale agreement, investments, payables and loans and borrowing.

Financial assets

Initial recognition and measurement

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost [see note 3(a)].

4. Significant accounting policies (continued)

(c) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents;
- Accounts receivable; and
- Short-term investments
- Securities purchased under resale agreements.

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Impairment of financial assets

Impairment losses on financial assets, including receivables, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The group's financial liabilities, which include accounts payable, are recognised initially at fair value.

4. Significant accounting policies (continued)

(c) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the group balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Policies applicable before January 1, 2018

(i) Recognition

The group initially recognises financial assets on the trade date – the date at which the group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

4. Significant accounting policies (continued)

(d) Cash and cash equivalents

Cash comprises cash in hand, on demand and on call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes.

(e) Short-term investments

Short-term investments comprise fixed deposits with banks, money market securities and loans and receivables maturing within one year. They are acquired for their earnings potential and for balancing the group's risks on its investment portfolio. Their nature, liquidity and risk are similar to those of cash and cash equivalents.

(f) Securities purchased under resale agreements

Securities purchased under resale agreements ('reverse repos') are short-term transactions in which the purchaser makes funds available to other parties and in turn receives securities which it agrees to resell on a specified date at a specified price. Reverse repos are accounted for as short-term collateralised lending.

The difference between the sale and repurchase consideration is recognised on the effective interest basis over the period of the transaction and is included in interest income.

(g) Inventories

Inventories are measured at the lower of cost, determined principally on the first-in first-out basis, and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses.

(h) Trade and other payables

Trade and other payables, including provisions, are measured at amortised cost. A provision is recognised in the balance sheet when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Biological assets

Biological assets represent the cost of primarily pineapple and banana plants which are capitalised up to maturity. These are measured at cost, less accumulated amortisation and impairment losses. The costs are normally amortised over a period of two years for pineapples and seven years for bananas.

4. Significant accounting policies (continued)

(j) Intangible assets and goodwill

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (note 14) and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the equity accounted investee as a whole.

(ii) Other intangible assets

Other intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Except for goodwill, intangible assets are amortised on the straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for their intended use by management.

The estimated useful lives are as follows:

- brands and trademarks 25 years
- customer relationships 10-15 years
- other identified intangible assets 3-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

(k) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets include the costs of material and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the present value of costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised as part of the cost of the qualifying asset.

4. Significant accounting policies (continued)

(k) Property, plant and equipment (continued)

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Leased assets

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets acquired under finance leasing arrangements are measured at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation, calculated in accordance with the policy in (iv) below, and impairment losses. After deducting interest attributable to future periods, the net amount payable is included in accounts payable.

(iii) Subsequent costs

The group recognises the cost of replacing part of an item of property, plant and equipment in the carrying amount of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably.

(iv) Depreciation

Property, plant and equipment, including leased assets, with the exception of freehold land, on which no depreciation is charged, are depreciated on the straight-line basis at annual rates, varying between 2% and 50%, estimated to write down the assets to residual values over their expected useful lives. Computer software and equipment are depreciated on the straight-line basis at rates between 25% and 50% per annum. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(l) Impairment

Policy applicable from January 1, 2018

The group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses (see note 3a).

4. Significant accounting policies (continued)

(l) Impairment (continued)

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios

The group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting date reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The group uses three scenarios that are probability weighted to determine ECL.

For trade receivables, the group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

Policies applicable before January 1, 2018

The carrying amounts of the group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows that are largely independent of the cash flows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combinations.

Impairment losses in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of other assets in the unit on a pro-rata basis. Impairment losses are recognised in group profit or loss.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a customer or counterparty, or indicators that the customer or counterparty will enter bankruptcy.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. When a decline in the fair value of an available-for-sale investment has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is recognised in profit or loss, even though the investment has not been derecognised.

4. Significant accounting policies (continued)

(l) Impairment (continued)

Policies applicable before January 1, 2018 (continued)

The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the group's investments measured at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets or CGUs is the greater of their value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGUs to which the asset belongs.

(ii) Reversals of impairment

An impairment loss on assets measured at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as fair value through other comprehensive income is not reversed through profit or loss. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Loans payable

Loans payable are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method.

4. Significant accounting policies (continued)

(n) Employee benefits

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, national insurance contributions, annual leave and non-monetary benefits such as medical care and housing, post-employment benefits such as pensions and other long-term employee benefits such as termination benefits. Employee benefits that are earned as a result of past or current service are recognised in the following manner:

- Current employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employees become entitled to the leave.

- Pension obligations

  The group, through its subsidiaries, participates in 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 defined benefit and defined contribution plans.

  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 respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting 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 other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the profit or loss.

  The group also participates in defined contribution plans whereby it pays contributions to privately administered pension plans which are administered by trustees. Once the contributions have been paid, the group has no further payment obligations. The contributions are charged to profit or loss in the period to which they relate.

4. Significant accounting policies (continued)

(n) Employee benefits (continued)

- Other retirement obligations

  The group, through its subsidiaries, provides post-employment health care and life insurance benefits to certain 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 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 group 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.

(o) Revenue

Policies applicable from January 2018

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or service to a customer.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

4. Significant accounting policies (continued)

(o) Revenue (continued)

Policies applicable from January 2018 (continued)

Performance obligations and revenue recognition policies (continued):

Type of revenue	**Nature and timing of satisfaction of performance obligations, including significant payment terms.**	**Revenue recognition under IFRS 15 .**
Terminal and logistics services	The group provides a full range of cargo handling, logistics, freight forwarding and trans-shipment services. Fees to its customers are calculated based on specific tariffs and charged based on services rendered.	Generally recognised at the point in time that the service is delivered.
Sale of food and drinks	The group provides goods to its customers. Customers obtain control of products when the goods are delivered to and have been accepted at their premises, or in certain cases when the goods have been collected from a group premises. Invoices are generated at that point and are payable across a range of terms that vary from immediate to 45 days.	Recognised when the goods are delivered and have been accepted by the customers at their premises. For contracts that permits return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.
	Some contracts allow customers to return goods. Returned goods are exchanged for new goods or in certain cases are refunded through credit notes.	The group has a very low level of returned goods. Where applicable, the right to recover returned goods is measured at the former carrying amount of inventory less any expected cost to recover.

Policy applicable before January 2018

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer and the group is reasonably certain that economic benefit will be received. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the service at the reporting date.

4. Significant accounting policies (continued)

(p) Finance costs

Finance costs represent interest payable and amortised upfront borrowing costs on borrowings calculated using the effective interest method.

(q) Interest income

Interest income is recognised in profit or loss and is calculated taking into account the effective interest rate on the asset.

(r) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Segment reporting

An operating segment is a component of the group:

(i) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

(ii) whose operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and

(iii) for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5. Short-term investments

This comprises fixed deposits.

6. Securities purchased under resale agreements

The fair value of the underlying securities purchased under resale agreements approximated $2,686,329,000 (2017: $3,936,790,000).

7. Accounts receivable

	2018 $'000	2017 $'000
Trade receivables	1,796,511	2,061,288
Staff receivables	6,344	9,610
Other receivables and prepayments	572,560	499,227
	2,375,415	2,570,125
Less: allowance for impairment	(130,370)	(119,770)
	2,245,045	2,450,355

The movement in allowance for impairment during the year is as follows:

	2018 $'000	2017 $'000
Balance at beginning of year	119,770	135,602
Impairment losses recognised	50,993	62,407
Amount recovered in the year	(40,860)	(77,092)
Amounts written-off as uncollectible	(1,868)	(1,092)
Exchange loss on retranslation	2,335	(55)
Balance at end of year	130,370	119,770

The allowance for impairment is used to record impairment losses, unless the group is satisfied that no recovery of the amount owing is possible, at which point the amount considered irrecoverable is written-off directly against the receivable.

The aging of trade receivables at the reporting date was:

	2018		2017	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	1,292,102	310	975,119	-
Past due 0 - 30 days	260,131	504	700,069	-
Past due 31 - 120 days	142,488	16,495	205,895	17,545
Past due 121 days - 1 year	54,145	53,942	165,702	74,725
More than 1 year	47,645	47,645	14,503	14,503
	1,796,511	118,896	2,061,288	106,771

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2018

8. Inventories

	2018 $'000	2017 $'000
Raw materials and consumables	311,435	276,218
Processed goods	185,964	127,873
Spare parts and other	392,800	361,129
	890,199	765,220

9. Accounts payable

	2018 $'000	2017 $'000
Trade payables	2,337,566	1,913,831
Dividends payable – shareholders and non-controlling interests	337,243	282,415
Accrued expenses and other payables	1,290,740	1,235,810
	3,965,549	3,432,056

10. Biological assets

	2018 $'000	2017 $'000
Balance at beginning of the year	119,785	151,934
Increase due to new plantings	50,168	21,536
Amortisation in year	(88,813)	(53,685)
Balance at end of the year	81,140	119,785

11. Interest in associate companies and joint venture

The group's associated companies and joint venture investments, which are recognised using the equity method, are set out below:

(a) Interest in associates and joint venture

		2018 $'000	2017 $'000
(i)	Tortuga Cayman Limited	108,862	104,053
(ii)	SSL REIT Limited	58,032	-
(iii)	Shipping Association of Jamaica Property Limited	636,853	521,611
		803,747	625,664

(i) The group holds a 40% holding in Tortuga Cayman Limited, a company that manufactures and distributes baked products, through its subsidiary Tortuga International Holdings Limited.

11. Interest in associates and joint venture (continued)

(a) Interest in associates and joint venture (continued)

(ii) During the year the group, through its subsidiary KW Logistics Limited, acquired a 50% shareholding in SSL REIT Limited, a company whose primary business is the rental of warehousing facilities, for consideration of $61,605,000.

(iii) The company directly holds 20% of the shares of Shipping Association of Jamaica Property Limited (SAJP). The group indirectly holds a further 10% shareholding in SAJP through its subsidiary Kingston Wharves Limited.

(b) The share of profits from associate companies and joint ventures amounted to $119,929,000 (2017: $26,216,000).

(c) The other financial asset represents a loan to the group's joint venture, SSL REIT Limited, of $470,000,000 that is due within 12 months.

12. Non-controlling interest

The following table summarises information relating to each of the group's subsidiaries that has material non-controlling interest (NCI) before any intra-group eliminations but after adjustments to align accounting policies.

	2018				2017			
	Kingston Wharves Limited	Tortuga International Holdings Limited	Other - immaterial NCI	Total	Kingston Wharves Limited	Tortuga International Holdings Limited	Other- immaterial NCI	Total
NCI percentage	58%	38%			58%	38%		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets	21,768,599	867,936	-		20,599,349	936,059	-	
Current assets	6,582,898	288,522	1,229		5,165,100	310,311	1,389	
Non-current liabilities	(3,907,365)	(162,103)	-		(3,963,076)	(198,111)	-	
Current liabilities	(2,447,792)	(179,356)	(166,161)		(2,114,682)	(191,969)	(166,161)	
Net assets/(liabilities)	21,996,340	814,999	(164,932)		19,686,691	856,290	(164,772)	
Carrying amount of NCI	12,585,824	315,944	(226,768)	12,675,000	11,379,313	331,400	(226,690)	11,484,023
Revenue	7,253,571	878,943	-		6,369,238	907,320	-	
Profit/(loss) for the year	2,025,525	(58,106)	(160)		1,701,905	(4,615)	2,287	
Other comprehensive income/(loss)	742,409	17,305	-		117,716	(28,430)	-	
Total comprehensive income/(loss)	2,767,934	(40,801)	(160)		1,819,621	(33,045)	2,287	
Profit/(loss) allocated to NCI	1,191,661	(22,013)	(78)	1,169,570	962,715	(1,749)	1,121	962,087
Other comprehensive income/(loss) allocated to NCI	430,597	6,557	-	437,154	67,938	(10,772)	-	57,166
Cash flows from operating activities	3,104,116	10,032	-		3,000,365	164,111	-	
Cash flows from investment activities	(1,961,957)	(26,825)	-		(1,966,319)	(22,028)	-	
Cash flows from financing activities	(956,509)	(17,950)	-		(124,423)	(105,744)	-	
Net increase/(decrease) in cash and cash equivalents	185,650	(37,743)	-		909,623	36,339	-	

13. Investments

This represents a long-term third party loan of US$1,195,000 receivable on an amortised basis with equal monthly payments over fifteen years. It commenced in 2010 and included a one-year principal moratorium for the first year. The loan, which earns interest at 3% per annum, is secured by a first mortgage over property and liens over plant, equipment, inventories and any other assets owned by the borrower. In addition, a first lien is held over the shares held by the borrower in former subsidiaries that own the aforementioned assets pledged as security.

An impairment allowance of US$378,000 (2017: US$378,000) has been recognised against this loan.

14. Intangible assets

	Brands and trademarks $'000	Customer relationships $'000	Other identifiable intangibles $'000	Goodwill $'000	Total $'000
Cost:					
December 31, 2016	543,804	660,551	61,518	843,199	2,109,072
Additions	-	-	1,566	-	1,566
Transfer	-	-	17,516	-	17,516
Exchange adjustments	(11,587)	(6,526)	(1,581)	32,276	12,582
December 31, 2017	532,217	654,025	79,019	875,475	2,140,736
Additions	-	-	18,068	-	18,068
Exchange adjustments	8,848	4,983	1,196	(18,991)	(3,964)
December 31, 2018	541,065	659,008	98,283	856,484	2,154,840
Amortisation and impairment:					
December 31, 2016	94,818	102,886	25,917	186,266	409,887
Charge for the year	24,534	57,837	17,977	-	100,348
Transfers	-	-	6,582	-	6,582
Exchange adjustments	(2,933)	(2,612)	(1,078)	(4,930)	(11,553)
December 31, 2017	116,419	158,111	49,398	181,336	505,264
Charge for the year	21,526	57,908	12,578	-	92,012
Impairment charge	-	36,362	-	-	36,362
Exchange adjustments	2,056	1,436	864	3,764	8,120
December 31, 2018	140,001	253,817	62,840	185,100	641,758
Net book values:					
December 31, 2018	401,064	405,191	35,443	671,384	1,513,082
December 31, 2017	415,798	495,914	29,621	694,139	1,635,472
December 31, 2016	448,986	557,665	35,601	656,933	1,699,185

As a result of the Group's current year impairment assessment, the value in use of certain customer relationships was identified to be lower than the carrying amount. Accordingly, an impairment of $36,362,000 was recognised to reflect this reduction in recoverable amount. This impairment arose by applying the discounted cash flow model to lower than previously expected future EBITDA margins following a review of historical business performance.

14. Intangible assets (continued)

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the countries in which the businesses operate. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are estimated over 5 years, followed by a terminal value calculated based on the discount rates and growth rates in the table below. Each unit is regarded as saleable to a third party at a future date at a price sufficient to recover its carrying amount of goodwill. Key assumptions are set out below:

	2018		2017	
Cash-generating units (CGUs)	Discount rates	Growth rates	Discount rates	Growth rates
Juice manufacturing business	10%	3%	10%	3%
Other food manufacturing business	15%	3%	15%	3%
Logistics business	10%	3%	10%	3%
Other units	15%	3%	15%	3%

15. Deferred tax asset/(liability)

The deferred tax asset/(liability) is attributable to the following:

	Deferred tax					
	Asset		Liability		Net	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	3,730	658	(1,120,479)	(1,092,041)	(1,116,749)	(1,091,383)
Employee benefits	-	-	(187,769)	(90,755)	(187,769)	(90,755)
Other liabilities	-	1,587	3,136	2,665	3,136	4,247
Other assets	-	-	(2,028)	(3,720)	(2,028)	(3,715)
	3,730	2,245	(1,307,140)	(1,183,851)	(1,303,410)	(1,181,606)

Movement on the net deferred tax (liability)/asset during the year:

	2018	2017
	$'000	$'000
Net deferred tax liability at beginning of year	(1,181,606)	(1,182,933)
Effect of re-measurement of post-employment benefits	(94,768)	(14,713)
Recognised in taxation charge [note 24(a)(ii)]	(27,111)	16,058
Translation (loss)/gain in the year	75	(18)
	(1,303,410)	(1,181,606)

16. Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Equipment, vehicles and furniture $'000	Work-in-progress $'000	Total $'000
Cost:					
December 31, 2016	14,859,588	311,981	4,883,026	1,539,593	21,594,188
Additions	75,798	35,969	418,925	1,737,139	2,267,831
Disposals	-	(2,573)	(41,747)	-	(44,320)
Transfers	2,647,638	-	147,465	(2,812,619)	(17,516)
Exchange adjustments	128,840	(152)	145,755	10,649	285,092
December 31, 2017	17,711,864	345,225	5,553,424	474,762	24,085,275
Additions	365,420	13,460	758,171	542,678	1,679,729
Disposals	-	(4,313)	(24,750)	-	(29,063)
Transfers	546,546	13,457	201,157	(761,160)	-
Exchange adjustments	(103,490)	161	(140,716)	(9,778)	(253,823)
December 31, 2018	18,520,340	367,990	6,347,286	246,502	25,482,118
Depreciation and impairment:					
December 31, 2016	447,997	213,170	1,375,677	70,227	2,107,071
Charge for the year	336,027	9,053	452,456	3,593	801,129
Transfer	-	-	(6,582)	-	(6,582)
Eliminated on disposals	-	(1,730)	(28,996)	-	(30,726)
Exchange adjustments	42,580	(67)	79,232	9,559	131,304
December 31, 2017	826,604	220,426	1,871,787	83,379	3,002,196
Charge for the year	449,328	8,153	519,028	5,822	982,331
Eliminated on disposals	-	(1,953)	(17,335)	-	(19,288)
Exchange adjustments	(34,690)	45	(65,754)	(6,761)	(107,160)
December 31, 2018	1,241,242	226,671	2,307,726	82,440	3,858,079
Net book values:					
December 31, 2018	17,279,098	141,319	4,039,560	164,062	21,624,039
December 31, 2017	16,885,260	124,799	3,681,637	391,383	21,083,079
December 31, 2016	14,411,591	98,811	3,507,349	1,469,366	19,487,117

17. Retirement benefit asset and obligations

The group participates in benefit plans for its employees. These can be summarised as follows:

(i) Four defined contribution schemes for qualifying employees in Jamaica and another in the United Kingdom.

(ii) An industry-wide multi-employer defined benefit scheme in the Netherlands. The subsidiary is required to contribute a specified percentage of payroll costs to the scheme to fund the benefits. This percentage may increase or decrease as a result of changes in actuarial valuations. The only obligation of the group with respect to this scheme is to make the specified contributions. Accordingly, it is treated as a defined contribution scheme for the purpose of the group's accounting.

17. Retirement benefit asset and obligations (continued)

(iii) A defined benefit scheme for certain employees of its subsidiary also in the Netherlands. The group has contracted out all legal and constructive commitments of this scheme to an insurance company and is only obliged to make annual specified contributions. Accordingly, this scheme is treated as a defined contribution scheme for the purpose of the group's accounting.

(iv) A defined contribution scheme and a defined benefit scheme operated by Kingston Wharves Limited (KW). KW also provides other retirement benefits giving rise to obligations. The assets of the funded plans are held independently in separate trustee administered funds.

The effect on the balance sheet, profit for the year and other comprehensive income are as follows:

	2018 $'000	2017 $'000
Balance sheet asset/(obligations) for:		
Pension benefits asset	1,985,258	1,174,675
Other retirement benefits obligation	(326,782)	(357,792)
(Credit)/charge to profit or loss for:		
Pension benefits	(30,384)	(41,963)
Other retirement benefits	40,465	32,240
	10,081	(9,723)
(Credit)/charge to other comprehensive income on remeasurements for:		
Pension benefits	(776,501)	(191,828)
Other retirement benefits	(60,676)	59,980
	(837,177)	(131,848)

(a) Defined benefit pension plan

The Kingston Wharves scheme is open to all permanent employees of that subsidiary. 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 contributions of 1% of salary, as recommended by independent actuaries. Members may also make voluntary contributions of up to 5% of their earnings.

The assets of the plan are held independently of the group's assets in a separate trustee-administered fund. The plan is valued by independent actuaries annually using the projected unit credit method.

The defined benefit asset recognised in the balance sheet is determined as follows:

	2018 $'000	2017 $'000
Fair value of plan assets	3,779,712	3,020,836
Present value of fund obligations	(1,794,454)	(1,846,161)
Asset in the balance sheet	1,985,258	1,174,675

17. Retirement benefit asset and obligations (continued)

(a) Defined benefit pension plan (continued)

Movements in the amounts recognised in the balance sheet:

	2018 $'000	2017 $'000
Assets at start of year	1,174,675	936,177
Amounts recognised in statement of comprehensive income	806,885	233,791
Contributions paid	3,698	4,707
Asset at end of year	1,985,258	1,174,675

The movement in the fair value of plan asset:

	2018 $'000	2017 $'000
Balance at start of year	3,020,836	2,588,704
Interest income	239,697	231,364
Re-measurements -		
Return on plan assets, excluding amounts included in interest expense	568,429	236,746
Members' contributions	34,532	27,119
Employers' contributions	3,698	4,707
Benefits paid	(80,591)	(67,804)
Administrative expenses	(6,889)	-
Balance at end of year	3,779,712	3,020,836

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

	2018 $'000	2017 $'000
Balance at start of year	1,846,161	1,652,527
Current service cost	76,645	73,322
Interest cost	150,889	152,350
Re-measurements -		
(Gain)/loss from change in financial assumptions	(208,071)	44,918
Members' contributions	16,040	12,497
Benefits paid	(80,591)	(67,804)
Gain on curtailment	(6,619)	(21,649)
Balance at end of year	1,794,454	1,846,161

As at the reporting date, the present value of the defined benefit obligation was comprised of approximately $1,022,963,000 (2017: $900,692,000) relating to active employees, $82,198,000 (2017: $51,063,000) relating to deferred members, $676,150,000 relating to members in retirement and $13,143,000 (2017: $3,036,000) representing other liabilities.

17. Retirement benefit asset and obligations (continued)

(a) Defined benefit pension plan (continued)

The amounts recognised in the profit and loss account are as follows:

	2018 $'000	2017 $'000
Current service cost	58,153	58,700
Interest income	(88,807)	(79,014)
Administrative expenses	6,889	-
Gain on curtailment	(6,619)	(21,649)
Total, included in staff costs	(30,384)	(41,963)

Plan assets are comprised as follows:

	2018		2017	
	$'000	%	$'000	%
Quoted equity securities	2,097,528	55.5	1,388,337	46.0
Government of Jamaica securities	1,005,438	26.6	943,514	31.2
Corporate bonds and promissory notes	331,578	8.8	155,150	5.1
Repurchase agreements	178,660	4.7	269,206	8.9
Leases	26,795	0.7	18,536	0.6
Real estate	114,810	3.0	108,056	3.6
Other	24,903	0.7	138,037	4.6
	3,779,712	100.0	3,020,836	100.0

The pension plan assets include ordinary stock units of Kingston Wharves Limited with a fair value of $741,000,000 (2017: $330,000,000).

Expected contributions to the post-employment plan for the year ending December 31, 2018 are $4,700,000 (2017: $3,200,000).

The significant actuarial assumptions used were as follows:

	2018	2017
Discount rate	7.00%	8.00%
Future salary increases	4.00%	5.50%
Expected pension increase	2.00%	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.

17. Retirement benefit asset and obligations (continued)

(a) Defined benefit pension plan (continued)

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	
	2018	2017	2018	2017	2018	2017
			$'000	$'000	$'000	$'000
Discount rate	0.5%	1%	(101,921)	(225,791)	115,852	224,982
Future salary increases	0.5%	1%	14,128	39,329	(14,183)	(36,336)
Expected pension increase	0.5%	1%	88,020	215,726	(80,191)	(177,649)
Life expectancy	1 year	1 year	27,598	30,675	(27,582)	(33,767)

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, as changes in some of the assumptions may be correlated.

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

(b) Other retirement benefits

Through its subsidiary, Kingston Wharves Limited, the group operates both a group health plan and a group life plan. KW covers 100% of the premiums of both plans. However, pensioners under the health plan have the option to pay an additional premium for single dependent or multiple dependents' coverage.

The method of accounting and the frequency of valuations for these plans are similar to those used for the defined benefit 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 5% (2017: 7%) per year for the insured group health plan. The insured group life plan assumes a salary rate increase of 4% (2017: 5.5%) per year.

The amounts recognised in the balance sheet were determined as follows:

	2018	2017
	$'000	$'000
Liability at start of year	357,792	276,762
Amounts recognised in the statement of comprehensive income	(20,211)	92,220
Contributions paid	(10,799)	(11,190)
Liability at end of year	326,782	357,792

17. Retirement benefit asset and obligations (continued)

(b) Other retirement benefits (continued)

Movement in the present value of the defined benefit obligation:

	2018 $'000	2017 $'000
Balance at start of year	357,792	276,762
Current service cost	20,871	15,125
Interest cost	29,341	25,576
Gain on curtailment	(9,747)	(8,461)
Included in staff costs in profit and loss account	40,465	32,240
Re-measurements -		
(Gain)/loss from change in financial assumptions, being total included in other comprehensive income	(60,676)	59,980
Benefits paid	(10,799)	(11,190)
Balance at end of year	326,782	357,792

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	
	2018	2017	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Life						
Discount rate	0.5%	1%	(2,069)	(3,600)	2,303	4,318
Future salary increases	0.5%	1%	582	1,183	(560)	(1,093)
Medical						
Discount rate	0.5%	1%	(21,220)	(45,990)	23,775	59,747
Future medical cost rate	0.5%	1%	23,775	59,747	(21,220)	(45,990)

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

Through its defined benefit pension plans and post-employment medical plans, the subsidiary 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.

However, the subsidiary believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the long term strategy to manage plans efficiently.

17. Retirement benefit asset and obligations (continued)

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

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 plan's 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 weighted average duration of the defined benefit obligation for pension scheme is 14 years.

The weighted average duration of the defined benefit obligation for post-employment medical and life insurance benefits is 12 years.

18. Share capital

Authorised:
1,500,000,000 ordinary shares at no par value.

	2018 $'000	2017 $'000
Stated capital:		
Issued and fully paid – 1,122,144,036 (2017: 1,122,144,036) ordinary stock units at no par value	112,214	112,214

The company's stated capital does not include share premium, which is retained in capital reserves (note 19) in accordance with Section 39 (7) of the Jamaican Companies Act.

19. Reserves

	2018 $'000	2017 $'000
Capital:		
Share premium (note 18)	135,087	135,087
Reserve for own shares [see (i) below]	(80,144)	(72,419)
Other [see (ii) below]	2,063,906	2,308,929
	2,118,849	2,371,597
Revenue:		
Retained profits	9,879,009	8,777,022
	11,997,858	11,148,619

19. Reserves (continued)

(i) Reserve for own shares is included in these financial statements by consolidation of the company's Employees Share Ownership Plan (ESOP), which is regarded as a structured entity and is required to be consolidated under IFRS 10. The reserve comprises the cost of the company's shares held by the group through the ESOP, less net gains on shares sold.

The consolidated financial statements include the group's share of profits or loss of the ESOP based on management accounts for the year ended December 31, 2018. The results of operation of this entity are immaterial in relation to the group.

The number of stock units held by the ESOP at December 31, 2018 was 77,473,991 (2017: 77,311,976). Based on the bid price, less a 15% discount normally allowed to staff, the value of those stock units at December 31, 2018 was $1,448,764,000 (2017: $1,097,443,000). The fair value of these stock units is not recognised in the group's reserve for own shares until sold.

(ii) Other capital reserves comprise gains on disposal of property, plant and equipment and investments up to December 31, 2018, unrealised exchange gains and unclaimed distributions to stockholders (note 26).

(iii) Losses in a subsidiary, in excess of the non-controlling interest in the equity of the subsidiary, were included in the group's results prior to 2010. Should the subsidiary subsequently report profits, such profits would be included in the group results, until the non-controlling interest's share of losses, previously absorbed by the group, has been recovered.

20. Loans and borrowings

	2018 $'000	2017 $'000
Syndicated third party and bank loans	4,403,512	4,636,230
Finance leases	47,436	65,017
Other related party	87,197	87,197
	4,538,145	4,788,444
Less: Transaction costs		
Brought forward from prior year	(11,712)	(14,170)
Incurred in the year	(6,078)	(12,200)
Amortised in interest expense for the year	2,626	14,658
	(15,164)	(11,712)
Total carrying value of long-term loans	4,522,981	4,776,732
Less: current portion	(780,242)	(772,256)
	3,742,739	4,004,476

20. Loans and borrowings (continued)

The terms and conditions of outstanding loans are as follows:

				2018		2017	
	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying value $'000	Face value $'000	Carrying value $'000
Secured syndicated third party loan	JMD	6.40%	2024	1,415,164	1,415,164	1,511,712	1,511,712
Secured bank loan	GBP	2.50%	2020	52,455	52,455	61,720	61,720
Secured bank loan	JMD	8.50%	2023	102,243	102,243	123,767	123,767
Secured bank loan	JMD	7.25%	2021	69,414	69,414	98,400	98,400
Secured bank loan	JMD	8.25%	2020	71,428	71,428	107,143	107,143
Secured bank loan	JMD	4.85%	2018	-	-	169,021	169,021
Secured bank loan	JMD	8.90%	2024	218,370	218,370	257,481	257,481
Secured bank loan	JMD	4.37%	2023	333,929	333,929	412,500	412,500
Secured bank loan	JMD	8.00%	2023	370,875	370,875	435,375	435,375
Secured bank loan	JMD	7.00%	2023	1,611,000	1,611,000	1,281,610	1,281,610
Secured bank loan	JMD	8.49%	2022	3,753	3,753	5,094	5,094
Secured revolving loan facility	USD	5.50%	2019	44,339	44,339	37,232	37,232
Secured loan	JMD	7.00%	2018	99,294	99,294	104,052	104,052
Secured loan	JMD	10.00%	2018	-	-	18,751	18,751
Secured loan	JMD	8.90%	2024	8,316	8,316	9,440	9,440
Other unsecured loan	JMD	nil	n/a	2,932	2,932	2,932	2,932
Finance lease	EUR	3.50%	2022	47,436	47,436	65,017	65,017
Other related party	JMD	5.00%	2019	87,197	87,197	87,197	87,197
				4,538,145	4,538,145	4,788,444	4,788,444

(i) On September 29, 2017, the company issued a Corporate bond for $1,500,000,000. This note is secured by shares in Kingston Wharves Limited (KW) and is repayable by September 2024. The note is to be repaid by semi-annual payments and a lump sum payment of $700,000,000 in the final year. The interest rate on the loan was originally fixed at 9% p.a. for the first five years and thereafter at the GOJ 6-month Weighted Average Treasury Bill Yield (WATBY) plus 200 basis points, capped at 12% p.a. With effect from September 28, 2018, following agreement with bondholders, the interest rate for the subsequent four years was revised to 6.4% and for the subsequent period the cap was revised to 10% p.a. All other terms remain consistent. The proceeds of this note were principally used to refinance two previous notes.

(ii) During 2018, KW drew down $519,000,000, being the final tranche of a $1,800,000,000 facility established to finance capital expenditure. The interest rate varies over the life of the loan, with rates fixed at 7.0% p.a.for the first three years and capped at 7.5% p.a. for the remaining life. The total facility had a two-year moratorium on principal payments during the draw-down period and is thereafter repayable in 20 instalments, ending in 2023, of $63,000,000, with a final payment of $540,000,000.

(iii) During the prior year, KW entered into a financing arrangement to fund capital expenditure totalling $451,500,000. This is a secured loan repayable over 80 months at a fixed interest rate of 8.25% p.a.

(iv) The loan from other related party of $87,197,000 is due to a company that holds 35% of the equity in Four Rivers Mining Company Limited. The loan is due on demand.

21. Gross operating revenue

Gross operating revenue comprises the gross sales of goods and services of the group and commission earned by the group on consignment sales. This is shown after deducting returns, rebates and discounts, consumption taxes and eliminating sales within the group.

The following table shows disaggregation of contract revenue by primary markets, major products and services and timing of recognition:

	2018 $'000	2017 $'000
Primary Geographic Market		
Europe	8,479,400	6,349,958
Caribbean	11,131,769	9,806,754
	19,611,169	16,156,712
Major Products and Service		
Food and drinks	11,343,568	8,805,742
Terminal and logistics services	8,262,295	7,346,209
Other	5,306	4,761
	19,611,169	16,156,712

All the group's performance obligations are satisfied at the point in time that the group transfers control of goods or services to its customers.

22. Disclosure of expenses

	2018 $'000	2017 $'000
Selling, administration and other expenses:		
Advertising, promotion and selling costs	264,974	194,220
Auditors' remuneration	65,719	59,085
Bad debt	10,133	40,062
Bank charges and merchant fees	76,731	65,630
Depreciation and amortisation	207,704	126,421
Directors' emoluments:		
Fees	14,350	9,940
For management	87,291	44,996
Donations	25,879	28,400
Insurance	95,259	84,382
IT and communication	186,456	182,499
Legal, professional and consultancy	144,003	138,391
Office and general costs	58,490	66,842
Other property related costs	150,847	124,268
Property rental	41,811	58,382
Staff costs	1,642,062	1,334,650
Transport, automobile and associated costs	45,201	75,414
Travel	57,027	51,432
Utilities	120,709	104,908
Other	154,327	141,747
Total selling, administration and other expenses	3,448,973	2,931,669

23. Financial income and expenses

	2018 $'000	2017 $'000
Finance income:		
Interest income on available-for-sale financial assets	113,735	81,727
Interest income on bank deposits, loans and receivables	10,746	18,708
Dividend income on available-for-sale financial assets	-	427
Net foreign exchange gain/(loss)	38,805	(91,698)
	163,286	9,164
Finance expenses:		
Interest expense on financial liabilities measured at amortised cost	(364,596)	(314,207)
Net foreign exchange (loss)/gain	(2,227)	5,402
	(366,823)	(308,805)
Net financial expenses	(203,537)	(299,641)

24. Taxation

(a) The taxation charge is based on the group's results for the year, as adjusted for tax purposes, and comprises:

	2018 $'000	2017 $'000
(i) Current tax charge:		
Jamaican corporation tax	266,991	266,998
United Kingdom corporation tax	8,547	9,271
Netherlands corporation tax	145,787	113,560
Other corporation tax	2,126	5,322
Tax on associated companies	(377)	(22,432)
	423,074	372,719
(ii) Deferred taxation (note 15):		
Origination and reversal of temporary differences	27,111	(16,058)
Total taxation charge in group profit and loss account	450,185	356,661

(b) Reconciliation of tax expense

The effective tax rate for 2018 was 18.4% (2017: 18.0%), compared to the statutory tax rate of the company 25% (2017: 25%). The actual charge differs from the "expected" tax charge for the year as follows:

24. Taxation (continued)

(b) Reconciliation of tax expense (continued)

	2018 $'000	2017 $'000
Profit before taxation	2,435,376	1,980,632
Computed "expected" tax charge at 25% (2016: 25%)	608,844	495,158
Taxation difference between profit for financial statements and tax reporting purposes on:		
Effect of non-standard tax rates and tax rates of foreign jurisdictions	(306,389)	(317,675)
Unrelieved tax losses less tax relief utilised	94,762	55,538
Gain on disposal of property, plant and equipment and investments	910	541
Other related capital adjustments and disallowed expenses	52,058	123,099
Actual tax charge	450,185	356,661

(c) As at December 31, 2018, the company and certain subsidiaries had taxation losses, subject to agreement by the Commissioner General, Tax Administration Jamaica, of approximately $3,837,339 (2017: $3,283,000,000) available for relief against future taxable profits. Of this amount, $570,819,000 (2017: $570,819,000) is available for offset against specific income such as farming profits. As of January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year. A deferred tax asset of $959,335,000 (2017: $820,750,000) in respect of taxation losses of certain companies has not been recognised by the group, as management considers its realisation within the foreseeable future to be too uncertain.

25. Profit per ordinary stock unit

The profit per ordinary stock unit is calculated by dividing the profit for the year attributable to shareholders of $815,621,000 (2017: $661,884,000), attributable to the company's stockholders, by a weighted average number of ordinary stock units held during the year, as follows:

Weighted average number of ordinary stock units:

	2018	2017
Issued ordinary stock units at January 1	1,122,144,036	1,122,144,036
Effect of own shares held by ESOP during the year	(77,653,388)	(81,581,986)
Weighted average number of ordinary stock units in issue during the year	1,044,490,648	1,040,562,050
Profit per ordinary stock unit in issue	72.68¢	58.98¢
Profit per ordinary stock unit excluding ESOP holdings	78.09¢	63.61¢

26. Distributions to stockholders of parent

	2018 $'000	2017 $'000
Capital distributions:		
First interim payable in respect of 2018 - 12¢ (2017: 10¢) per stock unit – gross - parent	134,657	112,214
Distributions to ESOP [note 19(i)]	(9,297)	(7,731)
	125,360	104,483
Unclaimed distributions written back to capital reserves [note 19(ii)]	(4,144)	(11,414)
	121,216	93,069

27. Operating lease arrangements

(a) Non-cancellable operating lease commitments as lessee

Annual commitments under non-cancellable operating leases expire as follows:

	2018 $'000	2017 $'000
Within one year	60,418	44,373
In the second to fifth years, inclusive	72,714	77,278
After five years	84,777	-
	217,909	121,651

(b) Non-cancellable operating lease receivables as lessor

The group earned property rental income of $185,170,000 (2017: $118,797,000) under operating leases. Commitments for income under non-cancellable operating leases at year-end are as follows:

	2018 $'000	2017 $'000
Within one year	218,300	133,673
In the second to fifth year inclusive	213,421	107,449
After five years	17,166	15,894
	448,887	257,016

28. Commitments for expenditure

As at December 31, 2018, capital expenditure authorised and committed amounted to approximately $223,222,000 (2017: $72,000,000).

29. Related parties

(a) Identity of related parties

The group has related party relationships with its directors, officers and senior executives of subsidiaries. The company's executive directors, officers and the senior executives of subsidiaries are collectively referred to as "key management personnel".

(b) Transactions with directors and other key management personnel

Directors and officers of the company, their immediate relatives and entities over which they have significant influence hold 32.6% (2017: 32.2%) of the voting shares of the company.

In addition to their salaries, the group contributes to various post-employment benefit plans on behalf of key management personnel.

The compensation of key management personnel based in Jamaica and overseas is as follows:

	2018 $'000	2017 $'000
Short-term employment and other benefits	363,738	307,951
Payroll taxes – employer contributions	26,889	18,777
Post-employment benefits	19,638	18,113
Termination benefits	-	12,879
Total remuneration	410,265	357,720

29. Related parties (continued)

(c) Transactions with other related parties, directors and key management personnel in other capacities

Category and nature of relationship	Nature of Transactions	Transactions in year 2018 $'000	Transactions in year 2017 $'000	(Payable)/receivable at end of year 2018 $'000	(Payable)/receivable at end of year 2017 $'000	* Terms and conditions
Transactions with key management personnel or entities under their control and/or significant influence:						
i) Company under their control	Insurance premiums charged to group	12,356	12,036	-	-	1, 2, 3
ii) Company under their control	Management services charged to group	9,603	9,561	(2,375)	(9,308)	2, 3, 4
iii) Company under their control	Shipping agency services charged to group	6,672	7,734	-	-	1, 2, 3
iv) Company under their control	Charges paid on behalf of the group	(9,973)	(7,399)	-	-	1, 2, 3
v) Company under their control	Collections from third parties on behalf of the group	(59,333)	(80,999)	23,092	30,082	1, 2, 3
vi) Company under their control	Sales by the group	(75,473)	(72,306)	30,625	22,443	2, 3, 4
vii) Company under their control	Legal services to the group	6,186	3,845	-	-	1, 2, 3
viii) Company under their control	Professional services to the group	-	742	-	-	1, 2, 3

* The number in each row represents the terms and conditions that are applicable to the stated transactions and their meanings are as follows:

1. Credit of up to 30 days 2. Unsecured 3. Settlement in cash
4. Credit over 30 days

30. Segment reporting

Segment information is presented in respect of the group's strategic business segments. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The group uses profit or loss before finance cost and taxation to measure performance and allocate resources. The group's business is organised into three business segments:

(a) JP Food & Drink - This comprises businesses that are engaged in agriculture, processing, distribution and/or retail of food and drink.

(b) JP Logistics & Infrastructure – This comprises businesses that are engaged in logistics, transportation, port operations, construction aggregates and related industries.

(c) Corporate Services – This comprises interest and investment income, net of the cost of corporate functions not directly charged to business units.

	JP Food & Drink		JP Logistics & Infrastructure		Corporate Services		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Gross revenue	11,348,017	8,811,498	8,262,295	7,346,209	75,862	87,572	19,686,174	16,245,279
Inter- segment revenue	(4,449)	(5,756)	-	-	(70,556)	(82,811)	(75,005)	(88,567)
Revenue from external customers	11,343,568	8,805,742	8,262,295	7,346,209	5,306	4,761	19,611,169	16,156,712
Interest income	-	-	113,735	76,652	10,746	23,783	124,481	100,435
Segment profit/(loss)	378,328	277,994	2,720,247	2,160,490	(296,376)	(149,047)	2,802,199	2,289,437
Finance cost- interest expense							(366,823)	(308,805)
Profit before taxation							2,435,376	1,980,632
Taxation charge							(450,185)	(356,661)
Non-controlling interest							(1,169,570)	(962,087)
Profit attributable to equity holders of the parent							815,621	661,884
Segment assets	5,799,607	5,477,081	29,001,401	26,641,403	257,936	550,053	35,058,947	32,668,537
Segment liabilities	(2,002,099)	(1,657,652)	(7,957,802)	(7,955,181)	(313,974)	(310,848)	(10,273,875)	(9,923,681)
Capital expenditure	1,002,372	377,692	650,477	1,850,138	26,880	40,001	1,679,729	2,267,831
Depreciation and amortisation	497,498	374,581	665,478	561,983	36,542	18,598	1,199,518	955,162

The revenues and earnings on subsidiaries and associates acquired or disposed of during the year are included up to the date of acquisition or disposal.

30. Segment reporting (continued)

Segment information below represents segment revenue based on the country receiving the benefit of our products/services and segment assets based on the country in which the owner is registered.

	Revenues		Non-current assets	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Jamaica	9,509,457	8,423,411	22,670,201	21,687,727
Netherlands	6,285,138	4,828,051	2,180,132	1,679,838
United Kingdom	232,732	232,700	144,275	144,716
United States of America	781,330	661,463	12,668	7,581
Other Caribbean countries	822,987	681,266	1,092,031	1,218,871
Other European countries	1,961,530	1,289,207	-	-
Other countries	17,995	40,614	-	-
	19,611,169	16,156,712	26,099,307	24,738,733

Revenues from one customer of the JP Food and Drink segment represents approximately $5,470,000,000 (2017: $4,112,000,000) of the group's total revenues.

31. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable and investments. Financial liabilities include bank overdrafts, credit facilities and short-term loans, accounts payable and long-term loans.

(a) Fair value of financial instruments

Fair value amounts represent estimates of the arm's length consideration for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties who are under no compulsion to act. Fair value is best evidenced by a quoted market price, if one exists.

The fair value of cash and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable, credit facilities and short-term loans and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature. The fair value of investments, as disclosed in note 13, are assumed to be cost, less allowance for impairment.

The fair value for long-term loans is assumed to approximate carrying value, as no discount on settlement is anticipated.

31. Financial instruments (continued)

(b) Financial instrument risks

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk, currency risk and price risk. Information about the group's exposure to each of the above risks and the group's objectives, policies and processes for measuring and managing risk is detailed below.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. Management's standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, financial investments, securities purchased under resale agreements and accounts receivable.

The maximum exposure to credit risk at the reporting date is equal to the carrying value.

The group manages this risk as follows:

- Cash and cash equivalents and short-term investments

  The group maintains cash resources with reputable financial institutions. The credit risk is considered to be low. The allowance for impairment is immaterial.

- Securities purchased under resale agreements

  The group holds collateral for securities purchased under resale agreements, with a fair value of $2,686,329,000 (2017: $3,936,790,000). The allowance for impairment is immaterial.

- Accounts receivable

  The group has a credit policy in place to minimise exposure to credit risk inherent in trade accounts receivable. Credit evaluations are performed on all customers requiring credit. Credit terms are negotiated based on a mix of terms acceptable to both parties. The group provides credit up to 60 days, dependent on other pricing arrangements that may be beneficial to the relationship. A continuing relationship with customers is dependent upon adherence to the credit terms.

31. Financial instruments (continued)

(b) Financial instrument risks (continued)

(i) Credit risk (continued)

- Accounts receivable (continued)

Allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are reviewed over the lifetime of the trade receivables.

Effective January 1, 2018, the group estimates expected credit loss ("ECL") on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL for trade receivables as at December 31, 2018.

Age categories	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
		$'000	$'000	$'000
Current (not past due)	0.02%	1,292,102	310	No
Past due 0 - 30 days	0.19%	260,131	504	No
Past due 31- 120 days	11.57%	142,488	16,495	Yes
Past due 121 days - 1 year	99.63%	54,145	53,942	Yes
More than 1 year	100.00%	47,645	47,645	Yes
		1,796,511	118,896	

Staff and other receivables are subject to credit terms consistent with staff guidelines and other factors, including Jamaican GCT, and the Netherlands and U.K. VAT. These guidelines include the provision of collateral as security for credit extended.

- Non-current investments

The loan to the purchaser of former subsidiaries, net of impairment allowance, is considered to be adequately secured. The estimated allowance for any further impairment is immaterial.

(ii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the group's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets.

The group manages this risk by conducting research and monitoring the price movement of securities on the local and international markets.

31. Financial instruments (continued)

(b) Financial instrument risks (continued)

(ii) Market risk (continued)

There were no changes in the group's approach to managing market risk during the year.

Currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The main currencies giving rise to this risk are the Euro (EUR), United States dollar (USD) and Pound Sterling (GBP).

The group manages this risk by matching foreign currency assets with liabilities as far as possible. Interest on borrowings is denominated in currencies that match the cash inflows generated by the underlying operations in which the borrowings are invested. This provides an economic hedge and no derivatives are entered into.

There were no changes in the group's approach to managing foreign currency risk during the year.

The net foreign currency assets/(liabilities) at year-end were as follows:

	2018			2017		
	USD $'000	GBP $'000	EUR $000	USD $'000	GBP $'000	EUR $'000
Financial assets						
Cash and cash equivalents	2,201	520	817	2,294	462	1,858
Short term investments	155	-	-	-	-	-
Securities purchased under resale agreements	18,066	-	-	16,169	-	-
Accounts receivable	6,231	729	7,345	6,403	972	7,102
Investments	697	-	-	788	-	-
Financial liabilities						
Accounts payable	(1,666)	(860)	(9,913)	(2,980)	(1,111)	(6,530)
Current maturities of long term loans	(350)	(50)	(93)	(1,662)	(48)	(93)
Long-term loans	-	(276)	(256)	-	(325)	(349)
Financial instruments position	25,334	63	(2,100)	21,012	(50)	1,988
Other assets	10,994	1,881	17,840	9,969	1,884	12,709
Other liabilities	(140)	(10)	(350)	(4)	(11)	(550)
Balance sheet position	36,188	1,934	15,390	30,977	1,823	14,147

31. Financial instruments (continued)

(b) Financial instrument risks (continued)

(ii) Market risk (continued)

Currency risk (continued)

Other assets/liabilities represent balances denominated in the respective foreign currencies that are expected to be realised or settled in those currencies.

Foreign currency sensitivity analysis

The following tables detail the group's sensitivity to a 4% (2017: 10%) strengthening or 2% weakening of the relevant currencies against the Jamaica dollar and the resultant net exchange gains/(losses) based on net foreign currency assets/(liabilities) at year-end. These percentages represent management's assessment of the reasonably possible change in foreign currency rates.

This analysis assumes that all other variables, in particular interest rates, remain constant and is performed on the same basis as the previous year.

Effect of a 4% (2017: 10%) depreciation of the Jamaican dollar:

	2018		2017	
	Equity	Profit	Equity	Profit
	$'000	$'000	$'000	$'000
USD	59,271	988	139,733	(62)
GBP	12,405	71	30,063	76
EUR	83,745	-	208,158	-

Effect of a 2% appreciation of the Jamaican dollar:

	2018		2017	
	Equity	Profit	Equity	Profit
	$'000	$'000	$'000	$'000
USD	(27,634)	(494)	(27,947)	12
GBP	(6,198)	(135)	(6,013)	(15)
EUR	(41,835)	-	(41,632)	-

Buying exchange rates used at year-end:

	2018	2017
USD1 to J$	126.68	124.11
GBP1 to J$	161.10	165.35
EUR1 to J$	135.92	147.10

31. Financial instruments (continued)

(b) Financial instrument risks (continued)

(ii) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The group contracts material financial liabilities at fixed interest rates for the duration of the term. Credit facilities are subject to interest rates which may be varied with appropriate notice by the lender.

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:

	2018 $'000	2017 $'000
Fixed rate instruments:		
Financial assets	4,575,892	3,902,844
Financial liabilities	(3,800,545)	(4,045,031)
	775,347	142,187
Variable rate instruments:		
Financial liabilities	(722,436)	(731,701)

There were no changes in the group's approach to managing interest rate risk during the year.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points (bps) or a decrease of 100 bps in interest rates at the reporting date would have (decreased)/increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for the previous year.

	2018		2017	
	100 bps increase $'000	100 bps decrease $'000	100 bps increase $'000	100 bps decrease $'000
Variable rate instruments	(7,224)	7,224	(7,317)	7,317

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the group will not be able to meet its financial obligations as they fall due and/or encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

31. Financial instruments (continued)

(b) Financial instrument risks (continued)

(iii) Liquidity risk (continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

Management of the group aims at maintaining flexibility in funding by ensuring that sufficient cash resources are held or placed in short-term marketable instruments to meet financial obligations when they fall due.

There were no changes in the group's approach to liquidity risk management during the year.

The tables below show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group can be required to pay. The analysis also assumes that all other variables, in particular interest and exchange rates, remain constant.

	Weighted average interest rate	Carrying amount	Contractual cash flows	0-1 year	1-5 years
	%	$'000	$'000	$'000	$'000
			2018		
Secured syndicated loan	6.40	1,415,164	1,861,358	188,355	1,673,002
Bank loans	6.63	2,988,348	3,645,554	776,636	2,868,918
Other related party loan	5.00	87,197	87,197	87,197	-
Accounts payable		3,965,549	3,965,549	3,965,549	-
		8,456,258	9,559,658	5,017,738	4,541,920
			2017		
Secured syndicated loan	9.00	1,511,712	2,089,143	233,114	1,856,029
Bank loans	7.62	3,124,518	3,977,007	814,525	3,162,482
Other related party loan	5.00	87,197	87,197	87,197	-
Accounts payable		3,432,056	3,432,056	3,432,056	-
		8,155,483	9,585,403	4,566,892	5,018,511

(iv) Capital management

There were no changes in the group's approach to capital management during the year. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the group defines as total stockholders' equity, excluding non-controlling interest. The level of dividends to ordinary stockholders is also monitored in accordance with the group's stated dividend policy.

31. Financial instruments (continued)

(b) Financial instrument risks (continued)

(iv) Capital management (continued)

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Neither the company nor any of its subsidiaries is subject to externally imposed capital requirements.

32. Subsidiaries, associates and joint venture companies

The company has the following subsidiaries, associates and joint venture companies. Inactive subsidiaries are excluded.

	% equity held		Principal place
	2018	2017	of business
SUBSIDIARY COMPANIES			
JP Tropical Group Limited	100	100	Jamaica
Agualta Vale Limited	100	100	Jamaica
Agri Services Limited	100	100	Jamaica
Eastern Banana Estates Limited	100	100	Jamaica
St. Mary Banana Estates Limited	100	100	Jamaica
P.S.C. Limited	100	100	Jamaica
Jamaica Producers Shipping Company Limited	60	60	Jamaica
JP Tropical Foods Limited	100	100	Jamaica
JBFS Investments Limited	100	100	Jamaica
Crescent Developments Limited	100	100	Jamaica
Central American Banana (2005) Limited	100	100	Cayman Islands
Antillean Foods, Inc.	100	100	Cayman Islands
JP Shipping Services Limited	100	100	England and Wales
Kingston Wharves Limited	42	42	Jamaica
Harbour Cold Stores Limited	100	100	Jamaica
Security Administrators Limited	67	67	Jamaica
Western Storage Limited	100	100	Jamaica
Western Terminals Limited	100	100	Jamaica
Four Rivers Mining Company Limited	51	51	Jamaica
JP International Group Limited	100	100	Cayman Islands
Cooperatief JP Foods U.A.	100	100	The Netherlands
A.L. Hoogesteger Fresh Specialist B.V.	100	100	The Netherlands
Tortuga International Holdings Company Limited	62	62	St. Lucia
Tortuga (Barbados) Limited	100	100	Barbados
Tortuga Imports, Inc	100	100	U.S.A.
Tortuga Caribbean Rum Cake Jamaica Limited	100	100	Jamaica
Tortuga Caribbean Limited	100	100	Jamaica
ASSOCIATE COMPANIES AND JOINT VENTURE			
SSL REIT Limited	50	-	Jamaica
Tortuga Cayman Limited	40	40	Cayman Islands
Shipping Association of Jamaica Property Limited	30	30	Jamaica