Kingston Wharves Limited

Financial Statements
31 December 2018

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Independent auditor's report

To the Members of Kingston Wharves Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Kingston Wharves Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2018, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Kingston Wharves Limited's consolidated and stand-alone financial statements comprise:

- the Group statement of financial position as at 31 December 2018;
- the Group statement of comprehensive income for the year then ended;
- the Group statement of changes in equity for the year then ended;
- the Group statement of cash flows for the year then ended;
- the Company statement of financial position as at 31 December 2018;
- the Company statement of comprehensive income for the year then ended;
- the Company statement of changes in equity for the year then ended;
- the Company statement of cash flows for the year then ended; and
- the notes to the consolidated and stand-alone financial statements, which include significant accounting policies.

Basis for opinion

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

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

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L.A. McKnight P.E. Williams A.K. Jain B.L. Scott, B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore

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

Our audit approach

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

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

The financially significant components of the Group are all located in Jamaica with the accounting records of all entities maintained at the same location. A single audit team was responsible for the audits of all of the financially significant components of the Group.

Our 2018 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of retirement benefit assets and liabilities *Refer to notes 2 (r) and 21 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.* The cost of pension benefits and the present value of these benefits depend on a number of factors and assumptions. Due to the complexity of the balance, management appointed an external actuary to perform the valuations. The assumptions used in determining the assets for the pension benefits and the liabilities for the other post-employment benefits included: ▪ the expected long-term rate of return on the relevant plan assets ▪ the discount rate ▪ life expectancy ▪ the expected rate of increase in medical costs in the case of post-employment medical benefits Any changes in these assumptions will impact the valuation of the assets and liabilities recorded for pension and post-employment benefits. This is an area of focus due to the numerous assumptions used, and because, as at 31 December 2018, the values for the post-employment benefits in the statement of financial position for the Group and Company totalled $1,985 million (asset) or 6.3% and 7.7% of total assets and $327 million (liabilities) 5.0% and 5.6% of total liabilities, respectively.	We evaluated the valuation technique used to perform the valuation of retirement benefits and found it to be consistent with the requirements of IAS 19, Employee Benefits. We assessed the competence and objectivity of the management appointed actuary, confirming that they are qualified and that there was no affiliation to the Group. We checked the employee data submitted to the actuary against information maintained on the employees' personnel files maintained by the Group. We assessed the assumptions used by the actuary which included comparing them to externally derived data such as mortality tables from the Society of Actuaries, economic statistics from the Bank of Jamaica and the discount rate from the Institute of Chartered Accountants of Jamaica. We also confirmed certain assets of the plans with the custodian of these assets and recomputed their fair values by reference to readily available external data including quoted stock prices and yield curves. Based on the procedures performed, we found the assumptions and computations to be in line with our expectations.

Other information

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

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

In connection with our audit of the consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone financial statements

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 Group or 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 and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone 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 and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone 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.

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
1 March 2019
Kingston, Jamaica

Kingston Wharves Limited
Group Statement of Comprehensive Income
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Revenue		7,253,571	6,369,238
Direct costs		(3,753,080)	(3,310,521)
Gross Profit		3,500,491	3,058,717
Other operating income	8	159,516	31,029
Administration expenses		(1,199,841)	(1,063,061)
Operating Profit		2,460,166	2,026,685
Finance costs	9	(217,377)	(134,923)
Share of net losses in associate		(3,572)	-
Profit before Tax		2,239,217	1,891,762
Tax expense	10	(268,054)	(244,266)
Net Profit for Year		1,971,163	1,647,496
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		837,177	131,848
Deferred tax effect on re-measurements of post-employment benefits		(94,768)	(14,648)
De-recognition of revaluation surplus on disposal of property plant and equipment		(232,248)	-
Deferred tax effect on de-recognition of revaluation surplus		25,804	-
Surplus on revaluation of property, plant and equipment		-	3,487,486
Deferred tax effect on revaluation surplus		-	(226,595)
Effect of change in tax rate on deferred taxation on revaluation surplus		(11,258)	(21,605)
Total other comprehensive income, net of taxes		524,707	3,356,486
Total Comprehensive Income for Year		2,495,870	5,003,982
Net Profit Attributable to:			
Equity holders of the company	11	1,945,450	1,628,538
Non-controlling interest	12	25,713	18,958
		1,971,163	1,647,496
Total Comprehensive Income Attributable to:			
Equity holders of the company		2,470,157	4,985,024
Non-controlling interest	12	25,713	18,958
		2,495,870	5,003,982
Earnings per stock unit for profit attributable to the equity holders of the company during the year	13	$1.36	$1.14

Kingston Wharves Limited

Group Statement of Financial Position

31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	22,607,981	22,886,762
Intangible assets	16	74,115	133,844
Investment in joint venture	18	58,033	-
Financial assets at fair value through other comprehensive income	19	128,466	128,466
Deferred income tax assets	32	1,250	1,587
Retirement benefit asset	21	1,985,258	1,174,675
		24,855,103	24,325,334
Current Assets			
Inventories	22	392,006	345,729
Trade and other receivables	24	697,168	839,578
Taxation recoverable		23,077	17,097
Other financial assets at amortised cost	25	470,000	-
Short term investments	26	4,458,955	3,573,360
Cash and bank	26	560,511	374,861
		6,601,717	5,150,625
Total Assets		31,456,820	29,475,959

Kingston Wharves Limited
Group Statement of Financial Position (Continued)
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
EQUITY			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	27	2,036,933	2,079,398
Other reserves	28	13,814,743	14,019,866
Asset replacement/rehabilitation and depreciation reserves	29	216,447	216,331
Retained earnings		8,697,773	6,666,199
		24,765,896	22,981,794
Non-controlling Interest	12	141,236	115,523
		24,907,132	23,097,317
LIABILITIES			
Non-current Liabilities			
Borrowings	30	2,273,629	2,385,038
Deferred income tax liabilities	32	1,499,077	1,407,914
Retirement benefit obligations	21	326,782	357,792
		4,099,488	4,150,744
Current Liabilities			
Trade and other payables	33	1,829,089	1,641,672
Taxation		117,312	61,819
Borrowings	30	503,799	503,094
Current portion of long term liability	31	-	21,313
		2,450,200	2,227,898
Total Equity and Liabilities		31,456,820	29,475,959

Approved for issue by the Board of Directors on 27 February 2019 and signed on its behalf by:

Jeffrey Hall Chairman

Alvin Henry Director

Kingston Wharves Limited

Group Statement of Changes in Equity

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Attributable to Equity Holders of the Company					Non-controlling Interest	Total Equity
		Share Capital	Other Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2016		2,079,398	10,768,001	216,161	5,476,686	18,540,246	96,565	18,636,811
Profit for the year		-	-	-	1,628,538	1,628,538	18,958	1,647,496
Other comprehensive income		-	3,239,286	-	117,200	3,356,486		3,356,486
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	29	-	-	170	(170)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	29	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	29	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Dividends	14	-	-	-	(543,476)	(543,476)	-	(543,476)
Balance at 31 December 2017		2,079,398	14,019,866	216,331	6,666,199	22,981,794	115,523	23,097,317
Profit for the year		-	-	-	1,945,450	1,945,450	25,713	1,971,163
Other comprehensive income		-	(217,702)	-	742,409	524,707		524,707
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	29	-	-	116	(116)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	29	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	29	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Acquisition of treasury shares	27	(50,000)	-	-	-	(50,000)	-	(50,000)
Sale of treasury shares	27	7,535	-	-	-	7,535	-	7,535
Dividends	14	-	-	-	(643,590)	(643,590)	-	(643,590)
Balance at 31 December 2018		2,036,933	13,814,743	216,447	8,697,773	24,765,896	141,236	24,907,132

Kingston Wharves Limited

Group Statement of Cash Flows

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Net profit		1,971,163	1,647,496
Adjustments for:			
Amortisation	16	69,482	108,367
Depreciation	15	692,344	534,718
Foreign exchange adjustment on loans		2,227	(5,562)
Foreign exchange (gains)/losses on operating activities		(42,151)	90,191
Loss on disposal/write-off of property, plant and equipment		2,123	-
Retirement benefit asset		(34,082)	(46,670)
Retirement benefit obligations		29,666	21,050
Interest income	8	(113,757)	(86,629)
Interest expense	9	215,150	140,485
Share of loss of joint venture		3,572	-
Taxation	10	268,054	244,266
		3,063,791	2,647,712
Changes in operating assets and liabilities:			
Inventories		(46,277)	(44,595)
Trade and other receivables		142,803	(225,719)
Trade and other payables		108,720	585,691
Cash provided by operations		3,269,037	2,963,089
Taxes paid		(207,658)	(238,127)
Net cash provided by operating activities		3,061,379	2,724,962
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(647,962)	(1,845,691)
Purchase of intangible assets	16	(9,753)	(1,566)
Investment in joint venture	18	(61,605)	-
Proceeds from sale of property, plant and equipment		30	-
Issue of other financial asset at amortised cost	25	(470,000)	-
Restricted cash		189,000	-
Short term deposits with maturities in excess of three months		(114,996)	-
Interest received		109,356	80,868
Net cash used in investing activities		(1,005,930)	(1,766,389)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(586,207)	(529,157)
Acquisition of treasury shares	27	(50,000)	-
Issue of treasury shares	27	7,535	-
Interest paid		(216,017)	(142,039)
Loans received		518,390	1,118,110
Loans repaid		(630,210)	(567,218)
Net cash used in financing activities		(956,509)	(120,304)
Net increase in cash and cash equivalents		1,098,940	838,269
Net cash and cash equivalents at beginning of year		3,759,221	3,001,846
Exchange adjustment on foreign currency cash and cash equivalents		46,309	(80,894)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	26	4,904,470	3,759,221

Kingston Wharves Limited

Company Statement of Comprehensive Income

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Revenue		6,412,921	5,658,495
Direct expenses		(3,060,983)	(2,744,018)
Gross Profit		3,351,938	2,914,477
Other operating income	8	144,296	36,389
Administration expenses		(1,112,660)	(955,524)
Operating Profit		2,383,574	1,995,342
Finance costs	9	(217,377)	(134,923)
Profit before Tax		2,166,197	1,860,419
Tax expense	10	(226,881)	(215,658)
Net Profit for Year		1,939,316	1,644,761
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		837,177	131,848
Deferred tax effect on re-measurements of post-employment benefits		(94,768)	(14,648)
De-recognition of revaluation surplus on disposal of property, plant and equipment		(232,248)	-
Deferred tax effect on de-recognition of revaluation surplus		25,804	-
Surplus on revaluation of property, plant and equipment		-	2,424,143
Deferred tax effect on revaluation surplus		-	(134,008)
Effect of change in tax rate on deferred taxation on revaluation surplus		(11,258)	(21,605)
Total other comprehensive income, net of taxes		524,707	2,385,730
Total Comprehensive Income for Year		2,464,023	4,030,491

Kingston Wharves Limited
Company Statement of Financial Position
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	17,688,712	17,843,784
Intangible assets	16	72,487	133,844
Investments in subsidiaries	17	75,731	75,731
Financial assets at fair value through other comprehensive income	19	85,818	85,818
Due from related party	23	166,608	102,405
Retirement benefit asset	21	1,985,258	1,174,675
		20,074,614	19,416,257
Current Assets			
Inventories	22	389,520	341,393
Trade and other receivables	24	595,511	662,809
Group companies	23	23,436	123,731
Other financial assets at amortised cost	25	470,000	-
Short term investments	26	3,843,021	3,034,900
Cash and bank	26	449,738	302,697
		5,771,226	4,465,530
Total Assets		25,845,840	23,881,787

Kingston Wharves Limited
Company Statement of Financial Position (Continued)
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
EQUITY			
Stockholders' Equity			
Share capital	27	2,036,933	2,079,398
Other reserves	28	8,681,830	8,886,953
Asset replacement/rehabilitation and depreciation reserves	29	212,968	212,968
Retained earnings		9,041,988	7,016,432
		19,973,719	18,195,751
LIABILITIES			
Non-current Liabilities			
Borrowings	30	2,272,177	2,383,586
Deferred income tax liabilities	32	881,692	759,508
Retirement benefit obligations	21	326,782	357,792
		3,480,651	3,500,886
Current Liabilities			
Trade and other payables	33	1,770,968	1,577,569
Group companies	23	49,678	29,479
Taxation payable		67,025	53,695
Borrowings	30	503,799	503,094
Current portion of long term liability	31	-	21,313
		2,391,470	2,185,150
Total Equity and Liabilities		25,845,840	23,881,787

Approved for issue by the Board of Directors on 27 February 2019 and signed on its behalf by:

Jeffrey Hall	Chairman	Alvin Henry	Director

Kingston Wharves Limited
Company Statement of Changes in Equity
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Other Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2016		2,079,398	6,605,844	212,968	5,810,526	14,708,736
Profit for the year		-	-	-	1,644,761	1,644,761
Other comprehensive income for the year		-	2,268,530	-	117,200	2,385,730
Transfer to asset replacement/rehabilitation and depreciation reserves	29	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	29	-	12,579	(12,579)	-	-
Transactions with owners:						
Dividends	14	-	-	-	(543,476)	(543,476)
Balance at 31 December 2017		2,079,398	8,886,953	212,968	7,016,432	18,195,751
Profit for the year		-	-	-	1,939,316	1,939,316
Other comprehensive income for the year		-	(217,702)	-	742,409	524,707
Transfer to asset replacement/rehabilitation and depreciation reserves	29	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	29	-	12,579	(12,579)	-	-
Transactions with owners:						
Acquisition of treasury shares	27	(50,000)	-	-	-	(50,000)
Disposal of treasury shares	27	7,535	-	-	-	7,535
Dividends	14	-	-	-	(643,590)	(643,590)
Balance at 31 December 2018		2,036,933	8,681,830	212,968	9,041,988	19,973,719

Kingston Wharves Limited

Company Statement of Cash Flows

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Net profit		1,939,316	1,644,761
Adjustments for:			
Amortisation	16	69,075	108,367
Depreciation	15	568,332	428,687
Foreign exchange adjustment on long term loans		2,227	(5,562)
Foreign exchange (gains)/losses on operating activities		(35,223)	73,743
Loss on disposal/write-off of property, plant and equipment		2,153	-
Retirement benefit asset		(34,082)	(46,670)
Retirement benefit obligations		29,666	21,050
Interest income	8	(103,857)	(73,036)
Interest expense	9	215,150	140,485
Taxation	10	226,881	215,658
		2,879,638	2,507,483
Changes in operating assets and liabilities:			
Inventories		(48,127)	(49,303)
Group companies		56,291	276,670
Trade and other receivables		67,298	(174,514)
Trade and other payables		114,703	581,293
Cash provided by operations		3,069,803	3,141,629
Taxes paid		(171,591)	(175,741)
Net cash provided by operating activities		2,898,212	2,965,888
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(647,660)	(1,836,640)
Purchase of intangible assets	16	(7,718)	(1,566)
Proceeds from sale of property, plant and equipment		30	-
Issue of other financial assets at amortised cost	25	(470,000)	-
Restricted cash		189,000	-
Interest received		99,277	66,915
Net cash used in investing activities		(837,071)	(1,771,291)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(586,207)	(529,157)
Acquisition of treasury shares	27	(50,000)	-
Issue of treasury shares	27	7,535	-
Interest paid		(215,150)	(142,039)
Loans received		518,390	1,118,110
Loans repaid		(630,210)	(567,218)
Net cash used in financing activities		(955,642)	(120,304)
Net increase in cash and cash equivalents		1,105,499	1,074,293
Net cash and cash equivalents at beginning of year		3,148,597	2,138,750
Exchange adjustment on foreign currency cash and cash equivalents		38,663	(64,446)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	26	4,292,759	3,148,597

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1. Identification and Principal Activities

The company and its subsidiaries (the Group) are incorporated and domiciled in Jamaica. The principal activities of the company and its subsidiaries consist of the operation of public wharves, stevedoring, logistics services and security services. The wharfage rates and penal charges billed to customers by the company are subject to regulation by the Port Authority of Jamaica.

The company's registered office is located at the Total Logistics Facility, 195 Second Street, Newport West, Kingston. The company is a public company listed on the Jamaica Stock Exchange.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements of the group and the financial statements of the company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain items of property, plant and equipment and financial assets at fair value through other comprehensive income.

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

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

Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which are relevant to its operations. Unless stated otherwise, the adoption of these new standards, amendments to existing standards or interpretations to published standards did not have a material impact on the operations of the Group.

- **IFRIC 22,' Foreign currency transactions and advance consideration',** (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

- **Amendments to IFRS 2, 'Share based payments'**, on clarifying how to account for certain types of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018) This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principle in IFRS 2 that will require an award to be treaded as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share based payments and pay that amount to the tax authority.

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

  IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

  The Group reviewed its business model based on the different portfolios of financial assets and the characteristics of these financial assets in the various entities within the Group. Consequently, debt instruments whose cash flows are solely payments of principal and interest "SPPI" are designated at amortised cost. The existing investments in equity instruments at the date of initial application are carried at fair value through other comprehensive income.

  The impact of the new impairment model has also been reviewed. This analysis required the identification of the credit risk associated with the counterparties. The counterparties are mainly trade receivables from customers. Management uses a provisions matrix for the trade receivables reflecting past experience of losses incurred due to default as well as forward looking information in arriving at an assessment of impairment. Changes in accounting policies resulting from adoption has been applied retrospectively as of 1 January 2018, but with no restatement of comparative information for prior years. The amount calculated was deemed immaterial and no adjustment was made to opening retained earnings.

- **IFRS 15, 'Revenue from contracts with customers'** (effective 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers are required to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group reviewed the main types of commercial arrangements used with customers under the model and have determined that the application of IFRS 15 does not have a material impact on the consolidated results or financial position based on the nature of services offered by the Group.

- **Amendment to IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2018) comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation).

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that the Group has not yet adopted
At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2018 or later periods, but were not effective for the current period, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes are still being assessed by management.

- **IFRS 16, 'Leases'** (effective for annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- **IFRIC 23, 'Uncertainty over income tax treatments'** (effective for annual periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments.

  The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

- **Amendments to IFRS 10, 'Consolidated financial statements' and 'IAS 28 Investments in associates and joint ventures'.** The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.

- **Amendment to IAS 19, 'Employee benefits'** (effective for annual periods beginning on or after 1 January 2019). This amendment requires an entity to: (i) Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and (ii) Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **Amendment to IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2019). This amendment confirms that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in the profit and loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread across the remaining life of the instrument which may be changed in practice from IASA 39. The Group is currently assessing the impact of future adoption of the amendment on the financial statements.

- **Annual improvement 2015 - 2017**, (effective for annual periods beginning on or after 1 January 2019). These amendments includes minor changes to: (i) IFRS 3, 'Business Combinations', a company measures its previously held interest in a joint operation when it obtains control of the business. (ii) IFRS 11, 'Joint arrangements', a company does not measure its previously owed interest in a joint operation when it obtains joint control of the business. (iii) IAS 12, 'Income taxes', a company accounts for all income taxes consequences of dividend payments in the same way. (iv) IAS 23, 'Borrowing costs', a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

(b) Consolidation

Subsidiaries

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

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

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

In the company stand-alone financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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2. Summary of Significant Accounting Policies (Continued)

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

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies. When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The subsidiaries, which are all incorporated and domiciled in Jamaica (except KWGHSLL), are as follows:

	Principal Activities	Holding by Company	Holding by Group	Financial Year End
Harbour Cold Stores Limited	Rental of and repair services to cold storage facilities	100%	100%	31 December
Security Administrators Limited	Security services	33 ⅓%	66 ⅔%	31 December
Western Storage Limited	Property rental	100%	100%	31 December
Western Terminals Limited	Property rental	100%	100%	31 December
KWL Group Holdings (St Lucia) Limited (KWGHSLL)	Non-Trading	100%	100%	31 December
Kingston Terminal Operators Limited	Dormant	100%	100%	31 December
Newport Stevedoring Services Limited	Provision of contract labour	-	100%	31 December
Kingston Wharves Group Limited	Non-Trading	-	100%	31 December
KW Logistics Limited	Non-Trading	-	100%	31 December
KW Stevedores Limited	Non-Trading	-	100%	31 December
Security Administrators Specialist Services Limited	Security services	-	66 ⅔%	31 December
SSL REIT Limited	Property rental	-	50%	30 June

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2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Joint arrangements
Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement in SSL REIT Limited and has determined it to be a joint venture.

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income.

The results of joint ventures with financial reporting year-end that is different from the group is determined by prorating the result for the audited period as well as the period covered by management accounts to ensure that a full year of operations is accounted for, where applicable.

Dividends received or receivable joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities and is recognised as performance obligations are satisfied at the point in time that the services are rendered. Revenue is shown net of General Consumption Tax, rebates and discounts and after eliminating sales within the Group.

Services
These are charges made for wharfage operations, rental of and repairs to cold storage facilities, storage and warehousing of goods after deduction of discounts and other reductions applicable to such charges. The charges are recognised in the accounting period in which the services are rendered based on services provided to the end of the accounting period in accordance with contracted rates, except penal charges which are accounted for on a cash basis. Port security charges are based on hourly rates for services rendered to the end of the accounting period. This accounting policy applied to the current and previous year.

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2. Summary of Significant Accounting Policies (Continued)

(c) Revenue and income recognition (continued)

Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI (2017 available-for-sale securities, held-to-maturity investments and loan and receivables) is recognised on a time-proportion basis using the effective interest method. When interest receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Property, plant and equipment

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

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

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

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

Plant and buildings comprising buildings, leasehold properties, walls, piers, dredging and roadways	1.33% - 5%
Machinery and equipment	4% - 20%
Cold room and air conditioning equipment	10%
Furniture and fixtures	5% - 10%
Motor vehicles	10% - 20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(f)). Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

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2. Summary of Significant Accounting Policies (Continued)

(e) Intangible assets
Separately acquired rights and benefits under third party contracts with a finite useful life are shown at historical cost less subsequent amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the rights and benefits over their estimated useful lives of two to ten years. Separately acquired computer software licences are shown at historical cost less subsequent amortisation. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

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

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

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

(h) Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance.

Other miscellaneous assets
The Group classifies its financial assets at amortised cost (2017: other loans and receivables) only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Due to the short-term nature of the other miscellaneous assets, their carrying amount is considered to be the same as their fair value.

2. Summary of Significant Accounting Policies (Continued)

(i) Investments in subsidiaries

Investments by the company in subsidiaries are stated at cost.

(j) Inventories

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

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less net of bank overdrafts and which are subject to an insignificant risk of changes in value net of bank overdrafts. Bank overdrafts are shown in borrowings in current liabilities in the statement of financial position.

(l) Provisions

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

(m) Trade payables

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

(n) Share capital

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

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

(o) Leases

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(p) Segment reporting

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

(q) Dividends

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

(r) Employee benefits

Pension obligations

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

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the income statement.

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

Other retirement obligations

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

Equity compensation benefits

The company established employee share ownership schemes for employees. Under the terms of the schemes, shares may be issued to employees by way of grant or options, which are exercised at the discretion of the employee. The difference between the fair value of the grant or option and the consideration received by the company is recognised as an expense.

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2. Summary of Significant Accounting Policies (Continued)

(r) Employee benefits (continued)

Termination benefits

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

(s) Borrowings

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

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

(t) Borrowing costs

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

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

(u) Taxation

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

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

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

2. Summary of Significant Accounting Policies (Continued)

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

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

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

Classification
From 1 January 2018, the Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. Summary of Significant Accounting Policies (Continued)

(v) Financial instruments (continued)

Impairment
From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3(a) for further details.

Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification
Up to 31 December 2017, the Group classified its financial assets as loans and receivables and available for sale. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition. At initial recognition, the Group measured a financial asset at its fair value plus transaction costs that were directly attributable to the acquisition. Loans and receivables were subsequently carried at amortised cost.

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

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

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

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2. Summary of Significant Accounting Policies (Continued)

(v) Financial instruments (continued)
Accounting policies applied until 31 December 2017 (continued)
Impairment of financial assets (continued)
In the case of equity investments classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

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

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

3. Financial Risk Management

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

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

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3. Financial Risk Management (Continued)

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

(a) Credit risk

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

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

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

Maximum exposure to credit risk

The maximum exposure of the Group and Company to credit risk is as follows:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Due from related party	-	-	166,608	102,405
Financial assets through other comprehensive income	128,466	128,466	85,818	85,818
Loan receivable	470,000	-	470,000	-
Investment in joint venture	58,033	-	-	-
Trade receivables	492,731	636,484	405,154	472,391
Other receivables	172,278	163,477	162,672	155,373
Group companies	-	-	23,436	123,731
Short term investments	4,458,955	3,573,360	3,843,021	3,034,900
Cash and bank	560,511	374,861	449,738	302,697
	6,340,974	4,876,648	5,606,447	4,277,315

Credit review process

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

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3. Financial Risk Management (Continued)

(a) Credit risk *(continued)*

The Group applied the IFRS 9 simplified approach to measuring expected credit losses by conducting an analysis of provisioning based on two approaches. The first approach was based on conducting an internal analysis of the trend in provisioning and focused on the trade receivables portfolios. The second approach involved an external analysis of the industry and market trends. This analysis did not directly influence the estimation of the default rates but rather provided guidance with respect to future expectations of the industry, performance of the economy and likely impact on key customers.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for trade receivables.

	The Group				
	Current $'000	31 - 60 $'000	Over 60 days $'000	Over 60 days and impaired $'000	Total $'000
31 December 2018					
Expected loss rate	0.3%	0.7%	14%	100%	
Gross carrying amount trade receivables	343,616	118,418	37,725	67,156	566,915
Loss Allowance	888	841	5,299	67,156	74,184

	Current $'000	31 - 60 $'000	Over 60 days $'000	Over 60 days and impaired $'000	Total $'000
1 January 2018					
Expected loss rate	0.1%	1%	9%	100%	
Gross carrying amount trade receivables	322,339	227,157	97,808	48,996	696,300
Loss Allowance	372	1,582	8,866	48,996	59,816

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3. Financial Risk Management (Continued)

(a) Credit risk *(continued)*

	The Company				
	Current $'000	31 – 60 days $'000	Over 60 days $'000	Over 60 days and impaired $'000	Total $'000
31 December 2018					
Expected loss rate	0.10%	0.60%	11%	100%	
Gross carrying amount trade receivables	270,436	104,783	34,635	48,973	458,827
Loss Allowance	270	602	3,828	48,973	53,673

	Current $'000	31 - 60 $'000	Over 60 days $'000	Over 60 days and impaired $'000	Total $'000
1 January 2018					
Expected loss rate	0.1%	0.6%	10%	100%	
Gross carrying amount trade receivables	244,624	154,362	82,990	32,865	514,841
Loss Allowance	268	877	8,440	32,865	42,450

Movement in the provision for impairment of receivables

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At 1 January	59,816	33,527	42,450	19,153
Loss allowance	36,790	45,108	25,721	41,595
Amounts recovered	(22,422)	(18,819)	(14,498)	(18,298)
At 31 December	74,184	59,816	53,673	42,450

The movement in the provision for credit losses for the year included $4,345,000 (2017 - $4,775,000) and $101,000 (2017 - $2,990,000) for the Group and company respectively for related companies. These amounts are included in bad debt expense in profit or loss.

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

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

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Concentrations of risk

(i) Trade receivables

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Top ten customers	414,093	597,384	359,402	427,647
Other	152,822	98,916	99,425	87,194
	566,915	696,300	458,827	514,841
Less: Provision for credit losses	(74,184)	(59,816)	(53,673)	(42,450)
	492,731	636,484	405,154	472,391

(ii) Short term investments

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

(b) Liquidity risk

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

Liquidity risk management process

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

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

(ii) Maintaining committed lines of credit;

(iii) Optimising cash returns on investment;

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

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

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

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

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

	The Group					
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
	2018					
Borrowings	28,286	146,351	513,054	2,493,978	163,378	3,345,047
Trade and other payables	1,829,089	-	-	-	-	1,829,089
Total financial liabilities	1,857,375	146,351	513,054	2,493,978	163,378	5,174,136
	2017					
Borrowings	71,173	140,762	520,511	2,414,967	534,315	3,681,728
Long term liability	21,313	-	-	-	-	21,313
Trade and other payables	1,641,672	-	-	-	-	1,641,672
Total financial liabilities	1,734,158	140,762	520,511	2,414,967	534,315	5,344,713

	The Company					
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
	2018					
Borrowings	28,286	146,351	513,054	2,493,978	161,926	3,343,595
Trade and other payables	1,770,968	-	-	-	-	1,770,968
Group companies	49,678	-	-	-	-	49,678
Total financial liabilities	1,848,932	146,351	513,054	2,493,978	161,926	5,164,241
	2017					
Borrowings	71,173	140,762	520,511	2,414,967	532,863	3,680,276
Long term liability	21,313	-	-	-	-	21,313
Trade and other payables	1,577,569	-	-	-	-	1,577,569
Group companies	29,479	-	-	-	-	29,479
Total financial liabilities	1,699,534	140,762	520,511	2,414,967	532,863	5,308,637

3. Financial Risk Management (Continued)

(c) Market risk

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

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

(i) Currency risk

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

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

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk

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

	The Group		
	Jamaican$	US$	Total
	J$'000	J$'000	J$'000
		2018	
Financial Assets			
Loan receivable	470,000	-	470,000
Short term investments	1,999,221	2,459,734	4,458,955
Trade and other receivables	222,722	442,287	665,009
Cash and bank	320,591	239,920	560,511
Total financial assets	3,012,534	3,141,941	6,154,475
Financial Liabilities			
Borrowings	2,777,428	-	2,777,428
Trade and other payables	1,759,003	70,086	1,829,089
Total financial liabilities	4,536,431	70,086	4,606,517
Net financial position	(1,523,897)	3,071,855	1,547,958
		2017	
Financial Assets			
Short term investments	1,566,567	2,006,793	3,573,360
Trade and other receivables	260,670	539,291	799,961
Cash and bank	220,084	154,777	374,861
Total financial assets	2,047,321	2,700,861	4,748,182
Financial Liabilities			
Borrowings	2,719,111	169,021	2,888,132
Long term liability	-	21,313	21,313
Trade and other payables	1,560,449	81,223	1,641,672
Total financial liabilities	4,279,560	271,557	4,551,117
Net financial position	(2,232,239)	2,429,304	197,065

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)
Concentrations of currency risk (continued)

	The Company		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
		2018	
Financial Assets			
Loan receivable	470,000	-	470,000
Short term investments	1,808,841	2,034,180	3,843,021
Trade and other receivables	133,123	434,703	567,826
Group companies	23,436	-	23,436
Cash and bank	275,871	173,867	449,738
Total financial assets	2,711,271	2,642,750	5,354,021
Financial Liabilities			
Borrowings	2,775,976	-	2,775,976
Trade and other payables	1,700,882	70,086	1,770,968
Group companies	49,678	-	49,678
Total financial liabilities	4,526,536	70,086	4,596,622
Net financial position	(1,815,265)	2,572,664	757,399
		2017	
Financial Assets			
Short term investments	1,429,254	1,605,646	3,034,900
Trade and other receivables	111,137	516,627	627,764
Group companies	123,731	-	123,731
Cash and bank	196,831	105,866	302,697
Total financial assets	1,860,953	2,228,139	4,089,092
Financial Liabilities			
Borrowings	2,717,659	169,021	2,886,680
Long term liability	-	21,313	21,313
Trade and other payables	1,496,346	81,223	1,577,569
Group companies	29,479	-	29,479
Total financial liabilities	4,243,484	271,557	4,515,041
Net financial position	(2,382,531)	1,956,582	(425,949)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
(i) Currency risk (continued)

Foreign currency sensitivity
The following tables indicate the currency to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 2% (2017 - 2%) appreciation and a 4% (2017 - 4%) depreciation change in foreign currency rates. The sensitivity of the profit was primarily as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, short term investments and US dollar-denominated borrowings. Profit is more sensitive to movements in Jamaican dollar/US dollar exchange rates because of the significant level of US-dollar denominated borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis. There is no direct impact on other comprehensive income or equity.

	Change in Currency Rate 2018 %	Effect on Profit before Taxation 2018 $'000	Change in Currency Rate 2017 %	Effect on Profit before Taxation 2017 $'000
	The Group			
Currency:				
USD	+2	61,437	+2	48,586
USD	-4	(122,874)	-4	(97,172)
	The Company			
USD	+2	51,453	+2	39,132
USD	-4	(102,907)	-4	(78,263)

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

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

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

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

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3. Financial Risk Management (Continued)

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

	The Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
				2018			
Assets							
Loan receivable	-	-	470,000	-	-	-	470,000
Short term investments	1,965,607	2,378,352	114,996	-	-	-	4,458,955
Trade and other receivables	-	-	-	-	-	665,009	665,009
Cash and bank	288,610	-	-	-	-	271,901	560,511
Total financial assets	2,254,217	2,378,352	584,996	-	-	936,910	6,154,475
Liabilities							
Borrowings	218,370	333,929	-	1,752,029	470,168	2,932	2,777,428
Trade and other payables	-	-	-	-	-	1,829,089	1,829,089
Total financial liabilities	218,370	333,929	-	1,752,029	470,168	1,832,021	4,606,517
Total interest repricing gap	2,035,847	2,044,423	584,996	(1,752,029)	(470,168)	(895,111)	1,547,958
				2017			
Assets							
Short term investments	1,772,102	1,801,258	-	-	-	-	3,573,360
Trade and other receivables	-	-	-	-	-	799,961	799,961
Cash and bank	224,938	-	-	-	-	149,923	374,861
Total financial assets	1,997,040	1,801,258	-	-	-	949,884	4,748,182
Liabilities							
Borrowings	257,481	412,500	1,469,383	98,400	646,570	3,798	2,888,132
Long term liability	-	-	-	-	-	21,313	21,313
Trade and other payables	-	-	-	-	-	1,641,672	1,641,672
Total financial liabilities	257,481	412,500	1,469,383	98,400	646,570	1,666,783	4,551,117
Total interest repricing gap	1,739,559	1,388,758	(1,469,383	(98,400)	(646,570)	(716,899)	197,065

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3. Financial Risk Management (Continued)

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

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2018			
Assets							
Loan receivable	-	-	470,000	-	-	-	470,000
Short term investments	1,812,288	2,030,733	-	-	-	-	3,843,021
Trade and other receivables	-	-	-	-	-	567,826	567,826
Group companies	-	-	-	-	-	23,436	23,436
Cash and bank	222,557	-	-	-	-	227,181	449,738
Total financial assets	2,034,845	2,030,733	470,000	-	-	818,443	5,354,021
Liabilities							
Borrowings	218,370	333,929	-	1,752,029	470,168	1,480	2,775,976
Trade and other payables	-	-	-	-	-	1,770,968	1,770,968
Group companies	-	-	-	-	-	49,678	49,678
Total financial liabilities	218,370	333,929	-	1,752,029	470,168	1,822,126	4,596,622
Total interest repricing gap	1,816,475	1,696,804	470,000	(1,752,029)	(470,168)	(1,003,683)	757,399
				2017			
Assets							
Short term investments	1,687,274	1,347,626	-	-	-	-	3,034,900
Trade and other receivables	-	-	-	-	-	627,764	627,764
Group companies	-	-	-	-	-	123,731	123,731
Cash and bank	171,879	-	-	-	-	130,818	302,697
Total financial assets	1,859,153	1,347,626	-	-	-	882,313	4,089,092
Liabilities							
Borrowings	257,481	412,500	1,469,383	98,400	646,570	2,346	2,886,680
Long term liability	-	-	-	-	-	21,313	21,313
Trade and other payables	-	-	-	-	-	1,577,569	1,577,569
Group companies	-	-	-	-	-	29,479	29,479
Total financial liabilities	257,481	412,500	1,469,383	98,400	646,570	1,630,707	4,515,041
Total interest repricing gap	1,601,672	935,126	(1,469,383)	(98,400)	(646,570)	(748,394)	(425,949)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

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

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

Change in basis points				The Group		The Company	
				Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation
2018 JMD	2018 USD	2017 JMD	2017 USD	2018 $'000	2017 $'000	2018 $'000	2017 $'000
+100	+100	+100	+100	24,214	1,047	17,657	4,188
-100	-100	-100	-50	(24,214)	(1,047)	(17,657)	(4,188)

(d) Capital management

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

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

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3. Financial Risk Management (Continued)

(d) Capital management (continued)

During 2018, the Group's strategy, which was unchanged from 2017, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2018 and 2017 were as follows:

	2018 $'000	2017 $'000
Total long term borrowings (Note 30)	2,777,428	2,888,132
Total stockholders' equity	24,765,896	22,981,794
Gearing ratio (%)	11.21%	12.57%

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

(e) Fair value of financial instruments

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

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. At the reporting date, the Group and company had only Level 2 financial instruments which are defined as:

- those with fair value measurements that are derived from inputs other than quoted prices that are observable for the asset or liability either directly (that is as prices) or indirectly, (that is, derived from prices).

At 31 December 2018, instruments included within this level comprised unquoted equities classified as financial assets at fair value through other comprehensive income which totalled $128,466,000 and $85,818,000 for the Group and company, respectively which were previously classified as available-for-sale but reclassified on adoption of IFRS 9. There were no transfers between levels in 2018 and 2017.

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

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

(ii) The carrying value of other financial assets (loans) closely approximate amortised cost, which is estimated to be their fair value as they attract terms and conditions available in the market for similar transactions and are repayable after one year.

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4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

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

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

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

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

The company was granted free zone status in December 2013, resulting in an income tax rate which is variable and based on approved methodology, and which is currently 11.32% (2017 – 11.11%) (Note 10).

Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and valuation inputs and make assumptions that are mainly based on market conditions existing at each statement of financial position date. The Group uses discounted cash flow analyses and references to prices for other instruments that are substantially the same for various available-for-sale financial assets that were not traded in active markets. Details of investment securities valued using other than quoted prices in an active market are provided in Note 3(e) of the financial statements.

Impairment assessment of intangible assets
The Group and Company test annually whether Rights to Customer lists included in intangible assets has suffered any impairment, in accordance with the accounting policy stated in Note 2(f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates. In determining the value in use, management has made certain assumptions regarding revenue growth rate, projected cash flows and discount rates.

4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies (Continued)

Pension and other retirement benefits

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

If the actual health care costs trend for the post-employment obligations varied by 0.5% from estimates applied in valuation of the benefits, the consolidated net profit would be an estimated $23,775,000 lower or $21,220,000 higher (Note 21). Variations in the other financial assumptions can cause material adjustments in the next financial year, if it is determined that actual experience differed from the estimate (Note 21).

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5. Segment Financial Information

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

(a) Terminal operations - Operation of public wharves and stevedoring of vessels.

(b) Logistics Services - Operation of warehousing and logistics facilities, security services, rental of and repairs to cold storage facilities and property rental.

Transactions between the business segments are on normal commercial terms and conditions. The Group derives revenue from the transfer of services at a point in time in the following major operating segments.

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

	Terminal Operations	Logistics Services	Eliminations	Group
Year ended 31 December 2018	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	5,342,461	1,911,110	-	7,253,571
Operating revenue from segments	420,463	63,027	(483,490)	-
Total revenue	5,762,924	1,974,137	(483,490)	7,253,571
Operating profit	1,879,356	560,768	20,042	2,460,166
Interest expense	(118,187)	(99,292)	2,329	(215,150)
	1,761,169	461,476	22,371	2,245,016
Foreign exchange gain				(2,227)
Share of net losses in joint venture				(3,572)
Profit before tax				2,239,217
Tax expense				(268,054)
Profit before non-controlling interest				1,971,163
Non-controlling interest				(25,713)
Net profit attributable to equity holders of the company				1,945,450
Segment assets	24,774,104	4,986,191	(313,060)	29,447,235
Unallocated assets				2,009,585
Total assets				31,456,820
Segment liabilities	3,280,112	1,567,434	(241,029)	4,606,517
Unallocated liabilities				1,943,171
Total liabilities				6,549,688
Other segment items:				
Interest income (Note 8)	104,412	11,674	(2,329)	113,757
Capital expenditure (Note 15)	530,321	117,641	-	647,962
Capital expenditure (Note 16)	7,718	2,035	-	9,753
Amortisation (Note 16)	69,075	407	-	69,482
Depreciation (Note 15)	657,368	34,976	-	692,344

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5. Segment Financial Information (Continued)

	Terminal Operations	Logistics Services	Eliminations	Group
Year ended 31 December 2017	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	4,918,349	1,450,889	-	6,369,238
Operating revenue from segments	189,724	89,231	(278,955)	-
Total revenue	5,108,073	1,540,120	(278,955)	6,369,238
Operating profit	1,566,815	449,107	10,763	2,026,685
Interest expense	(85,534)	(55,001)	50	(140,485)
	1,481,281	394,106	10,813	1,886,200
Foreign exchange loss				5,562
Profit before tax				1,891,762
Tax expense				(244,266)
Profit before non-controlling interest				1,647,496
Non-controlling interest				(18,958)
Net profit attributable to equity holders of the company				1,628,538
Segment assets	23,561,663	4,946,648	(225,711)	28,282,600
Unallocated assets				1,193,359
Total assets				29,475,959
Segment liabilities	3,001,460	1,703,337	(153,680)	4,551,117
Unallocated liabilities				1,827,525
Total liabilities				6,378,642
Other segment items:				
Interest income (Note 8)	73,036	13,643	(50)	86,629
Capital expenditure (Note 15)	735,418	1,110,273	-	1,845,691
Capital expenditure (Note 16)	1,566	-	-	1,566
Amortisation (Note 16)	108,367	-	-	108,367
Depreciation and impairment	505,839	28,879	-	534,718

Revenues of approximately $1,859,748,000 (2017 – $1,933,756,000) were earned from two customers. The revenues are attributable to the Terminal Operations segment.

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6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and public relations	34,717	33,750	33,839	33,038
Amortisation (Note 16)	69,482	108,367	69,075	108,367
Auditors' remuneration	16,792	16,342	10,740	9,719
Bad debts	15,919	30,521	15,513	26,997
Bank charges	52,506	44,597	51,938	44,156
Claims	24,076	35,719	24,060	35,719
Cleaning and sanitation	43,101	24,950	43,101	24,950
Customs overtime	64,307	63,153	64,307	63,153
Depreciation (Note 15)	692,344	534,718	568,332	428,687
Directors' fees	19,075	16,876	18,401	16,201
Equipment rental	181,498	199,803	181,498	199,803
Fuel	184,485	165,302	184,485	165,302
Information technology	87,128	82,599	84,283	79,672
Insurance	165,507	130,472	152,687	119,815
Irrecoverable General Consumption Tax	33,395	21,732	26,584	15,591
Legal and consultation expenses	67,162	67,025	65,456	64,199
Occupancy: property taxes and rent	61,986	18,869	62,586	17,798
Repairs and maintenance	451,704	435,221	431,470	427,681
Security	375,273	279,038	61,929	77,903
Staff costs (Note 7)	1,812,381	1,577,126	1,532,066	1,308,085
Utilities	267,224	227,780	262,377	223,968
Other	232,859	259,622	228,916	208,738
	4,952,921	4,373,582	4,173,643	3,699,542

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7. Staff Costs

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Wages and salaries	1,360,795	1,241,705	1,185,288	1,030,113
Payroll taxes – employer's contributions	183,638	131,160	118,711	106,519
Pension costs – defined benefit plan (Note 21)	(30,384)	(41,963)	(30,384)	(41,963)
Pension costs – defined contribution plan	7,363	6,321	-	-
Other retirement benefits (Note 21)	40,465	32,240	40,465	32,240
Meal and travelling allowances	59,068	76,534	59,068	70,783
Termination costs	6,855	-	6,855	-
Other	184,581	131,129	152,063	110,393
	1,812,381	1,577,126	1,532,066	1,308,085

8. Other Operating Income

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Dividends	2,329	792	1,556	562
Interest	113,757	86,629	103,857	73,036
Foreign exchange gains/(losses)	42,151	(90,191)	35,223	(73,743)
Management fees	-	-	2,575	2,575
Termination costs recoverable from PAJ	-	33,725	-	33,725
Other	1,279	74	1,085	234
	159,516	31,029	144,296	36,389

9. Finance Costs

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Interest expense	215,150	140,485	215,150	140,485
Foreign exchange losses/(gains)	2,227	(5,562)	2,227	(5,562)
	217,377	134,923	217,377	134,923

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10. Tax Expense

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current tax on profit for the year	289,576	269,001	232,369	207,320
Prior year (over)/under provision	(32,800)	(1,312)	(47,450)	3,856
Deferred income tax (Note 32)	11,278	(23,423)	41,962	4,482
	268,054	244,266	226,881	215,658

The tax on profit differs from the theoretical amount that would arise using a basic statutory rate of 11.32% (2017 – 11.11%) as follows:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Profit before tax	2,239,217	1,891,762	2,166,197	1,860,419
Tax calculated at a tax rate of 11.32% (2017 – 11.11%)	253,479	210,175	245,214	206,693
Adjusted for the effects of:				
Income not subject to tax	(10,036)	(9,405)	(9,952)	(9,405)
Income taxed at higher rate	9,989	4,353	-	-
Expenses not deductible for tax purposes	12,790	19,943	3,799	22
Adjustment to opening deferred taxes	28,033	5,539	28,033	-
Change in rate for deferred income taxes	3,545	7,108	3,545	7,108
Prior year (over)/under provision	(32,800)	(1,312)	(47,450)	3,856
Other	3,054	7,865	3,692	7,384
Tax expense	268,054	244,266	226,881	215,658

The company was granted free zone status under the Jamaica Export Free Zones Act effective December 2013, resulting in income tax being charged on applicable profits at zero for export activities and 25% for non-export activities. This resulted in an effective statutory rate of 11.32% (2017 – 11.11%). This rate has also been applied in determining the amounts for deferred taxation for the company in these financial statements (Note 32).

The Jamaica Export Free Zones Act was repealed by the Special Economic Zones Act. The company has applied to transition its operations to this Act.

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11. Profit Attributable to Equity Holders of the Company

	2018 $'000	2017 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	1,939,316	1,644,761
Subsidiaries	9,706	(16,223)
Joint venture	(3,572)	-
	1,945,450	1,628,538
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	9,041,988	7,016,432
Subsidiaries	(340,643)	(350,233)
Joint venture	(3,572)	-
	8,697,773	6,666,199

12. Non-controlling Interest

	2018 $'000	2017 $'000
At beginning of year	115,523	96,565
Share of net profit of subsidiary	25,713	18,958
	141,236	115,523

13. Earnings Per Stock Unit

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to equity holders and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the Group and held as treasury stock.

	2018	2017
Net profit attributable to equity holders of the company ($'000)	1,945,450	1,628,538
Weighted average number of ordinary stock units in issue (thousands)	1,429,393	1,430,200
Basic earnings per stock unit	$1.36	$1.14

14. Dividends

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

	2018 $'000	2017 $'000
Ordinary dividends, gross - 45 cents (2017 – 38 cents)	643,590	543,476

In December 2018, the company declared a dividend of 25 cents per share which is payable on 14 January 2019 to shareholders on record at 18 December 2018 (Notes 33 and 37), and which is included in the total dividends above.

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15. Property, Plant and Equipment

	The Group							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Air Conditioning Equipment	Furniture and Fixtures	Motor Vehicles	Work In Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2018				
Cost or Valuation -								
At 31 December 2017	7,302,071	20,572,776	3,363,191	267,404	322,752	247,775	342,441	32,418,410
Additions	-	74,130	28,263	-	5,278	59,977	480,314	647,962
Transfers	-	564,330	161,647	-	736	1,567	(728,280)	-
Disposals	-	(619,348)	(388)	-	(211)	(467)	-	(620,414)
At 31 December 2018	7,302,071	20,591,888	3,552,713	267,404	328,555	308,852	94,475	32,445,958
Depreciation -								
At 31 December 2017	-	7,966,222	1,055,488	263,305	127,188	119,445	-	9,531,648
Charge for the year	-	438,204	197,692	2,006	21,229	33,213	-	692,344
Relieved on disposals	-	(384,948)	(388)	-	(211)	(468)	-	(386,015)
At 31 December 2018	-	8,019,478	1,252,792	265,311	148,206	152,190	-	9,837,977
Net Book Value -								
At 31 December 2018	7,302,071	12,572,410	2,299,921	2,093	180,349	156,662	94,475	22,607,981
				2017				
Cost or Valuation -								
At 31 December 2016	5,075,925	16,040,702	3,248,191	267,404	205,672	184,764	1,436,691	26,459,349
Additions	-	14,995	46,539	-	24,184	63,011	1,696,962	1,845,691
Transfers	315,204	2,314,651	68,461	-	92,896	-	(2,791,212)	-
Transfers in	-	2,860	-	-	-	-	-	2,860
Revaluation	1,910,942	2,199,568	-	-	-	-	-	4,110,510
At 31 December 2017	7,302,071	20,572,776	3,363,191	267,404	322,752	247,775	342,441	32,418,410
Depreciation -								
At 31 December 2016	-	7,047,295	852,018	261,321	115,901	97,371	-	8,373,906
Charge for the year	-	295,903	203,470	1,984	11,287	22,074	-	534,718
On revaluation	-	623,024	-	-	-	-	-	623,024
At 31 December 2017	-	7,966,222	1,055,488	263,305	127,188	119,445	-	9,531,648
Net Book Value -								
At 31 December 2017	7,302,071	12,606,554	2,307,703	4,099	195,564	128,330	342,441	22,886,762

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15. Property, Plant and Equipment (Continued)

	The Company							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Air Conditioning Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2018				
Cost or Valuation -								
At 31 December 2017	4,899,666	14,555,945	3,331,929	19,137	308,928	221,932	342,441	23,679,978
Additions	-	74,130	28,067	-	5,173	59,976	480,314	647,660
Transfers	-	564,330	161,647	-	736	1,567	(728,280)	-
Disposals	-	(619,348)	(388)	-	(211)	-	-	(619,947)
At 31 December 2018	4,899,666	14,575,057	3,521,255	19,137	314,626	283,475	94,475	23,707,691
Depreciation -								
At 31 December 2017	-	4,578,480	1,020,414	15,359	115,209	106,732	-	5,836,194
Charge for the year	-	321,641	195,295	1,271	20,786	29,339	-	568,332
Relieved on disposals	-	(384,948)	(388)	-	(211)	-	-	(385,547)
At 31 December 2018	-	4,515,173	1,215,321	16,630	135,784	136,071	-	6,018,979
Net Book Value -								
At 31 December 2018	4,899,666	10,059,884	2,305,934	2,507	178,842	147,404	94,475	17,688,712
				2017				
Cost or Valuation -								
At 31 December 2016	3,366,520	10,611,212	3,216,927	19,137	191,989	165,667	1,436,691	19,008,143
Additions	-	12,831	46,539	-	24,043	56,265	1,696,962	1,836,640
Transfers	315,204	2,314,649	68,463	-	92,896	-	(2,791,212)	-
Revaluations	1,217,942	1,617,253	-	-	-	-	-	2,835,195
At 31 December 2017	4,899,666	14,555,945	3,331,929	19,137	308,928	221,932	342,441	23,679,978
Depreciation -								
At 31 December 2016	-	3,970,766	819,722	14,089	104,553	87,325	-	4,996,455
Charge for the year	-	196,662	200,692	1,270	10,656	19,407	-	428,687
On revaluation	-	411,052	-	-	-	-	-	411,052
At 31 December 2017	-	4,578,480	1,020,414	15,359	115,209	106,732	-	5,836,194
Net Book Value -								
At 31 December 2017	4,899,666	9,977,465	2,311,515	3,778	193,719	115,200	342,441	17,843,784

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15. Property, Plant and Equipment (Continued)

(a) Freehold land of the Group was revalued as at 31 December 2017 on the basis of open market value by D.C. Tavares and Finson Realty Limited, independent qualified valuators. The freehold plant and buildings of the Group were also revalued as at 31 December 2017 on the depreciated replacement cost basis which approximates fair value, by Stoppi, Cairney and Bloomfield, quantity surveyors and construction cost consultants. The carrying value of these assets has been adjusted upwards and the increase in value net of deferred income taxes has been recognised in capital reserves (Note 28).

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

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

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

		The Group		
		Fair Value measurements as at 31 December 2018 using		
Categories	**Date of revaluation**	**Quoted price in an active market**	**Significant other observable inputs (Level 2) $'000**	**Significant other observable inputs (Level 3) $'000**
Freehold Land	Dec-17	-	7,302,071	-
Plant and Buildings	Dec-17	-	-	12,554,626
Total		-	7,302,071	12,554,626
		The Company		
Freehold Land	Dec-17	-	4,899,666	-
Plant and Buildings	Dec-17	-	-	10,042,100
Total			4,899,666	10,042,100

15. Property, Plant and Equipment (Continued)

(a) (continued)

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

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

Fair Value Measurements using significant unobservable inputs (Level 3)

	Group	Company
	Plant & Buildings	Plant & Buildings
	$'000	$'000
Opening balance at valuation	12,606,554	9,977,465
Additions/transfers in	620,676	620,676
Disposals net of accumulated depreciation	(234,400)	(234,400)
Depreciation through profit or loss	(438,204)	(321,641)
Closing balance	12,554,626	10,042,100

The Group

Description	Fair value at 31 December 2018 $'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value 2018 $'000
Plant and Building	12,554,626	Depreciable Replacement Cost method	Labour, material and contractor's charges	None noted	The higher the cost of labour, material and contractors' charges, the higher the replacement cost
			Remaining useful lives	1 year	If the estimates for the useful lives of the assets were higher or lower by one year, the value would be lower by $15,699 and higher by $17,967.

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15. Property, Plant and Equipment (Continued)

(a) (continued)

The Company

	Fair value at 31 December 2018 \$'000	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value 2018 \$'000**
Plant and Building	10,042,100	Depreciable Replacement Cost method	Labour, material and contractor's charges	None noted	The higher the cost of labour, material and contractors' charges, the higher the replacement cost
			Remaining useful lives	1 year	If the estimates for the useful lives of the assets were higher or lower by one year, the value would be lower by \$10,277 and higher by \$11,786.

(b) A fixed charge totalling US\$26.6 million has been placed over the property, plant and equipment of the company as well as mortgages totalling \$1,040 million over certain premises and equipment owned by the company in keeping with the terms of certain loan agreements (Note 30).

(c) Borrowing costs of \$55 million were capitalised in 2017. There were no such costs for 2018.

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

	The Group		**The Company**	
	2018 \$'000	**2017 \$'000**	**2018 \$'000**	**2017 \$'000**
Cost	8,451,581	7,815,750	8,244,475	7,608,644
Accumulated depreciation	(965,609)	(860,150)	(935,705)	(831,202)
Net book value	7,485,972	6,955,600	7,308,770	6,777,442

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16. Intangible Assets

	Computer Software $'000	Rights to Customer Contracts $'000	Total $'000
		The Group	
At Cost -			
At 31 December 2016	41,424	486,863	528,287
Additions	1,566	-	1,566
Write-off	-	(16,226)	(16,226)
At 31 December 2017	42,990	470,637	513,627
Additions	9,753	-	9,753
At 31 December 2018	52,743	470,637	523,380
Amortisation -			
At 31 December 2016	15,436	255,980	271,416
Amortisation charge for year	7,065	101,302	108,367
At 31 December 2017	22,501	357,282	379,783
Amortisation charge for year	8,186	61,296	69,482
At 31 December 2018	30,687	418,578	449,265
Net Book Value -			
31 December 2018	22,056	52,059	74,115
31 December 2017	20,489	113,355	133,844
		The Company	
At Cost -			
At 31 December 2016	41,424	486,863	528,287
Additions	1,566	-	1,566
Write-off	-	(16,226)	(16,226)
At 31 December 2017	42,990	470,637	513,627
Additions	7,718	-	7,718
At 31 December 2018	50,708	470,637	521,345
Amortisation -			
At 31 December 2016	15,436	255,980	271,416
Amortisation charge for year	7,065	101,302	108,367
At 31 December 2017	22,501	357,282	379,783
Amortisation charge for year	7,779	61,296	69,075
At 31 December 2018	30,280	418,578	448,858
Net Book Value -			
31 December 2018	20,428	52,059	72,487
31 December 2017	20,489	113,355	133,844

The amortisation period for the contracts classified as rights to customer contracts are amortised over five – ten years.

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

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17. Investments in Subsidiaries

	2018 $'000	2017 $'000
Harbour Cold Stores Limited	13,335	13,335
Security Administrators Limited	6	6
Western Storage Limited	16,301	16,301
Western Terminals Limited	46,039	46,039
Kingston Terminal Operators Limited	50	50
	75,731	75,731

18. Investment in Joint Venture

The Group through its subsidiary KW Logistics Limited entered into a joint venture agreement with effect from 31 August 2018, under the terms of which it acquired a fifty percent (50%) share in SSL REIT Limited (SSL REIT), a company incorporated in Jamaica. SSL REIT's primary business is the rental of warehousing facilities. The Group's investment of $58 million is accounted for using the equity method.

	2018 $'000	2017 $'000
Investment as cost	61,605	-
Share of post-acquisition losses from joint venture	(3,572)	-
	58,033	-

The tables below provide summarised unaudited financial information for the joint venture.

Summarised Unaudited Statement of Financial Position as at 31 December 2018

	2018 $'000	2017 $'000
Cash and cash equivalents	13,639	-
Other current assets	46,144	-
Non-current assets	504,282	-
Total assets	564,065	
Current liabilities	6,791	-
Non-current liabilities	470,000	-
Total Liabilities	476,791	-
Net assets	87,274	-

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18. Investment in Joint Venture (Continued)

Summarised Unaudited Statement of Comprehensive Income for the six months ended 31 December 2018

	2018 $'000	2017 $'000
Revenue	19,178	-
Interest income	139	-
Depreciation	(4,164)	-
Interest expense	(40,256)	-
Other operating expense	(8,943)	-
Net loss	(34,046)	-

The company had pre-acquisition losses of approximately $29 million. As at the reporting date, the Group's share of losses is $3,572,000.

Reconciliation to carrying amounts

	2018 $'000	2017 $'000
Net assets at 31 December	87,274	-
Add: Pre-acquisition losses	28,792	-
Total	116,066	-
Group's share	50%	-
Carrying amount	58,033	-

There are no commitments nor contingent liabilities relating to the company's interest in SSL REIT Limited. During the year, the Group advanced $470 million to the joint venture entity (Note 25).

19. Investments

(a) Classification of financial assets at fair value through other comprehensive income

Investments comprise equity securities which are classified as financial assets at fair value through other comprehensive income and which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant. On disposal of these equity investments, any balances within fair value reserve is reclassified through retained earnings.

(b) Equity investments at fair value through other comprehensive income

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current assets				
Unquoted equities in a related company	128,466	-	85,818	-

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19. Investments (Continued)

(c) Financial assets previously classified as available-for-sale financial assets

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Available-for-sale				
Unquoted equities in a related company	-	128,466	-	85,818

20. Recoverable from the Port Authority of Jamaica

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

	The Group and Company	
	2018 $'000	2017 $'000
Balance at 1 January	-	-
Severance payments	-	33,725
Allocation of 16% of wharfage collections	-	(33,725)
Balance at 31 December	-	-

Severance payments incurred in 2014 subject to final validation and approval by The PAJ were approved in the prior year. The approval allowed for the allocation of the wharfage collections to be used to liquidate the balance.

21. Retirement Benefit Asset and Obligations

	The Group and Company	
	2018	2017
	$'000	$'000
Statement of financial position (asset)/obligations for:		
Pension benefits	(1,985,258)	(1,174,675)
Other retirement benefits	326,782	357,792
Profit or loss for (Note 7):		
Pension benefits	(30,384)	(41,963)
Other retirement benefits	40,465	32,240
Remeasurements for:		
Pension benefits	(776,501)	(191,828)
Other retirement benefits	(60,676)	59,980
	(837,177)	(131,848)

(a) Pension benefits

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

Defined benefit plan
The Group operates a joint contributory defined benefit pension scheme which is fully funded. The scheme is open to all permanent employees of the Group and is administered by trustees. Under the scheme, retirement benefits are based on average salary during the three years preceding retirement. The scheme is funded by employee contributions at 5% and employer contribution of 1% of salary, as recommended by independent actuaries. Members may also make voluntary contribution of up to 5% of their earnings.

The assets of the scheme are held independently of the Group's assets in a separate trustee-administered fund. The scheme is valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31 December 2018.

Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation being as at 31 December 2017 revealed that the scheme was adequately funded as at that date.

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

The total contribution to the scheme during the year was $7,363,000 (2017 - $6,321,000).

The plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation being as at 31 December 2015 revealed that the scheme was adequately funded as at that date. The valuation as 31 December 2018 is not yet available.

21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

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

	The Group and Company	
	2018 $'000	2017 $'000
Fair value of plan assets	(3,779,712)	(3,020,836)
Present value of funded obligations	1,794,454	1,846,161
Surplus of funded plan/Asset in the statement of financial position	(1,985,258)	(1,174,675)

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

	The Group and Company	
	2018 $'000	2017 $'000
Asset at beginning 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 defined benefit asset recognised in the statement of financial position is as follows:

	The Group and Company	
	2018 $'000	2017 $'000
Balance at beginning 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)
Employer's 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)

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21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

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

	The Group and Company	
	2018 $'000	2017 $'000
Balance at beginning 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)	66,312
Gain from change in experience assumptions	-	(21,394)
Members' voluntary 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 last valuation date, the present value of the defined benefit obligation was comprised of approximately $1,022,963,000 relating to active employees, $82,198,000 relating to deferred members, $676,150,000 relating to members in retirement and $13,143,000 representing other liabilities.

The amounts recognised in profit or loss are as follows:

	The Group and Company	
	2018 $'000	2017 $'000
Current service cost	58,153	58,700
Interest income, net	(88,807)	(79,014)
Administrative expenses	6,889	-
Gain on curtailment	(6,619)	(21,649)
Total, included in staff costs (Note 7)	(30,384)	(41,963)

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21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Plan assets are comprised as follows:

	The Group and Company			
	2018		2017	
	$'000	%	$'000	%
Quoted securities:				
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 the company with a fair value of $741,000,000 (2017 - $330,000,000).

Expected contributions to the post-employment plan for the year ending 31 December 2018 are $4.7 million.

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.

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

	Impact on Post-employment Obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	0.5%	(101,921)	115,852
Future salary increases	0.5%	14,128	(14,183)
Expected pension increase	0.5%	88,020	(80,191)
Life expectancy	1 year	27,598	(27,582)

21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Sensitivity (continued):

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

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

(b) Other retirement benefits

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

The method of accounting and the frequency of valuations for these plans are similar to those used for the pension scheme. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 5% per year (2017 – 7%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 4% per year (2017 – 5.5%).

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

	The Group and Company	
	2018	**2017**
	$'000	**$'000**
Present value of unfunded obligations	326,782	357,792

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

	The Group and Company	
	2018	**2017**
	$'000	**$'000**
Liability at beginning 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

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21. Retirement Benefit Asset and Obligations (Continued)

(b) Other retirement benefits (continued)

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

	The Group and Company	
	2018 $'000	2017 $'000
Balance at beginning 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 or loss (Note 7)	40,465	32,240
Re-measurements -		
(Gain)/loss from change in financial assumptions	(46,605)	2,037
Experience (gains)/losses	(14,071)	57,943
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 - Life		
	Change in Assumption	Increase in Assumption $'000	Decrease in Assumption $'000
Discount rate	0.50%	(2,069)	2,303
Future salary increases	0.50%	582	(560)

	Impact on Post-employment Obligations - Medical		
	Change in Assumption	Increase in Assumption $'000	Decrease in Assumption $'000
Discount rate	0.50%	(21,220)	23,775
Future medical cost rate	0.50%	23,775	(21,220)

21. Retirement Benefit Asset and Obligations (Continued)

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

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

Asset volatility

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

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

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

Changes in bond yields

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

Inflation risk

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

Life expectancy

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

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The company has not changed the processes used to manage its risks from previous periods. The company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2018 consists of bonds and equities.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries for the employees and 1% for the company. The next triennial valuation is due to be completed as at 31 December 2020. The company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

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21. Retirement Benefit Asset and Obligations (Continued)

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

The weighted average duration of the defined benefit obligation for pension scheme is 14 years. The weighted average duration of the defined benefit obligation for post-employment medical and life insurance benefits is 12 years.

22. Inventories

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Fuel	8,445	5,856	8,445	5,856
Operating supplies	383,561	339,873	381,075	335,537
	392,006	345,729	389,520	341,393

Operating supplies are shown net of provision for impairment of $5,000,000 (2017 – $5,000,000).

23. Related Party Transactions and Balances

(a) During the year the Group had normal business transactions with related parties as follows:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
(i) Revenue earned from sales of services				
Subsidiaries	-	-	10,061	9,600
Companies controlled by directors/members or related by virtue of common directorships	2,745,886	2,608,915	2,094,005	2,114,185
	2,745,886	2,608,915	2,104,066	2,123,785

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
(ii) Other income				
Subsidiaries – management fees	-	-	2,575	2,575
Subsidiaries – interest	-	-	2,329	-
Joint venture - interest	14,883	-	14,883	-
Companies controlled by directors/members or related by virtue of common directorships - dividends	2,330	841	1,556	562
(iii) Purchases of goods and services				
Subsidiaries	-	-	81,785	178,433
Companies controlled by directors/members related by virtue of common directorships	246,698	205,060	246,698	213,732
	246,698	205,060	328,483	392,165

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

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23. Related Party Transactions and Balances (Continued)

(a) Transactions (continued)

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
(iv) Interest expense				
Companies controlled by directors/members or related by virtue of common directorships	8,176	10,286	8,176	10,286

(b) Year-end balances with related parties:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
(i) Due from related companies				
Subsidiaries				
Long term receivable	-	-	166,608	102,405
Current accounts	-	-	23,436	123,731
Joint venture – short term loan	470,000	-	470,000	-
Joint venture – interest receivable	6,071	-	6,071	-
Companies controlled by directors/members or related by virtue of common directorships				
Trade receivables (Note 24)	265,706	402,897	198,126	267,774
	741,777	402,897	864,241	493,910

The long term amount receivable for the company from a subsidiary company is interest free and not due for repayment in twelve months.

Loss allowance of $14,672,000 (2017 - $11,348,000) and $10,605,000 (2017 - $7,213,000) for the Group and company respectively are held against trade accounts receivable from related parties.

	The Group		The Company	
(ii) Due to related companies				
Subsidiaries	-	-	49,678	29,479
Companies controlled by directors/members or related by virtue of common directorships (Notes 31 and 33)	13,800	42,211	13,800	42,211
	13,800	42,211	63,478	71,690

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
(iii) Borrowings				
Companies controlled by directors/members or related by virtue of common directorships	99,294	122,803	99,294	122,803

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23. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short term employee benefits	92,477	88,971	81,129	78,266
Payroll taxes – employer's contributions	5,362	6,527	4,512	5,452
Pension benefits	542	525	428	418
Other	8,850	6,645	7,384	3,814
	107,231	102,668	93,453	87,950
Directors' emoluments –				
Fees	19,075	16,876	18,401	16,201
Management remuneration (included in salaries above)	88,514	38,655	41,296	38,655

24. Trade and Other Receivables

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	566,915	696,300	458,827	514,841
Less: Loss allowance	(74,184)	(59,816)	(53,673)	(42,450)
	492,731	636,484	405,154	472,391
Prepayments	32,159	39,617	27,685	35,045
Other	172,278	163,477	162,672	155,373
	697,168	839,578	595,511	662,809

Trade receivables include amounts receivable from related parties (Note 23). The fair values for trade and other receivables approximates the carrying values.

Included in 'Other" receivables are amounts totalling $130,033,000 (2017 - $104,836,000) relating to repairs to damaged berths. These amounts are recoverable from the principals of the offending ships.

25. Loan Receivable

Loan receivable, classified as 'other financial assets at amortised cost' represents a loan of $470,000,000 to a company related through joint venture arrangements and is repayable within 12 months at a fixed rate of interest of 7.5%.

26. Cash and Cash Equivalents

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Short term investments - deposits	4,458,955	3,573,360	3,843,021	3,034,900
Less: Short term deposits with maturities in excess of three months	(114,996)	-	-	-
Less: Restricted cash	-	(189,000)	-	(189,000)
	4,343,959	3,384,360	3,843,021	2,845,900
Cash and bank	560,511	374,861	449,738	302,697
	4,904,470	3,759,221	4,292,759	3,148,597

The weighted average effective interest rate on short term deposits was 2.39% (2017 – 1.49%) per annum for United States dollar denominated deposits and 3.46% (2017 – 4.49%) per annum for Jamaican dollar deposits. These short term deposits have an average maturity of 67 days.

Cash at bank includes a United States dollar savings account and an interest earning current account. Interest is currently 0.14% (2017 – 0.15%) per annum and 3% (2017 – 3%) per annum respectively.

Restricted cash represented hypothecation of deposits to secure credit facilities (Note 30).

The Group has undrawn credit facilities via bank overdrafts of $60 million and $5 million which attract interest at 16.85% and 16.25% respectively. Security for the facilities is described in Note 30.

27. Share Capital

The total authorised number of ordinary shares is 1,507,550,000 (2017 - 1,507,550,000) units. All issued shares are fully paid. The no par shares in issue comprise the stated capital of the company.

	2018 Units ('000)	**2017 Units ('000)**	**2018 $'000**	**2017 $'000**
Issued and fully paid				
Ordinary stock units	1,430,200	1,430,200	2,079,398	2,079,398
Treasury shares	(807)	-	(42,465)	-
Issued and outstanding	1,429,393	1,430,200	2,036,933	2,079,398

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27. Share Capital (Continued)

Treasury Shares

The treasury shares are shares in the company that are held by a trust for the purpose of issuing shares under the Kingston Wharves Limited Employee Share Ownership Scheme and the Kingston Wharves Limited Executive Share Ownership Scheme. The company established an Employee Share Ownership Trust (the Trust) and through this Trust purchased 1,217,329 units of its own shares at a fair value of $50 million.

During the year the company through this Trust granted 101,000 shares and sold 309,000 shares at a fair value of $7,535,000. Of the 309,000 shares sold, 274,000 were sold to key management personnel.

	Number of shares '000	$'000
Balance at start of year	-	-
Acquisition of shares by the Trust	(1,217)	(50,000)
Employee and executive share ownership scheme issue	410	7,535
Balance at end of year	(807)	(42,465)

28. Other Reserves

Other reserves comprise:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Capital reserves	13,772,795	13,977,918	8,654,062	8,859,185
Fair value reserve	41,948	41,948	27,768	27,768
	13,814,743	14,019,866	8,681,830	8,886,953

Capital Reserves

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Unrealised surplus on revaluation of property, plant and equipment	14,707,938	14,940,186	8,886,977	9,119,225
Less: Deferred taxation	(1,447,250)	(1,461,796)	(581,039)	(595,585)
	13,260,688	13,478,390	8,305,938	8,523,640
Realised gain on sale of assets	30,188	30,188	5	5
Capital distributions received	3,612	3,612	3,612	3,612
Capitalisation of profits	130,325	130,325	-	-
Replacement reserve	344,497	331,918	344,497	331,918
Capitalisation of depreciation reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
	13,772,795	13,977,918	8,654,062	8,859,185

Fair Value Reserve

This represents unrealised surplus on revaluation of assets through other comprehensive income.

29. Asset Replacement/Rehabilitation and Depreciation Reserves

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

The Port Authority of Jamaica also stipulated that the depreciation charged on the historical cost of property, plant and equipment be matched with amounts placed in a Depreciation Fund. The requirement for these reserves became effective in 1998.

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

The balance of the reserves comprises:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Fund	216,447	216,331	212,968	212,968
	216,447	216,331	212,968	212,968

The movement in each category of reserves was as follows:

(a) Asset Replacement/Rehabilitation Reserve

	The Group and Company	
	2018 $'000	2017 $'000
At beginning of year	-	-
Transfers from profit or loss account during the year	12,579	12,579
Transfer to capital reserves - utilised for capital expansion	(12,579)	(12,579)
At end of year	-	-

(b) Depreciation Fund

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At beginning of year	216,331	216,161	212,968	212,968
Transfer from retained earnings (net interest)	116	170	-	-
At end of year	216,447	216,331	212,968	212,968

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

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

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30. Borrowings

		The Group		The Company	
		2018 $'000	2017 $'000	2018 $'000	2017 $'000
(a)	The Port Authority of Jamaica	1,480	1,480	1,480	1,480
(b)	The Port Authority of Jamaica	1,452	1,452	-	-
(c)	Bank of Nova Scotia Jamaica Limited	1,611,000	1,281,610	1,611,000	1,281,610
(d)	Development Bank of Jamaica/First Global Bank Limited	-	98,400	-	98,400
(e)	The Shipping Association of Jamaica Property Limited	99,294	104,052	99,294	104,052
(f)	Development Bank of Jamaica/CIBC FirstCaribbean International Bank (Jamaica) Limited	71,428	107,143	71,428	107,143
(g)	CIBC FirstCaribbean International Bank (Jamaica) Limited	-	169,021	-	169,021
(h)	CIBC FirstCaribbean International Bank (Jamaica) Limited	218,370	257,481	218,370	257,481
(i)	CIBC FirstCaribbean International Bank (Jamaica) Limited	333,929	412,500	333,929	412,500
(j)	CIBC FirstCaribbean International Bank (Jamaica) Limited	370,875	435,375	370,875	435,375
(k)	Kingston Portworkers Superannuation Fund	-	18,751	-	18,751
(l)	First Global Bank Limited	69,600	-	69,600	-
		2,777,428	2,887,265	2,775,976	2,885,813
	Add: Interest payable	-	867	-	867
		2,777,428	2,888,132	2,775,976	2,886,680
	Less: Current portion	(503,799)	(503,094)	(503,799)	(503,094)
		2,273,629	2,385,038	2,272,177	2,383,586

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

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

(c) This represents a loan of $1.8 billion from The Bank of Nova Scotia for the financing of the company's Total Logistics Facility. This loan facility was renegotiated during the year; the loan remains repayable over a 7 year period and had a moratorium on principal which ended 30 June 2018. Thereafter, principal is repayable in 20 quarterly instalments of $63,000,000 each and one final payment of $540,000,000. The interest rate varies over the life of the loan with rates fixed at 7.0% per annum for three years and 7.5% per annum for the remainder of the loan. This is scheduled to be repaid in June 2023.

(d) This represented a loan of $288 million granted by the Development Bank of Jamaica through First Global Bank Limited at a fixed interest rate of 9.75% per annum. The principal was repayable in one hundred and twenty monthly instalments of $2,400,000 and was scheduled to be repaid in May 2021. This facility was fully repaid during the year.

30. Borrowings (Continued)

(e) This represents a loan facility of $110 million from The Shipping Association of Jamaica Property Limited for financing of the company's capital projects. The interest rate is fixed at 7% and the loan is scheduled to be repaid in July 2031.

(f) This represents a credit facility granted by the Development Bank of Jamaica through CIBC FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. The interest rate is fixed at 8.25% and the loan is repayable in December 2020.

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

(h) This represents a loan facility from CIBC FirstCaribbean International Bank (Jamaica) Limited toward the company's capital expenditure program for the amount of $352 million. The loan will be amortised over a ten year period at a fixed interest rate of 9.5% for the first two years and WATBY plus 2.5% thereafter. The loan facility also attracted a moratorium on principal in the first year and is scheduled to be repaid in July 2024.

(i) This represents a loan facility from CIBC FirstCaribbean International Bank (Jamaica) Limited toward the company's capital expenditure program in the amount of $550 million. The loan will be amortised over a 7 year period and interest is currently computed based on six-month WATBY plus 2.5%; subject to a cap of 10.25% and is scheduled to be repaid in March 2023.

(j) This represents a credit facility of $372 million granted by the Development Bank of Jamaica through CIBC FirstCaribbean International Bank (Jamaica) Limited and loan of $79.5 million from CIBC FirstCaribbean International Bank (Jamaica) Limited toward the company's capital expenditure program. The loan will be amortised over a 7 year period at a fixed rate of interest of 8.25% to be repaid in September 2024

(k) This represented a loan of $100 million granted by the Kingston Port Workers Superannuation Fund. The interest rate was fixed at 10% per annum. The loan was fully repaid in December 2018 and was secured by mortgages over property owned by the Group and bill of sales over certain pieces of machinery (Note 15).

(l) This represents a credit facility of $88.8 million granted by First Global Bank toward the company's capital expenditure program. The loan will be amortised over 3 years, with an interest rate of 7.25% per annum fixed for 12 months and thereafter at 7.50% per annum, subject to change by the Bank. The principal is repayable in monthly instalments of $2,400,000 and is scheduled to be fully repaid in May 2021. The loan is secured by mortgages over property owned by the Group, bills of sale over certain pieces of machinery and assignment of insurance over these pieces of machinery

Security for the loan facilities with CIBC FirstCaribbean International Bank (Jamaica) Limited (f)-(j) above and including the bank overdrafts (Notes 3 and 26) and guarantees (Note 35), is a registered demand debenture providing fixed and floating charges over the company's fixed and floating assets stamped to cover US$26.6 million, assignment of insurance proceeds and promissory notes stamped in the sums of $1.302 billion and US$26.6 million and mortgages/charges over property and machinery owned by the Group of $1,503.5 million. Undrawn facilities with this institution (excluding overdrafts (Note 26)) total $150 million for capital expenditure.

The facility with The Shipping Association of Jamaica Property Limited (e) is secured by mortgages over property owned by the Group.

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30. Borrowings (Continued)

The Bank of Nova Scotia (BNS) facility (c) is secured by a debenture ranked pari passu with CIBC FirstCaribbean International Bank (Jamaica) Limited over the fixed and floating assets of the company, together with a legal mortgage over land and buildings owned by the Group, and supported by guarantees totalling $1.8 billion. Undrawn facilities from BNS include insurance premium financing of US$1.5 million, unsecured revolving loan of $4 million and bank overdraft (Note 26).

Reconciliation of liabilities arising from financing activities
The table below details changes in the Group and company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and company's statements of cash flows as cash flows from financing activities.

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	2,887,265	2,340,492	2,885,813	2,339,040
Financing cash inflows	518,390	1,118,110	518,390	1,118,110
Financing cash outflows	(630,210)	(567,218)	(630,210)	(567,218)
Non-cash changes	1,983	(4,119)	1,983	(4,119)
At end of year	2,777,428	2,887,265	2,775,976	2,885,813

31. Long Term Liability

Long term liability represented amounts due to third parties in relation to stevedoring contracts acquired (Note 16). The amounts were interest free and payable upon the achievement of stipulated conditions. This balance included amounts payable to companies controlled by directors or related by virtue of common directorships. The long term liability was discharged in November 2018. The non-cash changes on the long term liability totalled $244,000 (2017 - $1,443,000)

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32. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 11.32% (2017 11.11%) for the company and 25% (2017- 25%) for the subsidiaries.

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Statement of financial position (assets)/liabilities for:				
Deferred income tax assets	(1,250)	(1,587)	-	-
Deferred income tax liabilities	1,499,077	1,407,914	881,692	759,508
	1,497,827	1,406,327	881,692	759,508

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets -				
Vacation leave accrual	3,651	3,420	2,683	2,366
Other payables	121	116	-	-
Employee benefit obligations	36,992	39,751	36,992	39,751
Property, plant and equipment	282	220	-	-
Unrealised foreign exchange losses	-	400	-	-
Interest payable	-	96	-	96
	41,046	44,003	39,675	42,213
Deferred income tax liabilities -				
Property, plant and equipment	1,311,590	1,316,109	694,235	669,831
Unrealised foreign exchange gains	601	2,231	601	176
Interest receivable	1,951	1,484	1,800	1,208
Retirement benefit asset	224,731	130,506	224,731	130,506
	1,538,873	1,450,330	921,367	801,721
Net deferred income tax liabilities	1,497,827	1,406,327	881,692	759,508

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32. Deferred Income Tax (Continued)

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Net liabilities at beginning of year	1,406,327	1,166,902	759,508	584,765
Profit or loss (Note 10)	11,278	(23,423)	41,962	4,482
Effect on re-measurements of post- employment benefits	94,768	14,648	94,768	14,648
Stockholders' equity on disposal of PPE	(25,804)	-	(25,804)	-
Stockholders' equity on revaluation surplus	-	226,595	-	134,008
Effect of change in tax rate on previous years' revaluation surplus	11,258	21,605	11,258	21,605
Net liabilities at end of year	1,497,827	1,406,327	881,692	759,508

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Vacation leave accrual	(231)	(358)	(317)	(616)
Other payables	(5)	524	-	-
Employee benefit obligations	(4,109)	(3,778)	(4,109)	(3,778)
Unrealised foreign exchange losses	400	(173)	-	227
Interest payable	96	160	96	160
Property, plant and equipment	7,910	(30,373)	38,950	(2,339)
Unrealised foreign exchange gains	425	(60)	425	94
Interest receivable	467	582	592	681
Retirement benefit asset	6,325	10,053	6,325	10,053
	11,278	(23,423)	41,962	4,482

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Retirement benefit asset	87,900	21,312	87,900	21,312
Employee benefit obligations	6,868	(6,664)	6,868	(6,664)
	94,768	14,648	94,768	14,648

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32. Deferred Income Tax (Continued)

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

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Deferred income tax assets to be recovered -				
After more than 12 months	37,274	39,971	36,992	39,751
Deferred income tax liabilities to be extinguished -				
After more than 12 months	1,536,321	1,446,615	918,966	800,337

33. Trade and Other Payables

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade payables	175,982	204,227	150,313	180,465
Dividends payable	364,162	306,779	364,162	306,779
Provision for 16% wharfage reserve	75,340	43,384	75,340	43,384
Third party collections	657,926	468,247	657,926	468,247
Contract retention	4,405	66,455	4,405	66,455
Other payables and accruals	551,274	552,580	518,822	512,239
	1,829,089	1,641,672	1,770,968	1,577,569

Trade and other payables include amounts payable to related parties (Note 23).

34. Operating Leases

The Group has entered into an operating lease for property to expand its port and logistics operations. The future minimum lease payments under operating leases are as follows:

	2018 $'000	2017 $'000
No later than 1 year	82,265	23,958
Within 1 to 5 years	339,107	95,832
Over 5 years	741,797	231,595
	1,163,169	351,385

34. Operating Leases (Continued)

The Group earned property rental income of $187,681,000 (2017- $103,585,000) under operating leases.

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

	2018 $'000	2017 $'000
No later than 1 year	215,042	119,401
Within 1 to 5 years	195,370	70,016
Over 5 years	17,166	15,894
	427,578	205,311

35. Contingent Liabilities

Litigation

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

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

Other

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

36. Commitments

The Group and company had capital commitments at 31 December 2018 as follows:

	$'000
Authorised and contracted for	55,602

37. Subsequent Event

Subsequent to the year end, the company paid a dividend of 25 cents per share to equity holders on record on 18 December 2018 (Note 14).