CARGO Handlers Ltd.

Annual Report 2019

Contents

CARGO HANDLERS LIMITED

ESTABLISHED 1981

REGISTERED OFFICE

14 Montego Freeport Shopping Centre
Montego Bay, Jamaica

BOARD OF DIRECTORS

Chairman
Mr. Antony M. Hart

Directors
Ms. T. Chin
Mr. A. McCarthy
Mr. J. Byles

Director/ Secretary
Ms. J. Fray

Director/Mentor
Mr. W. Craig

AUDITORS

PWC Chartered Accountants
10 Fairview Office Park, Montego Bay

BANKERS

The Bank of Nova Scotia Jamaica Ltd.
5-6 Sam Sharpe Square, Montego Bay

REGISTRAR and TRANSFER AGENT

Jamaica Central Security Depository
40 Harbour Street, Kingston

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Cargo Handlers Limited ("the Company") will be held at 2:30 p.m., on Thursday 19th of March 2020 at Billy Craig Insurance Brokers Board Room, Fairview Business Park, Montego Bay for shareholders to consider and, if thought fit, pass the following resolutions:

1. To receive the audited financial statements for the financial year ended 30th September 2019.

2. To authorize the directors to appoint and agree the remuneration of the auditors for the coming financial year.

3. To authorize the directors to agree the remuneration of the board members.

4. The following Directors of the Board, having resigned by rotation in accordance with the Company's Articles of Incorporation and being eligible, hereby offer themselves for re-election by the shareholders:
   (a) To re-appoint Jane Fray as a Director of the Company
   (b) To re-appoint William Craig as a Director of the Company
   (c) To re-appoint Theresa Chin as a Director of the Company

5. To declare the interim dividends paid in the year to be considered final.

6. To authorize the directors to transact any other Business that may be properly transacted at an Annual General Meeting.

Dated: December 24, 2019
By Order of the Board
Jane Fray
Company Secretary

The following document accompanies this Notice of Annual General Meeting:
A form of proxy. A shareholder who is entitled to attend and vote at the Annual General Meeting of the Company may appoint one or more proxies to attend in his/her place. A proxy need not be a shareholder of the Company. All completed original proxy forms must be deposited to together with the power of attorney or other document appointing the proxy, at the registered office of the Company at least 48 hours before the Annual General Meeting.

CHAIRMAN'S STATEMENT

We take great pleasure in presenting our Annual Report for the year ended 30th September 2019. The year in review saw the Jamaican banking sector continuing to support investment in our economy with low interest rates. The Jamaican Stock Exchange, particularly the Junior Market, under which we were one of the earliest listed companies, is seeing a significant leap in the number of IPO's, supporting further growth of our capital markets. The number of companies listed on the Junior Market looks to surpass the main market in the near future. The result is the creation of wealth and ownership for a much larger percentage of Jamaicans than private ownership would allow. All of these indicators of a robust economy bode well for our future.

As we turn the corner of a new decade, we recognize that Cargo Handlers plays a critical role in logistics and port services, which supports both the current growth and the substantial anticipated growth of Western Jamaica. As a gateway of global goods and services, we must meet the challenge of the transformation that is occurring in our country. In addition to the lofty task of our core business, we are also in the process of evaluating a number of investment opportunities for the coming year. In doing so, we envision a better future. The opportunities we have now are more abundant than ever before and will see us grow as a company. It is an exciting time, for both Jamaica and for Cargo Handlers.

I would like to take this opportunity to sincerely thank all of our stakeholders, our employees and our loyal shareholders for their continued trust and support.

Chairman

Financial Highlights

	2019	2018	2017	2016	2015
Assets	$445,221,470	$513,372,471	$406,317,871	$361,560,098	$275,921,322
Liabilities	$80,778,946	$89,871,801	$56,255,758	$60,561,673	$29,486,571
Shareholders' Equity	$464,442,524	$423,500,670	$350,062,113	$300,998,425	$246,434,751
Profit After Taxation	$130,859,845	$165,229,841	$140,854,971	$153,848,123	$135,924,854
Number of Stocks Units Issued *	374,658,300	374,658,300	374,658,300	374,658,300	374,658,300
* Stock Split October 21, 2016					
Earnings Per Stock Unit	$0.35	$0.44	$0.38	$0.41	$0.36

SHAREHOLDER'S PROFILE

TOP TEN (10) STOCKHOLDERS

NAME	UNITS	PERCENTAGE
North Star Investment Ltd	113,242,640	27.2054
Jane Fray 112,911,980	27.1260	
Antony Mark Hart	109,911,980	26.4053
Cargo Handlers Trust	41,591,700	9.9920
Mayberry Managed Clients Accounts	4,382,326	1.0528
Nigel O. Coke	3,703,215	0.8897
Mayberry Investments Ltd. Pension Scheme	3,429,920	0.8240
Rosemarie McIver	2,761,190	0.6633
Robert H. S. Chin	2,580,000	0.6198
Conrad H. P Chin	2,009,220	0.4827

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
Mary Jane Fray	Director	Self	112,911,980	27.1261
Mark Hart	Chairman	Self	109,911,980	26.4053
Theresa Chin	Director	Self	1,721,000	0.4134
Theresa Chin	Director	Connected party holding	5,879,220	1.4115
William Craig	Director	Connected party holding	337,930	0.0812
Andrew McCarthy	Director	Self	0.00	0.00
John Byles	Director	Self	0.00	0.00
	Key Member Holdings		**224,544,960**	**53.94**
	Connected Party Holdings		**6,217,150**	**1.49**
	Combined Holdings		**230,762,110**	**55.43**

Senior Managers

Theresa Chin	7,600,220

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Cargo Handlers Limited is responsible for good Corporate Governance. To this end, the Board is directly responsible for ensuring accountability, objectivity and transparency in the Company's activities, all of which are essential to the success of achieving increased shareholder confidence and maximization of shareholder value. In fulfilling its responsibility, the Board ensures compliance with the Company's policies and procedures; the rules of the Jamaica Stock Exchange Junior Market and the laws and regulations of the land.

Board Composition

As at September 30, 2019, a total of six members comprised the Company's Board: one Executive and five Non-Executive Directors. The members are experienced and qualified individuals with diverse skills and knowledge from varying professions. The expertise of the Board Members ensures that decisions are made in the best interest of the Company, resulting in improved Shareholders' Return.

Board Sub-committees

There are two Sub-Committees: the Audit and Compliance Committee and the Compensation Committee. The Members were appointed by the full Board of Directors and any Board Member may, by invitation, attend sub-committee meetings.

The Audit and Compliance Committee

This Committee, chaired by Mr. Andrew McCarthy, has direct responsibility to assist the Board by overseeing the financial reporting and auditing process of the Company's activities. The Committee meets quarterly and continues to be guided by its established terms of reference to ensure:- good fiscal discipline - open and accurate financial reporting and - timely disclosures for the financial period under review.

During the quarterly meetings, the members of the Committee also analyze the quarterly interim financial statements and the annual audited financial statements in accordance with the rules of the Jamaica Stock Exchange Junior Market and International Financial Reporting Standards, and makes recommendations to the full Board of Directors for publication.

The Compensation Committee

This Committee has responsibility to advise the Board on all matters relating to the compensation of the Executive members of the Board. The Committee is chaired by the Mr. Antony Mark Hart and its terms of reference require that the Committee meets at least once per year to evaluate the performance of the Executive Director. For the financial year under review, the Committee met as mandated and made its recommendation to the full Board of Directors.

Below is a summary of the register in respect of the meetings for the financial year-ended September 30, 2019

	AGM	BOD	Audit Committee	Compensation Committee
# of Meetings	1	5	5	1
Mark Hart	1	4		1
Jane Fray	1	4	4	1
Andrew McCarthy	1	5	5	
John Byles		3		
Theresa Chin	1	5	5	
William Craig		3		

Management Discussions and Analysis

We are pleased to share the results of our performance for FY 18/19 wherein revenue amounting to S386.09M was achieved. This was up $6.25M from $379.83 in the prior year due to increased baggage handling activities from cruise home-porting operations over the prior year.
Operating costs for the 12-month period totaled $224.45M and was 19.7% above last year; this increase was attributed to the loss on rate of exchange between FY 2018-2019 and the prior 12-month period. Resulting net profit was $152.24M before tax and yielded earnings per share (EPS) of $0.35 for the year, down S0.09 when compared to last year's results. Our Board of Directors declared interim dividends totaling $0.24 per share during the year.

Cement cargo through-put registered significant growth this year with revenue from this activity being 42% or $24.6M above the corresponding period's result. This is an indication of the vibrancy that prevails within the local construction sector and the positive impact it continues to have on our cargo handling activities.
Along the north coast and indeed Western Jamaica, a number of public and private sector led residential and non-residential projects are underway. These along with major hotel projects coming on stream in 2020 will serve to further drive the country's growth prospects and boost business confidence. Cargo Handlers Limited anticipates taking receipt of six (6) new petroleum tankers during the second quarter of the current FY; the new equipment will be utilized within our Equipment Leasing segment.

Cargo Handlers Limited is in compliance with all of its statutory obligations and requisite filings under the Companies Act for the FY 2018-2019. We are proud of our continued association with Woman Inc., West Haven Children's Home, Montego Bay Marine Park Trust and the Committee for the Upliftment of the Mentally Ill (CUMI).
Cargo Handlers Limited remains committed to maintaining our support of these charitable organizations as they seek to make a difference in the lives of the citizens of Western Jamaica.

We stand ready to meet the challenges and opportunities that the New Year will bring with a firm commitment to all of our stakeholders.

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Independent auditor's report

To the Members of Cargo Handlers Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Cargo Handlers Limited (the Company) as at 30 September 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Cargo Handlers Limited's financial statements comprise:

- the statement of financial position as at 30 September 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Basis for opinion

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

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

Independence

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

Our audit approach

Audit scope

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

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

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
18 December 2019
Montego Bay, Jamaica

Cargo Handlers Limited

Statement of Comprehensive Income

Year ended 30 September 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019	2018
		$	$
Revenue		366,444,620	355,738,173
Direct costs	7	(8,201,647)	-
Gross profit		358,242,973	355,738,173
Other income	6	19,652,578	24,100,975
Administrative expenses	7	(31,055,678)	(21,851,021)
Other operating expenses	7	(193,395,181)	(165,624,428)
Operating Profit		153,444,692	192,363,699
Interest income		1,267,591	1,249,160
Finance costs	9	(2,469,447)	(1,750,015)
Profit before Taxation		152,242,836	191,862,844
Taxation	10	(21,382,991)	(26,633,003)
Net Profit, being Total Comprehensive Income for the Year		130,859,845	165,229,841
EARNINGS PER STOCK UNIT	11	0.35	0.44

Cargo Handlers Limited
Statement of Financial Position
30 September 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $	2018 $
Non-Current Assets			
Property, plant and equipment	12	64,404,375	77,525,880
Related companies	13	12,832,557	7,281,114
		77,236,932	84,806,994
Current Assets			
Receivables	15	127,946,271	76,134,889
Taxation recoverable		668,603	668,603
Cash and cash equivalents	16	339,369,664	351,761,985
		467,984,538	428,565,477
Current Liabilities			
Payables	17	26,854,031	31,470,127
Income tax payable		4,086,157	9,179,882
Borrowings	18	32,025	1,340,215
		30,972,213	41,990,224
Net Current Assets		437,012,325	386,575,253
		514,249,257	471,382,247
Shareholders' Equity			
Share capital	19	43,175,494	43,175,494
Capital reserve	20	172,311	172,311
Retained earnings		421,094,719	380,152,865
		464,442,524	423,500,670
Non-Current Liabilities			
Related companies	13	44,425,447	42,076,805
Deferred tax liability	14	5,381,286	5,804,772
		49,806,733	47,881,577
		514,249,257	471,382,247

Approved for issue by the Board of Directors on 18 December 2019 and signed on its behalf by:

Mark Hart Director

Jane Fray Director

Cargo Handlers Limited

Statement of Changes in Equity
Year ended 30 September 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Stock Units	Share Capital	Capital Reserve	Retained Earnings	Total
			$	$	$	$
Balance at 30 September 2017		374,658,300	43,175,494	172,311	306,714,308	350,062,113
Net profit, being total comprehensive income for the year		-	-	-	165,229,841	165,229,841
Transactions with owners:						
Dividends paid	21	-	-	-	(91,791,284)	(91,791,284)
Balance at 30 September 2018		374,658,300	43,175,494	172,311	380,152,865	423,500,670
Net profit, being total comprehensive income for the year		-	-	-	130,859,845	130,859,845
Transactions with owners:						
Dividends paid	21	-	-	-	(89,917,991)	(89,917,991)
Balance at 30 September 2019		374,658,300	43,175,494	172,311	421,094,719	464,442,524

Cargo Handlers Limited

Statement of Cash Flows

Year ended 30 September 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 $	2018 $
Cash Flows from Operating Activities		
Net profit	130,859,845	165,229,841
Items not affecting cash:		
Unrealised exchange gain	(9,500,673)	(12,535,799)
Depreciation	13,518,407	11,273,099
Write-off of property, plant and equipment	35,396	-
Bad debt written off	-	12,000
Interest income	(1,267,591)	(1,249,160)
Interest expense	2,469,447	1,750,015
Taxation	21,382,991	26,633,003
	157,497,822	191,112,999
Changes in operating assets and liabilities:		
Receivables	(50,178,235)	(7,237,118)
Payables	(4,516,096)	8,037,514
Cash provided by operating activities	102,803,491	191,913,395
Tax deducted at source	(21,334)	(25,090)
Income tax paid	(26,878,868)	(18,383,965)
Net cash provided by operating activities	75,903,289	173,504,340
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(432,298)	(26,092,676)
Interest received	1,267,591	1,249,160
Cash used in investing activities	835,293	(24,843,516)
Cash Flows from Financing Activities		
Dividends paid	(89,917,991)	(91,791,284)
Related companies	(3,202,801)	32,195,896
Interest paid	(2,469,447)	(1,750,015)
Cash used in financing activities	(95,590,239)	(61,345,403)
Decrease in net cash and cash equivalents	(18,851,657)	87,315,421
Effect of exchange rate on cash and cash equivalents	7,767,526	10,703,030
Cash and cash equivalents at beginning of year	350,421,770	252,403,319
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)	339,337,639	350,421,770

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2019
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

The Company is listed on the Junior Market of the Jamaica Stock Exchange.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with, and comply with, the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(b) Changes in accounting policies and disclosures

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

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

  Classification and valuation: As of 1 October 2018, the Company has evaluated its business model for financial assets and concluded that there was no material impact on the financial statements.

  Impairment: The Financial assets of the Company to which the new impairment method is applicable, are cash and cash equivalents, related party balances and trade receivables. The Company has reviewed its methodology for registering impairment in accordance with IFRS 9 for cash and cash equivalents, related party balances and trade receivables, determining that the impairment is immaterial, considering the low risk of the banking institutions and the fact that there is no history of credit loss on such assets. For the trade receivables, the Company has applied the simplified version of IFRS 9 in order to estimate the expected credit loss of receivables, determining no adjustments or reclassifications which would be material in the application of the IFRS 9 standards for determining impairment.

2. Summary of Significant Accounting Policies (Continued)

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

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

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

Financial Assets

Classification

From 1 October 2018, the Company considers the following measurement categories in classifying its financial assets:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the business model used for managing the financial assets and the contractual terms of each cash flows. The Company's assets measured at fair value, gains and losses will neither be recorded in profit or loss or OCI.

Measurement

Debt instruments

Measurement financial instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. The Company considers three measurement categories when classifying its financial instruments.

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent sole payments of principal and interest, are measured at amortised cost. Interest income from financial assets is included in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payments of principal and interest, are measured at FVOCI. Changes in fair value are taken through OCI. The recognition of interest income and impairment gains and losses are recognised in profit or loss. When financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in profit or loss using the effective interest rate method. Impairment losses are presented as a separate line item in the statement of comprehensive income.

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2019
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

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

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

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

Debt instruments (continued)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on financial asset that is measured at FVPL is recognised in profit or loss in the period in which it arises.

Impairment

From 1 October 2018, the Company assesses impairment on a forward-looking basis for the expected credit losses (ECL) associated with its financial assets classified at amortised cost.

Application of Simplified Approach

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using the lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECL for these receivables.

The lifetime ECL is determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

There was no significant impact on the financial statements arising from the adoption of IFRS 9.

Accounting policies effective up to 30 September 2018

The Company applied IFRS 9 on 1 October 2018 and has elected not to restate comparative information in accordance with the transitional provisions in IFRS 9 [7.2.15]. As a result, the comparative information was accounted for in accordance with the Company's previous accounting policy described below:

Classification

Until 30 September 2018, the Company classified its financial assets as loans and receivables. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its investments at initial recognition and re-evaluated this designation at every reporting date.

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2019
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

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

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

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

  Classification (continued)

  Financial assets classified as loans and receivables either meet the definition of loans and receivables at the date of acquisition, or at the date of reclassification from another category (fair value through profit or loss or available-for-sale), under the provisions of IAS 39. Financial assets which have been reclassified to this category, meet the definition of loans and receivables as a result of the market for these securities becoming inactive during the financial year.

  Recognition and measurement

  Loans and receivables are initially recognised at fair value plus transaction costs, are subsequently carried at amortised cost using the effective interest method, or cost where the asset is short-term, and its cost is deemed to approximate amortised cost.

  Impairment of financial assets

  Under IAS 39, the Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset was considered impaired if its carrying amount exceeded its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost was calculated as the difference between the assets' carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market rate for a similar financial asset.

- **IFRS 15, 'Revenue from Contracts with Customers', and associated amendments to various other standards** (effective for annual periods beginning on or after 1 January 2018). This standard deals with revenue recognition and establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

Cargo Handlers Limited

2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

  Key changes to current practice are:

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

  The Company has performed an analysis of its revenue by applying the five steps model defined in the standard to its clients and has determined that its criteria for recognition of revenue are in line with IFRS 15 and there was no material impact on revenue as at 1 October 2018.

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2. Summary of Significant Accounting Policies (Continued)

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

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

- **IFRIC 22, 'Foreign currency transaction and advance consideration'** (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. There was no material impact from adoption of this interpretation on the company's financial operations.

- **Annual Improvements 2014-2016** (effective for annual periods beginning on or after 1 January 2018). Amendments were finalised in December 2016 with regards to IFRS 1 which recognised that short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant should be deleted. Amendments were also finalised in December 2016 with regards to IAS 28 which clarified that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. These amendments did not have a significant impact on the financial statements.

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

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

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

- **IFRS 16, 'Leases'** (effective for the periods beginning on or after 1 January 2019) (continued).
  The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is currently assessing the impact of future adoption of the new standard on its financial statements.

- **IFRIC 23, 'Uncertainty over income tax'** (effective for annual periods beginning on or after 1 January 2019). The new standard explains how to recognise, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. It discusses how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately together as a group, depending on which approach better predicts the resolution of the uncertainty. It further states that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk be ignored. The standard also states that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment. It further states that the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty and that the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments.

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

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

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

Cargo Handlers Limited

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2. Summary of Significant Accounting Policies (Continued)

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

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

- **Definition of Material – Amendments to IAS 1 and IAS 8** (effective for annual periods beginning on or after 1 January 2020). The IASB has made amendments to IAS 1 Presentation of Financial Standards and IAS 8 Accounting Policies, Changes in Accounting Estimates and errors which use a consistent definition of materiality throughout international Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidelines in IAS 1 about immaterial information.

  The amendment further clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses material in the context of the financial statements as a whole. The standard also states that the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining the as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

- **Definition of Business – Amendments to IFRS 3** (effective for annual periods beginning on or after 1 January 2020). The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. It also states that the definition of the term 'output' is amended to focus on goods and services provided to customer, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

- **Revised Conceptual Framework for Financial Reporting** (effective for annual periods beginning on or after 1 January 2020). The ISAB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. These new standards include increasing the prominence of stewardship in the objective of financial reporting. It also includes changes in reinstating prudence as a component of neutrality. Further key changes include defining a reporting entity, which may be a legal entity, or a portion of an entity and revising the definitions of an asset and a liability as well as removing the probability threshold for recognition and adding guidance on de-recognition

  The standard further includes changes to adding guidance on different measurement basis and stating that profit of loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements

  The standard clarifies that no changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.

2. Summary of Significant Accounting Policies (Continued)

(c) Revenue recognition

There has been no impact on the Company's accounting policies for revenue recognition arising from the adoption of IFRS 15 on 1 October 2018.

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

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

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

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

(d) Leases

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

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

(e) Property, plant and equipment

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

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

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

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

(e) Property, plant and equipment (continued)
Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in operating profit. Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

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

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

(ii)Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Cargo Handlers Limited

2. Summary of Significant Accounting Policies (Continued)

(i) Cash and cash equivalents

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

(j) Current and deferred income tax

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

Current tax charges are based on the taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates applicable at the statement of financial position date.

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

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

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

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

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

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

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

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

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

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

(n) Financial instruments
A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets
The Company's financial assets comprise related party balances, receivables and cash and cash equivalents. The Company's policy on financial assets is described in note 2b.

Financial liabilities
The Company's financial liabilities comprise payables, current borrowings and related party balances. They are initially measured at fair value, net of transaction cost, and are subsequently measured at amortised cost using the effective interest method.

2. Summary of Significant Accounting Policies (Continued)

(o) Share capital

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

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

(p) Related party transactions and balances

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

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

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

(q) Dividends

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

(r) Segment reporting

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

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

3. Financial Risk Management

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

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company periodically reviews its risk management policies and systems to reflect changes in market conditions which might affect its activities.

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

(a) Credit risk

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

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

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

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

Maximum exposure to credit risk
For items on the statement of financial position, the exposures are based on net carrying amounts as reported in the statement of financial position.

Cargo Handlers Limited

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Exposure to credit risk for trade and other receivables by customer sector

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

	2019	2018
	$	$
Stevedoring	52,230,260	55,327,783
Lumber yard	-	600,000
Leasing	26,173,250	11,067,500
Management fees	10,193,750	3,961,000
Equipment rental	1,131,562	911,250
Other receivables	1,097,986	1,559,795
	90,826,808	73,427,328
Less: Impairment provision	-	(600,000)
	90,826,808	72,827,328

Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for these assets. To measure the expected losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the exchange rate applicable to its customers to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 September 2019 and 1 October 2018 (on adoption of IFRS 9) was determined as follows for trade receivables.

	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
	$	$	$	$	$
30 September 2019					
Expected loss rate	1.9%	2.3%	2.5%	3.3%	
Gross carrying amount trade receivables	16,365,061	9,764,192	3,831,068	22,269,939	52,230,260
Loss allowance	303,819	223,679	96,571	729,721	1,353,790

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of trade receivables (continued)

	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
	$	$	$	$	$
1 October 2018					
Expected loss rate	0.7%	1.0%	1.2%	1.4%	
Gross carrying amount trade receivables	18,047,803	7,878,870	4,401,540	25,600,070	55,928,283
Loss allowance	129,459	74,965	51,981	363,184	619,589

Previous accounting policy

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

	2018
	$
31 – 60 days	8,040,370
61 – 90 days	4,949,086
Over 90 days	25,804,064
	38,793,520

The ageing of impaired receivables was as follows:

	2018
	$
Over 90 days	600,000

Cargo Handlers Limited

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Movement analysis of provision for impairment of trade and other receivables

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

	2019	2018
	$	$
At beginning and end of year	-	600,000

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

(b) Liquidity risk

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

Liquidity risk management process

The Company's liquidity management process includes:

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

(ii) Maintaining a portfolio of bank balances that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit.

Cargo Handlers Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

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

	Within 1 Month $	1 to 3 Months $	3 to 12 Months $	1 to 5 Years $	Over 5 Years $	Total $
			2019			
Borrowings	32,025	-	-	-	-	32,025
Payables	24,006,423	-	-	-	-	24,006,423
Related companies	2,665,527	-	-	44,425,447	-	47,090,974
	26,703,975	-	-	44,425,447	-	71,129,422
			2018			
Borrowings	1,340,215	-	-	-	-	1,340,215
Payables	27,586,838	-	-	-	-	27,586,838
Related companies	2,524,608	-	-	42,076,805	-	44,601,413
	31,451,661	-	-	42,076,805	-	73,528,466

(c) Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Board of Directors. Market risk exposures are measured using sensitivity analysis.

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. At 30 September 2019, the Company's net foreign exchange exposure amounted to a net asset of $418,238,243 (2018 - $377,668,125).

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

	2019	2018
	$	$
Effect on profit –		
Depreciation 6% (2018 – 4%)	25,099,695	15,106,725
Appreciation 4% (2018 – 2%)	(16,733,130)	(7,553,363)

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

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

The Company manages interest rate risk by maintaining fixed rate instruments. It also manages the maturities of interest-bearing financial assets and interest-bearing financial liabilities. At 30 September 2019 and 2018 the Company had no significant exposure to variable rate interest rate risk.

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

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

4. Fair Value Estimation

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

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

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

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

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

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

6. Other Income

	2019 $	2018 $
Foreign exchange gains	19,052,578	24,100,975
Other	600,000	-
	19,652,578	24,100,975

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2019
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7. Expenses by Nature

Total direct, administrative and other operating expenses:

	2019	2018
	$	$
Accounting fees	3,255,593	2,807,650
Advertising and promotion	1,415,675	496,477
Asset tax	100,000	200,000
Auditor's remuneration	2,670,000	2,536,000
Bad debts	-	12,000
Baggage handling costs	8,201,647	-
Depreciation	13,518,407	11,273,099
Directors' emoluments -		
Directors' fees	980,000	1,015,000
Management fees	4,200,000	4,200,000
Damaged cargo claims	172,784	82,056
Donations	4,683,500	6,003,000
Insurance	6,637,230	6,592,478
Legal and professional fees	973,067	766,848
Loss on exchange	21,563,154	3,593,682
Other	5,202,498	4,212,616
Registration fees	1,475,405	2,047,308
Repairs and maintenance	3,359,120	3,620,506
Staff costs (Note 8)	152,923,614	136,570,350
Utilities	1,285,416	1,446,379
Write-off of property, plant and equipment	35,396	-
	232,652,506	187,475,449

8. Staff Costs

	2019	2018
	$	$
Salaries and wages	119,235,038	104,198,321
Termination payments	5,140,406	-
Statutory contributions	12,929,769	11,792,540
Other	15,618,401	20,579,489
	152,923,614	136,570,350

Cargo Handlers Limited

Notes to the Financial Statements
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9. Finance Costs

	2019	2018
	$	$
Interest expense	2,469,447	1,750,015

10. Taxation

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

	2019	2018
	$	$
Current tax	21,806,477	23,683,737
Deferred tax (Note 14)	(423,486)	2,949,266
	21,382,991	26,633,003

Reconciliation of applicable tax charge to effective tax charge:

	2019	2018
	$	$
Profit before tax	152,242,836	191,862,844
Tax calculated at 25%	38,060,709	47,965,711
Adjusted for the effects of:		
Income not subject to tax	(1,365,961)	(1,718,953)
Expenses not deductible for tax purposes	6,587,465	5,510,075
Remission of taxes	(21,806,477)	(23,683,737)
Net effect of other charges and allowances	(92,745)	(1,440,093)
Taxation	21,382,991	26,633,003

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

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

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. Subject to agreement with the Minister of Finance and Planning, the current year income tax payable for which remission will be sought is approximately $21,806,000 (2018 – $23,684,000).

Cargo Handlers Limited

Notes to the Financial Statements
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11. Earnings per Stock Unit

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

	2019	2018
Net profit attributable to stockholders ($)	130,859,845	165,229,841
Weighted average number of stock units in issue	374,658,300	374,658,300
Earnings per stock unit ($)	0.35	0.44

12. Property, Plant and Equipment

	2019				
	Buildings	Trailers, Boomlift & Forklift	Furniture, Equipment & Golf Carts	Motor Vehicles	Total
	$	$	$	$	$
Cost -					
1 October 2018	2,318,815	83,149,427	11,373,173	24,608,587	121,450,002
Additions	-	368,458	63,840	-	432,298
Write-offs	-	-	(102,282)	-	(102,282)
30 September 2019	2,318,815	83,517,885	11,334,731	24,608,587	121,780,018
Depreciation -					
1 October 2018	763,276	29,428,577	5,947,920	7,784,349	43,924,122
Charge for the year	57,970	8,351,789	860,131	4,248,517	13,518,407
Write-offs	-	-	(66,886)	-	(66,886)
30 September 2019	821,246	37,780,366	6,741,165	12,032,866	57,375,643
Net book value -					
30 September 2019	1,497,569	45,737,519	4,593,566	12,575,721	64,404,375

Cargo Handlers Limited

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

12. Property, Plant and Equipment (Continued)

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

13. Related Party Transactions and Balances

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

	2019	**2018**
	$	**$**
AMD Limited	(9,326,675)	10,316,044
Advisors Limited	5,405,777	(1,590,324)
Good Hope (Holdings) Limited	633,128	9,386,051
Good Hope Limited	-	(703,255)
Bulk Liquid Carriers Petroleum Transport Limited	4,500	-
Freeport Investments Limited	8,745	-
Hart Investments Limited	(4,700,022)	854,685
Billon Limited	(4,522,241)	176,060
Montego Place Limited	(17,635)	17,635
Saffack Limited	(9,470,087)	9,018,241
Port Handlers Limited	11,963,576	116,629
Samuel Hart & Son Limited	6,818,133	4,604,130
	(3,202,801)	32,195,896

Cargo Handlers Limited

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

(b) Key management compensation

	2019	2018
	$	$
Salaries and other short-term employee benefits	11,331,050	9,854,445
Statutory contributions	1,105,235	966,092
	12,436,285	10,820,537
Directors' emoluments -		
Directors' fees	980,000	1,050,000
Management remuneration	12,436,285	10,820,537
Management fees	4,200,000	4,200,000

(c) Transactions in the normal course of business

	2019	2018
	$	$
Professional services rendered by related parties	11,457,240	2,807,650
Interest earned on balances due from related parties	1,159,692	1,130,765
Interest paid on balances due to related parties	2,256,607	1,528,161
Lease income earned from a related party	22,800,000	22,800,000
Management fees earned from a related party	9,600,000	10,200,000
Purchase of goods from a related party	268,124	355,415

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2019
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13. Related Party Transactions and Balances (Continued)

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

	2019 $	2018 $
Non-current		
Due from:		
AMD Limited	6,300,232	62,458
Bilton Limited	49	-
Good Hope (Holdings) Limited	6,524,616	7,157,744
Port Handlers Limited	7,660	5,280
Samuel Hart & Son Limited	-	55,632
	12,832,557	7,281,114

	2019 $	2018 $
Due to:		
AMD Limited	356,374	3,445,275
Advisors Limited	11,059,476	5,653,699
Bilton Limited	-	4,522,192
Bulk Liquid Carriers Petroleum Transport Limited	4,500	-
Freeport Investments Limited	8,745	-
Hart Investments Limited	7,037,578	11,737,600
Montego Place Limited	-	17,635
Port Handlers Limited	12,160,237	194,281
Saffack Limited	1,651,036	11,121,123
Samuel Hart & Son Limited	12,147,501	5,385,000
	44,425,447	42,076,805

	2019 $	2018 $
Current		
Due from (Note 15):		
Bulk Liquid Carriers Petroleum Transport Limited	36,524,213	15,028,500

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2019
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13. Related Party Transactions and Balances (Continued)

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

The weighted average effective interest rate on transfers between related party bank accounts for working capital purposes is 6% (2018 – 6%).

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

14. Deferred Taxation

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

The movement on the deferred taxation account is as follows:

	2019	2018
	$	$
Liability at beginning of year	(5,804,772)	(2,855,506)
Charged during the year (Note 10)	423,486	(2,949,266)
Liability at end of year	(5,381,286)	(5,804,772)

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

	2019	2018
	$	$
Deferred income tax assets:		
Accelerated depreciation	65,888	185,300
Accrued vacation	98,440	139,937
Unrealised foreign exchange loss	177,227	40,000
	341,555	365,237
Deferred income tax liabilities:		
Unrealised foreign exchange gain	(1,414,325)	(1,740,068)
Accelerated depreciation	(4,308,516)	(4,429,941)
	(5,722,841)	(6,170,009)
	(5,381,286)	(5,804,772)

Cargo Handlers Limited

Notes to the Financial Statements

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14. Deferred Taxation (Continued)

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

	2019	2018
	$	$
Accrued vacation	37,290	(22,247)
Unrealised foreign exchange gain	58,440	35,000
Unrealised foreign exchange loss	325,743	(1,740,068)
Accelerated depreciation	2,013	(1,221,951)
	423,486	(2,949,266)

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

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

	2019	2018
	$	$
Deferred income tax asset to be recovered -		
Within 12 months	275,667	179,937
After more than 12 months	65,888	185,300
	341,555	365,237
Deferred Income tax liability to be settled -		
Within 12 months	(1,414,325)	(1,740,068)
After more than 12 months	(4,308,516)	(4,429,941)
	(5,722,841)	(6,170,009)
	(5,381,286)	(5,804,772)

15. Receivables

	2019	2018
	$	$
Trade	52,230,760	55,928,283
Less: Impairment provision	-	(600,000)
	52,230,760	55,328,283
Related parties (Note 13)	36,524,213	15,028,500
Other receivables and prepayments	39,191,298	5,778,106
	127,946,271	76,134,889

Cargo Handlers Limited
Notes to the Financial Statements
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16. Cash and Cash Equivalents

	2019	2018
	$	**$**
Cash at bank and in hand	339,369,664	351,761,985

The weighted average effective interest rate for cash is 0.50% (2018 – 0.18%).

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

	2019	2018
	$	**$**
Cash and bank balances	339,369,664	351,761,985
Bank overdraft (Note 18)	(32,025)	(1,340,215)
	339,337,639	350,421,770

17. Payables

	2019	2018
	$	**$**
Trade	6,150,884	8,700,690
Accruals	17,077,583	15,622,342
Other	3,625,564	7,147,095
	26,854,031	31,470,127

18. Borrowings

	2019	2018
	$	**$**
Bank overdraft (Note 16)	32,025	1,340,215

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

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

Cargo Handlers Limited

Notes to the Financial Statements

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19. Share Capital

	2019	2018
	$	$
Total authorised ordinary shares 466,200,000		
Issued and fully paid -		
416,250,000	47,334,664	47,334,664
41,591,700 treasury shares	(4,159,170)	(4,159,170)
	43,175,494	43,175,494

20. Capital Reserve

	2019	2018
	$	$
Realised gains on sale of property, plant and equipment	172,311	172,311

21. Dividends

By resolutions dated 19 February 2019 and 8 August 2019, the Board of Directors approved the payment of interim dividends in the amounts of $0.120 and $0.12 per share, respectively. In the prior year, resolutions dated 8 February 2018 and 13 August 2018 resulted in the approval of interim dividend payments of $0.115 and $0.13 per share, respectively.

22. Segment Information

The Company is organised into the following business segments:

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

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

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

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

Direct allocated and unallocated income and expenses

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

Cargo Handlers Limited
Notes to the Financial Statements
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22. Segment Information (Continued)

Unallocated assets and liabilities

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

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

	2019				
	Stevedoring	**Leasing**	**Management Services**	**Unallocated**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	331,113,620	22,800,000	9,600,000	2,931,000	366,444,620
Other income	9,084,372	-	-	10,568,206	19,652,578
Interest income	22,564	-	-	1,245,027	1,267,591
Direct costs	(8,201,647)	-	-	-	(8,201,647)
Depreciation	(2,859,669)	(7,698,738)	-	(2,960,000)	(13,518,407)
Other expenses	(159,365,569)	(1,131,566)	-	(50,435,317)	(210,932,452)
Finance costs	-	-	-	(2,469,447)	(2,469,447)
Profit before taxation	169,793,671	13,969,696	9,600,000	(41,120,531)	152,242,836
Taxation	-	-	-	(21,382,991)	21,382,991)
Net profit	169,793,671	13,969,696	9,600,000	(62,503,522)	130,859,845
Segment assets	76,740,051	66,852,150	10,193,750	391,435,519	545,221,470
Segment liabilities	12,883,627	-	-	67,895,319	80,778,946
Capital expenditure	63,840	-	-	368,458	432,298

Cargo Handlers Limited
Notes to the Financial Statements
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22. Segment Information (Continued)

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

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2019

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22. Segment Information (Continued)

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

	Profit before taxation		Assets		Liabilities	
	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$
Total for business segments	193,363,367	208,095,245	153,785,951	146,733,405	12,883,627	12,230,437
Unallocated amounts:						
Corporate office results	(39,896,111)	(15,713,500)		-	-	-
Interest income	1,245,027	1,231,114		-	-	-
Finance costs	(2,469,447)	(1,750,015)		-	-	-
Property, plant and equipment	-	-	5,058,622	5,343,212	-	-
Related companies	-	-	12,832,557	7,281,114	44,425,447	42,076,805
Receivables	-	-	38,451,024	4,218,811	-	-
Taxation recoverable	-	-	668,603	668,603	-	-
Cash	-	-	334,424,713	349,127,326	-	-
Payables	-	-	-	-	13,970,404	19,239,690
Income tax payable	-	-	-	-	4,086,157	9,179,882
Borrowings	-	-	-	-	32,025	1,340,215
Deferred tax liabilities	-	-	-	-	5,381,286	5,804,772
Total unallocated amounts	(41,120,531)	(16,232,401)	391,435,519	366,639,066	67,895,319	77,641,364
Total per financial statements	152,242,836	191,862,844	545,221,470	513,372,471	80,778,946	89,871,801

Cargo Handlers Limited
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23. Operating Lease Commitments

(a) The Company entered into an agreement with The Port Authority of Jamaica on 3 October 2014 to lease commercial space for the operation of a changing room for stevedores. The lease was renewed annually by the parties. During the year, the lease expired and was renewed for a term of two years commencing 1 July 2019 and terminating on 30 June 2021.

The future minimum lease payable are as follows:

	2019	2018
	$	$
Not later than 1 year	783,724	536,721
Later than 1 year but not later than 5 years	620,248	-
	1,403,972	536,721

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

	2019	2018
	$	$
Not later than 1 year	5,700,000	22,800,000
Later than 1 year but not later than 5 years	-	5,700,000
	5,700,000	28,500,000

CARGO Handlers Ltd.

TOP TEN (10) STOCKHOLDERS

As at 30 September 2019

NAME	UNITS	PERCENTAGE
North Star Investment Ltd	113,242,640	27.2054
Jane Fray	112,911,980	27.1260
Antony Mark Hart	109,911,980	26.4053
Cargo Handlers Trust	41,591,700	9.9920
Mayberry Managed Clients Accounts	4,382,326	1.0528
Nigel O. Coke	3,703,215	0.8897
Mayberry Investments Ltd. Pension Scheme	3,429,920	0.8240
Rosemarie McIver	2,761,190	0.6633
Robert H. S. Chin	2,580,000	0.6198
Conrad H. P Chin	2,009,220	0.4827

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	PERCENTAGE
Mary Jane Fray	Director	Self	112,911,980	27.1261
Mark Hart	Chairman	Self	109,911,980	26.4052
Theresa Chin	Director	Self	1,721,000	0.4134
Theresa Chin	Director	Connected party holding	5,879,220	1.4115
William Craig	Director	Connected party holding	337,930	0.0812
Andrew McCarthy	Director	Self	0.00	0.00
John Byles	Director	Self	0.00	0.00

	UNITS	PERCENTAGE
Key Member Holdings	**224,544,960**	**53.94**
Connected Party Holdings	**6,217,150**	**1.49**
Combined Holdings	**230,762,110**	**55.43**

Senior Managers

Theresa Chin	7,600,220