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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Jamaica Producers Group Limited ("the company"), set out on pages 8 to 41, which comprise the separate balance sheet as at December 31, 2019, the separate statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the company as at December 31, 2019, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Separate Financial Statements (continued)

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, is of most significance in our audit of the financial statements of the current period. The matter below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment of investment in subsidiaries

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the company's investments in subsidiaries may not be recoverable due to changes in the business and economic environment in which specific subsidiaries operate. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.	In this area our audit procedures included: 1) Evaluating whether there were indicators of impairment of the investments, considering the economic environment and business performance of each subsidiary. 2) Where applicable, testing the reasonableness of the company's forecasts and discounted cash flow calculations, including: • Comparing the company's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Separate Financial Statements (continued)

Key Audit Matter (continued)

Impairment of investment in subsidiaries (continued)

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the company's investments in subsidiaries may not be recoverable due to changes in the business and economic environment in which specific subsidiaries operate. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future	2) (continued) • Comparing the sum of the discounted cash flows to the carrying value of investment in subsidiaries. 3) Assessing the adequacy of the company's disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information in the company's annual report for the year ended December 31, 2019 but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Separate Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

KPMG

Kingston, Jamaica

February 28, 2020

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Appendix to the Independent Auditors' report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

JAMAICA PRODUCERS GROUP LIMITED

Company Balance Sheet
Year ended December 31, 2019

	Notes	2019 $'000	2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	5	88,571	10,800
Short term investments	4(d),6	213,189	-
Securities purchased under resale agreements	4(e)	152,537	8,995
Accounts receivable	7	10,507	6,377
Taxation recoverable		10,450	3,338
Total current assets		475,254	29,510
CURRENT LIABILITIES			
Accounts payable	8	550,364	421,219
Loans and borrowings	15	150,000	100,000
Lease liabilities	12(b)	5,795	-
Total current liabilities		706,159	521,219
WORKING CAPITAL DEFICIT		(230,905)	(491,709)
NON-CURRENT ASSETS			
Interests in subsidiary and associates	9	5,055,419	5,637,439
Investments	10	26,917	-
Property, plant and equipment	11	94,744	95,715
Right-of-use assets	12(a)	72,471	-
Total non-current assets		5,249,551	5,733,154
Total assets less current liabilities		5,018,646	5,241,445
EQUITY			
Share capital	13	112,214	112,214
Reserves	14	3,703,709	3,844,395
Total equity attributable to stockholders		3,815,923	3,956,609
NON-CURRENT LIABILITIES			
Loans and borrowings	15	1,138,222	1,284,836
Lease liabilities	12(b)	64,501	-
Total equity and non-current liabilities		5,018,646	5,241,445

The financial statements on pages 8 to 41 were approved by the Board of Directors on February 28, 2020 and signed on its behalf by:

_____ Chairman
C. H. Johnston

_____ Managing Director
J. Hall

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

JAMAICA PRODUCERS GROUP LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2019

	Notes	2019 $'000	2018 $'000
Gross operating revenue:			
Management fees - subsidiaries		22,918	25,571
License income - subsidiary		77,156	-
Interest - subsidiaries		9,164	18,619
- other		10,026	3,846
Dividend	17	328,139	271,459
Rent - subsidiaries		12,282	11,601
- other		3,906	3,258
		463,591	334,354
Administration and other operating expenses	18	(390,352)	(329,292)
Profit from operations		73,239	5,062
Net gain from fluctuation in exchange rates	17	15,519	30,422
Gain on disposal of investments and property, plant and equipment		17,828	-
Impairment of property plant and equipment		-	(20,000)
Decrease/(increase) in impairment allowance on loans and receivables - subsidiaries	9	1,827	(114,273)
Debt forgiveness - subsidiary		3,382	-
Sundry income		-	1,181
Profit/(loss) before finance cost and taxation		111,795	(97,608)
Finance cost - interest	17	(96,817)	(127,262)
Profit/(loss) before taxation		14,978	(224,870)
Taxation	19	(532)	(289)
Profit/(loss) for the year		14,446	(225,159)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Appreciation of fair value through other comprehensive income (FVOCI) investments		5,785	-
Realised gains on the disposal of FVOCI investments		1,185	-
		6,970	-
Total comprehensive income/(loss) for the year		21,416	(225,159)

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

JAMAICA PRODUCERS GROUP LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2019

	Share capital $'000 (note 13)	Share premium $'000 (note 14)	Capital reserves $'000 (note 14)	Fair value reserves $'000 (note 14)	Retained profits $'000	Total equity $'000
Balances at December 31, 2017	112,214	135,087	1,297,716	-	2,767,264	4,312,281
Loss for 2018, being total comprehensive loss	-	-	-	-	(225,159)	(225,159)
Transactions with owners of the company						
Distributions to stockholders (note 20)	-	-	(134,657)	-	-	(134,657)
Unclaimed distributions to stockholders written back (note 20)	-	-	4,144	-	-	4,144
Balances at December 31, 2018	112,214	135,087	1,167,203	-	2,542,105	3,956,609
Total comprehensive income for 2019:						
Profit for the year	-	-	-	-	14,446	14,446
Other comprehensive income:						
Items that will not be reclassified to profit or loss						
Appreciation of investments at fair value through other comprehensive income	-	-	-	5,785	-	5,785
Realised gain on the disposal of FVOCI investments	-	-	-	1,185	-	1,185
Total other comprehensive income	-	-	-	6,970	-	6,970
Total comprehensive income for the year	-	-	-	6,970	14,446	21,416
Transactions with owners of the company						
Distributions to stockholders (note 20)	-	-	(168,322)	-	-	(168,322)
Unclaimed distributions to stockholders written back (note 20)	-	-	6,220	-	-	6,220
Balances at December 31, 2019	112,214	135,087	1,005,101	6,970	2,556,551	3,815,923

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

JAMAICA PRODUCERS GROUP LIMITED

Company Statement of Cash Flows
Year ended December 31, 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		14,446	(225,159)
Adjustments for:			
Depreciation – plant, property and equipment	11	14,127	16,543
Depreciation – right-of-use assets	12	4,026	-
Net unrealised exchange gains		(14,408)	(28,536)
Gain on disposal of property, plant and equipment and investments		(17,828)	-
Impairment of property plant and equipment		-	20,000
(Decrease)/increase in provision for diminution in value of interest in subsidiaries	9	(1,827)	114,273
Debt forgiveness – subsidiary		(3,382)	-
Expected credit loss charge/(credit) on trade receivables		3,896	(1,131)
Amortisation of bond issuance costs	15	3,386	2,626
Interest income	17	(19,190)	(22,465)
Interest expense	17	96,817	127,262
Current taxation charge	19	532	289
		80,595	3,702
(Increase)/decrease in current assets:			
Accounts receivable		(7,056)	10,934
Taxation recoverable		(7,112)	(3,026)
Increase/(decrease) in current liabilities:			
Accounts payable		74,812	(19,976)
Unclaimed dividends		28,470	25,782
Taxation paid		(532)	(289)
Net cash provided by operating activities		169,177	17,127
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Short term investments		(219,801)	-
Securities purchased under resale agreements		(143,542)	227,945
Additions to property, plant and equipment	11	(13,156)	(26,880)
Net movement in investments		(19,947)	-
Interest received		21,664	19,172
Interests in subsidiary and associates		599,489	68,433
Proceeds from disposal of investments and property, plant and equipment		17,828	-
Net cash provided by investment activities		242,535	288,670
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution to stockholders	20	(134,657)	(112,214)
Interest paid		(98,381)	(135,643)
Lease payment		(6,247)	-
Loans and borrowings		(100,000)	(106,078)
Net cash used by financing activities		(339,285)	(353,935)
Net increase/(decrease) in cash and cash equivalents		72,427	(48,138)
Effect of foreign exchange movement		5,344	159
Cash and cash equivalents at beginning of year		10,800	58,779
Cash and cash equivalents at end of year		88,571	10,800

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

1. The company

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

Its principal activities are the provision of administration services to its subsidiaries and associates (note 24) and the holding of investments.

On April 29, 2019, the group disposed of 30% of the shares of its subsidiary, JP Snacks Caribbean Limited, for consideration totaling $585,411,000. This did not result in a loss of control of the subsidiary. JP Snacks Caribbean Limited manufactures, markets and sells tropical snacks under the St. Mary's Brand.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

This is the first set of the company's annual financial statements in which IFRS 16, *Leases* has been applied. Changes to significant accounting policies are described in note 3.

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

Standards issued but not yet effective

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements:

  "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

  - New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
  - A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities onto the balance sheet earlier than at present.
  - A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

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

(a) Statement of compliance (continued):

Standards issued but not yet effective (continued)

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (continued)

  The company is assessing the impact that the standard will have on its 2020 financial statements.

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

(b) Basis of preparation:

These separate financial statements are intended to show the affairs of the company as a stand-alone business. They are not intended to, and do not, show the consolidated financial position, results of operations and cash flows of the company and its subsidiaries. The company's interests in subsidiaries [note 24] are shown at cost, less allowance for diminution in value [note 4(i)]. Unless otherwise indicated, references to financial statements herein are to the un-consolidated financial statements.

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

(c) Use of estimates and judgment:

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

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

(c) Use of estimates and judgment (continued):

(i) Impairment losses on receivables

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

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

The average ECL rate increases in each segment of days past due until the rate is 100% for the applicable ageing bracket. The use of assumptions makes uncertainty inherent in such estimates.

(ii) Depreciation methods, useful lives and residual values

Depreciation methods, useful lives and residual values rely on judgment and estimates by management, one of which is that the relevant assets will continue to be used for their current purpose within the company.

In addition, useful lives and residual values vary between individual assets and are dependent upon continuation of the current level of maintenance. Should there be a change in the present use or level of maintenance this could change the charge for depreciation and net book value of property, plant and equipment (note 11) within the next financial year.

3. Changes in accounting policies

The company initially applied IFRS 16 *Leases* from January 1, 2019. A number of other new standards are also effective from January 1, 2019 but they do not have a material effect on the company's financial statements.

The company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in the balance sheet at January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether An Arrangement Contains a Lease*. The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(j).

3. Changes in accounting policies (continued)

(a) Definition of a lease (continued)

On transition to IFRS 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(b) As a lessee

As a lessee, the company leases property. The company previously classified leases as operating leases based on its assessment of whether the leases transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the company. Under IFRS 16, the company recognises right-of-use assets and lease liabilities for most of these leases – i.e., these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the company classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at January 1, 2019.

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its largest property lease.

The company tested its right-of-use assets for impairment on the date of transition and concluded that there is no indication that the right-of-use assets are impaired.

The company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

3. Changes in accounting policies (continued)

(c) As a lessor

The company leases out its investment property, including own property and right-of-use assets. The company has classified these leases as operating leases.

The company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

(d) Impact on transition

On transition to IFRS 16, the company recognised additional right-of-use assets. The impact on transition is summarised below:

	$'000
Right-of-use assets – property, plant and equipment	76,497
Lease liabilities	(76,497)

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted- borrowing rate applied is 7%.

	$'000
Operating lease commitments at December 31, 2018 as disclosed under IAS 17:	145,570
Discounted using the incremental borrowing rate at January 1, 2019	7%
Lease liabilities recognised at January 1, 2019	76,497

4. Significant accounting policies

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

(a) Foreign currencies:

Except for investments in foreign subsidiaries, foreign currency balances at the reporting date are translated at the buying rates of exchange ruling at that date [note 23(b)(ii)]. Investments in foreign subsidiaries are carried at historical rates of exchange.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

4. Significant accounting policies

(b) Financial instruments – classification, recognition and de-recognition, and measurement:

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

Financial assets

Initial recognition and measurement

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

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

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

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

Equity instruments

On initial recognition of an equity instrument, the company elects to irrevocably designate an equity investment at fair value through other comprehensive income. Subsequent changes in the investment at fair value are recorded in OCI.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy notes.

Impairment of financial assets

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

4. Significant accounting policies

(b) Financial instruments – classification, recognition and de-recognition, and measurement (continued):

Financial assets (continued)

Derecognition

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy notes.

Derecognition

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

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

(c) Cash and cash equivalents:

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

(d) Short-term investments:

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

4. Significant accounting policies (continued)

(e) Securities purchased under resale agreements:

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

Reverse repos are accounted for as short-term collateralised lending.

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

(f) Accounts receivable

Trade and other receivables are measured at amortised cost, less impairment losses.

(g) Accounts payable and provisions

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

(h) Property, plant and equipment:

(i) Owned assets

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets, are recognised as part of the cost of those qualifying assets.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and it can be measured reliably. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss, as it is incurred.

(ii) Depreciation

Property, plant and equipment, with the exception of freehold land, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write-off the assets over their expected useful lives. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

4. Significant accounting policies (continued)

(h) Property, plant and equipment (continued):

(ii) Depreciation (continued)

The depreciation rates are as follows:

Leasehold land and buildings	5%
Freehold buildings	5%
Furniture and equipment	10%
Motor vehicles	20%
Computer software and equipment	33⅓%

(i) Impairment:

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset except trade receivables, is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses.

The company uses judgement when considering the following factors that affect the determination of impairment:

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios

The company applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination.

Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The company uses three scenarios that are probability weighted to determine ECL.

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

4. Significant accounting policies (continued)

(j) Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from January 1, 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after January 1, 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The right-of-use asset is reduced by impairment losses, if any, and periodically adjusted for remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

4. Significant accounting policies (continued)

(j) Leases (continued):

Policy applicable from January 1, 2019 (continued)

(i) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the company acts as a lessor, it makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the company acts as a lessor, it makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

4. Significant accounting policies (continued)

(j) Leases (continued):

Policy applicable from January 1, 2019 (continued)

(ii) As a lessor (continued)

The company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Generally, the accounting policies applicable to the company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before January 1, 2019

Assets held under leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

(k) Employee benefits:

Employee benefits are all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and housing; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

- short-term employee benefits are recognised as a liability, net of payments made, and charged as expense.
- the expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.
- post-employment benefits are pensions provided through a defined contribution pension plan in which the company participates. The company's contributions to the plan are charged to profit or loss in the period in which they are due.

(l) Revenue:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue over time as the service is provided.

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

4. Significant accounting policies (continued)

(l) Revenue (continued):

Performance obligations and revenue recognition policies:

Type of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15
Rental income	The company rents land and buildings to tenants. Rental income is based on market rates and charged monthly according to an agreement.	Recognised over time as the services provided.
Management fees	The company provides services to its subsidiaries. Fees are based on the provision of comparable services in the market and are charged on a monthly basis .	Recognised over time as the services are provided.
Dividend income	The company earns dividends from subsidiaries and associated companies.	Recognised at the point in time that the company's right to receive payment is established.
Royalty income	The company earns royalties in accordance with the substance of the relevant agreement.	Recognised over time as the service is provided.

(m) Finance costs:

Finance costs represent interest payable on borrowings together with amortised transaction costs and are recognised in profit or loss using the effective interest method.

(n) Interest income:

Interest income is recognised in profit or loss as it accrues, taking into account the effective interest on the asset.

(o) Taxation:

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

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

4. Significant accounting policies (continued)

(o) Taxation (continued):

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Loans payable:

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

(q) Subsidiaries and associated companies:

Interests in subsidiaries and associated companies are measured at cost, less allowance for impairment.

5. Cash and cash equivalents

This comprises cash and deposit balances with maturities of ninety (90) days or less.

6. Short term investments

This comprises fixed deposits.

7. Accounts receivable

	2019 $'000	2018 $'000
Staff receivables	2,269	416
Prepayment	4,972	4,772
Other receivables and prepayments	12,503	6,530
	19,744	11,718
Less: Allowance for impairment	(9,237)	(5,341)
	10,507	6,377

7. Accounts receivable (continued)

The movement in the allowance for impairment in respect of accounts receivable during the year is as follows:

	2019 $'000	2018 $'000
Balance at January 1	5,341	6,323
Balances written off	(250)	-
Impairment losses recognised	3,967	2,299
Impairment losses reversed	-	(3,569)
Exchange loss	179	288
Balance at end of year	9,237	5,341

8. Accounts payable

	2019 $'000	2018 $'000
Dividends payable	168,322	134,657
Accrued staff costs	97,679	50,872
Accrued expenses	37,512	37,273
Interest payable	21,527	23,535
Loan from ESOP	141,388	116,614
Trade payables	7,160	3,436
Loan from Trusts	61,754	40,126
Unclaimed dividends	6,841	6,219
Other	8,181	8,487
	550,364	421,219

9. Interests in subsidiary and associated companies

	2019 $'000	2018 $'000
Subsidiary companies:		
Shares, at cost	4,129,526	4,129,526
Loan accounts receivable	212,441	296,421
Current accounts receivable	2,145,822	2,320,830
Less: Impairment allowance	(447,504)	(451,367)
Loan accounts payable	(691,535)	(422,395)
Current accounts payable	(336,401)	(278,646)
Interest in subsidiaries	5,012,349	5,594,369
Associated companies:		
Shares	43,070	43,070
Interests in subsidiary and associated companies	5,055,419	5,637,439

Shares held in a subsidiary are pledged as security against corporate bonds (note 15).

9. Interests in subsidiary and associated companies (continued)

The recoverable amount of the company's investment in each subsidiary is reviewed annually for impairment. The impairment review at the end of the year resulted in a decrease in the impairment allowance by $1,827,000 (2018: increase of $114,273,000), net of exchange rate fluctuation of $2,036,000 (2018: $893,554,000).

10. Investments

This is comprised of quoted equity investments measured at fair value through other comprehensive income.

11. Property, plant and equipment

	Work -in-progress $'000	Freehold land and buildings $'000	Leasehold land and buildings $'000	Equipment, vehicles and furniture $'000	Total $'000
Cost					
December 31, 2017	12,019	73,423	11,300	106,165	202,907
Additions	125	-	13,413	13,342	26,880
Transfers	(12,019)	-	12,019	-	-
December 31, 2018	125	73,423	36,732	119,507	229,787
Additions	-	611	2,837	9,708	13,156
December 31, 2019	125	74,034	39,569	129,215	242,943
Depreciation					
December 31, 2017	-	2,365	10,249	84,915	97,529
Charge for the year	-	2,056	1,299	13,188	16,543
Impairment	-	20,000	-	-	20,000
December 31, 2018	-	24,421	11,548	98,103	134,072
Charge for the year	-	2,020	1,757	10,350	14,127
December 31, 2019	-	26,441	13,305	108,453	148,199
Net book values					
December 31, 2019	125	47,593	26,264	20,762	94,744
December 31, 2018	125	49,002	25,184	21,404	95,715
December 31, 2017	12,019	71,058	1,051	21,250	105,378

12. Leases

(a) Right-of-use assets

	Leasehold land and buildings 2019 $'000
Balance at January 1, 2019	76,497
Depreciation charge for the year	(4,026)
Balance at December 31, 2019	72,471

12. Leases (continued)

(b) Lease liabilities

	2019 $'000
Maturity analysis - contractual undiscounted cash flows	
Less than one year	6,635
One to five years	34,515
More than five years	35,348
Total contractual cash flows	76,498
Less: future interest	(6,202)
	70,296
Less: current portion	(5,795)
Non-current	64,501
Amounts recognised in profit or loss	
Interest on lease liabilities	444
Amounts recognised in the statement of cash flows	
Total cash outflow for leases	6,247

(c) Real estate leases

The company leases land and buildings for its office space. The leases of office space typically run for a period of 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices in the period. Some also require the company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor. These amounts are generally determined annually.

(d) As the Lessor

Leases relate to property owned by the company or property leased to its subsidiaries with lease or sub-lease terms of between 2 to 5 years, with options to extend for a further 1 to 5 years. The lessees do not have the option to purchase the property at the expiry of the lease period.

The company earned property rental income of $16,188,000 (2018: $14,859,000) under operating leases. Direct operating expenses arising on the property in the period was $1,017,000 (2018: $888,000).

12. Leases (continued)

(d) As the Lessor (continued)

Commitments for income under non-cancellable operating leases at year-end are as follows:

	2019 $'000	2018 $'000
Within one year	15,476	14,868
In the second to fifth year inclusive	9,694	24,128
	25,170	38,996

13. Share capital

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

Stated capital, comprises 1,122,144,036 issued and fully paid stock units.

The company's stated capital does not include share premium which is retained in capital reserves (note 14) in accordance with Section 39 (7) of the Companies Act.

14. Reserves

	2019 $'000	2018 $'000
Capital:		
Share premium (note 13)	135,087	135,087
Other	1,005,101	1,167,203
Fair value reserve	6,970	-
	1,147,158	1,302,290
Revenue:		
Retained profits	2,556,551	2,542,105
	3,703,709	3,844,395

Other capital reserves comprise gains on disposal of property, plant and equipment and investments up to December 31, 2001, unrealised exchange gains and unclaimed dividends to stockholders (note 20).

The company declared a capital distribution of $0.15 (2018: $0.12) per share unit effective December 19, 2019 (note 20).

15. Loans and borrowings

	2019 $'000	2018 $'000
Corporate bond	1,300,000	1,400,000
Less borrowing cost:		
Balance at start of the year	(15,164)	(11,712)
Incurred during the year	-	(6,078)
Amortised for the year	3,386	2,626
	(11,778)	(15,164)
Total carrying value of long-term loan	1,288,222	1,384,836
Less: current portion long term loan	(150,000)	(100,000)
	1,138,222	1,284,836

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

16. Gross operating revenue

Gross operating revenue comprises management fees earned by the company for services rendered to its subsidiaries.

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

	2019 $'000	2018 $'000
Primary Geographic Market		
Europe	11,880	12,049
Caribbean	27,226	28,381
	39,106	40,430
Major Service		
Corporate services	22,918	25,571
Property rental	16,188	14,859
	39,106	40,430
Timing of recognition		
Services transferred over time	39,106	40,430

17. Financial income and expenses

	2019 $'000	2018 $'000
Finance income:		
Interest income on bank deposits, loans and receivables	19,190	22,465
Dividend income	328,139	271,459
Net foreign exchange gain	15,519	30,422
	362,848	324,346
Finance costs:		
Interest expense on financial liabilities measured at amortised cost	(96,373)	(127,262)
Interest expense – lease liability	(444)	-
	(96,817)	(127,262)
Net finance income	266,031	197,084

18. Disclosure of expenses

	2019 $'000	2018 $'000
Administrative and other expenses:		
Advertising & promotion	1,301	3,050
Audit	13,207	14,049
Bad debt	3,883	(1,131)
Bank charges	1,168	1,137
Depreciation – property, plant and equipment	14,127	16,543
Depreciation – right-of-use assets	4,026	-
Directors Emoluments – fees	12,380	12,600
Donations	15,623	9,893
Insurance	1,994	1,422
IT & Communications	5,234	9,446
Legal & professional	31,102	27,792
Office costs	709	1,930
Other property costs, maintenance, security, cleaning	3,069	11,155
Rent	-	10,201
Staff costs	214,436	161,289
Transport, automobile and associated costs	4,764	4,701
Travel	29,381	21,510
Utilities	1,951	1,089
Other	31,997	22,616
Total administrative and other operating expenses	390,352	329,292

19. Taxation

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

	2019 $'000	2018 $'000
Current tax expense:		
Withholding tax at source on dividend	532	169
Minimum business tax	-	120
	532	289

(b) Reconciliation of actual taxation charge:

The effective tax rate for 2019 was 3.7% (2018: 0.13%) compared to a statutory rate of 25% (2018: 25%). The actual tax charge differs from the "expected" tax charge for the year as follows:

	2019 $'000	2018 $'000
Profit/(loss) before taxation	14,978	(224,870)
Computed "expected" tax charge at 25%	3,745	(56,218)
Taxation difference between profit for financial statements and tax reporting purposes on:		
Gain on sale of investment and property, plant and equipment	(4,457)	-
Foreign currency gain on capital items	(411)	(8,390)
Capital adjustments	(457)	33,568
Disallowed income and expenses, depreciation and other items	2,112	31,329
Actual tax charge recognised in the profit and loss account	532	289

(c) At December 31, 2019, taxation losses subject to agreement by the Commissioner General, Tax Administration Jamaica, available for relief against future taxable profits amounted to approximately $1,998,007,000 (2018: $1,816,592,000). As of January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year.

A deferred tax asset of $499,501,750 (2018: $454,148,000) has not been recognised as management considers its realisation within the foreseeable future to be uncertain.

20. Distributions to stockholders

	2019 $'000	2018 $'000
Capital distributions:		
First interim - $0.15¢ (2018: $0.12¢) per stock unit - gross	168,322	134,657
Unclaimed capital distributions written back to capital reserves (note 14)	(6,220)	(4,144)
	162,102	130,513

21. Contingent liabilities

The company has given a commitment to one of its subsidiaries of its intention to provide financial support as is necessary for its operations throughout 2020. That subsidiary has a net shareholders' surplus of $359 million at December 31, 2019 (2018: deficit of $124.9 million).

22. Related parties

(a) Identity of related parties:

The company has related party relationships with its directors and officers. The company's executive directors and officers are collectively referred to as "key management personnel".

(b) Transactions with directors and other key management personnel:

Directors and officers of the company, their immediate relatives and entities over which they have significant influence control 32.6% (2018: 32.6%) of the voting shares of the company. In addition to their salaries, the company contributes to various post-employment benefit plans on behalf of key management personnel.

	2019 $'000	2018 $'000
Short-term employment and other benefits	100,550	107,579
Post-employment benefits	8,888	11,316
Total remuneration, included in directors' emoluments and staff costs, where applicable (note 18)	109,438	118,895

22. Related parties (continued)

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

Category and nature of relationship	Nature of transactions	Transactions in year (income)/expense 2019	Transactions in year (income)/expense 2018	(Payable)/receivable at end of year 2019	(Payable)/receivable at end of year 2018	Terms and conditions *
30% Associate	Dividend income	3,441	1,128	-	-	3
Transactions with directors and key management personnel or entities under their control and/or significant influence:						
Company under their control	Insurance premiums charged charged to company by broker	2,283	1,896	-	-	1.2,3
Company under Their control	Professional fees charged to company	3,060	6,186	-	-	1.2,3

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

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

23. Financial instruments

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

(a) Fair value of financial instruments:

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

23. Financial instruments (continued)

(a) Fair value of financial instruments (continued):

The fair value of cash and cash equivalents, securities purchased under resale agreements, short-term investments, accounts receivable and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature. The fair value of long-term loans is assumed to approximate the carrying value as the interest rate reflects the market rate. Fair value of quoted investments is the market value. This method falls within the level 1 fair value hierarchy and is defined as quoted prices (unadjusted) in an active market for identical assets. The fair values of other investments are assumed to be cost, less allowance for impairment.

(b) Financial instrument risks:

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

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

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

(i) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from amounts due from customers, securities purchased under resale agreements, other investments and cash and cash equivalents.

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

The company manages this risk as follows:

- Cash and cash equivalents and short-term investments

  The company maintains cash resources and short-term deposits with reputable financial institutions. The credit risk is considered to be low.

  No allowance for impairment is deemed necessary.

23. Financial instruments (continued)

(b) Financial instrument risks (continued):

(i) Credit risk (continued)

The company manages this risk as follows (continued):

- Securities purchased under resale agreements

  Assigned collateral, with a fair value of $167,800,000 (2018: $9,907,000) was held for securities purchased under resale agreements [note 4(e)].

  No allowance for impairment is deemed necessary.

- Accounts receivable

  The company has a credit policy in place to minimize exposure to credit risk inherent in trade accounts receivable. Credit terms are negotiated based on a mix of terms acceptable to both parties.

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

  The company estimates expected credit losses ("ECL") on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers.

  The company has one trade receivable whose balance at December 31, 2019 was credit impaired and 100% provision was recorded.

  Staff and other receivables are subject to credit terms consistent with staff guidelines and other factors. These guidelines include the provision of collateral as security for credit extended.

(ii) Market risk

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

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

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

23. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Currency risk

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

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

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

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

There were no material foreign currency financial assets or liabilities at year-end.

Foreign currency sensitivity analysis

The following table details the company's sensitivity to a 6% strengthening or 4% weakening of the relevant currencies against the Jamaica dollar and the resultant net exchange gains or losses based on the net foreign currency assets or liabilities at year-end.

These percentages represent management's assessment of the reasonably possible change in foreign currency rates.

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

(i) 6% (2018: 4%) Depreciation of JMD

	Effect on profit	
	2019	2018
USD	69,756	34,704
GBP	3,846	2,283
EURO	-	(1,359)

4% (2018: 2%) Appreciation of JMD

	Effect on profit	
	2019	2018
USD	(46,504)	(17,352)
GBP	(2,564)	(1,141)
EURO	-	680

23. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Currency risk (continued)

Foreign currency sensitivity analysis (continued)

(i) (continued)

Buying exchange rates at:

	December 31	
	2019	2018
USD 1 to JMD 1	130.02	126.68
GBP 1 to JMD 1	167.12	161.10
EUR 1 to JMD 1	141.22	135.92

Interest rate risk

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

Bank loans and overdrafts are subject to interest rates which may be varied with appropriate notice from the lender.

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

	2019	2018
	$'000	$'000
Fixed rate instrument		
Financial liabilities	1,300,000	1,400,000

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

Other price risk

Other price risk is the risk that the value of certain financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting instruments traded in the market. As the group's equity instruments are carried at fair value with fair value changes recognised in the revaluation reserve, all changes in market conditions would affect other comprehensive income (OCI).

The company's exposure to price risk is represented by the total carrying value of equity investments of $26,917,000 (2018: Nil).

Sensitivity to movements in equity prices

Sensitivity is measured by computing the impact on shareholders' equity of a reasonably probable change in equity prices.

23. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Other price risk (continued)

Sensitivity to movements in equity prices (continued)

The company's equity investments are listed locally on the Jamaica Stock Exchange. A 10% (2018: Nil) increase in stock prices at the reporting date would have increased profit and loss by $2,691,700 (2018: Nil); an equal decrease would have decreased profit and loss by an equal amount.

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the company will not be able to meet its financial obligations as they fall due and/or encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

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

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

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

	Weighted average interest rate %	Carrying amount $'000	Contractual cash flows $'000	0-1 year $'000	1-5 years $'000	Over 5 years $'000
				2019		
Corporate bonds	6.4	1,300,000	1,672,585	230,000	1,442,585	-
				2018		
Corporate bonds	6.4	1,400,000	1,861,358	188,355	850,304	822,699

23. Financial instruments (continued)

(c) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as total shareholders' equity. The level of dividends to ordinary shareholders is also monitored in accordance with the company's stated dividend policy.

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

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

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

24. Subsidiaries and associates and joint venture companies

The company has the following subsidiaries and associates and joint venture companies. The results of these companies are not included in these financial statements [see note 2(b)]. Subsidiaries of subsidiaries are indented under their respective parent in the list below. Inactive subsidiaries are excluded.

	% equity held		Place of
	2019	2018	business
SUBSIDIARY COMPANIES			
JP Tropical Group Limited	100	100	Jamaica
Agualta Vale Limited	100	100	Jamaica
Agri Services Limited	100	100	Jamaica
Eastern Banana Estates Limited	100	100	Jamaica
St. Mary Banana Estates Limited	100	100	Jamaica
P.S.C. Limited	100	100	Jamaica
Jamaica Producers Shipping Company Limited	60	60	Jamaica
JP Tropical Foods Limited	100	100	Jamaica
JBFS Investments Limited	100	100	Jamaica
Crescent Developments Limited	100	100	Jamaica
JP Snacks Caribbean Limited (*formerly Central American Banana (2005) Ltd*)	70	100	Cayman Islands
Antillean Foods, Inc.	70	100	Cayman Islands
Kingston Wharves Limited	42	42	Jamaica
Harbour Cold Stores Limited	100	100	Jamaica
Security Administrators Limited	67	67	Jamaica
Western Storage	100	100	Jamaica
Western Terminals Limited	100	100	Jamaica

24. Subsidiaries and associates and joint venture companies (continued)

	% equity held		Place of
	2019	2018	business
Newport Stevedoring Services Limited	100	100	Jamaica
KW Logistics Limited	100	100	Jamaica
KIW Warehousing Services Limited (formerly: SSL REIT Limited)	100	50	Jamaica
Four Rivers Mining Company Limited	51	51	Jamaica
JP International Group Limited	100	100	Cayman Islands
Coöperatief JP Foods U.A.	100	100	The Netherlands
A.L.Hoogesteger Fresh Specialist B.V.	100	100	The Netherlands
JP Shipping Services Limited	100	100	England and Wales
Tortuga International Holdings Limited	62	62	St. Lucia
Tortuga (Barbados) Limited (formerly Bakers Choice Inc.)	100	100	Barbados
Tortuga Imports, Inc	100	100	U.S.A
Tortuga Caribbean Rum Cake Jamaica Limited	100	100	Jamaica
Tortuga Caribbean Jamaica Limited	100	100	Jamaica
ASSOCIATES AND JOINT VENTURES			
Tortuga Cayman Limited	40	40	Cayman Islands
SAJE Logistics Infrastructure Limited (formerly Shipping Association of Jamaica Property Limited)	30	30	Jamaica