Cargo Handlers Limited

Financial Statements
30 September 2021

Cargo Handlers Limited
Index
30 September 2021

Independent auditor's report

To the Member 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 2021, 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

The Company's financial statements comprise:

- the statement of financial position as at 30 September 2021;
- 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 and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Investment in associate *Refer to notes 2(g), 5 and 14 to the financial statements for disclosures of related accounting policies, judgments and estimates and balances.* During the year, the Company acquired a 30% interest in Buying House Cement Limited (BHC) for a consideration of $133.7 million which is accounted for as an investment in associate. We focused on the investment in associate due to management's judgment in estimating the fair value of the investee's identifiable assets and liabilities as part of the acquisition cost. The fair value of the equity consideration was determined using the discounted cash flow method with the discount rate and revenue growth rate determined as the key assumptions. The Company was assisted by an external valuation expert in this process.	With the assistance of our valuation experts, we performed the following procedures amongst others: • Read the signed share sale and purchase agreement and evaluated the appropriateness of the accounting for acquisition as an associate against management's accounting policies and the relevant accounting standards. • Obtained an understanding and evaluated the valuation method used to derive the fair value of the acquisition cost. • Agreed the historical information in management's cash flow forecast projections to supporting source documentation and information. • Evaluated the revenue growth rate and discount rate against valuations of similar companies.

Key audit matter	How our audit addressed the key audit matter
	• Evaluated the revenue growth rate and discount rate against valuations of similar companies. • Reperformed management's calculations for mathematical accuracy and agreed the results to the accounting records and financial statements. • Assessed the competence and capability of management's valuation expert. Based on the procedures performed, management's accounting for the investment in associate, was not unreasonable.

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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
23 December 2021
Kingston, Jamaica

Cargo Handlers Limited

Statement of Comprehensive Income

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021	2020
		$	$
Revenue		337,311,642	283,457,270
Direct costs	7	-	(5,740,025)
Gross profit		337,311,642	277,717,245
Other income	6	23,813,593	27,275,026
Administrative expenses	7	(23,730,609)	(25,151,489)
Other operating expenses	7	(159,869,729)	(148,660,919)
Operating Profit		177,524,897	131,179,863
Interest income		2,237,508	1,197,930
Finance costs	9	(1,180,257)	(1,829,162)
Share of profit of associate	14	28,597,518	-
Profit before Taxation		207,179,666	130,548,631
Taxation	10	(47,577,519)	(22,908,652)
Net Profit, being Total Comprehensive Income for the Year		159,602,147	107,639,979
EARNINGS PER STOCK UNIT	11	0.43	0.29

Cargo Handlers Limited

Statement of Financial Position

30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $	2020 $
Non-Current Assets			
Property, plant and equipment	12	138,162,262	163,629,973
Related companies	13	29,301,766	10,150,885
Investment in associate	14	133,747,855	-
		301,211,883	173,780,858
Current Assets			
Receivables	16	37,123,624	60,922,197
Taxation recoverable		237,318	668,603
Cash and cash equivalents	17	351,727,951	336,145,811
		389,088,893	397,736,611
Current Liabilities			
Payables	18	32,852,312	23,540,466
Income tax payable		28,225,437	2,073,349
Borrowings	19	5,364	-
		61,083,113	25,613,815
Net Current Assets		328,005,780	372,122,796
		629,217,663	545,903,654
Shareholders' Equity			
Share capital	20	43,175,494	43,175,494
Capital reserve	21	172,311	172,311
Retained earnings		549,713,274	465,042,787
		593,061,079	508,390,592
Non-Current Liabilities			
Related companies	13	25,252,475	26,608,953
Deferred tax liabilities	15	10,904,109	10,904,109
		36,156,584	37,513,062
		629,217,663	545,903,654

Approved for issue by the Board of Directors on 23 December 2021 and signed on its behalf by:

Mark Hart Director

Jane Fray Director

Cargo Handlers Limited

Statement of Changes in Equity

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Stock Units	Share Capital	Capital Reserve	Retained Earnings	Total
			$	$	$	$
Balance at 30 September 2019		374,658,300	43,175,494	172,311	421,094,719	464,442,524
Net profit, being total comprehensive income for the year		-	-	-	107,639,979	107,639,979
Transactions with owners:						
Dividends paid	22	-	-	-	(63,691,911)	(63,691,911)
Balance at 30 September 2020		374,658,300	43,175,494	172,311	465,042,787	508,390,592
Net profit, being total comprehensive income for the year		-	-	-	159,602,147	159,602,147
Transactions with owners:						
Dividends paid	22	-	-	-	(74,931,660)	(74,931,660)
Balance at 30 September 2021		374,658,300	43,175,494	172,311	549,713,274	593,061,079

Cargo Handlers Limited

Statement of Cash Flows

Year ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $	2020 $
Cash Flows from Operating Activities		
Net profit	159,602,147	107,639,979
Items not affecting cash:		
Unrealised exchange loss	6,291,439	497,625
Depreciation	23,357,654	18,157,023
Write-off of property, plant and equipment	2,843,703	-
Gain on disposal of property, plant and equipment	(2,127,153)	-
Interest income	(2,237,508)	(1,197,930)
Share of profits of associate	(28,597,518)	-
Interest expense	1,180,257	1,829,162
Taxation	47,577,519	22,908,652
	207,890,540	149,834,511
Changes in operating assets and liabilities:		
Receivables	23,073,194	66,644,658
Payables	9,171,846	(3,533,567)
Cash provided by operating activities	240,135,580	212,945,602
Tax deducted at source	(29,933)	(22,390)
Income tax paid	(20,964,213)	(19,376,244)
Net cash provided by operating activities	219,141,434	193,546,968
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,606,494)	(117,382,621)
Proceeds from sale of property, plant and equipment	4,000,000	-
Investment in associate	(105,150,337)	-
Interest received	2,237,508	1,197,930
Cash used in investing activities	(101,519,323)	(116,184,691)
Cash Flows from Financing Activities		
Dividends paid	(74,931,660)	(63,691,911)
Related companies	(20,507,358)	(15,134,822)
Interest paid	(1,180,257)	(1,829,162)
Cash used in financing activities	(96,619,275)	(80,655,895)
Increase/(decrease) in net cash and cash equivalents	21,002,836	(3,293,618)
Effect of exchange rate on cash and cash equivalents	(5,426,060)	101,790
Cash and cash equivalents at beginning of year	336,145,811	339,337,639
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	351,722,587	336,145,811

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(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 effective during the year.
Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all the new standards, interpretations and amendments and has affected the following, which are immediately relevant to its operations:

- **Amendments to IAS 1 'Presentation of financial statements and IAS 8 'Accounting policies, changes in accounting estimates and errors'**, (effective for annual periods beginning on or after 1 January 2020). The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendment also clarifies the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them 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. The adoption of this amendment did not have any significant impact on the operations of the Company.

- **Amendments to IFRS 3 – definition of a business** (effective for annual periods beginning or after 1 January 2020)**.** This amendment revises the definition of a business. 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. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, 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. The adoption of this amendment did not have a significant impact on the Company.

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(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 effective during the year. (Continued)

- **Revised Conceptual Framework for Financial Reporting** (effective for annual period beginning on or after 1 January 2020). The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on derecognition
  - adding guidance on different measurement basis, and
  - stating that profit or 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.

  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. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

- **Amendments to IFRS 16, 'Covid-19-related Rent Concessions'**, (effective for annual periods beginning on or after 1 June 2020). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this would result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

  The amendment was early adopted in current period to all qualifying rent concessions.

  There are no other IFRSs or IFRIC interpretations effective in the current year which are expected to have a significant impact on the accounting policies or financial disclosures of the Company.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

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

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

The Company has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the Company's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Company's accounting periods beginning after 1 October 2020 or later periods, but the Company has not early adopted them:

- **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2** (effective for annual periods beginning on or after 1 January 2023). The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

  To support this amendment, the ISSB also amended IFRS Practice Statement 2 Making Materiality Judgments to provide guidance on how to apply the concept of materiality to accounting disclosures.

- **Definition of Accounting Estimates – Amendments to IAS 8** (effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12** (effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

  The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

  - Right-of-use assets and lease liabilities and
  - decommissioning restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets

  The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

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

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

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12** (effective for annual periods beginning on or after 1 January 2023) (continued).
  IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approached were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

- **Classification of Liabilities as Current or Non-current – Amendment to IAS 1** (effective for annual periods beginning on or after 1 January 2022). The narrow-scope to IAS 1 Presentation of Financial Statements The narrow-scope amendments to IAS 1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

  The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

- **Property, Plant and Equipment: Proceeds before intended use – Amendment to IAS 16** (effective for annual periods beginning on or after 1 January 2022). The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

- **Reference of the Conceptual Framework – Amendments to IFRS 3** (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies.* The amendments also confirm that contingent assets should not be recognised at the acquisition date.

- **Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37** (effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

2. Summary of Significant Accounting Policies (Continued)

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

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

- **Annual Improvements to IFRS standards 2018 - 2021** (effective for annual periods beginning on or after 1 January 2022).

    - IFRS 9 *Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

    - IFRS 16 *Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

    - IFRS 1 *First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

    - IAS 41 *Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

- **Sale or contribution of assets between an investor and its associate of joint venture – Amendments to IFRS 10 and IAS 28**. The IASB has made limited scope amendments to IFRS 10 consolidated financial statements and IAS 28 investments in associate and joint ventures.

  The amendments clarify the accounting treatment for sales or contribution of assets between and investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes a 'business' (as defined in IFRS 3 Business Combinations).

  Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interest in the associate or joint venture. The amendments apply prospectively.

  In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

2. Summary of Significant Accounting Policies (Continued)

(c) 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.

(d) Revenue and income recognition

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. 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 is 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.

Other income
Other income primarily comprising foreign exchange gains and other miscellaneous items.

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Leases

As Lessee

The Company leases a commercial space for the operation of changing room of stevedore employees. The Company assesses whether a contract is or contains a lease, at inception of contract. The Company recognises a right-of-use asset and a corresponding liability with respect to all arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term 12 months or less) and lease of low value assets. For these leases, the Company recognises the lease as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension are also included in the measurement of liability. The lease payments are discounted using the rates implicit in the lease agreements or the lessee's incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

As Lessor

The Company recognises lease income over the term of the lease to reflect a constant periodic rate of return. The leased assets are included in property, plant and equipment as trailers and forklift.

(f) 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%

No depreciation is considered necessary for operating assets.

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.

2. Summary of Significant Accounting Policies (Continued)

(f) 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.

(g) Investment in associate

Associates are all entities over which the Company has influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting. Under this method of accounting, the investment is initially recognised at cost. The Company's investment in associate includes notional goodwill identified on acquisition. This notional goodwill is not amortised and is not required to be tested for impairment.

The Company's share of the post-acquisition profits or losses of the investee is recognised in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the entity and its carrying value and recognises the amount adjacent to 'share of results of associates' in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(h) 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.

(i) 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.

(j) 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.

(k) 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
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(l) 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.

(m) 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.

(n) 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.

(o) 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.

<u>Classification</u>

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.

2. Summary of Significant Accounting Policies (Continued)

(o) Financial instruments (Continued)

Financial Assets (Continued)

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.

- 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

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.

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.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(p) 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.

(q) 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.

(r) Dividends

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

(s) 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 23.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

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.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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.

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:

	2021	2020
	$	$
Stevedoring	18,293,899	34,208,068
Leasing	6,261,240	8,004,000
Equipment rental	-	282,077
Other receivables	1,003,855	657,583
	25,558,994	43,151,728

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 inflation and 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 was determined as follows for trade receivables.

	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
	$	$	$	$	$
30 September 2021					
Expected loss rate	0.07%	0.11%	0.18%	0.28%	
Gross carrying amount trade receivables	15,719,360	1,819,854	649,543	105,142	18,293,899
Loss allowance	11,004	2,002	1,169	294	14,469

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

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
	$	$	$	$	$
30 September 2020					
Expected loss rate	0.07%	0.11%	0.18%	0.28%	
Gross carrying amount trade receivables	8,772,037	2,916,396	1,146,032	21,655,680	34,490,145
Loss allowance	6,140	3,208	2,063	60,636	72,047

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:

	2021	2020
	$	$
At beginning and end of year	-	-

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
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

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 $
			2021			
Borrowings	5,364	-	-	-	-	5,364
Payables	30,960,443	-	-	-	-	30,960,443
Related companies	2,020,198	-	-	25,252,475	-	27,272673
	32,986,005	-	-	25,252,475	-	58,238,480
			2020			
Payables	22,512,041	-	-	-	-	22,512,041
Related companies	1,596,537	-	-	26,608,953	-	28,205,490
	24,108,578	-	-	26,608,953	-	50,717,531

(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 2021, the Company's net foreign exchange exposure amounted to a net asset of $324,686,770 (2020 - $351,618,377).

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

	2021	**2020**
	$	**$**
Effect on profit -		
Depreciation 8% (2020 – 6%)	25,974,942	21,097,103
Appreciation 2% (2020 – 2%)	(6,493,735)	(7,032,368)

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 2021 and 2020 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.

Cargo Handlers Limited

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 investment in associate approximates its carrying value based on the underlying assets of the investee.

(iii) 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

Judgements and estimates 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.

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

Fair value of the identifiable assets and liabilities of associated company
The Company used a professional valuator to determine the acquisition-date fair value of the assets and liabilities of the associate. The fair value was determined based on the discounted cash flow method. The key assumptions used were certain discount rate and revenue growth rate that were determined to be the most appropriate to value the net assets.

Critical judgments in applying the Company's accounting policies
In the process of applying the Company's accounting policies, management has made no significant judgments which it believes would have a significant impact on the amounts recognised in these financial statements.

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

6. Other Income

	2021 $	2020 $
Foreign exchange gains	21,686,440	27,200,026
Gain on sale of property, plant and equipment	2,127,153	-
Other	-	75,000
	23,813,593	27,275,026

7. Expenses by Nature

Total direct, administrative and other operating expenses:

	2021 $	2020 $
Accounting fees	3,429,875	3,354,435
Advertising and promotion	503,990	377,641
Auditor's remuneration	2,670,000	2,670,000
Baggage handling costs	-	5,740,025
Depreciation	23,357,654	18,157,023
Directors' emoluments -		
Directors' fees	945,000	1,260,000
Management fees	-	2,683,333
Damaged cargo claims	71,300	6,000
Donations	1,565,429	2,298,000
Insurance	7,090,645	6,732,102
Legal and professional fees	1,125,629	1,467,521
Loss on exchange	5,672,850	2,076,983
Other	3,784,681	3,442,151
Registration fees	2,123,926	1,777,830
Repairs and maintenance	6,250,647	3,126,916
Staff costs (Note 8)	123,312,195	122,976,383
Utililties	1,696,517	1,406,090
	183,600,338	179,552,433

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

	2021	2020
	$	$
Salaries and wages	95,249,247	92,510,389
Termination payments	-	1,500,000
Statutory contributions	11,444,655	11,424,197
Other	16,618,293	17,541,797
	123,312,195	122,976,383

9. Finance Costs

	2021	2020
	$	$
Interest expense	1,180,257	1,829,162

10. Taxation

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

	2021	2020
	$	$
Current tax	47,146,231	17,385,829
Write-off of prior year income tax recoverable	431,288	-
Deferred tax (Note 15)	-	5,522,823
	47,577,519	22,908,652

Reconciliation of applicable tax charge to effective tax charge:

	2021	2020
	$	$
Profit before tax	207,179,666	130,548,631
Tax calculated at 25%	51,794,917	32,637,158
Adjusted for the effects of:		
Income not subject to tax	(7,845,349)	(267,141)
Expenses not deductible for tax purposes	2,347,169	6,029,757
Remission of taxes	-	(17,385,830)
Write-off income tax recoverable	431,288	-
Net effect of other charges and allowances	849,494	1,894,708
Taxation	47,577,519	22,908,652

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation (Continued)

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%

During the year, the benefit of the tax remissions expired. In prior year, 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 prior year income tax payable for which remission will be sought is approximately $17,386,000.

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.

	2021	2020
Net profit attributable to stockholders ($)	159,602,147	107,639,979
Weighted average number of stock units in issue	374,658,300	374,658,300
Earnings per stock unit ($)	0.43	0.29

12. Property, Plant and Equipment

	2021					
	Buildings	Trailers, Boomlift & Forklift	Furniture, Equipment & Golf Carts	Motor Vehicles	Operating Assets	Total
	$	$	$	$	$	$
Cost -						
1 October 2020	2,318,815	192,250,571	17,140,963	24,608,587	2,843,703	239,162,639
Additions	-	2,442,375	164,119	-	-	2,606,494
Disposal	-	(6,533,771)	(86,074)	-	-	(6,619,845)
Write off	-	-	-	-	(2,843,703)	(2,843,703)
30 September 2021	2,318,815	188,159,175	17,219,008	24,608,587	-	232,305,585
Depreciation -						
1 October 2020	879,216	50,936,495	7,435,571	16,281,384	-	75,532,666
Charge for the year	57,971	19,028,991	1,123,492	3,147,200	-	23,357,654
Disposal	-	(4,678,008)	(68,989)	-	-	(4,746,997)
30 September 2021	937,187	65,287,478	8,490,074	19,428,584	-	94,143,323
Net book value -						
30 September 2021	1,381,628	122,871,697	8,728,934	5,180,003	-	138,162,262

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

12. Property, Plant and Equipment (Continued)

	2020					
	Buildings	Trailers, Boomlift & Forklift	Furniture, Equipment & Golf Carts	Motor Vehicles	Operating Assets	Total
	$	$	$	$	$	$
Cost -						
1 October 2019	2,318,815	83,517,885	11,334,731	24,608,587	-	121,780,018
Additions	-	108,732,686	5,806,232	-	2,843,703	117,382,621
30 September 2020	2,318,815	192,250,571	17,140,963	24,608,587	2,843,703	239,162,639
Depreciation -						
1 October 2019	821,246	37,780,366	6,741,165	12,032,866	-	57,375,643
Charge for the year	57,970	13,156,129	694,406	4,248,518	-	18,157,023
30 September 2020	879,216	50,936,495	7,435,571	16,281,384	-	75,532,666
Net book value -						
30 September 2020	1,439,599	141,314,076	9,705,392	8,327,203	2,843,703	163,629,973

13. Related Party Transactions and Balances

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

	2021	2020
	$	$
AMD Limited	(7,540,166)	(2,335,880)
Advisors Limited	(1,669,073)	(4,719,008)
Good Hope (Holdings) Limited	(12,156,642)	6,148,111
Bulk Liquid Carriers Petroleum Transport Limited	(50,000)	45,500
Freeport Investments Limited	-	(8,745)
Hart Investments Limited	1,848,367	3,638,395
Bilton Limited	-	49
Montego Place Limited	1,464	-
Saffack Limited	(6,070,301)	7,578,430
Port Handlers Limited	76,175	(12,032,641)
Samuel Hart & Son Limited	5,052,817	(13,449,033)
	(20,507,359)	(15,134,822)

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

13. Related Party Transactions and Balances (Continued)

(b) Key management compensation

	2021 $	2020 $
Salaries and other short-term employee benefits	11,851,776	12,572,050
Statutory contributions	1,168,886	1,219,876
	13,020,662	13,791,926
Directors' emoluments -		
Directors' fees	945,000	1,260,000
Management remuneration	13,020,662	13,791,926
Management fees	-	2,683,333

(c) Transactions in the normal course of business

	2021 $	2020 $
Professional services rendered by related parties	3,429,875	9,094,460
Interest earned on balances due from related parties	2,095,720	1,097,573
Interest paid on balances due to related parties	1,180,257	1,819,188
Lease income earned from a related party	32,754,000	24,235,450
Management fees earned from a related party	-	3,900,000
Purchase of goods from a related party	188,755	145,008

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

	2021 $	2020 $
Non-current		
Due from:		
AMD Limited	15,819,904	8,279,738
Good Hope (Holdings) Limited	12,533,147	553,224
Port Handlers Limited	-	16,391
Samuel Hart & Son Limited	948,715	1,301,532
	29,301,766	10,150,885

(expressed in Jamaican dollars unless otherwise indicated)

13. Related Party Transactions and Balances (Continued)

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

	2021 $	2020 $
Due to:		
Advisors Limited	4,671,395	6,340,468
Bulk Liquid Carriers Petroleum Transport Limited	-	50,000
Montego Place Limited	1,464	-
Hart Investments Limited	12,524,340	10,675,973
Good Hope (Holdings) Limited	-	176,719
Port Handlers Limited	196,112	136,327
Saffack Limited	3,159,164	9,229,466
Samuel Hart & Son Limited	4,700,000	-
	25,252,475	26,608,953

	2021 $	2020 $
Current		
Due from (Note 16):		
Buying House Cement Limited	10,281,324	-
Bulk Liquid Carriers Petroleum Transport Limited	6,261,240	8,016,600
	16,542,564	8,016,000

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 8% (2020 – 6%).

(e) Directors' current accounts

The directors' balances are unsecured, interest free and have no set repayment terms.

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

14. Investment in Associate

Effective 31 December 2020, the Company acquired 42,000 shares representing thirty percent (30%) of the ordinary shares of Buying House Cement Limited from South Quay LLC. The principal activity of Buying House Cement Limited is the sale of wholesale cement to its customers.

Details of the purchase price and the notional goodwill determined, were as follows:

	$
The purchase price and notional goodwill was determined as follows:	
Purchase price	105,150,337
Share of net assets at acquisition date	(28,413,738)
Notional goodwill	76,736,599

The fair value of the identifiable net assets acquired was determined by a qualified independent valuator. The assets and liabilities recognised as a result of the acquisition are as follows:

	$
Current assets	
Cash and cash equivalents	21,424,231
Other current assets (excluding cash)	127,538,024
	148,962,255
Current liabilities	
Trade and other payables	(130,013,419)
	18,948,836
Non-current assets	9,464,902
Net Assets	28,413,738

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

14. Investment in Associate (Continued)

The Company's investment in Buying House Cement Limited is accounted for using the equity method.

	2021
	$
Purchase price	105,150,337
Share of net profits	28,597,518
Balance as at 30 September 2021	133,747,855

The Company's share of net profits in Buying House Cement Limited includes the financial results for the nine (9) months period ended 30 September 2021.

Summarised financial information for investment in associate

The tables below provide summarised financial information for the associate that was accounted for using the equity method for the nine (9) months period ended 30 September 2021. They reflect the balances of the associate and not the Company's share of those amounts.

Summarised statement of financial position

	2021
	$
Current assets	
Cash and cash equivalents	186,871,089
Other current assets (excluding cash)	397,217,975
	584,089,064
Current liabilities	
Trade and other payables	(391,326,830)
	192,762,234
Non-current assets	30,245,031
Net Assets	223,007,265

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

14. Investment in Associate (Continued)

Summarised statement of comprehensive income

	2021
	$
Operating income	2,222,045,702
Operating cost and expenses	(2,071,988,700)
Operating profit	150,057,002
Finance costs	(22,956,922)
Profit before tax	127,100,080
Income tax	(31,775,020)
Net Profit	95,325,060

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate.

	2021
	$
Net assets of the associate (100%)	223,007,265
Cargo’s share of the net assets (30%)	66,902,179
Notional goodwill recognised on acquisition	76,736,599
Reversal of fair value adjustment on net assets acquired	(9,890,923)
Carrying amount	133,747,855

15. 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:

	2021	2020
	$	$
Liability at beginning of year	(10,904,109)	(5,381,286)
Charged during the year (Note 10)	-	(5,522,823)
Liability at end of year	(10,904,109)	(10,904,109)

(expressed in Jamaican dollars unless otherwise indicated)

15. Deferred Taxation (Continued)

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

	2021	2020
	$	$
Deferred income tax assets:		
Accelerated depreciation	26,716	26,716
Accrued vacation	472,686	472,686
Unrealised foreign exchange loss	346,734	346,734
	846.136	846,136
Deferred income tax liabilities:		
Unrealised foreign exchange gain	(402,048)	(402,048)
Accelerated depreciation	(11,348,197)	(11,348,197)
	(11,750,245)	(11,750,245)
	(10,904,109)	(10,904,109)

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

	2021	2020
	$	$
Accrued vacation	-	374,246
Unrealised foreign exchange gain	-	1,012,277
Unrealised foreign exchange loss	-	169,507
Accelerated depreciation	-	(7,078,853)
	-	(5,522,823)

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

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

15. Deferred Taxation (Continued)

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

	2021	2020
	$	$
Deferred income tax asset to be recovered -		
Within 12 months	819,420	819,420
After more than 12 months	26,176	26,716
	846,136	846,136
Deferred income tax liability to be settled -		
Within 12 months	(402,048)	(402,048)
After more than 12 months	(11,348,197)	(11,348,197)
	(11,750,245)	(11,750,245)
	(10,904,109)	(10,904,109)

16. Receivables

	2021	2020
	$	$
Trade	18,293,899	34,208,068
Related parties (Note 13)	16,542,564	8,016,600
Other receivables and prepayments	2,287,161	18,697,529
	37,123,624	60,922,197

17. Cash and Cash Equivalents

	2021	2020
	$	$
Cash at bank and in hand	351,722,588	336,145,811

The weighted average effective interest rate for cash is 0.26% (2020 – 0.13%).

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

	2021	2020
	$	$
Cash and bank balances	351,727,951	336,145,811
Bank overdraft (Note 19)	(5,364)	-
	351,722,587	336,145,811

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

18. Payables

	2021	2020
	$	$
Trade	910,677	3,135,958
Accruals	29,529,467	18,992,150
Other	2,412,167	1,412,358
	32,852,312	23,540,466

19. Borrowings

	2021	2020
	$	$
Bank overdraft (Note 17)	5,364	-

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.

20. Share Capital

	2021	2020
	$	$
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

21. Capital Reserves

	2021	2020
	$	$
Realised gains on sale of property, plant and equipment	172,311	172,311

22. Dividends

By resolutions dated 11 February 2021 and 12 August 2021, the Board of Directors approved the payment of interim dividends in the amounts of $0.09 and $0.11 per share, respectively. In the prior year, resolutions dated 19 February 2020 and 8 August 2020 resulted in the approval of interim dividend payments of $0.10 and $0.07 per share, respectively.

23. 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
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

23. 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:

	2021				
	Stevedoring	**Leasing**	**Management Services**	**Unallocated**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	304,319,868	32,754,000	-	237,774	337,311,642
Other income	10,672,968	-	-	13,140,625	23,813,593
Interest income	14,820	-	-	2,222,688	2,237,508
Share of net profits of associate	-	-	-	28,597,518	28,597,518
Depreciation	(3,139,025)	(17,258,629)	-	(2,960,000)	(23,357,654)
Other expenses	(118,148,310)	(253,037)	-	(41,841,337)	(160,242,684)
Finance costs	-	-	-	(1,180,257)	(1,180,257)
Profit before taxation	193,720,321	15,242,334	-	(1,782,989)	207,179,666
Taxation	-	-	-	(47,577,519)	(47,577,519)
Net profit	193,720,321	15,242,334	-	(49,360,508)	159,602,147
Segment assets	39,175,824	116,069,188	-	535,055,764	690,300,776
Segment liabilities	11,118,777	-	-	86,120,920	97,239,697
Capital expenditure	164,119	-	-	2,442,375	2,606,494

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

23. Segment Information (Continued)

	2020				
	Stevedoring	Leasing	Management Services	Unallocated	Total
	$	$	$	$	$
Revenue	252,101,520	24,235,450	3,900,000	3,220,300	283,457,270
Other income	11,253,903	-	-	16,021,123	27,275,026
Interest income	10,795	-	-	1,187,135	1,197,930
Direct costs	(5,740,025)	-	-	-	(5,740,025)
Depreciation	(3,438,518)	(11,758,505)	-	(2,960,000)	(18,157,023)
Other expenses	(117,723,252)	(561,607)	-	(37,370,526)	(155,655,385)
Finance costs	-	-	-	(1,829,162)	(1,829,162)
Profit before taxation	136,464,423	11,915,338	3,900,000	(21,731,130)	130,548,631
Taxation	-	-	-	(22,908,652)	(22,908,652)
Net profit	136,464,423	11,915,338	3,900,000	(44,639,782)	107,639,979
Segment assets	62,027,064	134,483,965	-	375,006,440	571,517,469
Segment liabilities	10,627,680	-	-	52,499,197	63,126,877
Capital expenditure	8,649,935	-	-	108,732,686	117,382,621

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

23. 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	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Total for business segments	208,962,655	152,279,761	155,245,011	196,511,028	11,118,777	10,627,680
Unallocated amounts:						
Corporate office results	(31,422,938)	(21,089,103)	-	-	-	-
Interest income	2,222,688	1,187,135	-	-	-	-
Share of net profits of associate	28,597,518	-	-	-	-	-
Finance costs	(1,180,257)	(1,829,162)	-	-	-	-
Property, plant and equipment	-	-	13,063,752	14,834,114	-	-
Related companies	-	-	29,301,766	10,150,885	25,252,475	26,608,953
Receivables	-	-	11,564,630	18,052,545	-	-
Taxation recoverable	-	-	237,318	668,603	-	-
Cash	-	-	347,140,444	331,300,294	-	-
Payables	-	-	-	-	21,733,535	12,912,786
Income tax payable	-	-	-	-	28,225,437	2,073,349
Borrowings	-	-	-	-	5,364	-
Investment in associate	-	-	133,747,855	-	-	-
Deferred tax liabilities	-	-	-	-	10,904,109	10,904,109
Total unallocated amounts	(1,782,989)	21,731,130	535,055,765	375,006,441	86,120,920	52,499,198
Total per financial statements	207,179,666	130,548,631	690,300,776	571,517,469	97,239,697	63,126,877

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2021
(expressed in Jamaican dollars unless otherwise indicated)

24. 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 2020 and terminated on 30 June 2021.

	2021	2020
	$	$
Not later than 1 year	-	620,248
Later than 1 year but not later than 5 years	-	-
	-	620,248

(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 auto renew for a further 2 years at the end of the first term unless a notice is given to terminate the lease 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. On 1 February 2020, two of the leased equipment were removed thus reducing the monthly leased.

The future minimum lease payments receivable are as follows:

	2021	2020
	$	$
Not later than 1 year	5,220,000	20,880,000
Later than 1 year but not later than 5 years	-	5,220,000
	5,220,000	26,100,000

On 1 July 2021, the Company leased six additional equipment. Three of the equipment were leased for the period 1 July 2021 to December 2021 while the other three equipment were leased from 1 October 2021 to December 2021. The lease payments are to be made in United States dollars or Jamaican dollars translated at the prevailing rate of exchange at the date of payment.

The future minimum lease payments receivable are as follows:

	2021	2020
	US$	US$
Not later than 1 year	39,600	158,400
Later than 1 year but not later than 5 years	-	39,600
	39,600	198,000

25. Impact of COVID-19 Pandemic

Since the outbreak of COVID-19 in the first quarter of 2020, global financial markets have experienced and there are significant consequences for the global and local economies from travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on the global and local economies and the sectors in which the Company and its customers and suppliers operate is uncertain at this time. The Company has taken measures to preserve its operations and the health and safety of its employees, customers and shareholders.

With the disappearance of cruise ships to Jamaica, there was no revenue or cost during the year from stevedoring activities specifically relating to cruise ships. Additionally, the Company agreed with its related party, Bulk Liquid Carriers Petroleum Transport Limited, to suspend providing management services until Bulk's operations resume to an acceptable level. Also, there was increase in the net profit results at year end due in part to the Company's investment in Buying House Cement Limited (Note 14).

Management continues to believe that going concern presumption remains appropriate for these financial statements.