Kingston Wharves Limited

Financial Statements
31 December 2021

Kingston Wharves Limited

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31 December 2021

Independent auditor's report

To the Members of Kingston Wharves Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Kingston Wharves Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2021, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the Group statement of financial position as at 31 December 2021;
- the Group statement of comprehensive income for the year then ended;
- the Group statement of changes in equity for the year then ended;
- the Group statement of cash flows for the year then ended;
- the Company statement of financial position as at 31 December 2021;
- the Company statement of comprehensive income for the year then ended;
- the Company statement of changes in equity for the year then ended;
- the Company statement of cash flows for the year then ended; and
- the notes to the 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 consolidated and stand-alone financial statements* section of our report.

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

Independence

We are independent of the Group 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.

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Our audit approach

Audit scope

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

How we tailored our group audit scope

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

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

Our 2021 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of defined benefit pension asset and other retirement benefit obligations (Group and Company) *Refer to notes 2(s) and 21 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.*	
The cost of pension benefits and the present value of these benefits depend on a number of factors and assumptions. Due to the complexity of the balance, management appointed an external actuary to perform the valuations. The assumptions used in determining the asset for the pension benefits and the liabilities for the other post-employment benefits included: • the expected long-term rate of return on the relevant plan assets; • the discount rate; • life expectancy; • the expected rate of increase in medical costs in the case of post-employment medical benefits. Any changes in these assumptions will impact the valuation of the assets and liabilities recorded for pension and post-employment benefits. This is an area of focus due to the numerous assumptions used, and because, as at 31 December 2021, the values in the statement of financial position totalled $1,698.9 million for the pension benefit asset (4.1% and 5.1% of total assets for the Group and Company respectively) and $396.7 million for the other post-employment benefit obligations (6.5% and 7.3% respectively of total liabilities).	In order to address the matter, we performed the following procedures, amongst others: • Evaluated the valuation technique used to perform the valuation of retirement benefits and found it to be consistent with the requirements of IAS 19, Employee Benefits. • Assessed the competence and objectivity of the management appointed actuary, confirming that they are qualified and that there was no affiliation to the Group. • Checked a sample of the employee data submitted to the actuary against information maintained on the employees' personnel files maintained by the Group. • Assessed the assumptions used by the actuary which included comparing them to externally derived data such as economic statistics from the Bank of Jamaica and the discount rate from the Institute of Chartered Accountants of Jamaica. • Confirmed certain assets of the plans with the custodian of these assets and recomputed their fair values by reference to readily available external data including quoted stock prices and yield curves. Based on the procedures performed, we found management's assumptions and computations used in the valuation of the defined benefit pension asset and other retirement benefit obligations to be in line with our expectations.

Other information

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

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

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

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

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers
Chartered Accountants
1 March 2022
Kingston, *Jamaica*

Kingston Wharves Limited

Group Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue		8,674,001	7,138,338
Direct costs		(4,278,883)	(3,798,582)
Gross Profit		4,395,118	3,339,756
Other operating income	8	679,779	580,499
Administration expenses		(1,206,161)	(1,067,495)
Operating Profit		3,868,736	2,852,760
Finance costs	9	(149,390)	(154,876)
Profit before Tax		3,719,346	2,697,884
Tax expense	10	(468,501)	(421,987)
Net Profit for Year		3,250,845	2,275,897
Other Comprehensive Income			
Item that may be reclassified to profit or loss			
Changes in fair value of investments at fair value through other comprehensive income		(87,495)	408,646
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		114,921	(616,284)
Deferred tax effect on re-measurements of post-employment benefits		(14,365)	77,036
Surplus on revaluation of property, plant and equipment		-	5,027,674
Deferred tax effect on revaluation surplus		-	(292,512)
Effect of change in tax rate on deferred taxation on revaluation surplus		108,666	(81,099)
		121,727	4,523,461
Total Comprehensive Income for Year		3,372,572	6,799,358
Net Profit Attributable to:			
Equity holders of the company	11	3,195,882	2,237,719
Non-controlling interest	12	54,963	38,178
		3,250,845	2,275,897
Total Comprehensive Income Attributable to:			
Equity holders of the company		3,317,609	6,761,180
Non-controlling interest	12	54,963	38,178
		3,372,572	6,799,358
Earnings per stock unit of profit attributable to the equity holders of the company during the year	13	$2.24	$1.57

Kingston Wharves Limited

Group Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	27,510,200	27,243,619
Right-of-use assets	16	109,909	175,855
Investment property	17	552,783	560,701
Intangible assets	18	76,439	100,014
Financial assets at fair value through other comprehensive income	20	449,617	537,112
Deferred income tax assets	30	8,765	6,250
Retirement benefit asset	21	1,698,874	1,549,850
		30,406,587	30,173,401
Current Assets			
Inventories	22	442,923	413,852
Trade and other receivables	24	868,765	701,300
Taxation recoverable		30,482	10,464
Short term investments	25	9,077,893	6,558,479
Cash and bank	25	480,393	376,010
		10,900,456	8,060,105
Total Assets		41,307,043	38,233,506

Kingston Wharves Limited

Group Statement of Financial Position (Continued)

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
EQUITY			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	26	1,970,228	2,043,744
Other reserves	27	18,939,107	18,905,357
Asset replacement/rehabilitation and depreciation reserves	28	217,024	216,761
Retained earnings		13,841,920	11,416,470
		34,968,279	32,582,332
Non-controlling interest	12	271,054	216,091
		35,239,333	32,798,423
LIABILITIES			
Non-current Liabilities			
Borrowings	29	1,488,669	1,234,558
Lease liabilities	16	72,927	97,442
Deferred income tax liabilities	30	1,700,180	1,756,649
Retirement benefit obligations	21	396,749	384,517
		3,658,525	3,473,166
Current Liabilities			
Trade and other payables	31	1,668,673	1,348,723
Taxation		137,289	84,125
Borrowings	29	557,997	446,183
Lease liabilities	16	45,226	82,886
		2,409,185	1,961,917
Total Equity and Liabilities		41,307,043	38,233,506

Approved for issue by the Board of Directors on 1 March 2022 and signed on its behalf by:

Jeffrey Hall — Chairman

Mark Williams — Director

Kingston Wharves Limited

Group Statement of Changes in Equity

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Attributable to Equity Holders of the Company					Non-controlling Interest	Total Equity
		Share Capital	Other Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2019		2,043,744	13,830,069	216,598	10,503,049	26,593,460	177,913	26,771,373
Net profit for the year		-	-	-	2,237,719	2,237,719	38,178	2,275,897
Other comprehensive income		-	5,062,709	-	(539,248)	4,523,461	-	4,523,461
Total comprehensive income for year		-	5,062,709	-	1,698,471	6,761,180	38,178	6,799,358
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	28	-	-	163	(163)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves		-	12,579	(12,579)	-	-	-	-
***Transactions with owners*:**								
Dividends	14	-	-	-	(772,308)	(772,308)	-	(772,308)
Balance at 31 December 2020		2,043,744	18,905,357	216,761	11,416,470	32,582,332	216,091	32,798,423
Net profit for the year		-	-	-	3,195,882	3,195,882	54,963	3,250,845
Other comprehensive income		-	21,171	-	100,556	121,727	-	121,727
Total comprehensive income for year		-	21,171	-	3,296,438	3,317,609	54,963	3,372,572
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	28	-	-	263	(263)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Acquisition of treasury shares	26	(78,000)	-	-	-	(78,000)	-	(78,000)
Sale of treasury shares		4,484	-	-	-	4,484	-	4,484
Dividends	14	-	-	-	(858,146)	(858,146)	-	(858,146)
Balance at 31 December 2021		1,970,228	18,939,107	217,024	13,841,920	34,968,279	271,054	35,239,333

Kingston Wharves Limited

Group Statement of Cash Flows

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Net profit		3,250,845	2,275,897
Adjustments for:			
Amortisation	18	31,933	24,649
Depreciation – investment property	17	7,918	7,918
Depreciation – property, plant and equipment	15	825,614	706,861
Depreciation – leased asset	16	65,946	65,946
Foreign exchange gains on operating activities		(432,165)	(270,736)
(Gain)/loss on disposal of property, plant and equipment		(1,367)	3,575
Write off of property, plant and equipment and intangible assets		-	4,056
Retirement benefit asset		(68,123)	(101,762)
Retirement benefit obligations		46,252	27,334
Interest income	8	(244,784)	(184,945)
Finance costs	9	149,390	154,876
Taxation	10	468,501	421,987
		4,099,960	3,135,656
Changes in operating assets and liabilities:			
Inventories		(29,071)	19,193
Trade and other receivables		(167,465)	137,039
Trade and other payables		276,497	(104,809)
Cash provided by operations		4,179,921	3,187,079
Taxes paid		(396,453)	(395,298)
Net cash provided by operating activities		3,783,468	2,791,781
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(1,097,261)	(688,819)
Purchase of intangible assets	18	(3,897)	(8,088)
Proceeds from sale of property, plant and equipment		1,367	5,000
Short term deposits with maturities in excess of three months	25	140,769	(77,466)
Interest received		230,403	174,595
Net cash used in investing activities		(728,619)	(594,778)
Sub-total carried forward to page 6		3,054,849	2,197,003

Kingston Wharves Limited

Group Statement of Cash Flows (Continued)

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Sub-total brought forward from page 5		3,054,849	2,197,003
Cash flows from financing activities			
Dividends paid to equity holders of the company		(814,693)	(729,390)
Acquisition of treasury shares		(78,000)	-
Sale of treasury shares	26	4,484	-
Interest paid		(104,180)	(125,096)
Lease payments made		(94,943)	(90,787)
Loans received		850,000	-
Loans repaid		(484,075)	(592,890)
Net cash used in financing activities		(721,407)	(1,538,163)
Net increase in cash and cash equivalents		2,333,442	658,840
Net cash and cash equivalents at beginning of year		6,793,720	5,860,186
Exchange adjustment on foreign currency cash and cash equivalents		431,124	274,694
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	25	9,558,286	6,793,720

Kingston Wharves Limited

Company Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue		7,744,056	6,247,918
Direct expenses		(3,523,846)	(3,144,536)
Gross Profit		4,220,210	3,103,382
Other operating income	8	614,072	561,693
Administration expenses		(1,165,197)	(1,000,025)
Operating Profit		3,669,085	2,665,050
Finance costs	9	(144,274)	(139,288)
Profit before Tax		3,524,811	2,525,762
Tax expense	10	(419,741)	(375,377)
Net Profit for Year		3,105,070	2,150,385
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Changes in fair value of investments at fair value through other comprehensive income		(58,449)	272,984
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		114,921	(616,284)
Deferred tax effect on re-measurements of post-employment benefits		(14,365)	77,036
Surplus on revaluation of property, plant and equipment		-	3,184,667
Deferred tax effect on revaluation surplus		-	(136,060)
Effect of change in tax rate on deferred taxation on revaluation surplus		-	(81,099)
Total other comprehensive income, net of taxes		42,107	2,701,244
Total Comprehensive Income for Year		3,147,177	4,851,629

Kingston Wharves Limited

Company Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	20,955,268	20,531,154
Right-of-use assets	16	148,542	279,297
Intangible assets	18	74,320	97,054
Investments in subsidiaries	19	75,731	75,731
Financial assets at fair value through other comprehensive income	20	300,353	358,802
Group companies	23	708,182	697,753
Retirement benefit asset	21	1,698,874	1,549,850
		23,961,270	23,589,641
Current Assets			
Inventories	22	440,678	411,340
Trade and other receivables	24	687,638	602,218
Group companies	23	172,556	168,590
Short term investments	25	7,797,626	5,580,545
Cash and bank	25	342,787	180,177
		9,441,285	6,942,870
Total Assets		33,402,555	30,532,511

Kingston Wharves Limited

Company Statement of Financial Position (Continued)

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
EQUITY			
Stockholders' Equity			
Share capital	26	1,970,228	2,043,744
Other reserves	27	11,904,357	11,950,227
Asset replacement/rehabilitation and depreciation reserves	28	212,968	212,968
Retained earnings		13,915,658	11,580,757
		28,003,211	25,787,696
LIABILITIES			
Non-current Liabilities			
Borrowings	29	1,487,217	1,233,106
Lease liabilities	16	72,928	162,883
Deferred income tax liabilities	30	1,083,959	1,035,168
Retirement benefit obligations	21	396,749	384,517
		3,040,853	2,815,674
Current Liabilities			
Trade and other payables	31	1,555,452	1,285,599
Group companies	23	21,608	11,183
Taxation payable		134,800	62,919
Borrowings	29	557,997	446,183
Lease liabilities	16	88,634	123,257
		2,358,491	1,929,141
Total Equity and Liabilities		33,402,555	30,532,511

Approved for issue by the Board of Directors on 1 March 2022 and signed on its behalf by:

Jeffrey Hall — Chairman

Mark Williams — Director

Kingston Wharves Limited

Company Statement of Changes in Equity

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Other Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2019		2,043,744	8,697,156	212,968	10,754,507	21,708,375
Net profit for the year		-	-	-	2,150,385	2,150,385
Other comprehensive income		-	3,240,492	-	(539,248)	2,701,244
Total comprehensive income for year		-	3,240,492	-	1,611,137	4,851,629
Transfer to asset replacement/rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-
Transactions with owners:						
Dividends	14	-	-	-	(772,308)	(772,308)
Balance at 31 December 2020		2,043,744	11,950,227	212,968	11,580,757	25,787,696
Net profit for the year		-	-	-	3,105,070	3,105,070
Other comprehensive income		-	(58,449)	-	100,556	42,107
Total comprehensive income for year		-	(58,449)	-	3,205,626	3,147,177
Transfer to asset replacement/rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-
Transactions with owners:						
Acquisition of treasury shares	26	(78,000)	-	-	-	(78,000)
Sale of treasury shares	26	4,484	-	-	-	4,484
Dividends	14	-	-	-	(858,146)	(858,146)
Balance at 31 December 2021		1,970,228	11,904,357	212,968	13,915,658	28,003,211

Kingston Wharves Limited

Company Statement of Cash Flows

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Net profit		3,105,070	2,150,385
Adjustments for:			
Amortisation	18	31,092	24,219
Depreciation – property, plant and equipment	15	648,334	588,068
Depreciation – leased asset	16	130,755	111,993
Foreign exchange gains on operating activities		(357,518)	(214,156)
(Gain)/loss on disposal of property, plant and equipment	8	(1,367)	3,575
Write off of property, plant and equipment and intangibles		-	2,406
Retirement benefit asset		(68,123)	(101,762)
Retirement benefit obligations		46,252	27,334
Interest income	8	(247,721)	(199,124)
Finance costs	9	144,274	139,288
Taxation	10	419,741	375,377
		3,850,789	2,907,603
Changes in operating assets and liabilities:			
Inventories		(29,338)	19,685
Group companies		(3,970)	(96,488)
Trade and other receivables		(85,420)	120,595
Trade and other payables		226,400	(96,865)
Cash provided by operations		3,958,461	2,854,530
Taxes paid		(325,704)	(321,435)
Net cash provided by operating activities		3,632,757	2,533,095
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(1,087,613)	(559,651)
Purchase of intangible assets	18	(3,897)	(5,920)
Proceeds from sale of property, plant and equipment		1,367	5,000
Short term deposits with maturities in excess of three months	25	140,769	(140,769)
Interest received		233,708	186,149
Net cash used in investing activities		(715,666)	(515,191)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(814,693)	(729,390)
Acquisition of treasury shares		(78,000)	-
Sale of treasury shares	26	4,484	-
Interest paid		(85,677)	(138,480)
Lease payments		(168,955)	(140,883)
Loans repaid		850,000	-
Net loans proceeds		(484,075)	(592,890)
Net cash used in financing activities		(776,916)	(1,601,643)
Net increase in cash and cash equivalents		2,140,175	416,261
Net cash and cash equivalents at beginning of year		5,619,953	4,945,337
Exchange adjustment on foreign currency cash and cash equivalents		380,285	258,355
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	25	8,140,413	5,619,953

Kingston Wharves Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

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

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

Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that none were relevant to its operations.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that the Group has not yet adopted
At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods, but were not effective for the current period, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

- **Amendments to IAS 1, 'Presentation of Financial Statements' on classification of liabilities** (effective for annual periods beginning on or after 1 January 2022). These 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 (for example, the receipt of a waiver or a breach of covenant). The amendments also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

- **Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16** (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction,** (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- **Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions, extension of the practical expedient**, (effective for annual periods beginning on or after 1 April 2021). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

(b) Consolidation

Subsidiaries

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

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

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

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

Kingston Wharves Limited

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Consolidation (continued)

Subsidiaries (continued)

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(b) Consolidation (continued)

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

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

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

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

Credit customers are invoiced when the services are rendered and consideration is payable when invoiced. Payment is due from other customers at the point where the performance obligation is satisfied.

Interest income
Interest income on financial assets at amortised cost and financial assets at FVOCI is recognised on a time-proportionate basis using the effective interest method. When interest receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Kingston Wharves Limited

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

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

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(e) Investment property

Investment properties, principally freehold warehouse buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is shown at cost less accumulated depreciation.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. On replacement of a separately measured part of an item of investment property, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income when the expenditure is incurred.

Depreciation is calculated on the straight-line balance basis at annual rates to write off the relevant assets over their expected useful lives as follows:

Buildings	2.5%

Land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its recoverable amount (Note 2 (g)).

Gains and losses on disposal of investment property are determined by comparing proceeds with their carrying amounts and are included in the statement of comprehensive income.

(f) Intangible assets

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

(g) Impairment of non-financial assets

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

2. Significant Accounting Policies (Continued)

(h) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

(i) Trade receivables

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

Other miscellaneous assets

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

i. the asset is held within a business model whose objective is to collect the contractual cash flows, and
ii. the contractual terms give rise to cash flows that are solely payments of principal and interest.

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

(j) Investments in subsidiaries

Investments by the company in subsidiaries are stated at cost.

(k) Inventories

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

(l) Cash and cash equivalents

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

(m) Provisions

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

2. Significant Accounting Policies (Continued)

(n) Trade payables

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

(o) Share capital

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

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

(p) Leases

The Group acting as lessee, recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

2. Significant Accounting Policies (Continued)

(p) Leases (continued)

The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Group applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with corresponding lease liability; for all other leases of low value asset, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

Short - term leases are leases with a lease term of 12 months or less.
The right-of-use assets is presented as a separate line item on the balance sheet. At the commencement date, lease liabilities are measured at an amount equal to the present value of the lease payments for the underlying right- of- use assets during the lease term.

The Group leases office buildings, storage space and vehicles to conduct aspects of it business. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (including termination and renewal rights). Extension and termination options are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by both the Group and the respective lessor.

Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options for an additional 1 to 5 years.

The lease payments are fixed and adjusted for inflation. The inflation increases are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Extension and termination options
Extension and termination options are included in property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable by the respective lessor and not only by the Group.

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

(q) Segment reporting

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

2. Significant Accounting Policies (Continued)

(r) Dividends

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

(s) Employee benefits

Pension obligations

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

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

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

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

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

Other retirement obligations

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

Equity compensation benefits

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

2. Significant Accounting Policies (Continued)

(s) Employee benefits (continued)

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(v) Taxation

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

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

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

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

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

(w) Financial instruments

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

Classification

The Group classifies its financial assets in the following measurement categories:

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

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

2. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

3. Financial Risk Management

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

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

3. Financial Risk Management (Continued)

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

(a) Credit risk

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

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

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

Maximum exposure to credit risk

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Group companies – non-current	-	-	708,182	697,753
Trade receivables	686,732	472,955	530,785	386,444
Other receivables	138,295	178,062	129,825	170,911
Group companies	-	-	172,556	168,590
Short term investments	9,077,893	6,558,479	7,797,626	5,580,545
Cash and bank	480,393	376,010	342,787	180,177
	10,383,313	7,585,506	9,681,761	7,184,420

Credit review process

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

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

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

On that basis, the loss allowance was determined as follows for trade receivables.

	The Group				
	Current $'000	**31 - 60 $'000**	**Over 60 days $'000**	**Over 60 days and impaired $'000**	**Total $'000**
31 December 2021					
Expected loss rate	0.2%	0.9%	25.2%	97.2%	
Gross carrying amount trade receivables	419,455	236,822	44,326	14,037	714,640
Loss Allowance	1,000	2,102	11,157	13,649	27,908

	Current $'000	**31 - 60 $'000**	**Over 60 days $'000**	**Over 60 days and impaired $'000**	**Total $'000**
31 December 2020					
Expected loss rate	0.4%	1.9%	21.1%	100%	
Gross carrying amount trade receivables	337,051	96,241	54,139	57,136	544,567
Loss Allowance	1,217	1,859	11,400	57,136	71,612

	The Company				
	Current $'000	**31 – 60 days $'000**	**Over 60 days $'000**	**Over 60 days and impaired $'000**	**Total $'000**
31 December 2021					
Expected loss rate	0.1%	0.2%	24.7%	100.0%	
Gross carrying amount trade receivables	342,956	156,449	42,519	8,000	549,924
Loss Allowance	345	314	10,480	8,000	19,139

	Current $'000	**31 - 60 $'000**	**Over 60 days $'000**	**Over 60 days and impaired $'000**	**Total $'000**
31 December 2020					
Expected loss rate	0.2%	1.4%	16.6%	100%	
Gross carrying amount trade receivables	268,543	81,241	46,057	52,881	448,722
Loss Allowance	587	1,154	7,656	52,881	62,278

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Movement in the provision for impairment of receivables

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
At 1 January	71,612	54,771	62,278	44,189
Loss allowance	733	36,363	723	31,689
Amounts recovered	(13,325)	(19,522)	(12,750)	(13,600)
Reversal of unutilised trade provisions	(31,112)	-	(31,112)	-
At 31 December	27,908	71,612	19,139	62,278

The movement in the provision for credit losses for the year included $1,290,000 (2020 - $9,230,000) and $240,000 (2020 - $9,321,000) for the Group and company respectively for related companies. These amounts are included in bad debt expense in profit or loss. Trade provisions reversed were utilised against other receivable balances.

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

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

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Top ten customers	617,484	488,929	455,265	395,515
Other	97,156	55,638	94,659	53,207
	714,640	544,567	549,924	448,722
Less: Provision for credit losses	(27,908)	(71,612)	(19,139)	(62,278)
	686,732	472,955	530,785	386,444

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

3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

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

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

(ii) Maintaining committed lines of credit;

(iii) Optimising cash returns on investment;

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

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

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

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

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

	The Group					
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
			2021			
Borrowings	29,471	138,296	491,762	1,410,617	199,753	2,269,899
Lease liability	10,155	20,309	91,392	59,783	-	181,639
Trade and other payables	1,668,673	-	-	-	-	1,668,673
Total financial liabilities	1,708,299	158,605	583,154	1,470,400	199,753	4,120,211
			2020			
Borrowings	20,904	123,295	409,091	1,339,353	2,932	1,895,575
Lease liability	7,465	14,930	67,186	148,840	-	238,421
Trade and other payables	1,348,723	-	-	-	-	1,348,723
Total financial liabilities	1,377,092	138,225	476,277	1,488,193	2,932	3,482,719

	The Company					
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
			2021			
Borrowings	29,471	138,296	491,762	1,410,617	198,301	2,268,447
Lease liabilities	16,743	33,487	151,115	59,783	-	261,128
Trade and other payables	1,555,452	-	-	-	-	1,555,452
Group companies	21,608	-	-	-	-	21,608
Total financial liabilities	1,623,274	171,783	642,877	1,470,400	198,301	4,106,635
			2020			
Borrowings	20,904	123,295	409,091	1,339,353	1,480	1,894,123
Lease liabilities	13,295	26,591	119,659	190,973	-	350,518
Trade and other payables	1,285,599	-	-	-	-	1,285,599
Group companies	11,183	-	-	-	-	11,183
Total financial liabilities	1,330,981	149,886	528,750	1,530,326	1,480	3,541,423

3. Financial Risk Management (Continued)

(c) Market risk

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

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

(i) Currency risk

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

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

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

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

	The Group		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
		2021	
Financial Assets			
Short term investments	2,715,832	6,362,061	9,077,893
Trade and other receivables	272,912	552,115	825,027
Cash and bank	369,102	111,291	480,393
Total financial assets	3,357,846	7,025,467	10,383,313
Financial Liabilities			
Borrowings	2,046,666	-	2,046,666
Lease liability	-	118,153	118,153
Trade and other payables	1,615,495	53,178	1,668,673
Total financial liabilities	3,662,161	171,331	3,833,492
Net financial position	(304,315)	6,854,136	6,549,821
		2020	
Financial Assets			
Short term investments	2,021,105	4,537,374	6,558,479
Trade and other receivables	223,484	427,533	651,017
Cash and bank	267,053	108,957	376,010
Total financial assets	2,511,642	5,073,864	7,585,506
Financial Liabilities			
Borrowings	1,680,741	-	1,680,741
Lease liability	-	180,328	180,328
Trade and other payables	1,331,196	17,527	1,348,723
Total financial liabilities	3,011,937	197,855	3,209,792
Net financial position	(500,295)	4,876,009	4,375,714

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

	The Company		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
		2021	
Financial Assets			
Group companies- non current	708,182	-	708,182
Short term investments	2,284,119	5,513,507	7,797,626
Trade and other receivables	141,038	519,572	660,610
Group companies	172,556	-	172,556
Cash and bank	263,467	79,320	342,787
Total financial assets	3,569,362	6,112,399	9,681,761
Financial Liabilities			
Borrowings	2,045,214	-	2,045,214
Lease liabilities	-	161,562	161,562
Trade and other payables	1,502,274	53,178	1,555,452
Group companies	21,608	-	21,608
Total financial liabilities	3,569,096	214,740	3,783,836
Net financial position	266	5,897,659	5,897,925
		2020	
Financial Assets			
Group companies- non current	697,753	-	697,753
Short term investments	1,706,407	3,874,138	5,580,545
Trade and other receivables	131,686	425,669	557,355
Group companies	168,590	-	168,590
Cash and bank	145,717	34,460	180,177
Total financial assets	2,850,153	4,334,267	7,184,420
Financial Liabilities			
Borrowings	1,679,289	-	1,679,289
Lease liabilities	-	286,140	286,140
Trade and other payables	1,268,072	17,527	1,285,599
Group companies	11,183	-	11,183
Total financial liabilities	2,958,544	303,667	3,262,211
Net financial position	(108,391)	4,030,600	3,922,209

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currency to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 2% (2020 - 2%) appreciation and an 8% (2020 - 6%) depreciation change in foreign currency rates. The sensitivity of the profit was primarily because of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, short term investments and US dollar-denominated liabilities. Profit is more sensitive to movements in Jamaican dollar/US dollar exchange rates because of the significant level of US-dollar denominated investments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis. There is no direct impact on other comprehensive income or equity.

	Change in Currency Rate 2021 %	Effect on Profit before Taxation 2021 $'000	Change in Currency Rate 2020 %	Effect on Profit before Taxation 2020 $'000
	The Group			
Currency:				
USD	+2	137,083	+2	97,520
USD	-8	(548,331)	-6	(292,560)
	The Company			
USD	+2	117,953	+2	80,612
USD	-8	(471,813)	-6	(241,836)

(ii) Interest rate risk

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

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

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

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

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3. Financial Risk Management (Continued)

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

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
	2021						
Assets							
Short term investments	4,048,632	4,979,755	-	-	-	49,506	9,077,893
Trade and other receivables	-	-	-	-	-	825,027	825,027
Cash and bank	245,727	-	-	-	-	234,666	480,393
Total financial assets	4,294,359	4,979,755	-	-	-	1,109,199	10,383,313
Liabilities							
Borrowings	101,037	98,214	-	1,121,264	723,219	2,932	2,046,666
Lease liability	-	-	-	118,153	-	-	118,153
Trade and other payables	-	-	-	-	-	1,668,673	1,668,673
Total financial liabilities	101,037	98,214	-	1,239,417	723,219	1,671,605	3,833,492
Total interest repricing gap	4,193,322	4,881,541	-	(1,239,417)	(723,219)	(562,406)	6,549,821
	2020						
Assets							
Short term investments	3,549,646	2,834,009	140,769	-	-	34,055	6,558,479
Trade and other receivables	-	-	-	-	-	651,017	651,017
Cash and bank	211,367	-	-	-	-	164,643	376,010
Total financial assets	3,761,013	2,834,009	140,769	-	-	849,715	7,585,506
Liabilities							
Borrowings	140,148	176,786	1,119,000	241,875	-	2,932	1,680,741
Lease liability	-	-	-	180,328	-	-	180,328
Trade and other payables	-	-	-	-	-	1,348,723	1,348,723
Total financial liabilities	140,148	176,786	1,119,000	422,203	-	1,351,655	3,209,792
Total interest repricing gap	3,620,865	2,657,223	(978,231)	(422,203)	-	(501,940)	4,375,714

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2021			
Assets							
Group companies – non current	-	-	-	708,182	-	-	708,182
Short term investments	3,930,131	3,821,957	-	-	-	45,538	7,797,626
Trade and other receivables	-	-	-	-	-	660,610	660,610
Group companies	-	-	-	-	-	172,556	172,556
Cash and bank	190,300	-	-	-	-	152,487	342,787
Total financial assets	4,120,431	3,821,957	-	708,182	-	1,031,191	9,681,761
Liabilities							
Borrowings	101,037	98,214	-	1,121,264	723,219	1,480	2,045,214
Lease Liability	-	-	-	161,562	-	-	161,562
Trade and other payables	-	-	-	-	-	1,555,452	1,555,452
Group companies	-	-	-	-	-	21,608	21,608
Total financial liabilities	101,037	98,214	-	1,282,826	723,219	1,578,540	3,783,836
Total interest repricing gap	4,019,394	3,723,743	-	(574,644)	(723,219)	(547,349)	5,897,925
				2020			
Assets							
Loan receivable	-	-	-	697,753	-	-	697,753
Short term investments	3,237,697	2,170,554	140,769	-	-	31,525	5,580,545
Trade and other receivables	-	-	-	-	-	557,355	557,355
Group companies	-	-	-	-	-	168,590	168,590
Cash and bank	136,870	-	-	-	-	43,307	180,177
Total financial assets	3,374,567	2,170,554	140,769	697,753	-	800,777	7,184,420
Liabilities							
Borrowings	140,148	176,786	1,119,000	241,875	-	1,480	1,679,289
Lease Liability	-	-	19,612	266,528	-	-	286,140
Trade and other payables	-	-	-	-	-	1,285,599	1,285,599
Group companies	-	-	-	-	-	11,183	11,183
Total financial liabilities	140,148	176,786	1,138,612	508,403	-	1,298,262	3,262,211
Total interest repricing gap	3,234,419	1,993,768	(997,843)	189,350	-	(497,485)	3,922,209

3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

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

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

				The Group		The Company	
				Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation
				2021	2020	2021	2020
				$'000	$'000	$'000	$'000
Change in basis points							
2021	2021	2020	2020				
JMD	USD	JMD	USD				
+300	+100	+100	+100	59,412	43,757	58,985	39,222
-50	-100	-100	-100	(67,020)	(43,757)	(58,978)	(39,222)

(d) Capital management

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

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

3. Financial Risk Management (Continued)

(d) Capital management (continued)

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2021 and 2020 were as follows:

	2021 $'000	2020 $'000
Total long term borrowings (Note 29)	2,046,666	1,680,741
Total stockholders' equity	34,968,279	32,582,332
Gearing ratio (%)	5.85%	5.16%

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

(e) Fair value of financial instruments

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

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

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

At 31 December 2021, instruments included within this level comprised unquoted equities classified as financial assets at fair value through other comprehensive income which totalled $449,617,000 and $300,353,000 for the Group and company, respectively. There were no transfers between levels in 2021 and 2020.

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

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

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

4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

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

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

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

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

The company was granted approval to operate as an approved developer under the Special Economic Zone Act (SEZA) on 1 January 2020 thereby ending the variable tax rate regime which existed previously. Under the SEZA, a corporate income tax rate of 12.5% on qualifying income is now applicable.

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

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

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

Pension and other retirement benefits

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

If the actual health care costs trend for the post-employment obligations varied by 0.5% from estimates applied in valuation of the benefits, the consolidated pre-tax profit would be an estimated $27,749,000 lower or $31,747,000 higher (Note 21). Variations in the other financial assumptions can cause material adjustments in the next financial year, if it is determined that actual experience differed from the estimate (Note 21).

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5. Segment Financial Information

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

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

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

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

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

	Terminal Operations	Logistics Services	Eliminations	Group
Year ended 31 December 2021	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	5,992,802	2,681,199	-	8,674,001
Operating revenue from segments	766,009	114,178	(880,187)	-
Total revenue	6,758,811	2,795,377	(880,187)	8,674,001
Operating profit	2,732,982	1,135,754	-	3,868,736
Finance costs (Note 9)	(133,816)	(81,409)	65,835	(149,390)
Profit before tax	2,599,166	1,054,345	65,835	3,719,346
Tax expense				(468,501)
Profit before non-controlling interest				3,250,845
Non-controlling interest				(54,963)
Net profit attributable to equity holders of the company				3,195,882
Segment assets	33,821,849	6,938,894	(1,191,821)	39,568,922
Unallocated assets				1,738,121
Total assets				41,307,043
Segment liabilities	4,051,708	859,183	(1,077,399)	3,833,492
Unallocated liabilities				2,234,218
Total liabilities				6,067,710
Other segment items:				
Interest income (Note 8)	248,291	36,363	(39,870)	244,784
Capital expenditure (Note 15)	1,087,613	9,648	-	1,097,261
Capital expenditure (Note 18)	2,905	992	-	3,897
Amortisation (Note 18)	31,208	725	-	31,933
Depreciation (Note 6)	798,261	168,961	(67,744)	899,478

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5. Segment Financial Information (Continued)

	Terminal Operations	Logistics Services	Eliminations	Group
Year ended 31 December 2020	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	4,955,439	2,182,899	-	7,138,338
Operating revenue from segments	647,279	88,082	(735,361)	-
Total revenue	5,602,718	2,270,981	(735,361)	7,138,338
Operating profit	1,985,116	867,644	-	2,852,760
Finance costs	(91,970)	(116,836)	53,930	(154,876)
Profit before tax	1,893,146	750,808	53,930	2,697,884
Tax expense				(421,987)
Profit before non-controlling interest				2,275,897
Non-controlling interest				(38,178)
Net profit attributable to equity holders of the				2,237,719
Segment assets	31,135,401	6,826,036	(1,294,495)	36,666,942
Unallocated assets				1,566,564
Total assets				38,233,50
Segment liabilities	3,586,536	803,329	(1,180,073)	3,209,792
Unallocated liabilities				2,225,291
Total liabilities				5,435,083
Other segment items:				
Interest income (Note 8)	199,369	25,459	(39,883)	184,945
Capital expenditure (Note 15)	578,631	110,188	-	688,819
Capital expenditure (Note 18)	6,502	1,586	-	8,088
Amortisation (Note 18)	24,219	430	-	24,649
Depreciation	688,913	206,739	(114,927)	780,725

Revenues of approximately $2,513,695,000 (2020 – $1,778,379,000) were earned from two customers. The revenues are attributable to the Terminal Operations segment.

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6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Advertising and public relations	37,774	28,398	36,910	27,436
Amortisation (Note 18)	31,933	24,649	31,092	24,219
Auditors' remuneration				
Current year	16,841	18,443	11,702	11,038
Prior year	-	-	-	-
Bad debts	(12,592)	20,823	(12,027)	22,069
Bank charges	63,765	48,175	63,306	47,632
Claims	42,931	22,482	42,931	20,482
Cleaning and sanitation	48,508	47,865	48,508	47,865
Customs overtime	57,093	43,984	57,093	43,984
Depreciation	899,478	780,725	779,089	700,061
Directors' fees	29,215	25,930	27,590	25,256
Equipment rental	155,719	111,451	155,641	111,431
Fuel	178,667	132,778	178,667	132,778
Information technology	103,937	90,833	101,989	84,836
Insurance	210,703	196,736	181,089	160,277
Irrecoverable General Consumption Tax	27,897	42,797	21,248	30,242
Legal and consultation expenses	34,533	33,595	29,997	23,671
Occupancy: property taxes and rent	12,352	9,419	11,600	9,770
Repairs and maintenance	408,942	594,063	400,780	581,487
Security	403,698	397,669	89,770	84,053
Staff costs (Note 7)	2,164,400	1,656,902	1,826,818	1,422,221
Utilities	333,288	272,578	325,826	265,660
Other	235,962	265,782	279,424	268,093
	5,485,044	4,866,077	4,689,043	4,144,561

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7. Staff Costs

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Wages and salaries	1,672,009	1,391,056	1,436,173	1,171,057
Payroll taxes – employer's contributions	182,386	149,462	154,765	124,967
Pension costs – defined benefit plan (Note 21)	(63,461)	(107,322)	(63,461)	(107,322)
Pension costs – defined contribution plan	8,481	7,473	-	-
Other retirement benefits (Note 21)	57,725	43,098	57,725	43,098
Meal and travelling allowances	56,814	56,736	52,272	50,883
Termination costs	6,054	14,915	6,054	14,915
Other	244,392	101,484	183,290	124,623
	2,164,400	1,656,902	1,826,818	1,422,221

8. Other Operating Income

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Dividends	1,463	5,555	976	3,711
Interest	244,784	184,945	247,721	199,124
Foreign exchange gains	432,165	270,747	357,518	233,130
Management fees	-	-	6,490	6,490
Proceeds from claims	-	122,813	-	122,813
Gain/(loss) on disposal of property, plant and equipment	1,367	(3,575)	1,367	(3,575)
Other	-	14	-	-
	679,779	580,499	614,072	561,693

9. Finance Costs

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Interest expense	107,000	136,926	108,999	138,480
Foreign exchange losses	42,390	17,950	35,275	808
	149,390	154,876	144,274	139,288

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10. Tax Expense

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Current tax on profit for the year	457,308	382,591	410,407	310,017
Prior year over provision	(24,124)	(2,112)	(25,092)	-
Deferred income tax (Note 30)	35,317	41,508	34,426	65,360
	468,501	421,987	419,741	375,377

The tax on profit differs from the theoretical amount that would arise using a basic statutory rate of 12.5% (2020 – 12.5%) as follows:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Profit before tax	3,719,346	2,697,884	3,524,811	2,525,762
Tax calculated at a tax rate of 12.5% (2020 – 12.5%)	464,918	337,235	440,601	315,720
Adjusted for the effects of:				
Income not subject to tax	(14,235)	-	(14,235)	-
Income taxed at higher rate	88,103	39,421	68,128	-
Employment tax credit	(77,711)		(77,711)	
Expenses not deductible for tax purposes	27,780	32,313	23,241	32,313
Change in rate for deferred income taxes	11,379	27,314	-	27,314
Prior year over provision	(24,124)	(2,112)	(25,092)	-
Other	(7,609)	(12,184)	4,809	30
Tax expense	468,501	421,987	419,741	375,377

The company was granted approval to operate as an approved developer under the Special Economic Zone Act (SEZA) on 1 January 2020 thereby ending the variable tax rate regime which existed under the Jamaica Export Free Zones Act. Under the SEZA, a corporate income tax rate of 12.5% on qualifying income is now applicable and is used to determine future tax rates (Note 30).

Some subsidiaries within the Group were also granted approval as developer and occupants under the SEZA in 2020. The applicable tax rate for these subsidiaries is 12.5%. Other subsidiaries within the Group but not operating under the SEZA have an applicable tax rate of 25%.

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11. Profit Attributable to Equity Holders of the Company

	2021 $'000	2020 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	3,105,070	2,150,385
Subsidiaries	90,812	87,335
	3,195,882	2,237,720
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	13,915,658	11,580,757
Subsidiaries	(73,738)	(164,287)
	13,841,920	11,416,470

12. Non-controlling Interest

	2021 $'000	2020 $'000
At beginning of year	216,091	177,913
Share of net profit of subsidiary	54,963	38,178
	271,054	216,091

13. Earnings Per Stock Unit

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

	2021	2020
Net profit attributable to equity holders of the company ($'000)	3,195,882	2,237,719
Weighted average number of ordinary stock units in issue (thousands)	1,428,391	1,429,342
Basic earnings per stock unit	$2.24	$1.57

14. Dividends

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

	2021 $'000	2020 $'000
Ordinary dividends, gross – 60 cents (2020 – 54 cents)	858,146	772,308

In December 2021, the company declared a dividend of 37 cents per share which is payable on 17 January 2022 to shareholders on record at 15 December 2021, and which is included in the total dividends above.

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15. Property, Plant and Equipment

	The Group							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Air Conditioning Equipment	Furniture and Fixtures	Motor Vehicles	Work In Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2021				
Cost or Valuation -								
At 31 December 2020	10,733,532	22,832,205	3,570,689	267,404	352,461	330,680	253,514	38,340,485
Additions	-	14,607	12,672	-	1,261	9,402	1,059,319	1,097,261
Transfers	-	415,587	808,521	-	-	-	(1,224,713)	(605)
Transfers to Intangible assets	-	-	-	-	-	-	(4,461)	(4,461)
Disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 December 2021	10,733,532	23,262,399	4,391,882	267,404	353,722	335,382	83,659	39,427,980
Depreciation -								
At 31 December 2020	-	8,851,904	1,580,400	267,404	194,868	202,290	-	11,096,866
Charge for the year	-	584,038	185,367	-	23,043	33,166	-	825,614
Relieved on disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 December 2021	-	9,435,942	1,765,767	267,404	217,911	230,756	-	11,917,780
Net Book Value -								
At 31 December 2021	10,733,532	13,826,457	2,626,115	-	135,811	104,626	83,659	27,510,200
				2020				
Cost or Valuation -								
At 31 December 2019	7,302,071	20,656,602	3,549,832	267,404	347,588	342,880	329,984	32,796,361
Additions	-	1,798	5,146	-	3,816	6,960	671,099	688,819
Transfers	134,688	522,955	43,206	-	1,057	-	(701,906)	-
Transfers to Intangible assets	-	-	-	-	-	-	(43,630)	(43,630)
Revaluation	3,296,773	1,650,850	-	-	-	-	-	4,947,623
Disposals	-	-	(27,495)	-	-	(19,160)	(2,033)	(48,688)
At 31 December 2020	10,733,532	22,832,205	3,570,689	267,404	352,461	330,680	253,514	38,340,485
Depreciation -								
At 31 December 2019	-	8,474,504	1,416,782	267,032	170,565	178,633	-	10,507,516
Charge for the year	-	457,451	191,113	372	23,246	34,679	-	706,861
On revaluation	-	(80,051)	-	-	-	-	-	(80,051)
Relieved on disposals	-	-	(27,495)	-	1,057	(11,022)	-	(37,460)
At 31 December 2020	-	8,851,904	1,580,400	267,404	194,868	202,290	-	11,096,866
Net Book Value -								
At 31 December 2020	10,733,532	13,980,301	1,990,289	-	157,593	128,390	253,514	27,243,619

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15. Property, Plant and Equipment (Continued)

	The Company							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Air Conditioning Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	2021							
Cost or Valuation -								
At 31 December 2020	7,080,294	16,193,273	3,535,601	19,137	337,360	312,991	251,864	27,730,520
Additions	-	14,607	6,474	-	1,261	5,952	1,059,319	1,087,613
Transfers	-	405,488	808,521	-	-	-	(1,224,713)	(10,704)
Transfers to intangible assets	-	-	-	-	-	-	(4,461)	(4,461)
Disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 December 2021	7,080,294	16,613,368	4,350,596	19,137	338,621	314,243	82,009	28,798,268
Depreciation -								
At 31 December 2020	-	5,267,686	1,538,207	18,924	180,630	193,919	-	7,199,366
Charge for the year	-	413,340	182,739	31	22,801	29,423	-	648,334
Relieved on disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 December 2021	-	5,681,026	1,720,946	18,955	203,431	218,642	-	7,843,000
Net Book Value -								
At 31 December 2021	7,080,294	10,932,342	2,629,650	182	135,190	95,601	82,009	20,955,268
	2020							
Cost or Valuation -								
At 31 December 2019	4,899,666	14,639,771	3,515,486	19,137	333,544	326,477	268,249	24,002,330
Additions	-	1,798	4,404	-	3,816	-	549,633	559,651
Transfers	80,636	396,835	43,206	-	-	-	(520,677)	-
Transfers to intangible assets	-	-	-	-	-	-	(43,630)	(43,630)
Revaluation	2,099,992	1,154,869	-	-	-	-	-	3,254,861
Disposals	-	-	(27,495)	-	-	(13,486)	(1,711)	(42,692)
At 31 December 2020	7,080,294	16,193,273	3,535,601	19,137	337,360	312,991	251,864	27,730,520
Depreciation -								
At 31 December 2019	-	4,853,642	1,376,987	17,901	157,744	167,944	-	6,574,218
Charge for the year	-	343,850	188,715	1,023	22,886	31,594	-	588,068
On revaluation	-	70,194	-	-	-	-	-	70,194
Relieved on disposals	-	-	(27,495)	-	-	(5,619)	-	(33,114)
At 31 December 2020	-	5,267,686	1,538,207	18,924	180,630	193,919	-	7,199,366
Net Book Value -								
At 31 December 2020	7,080,294	10,925,587	1,997,394	213	156,730	119,072	251,864	20,531,154

15. Property, Plant and Equipment (Continued)

(a) Freehold land of the Group was revalued as at 31 December 2020 on the basis of open market value by D.C. Tavares and Finson Realty Limited, independent qualified valuators. The freehold plant and buildings of the Group were also revalued as at 31 December 2020 on the depreciated replacement cost basis which approximates fair value, by Stoppi, Cairney and Bloomfield, quantity surveyors and construction cost consultants. The carrying value of these assets has been adjusted upwards and the resultant increase in value net of deferred income taxes has been recognised in capital reserves (Note 27).

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

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

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

		The Group		
		Fair Value measurements as at 31 December 2021 using		
Categories	**Date of revaluation**	**Quoted price in an active market**	**Significant other observable inputs (Level 2) $'000**	**Significant other observable inputs (Level 3) $'000**
Freehold Land	Dec-20	-	10,733,532	-
Plant and Buildings	Dec-20	-	-	13,826,455
Total		-	10,733,532	13,826,455
		The Company		
Freehold Land	Dec-20	-	7,080,294	-
Plant and Buildings	Dec-20	-	-	10,932,342
Total		-	7,080,294	10,932,342

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15. Property, Plant and Equipment (Continued)

(a) (continued)

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

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

Fair Value Measurements using significant unobservable inputs (Level 3)

	Group Plant & Buildings $'000	Company Plant & Buildings $'000
Opening balance at valuation	13,980,301	10,925,587
Additions/transfers in	430,192	420,095
Depreciation through profit or loss	(584,038)	(413,340)
Closing balance	13,826,455	10,932,342

The Group

	Fair value at 31 December 2021 $'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value 2021 $'000
Description					
Plant and Building	13,826,455	Depreciable Replacement Cost method	Labour, material and contractor's charges	None noted	The higher the cost of labour, material and contractors' charges, the higher the replacement cost
			Remaining useful lives	1 year	If the estimates for the useful lives of the assets were higher or lower by one year, the value would be lower by $31,013,000 and higher by $40,398,000.

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15. Property, Plant and Equipment (Continued)

(a) (continued)

The Company

	Fair value at 31 December 2021 $'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value 2021 $'000
Plant and Building	10,932,342	Depreciable Replacement Cost method	Labour, material and contractor's charges	None noted	The higher the cost of labour, material and contractors' charges, the higher the replacement cost
			Remaining useful lives	1 year	If the estimates for the useful lives of the assets were higher or lower by one year, the value would be lower by $21,054,000 and higher by $28,201,000.

(b) A fixed charge totalling US$26.6 million has been placed over the property, plant and equipment of the company as well as mortgages totalling $2,104 million over certain premises and equipment owned by the company in keeping with the terms of certain loan agreements (Note 29).

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cost	9,605,929	9,175,737	9,207,554	8,787,459
Accumulated depreciation	(1,321,883)	(1,232,467)	(1,248,020)	(1,178,353)
Net book value	8,284,046	7,943,270	7,959,534	7,609,106

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16. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 32.

(a) Amounts recognised in the statement of financial position (IFRS 16)

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Right-of-use assets				
Land and buildings	109,909	175,855	148,542	279,297
Lease liabilities				
Current	45,226	82,886	88,634	123,257
Non-current	72,927	97,442	72,928	162,883
	118,153	180,328	161,562	286,140

(b) Amounts recognised in the statement of profit or loss IFRS16

The statement of profit or loss shows the following amounts relating to right-of-use assets:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Depreciation charge of right-of-use assets				
Land and buildings	65,946	65,946	130,755	111,993
Interest expense (Included in finance costs, Note 9)	15,645	11,943	20,502	13,497
	81,591	77,889	151,257	125,490

The total cash outflow for leases was $94,943,000 (2020 - $90,787,000). Income from the sub-lease of right of use assets was $173,006,000 (2020 - $140,883,000) within the Group.

17. Investment Property

	Land	Plant and Buildings	Total
	$'000	**$'000**	**$'000**
Cost -			
At 31 December 2019, At 31 December 2020 and At 31 December 2021	250,000	320,000	570,000
Accumulated Depreciation -			
At 31 December 2019	-	1,381	1,381
Charge for the year	-	7,918	7,918
At 31 December 2020	-	9,299	9,299
Charge for the year	-	7,918	7,918
At 31 December 2021	-	17,217	17,217
Net Book Value -			
31 December 2021	250,000	302,783	552,783
31 December 2020	250,000	310,701	560,701

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17. Investment Property (Continued)

The investment property, which is carried at cost less accumulated depreciation, was valued at its last valuation in 2019 at $570,000,000, based on open market value by D.C. Tavares and Finson Realty Limited, independent qualified valuators.

Amounts recognised in profit or loss for investment property:

	2021 $'000	2020 $'000
Rental income	50,329	43,865
Direct operating expenses from property that generated rental income	(7,918)	(7,918)

The investment property is leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as shown below:

	2021 $'000	2020 $'000
Receivable as follows:		
Within one year	71,436	46,569
Later than one year but not later than 5 years	65,482	212,710
Later than 5 years	-	63,105
	136,918	322,384

18. Intangible Assets

	Computer Software $'000	Rights to Customer Contracts $'000	Total $'000
		The Group	
At Cost -			
At 31 December 2019	82,828	470,637	553,465
Additions	8,088	-	8,088
Transfers from property plant and equipment	43,630	-	43,630
Disposal	(1,754)	-	(1,754)
At 31 December 2020	132,792	470,637	603,429
Additions	3,897	-	3,897
Transfers from property plant and equipment	4,461	-	4,461
At 31 December 2021	141,150	470,637	611,787
Amortisation -			
At 31 December 2019	41,611	437,506	479,117
Amortisation charge for year	14,193	10,456	24,649
Disposal	(351)	-	(351)
At 31 December 2020	55,453	447,962	503,415
Amortisation charge for year	21,477	10,456	31,933
At 31 December 2021	76,930	458,418	535,348
Net Book Value -			
31 December 2021	64,220	12,219	76,439
31 December 2020	77,339	22,675	100,014

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18. Intangible Assets (Continued)

	Computer Software $'000	Rights to Customer Contracts $'000	Total $'000
	The Company		
At Cost -			
At 31 December 2019	80,793	470,637	551,430
Additions	5,920	-	5,920
Transfers from property plant and equipment	43,630	-	43,630
Disposal	(1,754)	-	(1,754)
At 31 December 2020	128,589	470,637	599,226
Additions	3,897	-	3,897
Transfers from property plant and equipment	4,461	-	4,461
At 31 December 2021	136,947	470,637	607,584
Amortisation -			
At 31 December 2019	40,797	437,507	478,304
Amortisation charge for year	13,763	10,456	24,219
Disposal	(351)	-	(351)
At 31 December 2020	54,209	447,963	502,172
Amortisation charge for year	20,636	10,456	31,092
At 31 December 2021	74,845	458,419	533,264
Net Book Value -			
31 December 2021	62,102	12,218	74,320
31 December 2020	74,380	22,674	97,054

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

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

19. Investments in Subsidiaries

	2021 $'000	2020 $'000
Harbour Cold Stores Limited	13,335	13,335
Security Administrators Limited	6	6
Western Storage Limited	16,301	16,301
Western Terminals Limited	46,039	46,039
Kingston Terminal Operators Limited	50	50
	75,731	75,731

20. Financial Assets at Fair Value through Other Comprehensive Income

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Unquoted equities in a related company				
Opening balance	537,112	128,466	358,802	85,818
Fair value movement	(87,495)	408,646	(58,449)	272,984
	449,617	537,112	300,353	358,802

21. Retirement Benefit Asset and Obligations

	The Group and Company	
	2021 $'000	2020 $'000
Statement of financial position obligations/(asset) for:		
Pension benefits	(1,698,874)	(1,549,850)
Other retirement benefits	396,749	384,517
Profit or loss for (Note 7):		
Pension benefits	(63,461)	(107,322)
Other retirement benefits	57,725	43,098
Remeasurements for:		
Pension benefits	80,901	633,488
Other retirement benefits	34,020	(17,204)
	114,921	616,284

21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits

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

Defined contribution plan
The Group, through a subsidiary, participates in a defined contributory pension scheme which was established in May 2001 and is open to security personnel and administrative personnel contracted to the subsidiary. The scheme is administered by trustees. The scheme is funded by the employer's contribution of 5% and the members mandatory contribution of 5%. Members may also voluntarily contribute up to an additional 5% of their earnings to the scheme. The total contribution to the scheme during the year was $8,481,000 (2020 - $7,473,000).

The plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation dated 31 December 2019 revealed that the scheme was adequately funded as at that date.

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

The assets of the scheme are held independently of the Group's assets in a separate trustee-administered fund. The scheme is valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31 December 2021 for the purposes of the financial statements.

Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding. A preliminary valuation as at 31 December 2020 revealed that the scheme was adequately funded as at that date.

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21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

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

	The Group and Company	
	2021 $'000	**2020 $'000**
Fair value of plan assets	(4,037,301)	(3,730,537)
Present value of funded obligations	2,338,427	2,180,687
Surplus of funded plan/Asset in the statement of financial position	(1,698,874)	(1,549,850)

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

	The Group and Company	
	2021 $'000	**2020 $'000**
Asset at beginning of year	(1,549,850)	(2,071,885)
Amounts recognised in statement of comprehensive income	(144,362)	526,166
Contributions paid	(4,662)	(4,131)
Asset at end of year	(1,698,874)	(1,549,850)

The movement in the defined benefit asset recognised in the statement of financial position is as follows:

	The Group and Company	
	2021 $'000	**2020 $'000**
Balance at beginning of year	(3,730,537)	(4,200,906)
Interest income	(334,358)	(312,780)
Re-measurements -		
Return on plan assets, excluding amounts included in interest expense	(3,292)	722,145
Members' contributions	(42,461)	(37,933)
Employer's contributions	(4,662)	(4,131)
Benefits paid	71,374	97,332
Administrative expenses	6,635	5,736
Balance at end of year	(4,037,301)	(3,730,537)

21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

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

	The Group and Company	
	2021 $'000	**2020 $'000**
Balance at beginning of year	2,180,687	2,129,021
Current service cost	85,929	81,788
Interest cost	201,645	161,933
Re-measurements -		
Gains from change in experience adjustments	(98,971)	(77,136)
Loss/(gain) from change in financial assumptions	21,362	(11,521)
Members' voluntary contributions	19,149	17,279
Benefits paid	(71,374)	(97,332)
Gain on curtailment	-	(23,345)
Balance at end of year	2,338,427	2,180,687

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $1,513,705,000 relating to active employees, $128,138,000 relating to deferred members, $691,619,000 relating to members in retirement and $4,965,000 representing other liabilities.

The amounts recognised in profit or loss are as follows:

	The Group and Company	
	2021 $'000	**2020 $'000**
Current service cost	62,617	61,134
Interest income, net	(132,713)	(150,847)
Administrative expenses	6,635	5,736
Gain on curtailment	-	(23,345)
Total, included in staff costs (Note 7)	(63,461)	(107,322)

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21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Plan assets are comprised as follows:

	The Group and Company			
	2021		2020	
	$'000	%	$'000	%
Quoted securities:				
Equity securities	2,041,363	50.6%	1,893,780	50.8
Government of Jamaica securities	908,805	22.5%	856,006	22.9
Corporate bonds, promissory notes and preference shares	583,117	14.4%	588,357	15.8
Repurchase agreements	295,101	7.3%	205,057	5.5
Leases	16,881	0.4%	20,136	0.5
Real estate	79,260	2.0%	125,485	3.4
Other	112,774	2.8%	41,716	1.1
	4,037,301	100.0%	3,730,537	100.0

The pension plan assets include ordinary stock units of the company with a fair value of $387,000,000 (2020 - $405,000,000).

Expected contributions to the post-employment plan for the year ending 31 December 2022 are $5,900,000.

The significant actuarial assumptions used were as follows:

	2021	2020
Discount rate	8.0%	9.0%
Future salary increases	6.0%	7.0%
Expected pension increase	3.5%	4.5%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

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

	Impact on Post-employment Obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	0.5%	(144,060)	162,839
Future salary increases	0.5%	21,362	(20,735)
Expected pension increase	0.5%	126,923	(114,593)
Life expectancy	1 year	39,700	(39,932)

21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Sensitivity (continued):

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

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

(b) Other retirement benefits

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

The method of accounting and the frequency of valuations for these plans are similar to those used for the pension scheme. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 7% per year (2020 – 8%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 6% per year (2020 – 7%).

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

	The Group and Company	
	2021	**2020**
	$'000	**$'000**
Present value of unfunded obligations	396,749	384,517

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

	The Group and Company	
	2021	**2020**
	$'000	**$'000**
Liability at beginning of year	384,517	370,149
Amounts recognised in the statement of comprehensive income	23,705	25,894
Contributions paid	(11,473)	(11,526)
Liability at end of year	396,749	384,517

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21. Retirement Benefit Asset and Obligations (Continued)

(b) Other retirement benefits (continued)

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

	The Group and Company	
	2021 $'000	**2020 $'000**
Balance at beginning of year	384,517	370,149
Current service cost	21,683	21,182
Interest cost	36,042	28,664
Gain on curtailment	-	(6,748)
Included in staff costs in profit or loss (Note 7)	57,725	43,098
Re-measurements -		
Loss from change in financial assumptions	2,440	21,535
Experience gains	(36,460)	(38,739)
Total, included in other comprehensive income	(34,020)	(17,204)
Benefits paid	(11,473)	(11,526)
Balance at end of year	396,749	384,517

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

	Impact on Post-employment Obligations - Life		
	Change in Assumption	**Increase in Assumption $'000**	**Decrease in Assumption $'000**
Discount rate	0.5%	(1,723)	2,015
Future salary increases	0.5%	488	(490)

	Impact on Post-employment Obligations - Medical		
	Change in Assumption	**Increase in Assumption $'000**	**Decrease in Assumption $'000**
Discount rate	0.5%	(27,749)	31,747
Future medical cost rate	0.5%	31,747	(27,749)

21. Retirement Benefit Asset and Obligations (Continued)

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

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

Asset volatility

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

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

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

Changes in bond yields

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

Inflation risk

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

Life expectancy

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

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The company has not changed the processes used to manage its risks from previous periods. The company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2021 consists of bonds and equities.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries for the employees and 1% for the company. The next triennial valuation is due to be completed as at 31 December 2023. The company considers the current contribution rates to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

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21. Retirement Benefit Asset and Obligations (Continued)

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

The weighted average duration of the defined benefit obligation for the pension scheme is 15 years. The weighted average duration of the defined benefit obligation for post-employment medical and life insurance benefits is 17 years and 12 years respectively.

22. Inventories

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Fuel	5,077	6,627	5,077	6,627
Operating supplies	437,846	407,225	435,601	404,713
	442,923	413,852	440,678	411,340

Operating supplies for the Group and company are shown net of provision for impairment of $16,094,000 (2020 – $16,094,000).

23. Related Party Transactions and Balances

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
(i) Revenue earned from sales of services				
Subsidiaries	-	-	8,598	11,085
Companies controlled by directors/members or related by virtue of common directorships	2,910,792	2,497,719	2,201,612	1,821,819
	2,910,792	2,497,719	2,210,210	1,832,904

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

(ii) Other income				
Subsidiaries – management fees	-	-	6,490	6,490
Subsidiaries – interest	-	-	39,870	39,883
Companies controlled by directors/members or related by virtue of common directorships - dividends	1,463	5,555	976	3,711
(iii) Purchases of goods and services				
Subsidiaries	-	-	150,468	122,136
Companies controlled by directors/members related by virtue of common directorships	232,958	209,882	232,958	209,878
	232,958	209,882	383,426	332,014

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

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23. Related Party Transactions and Balances (Continued)

(a) Transactions (continued)

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
(iv) Interest expense				
Companies controlled by directors/members or related by virtue of common directorships	-	4,325	-	4,325

(b) Year-end balances with related parties:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
(i) Due from related companies				
Subsidiaries				
Long term receivables	-	-	708,182	697,753
Current accounts	-	-	172,556	168,590
Companies controlled by directors/members or related by virtue of common directorships				
Trade receivables (Note 24)	336,276	259,246	198,976	188,492
	336,276	259,246	1,079,714	1,054,835

The long term receivables are comprised of:

- loan to a subsidiary of $470 million (2020 – $470 million), which was due on 30 June 2022. The maturity period was extended for a further 5 years to 31 December 2027. Interest is charged at a rate of 7.5% per annum. The current account includes accrued interest of $5,823,000 (2020 - $6,071,000) in relation to this loan;.
- loan of $61 million (2020 - $61 million) which earns interest at 7.5% (2020 – 7.5%) and was repayable on 30 June 2022. The maturity period was extended for a further 5 years to 31 December 2027. Accrued interest relating to the loan of $16,190,000 (2020 - $11,582,000) is recorded in the current account.
- interest-free advances of $102 million (2020 - $102 million) to fund an acquisition.
- the balance of the long term amount receivable is interest free and not due for repayment in twelve months.

Loss allowances of $5,742,000 (2020 - $7,033,000) and $2,060,000 (2020 - $1,821,000) for the Group and company respectively are held against trade accounts receivable from related parties.

(ii) Due to related companies				
Subsidiaries	-	-	21,608	11,183
Companies controlled by directors/members or related by virtue of common directorships (Note 31)	6,046	7,368	5,936	7,096
	6,046	7,368	27,544	18,279

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23. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Salaries and other short term employee benefits	94,501	74,528	79,318	61,353
Payroll taxes – employer's contributions	9,192	8,481	7,672	7,201
Pension benefits	773	799	622	673
Other	11,466	4,841	9,692	3,327
	115,932	88,649	97,304	72,554
Directors' emoluments –				
Fees	29,215	25,930	27,590	25,256
Management remuneration (included in salaries above)	80,294	59,682	61,665	43,587

24. Trade and Other Receivables

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Trade receivables	714,640	544,567	549,924	448,722
Less: Loss allowance	(27,908)	(71,612)	(19,139)	(62,278)
	686,732	472,955	530,785	386,444
Prepayments	43,738	50,283	27,028	44,863
Other	138,295	178,062	129,825	170,911
	868,765	701,300	687,638	602,218

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

Included in "Other" receivables are amounts totalling $94,613,000 (2020 - $91,316,000) relating to repairs to damaged berths. These amounts are recoverable from the principals of the offending ships.

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25. Cash and Cash Equivalents

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Short term investments	9,077,893	6,558,479	7,797,626	5,580,545
Less: Short term investments with maturities in excess of three months	-	(140,769)	-	(140,769)
	9,077,893	6,417,710	7,797,626	5,439,776
Cash and bank	480,393	376,010	342,787	180,177
	9,558,286	6,793,720	8,140,413	5,619,953

The weighted average effective interest rate on short term investments was 3.5% (2020 – 3.3%) per annum for United States dollar denominated investments and 3.6% (2020 – 3.2%) per annum for Jamaican dollar investments. These short term investments have an average maturity of 85 days.

Cash at bank includes United States dollar savings accounts and an interest earning current account. Interest is currently 0.1% (2020 – 0.08%) per annum and 3% (2020 – 1%) per annum respectively.

The Group has undrawn credit facilities via bank overdrafts of $60 million and $5 million which attract interest at 16.85% and 16.25% respectively. Security for the facilities is described in Note 29.

26. Share Capital

The total authorised number of ordinary shares is 1,507,550,000 (2020 - 1,507,550,000) units. All issued shares are fully paid. The no par shares in issue comprise the stated capital of the company.

	2021 Units ('000)	**2020 Units ('000)**	**2021 $'000**	**2020 $'000**
Issued and fully paid				
Ordinary stock units	1,430,200	1,430,200	2,079,398	2,079,398
Treasury shares	(2,758)	(858)	(109,170)	(35,654)
Issued and outstanding	1,427,442	1,429,342	1,970,228	2,043,744

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26. Share Capital (Continued)

Treasury Shares

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

During the year, the company through this Trust granted 100,000 shares to key management personnel at a value of $4,484,000. The Trust also approved the purchase of an additional 2,000,000 units at a fair value $78 million. Included in the number of shares at the year-end are 101,000 units, which were granted to employees and are now fully vested and available for distribution.

	2021		2020	
	Number of shares ’000	$’000	Number of shares ’000	$’000
Shares purchased for ESOP	3,217	128,000	1,217	50,000
Executive share ownership scheme sale	(459)	(18,830)	(359)	(14,346)
Balance at end of year	2,758	109,170	858	35,654

27. Other Reserves

Other reserves comprise:

	The Group		The Company	
	2021 $’000	2020 $’000	2021 $’000	2020 $’000
Capital reserves	18,576,008	18,454,763	11,662,054	11,649,475
Fair value reserve	363,099	450,594	242,303	300,752
	18,939,107	18,905,357	11,904,357	11,950,227

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27. Other Reserves (Continued)

Capital Reserves

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Unrealised surplus on revaluation of property, plant and equipment	19,717,828	19,717,828	12,053,860	12,053,860
Less: Deferred taxation	(1,691,664)	(1,800,330)	(777,667)	(777,667)
	18,026,164	17,917,498	11,276,193	11,276,193
Realised gain on sale of assets	30,188	30,188	5	5
Capital distributions received	3,612	3,612	3,612	3,612
Capitalisation of profits	130,325	130,325	-	-
Asset replacement reserve	382,234	369,655	382,234	369,655
Capitalisation of depreciation reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
	18,576,008	18,454,763	11,662,054	11,649,475

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

28. Asset Replacement/Rehabilitation and Depreciation Reserves

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

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

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

The balance of the reserves comprises:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Fund	217,024	216,761	212,968	212,968
	217,024	216,761	212,968	212,968

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28. Asset Replacement/Rehabilitation and Depreciation Reserves (Continued)

The movement in each category of reserves was as follows:

(a) Asset Replacement/Rehabilitation Reserve

	The Group and Company	
	2021	**2020**
	$'000	**$'000**
At beginning of year	-	-
Transfers from profit or loss account during the year	12,579	12,579
Transfer to capital reserves - utilised for capital expansion	(12,579)	(12,579)
At end of year	-	-

(b) Depreciation Fund

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	216,761	216,598	212,968	212,968
Transfer from retained earnings (net interest)	263	163	-	-
At end of year	217,024	216,761	212,968	212,968

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

The company is awaiting approval from The Port Authority of Jamaica for amounts spent to undertake capital projects, which have substantially exceeded the value of the Reserve Fund. As such, all related cash, deposits or liquid securities pertaining to reserves have been fully utilised.

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29. Borrowings

		The Group		The Company	
		2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
(a)	The Port Authority of Jamaica	1,480	1,480	1,480	1,480
(b)	The Port Authority of Jamaica	1,452	1,452	-	-
(c)	Bank of Nova Scotia Jamaica Limited	855,000	1,107,000	855,000	1,107,000
(d)	National Commercial Bank Limited	88,889	-	88,889	-
(e)	CIBC FirstCaribbean International Bank (Jamaica) Limited	723,219	-	723,219	-
(f)	CIBC FirstCaribbean International Bank (Jamaica) Limited	101,037	140,148	101,037	140,148
(g)	CIBC FirstCaribbean International Bank (Jamaica) Limited	98,214	176,786	98,214	176,786
(h)	CIBC FirstCaribbean International Bank (Jamaica) Limited	177,375	241,875	177,375	241,875
(i)	First Global Bank Limited	-	12,000	-	12,000
		2,046,666	1,680,741	2,045,214	1,679,289
	Less: Current portion	(557,997)	(446,183)	(557,997)	(446,183)
		1,488,669	1,234,558	1,487,217	1,233,106

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

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

(c) This represents a loan of $1.8 billion from The Bank of Nova Scotia for the financing of the company's Total Logistics Facility. This loan facility was renegotiated; the loan remains repayable over a 7 year period and had a moratorium on principal which ended 30 June 2018. Thereafter, principal is repayable in 20 quarterly instalments of $63,000,000 each and one final payment of $540,000,000. The interest rate varies over the life of the loan with rates fixed at 7.0% per annum for three years and 5.0% per annum for the remainder of the loan. This is scheduled to be repaid in June 2023.

(d) This represents an unsecured loan facility of $100 million from National Commercial Bank Jamaica Limited, for the refinancing of debt and to provide general working capital support. The loan is repayable over five years in quarterly installments of principal and interest with an initial six-month moratorium on principal payments. The interest rate is fixed at 5.5% and the loan is scheduled to be fully repaid in December 2025.

(e) This represents a loan facility from CIBC FirstCaribbean International Bank (Jamaica) Limited to finance the company's acquisition of a new mobile harbor crane for $750 million. The loan is being amortised over a period of seven years at a fixed interest rate of 5.0% and is scheduled to be repaid in September 2028.

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

29. Borrowings (Continued)

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

(h) This represents a credit facility of $372 million granted by the Development Bank of Jamaica (DBJ) through CIBC FirstCaribbean International Bank (Jamaica) Limited and loan of $79.5 million from CIBC FirstCaribbean International Bank (Jamaica) Limited toward the company's capital expenditure program. The DBJ portion of the loan was repaid in 2020 and refinanced by CIBC FirstCaribbean International Bank. The loan is currently fixed at 5% p.a. and is to be repaid in September 2024.

(i) This represented a credit facility of $88.8 million granted by First Global Bank toward the company's capital expenditure program. The loan was amortised over 3 years, with an initial interest rate of 6.75% p.a for 12 months and variable thereafter, subject to change by the Bank. The principal was fully repaid in May 2021. The loan was secured by mortgages over property owned by the Group, bills of sale over certain pieces of machinery and assignment of insurance over those pieces of machinery.

Security for the loan facilities with CIBC FirstCaribbean International Bank (Jamaica) Limited (e)-(h) above and including the bank overdrafts (Notes 3 and 25) and guarantees (Note 33), is a registered demand debenture providing fixed and floating charges over the company's fixed and floating assets stamped to cover US$26.6 million, assignment of insurance proceeds and promissory notes stamped in the sums of $1,354.0 million and US$26.6 million and mortgages/charges over property and machinery owned by the Group of $2,103.5 million. Undrawn facilities with this institution (excluding overdrafts (Note 25)) total $150 million for capital expenditure.

The Bank of Nova Scotia (BNS) facility (c) is secured by a debenture ranked pari passu with CIBC FirstCaribbean International Bank (Jamaica) Limited over the fixed and floating assets of the company, together with a legal mortgage over land and buildings owned by the Group, and supported by guarantees totalling $1.8 billion. Undrawn facilities from BNS include insurance premium financing of US$1.5 million, unsecured revolving loan of $4 million and bank overdraft (Note 25).

Reconciliation of liabilities arising from financing activities

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
At beginning of year	1,680,741	2,273,631	1,679,289	2,272,179
Financing cash inflows	850,000	-	850,000	-
Financing cash outflows	(484,075)	(592,890)	(484,075)	(592,890)
At end of year	2,046,666	1,680,741	2,045,214	1,679,289

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30. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 12.5% (2020 - 12.5%) for the company and 12.5% - 25%% (2020 – 25%) for the subsidiaries.

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Statement of financial position (assets)/liabilities for:				
Deferred income tax assets	(8,765)	(6,250)	-	-
Deferred income tax liabilities	1,700,180	1,756,649	1,083,959	1,035,168
	1,691,415	1,750,399	1,083,959	1,035,168

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred income tax assets -				
Vacation leave accrual	2,394	2,305	1,917	1,471
Other payables	6,241	3,898	-	-
Employee benefit obligations	49,412	48,065	49,412	48,065
Property, plant and equipment	5,819	3,436	-	-
Unrealised foreign exchange losses	5,440	6,283	5,209	1,011
	69,306	63,987	56,538	50,547
Deferred income tax liabilities -				
Property, plant and equipment	1,536,303	1,614,301	920,021	886,127
Unrealised foreign exchange gains	3,704	-	-	-
Interest receivable	8,423	6,354	8,185	5,857
Retirement benefit asset	212,291	193,731	212,291	193,731
	1,760,721	1,814,386	1,140,497	1,085,715
Net deferred income tax liabilities	1,691,415	1,750,399	1,083,959	1,035,168

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30. Deferred Income Tax (Continued)

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Net liabilities at beginning of year	1,750,399	1,412,316	1,035,168	829,685
Profit or loss (Note 10)	35,317	41,508	34,426	65,360
Effect on re-measurements of post- employment benefits	14,365	(77,036)	14,365	(77,036)
Stockholders' equity on revaluation surplus	-	292,512	-	136,060
Effect of change in tax rate on previous years' revaluation surplus	(108,666)	81,099	-	81,099
Net liabilities at end of year	1,691,415	1,750,399	1,083,959	1,035,168

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Vacation leave accrual	(89)	1,379	(446)	1,160
Other payables	(2,343)	(2,026)	-	-
Employee benefit obligations	(5,599)	(9,795)	(5,599)	(9,795)
Unrealised foreign exchange losses	843	(2,335)	(4,198)	1,309
Property, plant and equipment	28,285	5,238	33,894	23,749
Unrealised foreign exchange gains	3,704	-	-	-
Interest receivable	2,069	2,380	2,328	2,270
Retirement benefit asset	8,447	46,667	8,447	46,667
	35,317	41,508	34,426	65,360

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Retirement benefit asset	10,113	(79,186)	10,113	(79,186)
Employee benefit obligations	4,252	2,150	4,252	2,150
	14,365	(77,036)	14,365	(77,036)

30. Deferred Income Tax (Continued)

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

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred income tax assets to be recovered -				
After more than 12 months	55,231	51,501	49,412	48,065
Deferred income tax liabilities to be extinguished -				
After more than 12 months	1,748,594	1,808,032	1,132,312	1,079,858

31. Trade and Other Payables

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade payables	130,652	76,941	123,433	54,881
Dividends payable	536,771	493,590	536,771	493,590
Provision for 16% wharfage reserve	173,623	141,241	173,623	141,241
Contract retention	15,564	-	15,564	-
Other payables and accruals	812,063	636,951	706,061	595,887
	1,668,673	1,348,723	1,555,452	1,285,599

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

32. Operating Leases

The Group earned property rental income of $257,794,000 (2020- $215,709,000) under operating leases.

The future minimum lease payments receivable under operating leases (excluding investment property – Note 17) are as follows:

	2021 $'000	2020 $'000
No later than 1 year	251,372	234,392
Within 1 to 5 years	23,346	106,270
	274,718	340,662

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33. Contingent Liabilities

Litigation

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

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

Bank Guarantee

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

Other

The COVID-19 outbreak was ongoing in 2021, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. The Group was active in managing the crisis by establishing a COVID-19 committee to implement prevention measures to safeguard its employees, customers and other stakeholders. Additionally, steps were taken to stabilize the Group's operations through business continuity strategies aimed at streamlining processes and ensuring continuous operational efficiency. At this stage, there has been no negative impact on revenue and profit, the Group maintains a favourable liquidity position with an increase in cash, and short-term deposit balances.

The Group will continue to follow the various government policies and advice and will do its utmost to continue operations in the best and safest way possible to ensure the health of its employees.

34. Commitments

The Group and company had capital commitments at year-end as follows:

	2021 $'000	2020 $'000
Authorised and contracted for	4,325,764	24,800