

# **Kingston Wharves Limited**

**Financial Statements  
31 December 2022**

# Kingston Wharves Limited

Index

31 December 2022

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
KINGSTON WHARVES LIMITED

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the separate financial statements of Kingston Wharves Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 8 to 76 which comprise the Group's and the Company's statements of financial position as at December 31, 2022, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2022, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and the Jamaican Companies Act.

#### *Basis for Opinion*

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
KINGSTON WHARVES LIMITED

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

*Key Audit Matters*

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

**Valuation of employee benefits asset**

The Group operates a defined benefit retirement scheme and provides other unfunded retirement benefits. Significant estimates are made in valuing the group's employee benefit asset and obligations.

Given the value of the assets and liabilities, small changes in the assumptions can have a material financial impact on the group. The key assumptions involved in calculating employee benefit asset and obligations are discount rates, inflation, and future increases in salaries and pensions.

Management appointed an external actuarial expert to assist in measuring the employee benefit asset and obligations at the reporting date.

The use of significant assumptions increases the risk that management's estimate can be materially misstated.

[see notes 2(s), 4 and 21 to the financial statements].

**How the matter was addressed in our audit**

Our audit procedures in response to this matter, included

- Evaluating the independence and objectivity of the appointed actuarial expert.
- Using our own actuarial specialists to assist in determining that the actuarial valuation was performed in accordance with the requirements of IAS 19 *Employee Benefits*.
- Testing employee data provided by management to the actuarial expert.
- Assessing key assumptions used by the actuary, including inflation and discount rates, by comparing them to information from independent sources.
- Confirming a selection of the plan assets with the custodians of the assets and recomputing their fair values by reference to independent prices and yield curves.
- Assessing whether disclosures in the financial statements are appropriate in respect of the Group's employee benefit arrangements.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
KINGSTON WHARVES LIMITED

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

*Other matter*

The financial statements of the Group and the Company as at and for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on March 1, 2022.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

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

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
KINGSTON WHARVES LIMITED

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

*Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)*

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
KINGSTON WHARVES LIMITED

**Report on additional matters as required by the Jamaican Companies Act**

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

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

The partner on the audit resulting in this independent auditors' report is Sandra Edwards.

KPMG

Chartered Accountants  
Kingston, Jamaica

March 1, 2023



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
KINGSTON WHARVES LIMITED

**Appendix to the Independent Auditors' report**

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

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





INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
KINGSTON WHARVES LIMITED

**Appendix to the Independent Auditors' report (continued)**

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

# Kingston Wharves Limited

Group Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
<b>Revenue</b>		9,476,406	8,674,001
Direct costs		(4,999,185)	(4,278,883)
<b>Gross Profit</b>		4,477,221	4,395,118
Other operating income	8	505,267	679,779
Administration expenses		(1,716,997)	(1,206,161)
<b>Operating Profit</b>		3,265,491	3,868,736
Finance costs	9	( 101,892)	( 149,390)
<b>Profit before Tax</b>		3,163,599	3,719,346
Tax expense	10	( 425,129)	( 468,501)
<b>Net Profit for Year</b>		<u>2,738,470</u>	<u>3,250,845</u>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Changes in fair value of investments at fair value through other comprehensive income	20	-	( 87,495)
Re-measurements of post-employment benefits	21	(1,008,652)	114,921
Deferred tax effect on re-measurements of post-employment benefits	30	126,082	( 14,365)
Effect of change in tax rate on deferred taxation on revaluation surplus		-	108,666
		<u>( 882,570)</u>	<u>121,727</u>
<b>Total Comprehensive Income for Year</b>		<u>1,855,900</u>	<u>3,372,572</u>
<b>Net Profit Attributable to:</b>			
Equity holders of the company	11	2,694,027	3,195,882
Non-controlling interest	12	44,443	54,963
		<u>2,738,470</u>	<u>3,250,845</u>
<b>Total Comprehensive Income Attributable to:</b>			
Equity holders of the company		1,811,457	3,317,609
Non-controlling interest	12	44,443	54,963
		<u>1,855,900</u>	<u>3,372,572</u>
<b>Earnings per stock unit of profit attributable to the equity holders of the company during the year</b>	13	<u>\$1.89</u>	<u>2.24</u>

# Kingston Wharves Limited

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Group Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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	Note	2022 \$'000	2021 \$'000
<b>Non-current Assets</b>			
Property, plant and equipment	15	29,299,590	27,510,200
Right-of-use assets	16	43,963	109,909
Investment property	17	544,865	552,783
Intangible assets	18	46,222	76,439
Financial assets at fair value through other comprehensive income	20	449,617	449,617
Deferred income tax assets	30	4,267	8,765
Retirement benefit asset	21	<u>558,899</u>	<u>1,698,874</u>
		<u>30,947,423</u>	<u>30,406,587</u>
<b>Current Assets</b>			
Inventories	22	572,780	442,923
Trade and other receivables	24	841,936	868,765
Taxation recoverable		42,640	30,482
Short term investments	25	9,632,840	9,077,893
Cash and bank	25	<u>642,950</u>	<u>480,393</u>
		<u>11,733,146</u>	<u>10,900,456</u>
<b>Total Assets</b>		<u>42,680,569</u>	<u>41,307,043</u>

# Kingston Wharves Limited

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Group Statement of Financial Position (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
<b>EQUITY</b>			
<b>Stockholders' Equity</b> (attributable to equity holders of the company)			
Share capital	26	1,976,298	1,970,228
Other reserves	27	18,951,686	18,939,107
Asset replacement/rehabilitation and depreciation reserves	28	217,577	217,024
Retained earnings		<u>14,682,011</u>	<u>13,841,920</u>
		35,827,572	34,968,279
<b>Non-controlling Interest</b>	12	<u>315,497</u>	<u>271,054</u>
		<u>36,143,069</u>	<u>35,239,333</u>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Borrowings	29	1,633,056	1,488,669
Lease liabilities	16	-	72,927
Deferred income tax liabilities	30	1,514,386	1,700,180
Retirement benefit obligations	21	<u>258,749</u>	<u>396,749</u>
		<u>3,406,191</u>	<u>3,658,525</u>
<b>Current Liabilities</b>			
Trade and other payables	31	2,165,247	1,668,673
Taxation		66,108	137,289
Borrowings	29	855,613	557,997
Lease liabilities	16	<u>44,341</u>	<u>45,226</u>
		<u>3,131,309</u>	<u>2,409,185</u>
<b>Total Equity and Liabilities</b>		<u>42,680,569</u>	<u>41,307,043</u>

Approved for issue by the Board of Directors on March 1, 2023 and signed on its behalf by:

Jeffrey Hall

Chairman

Grantley Stephenson

Deputy Chairman

# Kingston Wharves Limited

## Group Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Equity Holders of the Company					Non-controlling Interest	Total Equity	
	Note	Share Capital \$'000	Other Reserves \$'000	Asset Replacement/ Rehabilitation and Depreciation Reserves \$'000	Retained Earnings \$'000	Total \$'000	\$'000	\$'000
<b>Balance at 31 December 2020</b>		<u>2,043,744</u>	<u>18,905,357</u>	<u>216,761</u>	<u>11,416,470</u>	<u>32,582,332</u>	<u>216,091</u>	<u>32,798,423</u>
Net profit for the year		-	-	-	3,195,882	3,195,882	54,963	3,250,845
Other comprehensive income		-	<u>21,171</u>	-	<u>100,556</u>	<u>121,727</u>	-	<u>121,727</u>
Total comprehensive income for year		-	<u>21,171</u>	-	<u>3,296,438</u>	<u>3,317,609</u>	<u>54,963</u>	<u>3,372,572</u>
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)	-	-	-	-
<b>Transactions with owners:</b>								
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)
<b>Balance at 31 December 2021</b>		<u>1,970,228</u>	<u>18,939,107</u>	<u>217,024</u>	<u>13,841,920</u>	<u>34,968,279</u>	<u>271,054</u>	<u>35,239,333</u>
Net profit for the year		-	-	-	2,694,027	2,694,027	44,443	2,738,470
Other comprehensive income		-	-	-	( 882,570)	( 882,570)	-	( 882,570)
Total comprehensive income for year		-	-	-	<u>1,811,457</u>	<u>1,811,457</u>	<u>44,443</u>	<u>1,855,900</u>
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	28	-	-	553	( 553)	-	-	-
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)	-	-	-	-
<b>Transactions with owners:</b>								
Sale of treasury shares		6,070	-	-	-	6,070	-	6,070
Dividends	14	-	-	-	( 958,234)	( 958,234)	-	( 958,234)
<b>Balance at 31 December 2022</b>		<u>1,976,298</u>	<u>18,951,686</u>	<u>217,577</u>	<u>14,682,011</u>	<u>35,827,572</u>	<u>315,497</u>	<u>36,143,069</u>

# Kingston Wharves Limited

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## Group Statement of Cash Flows

**Year ended 31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Net profit		2,738,470	3,250,845
Adjustments for:			
Amortisation	18	30,217	31,933
Depreciation – investment property	17	7,918	7,918
Depreciation – property, plant and equipment	15	857,813	825,614
Depreciation – leased asset	16	65,946	65,946
Foreign exchange losses/(gains) on operating activities		177,511	( 432,165)
Loss/(gain) on disposal of property, plant and equipment		85,356	( 1,367)
Retirement benefit asset		( 53,032)	( 68,123)
Retirement benefit obligations		46,355	46,252
Interest income	8	( 409,217)	( 244,784)
Finance costs	9	101,892	149,390
Taxation	10	<u>425,129</u>	<u>468,501</u>
		4,074,358	4,099,960
Changes in operating assets and liabilities:			
Inventories		( 129,857)	( 29,071)
Trade and other receivables		26,829	( 167,465)
Trade and other payables		<u>410,946</u>	<u>276,497</u>
Cash provided by operations		4,382,276	4,179,921
Taxes paid		( 563,691)	( 396,453)
Net cash provided by operating activities		<u>3,818,585</u>	<u>3,783,468</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	15	( 2,732,559)	(1,097,261)
Purchase of intangible assets	18	-	( 3,897)
Proceeds from sale of property, plant and equipment		-	1,367
Short term deposits with maturities in excess of three months		-	140,769
Interest received		<u>416,308</u>	<u>230,403</u>
Net cash used in investing activities		( 2,316,251)	( 728,619)
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders of the company		( 872,606)	( 814,693)
Acquisition of treasury shares		-	( 78,000)
Sale of treasury shares	26	6,070	4,484
Interest paid		( 95,628)	( 104,180)
Lease payments made		( 90,204)	( 94,943)
Loan proceeds		1,000,000	850,000
Loans repaid		( 557,997)	( 484,075)
Net cash used in financing activities		( 610,365)	( 721,407)
Net increase in cash and cash equivalents		891,969	2,333,442
Net cash and cash equivalents at beginning of year		9,558,286	6,793,720
Exchange adjustment on foreign currency cash and cash equivalents		( 174,465)	431,124
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	<u>10,275,790</u>	<u>9,558,286</u>

# Kingston Wharves Limited

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Company Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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	Note	2022 \$'000	2021 \$'000
<b>Revenue</b>		7,959,492	7,744,056
Direct expenses		<u>(4,101,313)</u>	<u>(3,523,846)</u>
<b>Gross Profit</b>		3,858,179	4,220,210
Other operating income	8	549,962	614,072
Administration expenses		<u>(1,610,217)</u>	<u>(1,165,197)</u>
<b>Operating Profit</b>		2,797,924	3,669,085
Finance costs	9	<u>( 122,471)</u>	<u>( 144,274)</u>
<b>Profit before Tax</b>		2,675,453	3,524,811
Tax expense	10	<u>( 373,615)</u>	<u>( 419,741)</u>
<b>Net Profit for Year</b>		<u>2,301,838</u>	<u>3,105,070</u>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of investments at fair value through other comprehensive income	20	-	( 58,449)
Re-measurements of post-employment benefits	21	(1,008,652)	114,921
Deferred tax effect on re-measurements of post-employment benefits	30	<u>126,082</u>	<u>( 14,365)</u>
Total other comprehensive income, net of taxes		<u>( 882,570)</u>	<u>42,107</u>
<b>Total Comprehensive Income for Year</b>		<u>1,419,268</u>	<u>3,147,177</u>

# Kingston Wharves Limited

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## Company Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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	Note	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	15	22,975,564	20,955,268
Right-of-use assets	16	151,037	148,542
Intangible assets	18	44,872	74,320
Investments in subsidiaries	19	75,731	75,731
Financial assets at fair value through other comprehensive income	20	300,353	300,353
Group companies	23	531,606	708,182
Retirement benefit asset	21	<u>558,899</u>	<u>1,698,874</u>
		<u>24,638,062</u>	<u>23,961,270</u>
<b>Current Assets</b>			
Inventories	22	568,969	440,678
Trade and other receivables	24	569,388	687,638
Group companies	23	283,911	172,556
Short term investments	25	8,116,284	7,797,626
Cash and bank	25	<u>299,346</u>	<u>342,787</u>
		<u>9,837,898</u>	<u>9,441,285</u>
<b>Total Assets</b>		<u>34,475,960</u>	<u>33,402,555</u>



# Kingston Wharves Limited

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Company Statement of Financial Position (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
<b>EQUITY</b>			
<b>Stockholders' Equity</b>			
Share capital	26	1,976,298	1,970,228
Other reserves	27	11,916,936	11,904,357
Asset replacement/rehabilitation and depreciation reserves	28	212,968	212,968
Retained earnings		<u>14,364,113</u>	<u>13,915,658</u>
		<u>28,470,315</u>	<u>28,003,211</u>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Borrowings	29	1,631,604	1,487,217
Lease liabilities	16	68,048	72,928
Deferred income tax liabilities	30	948,266	1,083,959
Retirement benefit obligations	21	<u>258,749</u>	<u>396,749</u>
		<u>2,906,667</u>	<u>3,040,853</u>
<b>Current Liabilities</b>			
Trade and other payables	31	2,079,024	1,555,452
Group companies	23	45,113	21,608
Taxation payable		36,124	134,800
Borrowings	29	855,613	557,997
Lease liabilities	16	<u>83,104</u>	<u>88,634</u>
		<u>3,098,978</u>	<u>2,358,491</u>
<b>Total Equity and Liabilities</b>		<u>34,475,960</u>	<u>33,402,555</u>

Approved for issue by the Board of Directors on March 1, 2023 and signed on its behalf by:

Jeffrey Hall

Chairman

Grantley Stephenson

Deputy Chairman

**Kingston Wharves Limited**  
 Company Statement of Changes in Equity  
 Year ended 31 December 2022  
 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$'000	Other Reserves \$'000	Asset Replacement/ Rehabilitation and Depreciation Reserves \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 31 December 2020</b>		<u>2,043,744</u>	<u>11,950,227</u>	<u>212,968</u>	<u>11,580,757</u>	<u>25,787,696</u>
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)	-	-
<b>Transactions with owners:</b>						
Acquisition of treasury shares	26	( 78,000)	-	-	-	( 78,000)
Sale of treasury shares		4,484	-	-	-	4,484
Dividends	14	-	-	-	( 858,146)	( 858,146)
<b>Balance at 31 December 2021</b>		<u>1,970,228</u>	<u>11,904,357</u>	<u>212,968</u>	<u>13,915,658</u>	<u>28,003,211</u>
Net profit for the year		-	-	-	2,301,838	2,301,838
Other comprehensive income		-	-	-	( 882,570)	( 882,570)
Total comprehensive income for year		-	-	-	1,419,268	1,419,268
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)	-	-
<b>Transactions with owners:</b>						
Sale of treasury shares		6,070	-	-	-	6,070
Dividends	14	-	-	-	( 958,234)	( 958,234)
<b>Balance at 31 December 2022</b>		<u>1,976,298</u>	<u>11,916,936</u>	<u>212,968</u>	<u>14,364,113</u>	<u>28,470,315</u>

# Kingston Wharves Limited

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## Company Statement of Cash Flows

**Year ended 31 December 2022**

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Net profit		2,301,838	3,105,070
Adjustments for:			
Amortisation	18	29,448	31,092
Depreciation – property, plant and equipment	15	682,289	648,334
Depreciation – leased asset	16	131,712	130,755
Foreign exchange losses/(gains) on operating activities		160,623	( 357,518)
Gain on disposal of property, plant and equipment	8	-	( 1,367)
Retirement benefit asset		( 53,032)	( 68,123)
Retirement benefit obligations		46,355	46,252
Interest income	8	( 362,878)	( 247,721)
Finance costs	9	122,471	144,274
Taxation	10	<u>373,615</u>	<u>419,741</u>
		3,432,441	3,850,789
Changes in operating assets and liabilities:			
Inventories		( 128,291)	( 29,338)
Group companies		88,726	( 3,970)
Trade and other receivables		118,250	( 85,420)
Trade and other payables		<u>437,945</u>	<u>226,400</u>
Cash provided by operations		3,949,071	3,958,461
Taxes paid		( 481,902)	( 325,704)
Net cash provided by operating activities		<u>3,467,169</u>	<u>3,632,757</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	15	(2,702,585)	(1,087,613)
Purchase of intangible assets	18	-	( 3,897)
Proceeds from sale of property, plant and equipment		-	1,367
Short term deposits with maturities in excess of three months	25	-	140,769
Interest received		<u>374,933</u>	<u>233,708</u>
Net cash used in investing activities		<u>(2,327,652)</u>	<u>( 715,666)</u>
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders of the company		( 872,606)	( 814,693)
Acquisition of treasury shares		-	( 78,000)
Sale of treasury shares	26	6,070	4,484
Interest paid		( 95,628)	( 85,677)
Lease payments		( 160,492)	( 168,955)
Loan proceeds		1,000,000	850,000
Loans repaid		( 557,997)	( 484,075)
Net cash used in financing activities		<u>( 680,653)</u>	<u>( 776,916)</u>
Net increase in cash and cash equivalents		458,864	2,140,175
Net cash and cash equivalents at beginning of year		8,140,413	5,619,953
Exchange adjustment on foreign currency cash and cash equivalents		( 183,647)	<u>380,285</u>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	<u><b>8,415,630</b></u>	<u><b>8,140,413</b></u>

# Kingston Wharves Limited

## Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification and Principal Activities

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

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

### 2. 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), and comply with the Jamaican Companies Act ("the Act").

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.

#### ***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 2022 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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 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)*

- **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.

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 (Continued)

31 December 2022

(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 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 KWGHSL which is incorporated and domiciled in St. Lucia), 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 $\frac{1}{3}$ %	66 $\frac{2}{3}$ %	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 (KWGHSL)	Non-Trading	100%	100%	31 December
Kingston Terminal Operators Limited	Dormant	100%	100%	31 December

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 2. Significant Accounting Policies (continued)

### (b) Consolidation (continued)

#### Subsidiaries (continued)

The subsidiaries, which are all incorporated and domiciled in Jamaica (except KWGHSL which is incorporated and domiciled in St. Lucia), are as follows (continued):

	Principal Activities	Holding by Company	Holding by Group	Financial Year End
Newport Stevedoring Services Limited	Provision of contract labour	-	100%	31 December
Kingston Wharves Group Limited	Non-Trading	-	100%	31 December
KW Logistics Limited	Logistics services	-	100%	31 December
KW Stevedores Limited	Non-Trading	-	100%	31 December
KW Warehousing Services Limited	Property rental	-	100%	31 December

#### 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 services income is 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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (continued)

### (c) Revenue and income recognition (continued)

#### *Interest income*

Interest income on financial assets at amortised cost and financial assets at FVOCI is recognised on a time-proportionate basis using the effective interest method. When an 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.

### (d) Property, plant and equipment

Plant and buildings consist mainly of walls, piers, dredged 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 refrigeration 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.



# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 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 and any impairment losses.

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%
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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 and any impairment losses. 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.

### (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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (continued)

### (h) Foreign currency translation (continued)

#### *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 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 and which are subject to an insignificant risk of changes in value net of bank overdrafts.

### (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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 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.

When share capital is repurchased, including shares repurchased for the employee share ownership trusts, the amount of consideration paid, including directly attributable costs, is recognised as a deduction from share capital.

### (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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (continued)

### (p) Leases (continued)

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.

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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (continued)

### (p) Leases (continued)

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.

### (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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (continued)

### (s) Employee benefits (continued)

#### 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.

#### 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 or 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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

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## 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.

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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (continued)

### (w) Financial instruments(continued)

#### 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.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

## 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.

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.



# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (continued)

### (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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Group companies – non-current	-	-	531,606	708,182
Trade receivables	657,585	686,732	409,476	530,785
Other receivables	124,597	138,295	109,608	129,825
Group companies	-	-	283,911	172,556
Short term investments	9,632,840	9,077,893	8,116,284	7,797,626
Cash and bank	<u>642,950</u>	<u>480,393</u>	<u>299,346</u>	<u>342,787</u>
	<u>11,057,972</u>	<u>10,383,313</u>	<u>9,750,231</u>	<u>9,681,761</u>

#### **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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (continued)

### (a) Credit risk (continued)

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

	<b>The Group</b>				
	<b>Current \$'000</b>	<b>31 - 60 \$'000</b>	<b>Over 60 days \$'000</b>	<b>61-365 days \$'000</b>	<b>Total \$'000</b>
<b>31 December 2022</b>					
Weighted average loss rate	0.2%	0.7%	26.0%	100%	
Gross carrying amount trade receivables	<u>372,087</u>	<u>211,680</u>	<u>102,533</u>	<u>22,770</u>	<u>709,070</u>
<b>Loss Allowance</b>	<u>675</u>	<u>1,443</u>	<u>26,597</u>	<u>22,770</u>	<u>51,485</u>
	<b>Current \$'000</b>	<b>31 - 60 \$'000</b>	<b>Over 60 days \$'000</b>	<b>61- 365 days \$'000</b>	<b>Total \$'000</b>
<b>December 2021</b>					
Weighted average loss rate	0.2%	0.9%	26.7%	100%	
Gross carrying amount trade receivables	<u>419,455</u>	<u>236,822</u>	<u>45,767</u>	<u>12,596</u>	<u>714,640</u>
<b>Loss Allowance</b>	<u>1,000</u>	<u>2,102</u>	<u>12,210</u>	<u>12,596</u>	<u>27,908</u>
	<b>The Company</b>				
	<b>Current \$'000</b>	<b>31 - 60 \$'000</b>	<b>Over 60 days \$'000</b>	<b>61- 365 days \$'000</b>	<b>Total \$'000</b>
<b>31 December 2022</b>					
Weighted average loss rate	0.002%	0.002%	34.2%	100%	
Gross carrying amount trade receivables	<u>253,989</u>	<u>113,728</u>	<u>63,429</u>	<u>16,952</u>	<u>448,098</u>
<b>Loss Allowance</b>	<u>4</u>	<u>2</u>	<u>21,664</u>	<u>16,952</u>	<u>38,622</u>
	<b>Current \$'000</b>	<b>31 - 60 \$'000</b>	<b>Over 60 days \$'000</b>	<b>61- 365 days \$'000</b>	<b>Total \$'000</b>
<b>31 December 2021</b>					
Weighted average loss rate	0.1%	0.2%	24.7%	100%	
Gross carrying amount trade receivables	<u>342,956</u>	<u>156,449</u>	<u>42,519</u>	<u>8,000</u>	<u>549,924</u>
<b>Loss Allowance</b>	<u>345</u>	<u>314</u>	<u>10,480</u>	<u>8,000</u>	<u>19,139</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 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:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At 1 January	27,908	71,612	19,139	62,278
Loss allowance	36,728	733	32,634	723
Amounts recovered	(13,151)	(13,325)	(13,151)	(12,750)
Reversal of unutilised trade provisions	-	(31,112)	-	(31,112)
At 31 December	<u>51,485</u>	<u>27,908</u>	<u>38,622</u>	<u>19,139</u>

The movement in the provision for credit losses for the year included \$6,842,000 (2021: \$1,290,000) and \$8,008,000 (2021: \$240,000) for the Group and company respectively for related companies. These amounts are included in loss allowance in profit or loss. Trade provisions reversed were utilised against other receivable balances in 2021.

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:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Top ten customers	644,075	617,484	392,254	455,265
Other	<u>64,995</u>	<u>97,156</u>	<u>55,844</u>	<u>94,659</u>
	709,070	714,640	448,098	549,924
Less: Provision for credit losses	( 51,485)	( 27,908)	( 38,622)	( 19,139)
	<u>657,585</u>	<u>686,732</u>	<u>409,476</u>	<u>530,785</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (continued)

### (a) Credit risk (continued)

#### *Concentrations of risk (continued)*

#### (ii) Cash and cash equivalents and short-term investments

Short term investments comprise of cash on deposit held with financial institutions. The Group maintains cash resources with reputable financial institutions. The credit risk is considered to be low and the allowance for expected credit loss is immaterial.

#### (iii) Group companies

The Group assesses each group company's ability to pay if payment is demanded as at the reporting date. Management reviews recovery scenarios considering given economic conditions and the borrower's liquidity over the expected life of the recoverable. The company has applied the low credit risk exception. The expected credit losses on these balances are immaterial.

#### (iv) Other receivables

Other receivables comprise deposit with a supplier and other miscellaneous items. The Group considers credit risk to be low in respect of these matters

### (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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 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					Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	
<b>2022</b>						
Borrowings	37,559	139,708	783,252	1,277,815	646,627	2,884,962
Lease liability	7,957	15,914	39,786	-	-	63,657
Trade and other payables	<u>2,165,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,165,247</u>
<b>Total financial liabilities</b>	<u>2,210,763</u>	<u>155,622</u>	<u>823,038</u>	<u>1,277,815</u>	<u>646,627</u>	<u>5,113,866</u>
<b>2021</b>						
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	<u>1,668,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668,673</u>
<b>Total financial liabilities</b>	<u>1,708,299</u>	<u>158,605</u>	<u>583,154</u>	<u>1,470,400</u>	<u>199,753</u>	<u>4,120,211</u>
	The Company					Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	
<b>2022</b>						
Borrowings	37,559	139,708	783,252	1,277,815	645,175	2,883,510
Lease liability	14,018	28,343	95,717	43,292	-	181,370
Trade and other payables	<u>2,079,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,079,024</u>
Group Companies	<u>45,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,113</u>
<b>Total financial liabilities</b>	<u>2,175,714</u>	<u>168,051</u>	<u>878,969</u>	<u>1,321,107</u>	<u>645,175</u>	<u>5,189,017</u>
<b>2021</b>						
Borrowings	29,471	138,296	491,762	1,410,617	198,301	2,268,447
Lease liability	16,743	33,487	151,115	59,783	-	261,128
Trade and other payables	<u>1,555,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,555,452</u>
Group Companies	<u>21,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,608</u>
<b>Total financial liabilities</b>	<u>1,623,274</u>	<u>171,783</u>	<u>642,877</u>	<u>1,470,400</u>	<u>198,301</u>	<u>4,106,635</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 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, interest rates and equity price.

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.

#### 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\$ J\$'000	US\$ J\$'000	Total J\$'000
	<b>2022</b>		
<b>Financial Assets</b>			
Short term investments	1,587,479	8,045,361	9,632,840
Trade and other receivables	231,666	550,516	782,182
Cash and bank	<u>343,704</u>	<u>299,246</u>	<u>642,950</u>
Total financial assets	<u>2,162,849</u>	<u>8,895,123</u>	<u>11,057,972</u>
<b>Financial Liabilities</b>			
Borrowings	2,488,669	-	2,488,669
Lease liability	-	44,341	44,341
Trade and other payables	<u>2,018,633</u>	<u>146,614</u>	<u>2,165,247</u>
Total financial liabilities	<u>4,507,302</u>	<u>190,955</u>	<u>4,698,257</u>
<b>Net financial position</b>	<u>(2,344,453)</u>	<u>8,704,168</u>	<u>6,359,715</u>
	<b>2021</b>		
<b>Financial Assets</b>			
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	<u>369,102</u>	<u>111,291</u>	<u>480,393</u>
Total financial assets	<u>3,357,846</u>	<u>7,025,467</u>	<u>10,383,313</u>
<b>Financial Liabilities</b>			
Borrowings	2,046,666	-	2,046,666
Lease liability	-	118,153	118,153
Trade and other payables	<u>1,615,495</u>	<u>53,178</u>	<u>1,668,673</u>
Total financial liabilities	<u>3,662,161</u>	<u>171,331</u>	<u>3,833,492</u>
<b>Net financial position</b>	<u>( 304,315)</u>	<u>6,854,136</u>	<u>6,549,821</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (continued)

### (c) Market risk (continued)

#### (i) Currency risk (continued)

	The Company		
	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
	<b>2022</b>		
<b>Financial Assets</b>			
Group companies – non-current	531,606	-	531,606
Short term investments	972,858	7,143,426	8,116,284
Trade and other receivables	97,927	421,157	519,084
Group companies	283,911	-	283,911
Cash and bank	<u>169,718</u>	<u>129,628</u>	<u>299,346</u>
Total financial assets	<u>2,056,020</u>	<u>7,694,211</u>	<u>9,750,231</u>
<b>Financial Liabilities</b>			
Borrowings	2,487,217	-	2,487,217
Lease liability	-	151,152	151,152
Trade and other payables	1,936,669	142,355	2,079,024
Group companies	<u>45,113</u>	-	<u>45,113</u>
Total financial liabilities	<u>4,468,999</u>	<u>293,507</u>	<u>4,762,506</u>
<b>Net financial position</b>	<u>(2,412,979)</u>	<u>7,400,704</u>	<u>4,987,725</u>
	<b>2021</b>		
<b>Financial Assets</b>			
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	<u>263,467</u>	<u>79,320</u>	<u>342,787</u>
Total financial assets	<u>3,569,362</u>	<u>6,112,399</u>	<u>9,681,761</u>
<b>Financial Liabilities</b>			
Borrowings	2,045,214	-	2,045,214
Lease liability	-	161,562	161,562
Trade and other payables	1,502,274	53,178	1,555,452
Group companies	<u>21,608</u>	-	<u>21,608</u>
Total financial liabilities	<u>3,569,096</u>	<u>214,740</u>	<u>3,783,836</u>
<b>Net financial position</b>	<u>266</u>	<u>5,897,659</u>	<u>5,897,925</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

## 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 1% (2021: 2%) appreciation and a 4% (2021: 8%) 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 2022 %	Effect on Profit before Taxation 2022 \$'000	Change in Currency Rate 2021 %	Effect on Profit before Taxation 2021 \$'000
<b>The Group</b>				
<b>Currency:</b>				
USD	-1	( 87,042)	-2	(137,083)
USD	<u>+4</u>	<u>348,168</u>	<u>+8</u>	<u>548,331</u>
<b>The Company</b>				
USD	-1	( 74,007)	-2	(117,953)
USD	<u>+4</u>	<u>296,028</u>	<u>+8</u>	<u>471,813</u>

#### (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.



# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (continued)

### (c) Market risk (continued)

#### (ii) Interest rate risk (continued)

	The Group						Total \$'000
	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	
	<b>2022</b>						
<b>Assets</b>							
Short term investments	6,299,518	3,290,909	-	-	-	42,413	9,632,840
Trade and other receivables	-	-	-	-	-	782,182	782,182
Cash and bank	303,675	-	-	-	-	339,275	642,950
<b>Total financial assets</b>	<b>6,603,193</b>	<b>3,290,909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,163,870</b>	<b>11,057,972</b>
<b>Liabilities</b>							
Borrowings	61,931	19,643	603,000	1,176,169	625,000	2,932	2,488,675
Lease liability	-	-	44,341	-	-	-	44,341
Trade and other payables	-	-	-	-	-	2,165,246	2,165,246
<b>Total financial liabilities</b>	<b>61,931</b>	<b>19,643</b>	<b>647,341</b>	<b>1,176,169</b>	<b>625,000</b>	<b>2,168,184</b>	<b>4,698,262</b>
<b>Total interest repricing gap</b>	<b>6,541,262</b>	<b>3,271,266</b>	<b>(647,341)</b>	<b>(1,176,169)</b>	<b>(625,000)</b>	<b>(1,004,308)</b>	<b>6,359,710</b>
	<b>2021</b>						
<b>Assets</b>							
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
<b>Total financial assets</b>	<b>4,294,359</b>	<b>4,979,755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,109,199</b>	<b>10,383,313</b>
<b>Liabilities</b>							
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
<b>Total financial liabilities</b>	<b>101,037</b>	<b>98,214</b>	<b>-</b>	<b>1,239,417</b>	<b>723,219</b>	<b>1,671,605</b>	<b>3,833,492</b>
<b>Total interest repricing gap</b>	<b>4,193,322</b>	<b>4,881,541</b>	<b>-</b>	<b>(1,239,417)</b>	<b>(723,219)</b>	<b>(562,406)</b>	<b>6,549,821</b>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (continued)

### (c) Market risk (continued)

#### (ii) Interest rate risk (continued)

	The Company						Total
	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	
	<b>2022</b>						
<b>Assets</b>							
Group companies-							
Non-current	-	-	-	531,606	-	-	531,606
Short term investments	5,979,092	2,103,709	-	-	-	33,483	8,116,284
Trade and other receivables	-	-	-	-	-	519,084	519,084
Group Companies	-	-	-	-	-	283,911	283,911
Cash and bank	<u>134,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,201</u>	<u>299,346</u>
<b>Total financial assets</b>	<u>6,113,237</u>	<u>2,103,709</u>	<u>-</u>	<u>531,606</u>	<u>-</u>	<u>1,001,679</u>	<u>9,750,231</u>
<b>Liabilities</b>							
Borrowings	61,926	19,643	603,000	1,176,174	625,000	1,480	2,487,223
Lease liability	-	-	44,341	106,811	-	-	151,152
Trade and other payables	-	-	-	-	-	2,079,024	2,079,024
Group Companies	-	-	-	-	-	45,113	45,113
Total financial liabilities	<u>61,926</u>	<u>19,643</u>	<u>647,341</u>	<u>1,282,985</u>	<u>625,000</u>	<u>2,125,617</u>	<u>4,762,512</u>
<b>Total interest repricing gap</b>	<u>6,051,311</u>	<u>2,084,066</u>	<u>(647,341)</u>	<u>( 751,379)</u>	<u>(625,000)</u>	<u>(1,123,938)</u>	<u>4,987,719</u>
	<b>2021</b>						
<b>Assets</b>							
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	<u>190,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,487</u>	<u>342,787</u>
<b>Total financial assets</b>	<u>4,120,431</u>	<u>3,821,957</u>	<u>-</u>	<u>708,182</u>	<u>-</u>	<u>1,031,191</u>	<u>9,681,761</u>
<b>Liabilities</b>							
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	<u>101,037</u>	<u>98,214</u>	<u>-</u>	<u>1,282,826</u>	<u>723,219</u>	<u>1,578,540</u>	<u>3,783,836</u>
<b>Total interest repricing gap</b>	<u>4,019,394</u>	<u>3,723,743</u>	<u>-</u>	<u>( 574,644)</u>	<u>(723,219)</u>	<u>( 547,349)</u>	<u>5,897,925</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 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.

				<u>The Group</u>		<u>The Company</u>	
<u>Effect on</u>		<u>Effect on</u>		<u>Effect on</u>	<u>Effect on</u>	<u>Effect on</u>	<u>Effect on</u>
<u>Profit before</u>		<u>Profit before</u>		<u>Profit before</u>	<u>Profit before</u>	<u>Profit before</u>	<u>Profit before</u>
<u>Taxation</u>		<u>Taxation</u>		<u>Taxation</u>	<u>Taxation</u>	<u>Taxation</u>	<u>Taxation</u>
<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Change in basis points</b>							
<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>				
<u>JMD</u>	<u>USD</u>	<u>JMD</u>	<u>USD</u>				
+100	+100	+300	+100	63,597	59,412	49,877	58,985
-50	-50	-50	-100	(31,799)	(67,020)	(24,939)	(58,978)

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.

#### (iii) Other price risk

The Group is exposed to price risk on its unquoted FVOCI equity investment.

A 6% (2021: 5%) increase or decrease in the price at the reporting date would cause an increase or decrease in total comprehensive income of \$26,965,000 (2021: \$22,471,000) for the Group, and \$18,021,000 (2021: \$15,018,000) for the company.

### (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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (continued)

### (d) Capital management (continued)

During 2022, the Group's strategy, which was unchanged from 2021, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2022 and 2021 were as follows:

	2022 \$'000	2021 \$'000
Total long-term borrowings (Note 29)	2,488,669	2,046,666
Total stockholders' equity	35,827,572	34,968,279
Gearing ratio (%)	6.95%	5.85%

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 2022, instruments included within this level comprised unquoted equities classified as financial assets at fair value through other comprehensive income which totaled \$449,617,000 and \$300,353,000 for the Group and company, respectively. There were no transfers between levels in 2022 and 2021.

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

- 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.
- 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.
- The fair value for borrowings is estimated considering the net present value calculated using discount rates derived from yields of securities with similar maturity and credit ratings. At December 31, the fair value of borrowings was \$2,120,761,000 (2021: \$2,046,666,000) for the Group and \$2,120,020,000 (2021: \$2,045,214,000) for the company.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

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

### Key sources of estimation uncertainty

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

### Depreciable assets

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

### 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.

### 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 1% from estimates applied in valuation of the benefits, the consolidated pre-tax profit would be an estimated \$30,576,000 lower or \$24,969,000 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).

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 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

	<b>Terminal Operation</b>	<b>Logistics Services</b>	<b>Elimination</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended 31 December 2022</b>				
External operating revenue	6,675,953	2,800,453	-	9,476,406
Operating revenue from segments	<u>907,538</u>	<u>183,646</u>	<u>(1,091,184)</u>	<u>-</u>
Total revenue	<u>7,583,491</u>	<u>2,984,099</u>	<u>(1,091,184)</u>	<u>9,476,406</u>
Operating profit	2,434,257	831,234		3,265,491
Finance costs (Note 9)	<u>( 83,635)</u>	<u>( 97,052)</u>	<u>78,795</u>	<u>( 101,892)</u>
Profit before tax	<u>2,350,622</u>	<u>734,182</u>	<u>78,795</u>	<u>3,163,599</u>
Tax expense				<u>( 425,129)</u>
Profit before non-controlling interest				2,738,470
Non-controlling interest				<u>( 44,443)</u>
<b>Net profit attributable to equity holders of the company</b>				<u>2,694,027</u>
Segment assets	36,012,507	7,491,203	(1,428,950)	42,074,760
Unallocated assets				<u>605,809</u>
Total assets				<u>42,680,569</u>
Segment liabilities	4,945,122	1,058,457	(1,305,317)	4,698,262
Unallocated liabilities				<u>1,839,238</u>
Total liabilities				<u>6,537,500</u>
Other segment items:				
Interest income (Note 8)	391,160	57,924	( 39,870)	409,217
Capital expenditures (Note 15)	2,642,840	89,719	-	2,732,559
Amortisation (Note 18)	29,564	653	-	30,217
Depreciation (Note 6)	<u>822,238</u>	<u>177,949</u>	<u>( 68,510)</u>	<u>931,677</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Segment Financial Information (continued)

	Terminal Operation	Logistics Services	Elimination	Group
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 December 2021</b>				
External operating revenue	5,992,802	2,681,199	-	8,674,001
Operating revenue from segments	<u>766,009</u>	<u>114,178</u>	( 880,187)	<u>-</u>
Total revenue	<u>6,758,811</u>	<u>2,795,377</u>	( 880,187)	<u>8,674,001</u>
Operating profit	2,732,982	1,135,754	-	3,868,736
Finance costs (Note 9)	( 133,816)	( 81,409)	<u>65,835</u>	( 149,390)
Profit before tax	<u>2,599,166</u>	<u>1,054,345</u>	<u>65,835</u>	<u>3,719,346</u>
Tax expense				( 468,501)
Profit before non-controlling interest				3,250,845
Non-controlling interest				( 54,963)
<b>Net profit attributable to equity holders of the company</b>				<u>3,195,882</u>
Segment assets	33,821,849	6,938,894	(1,191,821)	39,568,922
Unallocated assets				<u>1,738,121</u>
Total assets				<u>41,307,043</u>
Segment liabilities	4,051,708	859,183	(1,077,399)	3,833,492
Unallocated liabilities				<u>2,234,218</u>
Total liabilities				<u>6,067,710</u>
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)	<u>798,261</u>	<u>168,961</u>	( 67,744)	<u>899,478</u>

Revenues of approximately \$3,075,275,000 (2021: \$2,513,695,000) were earned from two customers. The revenues are attributable to the Terminal Operations segment.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 6. Expenses by Nature

Total direct and administration expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Advertising and public relations	59,437	37,774	58,501	36,910
Amortisation (Note 18)	30,217	31,933	29,448	31,092
Auditors' remuneration	19,549	16,841	12,408	11,702
Loss allowance	9,815 (	12,592)	5,721 (	12,027)
Bank charges	67,767	63,765	67,273	63,306
Customs overtime	77,105	57,093	77,105	57,093
Depreciation	931,677	899,478	814,001	779,089
Directors' fees	29,473	29,215	28,298	27,590
Equipment rental	174,117	155,719	174,117	155,641
Foreign exchange losses	177,511	-	160,624	-
Fuel	339,592	178,667	339,592	178,667
Information technology	142,314	103,937	136,737	101,989
Insurance	243,562	210,703	206,682	181,089
Legal and consultation expenses	22,810	34,533	20,119	29,997
Loss on disposal of property, plant and equipment	85,355	-	-	-
Repairs and maintenance	632,995	469,802	628,557	460,888
Security	438,735	403,698	87,586	89,770
Staff costs (Note 7)	2,487,153	2,164,400	2,091,257	1,826,818
Utilities	414,065	333,288	401,365	325,826
Other	<u>332,933</u>	<u>306,790</u>	<u>372,139</u>	<u>343,603</u>
	<u>6,716,182</u>	<u>5,485,044</u>	<u>5,711,530</u>	<u>4,689,043</u>

## 7. Staff Costs

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Wages and salaries	1,920,026	1,672,009	1,614,613	1,436,173
Payroll taxes – employer's contributions	223,514	182,386	186,267	154,765
Pension costs – defined benefit plan (Note 21)	( 47,591)	( 63,461)	(47,591)	( 63,461)
Pension costs – defined contribution plan	9,822	8,481	-	-
Other retirement benefits (Note 21)	58,025	57,725	58,025	57,725
Meal and travelling allowances	93,579	56,814	84,910	52,272
Other	<u>229,778</u>	<u>250,446</u>	<u>195,033</u>	<u>189,344</u>
	<u>2,487,153</u>	<u>2,164,400</u>	<u>2,091,257</u>	<u>1,826,818</u>



# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

## 8. Other Operating Income

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Dividends	5,555	1,463	3,711	976
Interest	409,217	244,784	362,878	247,721
Foreign exchange gains	-	432,165	-	357,518
Management fees	-	-	92,881	6,490
Proceeds from claims	77,733	-	77,733	-
Gain on disposal of property, plant and equipment	-	1,367	-	1,367
Other	<u>12,762</u>	<u>-</u>	<u>12,759</u>	<u>-</u>
	<u>505,267</u>	<u>679,779</u>	<u>549,962</u>	<u>614,072</u>

## 9. Finance Costs

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest expense	119,174	107,000	122,112	108,999
Foreign exchange (gains)/losses	<u>( 17,282)</u>	<u>42,390</u>	<u>359</u>	<u>35,275</u>
	<u>101,892</u>	<u>149,390</u>	<u>122,471</u>	<u>144,274</u>

## 10. Tax Expense

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current tax on profit for the year	485,862	457,308	383,226	410,407
Prior year over provision	<u>( 5,519)</u>	<u>( 24,124)</u>	-	<u>( 25,092)</u>
Deferred income tax (Note 30)	<u>( 55,214)</u>	<u>35,317</u>	<u>( 9,611)</u>	<u>34,426</u>
	<u>425,129</u>	<u>468,501</u>	<u>373,615</u>	<u>419,741</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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## 10. Tax Expense (continued)

The tax on profit differs from the theoretical amount that would arise using a basic statutory rate of 12.5% (2021: 12.5%) as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before tax	<u>3,163,599</u>	<u>3,719,346</u>	<u>2,675,453</u>	<u>3,524,811</u>
Tax calculated at a tax rate of 12.5% (2021 – 12.5%)	395,450	464,918	334,432	440,601
Adjusted for the effects of:				
Income not subject to tax	( 17,526)	( 14,235)	( 1,576)	( 14,235)
Income taxed at higher rate	127,231	88,103	99,992	68,128
Employment tax credit	( 83,587)	( 77,711)	( 83,587)	( 77,711)
Expenses not deductible for tax purposes	16,385	27,780	15,778	23,241
Change in rate for deferred income taxes	-	11,379	-	-
Prior year over provision	( 5,519)	( 24,124)	-	( 25,092)
Other	( 7,305)	( 7,609)	8,576	4,809
Tax expense	<u>425,129</u>	<u>468,501</u>	<u>373,615</u>	<u>419,741</u>

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%.

## 11. Profit Attributable to Equity Holders of the Company

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	2,301,838	3,105,070
Subsidiaries	<u>392,189</u>	<u>90,812</u>
	<u>2,694,027</u>	<u>3,195,882</u>
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	14,364,113	13,915,658
Subsidiaries	<u>317,898</u>	<u>( 73,738)</u>
	<u>14,682,011</u>	<u>13,841,920</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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## 12. Non-controlling Interest

	<b>2022</b>	<b>2021</b>
	<u>33 ⅓%</u>	<u>33 ⅓%</u>
	<b>\$'000</b>	<b>\$'000</b>
NCI percentage for Security Administrators Limited		
At beginning of year	271,054	216,091
Share of net profit of subsidiary	<u>44,443</u>	<u>54,963</u>
	<u>315,497</u>	<u>271,054</u>
Non-current assets	28,720	27,361
Current assets	1,051,509	906,030
Non-current liabilities	( 3,374)	( 11,617)
Current liabilities	<u>( 125,234)</u>	<u>( 109,930)</u>
Net assets	<u>951,621</u>	<u>811,844</u>
Carrying amount of NCI	<u>315,497</u>	<u>271,054</u>
Revenue	<u>978,390</u>	<u>918,236</u>
Profit for the year, being total comprehensive income	<u>133,329</u>	<u>164,843</u>
Profit allocated to NCI	<u>44,443</u>	<u>54,963</u>
Cash flows from operating activities	135,101	85,121
Cash flows from investment activities	23,417	12,207
Cash flows from financing activities	<u>( 4,410)</u>	<u>( 3,732)</u>
Net increase in cash and cash equivalents	<u>154,108</u>	<u>93,596</u>

## 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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit attributable to equity holders of the company (\$'000)	2,694,027	3,195,882
Weighted average number of ordinary stock units in issue (thousands)	<u>1,427,528</u>	<u>1,428,391</u>
Basic/diluted earnings per stock unit	<u>\$1.89</u>	<u>\$2.24</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 14. Dividends

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

	2022 \$'000	2021 \$'000
Ordinary dividends, gross – 67 cents (2021: 60 cents)	958,234	858,146

In December 2022, the company declared a dividend of 43 cents per share payable on 17 January 2023 to shareholders on record at 15 December 2022, and which is included in the total dividends above.

## 15. Property, Plant and Equipment

	The Group							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Refrigeration Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>2022</b>							
Cost or Valuation -								
At 31 December 2021	10,733,532	23,262,399	4,391,882	267,404	353,722	335,382	83,659	39,427,980
Additions	-	-	14,149	603	8,035	15,832	2,693,940	2,732,559
Transfers	22,237	57,572	59,162	-	-	-	( 138,971)	-
Disposals	-	( 91,531)	-	-	-	-	-	( 91,531)
At 31 December 2022	<u>10,755,769</u>	<u>23,228,440</u>	<u>4,465,193</u>	<u>268,007</u>	<u>361,757</u>	<u>351,214</u>	<u>2,638,628</u>	<u>42,069,008</u>
Depreciation -								
At 31 December 2021	-	9,435,942	1,765,767	267,404	217,911	230,756	-	11,917,780
Charge for the year	-	589,887	216,101	56	21,130	30,639	-	857,813
Relieved on disposals	-	( 6,175)	-	-	-	-	-	( 6,175)
At 31 December 2022	<u>-</u>	<u>10,019,654</u>	<u>1,981,868</u>	<u>267,460</u>	<u>239,041</u>	<u>261,395</u>	<u>-</u>	<u>12,769,418</u>
Net Book Value -								
At 31 December 2022	<u>10,755,769</u>	<u>13,208,786</u>	<u>2,483,325</u>	<u>547</u>	<u>122,716</u>	<u>89,819</u>	<u>2,638,628</u>	<u>29,299,590</u>

	The Group							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Refrigeration Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>2021</b>							
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	<u>10,733,532</u>	<u>23,262,399</u>	<u>4,391,882</u>	<u>267,404</u>	<u>353,722</u>	<u>335,382</u>	<u>83,659</u>	<u>39,427,980</u>
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	<u>-</u>	<u>9,435,942</u>	<u>1,765,767</u>	<u>267,404</u>	<u>217,911</u>	<u>230,756</u>	<u>-</u>	<u>11,917,780</u>
Net Book Value -								
At 31 December 2021	<u>10,733,532</u>	<u>13,826,457</u>	<u>2,626,115</u>	<u>-</u>	<u>135,811</u>	<u>104,626</u>	<u>83,659</u>	<u>27,510,200</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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## 15. Property, Plant and Equipment (continued)

	The Company							Total
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Refrigeration Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	<b>2022</b>							
Cost or Valuation -								
At 31 December 2021	7,080,294	16,613,368	4,350,596	19,137	338,621	314,243	82,009	28,798,268
Additions	-	-	13,532	603	7,958	8,789	2,671,703	2,702,585
Transfers	-	57,572	59,162	-	-	-	(116,734)	-
At 31 December 2022	<u>7,080,294</u>	<u>16,670,940</u>	<u>4,423,290</u>	<u>19,740</u>	<u>346,579</u>	<u>323,032</u>	<u>2,636,978</u>	<u>31,500,853</u>
Depreciation -								
At 31 December 2021	-	5,681,026	1,720,946	18,955	203,431	218,642	-	7,843,000
Charge for the year	-	420,363	213,438	56	20,943	27,489	-	682,289
At 31 December 2022	-	<u>6,101,389</u>	<u>1,934,384</u>	<u>19,011</u>	<u>224,374</u>	<u>246,131</u>	-	<u>8,525,289</u>
Net Book Value -								
At 31 December 2022	<u>7,080,294</u>	<u>10,569,551</u>	<u>2,488,906</u>	<u>729</u>	<u>122,205</u>	<u>76,901</u>	<u>2,636,978</u>	<u>22,975,564</u>

	The Company							Total
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Refrigeration Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	<b>2021</b>							
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	<u>7,080,294</u>	<u>16,613,368</u>	<u>4,350,596</u>	<u>19,137</u>	<u>338,621</u>	<u>314,243</u>	<u>82,009</u>	<u>28,798,268</u>
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	-	<u>5,681,026</u>	<u>1,720,946</u>	<u>18,955</u>	<u>203,431</u>	<u>218,642</u>	-	<u>7,843,000</u>
Net Book Value -								
At 31 December 2021	<u>7,080,294</u>	<u>10,932,342</u>	<u>2,629,650</u>	<u>182</u>	<u>135,190</u>	<u>95,601</u>	<u>82,009</u>	<u>20,955,268</u>

- (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 valuers. 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 was 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;

# Kingston Wharves Limited

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## 15. Property, Plant and Equipment (continued)

		<b>The Group</b>		
		<b>Fair Value measurements as at 31 December 2022 using</b>		
<b>Categories</b>	<b>Date of revaluation</b>	<b>Quoted price in an active market</b>	<b>Significant other observable inputs (Level 2) \$'000</b>	<b>Significant other observable inputs (Level 3) \$'000</b>
Freehold Land	Dec-20	-	10,755,769	-
Plant and Buildings	Dec-20	-	-	13,208,786
Total		-	<u>10,755,769</u>	<u>13,208,786</u>
		<b>The Company</b>		
Freehold Land	Dec-20	-	7,080,294	-
Plant and Buildings	Dec-20	-	-	10,569,551
Total		-	<u>7,080,294</u>	<u>10,569,551</u>
		<b>The Group</b>		
		<b>Fair Value measurements as at 31 December 2021 using</b>		
<b>Categories</b>	<b>Date of revaluation</b>	<b>Quoted price in an active market</b>	<b>Significant other observable inputs (Level 2) \$'000</b>	<b>Significant other observable inputs (Level 3) \$'000</b>
Freehold Land	Dec-20	-	10,733,532	-
Plant and Buildings	Dec-20	-	-	13,826,455
Total		-	<u>10,733,532</u>	<u>13,826,455</u>
		<b>The Company</b>		
Freehold Land	Dec-20	-	7,080,294	-
Plant and Buildings	Dec-20	-	-	10,932,342
Total		-	<u>7,080,294</u>	<u>10,932,342</u>

# Kingston Wharves Limited

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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)

	<u>Group</u> <u>Plant &amp; Buildings</u> \$'000	<u>Company</u> <u>Plant &amp; Buildings</u> \$'000
Opening balance at valuation	13,826,457	10,932,342
Additions/transfers in	57,572	57,572
Disposals net of accumulated depreciation	( 85,356)	-
Depreciation through profit or loss	( 589,887)	( 420,363)
Closing balance	<u>13,208,786</u>	<u>10,569,551</u>

### The Group

Description	Fair value at 31 December 2022 \$'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value 2022
Plant and Building	13,208,786	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 \$26,607,000 and higher by \$33,724,000.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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## 15. Property, Plant and Equipment (continued)

(a) (Continued)

Company					
	Fair value at 31 December 2022 \$'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value 2022
Plant and Building	10,569,551	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 \$17,484,000 and higher by \$22,700,000.

- (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 \$1,503.5 million over certain premises and equipment owned by the company in keeping with the terms of certain loan agreements (Note 29).
- (c) The disposal of items of property, plant and equipment mainly comprise the demolition of a warehouse.
- (d) If freehold land, plant and buildings were stated on the historical cost basis, the amounts would be as follows:

	<u>The Group</u>		<u>The Company</u>	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cost	9,685,738	9,605,929	9,265,126	9,207,554
Accumulated depreciation	(1,911,770)	(1,321,883)	(1,668,383)	(1,248,020)
Net book value	<u>7,773,968</u>	<u>8,284,046</u>	<u>7,596,743</u>	<u>7,959,534</u>



# Kingston Wharves Limited

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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.

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Right-of-use assets				
Land and buildings	<u>43,963</u>	<u>109,909</u>	<u>151,037</u>	<u>148,542</u>
Lease liabilities				
Current	<u>44,341</u>	<u>45,226</u>	<u>83,104</u>	<u>88,634</u>
Non-current	<u>-</u>	<u>72,927</u>	<u>68,048</u>	<u>72,928</u>
	<u>44,341</u>	<u>118,153</u>	<u>151,152</u>	<u>161,562</u>

(c) 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:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Depreciation charge of right-of-use assets				
Land and buildings	<u>65,946</u>	<u>65,946</u>	<u>131,712</u>	<u>130,755</u>
Interest expense (Included in finance costs, Note 9)	<u>24,274</u>	<u>15,645</u>	<u>27,250</u>	<u>20,502</u>
	<u>90,220</u>	<u>81,591</u>	<u>158,962</u>	<u>151,257</u>

The total cash outflow for leases was \$96,746,000 (2021: \$94,943,000).

## 17. Investment Property

	<u>The Group</u>		
	<u>Land</u>	<u>Plant and</u>	<u>Total</u>
	<u>J\$'000</u>	<u>building</u>	<u>J\$'000</u>
	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>
Cost -			
At 31 December 2020, At 31 December 2021			
and At 31 December 2022	<u>250,000</u>	<u>320,000</u>	<u>570,000</u>
Accumulated Depreciation -			
At 31 December 2020	-	9,299	9,299
Charge for the year	-	<u>7,918</u>	<u>7,918</u>
At 31 December 2021	-	17,217	17,217
Charge for the year	-	<u>7,918</u>	<u>7,918</u>
At 31 December 2022	-	<u>25,135</u>	<u>25,135</u>
Net Book Value -			
31 December 2022	<u>250,000</u>	<u>294,865</u>	<u>544,865</u>
31 December 2021	<u>250,000</u>	<u>302,783</u>	<u>552,783</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 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 valuers.

Amounts recognised in profit or loss for investment property:

	2022 \$'000	2021 \$'000
Rental income	71,436	50,329
Depreciation expense	<u>(7,918)</u>	<u>(7,918)</u>

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

	2022 \$'000	2021 \$'000
Receivable as follows:		
Within one year	65,482	71,436
Later than one year but not later than 5 years	<u>-</u>	<u>65,482</u>
	<u>65,482</u>	<u>136,918</u>

## 18. Intangible Assets

	Computer Software J\$'000	Rights to Customer Contracts J\$'000	Total J\$'000
	<u>The Group</u>		
At Cost -			
At 31 December 2020	132,792	470,637	603,429
Additions	3,897	-	3,897
Transfers from property plant and equipment	<u>4,461</u>	<u>-</u>	<u>4,461</u>
At 31 December 2021 and 2022	<u>141,150</u>	<u>470,637</u>	<u>611,787</u>
Amortisation -			
At 31 December 2020	55,453	447,962	503,415
Amortisation charge for year	<u>21,477</u>	<u>10,456</u>	<u>31,933</u>
At 31 December 2021	76,930	458,418	535,348
Amortisation charge for year	<u>19,760</u>	<u>10,457</u>	<u>30,217</u>
At 31 December 2022	<u>96,690</u>	<u>468,875</u>	<u>565,565</u>
Net Book Value -			
31 December 2022	<u>44,460</u>	<u>1,762</u>	<u>46,222</u>
31 December 2021	<u>64,220</u>	<u>12,219</u>	<u>76,439</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 18. Intangible Assets (continued)

	Computer Software J\$'000	Rights to Customer Contracts J\$'000	Total J\$'000
	The Company		
At Cost -			
At 31 December 2020	128,589	470,637	599,226
Additions	3,897	-	3,897
Transfers from property plant and equipment	<u>4,461</u>	<u>-</u>	<u>4,461</u>
At 31 December 2021 and 2022	<u>136,947</u>	<u>470,637</u>	<u>607,584</u>
Amortisation -			
At 31 December 2020	54,209	447,963	502,172
Amortisation charge for year	<u>20,636</u>	<u>10,456</u>	<u>31,092</u>
At 31 December 2021	74,845	458,419	533,264
Amortisation charge for year	<u>18,992</u>	<u>10,456</u>	<u>29,448</u>
At 31 December 2022	<u>93,837</u>	<u>468,875</u>	<u>562,712</u>
Net Book Value -			
31 December 2022	<u>43,110</u>	<u>1,762</u>	<u>44,872</u>
31 December 2021	<u>62,102</u>	<u>12,218</u>	<u>74,320</u>

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

	2022 \$'000	2021 \$'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	<u>50</u>	<u>50</u>
	<u>75,731</u>	<u>75,731</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 20. Investments

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

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

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Unquoted equities in a related company				
Opening balance	449,617	537,112	300,353	358,802
Fair value movement	<u>-</u>	<u>( 87,495)</u>	<u>-</u>	<u>( 58,449)</u>
	<u>449,617</u>	<u>449,617</u>	<u>300,353</u>	<u>300,353</u>

## 21. Retirement Benefit Asset and Obligations

	<u>The Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Statement of financial position obligations/(asset) for:		
Pension benefits	( 558,899)	(1,698,874)
Other retirement benefits	<u>258,749</u>	<u>396,749</u>
Profit or loss for (Note 7):		
Pension benefits	( 47,591)	( 63,461)
Other retirement benefits	<u>58,025</u>	<u>57,725</u>
Remeasurements for:		
Pension benefits	(1,193,007)	80,901
Other retirement benefits	<u>184,355</u>	<u>34,020</u>
	<u>(1,008,652)</u>	<u>114,921</u>

### (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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 21. Retirement Benefit Asset and Obligations (continued)

### (a) Pension benefits (continued)

#### 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 \$9,822,000 (2021: \$8,481,000).

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 2022 for the purposes of the financial statements.

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

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

	<b>The Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value of plan assets	(3,728,121)	(4,037,301)
Present value of funded obligations	<u>1,674,637</u>	<u>2,338,427</u>
	(2,053,484)	(1,698,874)
Unrecognised amount due to limitation (asset ceiling)	<u>1,494,585</u>	-
Surplus of funded plan/Asset in the statement of financial position	<u>( 558,899)</u>	<u>(1,698,874)</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 21. Retirement Benefit Asset and Obligations (continued)

### (a) Pension benefits (continued)

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

	<u>The Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Asset at beginning of year	(1,698,874)	(1,549,850)
Amounts recognised in statement of comprehensive income	1,145,416	( 144,362)
Contributions paid	( 5,441)	( 4,662)
Asset at end of year	<u>( 558,899)</u>	<u>(1,698,874)</u>

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

	<u>The Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	(4,037,301)	(3,730,537)
Interest income	( 321,035)	( 334,358)
Re-measurements -		
Return on plan assets, excluding amounts included in interest expense	581,490	( 3,292)
Members' contributions	( 48,017)	( 42,461)
Employer's contributions	( 5,441)	( 4,662)
Benefits paid	94,764	71,374
Administrative expenses	<u>7,419</u>	<u>6,635</u>
Balance at end of year	<u>(3,728,121)</u>	<u>(4,037,301)</u>

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

	<u>The Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	2,338,427	2,180,687
Current service cost	101,033	85,929
Interest cost	192,199	201,645
Re-measurements -		
Gains from change in experience adjustments	54,067	( 98,971)
Loss/(gain) from change in financial assumptions	( 937,135)	21,362
Members' voluntary contributions	20,810	19,149
Benefits paid	<u>( 94,764)</u>	<u>( 71,374)</u>
Balance at end of year	<u>1,674,637</u>	<u>2,338,427</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 21. Retirement Benefit Asset and Obligations (continued)

### (a) Pension benefits (continued)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately \$1,012,625,000 relating to active employees, \$92,412,000 relating to deferred members, \$557,835,000 relating to members in retirement and \$11,765,000 representing other liabilities.

The amounts recognised in profit or loss are as follows:

	<u>The Group and Company</u>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Current service cost	73,826	62,617
Interest income, net	(128,836)	(132,713)
Administrative expenses	<u>7,419</u>	<u>6,635</u>
Total, included in staff costs (Note 7)	<u>( 47,591)</u>	<u>( 63,461)</u>

Plan assets are comprised as follows:

	<u>The Group and Company</u>			
	<b>2022</b>		<b>2021</b>	
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
Quoted securities:				
Equity securities	1,826,162	49.0%	2,041,363	50.6%
Government of Jamaica securities	784,147	21.0%	908,805	22.5%
Corporate bonds, promissory notes and preference shares	509,140	13.7%	583,117	14.4%
Repurchase agreements	182,386	4.9%	295,101	7.3%
Leases	18,673	0.5%	16,881	0.4%
Real estate	117,816	3.2%	79,260	2.0%
Other	<u>289,797</u>	<u>7.8%</u>	<u>112,774</u>	<u>2.8%</u>
	<u>3,728,121</u>	<u>100.0%</u>	<u>4,037,301</u>	<u>100.0%</u>

The pension plan assets include ordinary stock units of the company with a fair value of \$324,000,000 (2021: \$387,000,000).

Expected contributions to the post-employment plan for the year ending 31 December 2023 are \$6,785,000

The significant actuarial assumptions used were as follows:

	<b>2022</b>	<b>2021</b>
Discount rate	13.0%	8.0%
Future salary increases	6.5%	6.0%
Expected pension increase	<u>4%</u>	<u>3.5%</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 21. Retirement Benefit Asset and Obligations (continued)

### (a) Pension benefits (continued)

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:

	<b>Impact on Post-employment Obligations</b>		
	<b>Change in Assumption</b>	<b>Increase in Assumption \$'000</b>	<b>Decrease in Assumption \$'000</b>
Discount rate	1%	(111,028)	123,397
Future salary increases	1%	19,131	(17,911)
Expected pension increase	1%	96,681	(82,561)
Life expectancy	<u>1 year</u>	<u>14,564</u>	<u>(20,043)</u>

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 dependent or multiple dependents' 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 7.5% per year (2021: 7%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 6.5% per year (2021: 6%).

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

	<b>The Group and Company</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Present value of unfunded obligations	<u>258,749</u>	<u>396,749</u>



# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 21. Retirement Benefit Asset and Obligations (continued)

### (b) Other retirement benefits (continued)

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

	<u>The Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Liability at beginning of year	396,749	384,517
Amounts recognised in the statement of comprehensive income	(126,330)	23,705
Contributions paid	( 11,670)	( 11,473)
Liability at end of year	<u>258,749</u>	<u>396,749</u>

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

	<u>The Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	<u>396,749</u>	<u>384,517</u>
Current service cost	24,771	21,683
Interest cost	<u>33,254</u>	<u>36,042</u>
Included in staff costs in profit or loss (Note 7)	<u>58,025</u>	<u>57,725</u>
Re-measurements -		
Loss from change in financial assumptions	(199,319)	2,440
Experience gains	<u>14,964</u>	<u>( 36,460)</u>
Total, included in other comprehensive income	<u>(184,355)</u>	<u>( 34,020)</u>
Benefits paid	<u>( 11,670)</u>	<u>( 11,473)</u>
Balance at end of year	<u>258,749</u>	<u>396,749</u>

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

	<u>Impact on Post-employment Obligations - Life</u>		
	<u>Change in Assumption</u>	<u>Increase in Assumption \$'000</u>	<u>Decrease in Assumption \$'000</u>
Discount rate	1%	(1,592)	1,823
Future salary increases	1%	<u>483</u>	<u>( 447)</u>

	<u>Impact on Post-employment Obligations -Medical</u>		
	<u>Change in Assumption</u>	<u>Increase in Assumption \$'000</u>	<u>Decrease in Assumption \$'000</u>
Discount rate	1%	(24,969)	30,576
Future medical cost rate	1%	<u>30,576</u>	<u>(24,969)</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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## 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 2022 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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 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 9 years. The weighted average duration of the defined benefit obligation for post-employment medical and life insurance benefits is 13 years and 8 years respectively.

## 22. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Fuel	9,111	5,077	9,111	5,077
Operating supplies	<u>563,669</u>	<u>437,846</u>	<u>559,858</u>	<u>435,601</u>
	<u>572,780</u>	<u>442,923</u>	<u>568,969</u>	<u>440,678</u>

Operating supplies for the Group and company are shown net of provision for impairment of \$15,524,000 (2021: \$16,094,000).

## 23. Related Party Transactions and Balances

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>(i) Revenue earned from sales of services</b>				
Subsidiaries	-	-	8,421	8,598
Companies controlled by directors/members or related by virtue of common directorships	<u>3,510,592</u>	<u>2,910,792</u>	<u>2,731,619</u>	<u>2,201,612</u>
	<u>3,510,592</u>	<u>2,910,792</u>	<u>2,740,040</u>	<u>2,210,210</u>
Services provided to related parties are negotiated, as with non-related party customers, and are all at arms' length.				
<b>(ii) Other income</b>				
Subsidiaries – management fees	-	-	92,881	6,490
Subsidiaries – interest	-	-	39,870	39,870
Companies controlled by directors/members or related by virtue of common directorships - dividends	5,555	1,463	3,711	976
<b>(iii) Purchases of goods and services</b>				
Subsidiaries	-	-	114,223	150,468
Companies controlled by directors/members related by virtue of common directorships	<u>486,797</u>	<u>232,958</u>	<u>457,509</u>	<u>232,958</u>
	<u>486,797</u>	<u>232,958</u>	<u>571,732</u>	<u>383,426</u>

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

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 23 Related Party Transactions and Balances (continued)

(b) Year-end balances with related parties:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>(i) Due from related companies</b>				
Subsidiaries				
Long term receivables	-	-	531,606	708,182
Current accounts	-	-	283,911	172,556
Companies controlled by directors/members or related by virtue of common directorships				
Trade receivables (Note 24)	<u>308,745</u>	<u>336,276</u>	<u>172,420</u>	<u>198,976</u>
	<u>308,745</u>	<u>336,276</u>	<u>987,937</u>	<u>1,079,714</u>

The long-term receivables are comprised of:

- loan to a subsidiary of \$470 million (2021: \$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 (2021: \$5,823,000) in relation to this loan.
- loan of \$61 million (2021: \$61 million) which earns interest at 7.5% (2021: 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 \$14,601,000 (2021: \$16,190,000) is recorded in the current account.
- interest-free advances of \$86 million (2021: \$102 million) to fund an acquisition.
- the balance of the current account is interest free and is repayable within twelve months.

Loss allowances of \$9,710,000 (2021: \$5,742,000) and \$5,742,000 (2021: \$2,060,000) for the Group and company respectively are held against trade accounts receivable from related parties.

## (ii) Due to related companies

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Subsidiaries	-	-	45,113	21,608
Companies controlled by directors/members or related by virtue of common directorships (Note 31)	<u>9,248</u>	<u>6,046</u>	<u>9,248</u>	<u>5,936</u>
	<u>9,248</u>	<u>6,046</u>	<u>54,361</u>	<u>27,544</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

## 23. Related Party Transactions and Balances (continued)

(c) Key management compensation:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries and other short term employee benefits	90,825	94,501	74,893	79,318
Payroll taxes – employer's contributions	10,004	9,192	8,307	7,672
Pension benefits	908	773	749	622
Other	<u>6,918</u>	<u>11,466</u>	<u>4,975</u>	<u>9,692</u>
	<u>108,655</u>	<u>115,932</u>	<u>88,924</u>	<u>97,304</u>
Directors' emoluments –				
Fees	<u>29,473</u>	<u>29,215</u>	<u>28,298</u>	<u>27,590</u>
Management remuneration (included in salaries above)	<u>74,594</u>	<u>80,294</u>	<u>54,863</u>	<u>61,665</u>

## 24. Trade and Other Receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	709,070	714,640	448,098	549,924
Less: Loss allowance	<u>( 51,485)</u>	<u>( 27,908)</u>	<u>( 38,622)</u>	<u>( 19,139)</u>
	657,585	686,732	409,476	530,785
Prepayments	59,754	43,738	50,304	27,028
Other	<u>124,597</u>	<u>138,295</u>	<u>109,608</u>	<u>129,825</u>
	<u>841,936</u>	<u>868,765</u>	<u>569,388</u>	<u>687,638</u>

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

## 25. Cash and Cash Equivalents

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Short term investments	9,632,840	9,077,893	8,116,284	7,797,626
Cash and bank	<u>642,950</u>	<u>480,393</u>	<u>299,346</u>	<u>342,787</u>
	<u>10,275,790</u>	<u>9,558,286</u>	<u>8,415,630</u>	<u>8,140,413</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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## 25. Cash and Cash Equivalents (continued)

The weighted average effective interest rate on short term investments was 4% (2021: 3.5%) per annum for United States dollar denominated investments and 7.5% (2021: 3.6%) 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 0.10% (2021: 0.10%) per annum and 3% (2021: 3%) 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 (2021: 1,507,550,000) units. All issued shares are fully paid. The no par shares in issue comprise the stated capital of the company.

Holders to these shares are entitled to distributions as declared from time to time and are entitled to one vote per share at general meetings of the company.

	<b>2022</b> <b>Units ('000)</b>	<b>2021</b> <b>Units ('000)</b>	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
Issued and fully paid				
Ordinary stock units	1,430,200	1,430,200	2,079,398	2,079,398
Treasury shares	( 2,587)	( 2,758)	( 103,100)	( 109,170)
Issued and outstanding	<u>1,427,613</u>	<u>1,427,442</u>	<u>1,976,298</u>	<u>1,970,228</u>

### 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. The Trust approved the purchase of 2,000,000 units in 2021 at a fair value of \$78 million.

During the year, 84,000 of the 101,000 shares granted in 2018 and fully vested were distributed. The shares issued below are net of the shares sold back to the Trust by employees. The company through the Trust sold 122,000 shares to management personnel.

	<b>2022</b>		<b>2021</b>	
	<b>Number of shares '000</b>	<b>\$'000</b>	<b>Number of shares '000</b>	<b>\$'000</b>
Shares purchased for ESOP	3,217	128,000	3,217	128,000
Issue of shares to staff	( 49)	( 1,801)	-	-
Executive share ownership scheme sale	( 581)	( 23,099)	( 459)	( 18,830)
Balance at end of year	<u>2,587</u>	<u>103,100</u>	<u>2,758</u>	<u>109,170</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 27. Other Reserves

Other reserves comprise:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Capital reserves	18,588,587	18,576,008	11,674,633	11,662,054
Fair value reserve	<u>363,099</u>	<u>363,099</u>	<u>242,303</u>	<u>242,303</u>
	<u>18,951,686</u>	<u>18,939,107</u>	<u>11,916,936</u>	<u>11,904,357</u>

### Capital Reserves

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Unrealised surplus on revaluation of property, plant and equipment	19,433,035	19,717,828	12,053,860	12,053,860
Less: Deferred taxation	( 1,406,871)	( 1,691,664)	( 777,667)	( 777,667)
	18,026,164	18,026,164	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	394,813	382,234	394,813	382,234
Capitalisation of depreciation reserve	66	66	10	10
Arising on consolidation	<u>3,419</u>	<u>3,419</u>	<u>-</u>	<u>-</u>
	<u>18,588,587</u>	<u>18,576,008</u>	<u>11,674,633</u>	<u>11,662,054</u>

### 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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 28. Asset Replacement/Rehabilitation and Depreciation Reserves (continued)

The balance of the reserves comprises:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Fund	<u>217,577</u>	<u>217,024</u>	<u>212,968</u>	<u>212,968</u>

The movement in each category of reserves was as follows:

### (a) Asset Replacement/Rehabilitation Reserve

	<u>The Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
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	<u>-</u>	<u>-</u>

### (b) Depreciation Fund

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At beginning of year	217,024	216,761	212,968	212,968
Transfer from retained earnings (net interest)	<u>553</u>	<u>263</u>	-	-
At end of year	<u>217,577</u>	<u>217,024</u>	<u>212,968</u>	<u>212,968</u>

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

The company has undertaken several capital projects, which have substantially exceeded the value of the Reserve Fund. As such, all related cash, deposits or liquid securities pertaining to the reserves have been fully utilized. This is subject to the final approval of The Port Authority of Jamaica.



# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 29. Borrowings

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'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	603,000	855,000	603,000	855,000
(d) Bank of Nova Scotia Jamaica Limited	1,000,000	-	1,000,000	-
(e) National Commercial Bank Limited	72,222	88,889	72,222	88,889
(f) CIBC FirstCaribbean International Bank (Jamaica) Limited	616,071	723,219	616,071	723,219
(g) CIBC FirstCaribbean International Bank (Jamaica) Limited	61,926	101,037	61,926	101,037
(h) CIBC FirstCaribbean International Bank (Jamaica) Limited	19,643	98,214	19,643	98,214
(i) CIBC FirstCaribbean International Bank (Jamaica) Limited	<u>112,875</u>	<u>177,375</u>	<u>112,875</u>	<u>177,375</u>
	2,488,669	2,046,666	2,487,217	2,045,214
Less: Current portion	<u>( 855,613)</u>	<u>( 557,997)</u>	<u>( 855,613)</u>	<u>( 557,997)</u>
	<u>1,633,056</u>	<u>1,488,669</u>	<u>1,631,604</u>	<u>1,487,217</u>

- (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 Limited 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 2023.
- (d) This represents a non-revolving term loan in the amount of \$3.8 billion from The Bank of Nova Scotia Limited for the financing of the expansion and modernisation of a Berth. The interest rate varies over the life of the loan with rates fixed at 4.8% per annum for five years and thereafter at a rate of six month weighted average treasury bill yield (WATBY) rate plus 4% per annum, and capped at 6.5%. The loan facility is for seven years with a ten year amortisation inclusive of two years moratorium on repayment of principal. The principal is repayable in 19 quarterly installments of \$117,750,000 and one final payment of \$1,530,750,000. The first drawdown on the facility of \$1 billion was disbursed in the last quarter of 2022.
- (e) 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.
- (f) This represents a loan facility from CIBC First Caribbean International Bank (Jamaica) Limited to finance the company's acquisition of a new mobile harbour 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.

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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## 29. Borrowings (continued)

- (g) 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.
- (h) 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.
- (i) 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 2021 and refinanced by CIBC FirstCaribbean International Bank. The loan is currently fixed at 5% p.a. and is to be repaid in September 2024.

Security for the loan facilities with CIBC FirstCaribbean International Bank (Jamaica) Limited (f)-(i) 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 million and mortgages/charges over property and machinery owned by the Group of \$1,503.5 million.

The Bank of Nova Scotia Limited (BNS) facility (c) and (d) 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 \$5.6 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.

	<b>The Group</b>			
	<b>Borrowings</b>		<b>Leases</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at January 1	2,046,666	1,680,741	118,153	180,328
Proceeds from loans	1,000,000	850,000	-	-
Repayment of loans	( 557,997)	( 484,075)	-	-
Repayment of lease liabilities	-	-	( 65,930)	( 79,298)
Effect of changes in foreign exchange rates	-	-	( 7,882)	17,123
	<u>442,003</u>	<u>365,925</u>	<u>( 73,812)</u>	<u>( 62,175)</u>
New leases	-	-	-	-
Interest expense	-	-	24,274	15,645
Interest paid	-	-	( 24,274)	( 15,645)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31	<u>2,488,669</u>	<u>2,046,666</u>	<u>44,341</u>	<u>118,153</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 29. Borrowings (continued)

### Reconciliation of liabilities arising from financing activities (continued)

	The Company			
	Borrowings		Leases	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at January 1	2,045,214	1,679,289	161,562	286,140
Proceeds from loans	1,000,000	850,000	-	-
Repayment of loans	( 557,997)	( 484,075)	-	-
Repayment of lease liabilities	-	-	(145,184)	(148,453)
Effect of changes in foreign exchange rates	-	-	567	23,875
	<u>442,003</u>	<u>365,925</u>	<u>(144,617)</u>	<u>(124,578)</u>
New leases	-	-	134,207	-
Interest expense	-	-	27,250	20,502
Interest paid	-	-	( 27,250)	( 20,502)
	<u>-</u>	<u>-</u>	<u>134,207</u>	<u>-</u>
Balance at December 31	<u>2,487,217</u>	<u>2,045,214</u>	<u>151,152</u>	<u>161,562</u>

## 30. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 12.5% (2021: 12.5%) for the company and 12.5% - 25% (2021: 12.5% - 25%) for the subsidiaries.

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
	Statement of financial position (assets)/liabilities for:			
Deferred income tax assets	( 4,267)	( 8,765)	-	-
Deferred income tax liabilities	1,514,386	1,700,180	948,266	1,083,959
	<u>1,510,119</u>	<u>1,691,415</u>	<u>948,266</u>	<u>1,083,959</u>

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

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
	Deferred income tax assets -			
Vacation leave accrual	3,266	2,394	2,566	1,917
Other payables	5,143	6,241	71	-
Employee benefit obligations	32,344	49,412	32,344	49,412
Property, plant and equipment	3,097	5,819	-	-
Unrealised foreign exchange losses	10,000	5,440	8,955	5,209
	<u>53,850</u>	<u>69,306</u>	<u>43,936</u>	<u>56,538</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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## 30. Deferred Income Tax (continued)

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Deferred income tax liabilities -				
Property, plant and equipment	1,486,798	1,536,303	916,078	920,021
Unrealised foreign exchange gains	( 851)	3,704	( 851)	-
Interest receivable	8,159	8,423	7,112	8,185
Retirement benefit asset	<u>69,863</u>	<u>212,291</u>	<u>69,863</u>	<u>212,291</u>
	<u>1,563,969</u>	<u>1,760,721</u>	<u>992,202</u>	<u>1,140,497</u>
Net deferred income tax liabilities	<u>1,510,119</u>	<u>1,691,415</u>	<u>948,266</u>	<u>1,083,959</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Net liabilities at beginning of year	1,691,415	1,750,399	1,083,959	1,035,168
Profit or loss (Note 10)	( 55,214)	35,317	( 9,611)	34,426
Effect on re-measurements of post-employment benefits	( 126,082)	14,365	( 126,082)	14,365
Effect of change in tax rate on previous years' revaluation surplus	-	( 108,666)	-	-
Net liabilities at end of year	<u>1,510,119</u>	<u>1,691,415</u>	<u>948,266</u>	<u>1,083,959</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Vacation leave accrual	( 872)	( 89)	( 649)	( 446)
Other payables	1,255	( 2,343)	( 54)	-
Employee benefit obligations	( 182)	( 5,599)	( 182)	( 5,599)
Unrealised foreign exchange losses	( 4,407)	843	(3,780)	( 4,198)
Property, plant and equipment	(50,524)	28,285	(3,943)	33,894
Unrealised foreign exchange gains	-	3,704	-	-
Interest receivable	( 553)	2,069	(1,072)	2,328
Retirement benefit asset	<u>69</u>	<u>8,447</u>	<u>69</u>	<u>8,447</u>
	<u>(55,214)</u>	<u>35,317</u>	<u>(9,611)</u>	<u>34,426</u>

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

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## 30. Deferred Income Tax (continued)

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Retirement benefit asset	(149,126)	10,113	(149,126)	10,113
Employee benefit obligations	<u>23,044</u>	<u>4,252</u>	<u>23,044</u>	<u>4,252</u>
	<u>(126,082)</u>	<u>14,365</u>	<u>(126,082)</u>	<u>14,365</u>

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:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Deferred income tax assets to be recovered -				
After more than 12 months	<u>45,724</u>	<u>55,231</u>	<u>41,299</u>	<u>49,412</u>
Deferred income tax liabilities to be extinguished -				
After more than 12 months	<u>1,556,661</u>	<u>1,748,594</u>	<u>985,941</u>	<u>1,132,312</u>

## 31. Trade and Other Payables

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade payables	214,188	130,652	208,905	123,433
Dividends payable	622,399	536,771	622,399	536,771
Accrual for 16% wharfage	205,610	173,623	205,610	173,623
Contract retention	226,851	15,564	226,851	15,564
Other payables and accruals	<u>896,199</u>	<u>812,063</u>	<u>815,259</u>	<u>706,061</u>
	<u>2,165,247</u>	<u>1,668,673</u>	<u>2,079,024</u>	<u>1,555,452</u>

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

# Kingston Wharves Limited

Notes to the Financial Statements (Continued)

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

## 32. Operating Leases

The Group earned property rental income of \$283,395,000 (2021: \$257,794,000) under operating leases.

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

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
No later than 1 year	257,856	251,372
Within 1 to 5 years	<u>10,051</u>	<u>23,346</u>
	<u>267,907</u>	<u>274,718</u>

## 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 totaling approximately \$117,000.

## 34. Commitments

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

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
Authorised and contracted	<u>2,124,135</u>	<u>4,325,764</u>