Kingston Wharves Limited

Financial Statements
31 December 2023

Kingston Wharves Limited
Index
31 December 2023

	Page
Independent Auditors' Report to the Members	
Financial Statements	
Group statement of Comprehensive Income	1
Group Statement of Financial Position	2 – 3
Group Statement of Changes in Equity	4
Group Statement of Cash Flows	5
Company Statement of Comprehensive Income	6
Company Statement of Financial Position	7 – 8
Company Statement of Changes in Equity	9
Company Statement of Cash Flows	10
Notes to the Financial statements	11 - 80

Independent auditor's report

To the Members of Kingston Wharves Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Kingston Wharves Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2023, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

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

- the Group statement of financial position as at 31 December 2023;
- the Group statement of comprehensive income for the year then ended;
- the Group statement of changes in equity for the year then ended;
- the Group statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2023;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

The Group has 12 reporting components. The Company was selected for a full-scope audit as it was determined to be individually financially significant while audits of certain account balances were performed on 7 other components. The components are all located in Jamaica, with the accounting records of all entities maintained at the same location. A single audit team was responsible for the audits of all components selected for testing.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of freehold land, plant and buildings (Group and Company) *Refer to notes 2(d), 4 and 15 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.* Freehold land, and plant and buildings, totalling $16.7 billion and $15.4 billion for the Group and $10.9 billion and $12.4 billion for the Company standing alone, are carried at fair value within property, plant and equipment on the Group and Company statements of financial position respectively. These balances are significant to the financial statements of the Group and Company as a whole, representing in aggregate 54.4% of the Group's and 49.2% of the Company's total assets at year end. The Group's valuation policy for freehold land, plant and buildings allows for periodic but at least triennial valuations by external independent valuation experts who were engaged in the current year to perform a revaluation exercise. We focused on this area: ● as determining the fair value in respect of freehold land, plant and buildings is, by its nature, subjective with significant judgement applied including the, assumptions relating to useful lives, contractors' charges, labour rates, material costs, property size, price per square foot, location, age and condition; and ● due to the materiality of the revaluation gains that directly impact the Group's and Company's statements of comprehensive income.	In order to address the matter, we performed the following procedures, amongst others: Assessed the objectivity, competence and capabilities of management's external valuers to determine whether there was any affiliation to the Group and whether they hold the requisite professional qualifications and experience to carry out reliable valuations of the Group's and Company's freehold land, plant and buildings. Inspected the final valuation reports and agreed the fair value to the Group's and Company's accounting records. Recalculated the revaluation gains by reference to the valuation reports and the accounting records. For a sample of external valuations, we: ● compared the current valuations for plant and buildings with the previously completed valuations to determine whether useful lives and ages of properties were consistent. ● reviewed the valuations with the assistance of our own independent expert and performed an independent evaluation of the assumptions that underpin the valuations, including by reference to relevant market data. Based on the procedures performed, the values recorded by management for the fair values and the revaluation surplus were, in our view, not unreasonable.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
29 February 2024

Kingston Wharves Limited

Group Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Revenue		9,710,789	9,476,406
Direct costs		(4,905,972)	(4,999,185)
Gross Profit		4,804,817	4,477,221
Other operating income	8	785,332	505,267
Administration expenses		(1,617,204)	(1,716,997)
Operating Profit		3,972,945	3,265,491
Finance costs	9	(189,773)	(101,892)
Profit before Tax		3,783,172	3,163,599
Tax expense	10	(591,602)	(425,129)
Net Profit for Year		3,191,570	2,738,470
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits	21	891,940	(1,008,652)
Deferred tax effect on re-measurements of post -employment benefits	30	(111,493)	126,082
Surplus on revaluation of property, plant and equipment		7,895,631	-
Deferred tax effect on revaluation surplus		(286,850)	-
De-recognition of revaluation surplus on disposal of PPE		(42,018)	-
Deferred tax effect on de-recognition of revaluation surplus		5,252	-
Effect of change in tax rate on deferred taxation on revaluation surplus		252,583	-
		8,605,045	(882,570)
Total Comprehensive Income for year		11,796,615	1,855,900
Net Profit Attributable to:			
Equity holders of the company	11	3,116,068	2,694,027
Non-controlling interest	12	75,502	44,443
		3,191,570	2,738,470
Total Comprehensive Income Attributable to:			
Equity holders of the company		11,721,113	1,811,457
Non- controlling interest	12	75,502	44,443
		11,796,615	1,855,900
Earnings per stock unit of profit attributable to the equity holders of the company during the year	13	2.20	$1.89

Kingston Wharves Limited

Group Statement of Financial Position

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Non-current Assets			
Property, plant and equipment	15	42,253,040	29,299,590
Right of use assets	16	428,215	43,963
Investment property	17	536,947	544,865
Intangible assets	18	41,309	46,222
Financial assets at fair value through other comprehensive income	20	449,617	449,617
Deferred income tax assets	30	863	4,267
Retirement benefit asset	21	1,530,336	558,899
		45,240,327	30,947,423
Current Assets			
Inventories	22	653,280	572,780
Trade and other receivables	24	921,686	841,936
Taxation recoverable		181,941	42,640
Short term investments	25	11,161,669	9,632,840
Cash and bank	25	923,480	642,950
		13,842,056	11,733,146
Total Assets		59,082,383	42,680,569

Kingston Wharves Limited

Group Statement of Financial Position (Continued)

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Equity			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	26	1,477,190	1,976,298
Other reserves	27	26,788,863	18,951,686
Asset replacement/rehabilitation and depreciation reserves	28	218,443	217,577
Retained earnings		17,592,545	14,682,011
		46,077,041	35,827,572
Non- controlling Interest	12	390,999	315,497
		46,468,040	36,143,069
LIABILITIES			
Non-current liabilities			
Borrowings	29	6,474,054	1,633,056
Lease liabilities	16	457,573	-
Deferred income tax liabilities	30	1,667,645	1,514,386
Retirement benefit obligations	21	327,717	258,749
		8,926,989	3,406,191
Current Liabilities			
Trade and other payables	31	2,778,180	2,165,247
Taxation		164,103	66,108
Borrowings	29	701,930	855,613
Lease liabilities	16	43,141	44,341
		3,687,354	3,131,309
Total Equity and Liabilities		59,082,383	42,680,569

Approved for issue by the Board of Directors on 22 February 2024 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 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Other Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total	Non-controlling Interest	Total Equity
		Attributable to Equity Holders of the Company						
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2021		1,970,228	18,939,107	217,024	13,841,920	34,968,279	271,054	35,239,333
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		-	-	-	1,811,457	1,811,457	44,443	1,855,900
Transfer of net interest to asset replacement/rehabilitation 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)	-	-	-	-
Transactions with owners								
Sale of treasury shares		6,070	-	-	-	6,070	-	6,070
Dividends	14	-	-	-	(958,234)	(958,234)	-	(958,234)
Balance at 31 December 2022		1,976,298	18,951,686	217,577	14,682,011	35,827,572	315,497	36,143,069
Net profit for the year		-	-	-	3,116,068	3,116,068	75,502	3,191,570
Other comprehensive income			7,824,598	-	780,447	8,605,045	-	8,605,045
Total comprehensive income for year		-	7,824,598	-	3,896,515	11,721,113	75,502	11,796,615
Transfer of net interest to asset replacement/rehabilitation depreciation reserves	28	-	-	866	(866)	-	-	-
Transfer to asset replacement/rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-	-	-
Transactions with owners								
Acquisition of treasury shares		(500,358)	-	-	-	(500,358)	-	(500,358)
Sale of treasury shares		1,250	-	-	-	1,250	-	1,250
Dividends	14	-	-	-	(972,536)	(972,536)	-	(972,536)
Balance at 31 December 2023		1,477,190	26,788,863	218,443	17,592,545	46,077,041	390,999	46,468,040

Kingston Wharves Limited

Group Statement of Cash Flows

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Net profit		3,191,570	2,738,470
Adjustments for:			
Amortisation of intangible assets	18	20,370	30,217
Depreciation – investment property	17	7,918	7,918
Depreciation- property, plant and equipment	15	657,690	857,813
Depreciation – leased asset	16	43,963	65,946
Foreign exchange (gains)/losses on operating activities		(210,147)	177,511
(Gain)/Loss on disposal of property, plant and equipment		(5,778)	85,356
Retirement benefit asset		(42,766)	(53,032)
Retirement benefit obligations		32,237	46,355
Interest income	8	(555,247)	(409,217)
Finance costs	9	189,773	101,892
Taxation	10	591,602	425,129
		3,921,185	4,074,358
Changes in operating assets and liabilities:			
Inventories		(80,500)	(129,857)
Trade and other receivables		(79,750)	26,829
Trade and other payables		612,527	410,946
Cash provided by operations		4,373,462	4,382,276
Taxes paid		(614,083)	(563,691)
Net cash provided by operating activities		3,759,379	3,818,585
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(5,774,866)	(2,732,559)
Purchase of intangible assets	18	(15,457)	-
Proceeds from sale of property, plant and equipment		5,778	-
Interest received		551,783	416,308
Net cash used in investing activities		(5,232,762)	(2,316,251)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(967,845)	(872,606)
Acquisition of treasury shares		(500,358)	-
Sale of treasury shares		1,250	6,070
Interest paid		(89,740)	(95,628)
Lease payments made		(60,530)	(90,204)
Loan proceeds		5,120,000	1,000,000
Loans repaid		(432,685)	(557,997)
Net cash provided by/(used in) financing activities		3,070,092	(610,365)
Net increase in cash and cash equivalents		1,596,709	891,969
Net cash and cash equivalents at beginning of year		10,275,790	9,558,286
Exchange adjustment on foreign currency cash and cash equivalents		212,650	(174,465)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	25	12,085,149	10,275,790

Kingston Wharves Limited

Company Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Revenue		7,838,877	7,959,492
Direct expenses		(3,808,482)	(4,101,313)
Gross Profit		4,030,395	3,858,179
Other operating income	8	785,978	549,962
Administration expenses		(1,528,431)	(1,610,217)
Operating Profit		3,287,942	2,797,924
Finance costs	9	(194,599)	(122,471)
Profit before Tax		3,093,343	2,675,453
Tax expense	10	(498,371)	(373,615)
Net Profit for Year		2,594,972	2,301,838
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits	21	891,940	(1,008,652)
Deferred tax effect on re-measurements of post -employment benefits	30	(111,493)	126,082
Surplus on revaluation of property, plant and equipment		5,263,199	-
Deferred tax effect on revaluation surplus		(218,654)	-
Total other comprehensive income net of taxes		5,824,992	(882,570)
Total Comprehensive Income for year		8,419,964	1,419,268

Kingston Wharves Limited

Company Statement of Financial Position

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 $'000	2022 $'000
Assets			
Non-current Assets			
Property, plant and equipment	15	33,486,538	22,975,564
Right of use assets	16	468,184	151,037
Intangible assets	18	40,394	44,872
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	474,197	531,606
Retirement benefit asset	21	1,530,336	558,899
		36,375,733	24,638,062
Current Assets			
Inventories	22	648,665	568,969
Trade and other receivables	24	617,422	569,388
Taxation recoverable		105,952	-
Group companies	23	142,896	283,911
Short term investment	25	9,199,187	8,116,284
Cash and bank	25	495,300	299,346
		11,209,422	9,837,898
Total Assets		47,585,155	34,475,960

Kingston Wharves Limited
Company Statement of Financial Position (Continued)
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 $'000	2022 $'000
Equity			
Stockholders' Equity			
Share capital	26	1,477,190	1,976,298
Other reserves	27	16,974,060	11,916,936
Asset replacement/rehabilitation and depreciation reserves	28	212,968	212,968
Retained earnings		16,754,417	14,364,113
		35,418,635	28,470,315
LIABILITIES			
Non-current liabilities			
Borrowings	29	6,472,602	1,631,604
Lease liabilities	16	457,573	68,048
Deferred income tax liabilities	30	1,305,383	948,266
Retirement benefit obligations	21	327,717	258,749
		8,563,275	2,906,667
Current Liabilities			
Trade and other payables	31	2,652,818	2,079,024
Group companies	23	30,895	45,113
Taxation		138,615	36,124
Borrowings	29	701,930	855,613
Lease liabilities	16	78,987	83,104
		3,603,245	3,098,978
Total Equity and Liabilities		47,585,155	34,475,960

Approved for issue by the Board of Directors 22 February 2024 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 2023
(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
Balance at 31 December 2021		1,970,228	11,904,357	212,968	13,915,658	28,003,211
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 of net interest to asset replacement/rehabilitation depreciation reserves	28	-	-	12,579	(12,579)	-
Transfer to asset replacement/rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-
Transactions with owners						
Sale of treasury shares		6,070	-	-	-	6,070
Dividends	14	-	-	-	(958,234)	(958,234)
Balance at 31 December 2022		1,976,298	11,916,936	212,968	14,364,113	28,470,315
Net profit for the year		-	-	-	2,594,972	2,594,972
Other comprehensive income		-	5,044,545	-	780,447	5,824,992
Total comprehensive income for year		-	5,044,545	-	3,375,419	8,419,964
Transfer to asset replacement/rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-
Transfer from asset replacement/rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-
Transactions with owners						
Acquisition of treasury shares		(500,358)	-	-	-	(500,358)
Sale of treasury shares		1,250	-	-	-	1,250
Dividends	14	-	-	-	(972,536)	(972,536)
Balance at 31 December 2023		1,477,190	16,974,060	212,968	16,754,417	35,418,635

Kingston Wharves Limited
Company Statement of Cash Flows
Year ended 31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Net profit		2,594,972	2,301,838
Adjustments for:			
Amortisation of intangible assets	18	19,935	29,448
Depreciation- property, plant and equipment	15	484,054	682,289
Depreciation – leased asset	16	111,067	131,712
Foreign exchange (gains)/losses on operating activities		(186,449)	160,623
Gain on disposal of property, plant and equipment	8	(5,778)	-
Write-off of property, plant and equipment and intangibles		35,608	-
Retirement benefit asset		(42,766)	(53,032)
Retirement benefit obligations		32,237	46,355
Interest income	8	(479,525)	(362,878)
Finance costs	9	194,599	122,471
Taxation	10	498,371	373,615
		3,256,325	3,432,441
Changes in operating assets and liabilities:			
Inventories		(79,696)	(128,291)
Group companies		184,206	88,726
Trade and other receivables		(48,034)	118,250
Trade and other payables		569,102	437,945
Cash provided by operations		3,881,903	3,949,071
Taxes paid		(474,864)	(481,902)
Net cash provided by operating activities		3,407,039	3,467,169
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(5,767,437)	(2,702,585)
Purchase of intangible assets	18	(15,457)	-
Proceeds from sale of property, plant and equipment		5,778	-
Interest received		477,622	374,933
Net cash used in investing activities		(5,299,494)	(2,327,652)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(967,845)	(872,606)
Acquisition of treasury shares		(500,358)	-
Sale of treasury shares		1,250	6,070
Interest paid		(89,739)	(95,628)
Lease payments made		(140,363)	(160,492)
Loan proceeds		5,120,000	1,000,000
Loans repaid		(432,685)	(557,997)
Net cash provided by/(used) in financing activities		2,990,260	(680,653)
Net increase in cash and cash equivalents		1,097,805	458,864
Net cash and cash equivalents at beginning of year		8,415,630	8,140,413
Exchange adjustment on foreign currency cash and cash equivalents		181,052	(183,647)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	25	9,694,487	8,415,630

1. Identification and Principal Activities

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

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

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

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

- **Disclosure of Accounting Policies – Amendments to IAS 1 IFRS Practice statement 2**, (effective for annual periods beginning on or after 1 January 2023). The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation(continued)

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

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

- **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, and will require the recognition of additional deferred tax assets and liabilities. This amendment is expected to reduce diversity in the reporting and align the accounting for deferred tax on such transactions with the general principle in IAS 12 of recognizing deferred tax for temporary differences.

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 2024 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.

- **Amendment to IAS 1, Presentation of financial statements', on classification of liabilities** (effective for annual periods beginning on or after 1 January 2024). This amendment clarifies that, for an entity to classify a liability as non-current, the entity must have the right at the reporting date to defer settlement of the liability for at least twelve months after that date. The amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

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.

2. Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries

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

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

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

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

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(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 are recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity in accordance with IFRS 9 is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

The subsidiaries, which are all incorporated and domiciled in Jamaica (except KWGHSLL 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 ⅓%	66 ⅔%	31 December
Western Storage Limited	Property rental	100%	100%	31 December
Western Terminals Limited	Property rental	100%	100%	31 December
KWL Group Holdings (St Lucia) Limited (KWGHSLL)	Non-Trading	100%	100%	31 December
Kingston Terminal Operators Limited	Dormant	100%	100%	31 December

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(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 KWGHSLL 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.

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 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, berths, 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, berths 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
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

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%

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 licenses 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
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

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. Bank overdrafts are shown in borrowings in current liabilities in the statement of financial position.

(m) Provisions

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

2. Significant Accounting Policies (Continued)

(n) Trade payables

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

(o) Share capital

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

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

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 as treasury shares.

(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
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

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.

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.

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
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

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.

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
31 December 2023
(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**	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Group companies – non-current	-	-	474,197	531,606
Trade receivables	706,744	657,585	438,332	409,476
Other receivables	156,549	124,597	129,322	109,608
Group companies	-	-	142,896	283,911
Short term investments	11,161,669	9,632,840	9,199,187	8,116,284
Cash at bank	923,480	642,950	495,300	299,346
	12,948,442	11,057,972	10,879,234	9,750,231

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
31 December 2023
(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.

	The Group				
	Current $'000	31-60 $'000	Over 60 Days $'000	61-365 Days $'000	Total $'000
31 December 2023					
Weighted average loss rate	0.27%	0.49%	20.47%	99.65%	
Gross carrying amount trade receivables	415,333	238,485	69,148	66,931	789,897
Loss Allowance	1,128	1,173	14,152	66,700	83,153
31 December 2022					
Weighted average loss rate	0.2%	0.7%	26.0%	100%	
Gross carrying amount trade receivables	372,087	211,680	102,533	22,770	709,070
Loss Allowance	675	1,443	26,597	22,770	51,485

	The Company				
31 December 2023					
Weighted average loss rate	0.002%	0.001%	18.77%	100%	
Gross carrying amount trade receivables	245,374	144,413	59,771	20,522	470,080
Loss Allowance	4	1	11,221	20,522	31,748
31 December 2022					
Weighted average loss rate	0.002%	0.002%	34.2%	100%	
Gross carrying amount trade receivables	253,989	113,728	63,429	16,952	448,098
Loss Allowance	4	2	21,664	16,952	38,622

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(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:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
At 1 January	51,485	27,908	38,622	19,139
Loss allowance	51,248	36,728	12,706	32,634
Amounts recovered	(19,580)	(13,151)	(19,580)	(13,151)
At 31 December	83,153	51,485	31,748	38,622

The movement in the provision for credit losses for the year included $982,000 (2022: $6,842,000) and $55,000 (2022: $8,008,000) 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 2022.

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

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

Concentrations of risk

(i) Trade receivables

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Top ten customers	729,281	644,075	414,691	392,254
Other	60,616	64,995	55,389	55,844
	789,897	709,070	470,080	448,098
Less: Provision for credit losses	(83,153)	(51,485)	(31,748)	(38,622)
	706,744	657,585	438,332	409,476

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
31 December 2023
(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					
	Within 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
			2023			
Borrowings	26,152	152,863	809,589	6,058,876	1,575,335	8,622,815
Lease liabilities	507,454	13,733	21,339	-	-	542,526
Trade and other payables	2,180,855	217,660	379,665	-	-	2,778,180
Total financial Liabilities	2,714,461	384,256	1,210,593	6,058,876	1,575,335	11,943,521
			2022			
Borrowings	37,559	139,708	783,252	1,277,815	646,627	2,884,961
Lease liabilities	7,957	15,914	39,786	-	-	63,657
Trade and other payables	2,165,247	-	-	-	-	2,165,247
Total financial liabilities	2,210,763	155,622	823,038	1,277,815	646,627	5,113,865

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

	The Company					
	Within 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
				2023		
Borrowings	26,152	152,863	809,589	6,058,876	1,573,883	8,621,363
Lease liabilities	503,169	13,733	21,339	-	-	538,241
Trade and other payables	2,055,493	217,660	379,665	-	-	2,652,818
Group companies	30,895	-	-	-	-	30,895
Total financial liabilities	2,615,709	384,256	1,210,593	6,058,876	1,573,883	11,843,317
				2022		
Borrowings	37,559	139,708	783,252	1,277,815	645,175	2,883,509
Lease liabilities	14,018	28,343	95,717	43,292	-	181,370
Trade and other payables	2,079,024	-	-	-	-	2,079,024
Group companies	45,113	-	-	-	-	45,113
Total financial liabilities	2,175,714	168,051	878,969	1,321,107	645,175	5,189,016

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 short term investments.

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.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk

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

	The Group		
	Jamaican$ J$'000	**US$ J$'000**	**Total J$'000**
		2023	
Financial Assets			
Short term investments	4,001,030	7,160,639	11,161,669
Trade and other receivables	228,102	635,191	863,293
Cash and bank	679,588	243,892	923,480
Total financial assets	4,908,720	8,039,722	12,948,442
Financial Liabilities			
Borrowings	7,175,984	-	7,175,984
Lease liabilities	-	500,714	500,714
Trade and other payables	2,612,488	165,692	2,778,180
Total financial liabilities	9,788,472	666,406	10,454,878
Net financial position	(4,879,752)	7,373,316	2,493,564

	The Group		
	Jamaican$ J$'000	**US$ J$'000**	**Total J$'000**
		2022	
Financial Assets			
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	343,704	299,246	642,950
Total financial assets	2,162,849	8,895,123	11,057,972
Financial Liabilities			
Borrowings	2,488,669	-	2,488,669
Lease liabilities	-	44,341	44,341
Trade and other payables	2,018,633	146,614	2,165,247
Total financial liabilities	4,507,302	190,955	4,698,257
Net financial position	(2,344,453)	8,704,168	6,359,715

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(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**
		2023	
Financial Assets			
Group companies- non- current	474,197	-	474,197
Short term investments	3,287,706	5,911,481	9,199,187
Trade and other receivables	117,986	449,668	567,654
Group companies	142,896	-	142,896
Cash and bank	408,011	87,289	495,300
Total financial assets	4,430,796	6,448,438	10,879,234
Financial Liabilities			
Borrowings	7,174,532	-	7,174,532
Lease liabilities	-	536,560	536,560
Trade and other payables	2,507,948	144,870	2,652,818
Group companies	30,895	-	30,895
Total financial liabilities	9,713,375	681,430	10,394,805
Net financial position	(5,282,579)	5,767,008	484,429

	The Company		
	Jamaican$ J$'000	**US$ J$'000**	**Total J$'000**
		2022	
Financial Assets			
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	169,718	129,628	299,346
Total financial assets	2,056,020	7,694,211	9,750,231
Financial Liabilities			
Borrowings	2,487,217	-	2,487,217
Lease liabilities	-	151,152	151,152
Trade and other payables	1,936,669	142,355	2,079,024
Group companies	45,113	-	45,113
Total financial liabilities	4,468,999	293,507	4,762,506
Net financial position	(2,412,979)	7,400,704	4,987,725

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(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% (2022: 1%) appreciation and a 4% (2022: 4%) 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 2023 %	Effect on Profit before Taxation 2023 $'000	Change in Currency Rate 2022 %	Effect on Profit before Taxation 2022 $'000
		The Group		
Currency:				
USD	-1	(73,733)	-1	(87,042)
USD	+4	294,933	+4	348,168
		The Company		
Currency:				
USD	-1	(57,670)	-1	(74,007)
USD	+4	230,680	+4	296,028

(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
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Group

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2023			
Assets							
Short term investments	7,085,512	4,036,174	-	-	-	39,983	11,161,669
Trade and other receivables	-	-	-	-	-	863,293	863,293
Cash and bank	358,843	-	-	-	-	564,637	923,480
Total financial assets	7,444,355	4,036,174	-	-	-	1,467,913	12,948,442
Liabilities							
Borrowings	22,815	-	48,375	981,862	6,120,000	2,932	7,175,984
Lease liabilities	-	-	-	447,469	53,245	-	500,714
Trade and other payables	-	-	-	-	-	2,778,180	2,778,180
Total financial liabilities	22,815	-	48,375	1,429,331	6,173,245	2,781,112	10,454,878
Total interest repricing gap	7,421,540	4,036,174	(48,375)	(1,429,331)	(6,173,245)	(1,313,199)	2,493,564
Cumulative interest repricing gap	7,421,540	11,457,714	11,409,339	9,980,008	3,806,763	2,493,564	

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2022			
Assets							
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
Total financial assets	6,606,193	3,290,909	-	-	-	1,163,870	11,057,972
Liabilities							
Borrowings	61,931	19,643	603,000	1,176,169	625,000	2,932	2,488,675
Lease liabilities	-	-	44,341	-	-	-	44,341
Trade and other payables	-	-	-	-	-	2,165,247	2,165,247
Total financial liabilities	61,931	19,643	647,341	1,176,169	625,000	2,168,178	4,698,262
Total interest repricing gap	6,541,262	3,271,266	(647,341)	(1,176,169)	(625,000)	(1,004,308)	6,359,710
Cumulative interest repricing gap	6,541,262	9,812,528	9,165,187	7,989,018	7,364,018	6,359,710	

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
				2023			
Assets							
Group companies- Non current	-	-	-	474,197	-	-	474,197
Short term investment	6,724,234	2,445,017	-	-	-	29,936	9,199,187
Trade and other receivables	-	-	-	-	-	567,654	567,654
Group companies	-	-	-	-	-	142,896	142,896
Cash and bank	202,142	-	-	-	-	293,158	495,300
Total financial assets	6,926,376	2,445,017	-	474,197	-	1,033,644	10,879,234
Liabilities							
Borrowings	22,815	-	48,375	981,862	6,120,000	1,480	7,174,532
Lease liabilities	-	-	-	483,315	53,245	-	536,560
Trade and other payables	-	-	-	-	-	2,652,818	2,652,818
Group companies	-	-	-	-		30,895	30,895
Total financial liabilities	22,815	-	48,375	1,465,177	6,173,245	2,685,193	10,394,805
Total interest repricing gap	6,903,561	2,445,017	(48,375)	(990,980)	(6,173,245)	(1,651,549)	484,429
Cumulative interest repricing gap	6,903,561	9,348,578	9,300,203	8,309,223	2,135,978	484,429	

	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
				2022			
Assets							
Group companies- Non current	-	-	-	531,606	-	-	531,606
Short term investment	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	134,145	-	-	-	-	165,201	299,346
Total financial assets	6,113,237	2,103,709	-	531,606	-	1,001,679	9,750,231
Liabilities							
Borrowings	61,926	19,643	603,000	1,176,174	625,000	1,480	2,487,223
Lease liabilities	-	-	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	61,926	19,643	647,341	1,282,985	625,000	2,125,617	4,762,512
Total interest repricing gap	6,051,311	2,084,066	(647,341)	(751,379)	(625,000)	(1,123,938)	4,987,719
Cumulative interest repricing gap	6,051,311	8,135,377	7,488,036	6,736,657	6,111,657	4,987,719	

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2023
(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 on profit before taxation, with all other variables held constant.

Change in basis points				The Group		The Company	
2023 JMD	2023 USD	2022 JMD	2022 USD	Effect on Profit before Taxation 2023 $'000	Effect on Profit before Taxation 2022 $'000	Effect on Profit before Taxation 2023 $'000	Effect on Profit before Taxation 2022 $'000
+25	+25	+100	+100	6,234	15,759	1,211	59,412
-25	-25	-50	-50	(6,234)	(15,759)	(1,211)	(67,020)

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.

(iii) Other price risk

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

A 6% (2022: 6%) increase or 3% (2022:6%) decrease in the price at the reporting date would cause an increase or decrease in total comprehensive income of $26,977,000 (2022: $26,965,000) and $13,489,000 (2022: $26,965,000) for the Group, and $18,021,000 (2022: $18,021,000) and $9,010,000 (2022: $18,021,000) 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.

3. Financial Risk Management (Continued)

(d) Capital management (continued)

During 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023	**2022**
	$'000	**$'000**
Total long-term borrowings (Note 29)	7,175,984	2,488,669
Total stockholders' equity	46,077,041	35,827,572
Gearing ratio (%)	15.6%	6.95%

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 3 financial instruments which are defined as:

- those with fair value measurements that are derived from inputs that are not based on observable market data (that is, unobservable inputs).

At 31 December 2023, 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 2023 and 2022.

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

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

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

(iii) 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 $6,003,031,000 (2022: $2,120,761,000) for the Group and $6,001,693,000 (2022: $2,120,020,000) for the company.

4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

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

Key sources of estimation uncertainty

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

Depreciable assets

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

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 financial assets at FVOCI 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.

Sensitivity analyses for key inputs into the pension and other retirement benefits calculations are detailed in Note 21.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(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 ambient warehouses, cold storage facilities and property rental.

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

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

	Terminal Operation Group	**Logistics Services**	**Elimination**	
	$'000	**$'000**	**$'000**	**$'000**
Year ended 31 December 2023				
External operating revenue	6,316,198	3,394,591	-	9,710,789
Operating revenue from segments	676,617	257,976	(934,593)	-
Total revenue	6,992,815	3,652,567	(934,593)	9,710,789
Operating profit	2,625,472	1,347,473	-	3,972,945
Finance costs (Note 9)	(156,184)	(96,883)	63,294	(189,773)
Profit before tax	2,469,288	1,250,590	63,294	3,783,172
Tax expense				(591,602)
Profit before non- controlling interest				3,191,570
Non- controlling interest				(75,502)
Net profit attributable to equity holders of the company				3,116,068
Segment assets	42,524,421	16,089,454	(1,244,634)	57,369,241
Unallocated assets				1,713,142
Total assets				59,082,383
Segment liabilities	6,882,555	4,688,097	(1,115,776)	10,454,876
Unallocated liabilities				2,159,467
Total liabilities				12,614,343
Other segments items:				
Interest income (Note 8)	507,445	85,343	(37,541)	555,247
Capital expenditures (Note 15)	2,969,299	2,805,567		5,774,866
Amortisation (Note 18)	20,051	319		20,370
Depreciation (Note 6)	499,009	275,510	(70,038)	704,481

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Financial Information (Continued)

	Terminal Operation Group	Logistics Services	Elimination	
	$'000	$'000	$'000	$'000
Year ended 31 December 2022				
External operating revenue	6,675,953	2,800,453	-	9,476,406
Operating revenue from segments	907,538	183,646	(1,091,184)	-
Total revenue	7,583,491	2,984,099	(1,091,184)	9,476,406
Operating profit	2,434,257	831,234		3,265,491
Finance costs (Note 9)	(83,635)	(97,052)	78,795	(101,892)
Profit before tax	2,350,622	734,182	78,795	3,163,599
Tax expense				(425,129)
Profit before non- controlling interest				2,738,470
Non- controlling interest				(44,443)
Net profit attributable to equity holders of the company				2,694,027
Segment assets	36,012,507	7,491,203	(1,428,950)	42,074,760
Unallocated assets				605,809
Total assets				42,680,569
Segment liabilities	4,945,122	1,058,457	(1,305,317)	4,698,262
Unallocated liabilities				1,839,238
Total liabilities				6,537,500
Other segments items:				
Interest income (Note 8)	391,160	57,927	(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)	822,238	177,949	(68,510)	931,677

Revenues of approximately $2,489,241,000 (2022: $3,075,275,000) were earned from two customers. The revenues are attributable to the Terminal Operations segment.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and public relations	55,266	59,437	54,559	58,501
Amortisation (Note 18)	20,370	30,217	19,935	29,448
Auditors' remuneration	20,843	19,549	12,408	12,408
Bank charges	74,984	67,767	74,049	67,273
Customs overtime	105,566	77,105	105,566	77,105
Depreciation	704,481	931,677	595,121	814,001
Directors' fees	28,532	29,473	27,132	28,298
Equipment rental	181,209	174,117	175,336	174,117
Foreign exchange losses	-	177,511	-	160,624
Fuel	272,555	339,592	272,555	339,592
Information technology	111,374	142,314	109,713	136,737
Insurance	270,185	243,562	227,792	206,682
Legal and consultation expenses	61,952	22,810	39,524	20,119
Loss on disposal of property, plant and equipment	-	85,355	-	-
Repairs and maintenance	608,623	632,995	598,828	628,557
Security	590,815	438,735	107,632	87,586
Staff costs (Note 7)	2,640,086	2,487,153	2,137,379	2,091,257
Utilities	364,319	414,065	345,043	401,365
Other	412,016	342,748	434,341	377,860
	6,523,176	6,716,182	5,336,913	5,711,530

7. Staff Costs

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	1,967,618	1,920,026	1,624,923	1,614,613
Payroll taxes - employer's contributions	294,972	223,514	180,136	186,267
Pension costs – defined benefit plan (Note 21)	(37,212)	(47,591)	(37,212)	(47,591)
Pension costs – defined contribution plan	11,587	9,822	-	-
Other retirement benefits (Note 21)	45,569	58,025	45,569	58,025
Meal and travelling allowances	81,958	93,579	73,538	84,910
Other	275,594	229,778	250,425	195,033
	2,640,086	2,487,153	2,137,379	2,091,257

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

8. Other Operating Income

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Dividends	2,631	5,555	1,758	3,711
Interest	555,247	409,217	479,525	362,878
Foreign exchange gains	210,148	-	186,449	-
Management fees	-	-	101,680	92,881
Proceeds from claims	-	77,733	-	77,733
Gain on disposal of property, plant and equipment	5,778	-	5,778	-
Other	11,528	12,762	10,788	12,759
	785,332	505,267	785,978	549,962

9. Finance Costs

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense	109,354	119,174	108,915	122,112
Foreign exchange (gains)/losses	80,419	(17,282)	85,684	359
	189,773	101,892	194,599	122,471

10. Tax Expense

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Current tax on profit for the year	575,447	485,862	471,401	383,226
Prior year over provision	-	(5,519)	-	-
Deferred income tax (Note 30)	16,155	(55,214)	26,970	(9,611)
	591,602	425,129	498,371	373,615

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

10. Tax Expense (Continued)

The tax on profit differs from the theoretical amount that would arise using a basic statutory rate of 12.5% (2022: 12.5%) as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	3,783,172	3,163,599	3,093,343	2,675,453
Tax calculated at a tax rate of 12.5%	472,897	395,450	386,668	334,432
Adjusted for the effects of:				
Income not subject to tax	(36,635)	(17,526)	(22,406)	(1,576)
Income tax at higher rate	129,883	127,231	110,171	99,992
Employment tax credit	(76,416)	(83,587)	(76,416)	(83,587)
Employment tax credit clawback	71,264	-	71,264	-
Expenses not deductible for tax purposes	31,442	16,385	26,872	15,778
Prior year over provision	-	(5,519)	-	-
Other	(833)	(7,305)	2,218	8,576
	591,602	425,129	498,371	373,615

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

	2023	**2022**
	$'000	**$'000**
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	2,594,972	2,301,838
Subsidiaries	521,096	392,189
	3,116,068	2,694,027
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	16,754,416	14,364,113
Subsidiaries	838,129	317,898
	17,592,545	14,682,011

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

12. Non-Controlling Interest

	2023 $'000	2022 $'000
NCI percentage for Security Administrators Limited	33⅓ %	33⅓ %

	2023 $'000	2022 $'000
At beginning of year	315,497	271,054
Share of net profit of subsidiary	75,502	44,443
	390,999	315,497
Non-current assets	19,207	28,720
Current assets	1,269,239	1,051,509
Non-current liabilities	-	(3,374)
Current liabilities	(110,419)	(125,234)
Net assets	1,178,027	951,621
Carrying amount of NCI	390,999	315,497
Revenue	1,334,078	978,390
Profit for the year, being total comprehensive income	226,508	133,329
Profit allocated to NCI	75,502	44,443
Cash flows from operating activities	139,568	135,101
Cash flows from investment activities	41,970	23,417
Cash flow from financing activities	5,987	(4,410)
Net increase in cash and cash equivalents	187,525	154,108

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.

	2023 $'000	2022 $'000
Net profit attributable to equity holders of the company ($'000)	3,116,068	2,694,027
Weighted average number of ordinary stock units in issue (thousands)	1,418,807	1,427,528
Basic/diluted earnings per stock unit	2.20	$1.89

14. Dividends

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

	2023 $'000	2022 $'000
Ordinary dividends, gross - 68 cents (67 cents)	972,536	958,234

In December 2023, the company declared a dividend of 43 cents per share payable on 16 January 2024 to shareholders on record at 14 December 2023, and which is included in the total dividends above.

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment

	The Group							
	Freehold Land $'000	Plant and Buildings $'000	Machinery and Equipment $'000	Cold Room and Refrigeration Equipment $'000	Furniture and fixtures $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
					2023			
Cost or valuation-								
At 31 December 2022	10,755,769	23,228,440	4,465,193	268,007	361,757	351,214	2,638,628	42,069,008
Additions	4,365	-	17,583	-	19,836	50,075	5,683,007	5,774,866
Transfers	341,398	373,769	26,981	-	1,140	46,291	(796,629)	(7,050)
Transfers to intangibles assets							(15,457)	(15,457)
Revaluation	5,600,829	2,819,015	-	-	-	-	-	8,419,844
Disposals	-	(84,766)	-	-	-	(13,729)	-	(98,495)
At 31 December 2023	16,702,361	26,336,458	4,509,757	268,007	382,733	433,851	7,509,549	56,142,716
Depreciation								
At 31 December 2022	-	10,019,654	1,981,868	267,460	239,041	261,395	-	12,769,418
Charge for the year	-	392,829	211,443	40	21,380	31,998	-	657,690
Revaluation		524,213	-	-	-	-	-	524,213
Relieved on disposals	-	(47,916)	-	-	-	(13,729)	-	(61,645)
At 31 December 2023	-	10,888,780	2,193,311	267,500	260,421	279,664	-	13,889,676
Net Book value								
At 31 December 2023	16,702,361	15,447,678	2,316,446	507	122,312	154,187	7,509,549	42,253,040

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (Continued)

	The Group							
	Freehold Land $'000	Plant and Buildings $'000	Machinery and Equipment $'000	Cold Room and Refrigeration Equipment $'000	Furniture and fixtures $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
				2022				
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	10,755,769	23,228,440	4,465,193	268,007	361,757	351,214	2,638,628	42,069,008
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	-	10,019,654	1,981,868	267,460	239,041	261,395	-	12,769,418
Net Book value								
At 31 December 2022	10,755,769	13,208,786	2,483,325	547	122,716	89,819	2,638,628	29,299,590

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (Continued)

	The Company							
	Freehold Land $'000	Plant and Buildings $'000	Machinery and Equipment $'000	Cold Room and Refrigeration Equipment $'000	Furniture and fixtures $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
					2023			
Cost or valuation-								
At 31 December 2022	7,080,294	16,670,940	4,423,290	19,740	346,579	323,032	2,636,978	31,500,853
Additions	-	-	14,592	-	19,763	50,075	5,683,007	5,767,437
Transfers	328,297	373,769	26,981	-	1,140	46,291	(796,629)	(20,151)
Transfers to intangibles assets	-	-	-	-	-	-	(15,457)	(15,457)
Revaluation	3,513,964	1,816,262	-	-	-	-	-	5,330,226
Disposals	-	-	-	-	-	(13,729)	-	(13,729)
At 31 December 2023	10,922,555	18,860,971	4,464,863	19,740	367,482	405,669	7,507,899	42,549,179
Depreciation-								
At 31 December 2022	-	6,101,389	1,934,384	19,011	224,374	246,131	-	8,525,289
Charge for the year	-	225,371	208,883	40	21,253	28,507	-	484,054
Revaluation	-	67,027	-	-	-	-	-	67,027
Relieved on disposals	-	-	-	-	-	(13,729)	-	(13,729)
At 31 December 2023	-	6,393,787	2,143,267	19,051	245,627	260,909	-	9,062,641
Net Book value-								
At 31 December 2023	10,922,555	12,467,184	2,321,596	689	121,855	144,760	7,507,899	33,486,538

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (Continued)

	The Company							
	Freehold Land $'000	Plant and Buildings $'000	Machinery and Equipment $'000	Cold Room and Refrigeration Equipment $'000	Furniture and fixtures $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
					2022			
Cost or valuation-								
At 31 December 2022	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 2023	7,080,294	16,670,940	4,423,290	19,740	346,579	323,032	2,636,978	31,500,853
Depreciation-								
At 31 December 2022	-	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 2023	-	6,101,389	1,934,384	19,011	224,374	246,131	-	8,525,289
Net Book value-								
At 31 December 2023	7,080,294	10,569,551	2,488,906	729	122,205	76,901	2,636,978	22,975,564

15. Property, Plant and Equipment (Continued)

(a) Freehold land of the Group was revalued as at 31 December 2023 on the basis of open market value by D.C. Tavares and Finson Realty Limited, independent qualified valuators. The freehold plant and buildings of the Group were also revalued as at 31 December 2023 on the depreciated replacement cost basis which approximates fair value, by NAI Jamaica Langford and Brown, 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;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The items of property, plant and equipment of the Group and the company shown at revalued amounts are included in Level 3. Freehold Land was transferred from Level 2 to Level 3 during 2023. The following tables disclose the Group and company's non-financial assets carried at fair value:

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (Continued)

		The Group		
		Fair value measurements as at 31 December 2023 using		
Categories	**Date of revaluation**	**Quoted price in an active market**	**Significant other observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Freehold Land	Dec-23	-	-	16,702,361
Plant and Buildings	Dec-23	-	-	15,447,678
Total		-	-	32,150,039
		The Company		
Freehold Land	Dec-23	-	-	10,922,555
Plant and Buildings	Dec-23	-	-	12,467,184
Total		-	-	23,389739

		The Group		
		Fair value measurements as at 31 December 2022 using		
Categories	**Date of revaluation**	**Quoted price in an active market**	**Significant other observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Freehold Land	Dec-20	-	10,755,769	
Plant and Buildings	Dec-20	-	-	13,208,786
Total		-	10,755,769	13,208,786
		The Company		
Freehold Land	Dec-20	-	7,080,294	
Plant and Buildings	Dec-20	-	-	10,569,551
Total		-	7,080,294	10,569,551

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (Continued)

(a) (continued)

Level 3 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 company's management regularly assesses the reliability of inputs and adjusts valuation methodologies as necessary to reflect current market conditions. While the fair value of land assets is subject to estimation uncertainty, the management believes that the valuation techniques applied provide a reasonable approximation of the assets' fair value.

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

Fair Value Measurements using significant unobservable inputs (Level 3)

	Group Freehold land $'000	**Company Freehold land $'000**
Opening balance at valuation	-	-
Transfer between levels	10,755,769	7,080,294
Transfer in	341,398	328,297
Additions	4,365	-
Revaluation adjustment	5,600,829	3,513,964
Closing balance	16,702,361	10,922,555

	Group Plant & Buildings $'000	**Company Plant & Buildings $'000**
Opening balance at valuation	13,208,786	10,569,551
Additions/transfer in	373,769	373,769
Revaluation Adjustment to accumulated depreciation	2,294,802	1,749,235
Disposals net of accumulated depreciation	(36,850)	-
Depreciation through profit or loss	(392,829)	(225,371)
Closing balance	15,447,678	12,467,184

15. Property, Plant and Equipment (Continued)

(b) (continued)

		The Group			
	Fair value at 31 December 2023 $'000	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value 2023**
Description					
Freehold land	16,702,361	Market value	Cost per square Foot	None noted	The higher the cost per square foot the higher the market value

		The Company			
	Fair value at 31 December 2023 $'000	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value 2023**
Description					
Freehold land	10,922,555	Market value	Cost per square Foot	None noted	The higher the cost per square foot the higher the market value

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (Continued)

(c) (continued)

		The Group			
	Fair value at 31 December 2023 $'000	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value 2023**
Description					
Plant and Building	15,447,678	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 $76,623,000 and higher by $97,216,000.

Kingston Wharves Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (continued)

(a) (continued)

		The Company			
	Fair value at 31 December 2023 $'000	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value 2023**
Plant and Building	12,467,184	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 $58,899,000 and higher by $48,652,000.

(b) A fixed charge totalling US$26.6 million has been placed over the property, plant and equipment of the company, promissory notes stamped in the sums of $1,354 million 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

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Cost	10,037,269	9,685,738	9,638,894	9,265,126
Accumulated depreciation	(2,435,984)	(1,911,770)	(1,735,413)	(1,668,383)
Net book value	7,601,285	7,773,968	7,903,481	7,596,743

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

16. Leases

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

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

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Right- of-use assets				
Land and buildings	428,215	43,963	468,184	151,037
Lease liabilities				
Current	43,141	44,341	78,987	83,104
Non-current	457,573	-	457,573	68,048
	500,714	44,341	536,560	151,152

Amounts recognised in the statement of profit or loss IFRS 16

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

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Depreciation charge of right- of-use assets				
Land and buildings	43,963	65,946	111,067	131,712
Interest expense (included in finance costs, Note 9)	16,189	24,274	19,176	27,250
	60,152	90,220	130,243	158,962

The total cash outflow for leases was $64,463,000 (2022: $96,746,000).

17. Investment Property

	The Group		
	Land J$'000	**Plant and building J$'000**	**Total J $'000**
Cost			
At 31 December 2020, At 31 December 2022 and at 31 December 2023	250,000	320,000	570,000
Accumulated depreciation-			
At 31 December 2020	-	17,217	17,217
Charge for the year	-	7,918	7,918
At 31 December 2022	-	25,135	25,135
Charge for the year	-	7,918	7,918
At 31 December 2023	-	33,053	33,053
Net Book Value			
31 December 2023	250,000	286,947	536,947
31 December 2022	250,000	294,865	544,865

17. Investment Property (Continued)

The investment property is carried at cost less accumulated depreciation at its acquired value in 2019 of $570,000,000, which was based on open market value by D.C. Tavares and Finson Realty Limited, independent qualified valuators. The fair value of the investment property at 2023 is $1,310,000,000.

Amounts recognised in profit or loss for investment property:

	2023 **$'000**	**2022** **$'000**
Rental income	78,200	71,436
Depreciation expense	(7,918)	(7,918)

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:

	2023 **$'000**	**2022** **$'000**
Receivable as follows:		
Within one year	112,024	65,482
Later than one year but not later than 5 years	93,353	-
	205,377	65,482

18. Intangible Assets

	The Group		
	Computer software J$'000	**Rights to customer contracts J$'000**	**Total J $'000**
Cost			
At 31 December 2021 and 2022	141,150	470,637	611,787
Addition			
Transfers from property plant and equipment	15,457	-	15,457
At 31 December 2023	156,607	470,637	627,244
Amortisation			
At 31 December 2021	76,930	458,418	535,348
Amortisation charge for year	19,760	10,457	30,217
At 31 December 2022	96,690	468,875	565,565
Amortisation charge for year	18,628	1,742	20,370
At 31 December 2023	115,318	470,617	585,935
Net Book Value			
31 December 2023	41,289	20	41,309
31 December 2022	44,460	1,762	46,222

18. Intangible Assets (Continued)

	The Company		
	Computer software J$'000	**Rights to customer contracts J$'000**	**Total J $'000**
Cost			
At 31 December 2021 and 2022	136,947	470,637	607,584
Addition			
Transfers from property plant and equipment	15,457	-	15,457
At 31 December 2023	152,404	470,637	623,041
Amortisation			
At 31 December 2021	74,845	458,419	533,264
Amortisation charge for year	18,992	10,456	29,448
At 31 December 2022	93,837	468,875	562,712
Amortisation charge for year	18,193	1,742	19,935
At 31 December 2023	112,030	470,617	582,647
Net Book Value			
31 December 2023	40,374	20	40,394
31 December 2022	43,110	1,762	44,872

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

	The Company	
	2023 $'000	**2022 $'000**
Harbour Cold Stores Limited	13,335	13,335
Security Administrators Limited	6	6
Western Storage Limited	16,301	16,301
Western Terminals Limited	46,039	46,039
Kingston Terminal Operators Limited	50	50
	75,731	75,731

20. 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 for financial reporting purposes. On disposal of these equity investments, any balances within fair value reserve are reclassified through retained earnings.

The financial assets (FVOCI) are classified as level 3 and are valued using the underlying net assets of the entity and applying a marketability discount. The underlying net assets consists of:

- Quoted equities whose prices are derived from published price quotations in an active market
- Investments properties which are valued by independent valuators
- Other assets and liabilities which are carried at fair value, cost or amortised cost.

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

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Unquoted equities				
Opening balance	449,617	449,617	300,353	300,353
Fair value movement	-	-	-	-
	449,617	449,617	300,353	300,353

21. Retirement Benefit Asset and Obligations

	The Group and Company	
	2023 $'000	**2022 $'000**
Statement of financial position obligations/(asset) for:		
Pension benefits	(1,530,336)	(558,899)
Other retirement benefits	327,717	258,749
Profit or loss for (Note 7)		
Pension benefits	(37,212)	(47,591)
Other retirement benefits	45,569	58,025
Remeasurement for:		
Pension benefits	928,671	(1,193,007)
Other retirement benefits	(36,731)	184,355
	891,940	(1,008,652)

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits

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

Defined contribution plan

The Group, through a subsidiary, participates in a defined contributory pension scheme which was established in May 2001 and is open to security personnel and administrative personnel contracted to the subsidiary.
The scheme is administered by trustees. The scheme is funded by the employer's contribution of 5% and the members mandatory contribution of 5%. Members may also voluntarily contribute up to an additional 5% of their earnings to the scheme. The total contribution to the scheme during the year was $11,834,000
(2022: $9,822,000).

The plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation dated 31 December 2021 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 2023 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:

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Fair value of plan assets	(3,801,947)	(3,728,121)
Present value of funded obligations	2,271,611	1,674,637
	(1,530,336)	(2,053,484)
Unrecognised amount due to limitation (asset ceiling)	-	1,494,585
Surplus of funded plan/asset in the statement of financial position	(1,530,336)	(558,899)

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(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:

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Asset at beginning of year	(558,899)	(1,698,874)
Current service cost	38,655	73,826
Interest expense, net	(75,867)	(128,836)
Administrative expenses	-	7,419
Total amount recognised in profit or loss (Note 7)	(37,212)	(47,591)
Remeasurements		
Change in demographic assumptions	(44,260)	-
Change in financial assumptions	324,632	(937,135)
Experience adjustments	(1,209,043)	2,130,142
Total amount recognized in OCI	(928,671)	1,193,007
Contributions paid	(5,554)	(5,441)
Asset at end of year	(1,530,336)	(558,899)

Kingston Wharves Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

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

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of year	(3,728,121)	(4,037,301)
Interest income	(481,433)	(321,035)
Re- measurement-		
Return on plans assets, excluding amounts included in interest expense	356,471	581,490
Members' contributions	(45,401)	(48,017)
Employer's contributions	(5,554)	(5,441)
Benefits paid	102,091	94,764
Administrative expenses	-	7,419
Balance at end of year	(3,801,947)	(3,728,121)

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

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of year	1,674,637	2,338,427
Current service cost	38,655	101,033
Interest cost	211,270	192,199
Re- measurement-		
Gains from change in experience adjustments	79,107	54,067
Loss/(gain) from change in financial assumptions	324,632	(937,135)
Members' voluntary contributions	45,401	20,810
Benefits paid	(102,091)	(94,764)
Balance at end of year	2,271,611	1,674,637

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(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 $1,420,353,000 relating to active employees, $123,021,000 relating to deferred members, $696,776,000 relating to members in retirement and $31,461,000 representing other liabilities.

Plan assets are comprised as follows:

	The Group and Company			
	2023		2022	
	$'000	%	$'000	%
Quoted securities				
Equity securities	1,753,909	46.1	1,826,162	49.0
Government of Jamaica securities	754,472	19.8	784,147	21.0
Corporate bonds, promissory notes, repurchase agreements and preference shares	915,150	24.1	691,526	18.5
Leases	30,891	0.8	18,673	0.5
Real estate	123,501	3.2	117,816	3.2
Other	224,024	6	289,797	7.8
	3,801,947	100.0	3,728,121	100.0

The pension plan assets include ordinary stock units of the company with a fair value of $235,771,000 (2022: $324,000,000).

Expected contributions to the post-employment plan for the year ending 31 December 2024 are $6,754,000.

The significant actuarial assumptions used were as follows:

	2023	2022
Discount rate	11.0%	13.0%
Future salary increases	8.0%	6.5%
Expected pension increase	5.4%	4.0%

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:

		Impact on Post-employment	
	Change in assumption	**Increase in assumption $'000**	**Decrease in assumption $'000**
Discount rate	1%	(227,244)	281,482
Future salary increases	1%	219,335	(187,022)
Expected pension increase	1%	44,850	(41,102)
Life expectancy	1 year	36,468	(37,289)

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 (2022: 7.5%) for the insured group health plan.
The insured group life plan assumes a salary rate increase of 8% per year (2022: 6.5%).

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

	The Group and Company	
	2023 $'000	**2022 $'000**
Present value of unfunded obligations	327,717	258,749

21. Retirement Benefit Asset and Obligations (Continued)

(b) Other retirement benefits (continued)

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

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Liability at beginning of year	258,749	396,749
Amounts recognised in the statement of comprehensive income	82,300	(126,330)
Contributions paid	(13,332)	(11,670)
Liability at end of year	327,717	258,749

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

	The Group and Company	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of year	258,749	396,749
Current service cost	12,772	24,771
Interest cost	32,797	33,254
Included in staff costs in profit or loss (Note 7)	45,569	58,025
Re-measurements-		
Loss from change in financial assumptions	70,225	(199,319)
Experience adjustments	(33,494)	14,964
Total, included in other comprehensive income	36,731	(184,355)
Benefits paid	(13,332)	(11,670)
Balance at end of year	327,717	258,749

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

	Impact on Post-employment Obligations- Life		
	Change in assumption	**Increase in assumption $'000**	**Decrease in assumption $'000**
Discount rate	1%	(2,045)	2,373
Future salary increases	1%	521	(481)

	Impact on Post-employment Obligations- Medical		
	Change in assumption	**Increase in assumption $'000**	**Decrease in assumption $'000**
Discount rate	1%	(32,509)	39,812
Future medical cost rate	1%	40,832	(33,748)

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 2023 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 2026. 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
31 December 2023
(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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Fuel	10,538	9,111	10,538	9,111
Operating supplies	642,742	563,669	638,127	559,858
	653,280	572,780	648,665	568,969

Operating supplies for the group and company are shown net of provision for impairment of $15,524,000 (2022: $15,524,000).

23. Related Party Transactions and Balances

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
(i) Revenue earned from sales of services				
Subsidiaries	-	-	8,899	8,421
Companies controlled by directors/members or related by virtue of common directorships	3,437,597	3,510,592	2,410,948	2,731,619
	3,437,597	3,510,592	2,419,847	2,740,040

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

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
(ii) Other income				
Subsidiaries- management fees	-	-	101,680	92,881
Subsidiaries- interest	-	-	37,541	39,870
Companies controlled by directors/members or related by virtue of common directorships dividends	2,631	5,555	1,758	3,711
(iii) Purchases of goods and services				
Subsidiaries	-	-	123,548	114,223
Companies controlled by directors/members or related by virtue of common directorships	455,368	486,797	439,958	457,509
	455,368	486,797	563,506	571,732

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

23. Related Party Transactions and Balances (Continued)

(a) Year-end balances with related parties

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
(i) Due from related companies				
Subsidiaries				
Long term receivables	-	-	474,197	531,606
Current accounts	-	-	142,896	283,911
Companies controlled by directors/members or related by virtue of common directorships				
Trade receivables (Note 24)	368,580	308,745	224,609	172,420
	368,580	308,745	841,702	987,937

The long-term receivables are comprised of:

- loan to a subsidiary of $470 million (2022: $470 million) with a maturity date of 31 December 2027. Interest is charged at a rate of 7.5% per annum. The current account includes accrued interest of $5,823,000 (2022: $5,823,000) in relation to this loan.
- loan of $61 million was repaid during 2023.
- the balance of the current account is interest free and is repayable within twelve months.

Loss allowances of $17,519,000 (2022: $9,710,000) and $12,295,000 (2022: $5,742,000) for the Group and company respectively are held against trade accounts receivable from related parties.

(ii) Due to related companies

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries		-	30,895	45,113
Companies controlled by directors/members or related by virtue of common directorships				
Trade receivables (Note 31)	7,998	9,248	8,062	9,248
	7,998	9,248	38,957	54,361

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

23. Related Party Transactions and Balances (Continued)

(b) Key management compensation

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short term employees benefits	98,131	90,825	81,486	74,893
Payroll taxes – employers' contributions	9,924	10,004	8,029	8,307
Pension benefits	981	908	815	749
Other	6,443	6,918	4,506	4,975
	115,479	108,655	94,836	88,924
Directors' emoluments- Fee	28,532	29,473	27,132	28,298
Management remuneration (included in salaries above)	57,280	54,863	57,280	54,863

24. Trade and Other Receivables

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	789,897	709,070	470,080	448,098
Less: Loss allowance	(83,153)	(51,485)	(31,748)	(38,622)
	706,744	657,585	438,332	409,476
Prepayments	58,393	59,754	49,768	50,304
Other	156,549	124,597	129,322	109,608
	921,686	841,936	617,422	569,388

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Short term investments	11,161,669	9,632,840	9,199,187	8,116,284
Cash at bank	923,480	642,950	495,300	299,346
	12,085,149	10,275,790	9,694,487	8,415,630

25. Cash and Cash Equivalents (Continued)

The weighted average effective interest rate on short term investments was 4.6% (2022: 4%) per annum for United States dollar denominated investments and 7.9% (2022: 7.5%) per annum for Jamaican dollar investments. These short-term investments have an average maturity of 70 days.

Cash at bank includes United States dollar savings accounts and an interest earning current account. Interest is currently 0.15% (2022: 0.10%) per annum and 3% (2022: 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 (2022: 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.

	2023 Units ('000)	2022 Units ('000)	2023 $'000	2022 $'000
Issued and fully paid				
Ordinary stock units	1,430,200	1,430,200	2,079,398	2,079,398
Treasury shares	(20,199)	(2,587)	(602,208)	(103,100)
Issued and outstanding	1,410,001	1,427,613	1,477,190	1,976,298

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 2022 at a fair value of $78 million. During the year 17 million shares were purchased at a fair value of $500 million additionally the Company through the Trust sold 34,000 shares to management personnel.

	2023		2022	
	Number of shares '000	$'000	Number of shares '000	$'000
Shares purchased for ESOP	20,863	628,358	3,217	128,000
Issue of shares to staff	(49)	(1,801)	(49)	(1,801)
Executive share ownership scheme sale	(615)	(24,349)	(581)	(23,099)
Balance at the end of year	20,199	602,208	2,587	103,100

27. Other Reserves

Other reserves comprise**:**

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Capital reserves	26,425,764	18,588,587	16,731,754	11,674,633
Fair value reserve	363,099	363,099	242,303	242,303
	26,788,863	18,951,686	16,974,057	11,916,936

Capital reserves

	The Group		The Company	
	2023	2022	2023	2022
	'000	$'000	'000	$'000
Unrealised surplus on revaluation of property, plant and equipment	27,328,666	19,433,035	17,317,056	12,053,860
Less: Deferred taxation	(1,477,904)	(1,406,871)	(996,321)	(777,667)
	25,850,762	18,026,164	16,320,735	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	407,392	394,813	407,392	394,813
Capitalisation of depreciation reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
	26,425,764	18,588,587	16,731,754	11,674,633

Fair value reserve

This represents unrealised surplus on revaluation of financial assets carried at fair value 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.

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

The balance of the reserves comprises:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Asset replacement/rehabilitation reserve				
Depreciation fund	218,443	217,577	212,968	212,968
	218,443	217,577	212,968	212,968

The movement in each category of reserves was as follows:

(a) Asset Replacement/Rehabilitation Reserve

	The Group and Company	
	2023 $'000	2022 $'000
At beginning of year		
Transfers from profit or loss account during the year	12,579	12,579
Transfer to capital reserves- utilised for capital expansion	(12,579)	(12,579)
At end of year	-	-

(b) Depreciation Fund

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
At beginning of year	217,577	217,024	212,968	212,968
Transfer from retained earnings (net interest)	866	553	-	-
At end of year	218,443	217,577	212,968	212,968

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

The Group 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
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

29. Borrowings

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'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	414,000	603,000	414,000	603,000
(d) Bank of Nova Scotia Jamaica Limited	3,020,000	1,000,000	3,020,000	1,000,000
(e) National Commercial Bank	50,000	72,222	50,000	72,222
(f) CIBC FirstCaribbean International Bank (Jamaica) Limited	517,857	616,071	517,857	616,071
(g) CIBC FirstCaribbean International Bank (Jamaica) Limited	22,815	61,926	22,815	61,926
(h) CIBC FirstCaribbean International Bank (Jamaica) Limited	-	19,643	-	19,643
(i) CIBC FirstCaribbean International Bank (Jamaica) Limited	48,380	112,875	48,380	112,875
(j) CIBC FirstCaribbean International Bank (Jamaica) Limited	3,100,000	-	3,100,000	-
	7,175,984	2,488,669	7,174,532	2,487,217
Less: Current portion	(701,930)	(855,613)	(701,930)	(855,613)
	6,474,054	1,633,056	6,472,602	1,631,604

(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 the refinancing of $477 million of the $1.8 billion loan obtained from Bank of Nova Scotia Ltd. to fund the construction of the Total Logistics Facility. The principal amount carries a fixed interest rate of 7% and is to be repaid over 7 quarters, it is scheduled to be repaid in June 2025.

(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. There was a further drawdown on the facility of $2.02 billion in 2023.

(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.

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 was repaid in 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 2022 and refinanced by CIBC FirstCaribbean International Bank. The loan is currently fixed at 5% p.a. and is to be repaid in September 2024.

(j) This represents a loan in the amount of $3.1 billion from CIBC FirstCaribbean International Bank (Jamaica) Limited for the financing of the Ashenhiem Road Logistics Complex. The tenure of the loan is seven years with a fixed rate of 5.65%. There is an eighteen months moratorium on principal payments thereafter principal repayable in quarterly installments based on a 10-year amortization schedule.

Security for the loan facilities with CIBC FirstCaribbean International Bank (Jamaica) Limited (f)-(j) 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, mortgages/charges over property and machinery owned by the Group of $1,503.5 million and overdraft lending agreement of $60 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).

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

29. Borrowings (Continued)

Reconciliation of liabilities arising from financing activities

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

	The Group			
	Borrowings		Leases	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Balance at 1 January	2,488,669	2,046,666	44,341	118,153
Proceeds from loans	5,120,000	1,000,000	-	-
Repayment of loans	(432,685)	(557,997)	-	-
Repayment of lease liabilities	-	-	(64,463)	(65,930)
Effect of changes in foreign exchange rates	-	-	3,933	(7,882)
	4,687,315	442,003	(60,530)	(73,812)
New leases	-	-	496,429	-
Interest expense	-	-	16,189	24,274
Interest paid	-	-	-	(24,274)
	-	-	512,618	-
Balance at 31 December	7,175,984	2,488,669	496,429	44,341

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

29. Borrowings (Continued)

Reconciliation of liabilities arising from financing activities (continued)

	The Company			
	Borrowings		Leases	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Balance at 1 January	2,487,217	2,045,214	151,152	161,562
Proceeds from loans	5,120,000	1,000,000	-	-
Repayment of loans	(432,685)	(557,997)	-	-
Repayment of lease liabilities	-	-	(140,363)	(145,184)
Effect of changes in foreign exchange rates	-	-	5,881	567
	4,687,315	442,003	(134,482)	(144,617)
New leases	-	-	500,714	134,207
Interest expense	-	-	19,176	27,250
Interest paid	-	-	-	(27,250)
	-	-	519,890	134,207
Balance at 31 December	7,174,532	2,487,217	536,560	151,152

30. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 12.5% (2022: 12.5%) for the company and 12.5% - 25% (2022: 12.5% - 25%) for the subsidiaries.

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Statement of financial position (assets)/liabilities for:				
Deferred income tax assets	(863)	(4,267)	-	-
Deferred income tax liabilities	1,667,645	1,514,386	1,305,383	948,266
	1,666,782	1,510,119	1,305,383	948,266

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

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Deferred income tax assets-				
Vacation leave accrual	4,477	3,266	3,597	2,566
Other payables	1,511	5,143	55	71
Employee benefit obligations	40,965	32,344	40,965	32,344
Property, plant and equipment	5,676	3,097	-	-
Unrealised foreign exchange losses	4,529	10,000	4,096	8,955
	57,158	53,850	48,713	43,936

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

30. Deferred Income Tax (Continued)

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred income tax liabilities-				
Property, plant and equipment	1,527,017	1,486,798	1,158,381	916,078
Unrealised foreign exchange gains	-	(851)	-	(851)
Interest receivable	5,631	8,159	4,423	7,112
Retirement benefit asset	191,292	69,863	191,292	69,863
	1,723,940	1,563,969	1,354,096	992,202
Net deferred income tax liabilities	1,666,782	1,510,119	1,305,383	948,266

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Net liabilities at beginning of year	1,510,119	1,691,415	948,266	1,083,959
Profit or loss (Note 10)	16,155	(55,214)	26,970	(9,611)
Effect on re-measurement of post-employment benefits	111,493	(126,082)	111,493	(126,082)
Stockholders' equity on revaluation surplus	286,850	-	218,654	-
Deferred tax effect on de-recognitio of revaluation surplus	(5,252)	-	-	-
Effect of change in tax rate	(252,583)	-	-	-
Net liabilities at end of year	1,666,782	1,510,119	1,305,383	948,266

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Vacation leave accrual	(1,211)	(872)	(1,031)	(649)
Other payables	3,349	1,255	16	(54)
Employee benefit obligations	(4,030)	(182)	(4,030)	(182)
Unrealised foreign exchange losses	6,320	(4,407)	5,709	(3,780)
Property, plant and equipment	8,622	(50,524)	23,649	(3,943)
Unrealised foreign exchange gains	3	-	-	-
Tax losses	283	-	-	-
Interest received	(2,527)	(553)	(2,689)	(1,072)
Retirement benefit asset	5,346	69	5,346	69
	16,155	(55,214)	26,970	(9,611)

Kingston Wharves Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

30. Deferred Income Tax (Continued)

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Retirement benefit asset	116,084	(149,126)	116,084	(149,126)
Employee benefit obligations	(4,591)	23,044	(4,591)	23,044
	111,493	(126,082)	111,493	(126,082)

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

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets to be recovered				
After more than 12 months	51,170	45,724	45,061	41,299
Deferred income tax liabilities to be extinguished-				
After more than 12 months	1,718,309	1,556,661	1,349,673	985,941

31. Trade and Other Payables

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	166,292	214,188	163,917	208,905
Dividends payable	627,090	622,399	627,090	622,399
Accrual for 16% wharfage	236,476	205,610	236,476	205,610
Contract retention	597,325	226,851	597,325	226,851
Other payables and accruals	1,150,997	896,199	1,028,010	815,259
	2,778,180	2,165,247	2,652,818	2,079,024

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

32. Operating Leases

The Group earned property rental income of $283,395,000 (2022: $283,395,000) under operating leases.

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

	2023 $'000	2022 $'000
No later than 1 year	379,045	257,856
Within 1 to 5 years	126,952	10,051
	505,997	267,907

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.

34. Commitments

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

	2023 $'000	2022 $'000
Authorised and contracted	1,236,248	2,124,135