National Solid Waste Management Authority

Consolidated Financial Statements
31 March 2024

JAMAICA

National Solid Waste Management Authority

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SFAI JAMAICA

INDEPENDENT AUDITORS' REPORT

To the Members of

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

Report on the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of the National Solid Waste Management Authority ("the Authority"), which comprise the consolidated statement of financial position of the Authority and its sub-entities (together 'the Group') and the stand-alone statement of financial position of the Authority as at March 31, 2024, the consolidated and stand-alone statement of comprehensive income, the consolidated and stand-alone statement of changes in equity and consolidated and stand-alone statement of cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and the Authority as at March 31, 2024, and of their consolidated and stand-alone financial performance, and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 separate financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Board of Directors for the consolidated and separate financial statements

Management is responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group and Authority'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 Authority, or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 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 controls.

- 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 Authority'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 Authority'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 separate 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 Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 the Board of Directors 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.

Chartered Accountants
Kingston, Jamaica
July 24, 2024

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
INCOME			
Government subvention	5,17	9,891,178	9,704,172
Commercial income	6	669,477	594,533
Other income	7	68,740	30,223
Interest income	8	4,535	2,020
		10,633,930	10,330,948
EXPENSES			
Direct, administrative and general expenses	9,14	(10,575,462)	(9,153,049)
Finance cost	11	(7,925)	(12,213)
		(10,583,387)	(9,168,262)
Surplus for the year *		50,543	1,162,686
Other comprehensive income			
Item that will not be reclassified to income in subsequent periods:			
Retirement benefit adjustment		7,079	(13,630)
		7,079	(13,630)
Total comprehensive income		57,622	1,149,056

* The surplus represents committed funds received at year end date.

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,974,339	2,434,394
Right-of-use asset	26	177,315	207,117
Retirement benefit asset	14	9,970	3,970
Total non-current assets		2,161,624	2,645,481
CURRENT ASSETS			
Work in progress	27	-	36,421
Inventories	15	67,905	51,138
Trade and other receivables	16	835,568	728,820
Withholding tax recoverable		358	358
Cash and cash equivalents	18	892,300	724,027
Total current assets		1,796,131	1,540,764
CURRENT LIABILITIES			
Trade and other payables	19	2,410,827	2,665,289
Lease liability	26	30,624	28,738
Total current liabilities		2,441,451	2,694,027
Net current liabilities		(645,320)	(1,153,263)
NON-CURRENT LIABILITY			
Lease Liability	26	(158,293)	(191,829)
NET ASSETS		1,358,011	1,300,389
EQUITY AND RESERVES			
Share capital	20	1	1
Revaluation reserves	21	190,247	190,247
Accumulated surplus		1,167,763	1,110,141
Total equity and reserves		1,358,011	1,300,389

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

The financial statements were approved for issue by the Board of Directors on July 24, 2024 and signed on its behalf by:

Owen Ellington — Chairman

Audley Gordon — Executive Director

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital (*) $'000	Revaluation Reserve $'000	Accumulated (Deficit) Surplus $'000	Total $'000
Balance at 1 April 2022	1	190,247	(38,915)	151,333
Surplus for the year	-	-	1,162,686	1,162,686
Other comprehensive loss			(13,630)	(13,630)
Total comprehensive income	-	-	1,149,056	1,149,056
Balance at 31 March 2023	1	190,247	1,110,141	1,300,389
Surplus for the year	-	-	50,543	50,543
Other comprehensive income	-	-	7,079	7,079
Total comprehensive income	-	-	57,622	57,622
Balance at 31 March 2024	1	190,247	1,167,763	1,358,011

(*) - denotes $402.

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican dollars unless otherwise indicated)

	2024 $'000	**2023 $'000**
Cash flows from operating activities		
Surplus for the year	50,543	1,162,688
Adjustments for:		
Depreciation of property, plant and equipment	554,951	353,016
Depreciation right-of-use asset	21,712	24,978
Increase in allowance for impaired trade receivables	10,000	9,000
Adjustment for retirement benefits	1,079	3,139
Inventory adjustment	-	(1,560)
Interest income	(4,535)	(2,045)
Finance cost - right-of-use asset	7,925	12,213
Operating cash flows before movements in working capital:	641,675	1,561,429
Increase in trade and other receivables	(116,748)	(167,264)
Increase in inventories	(16,767)	(17,265)
(Decrease) increase in trade and other payables	(254,193)	322,289
Cash generated from operations	253,967	1,699,187
Interest received	4,535	2,045
Net cash flows from operating activities	258,502	1,701,234
Cash flows from investing activities		
Investment in work in progress	-	(36,421)
Acquisition of property, plant and equipment	(58,476)	(1,699,740)
Net cash used in investing activities	(58,476)	(1,736,161)
Cash flows from financing activities		
Lease payment	(31,753)	(28,614)
Net cash used in financing activities	(31,753)	(28,614)
Net increase (decrease) in cash and cash equivalents	168,273	(63,541)
Cash and cash equivalents at the beginning of year	724,027	787,568
Cash and cash equivalents at the end of year	892,300	724,027

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2024 $'000	2023 $'000
INCOME			
Government subvention	5,17	1,958,429	3,043,855
Commercial income	6	34,392	36,529
Other income and gains	7	53,093	26,687
Interest income	8	4,472	1,985
		2,050,386	3,109,056
EXPENSES			
Direct, administrative and general expenses	9, 14	(1,906,570)	(1,647,825)
Surplus for the year		143,816	1,461,231
Other comprehensive income			
Item that will not be reclassified to income in subsequent periods:			
Retirement benefit adjustment	14	7,079	(13,630)
Total comprehensive income		150,895	1,447,601

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(Expressed in Jamaican dollars unless otherwise indicated)

		2024 $'000	2023 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,888,344	2,356,849
Retirement benefit asset	14	9,970	3,970
		1,898,314	2,360,819
CURRENT ASSETS			
Inventories	15	28,060	2,571
Trade and other receivables	16	173,920	162,425
Due from related parties	17	1,117,637	1,040,202
Cash and cash equivalents	18	586,560	224,787
		1,906,177	1,429,985
CURRENT LIABILITIES			
Trade and other payables	19	210,257	347,668
Due to related parties	17	94,948	94,745
		305,205	442,413
Net current assets		1,600,972	987,572
NET ASSETS		3,499,286	3,348,391
EQUITY AND RESERVES			
Revaluation reserve	21	190,247	190,247
Accumulated surplus		3,309,039	3,158,144
TOTAL EQUITY AND RESERVES		3,499,286	3,348,391

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

The financial statements were approved for issue by the Board of Directors on July 24, 2024 and signed on its behalf by:

Chairman
Owen Ellington

Executive Director
Audley Gordon

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican dollars unless otherwise indicated)

	Revaluation Reserve $'000	Accumulated Surplus $'000	Total $'000
Balance at 1 April 2022	**190,247**	**1,710,543**	**1,900,790**
Surplus for the year	-	1,461,231	1,461,231
Other comprehensive loss	-	(13,630)	(13,630)
Total comprehensive income	-	1,447,601	1,447,601
Balance at 31 March 2023	**190,247**	**3,158,144**	**3,348,391**
Surplus for the year	-	143,816	143,816
Other comprehensive income	-	7,079	7,079
Total comprehensive income	-	150,895	150,895
Balance at 31 March 2024	**190,247**	**3,309,039**	**3,499,286**

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican dollars unless otherwise indicated)

	2024 $'000	2023 $'000
Cash flows from operating activities		
Surplus for the year	143,828	1,461,231
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	511,055	341,755
Adjustment for retirement benefits	1,079	3,141
Interest income	(4,464)	(1,985)
Operating cash flows before movements in working capital:	651,498	1,804,142
Increase in inventories	(25,489)	(1,262)
Increase in trade and other receivables	(11,487)	(44,673)
Increase in due from related parties, net	(77,232)	(377,618)
(Decrease) increase in trade and other payables	(137,431)	74,757
Cash generated from operations	399,859	1,455,346
Interest received	4,464	1,985
Net cash flows from operating activities	404,323	1,457,331
Cash flows from investing activities		
Acquisition of property, plant and equipment (Note 13)	(42,550)	(1,690,664)
Net cash used in investing activities	(42,550)	(1,690,664)
Net increase (decrease) in cash and cash equivalents	361,773	(233,333)
Cash and cash equivalents at beginning of year	224,787	458,120
Cash and cash equivalents at end of year (Note 18)	586,560	224,787

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

1. THE AUTHORITY AND THE GROUP

National Solid Waste Management Authority ("the Authority") was established as a statutory body by the National Solid Waste Management Act, 2001 ("the Act") and commenced operations on April 1, 2002. The registered office of the Authority is located at 61 Half Way Tree Road, Kingston 10.

The principal objectives of the Authority are:

a) To effectively manage and regulate the collections and disposals of solid waste in Jamaica, and
b) To safeguard public health and the environment by ensuring that domestic waste is collected, stored, recycled, reused or disposed of in an environmentally sound manner.

The Authority controls management and regulatory responsibilities of the following parks and markets companies and their successors:

- MPM Waste Management Limited;
- SPM Waste Management Limited;
- NEPM Waste Management Limited; and
- WPM Waste Management Limited.

In addition, The Parks and Garden, a division of the NSWMA, has a significant impact on the numbers, including the final surplus/deficit position.

The Authority and these entities are collectively referred to as "The Group."

The Group is economically dependent on the Government of Jamaica and receives funding through the Ministry of Local Government and Community Development.

The Group has a total of 2,526 (2023: 3,993) staff members as at and for the year. The Authority has a total of 223 (2023: 194).

(Expressed in Jamaican dollars unless otherwise indicated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 Amendments to IFRS that are mandatorily effective for the current year

In the current year the Group and the Authority have applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period that begins on or after 1 January 2023.

The application of these amendments has not had any impact on the amounts reported or the presentation and disclosures in these financial statements but may impact the accounting for future transactions and arrangements.

		Effective for annual periods beginning on or after
New Standard		
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to Standards		
IFRS 17	*Property, Plant and Equipment*	January 1, 2023
IAS 1 and IFRS Practice Statement 2	- Amendments regarding the disclosure of accounting policies	
IAS 8	Amendments regarding the definition of accounting estimates	January 1, 2023
IAS 12	Income taxes – clarifying application of the initial recognition exemption for temporary differences	January 1, 2023

Amendments to IAS 1: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS1 and *IFRS Practice Statement 2 Making Materiality Judgements* with the aim of assisting entities to provide accounting policy disclosures that are more useful by:

a. Replacing the requirement to disclose '*significant*' accounting policies with a requirement to disclose '*material*' accounting policies

b. Adding guidance on how to apply the concept of materiality in making decisions about accounting policy disclosures. Guidance and examples are provided to assist the process of application. Entities will need to consider the size of transactions, other events or conditions and their nature in making the assessment.

In the current year management reviewed the accounting policy and disclosures of the previous financial year to assess their materiality. Careful consideration was given to standardized information or those that only duplicate or summarises the requirements of IFRSs in deciding whether to remove or retain these as material in enhancing the usefulness of these financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

2.1 Amendments to IFRS that are mandatorily effective for the current year (Cont'd)

Amendments to IAS 8: *Definition of accounting estimated*

The amendment clarified how to distinguish between changes in accounting policies and changes in accounting estimates:

The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. Clarification is also given on how entities use measurement techniques and inputs to develop accounting estimates.

The amendment clarifies that a change in accounting estimate that results from new Information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

This importance of the distinction is that changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendment did not have any significant impact on the Group's and Authority's financial statements.

(Expressed in Jamaican dollars unless otherwise indicated)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

2.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards, Interpretations and amendments thereto were in issue but were not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New Standards		
IFRS 18	Presentation and Disclosures in Financial	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability:	January 1, 2027
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	January 1, 2024
IFRS S2	Climate-related Disclosures	January 1, 2024
Revised Standards		
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Effective date deferred indefinitely
IAS 1	*Presentation of Financial Statements*	
	Classification of liabilities as Current or Non-	January 1, 2024
	Amendment regarding the classification of debts with covenants	January 1, 2024
IAS 21	*The effect of Changes in Foreign Exchange Rates*	January 1, 2025
	Amendment on 'Lack of Exchangeability', providing guidance to specify when a currency is	
IFRS 16	*Leases*	
	Amendment to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024
IFRS 7 and IAS 7	*Financial Instruments: Disclosures and Statement of Cash Flows*	
	Statement of Cash Flows: Amendments regarding supplier finance arrangements	January 1, 2024
IAS 7	Amendments requiring the use of the operating profit subtotal as defined in IFRS 18 as the starting point for the indirect method of reporting cash flows from operating activities. Additionally, the presentation alternatives for cash flows related to interest and dividends paid and received will be removed.	When IFRS 18 is applied, effectively for annual periods beginning on or after January 1, 2027

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

2.2 **New and revised IFRS in issue but not yet effective (cont'd)**

New and Revised Standards and Interpretations in issue not yet effective that are relevant
The Company has assessed the impact of all the new and revised Standards and Interpretations in issue not yet effective and has concluded that the following are relevant to the operations of the Company:

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*
In January 2020 and October 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

a. What is meant by a right to defer settlement
b. That a right to defer must exist at the end of the reporting period
c. That classification is unaffected by the likelihood that an entity will exercise its deferral right
d. That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
e. Disclosures

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied prospectively.

The Group and the Authority are currently assessing the impact the amendments will have on current practice.

Amendments to IFRS 7 and IAS 7: Disclosures – Supplier Finance Arrangements

The amendments assist users of the financial statements to assess the effect of these arrangements on the entity's liabilities, cash flows and exposure to liquidity risks.

Characteristics of the supplier arrangements
One or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle these amounts with the finance providers according to the contractual arrangement with them, which may be at terms and conditions at the same date or at later dates than that on which the finance providers pay the entity's suppliers.

Disclosure requirements
New disclosures are required to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. IFRS 7 requires quantitative liquidity risk disclosures of financial liabilities. In that context, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.
The amendments are effective for annual reporting periods beginning on or after January 1, 2024. There are transition reliefs regarding comparative and quantitative information as at the beginning of the annual reporting period.

The Group and the Authority will apply the amendments as at the end of the 2025 reporting period. The amendment is not expected to have any significant impact of the financial statements on initial application.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

2.2 New and revised IFRS in issue but not yet effective (Cont'd)

IFRS 18: Presentation and Disclosures in Financial Statements (New Standard)
The objective of the standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses that is useful to users of financial statements in assessing the prospects for future net cash inflows to the entity and in assessing management's stewardship of the entity's economic resources.
IFRS 18 identifies what a complete set of financial statements comprises and identifies this as 'primary financial statements'.

Statement of profit or loss
The standard requires that an entity classify all income and expenses within its statement of profit and loss into one of five categories: Operating, investing, financing, income taxes and discontinued operations, the first three of which are new. This is complemented by the requirement to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

Main business activities
For purpose of classification in the three new categories, an entity will need to assess whether it has a 'specified main business activity' of investing in assets or providing financing to customers., as. specific classification requirements apply to such entities. Judgement is required in determining the fact and circumstances relevant to a specified main business activity as an entity may have more than one business activity.
Investing Category
This category will generally include income and expenses from investments in associates, joint ventures and unconsolidated subsidiaries, cash and cash equivalents and other assets, if they generate a return individually and largely independently of the entity's other resources.

Financing category
For an entity that does not provide financing to customers as a specified main business activity, the financing category comprises income and expenses from liabilities arising from transactions that involve only the raising of finance, for example, debentures, loans, notes, bonds and mortgages. It would also include interest income and expenses and the effects of changes in interest rates from liabilities arising from transactions that do not involve only the raising of finance, for example, payables for goods or services, lease liabilities and defined benefit pension liabilities, but only if the entity identifies those amounts when applying another IFRS accounting standard' (other liabilities).

Those entities that provide financing to customers as a main business activity will classify in the operating category income and expenses from liabilities that arise from transactions that involve only the raising of finance related to the provision of financing to customers and make an accounting policy choice to classify in the operating category or financing category income and expenses from liabilities that arise from transactions that involve only the raising of finance not related to the provision of financing to customers.

Operating category
This category is intended to capture income and expenses from the entity's main business activities. IFRS 18 describes it as a residual category and it therefore will comprise all income and expenses not included within the other categories irrespective of volatility or their unusual nature. However, any income or loss from investments accounted for using the equity method is to be included in the investing category, regardless of the specified main business activity of the entity.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

2.2 New and revised IFRS in issue but not yet effective (cont'd)

Retrospective application of the standard is mandatory for annual reporting periods starting from 1 January 2027 onwards but earlier application is permitted provided that this fact is disclosed.

The Group and the Authority are assessing the impact of this new standard on its financial statements and will implement the standard on the period it becomes effective.

IFRS S1: General Requirements for Disclosure of Sustainability-related financial information

IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity. It applies to all entities regardless of their accounting principles and practices.

The Group and the Authority will assess the extent to which compliance with the standard is required as part of its reporting obligation prior to the effective date which would apply to the 2025 reporting period. Such reporting is typically made in an entity's annual report.

IFRS S2: Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring, and disclosing information about climate-related risks and opportunities to which the entity is exposed that is useful to the primary users of general purpose financial reports in making informed decisions regarding resource allocation to the entity. These are climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows Climate-related financial disclosures cover matters of governance, strategy, risk management and metrics and targets.

The Group and the Authority will assess the extent to which compliance with the standard is required as part of its reporting obligation prior to the effective date which would apply to the 2025 reporting period. Such reporting is typically made in an entity's annual report.

3. MATERIAL ACCOUNTING POLICIES

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

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of IFRS Interpretations Committee (IFRIC IC).

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis as modified by the revaluation of certain items of property, plant and equipment. Historical cost is generally based on the fair value of consideration given in exchange for assets.

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 managements' best knowledge of current events and action, 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.

3.3 Basis of consolidation

Sub-entities are all 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. Sub-entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Authority reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a sub-entity begins when the Authority obtains control over the sub-entity and ceases when the Authority loses control of the sub-entity. Specifically, the results of sub-entities acquired or disposed of during the year are included in profit or loss from the date the Authority gains control until the date when the Authority ceases to control the sub-entity. There were no sub-entities acquired or disposed of during the year.

Inter-group transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated. Accounting policies of sub-entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Recognition
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

3.4.1 Financial Assets

Classification
The Group classifies financial assets at initial recognition based on the financial asset's contractual cash flow characteristic and the Group's business model for managing the instruments. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Measurement category
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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component are measured on initial recognition at their transaction price.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories as is applicable:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

  - Amortised cost:
    These assets arise principally from the provision of goods and services to customers as well as other types of financial assets held within a business model where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test is performed at an instrument level. After initial recognition, they are subsequently carried at amortised cost using the effective interest method, less any impairment. The Group's financial assets at amortised cost comprise trade and other receivables including any contract assets, and cash and bank balances.

- FVTPL and FVOCI
  Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the Group makes an irrevocable election on an instrument-by-instrument basis to designate the asset as FVOCI. As a result of the election, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss.

  Where the asset is held within a business model where the objective is both to collect contractual cash flows and selling the financial assets and the SPPI test is met, the assets are

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4.1 Financial Assets (continued)

Subsequent measurement (continued)

measured subsequently at FVOCI with gains and losses recycled to profit or loss on derecognition.

Derecognition

A financial asset or group of similar financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Group has (i) transferred its rights to receive the cash flows from the asset or (ii) has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the Group:

  (a) has transferred substantially all the risk and rewards of ownership of the asset, or
  (b) has neither transferred substantially all the risk and rewards of ownership of the asset, but has transferred control of the asset.

Where the transfer does not qualify for derecognition as above, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment

The Group recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost applying the expected credit loss model. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Application of the Simplified Approach

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical collection trends, type of customer, the age of the outstanding receivables as well as the estimated impact of forward looking information.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Significant increase is assessed as the change in the risk of a default over the expected life of the financial asset as at the reporting date with the risk of default on the instrument occurring at the date of initial recognition, considering reasonable and supportable information that is available without undue cost or

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

3.4.1 Financial Assets (continued)

Application of the Simplified Approach (continued)
effort. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The credit risk on a financial instrument is assumed not to have increased significantly if it is determined to have a low credit risk at the reporting date taking into consideration all the terms and conditions of the instrument from the perspective of market participants or by use of other methodologies that are consistent with assessing low credit risk for the particular instrument.

12-month ECL are applicable to the Group's bank and deposit balances for which credit risk has not increased significantly since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and a financial asset to be in default when the financial asset is more than 90 days past due and/or internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. For trade receivables, the Group has a policy of fully providing for the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. Nevertheless, the Group makes individual assessments regarding the timing and amount of write-off based on whether there is reasonable expectation of recovery. Write off takes place when the Group's internal collection efforts have been unsuccessful in collecting the amount due. No significant recovery is expected from amounts written off.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.4.2 Financial Liabilities

Initial recognition and measurement
All financial liabilities are recognised initially at fair value, and except for financial liabilities not at fair value through profit or loss (FVTPL), net of directly attributable transaction costs of issue. Financial liabilities are subsequently measured at amortised cost, except for any financial liabilities at fair value through profit or loss which are subsequently measured at fair value.

Measurement category

- FVTPL
  A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

3.4.2 Financial Liabilities (continued)

Measurement category (continued)

The Group currently has no financial liabilities at FVTPL.

- Other financial liabilities
  Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest expense and foreign exchange gains and losses are recognized in surplus or deficit. Any gain or loss on derecognition is also recognized in surplus or deficit.
  The Group's financial liabilities measured at amortised cost comprise long-term loans and trade and other payable.

Derecognition
A financial liability is derecognised when the obligation under the instrument is extinguished by being discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are

substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognised in surplus or deficit.

3.5 Foreign currency transactions

Transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses resulting from the settlement of foreign currency transactions and from the retranslation at period-end exchange rates are recognised in surplus or deficit in the period in which they arise.

3.6 Related party transactions and balances

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. The Group has a related party relationship with the Government of Jamaica primarily through its key supporting line ministry and also with key management personnel, representing directors and certain senior officers of the Group.

The Authority has a related party relationship with its directors, four sub-entities with common directors, excepting one, and key management personnel.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Related party transactions and balances (continued)

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

i. Entities and individuals having directly or indirectly an interest in the voting power of the Group that gives them significant influence over the Group's affairs and close members of the families of these individuals.

ii. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and certain members of the Group’s executive management and close members of the families of those individuals.

iii. Post-employment benefit plans for the benefit of employees of the Group.

iv. An entity or any member of a group to which it is a part, providing key management personnel services to the Group.

3.7 Property, plant and equipment

Land and buildings held for use in supply of goods or services, or for administrative purposes, are recognised in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to surplus or deficit to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in surplus or deficit. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is recognised so as to allocate the cost or valuation of assets less their residual values over their estimated useful lives or, in the case of leasehold improvements the shorter lease term, using the straight-line method.

The following useful lives are used in the calculation of depreciation:

Building	40 years
Leasehold improvements	10 years
Computer equipment	5 years
Furniture, fixtures and fittings	10 years
Machinery and equipment	5 &10 years
Motor vehicles	5 years
Software	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Repairs and maintenance are charged to income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits are in excess of the originally assessed standard of

performance of the existing asset that will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Impairment of tangible assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its estimated recoverable amount, which is the higher of
the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

3.9 Cash and cash equivalents

Further purposes of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Cash and cash equivalents (continued)

known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

3.10 Government subvention

Government subvention is received principally as an allocation from the Ministry of Local Government and is recognised at fair value where there is reasonable assurance that the subvention will be received and the Group will comply with all attached conditions.

3.11 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's solid waste collection business involves the collection, transfer and disposal of waste from residential and commercial customers for transport to landfills. Residential customers are not charged for the service. Commercial services include both recurring and temporary customer relationships. Commercial revenues from collection operations are influenced by factors such as collection frequency, type and volume or weight of the waste collected and distance to the disposal facility. Revenue is also obtained from landfill operations by charging tipping fees, which are generally based on the type and weight or volume of waste being disposed of at the disposal facilities. Commercial services are performed under service agreements, with customers or specified contractors. The standard customer service agreements generally range from one year with some up to five years. Typically, the contractual arrangement provides for commercial customers to be billed on a monthly basis in arrears but for the solid waste removal to be provided bi-weekly or weekly. Revenue

recognized under these agreements is earned over time during the contract cycle and is recognised as they are billed monthly.

Revenue from sources other than customer contracts primarily relates to imposed fines and employee services. Revenue from these sources were not material and represented less than 1% of total revenue for the current and previous financial year.

Deferred Revenues

Deferred revenues are recognised when cash payments are received or due in advance of performance obligations and is classified as current since they are earned within a year and there are no significant financing components. Substantially all deferred revenues during the reported periods are realized as revenues within one to three months, when the related services are performed.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue recognition (continued)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in a market accessible to or by the Group, either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.14 Employee benefits

Pension obligations
The Authority participates in a defined benefit plan. The scheme is generally funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Employee benefits (continued)

defined benefit plan is a pension plan that defines an amount of pension benefits to be provided, usually as a function of one or more factors such as age, years of services or compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. Assets are only recognized to the extent that the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan exceeds the fair value of the plan assets less the present value of the defined benefit obligations.

Defined benefits obligations for the scheme are calculated annually by independent actuaries. The cost of providing benefits is determined using the Projected Unit Credit Method.

3.15 Leases

The Group recognizes actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, in the period which they occur, in other comprehensive income.

Current service costs and any past service cost, together with the unwinding of interest on the plan assets and liabilities at the discount rate are included within operating costs through surplus or deficit for the year.

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

Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

(i) Fixed lease payments, less any lease incentives receivable;
(ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
(ii) The amount expected to be payable by the lessee under residual value guarantees;
(iv) The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Leases - *Policies applicable from 1 April 2019* (continued)

Lease liability (continued)

(v) Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the
- lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

Right-of-use asset
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Leases - *Policies applicable from 1 April 2019* (continued)

Right-of-use assets (continued)

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affects the reported amounts of assets and liabilities within the next financial year. Estimates and judgements 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.

4.1 Critical judgements in applying the Group's accounting policies

Critical judgements used in applying the Group and the Authority's accounting policies that have a significant risk of material adjustment in the next financial year relate to the estimated useful lives and residual values of plant and equipment, leases and other post-employment benefits.

a) *Depreciable assets*
Estimates of the useful life and the residual value of 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 and the Authority apply a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

b) *Leases - estimating the incremental borrowing rate*
If the Group and the Authority cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group and the Authority would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Authority 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group and the Authority estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future or other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment
Management exercises judgement in determining whether the costs incurred can accrue significant future economic benefits to the Group to enable the value to be treated as a capital expense. Further, judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation thereon. Details of the estimated useful lives are disclosed in Note 3.7. See also Note 12.

Impairment of trade receivables

The Group periodically assesses the collectability of its trade receivables. Allowance for expected credit losses is established or increased as described in Note 3.4.1. An assessment of impairment is made at each reporting date using a provision matrix to measure expected credit losses as described in Note 23. There is, however, no certainty that the Group will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible as at the end of the reporting period may subsequently become doubtful. Trade receivables amounted to $705.595 million at the end of the reporting period for the Group and $86.50 million for the Authority (2023: $603.694 million for Group and $94.171 million for the Authority) after impairment adjustments of $610.9 million for the Group and $62.9 million for the Authority (2023: $600.882 million for the Group and $62.9 million for the Authority). See Note16.

Fair value of land and building
Included in property, plant and equipment (Note13) is land and building at a market value of $381.3 million with a carrying amount at the end of the reporting period of $332.635 million. In assessing the fair value of land and building management use values determined by an external valuator using a mix of assumptions including current rental values of similar properties, capitalization rate, discount rates and comparable sale prices. A slight increase or decrease in the rates utilized or other assumptions could result in a material adjustment in the value of the property. Management believes that the carrying amount of the property at year end is not significantly different from the value derived from the previous valuation carried out in July 2018.

Retirement benefit asset

As disclosed in Note 14, the Group operates a defined benefit plan. The plan net asset disclosed in the amount of $9.970 million (2023: $3.970 million) is subject to estimates in respect of periodic costs dependent on returns on assets, future discount rates, rates of salary increases and inflation rate.

The Group on the advice of actuaries estimates the appropriate discount rate annually which is used to determine the present value of estimated cash outflows expected to be required to settle the pension obligation. To determine the appropriate discount rate

in the absence of high quality corporate bonds, the interest rates on government bonds that have maturities approximating the related pension liabilities were considered.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.2 Key sources of estimation uncertainty (continued)

Note 14 highlights the remeasurement gains and losses arising on the plan assets and liabilities in the estimation process as well as sensitivity analyses to changes in key assumptions.

5. GOVERNMENT SUBVENTION

Government subvention includes recurrent amounts received from the Ministry of Local Government and Community Development. There are no unfulfilled conditions or other contingencies attached to subvention received. (See Note 17)

	Group		Authority	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Subvention - primary allocation	9,210,915	9,473,453	1,958,429	3,043,855
Subvention - emergency & special projects	679,493	230,719	-	-
Subvention - earmarked income	770	-	-	-
	9,891,178	9,704,172	1,958,429	3,043,855

6. COMMERCIAL INCOME

This comprise revenue from contracts with customers which is substantially fees received from the collection of commercial solid waste throughout Jamaica and from landfill waste disposal.

	Group		Authority	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Landfill	53,443	34,769	21,841	34,769
Compost	166	90	166	90
Plant sales	2,825	1,670	2,825	1,670
E-waste	9,560	-	9,560	-
Residence, business etc.	603,483	558,004	-	-
	669,477	594,533	34,392	36,529

7. OTHER INCOME AND GAINS

	Group		Authority	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Rental income	6,500	6,226	6,500	6,226
Fees and fines	13,860	2,973	2,829	1,480
Legal claim settlement	-	-	22,427	-
Processing fee and other	48,380	21,024	21,337	18,981
	68,740	30,223	53,093	26,687

8. INTEREST INCOME

Interest income primarily represents interest earned on bank deposits.

9. EXPENSE BY NATURE

Total direct, administration and other expenses:

	Group		Authority	
	2023	2023	2024	2023
	$'000	$'000	$'000	$'000
Landfill operations *	841,828	714,235	-	-
Supplementary fleet – Landfill contractors**	1,608,374	1,535,583	-	-
Public cleansing	309,778	327,288	3,934	8,728
Beautification and special projects ***	1,233,480	1,000,798	465,474	501,876
Staff cost (Note 10) ****	4,578,374	3,740,682	654,256	534,549
Directors' fees	8,002	4,123	8,002	4,123
Motor vehicle expense	723,974	821,057	90,724	69,879
Repairs and maintenance-property & equipment (NSWMA trucks) *****	118,104	79,906	26,329	12,474
Depreciation - Property, plant and equipment (Note 13)	554,951	353,016	511,055	341,755
Depreciation – Right-of-use asset	64,080	24,978	-	-
Security services	38,752	68,794	8,290	13,939
Rental, leasing and hireage (Note 24)	17,722	18,921	1,638	2,065
Utilities	62,049	66,511	31,510	26,918
Industrial & other claims	3,933	14,493	1,163	14,493
Legal and other professional fees	4,189	20,428	4,189	20,386
Auditor's remuneration	9,040	9,100	9,040	9,100
Advertising, promotion and training	26,767	25,524	12,584	9,317
Stationery and office supplies	31,118	22,487	7,598	8,455
Bank charges	3,648	3,636	1,852	1,895
Allowance for credit losses (Note 25)	10,000	9,000	-	-
Interest and penalties — payroll taxes	627	(51)	-	-
General Consumption Tax	226,399	220,188	25,050	29,818
3% Withholding tax	41,927	31,636	9,225	15,223
Food, drink meetings and function	14,036	17,984	7,328	10,270
Uniform	514	79	-	-
Long service award	8,746	-	-	-
Transportation of staff	214	247	-	-
Sanitising, staff welfare & other expenses	34,836	22,406	27,329	12,562
	10,575,462	9,153,049	1,906,570	1,647,825

Explanation for significant increases in table above

* Landfill operations costs increased due to an increase in the number of trips allotted to each operator and an increase in the cost of cover material.

** Supplementary fleet expense increased due to increased rates from contractors.

*** Beautification and special projects cost increased due to Christmas cleanup projects and Dengue mitigation project.

**** Staff cost increased due to increased staff rates effective April 2023 as well as the replacement of the security firm contracts with new staff members who are performing the security roll.

***** Repairs of trucks increased due to increased fleet.

10. STAFF COSTS

	Group		Authority	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Salaries and wages	3,584,471	3,224,996	576,649	463,785
Motor vehicle allowances	190,882	129,833	28,188	25,753
Payroll taxes – employer's portion (NIS, NHT)	230,304	182,384	29,747	22,640
Staff allowances and benefits	329,068	92,994	-	-
Staff welfare - health, life and pension	243,649	110,475	19,672	22,371
	4,578,374	3,740,682	654,256	534,549

The Group has a total of 2,526 (2023: 3,993) staff members as at year end. The Authority has a total of 197 (2023: 194).

11. FINANCE COST

Finance cost comprise interest expense on finance lease right-of-use asset $7.925 million (2023: $12.213 million).

12. TAXATION

The Authority is a statutory body that is exempt from income tax, stamp duty, transfer tax and customs duty under Section 16 of the National Solid Waste Management Act, 2001.

13. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Land and Building (V) $'000	**Furniture, Fixtures And Equipment $'000**	**Leasehold Improvements $'000**	**Motor Vehicles $'000**	**Total $'000**
At Cost or valuation (V)					
1 April 2022	381,389	414,251	63,043	1,792,382	2,651,065
Additions	-	44,558	-	1,655,181	1,699,739
31 March 2023	381,389	458,809	63,043	3,447,563	4,350,804
Adjustment	-	-	-	160,213	160,213
Additions	-	40,801	38,022	16,074	94,897
31 March 2024	381,389	499,610	101,065	3,623,850	4,605,914
Accumulated depreciation					
1 April 2022	28,384	345,582	31,239	1,155,999	1,561,204
Charge for the year	9,180	15,878	3,309	326,839	355,206
31 March 2023	37,564	361,460	34,548	1,482,838	1,916,410
Adjustment	-	(285)	285	160,214	160,214
Charge for the year	9,183	32,034	13,130	500,604	554,951
31 March 2024	46,747	393,209	47,963	2,143,656	2,631,575
Carrying amount					
31 March 2024	334,642	106,401	53,102	1,480,194	1,974,339
31 March 2023	343,825	97,349	28,495	1,964,725	2,434,394

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Authority				
	Land and Building (V) $'000	Furniture, Fixtures and Equipment $'000	Leasehold Improvements $'000	Motor Vehicles $'000	Total $'000
At Cost or valuation (V)					
1 April 2022	378,089	213,424	16,664	1,738,001	2,346,178
Additions	-	35,483	-	1,655,181	1,690,664
31 March 2023	378,089	248,907	16,664	3,393,182	4,036,842
Additions	-	26,476	-	16,074	42,550
31 March 2024	378,089	275,383	16,664	3,409,256	4,079,392
Accumulated depreciation					
1 April 2022	27,272	167,869	14,474	1,126,433	1,336,048
Charge for the year	9,091	11,871	2,190	320,793	343,945
31 March 2023	36,363	179,740	16,664	1,447,226	1,679,993
Charge for the year	9,099	12,871	-	489,085	511,055
31 March 2024	45,462	192,611	16,664	1,936,311	2,191,048
Carrying amount					
31 March 2024	332,627	82,772	-	1,472,945	1,888,344
31 March 2023	341,726	69,167	-	1,945,956	2,356,849

The property owned at the start of the year was revalued by Allison Pitter & Co., Chartered Valuation Surveyors on July 3, 2018. The market value of the property, $240 million, was arrived at by reconciling reference to market evidence of transaction prices for market comparable properties, appropriately adjusted and by application of a 7% to 8% income capitalization rate and 8% discount rate using the investment approach.

The Directors are of the opinion that the market value of this property has not changed significantly since then and that its fair value approximates the reported value after considering its highest and best use.

The carrying amount that would have been recognized as land and building been carried under the cost model is $125,047,172 (2023: $128,371,211).

(expressed in Jamaican dollars unless otherwise indicated)

14. RETIREMENT BENEFIT ASSET

The Group operates a defined benefit plan for permanent staff of MPM waste Management Limited and the Authority and is closed to new members. The assets of the scheme are held separately from those of the Group in funds under the control of trustees and administered by an insurance company. The plan is funded by contributions made by the employees and the Group. The Group contributes the balance of the cost determined periodically by actuaries subject to a minimum of 5% of pensionable salaries. Employees contribute 5% of the pensionable salaries as a basic contribution with an option to contribute an additional 15% of pensionable earnings subject to a maximum such that the employee and employer contribution does not exceed 20% of taxable remuneration. The pension benefits are determined on a prescribed benefit basis and are payable at a rate of 2% of annualised salary three years prior to retirement date, times the pensionable period of service (completed months of service with the employer). Pensionable salary includes basic salary/wage and commission but exclude overtime pay, shift premium, allowances, reimbursable expenses and other ad hoc payments.

The most recent actuarial valuation was carried out at 31 March 2024 by Eckler Jamaica Limited, consulting actuaries. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

14.1 The principal assumptions used for the purpose of the actuarial valuation were as follows:

	2024	**2023**
	%	**%**
Gross discount rate	10	13
Expected rate of salary increases	6	6
Post retirement pension increases	Nil	Nil

Demographic assumptions include assumed retirement age of 60 for females and 65 for males for all employees which is the normal retirement age. Assumptions regarding future mortality are based on RP-2014 Employee and Healthy Annuitant Mortality Rates projected to the measurement date using the Society of Actuaries' Scale MP-2014 (2023: the Society of Actuaries' Scale MP-2014).

The weighted average duration of the defined benefit obligation as at 31 March 2024 is 12.82 years (2023: 9.29 years) for active members totalling 24 (2023: 28) and Nil years (2023: nil years) for deferred pensioners totalling 6 (2023: 7). The average duration for all participants is 29.18 years (2023: 28.18 years)

The Authority expects to make a contribution of $2 million (2023: $2 million) to the defined benefit plan during the next financial year.

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.2 The amount included in the statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	2024 $'000	2023 $'000
Present value of funded obligations	(185,360)	(136,491)
Fair value of plan assets	408,876	414,297
Surplus	223,516	277,806
Unrecognised asset due to asset ceiling	(213,546)	(273,836)
Net asset recognized in the statement of financial position	9,970	3,970

14.3 Amounts recognised in income in respect of the plan are as follows:

	2024 $'000	2023 $'000
Employer's current service cost	1,525	3,914
Administrative expenses	2,489	469
Net interest cost:		
Interest cost on defined benefit obligation	16,177	13,059
Interest income on plan assets	(52,493)	(34,713)
Interest effect of the asset ceiling	35,599	20,115
Net cost recognized in income statement	3,297	2,844

14.4 Amounts recognised in other comprehensive income in respect of the plan are as follows:

	2024 $'000	2023 $'000
Remeasurement (gains) losses:		
Remeasurement loss on the defined benefit liability (Note 14.5)	41,794	(40,558)
Remeasurement loss on the plan assets (Note 14.5)	47,016	51,911
Change in effect of the asset ceiling (Note 14.6)	(95,889)	2,277
Net cost recognized in other comprehensive income	(7,079)	13,630

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.5 The remeasurement gains (losses) in other comprehensive income are further analysed as follows:

2024	Demographic Assumptions $'000	Financial Assumptions $'000	Experience Adjustments $'000	Net $'000
Defined benefit obligation (Note 14.8)	-	39,599	2,195	41,794
Fair value plan assets (Note 14.9)	-	(95,889)	47,016	(48,873)
Recognised in OCI (Note 14.4)	-	(56,290)	49,211	(7,079)

2023	Demographic Assumptions $'000	Financial Assumptions $'000	Experience Adjustments $'000	Net $'000
Defined benefit obligation (Note 14.8)	-	(75,516)	34,958	(40,558)
Fair value plan assets (Note 14.9)	-	2,277	51,911	54,188
Recognised in OCI (Note 14.4)	-	(73,239)	86,869	13,630

This remeasurement is on the return on plan assets and excludes any amounts included in net interest expense.

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.6 Movement effect of asset ceiling

	2024 $'000	2023 $'000
Opening effect of asset ceiling	273,835	251,444
Interest effect of asset ceiling	35,599	20,114
Remeasurement recognized in OCI: Change in effect of asset ceiling (Note 14.4)	(95,899)	2,277
Closing effect of asset ceiling	213,535	273,835

14.7 Movements in the net asset in the current period is as follows:

	2024 $'000	2023 $'000
Opening net asset	3,970	17,837
Amount charged as expense	(3,297)	(2,845)
Employer's contributions	2,218	2,607
Remeasurements recognized in OCI	7,079	(13,629)
Closing net asset	9,970	3,970

14.8 Changes in the present value of the defined benefit obligation are as follows:

	2024 $'000	2023 $'000
Opening defined benefit obligation	136,491	185,125
Employer's current service cost	1,525	3,914
Interest cost on defined benefit obligation	16,177	13,059
Employees' contributions	3,288	2,854
Benefits paid	(13,916)	(27,901)
Remeasurement – due to changes in financial assumptions (Note 14.5)	39,599	(75,518)
Remeasurement (gain)/loss on obligation for OCI due to experience (Note 14.5)	2,195	34,958
Closing defined benefit obligation	185,359	136,491

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.9 Changes in fair value of plan assets are as follows:

	2024 $'000	2023 $'000
Opening fair value of plan assets	414,297	454,406
Employees' contributions	3,288	2,854
Employer's contributions	2,218	2,607
Interest income on plan assets	52,494	34,713
Benefits paid	(13,916)	(27,903)
Administrative expenses	(2,489)	(469)
Remeasurement (loss)/gain on plan assets for OCI (Note 14.5)	(47,016)	(51,911)
Closing fair value of plan assets	408,876	414,297

14.10 The fair value of the plan assets is analysed as follows:

	2024 $'000	2023 $'000
Diversified investment fund	197,330	318,700
Fixed income fund	65,200	-
Foreign exchange fund	860	-
Mortgage and real estate fund	1,410	-
Consumer price index fund	101,910	94,470
Money market fund	42,170	-
Others	-	1,120
Fair value of plan assets	408,880	414,290

The plans assets are invested in the Sagicor Life Jamaica Diversified Investment Fund.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

14.11 Sensitivity analysis

The impact on the fund's retirement benefit obligation was determined for three scenarios. The present value of the defined benefit obligation was analysed based on a 1% increase or decrease in the discount rate applied, 1% increase or decrease in future salary escalation rate and a one year increase in life expectancy of participants. The same sensitivities were applied for 2023. The table below summarises the result of the analyses:

14. RETIREMENT BENEFIT ASSET (CONTINUED)

	2024			
	Discount rate		Future salary	
	1% Increase $'000	1% Decrease $'000	1% Increase $'000	1% Decrease $'000
Increase (decrease) in the present value of defined benefit obligation	(15,734)	19,110	5,331	(4,846)

	2023			
	Discount rate		Future salary	
	1% Increase $'000	1% Decrease $'000	1% Increase $'000	1% Decrease $'000
Increase (decrease) in the present value of defined benefit obligation	(7,261)	9,875	2,215	(2,611)

	1 year increase in life expectancy 31/3/2024	1 year increase in life expectancy 31/3/2023
	Increase $'000	Increase $'000
Increase in the present value of defined benefit obligation	48,869	890

15. INVENTORIES

Inventories comprise:

	Group		Authority	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Consumables	19,112	15,746	2,014	2,571
Nursey Plants	26,046		26,046	
Spare parts	20,975	31,882	-	-
Lubricants, oil and others	1,772	3,510	-	-
	67,905	51,138	28,060	2,571

16. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	Group		Authority	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Trade receivables	1,316,477	1,204,576	149,441	147,110
Less loss allowance	(610,882)	(600,882)	(62,939)	(62,939)
	705,595	603,694	86,502	84,171
Staff loans and advances	1,584	2,387	1,584	2,232
Prepayments	80,952	68,936	44,123	35,894
Withholding tax on interest	9,682	8,794	9,672	8,784
Other receivables	37,755	45,009	32,039	31,344
	835,568	728,820	173,920	162,425

17. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Authority and Group had the following transactions with related entities:

Subvention Received

	Group		Authority	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Ministry of Local Government & Comm Dev.				
Recurrent grant	9,891,198	9,704,172	1,958,449	3,043,855

Subvention received is broken down as follows:

	Group	
	2024	2023
	$'000	$'000
Subvention - Primary allocation	9,210,935	9,473,541
Subvention - Emergency & special projects	679,493	230,631
Subvention - Earmarked income	770	-
	9,891,198	9,704,172

17. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Subvention disbursed to related entities:

	2024 $'000	2023 $'000
MPM Waste Management Limited	4,072,774	3,540,451
WPM Waste Management Limited	1,506,336	1,121,921
SPM Waste Management Limited	1,200,772	1,074,960
NEPM Waste Management Limited	1,152,867	922,985
	7,932,749	6,660,317
Subvention retained in the Authority	1,958,449	3,043,855

Due from related parties:

	Authority	
	2024 $'000	2023 $'000
MPM Waste Management Limited	537,955	481,598
WPM Waste Management Limited	71,245	84,000
NEPM Waste Management Limited	200,205	195,300
SPM Waste Management Limited	308,232	279,304
	1,117,637	1,040,202

Due to related parties:	Authority	
	2024 $'000	2023 $'000
MPM Waste Management Limited	69,776	69,574
WPM Waste Management Limited	25,172	25,171
	94,948	94,745

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent:

	Group		Authority	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Bank balances:				
National Commercial Bank Ja. Ltd.	302,589	48,345	11,783	6,893
Bank of Nova Scotia Ja. Ltd.	588,045	674,018	573,226	216,345
	890,634	722,363	585,009	223,238
Cash in hand	138	136	23	21
	890,772	722,499	585,032	223,259
Short-term deposits:				
National Commercial Bank Ja. Ltd.	1,528	1,528	1,528	1,528
	892,300	724,027	586,560	224,787

These balances are as a result of the entities receiving their outstanding subvention on the last day of the year. Project Revenue earned from Tourism Product Development Company Limited held on behalf of Parks and Gardens are included.

19. TRADE AND OTHER PAYABLES

Trade and other payables represent:

	Group		Authority	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	915,283	1,100,313	34,829	180,454
Statutory liabilities	803,984	933,682	109,916	95,455
G.C.T & 3% Withheld payable	157,858	215,547	13,037	13,037
Balance on Quickpay	-	26,806	-	26,806
Accrued vacation	355,073	156,335	35,507	23,119
Other payables	-	55,346	-	13
Accruals	178,629	177,260	16,968	8,784
	2,410,827	2,665,289	210,257	347,668

20. SHARE CAPITAL

	2024 $	2023 $
Authorised		
600 ordinary shares at no par value	600	600
Issued and fully paid		
402 ordinary shares at no par value	402	402

21. REVALUATION RESERVE

Capital reserve materially represents unrealized gains on the revaluation of land and building. During the 2018 financial year unrealized gains of $135.038 million were recognized in the financial statements.

22. LEASES AND COMMITMENTS

As at March 31, the Group had lease commitments under finance lease expiring up to 2032. Finance leases relate to rental of premises for carrying out its operation and are negotiated for an average of five years.

Details of the Group's leasing transactions are detailed in note 26 in accordance with IFRS16.

	Group		Authority	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Lease and rental expenses recognised in the year	45,289	35,284	1,638	551

At the end of the reporting period the Group had outstanding commitments under operating leases which fall due as follows:

	Group		Authority	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Within 1 year	39,640	39,640	-	551
Longer than 1 year	186,746	226,386	-	-
	226,386	266,026	-	551

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risk from its use of financial instruments: credit risk (including currency risk and cash flow interest rate risk), market risk and liquidity risk.

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Group's risk management framework. (including currency risk and cash flow interest rate risk), market risk and liquidity risk.

These are reviewed regularly to reflect changes in market conditions and the Group's activities in order to set appropriate risks limits and controls, and to monitor risks.

23.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables and banking activities.

The maximum exposure to credit risk at the reporting date was:

	Group		Authority	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Cash and cash equivalents	892,300	724,027	586,560	224,788
Trade and other receivables (excluding prepayments)	744,934	606,081	-	
Due from related parties	-	-	1,117,637	1,040,202
	1,637,234	1,330,108	1,704,197	1,264,990

Credit review process

Cash and cash equivalents are placed with reputable financial institutions that are believed to have minimal risk of default. The credit risk is considered to be low.

Credit is only extended to customers after a credit application is assessed and approved by management or to customers with a good credit history. Management considers that credit risk associated with related party receivables is low.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 Credit risk (continued)

Ageing analysis of trade receivables that are past due but not impaired
The normal credit period given for trade receivables is 30 days. Trade receivables that are 270 days in arrears are considered in default and are fully impaired. Those less than 270 days in arrears are subject to an assessment of expected credit losses using a provision matrix. As of 31 March 2024, trade receivables of $Nil million (2023 - $163.293 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Set out below is information about the credit risk exposure on the Group's and Authority's trade receivables using a provision matrix:

	Group					
	2024			2023		
Days past due	***Estimated gross carrying amount at default $'000***	***Expected Credit loss rate %***	***Allowance For Expected Credit losses $'000***	***Estimated gross Carrying amount at default $'000***	***Expected Credit loss rate %***	***Allowance for expected credit losses $'000***
30 days	166,104	-	-	55,717	-	-
31 – 180 days (6 months)	97,245	25	24,311	95,755	25	23,889
181 – 270 days (9 months)	933,114	50	466,557	952,222	50	476,111
Over 270 days	120,014	100	120,014	100,882	100	100,882
	1,316,477		610,882	1,204,576		600,882

	Authority					
	2024			2023		
Days past due	***Estimated gross carrying amount at default $'000***	***Expected Credit loss rate %***	***Allowance For Expected Credit losses $'000***	***Estimated gross Carrying amount at default $'000***	***Expected Credit loss rate %***	***Allowance for expected credit losses $'000***
30 days	20,965	-	-	18,634	-	-
31 – 180 days (6 months)	63,036	25	15,759	63,036	25	15,759
181 – 270 days (9 months)	36,520	50	18,260	36,520	50	18,260
Over 270 days	28,920	100	28,920	28,920	100	28,920
	149,441		62,939	147,110		62,939

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 Credit risk (continued)

Ageing analysis of trade receivables that are past due but not impaired (continued)

As of 31 March 2024, trade receivables of $610.9 million (2023: $600.9 million) for the Group and $62.9 million (2023: $62.9 million) for the Authority were impaired based on the analysis above. The individually impaired receivables mainly relate to customers who are in an unexpected difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered.

Movement analysis of allowance for expected credit losses on trade receivables

The movement on the allowance for expected credit losses for trade receivables is as follows:

	Group		Authority	
	2024 **$'000**	**2023** **$'000**	**2024** **$'000**	**2023** **$'000**
At 1 April	600,882	591,882	62,939	62,939
Loss allowance recognized in year	10,000	9,000	-	-
At 31 March	610,882	600,882	62,939	62,939

The creation and release of allowance for expected credit losses have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

23.2 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed facilities. The management of the Group maintains an adequate amount of financial assets in liquid form to meet contractual obligations and other recurring payments. Further the Group has available access to funding through government subvention and other earmarked sources.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

23.2 Liquidity risk (continued)

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors includes monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows:

The tables below summarise the maturity profile of the Group's and the Authority's financial liabilities at 31 March based on contractual undiscounted payments.

	Group		**Authority**	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Financial liabilities				
Long-term lease	30,624	28,738	-	-
Trade and other payables				
(Non-interest bearing)	1,093,276	1,317,495	210,237	216,057
Due to related parties (net)	-	-	94,948	94,745
Total less than 1 year	1,123,900	1,346,233	305,185	310,802
More than 1 year				
Long-term lease	158,293	191,829	-	-
	1,282,193	1,538,062	305,185	310,802

23.3 Market risk

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

23.3.1 *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At 31 March 2024 and 31 March 2023, the Group and the Authority had no significant exposure to currency risk as there were no balances denominated in foreign currency.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

23.3 Market risk (continued)

23.3.2 *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.

As at 31 March 2024 and 31 March 2023, the Group and the Authority had no significant exposure to interest rate risk on its financial assets as there was no significant interest bearing assets. The Group and the Authority service an interest bearing loan which is at a fixed rate of interest and therefore has no exposure to cash flow interest rate risk.

23.3.3 *Price risk*

Price risk is the risk that the value of a financial instrument or physical commodity will fluctuate as a result of changes in market prices. Fluctuation in the price of a financial instrument may be caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

At 31 March 2024 and 31 March 2023 there was no significant exposure to price risk as there were no price sensitive investments held by the Group.

23.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maintaining an optimal capital structure in order to carry out its mandate. Management closely monitors the Group's cash flows through continuous planning and reporting.

The capital structure of the Group consists of equity attributable to owners of the Group, comprising reserves and accumulated surplus.

The Group is not subject to externally imposed capital requirements, and there were no changes to the Group’s objectives or approach to capital management during the year.

24. FAIR VALUE MEASUREMENT

24.1 Financial Instruments

There were no financial instruments that were measured at fair value after initial recognition classified at Level 1 to Level 3 at the end of the reporting period.
The following methods and assumptions have been used in assessing the fair value of the Group's financial instruments:

The carrying values of cash and bank balances, trade receivables, trade payables, due from/to related parties and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.

The fair value of the long-term loan approximates its carrying amount as the current interest rate on the loan reflects rates prevailing in the marketplace for similar loans.

24.2 Non-financial assets

The Group carries its land and building at fair value, with changes in the fair value recognised in other comprehensive income. The Group engaged a professional valuator to assess the fair value in July 2018 utilising the property in its highest and best use. The valuation is regarded at Level 3 of the fair value hierarchy of IFRS 13. The methodology applied by the valuator involved a reconciliation of the income approach and sales comparable approach (open market value approach) in arriving at the estimated fair value. In the comparable approach actual sales are examined for sales of similar properties in the area or similar areas to where the subject property is located. Where necessary, adjustments are made to compensate for differences in the properties.

The income approach calculates the estimated or actual future cash benefits or income streams in perpetuity and discount to present worth or value. The method applies the use of valuation tables that were formulated for professional valuation purposes. This approach is considered the most reliable for income generating properties as it reflects the outlook of investors and takes into consideration factors such as market conditions, rates of return and cash flows.

The significant unobservable inputs in determining the fair value were:

- Sale prices – insufficient recent comparable market transactions
- Income approach – annual net rentals of $1,100- $1,200 per square foot per annum, capitalization rate 7% - 8% and discount rate 8%.
- Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the property. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate.

25. CONTINGENT LIABILITIES

(i) The Authority is liable for interest and penalties on long outstanding statutory liabilities payable to the Government of Jamaica. Based on Jamaica's Tax law, the amount included at note 19 in the financial statements could be accruing interest and penalties that are not included in the financial statements.

(ii) As at March 31, 2024, there were legal claims for damages against the Authority in respect to industrial disputes of $277.021 million (2023: $277.021 million). No provision has been made in these financial statements as Management is unable to assess the likely outcome of these cases.

26. LEASES

Right-of use asset

	The Group 2024 $'000 Building	The Group 2023 $'000 Building
Cost		
At April 1	250,939	33,818
Derecognised	(33,818)	-
Addition	-	217,121
At March 31	217,121	250,939
Accumulated depreciation		
At April 1	39,472	18,844
Derecognised	(21,378)	-
Charge for the year	21,712	24,978
At March 31	39,806	43,822
Carrying amount	177,315	207,117

The company contracted one (1) long term leases as detailed below:

(i) Office space leased from Kingston Properties Limited which is located at 232 Spanish Town Road, Kingston 13. The lease term is for ten (10) years commencing on June 1, 2022 and expires May 31, 2032.

26. LEASES (CONTINUED)

Lease Liability

Maturity analysis

	2024 $'000	2023 $'000
Year 1	24,543	34,263
Year 2	25,279	36,054
Year 3	26,038	32,482
Year 4	26,819	25,516
Year 5	27,623	26,281
All other years	92,997	118,204
	223,299	272,800
Less unearned interest	(34,382)	(52,233)
	188,917	220,567
Analysed as:		
Non–current	158,293	191,829
Current	30,624	28,738
	188,917	220,567

The Group does not face a significant liquidity risk with regards to the lease liability. The liability is monitored by management through cash flow planning.

The fair value of the lease liability on entering into the new lease was $212.771 million which was recognised as the value of the right-of-use asset.

The weighted average lessee incremental borrowing rate applied to the lease liability recognised in the statement of financial position is 4.01%.

Amounts recognised in surplus/deficit:

	The Group 2024 $'000	The Group 2023 $'000
Depreciation expense on right-of-use asset	21,712	24,978
Interest expense on lease liability	7,925	12,213
Expense relating to short term leases	5,621	23,856

26. LEASES (CONTINUED)

At 31 March 2024 the Group is committed to $237,266,173 (2023: $231,444,000) for short term leases.

Operating leases include the rental of premises and short term lease/rental of equipment for carrying out its operations.

27. WORK IN PROGRESS

At the end of 2023, the amount represents refurbishing work done at the Spanish Town Road offices.

28. RECLASSIFICATION OF PRIOR YEAR DATA

Reclassification of the prior year numbers was done where required to suit the current year's presentation. Changes were made to the expense schedule and the statement of comprehensive income and the lease disclosure and related party notes.