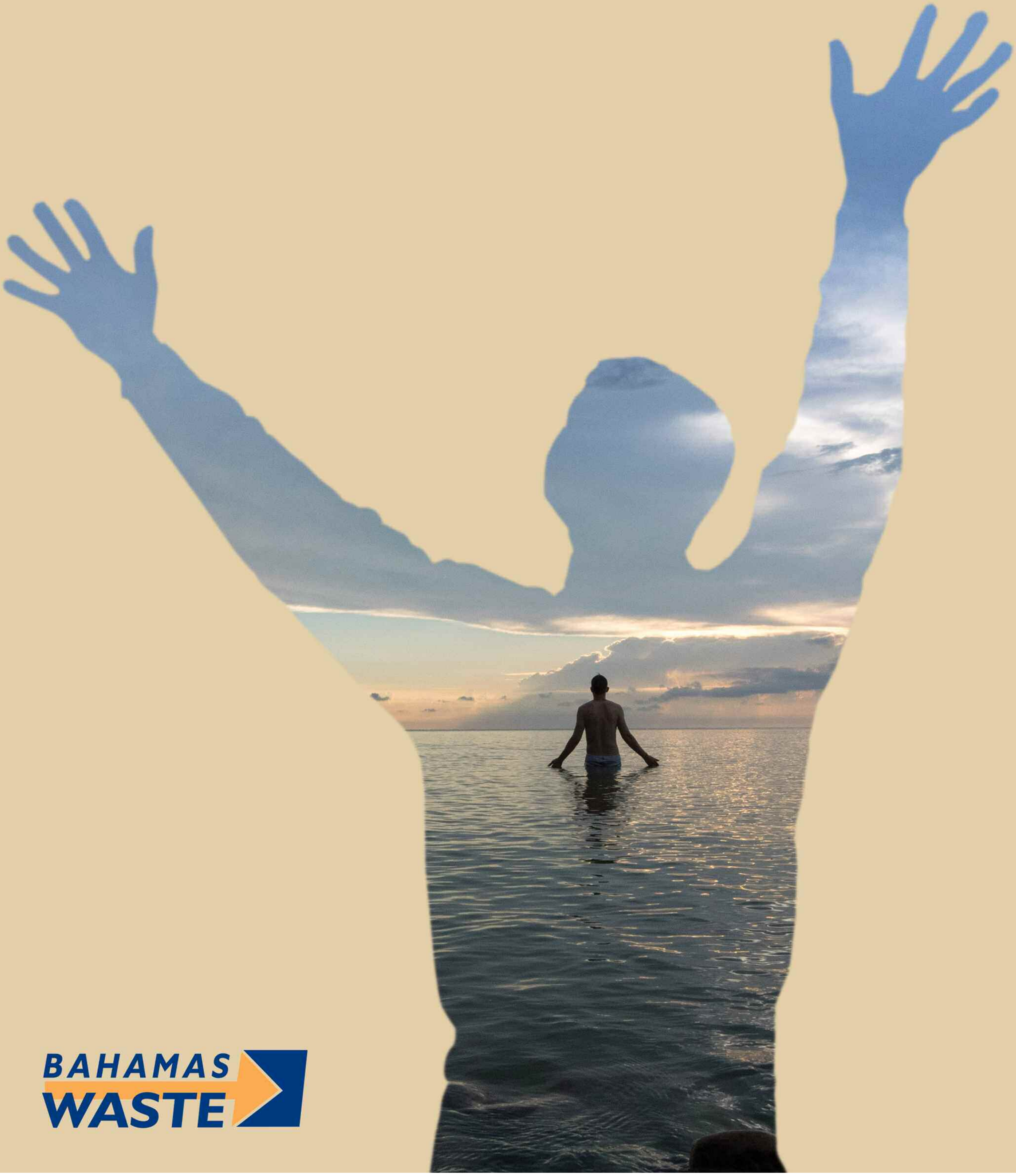
2018 ANNUAL REPORT



Mission Statement

**To provide the highest level
of waste collection
and related services
to public and private customers
nationwide
by transporting, processing
and disposing of waste
in an
environmentally responsible
manner
while protecting
the public interest**

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Message from the Chairman

2018 was the best year in the thirty year history of your Company. For the year 2018, the sales and services rendered increased by six percent as compared to the year 2017, in a non-remarkable year from a special project point of view, our expenses, which includes cost of sales and direct expenses, and operating expenses, decreased by four percent and our net income was up by eighteen percent. All of this is attributed to our outstanding staff from senior management to the helpers on the rear load vehicles. All proudly wear the uniform of our country's super environmental service company- BAHAMAS WASTE LIMITED.

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>
> Expenses decreased by four percent and our net income was up by eighteen percent

In addition to the superior service provided to our customers the Company created value to its more than fifteen hundred shareholders as the share price rose from $3.34 in January to $4.90 at year end. Earnings per share were the highest ever ($.34) as were the dividends ($.24). All in all a very good year.

During the course of the year we provided Government with a proposal for the management of the dump, and a waste to energy plant. We were not the chosen bidder for this work. We will continue to explore new avenues to improve the quality of our environment and to make this a better Bahamas for all residents and our tourist guests.

Peter Andrews
Chairman

Managing Director's Report

2018 results came in better than expected and proved to be another strong year for the company. We had nice revenue improvements in most divisions, and I am very pleased with all departments who continue working hard to control their Operating Costs while maintaining efficiencies and productivity levels.

Highlights of our year, include the relocation and completion of our new Equipment Maintenance Facility and the ongoing refurbishment of the original maintenance facility to accommodate the expansion of our Vehicle Maintenance Shop. Total dividends paid amounted to just under $1 million and 9,173 Treasury shares were purchased. Our Share price has rebounded nicely, and is now at an all time high of $5.39.

On the Community Service front, we did not introduce any new themed trucks in 2018, but are working with our PR Team to get some new and exciting trucks out in 2019.

We don't typically like blowing our own horn, and get little to no recognition, BUT I continue to be extremely proud of our continued support of our Nation's Youth, Elderly, Disabled, Disadvantaged, Special Needs, Environment and many other organizations who we support, by our sustained, and continued in-kind sponsorship of many of the organizations that care for them (and special shout out to Rotary and the Bahamas National Trust). We are also proud of our continued support to the National Sports Authority (NSA), BFA, National Tennis Center, and continued service to Freedom Farm's and The Junior Baseball League of Nassau's youth baseball/softball programs. As the only leading Corporate and Publically Traded Waste Company in The Bahamas, we realize and understand that there are a lot of less fortunate people and groups that need our help, and we continue to strive to provide as much assistance as we can.

I would like to again give thanks to all of our customers. We know you have a choice, and the entire organization appreciates the fact that you have chosen us to service your waste collection needs.

To our employees, the drivers, helpers, mechanics, service technicians, office staff, managers, supervisors, our ENTIRE TEAM who work very hard every day to get the job done, thank you!

Finally, I would like to thank our shareholders and Directors, for their trust in me and the Management Team, and we look forward to new and exciting challenges in the years to come.

Francisco deCardenas
Managing Director

FINANCIAL STATEMENTS

BAHAMAS WASTE LIMITED
2018

KPMG

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Independent Auditors' Report
To The Shareholders of Bahamas Waste Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bahamas Waste Limited ("the Company"), which comprise the statement of financial position as at December 31, 2018, the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

Impairment of trade receivables

As of December 31, 2018, the Company's trade receivables and allowance for impairment losses are $3,218,462 and $867,345, respectively (see note 5).

The risk:	***Our response:***
Impairment of trade receivables was considered to be a key audit area primarily for the following reasons: Inadequate allowance for impairment losses could have a material financial impact on the Company's financial statements, should a material impairment loss occur with out adequate allowance for impairment loss being made.	In assessing the impairment of trade receivables, we performed the following procedures: • Obtained an overall understanding of the Company's methodology to determine the impairment losses under the newly implemented IFRS 9.

Impairment of Trade Receivables	
As of December 31, 2018, the Company's trade receivables and allowance for impairment losses are $3,218,462 and $867,345, respectively (see note 5).	
Significant judgments are made in assessing the impairment of trade receivables. On January 1, 2018 a new accounting standard for financial instruments ("IFRS 9") became effective, which requires impairment of financial assets to be calculated based on expected credit losses ("ECL"), rather than the "Incurred losses" model previously applied under IAS 39. IFRS 9 is a new and complex accounting standard requiring use of even more subjective estimates and significant judgments to determine both the timing and measurement of impairment losses. Key judgments and estimates in respect of the timing and measurement of ECL include: • Assumptions used in the ECL calculation such as historical default rates and forward-looking information (inflation and GDP growth rates). • The identification of exposures with a significant deterioration in credit quality. • Completeness and accuracy of underlying data used to calculate expected credit losses. • Accuracy and adequacy of related financial statement disclosures under IFRS 9.	• Reviewed the internal controls implemented by the Company to assess recoverability of its trade receivables and determination of the related allowance for impairment losses; • Tested and assessed key inputs, assumptions, and formulas used by management to calculate the allowance for impairment losses; • Compared the default rates used by management against historical analysis of related trade accounts receivable; • Evaluated forward-looking information used through trend analysis and corroboration using publicly available information; • Evaluated the disclosures made in the financial statements. • As IFRS 9 was adopted at the start of the 2018 fiscal year, we evaluated related opening balances to gain assurance on the transition to IFRS 9. This included testing related adjustments and disclosures made on the transition.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is John M. Lopez.

KPMG

March 29, 2019

STATEMENT OF FINANCIAL POSITION

(Expressed in Bahamian Dollars)

	December 31 2018	December 31 2017
Assets		
Current assets		
Cash *(Note 4)*	$ 1,249,239	$ 1,210,575
Accounts receivable, net *(Note 5)*	2,352,377	2,322,879
Inventories, net *(Note 6)*	758,133	719,069
Other assets *(Note 7)*	533,646	248,975
Total current assets	**4,893,395**	4,501,498
Non-current assets		
Loan receivable *(Note 8)*	135,398	151,167
Investments in associates *(Note 8)*	100,980	160,214
Property, plant, and equipment, net *(Note 9)*	6,594,331	6,489,944
Total non-current assets	**6,830,709**	6,801,325
Total assets	**$ 11,724,104**	$ 11,302,823
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 512,375	$ 461,899
Value added tax payable	70,760	47,414
Total current liabilities	**583,135**	509,313
Non-current liabilities		
Security deposits	653,374	614,928
Total liabilities	**1,236,509**	1,124,241
Shareholders' equity		
Share capital and contributed surplus *(Note 10)*	2,794,113	2,794,113
Treasury shares reserve *(Note 10)*	(675,649)	(638,475)
Retained earnings	8,369,131	8,022,944
Total shareholders' equity	**10,487,595**	10,178,582
Total liabilities and shareholders' equity	**$ 11,724,104**	$ 11,302,823

See accompanying notes to financial statements.

Commitments and contingencies *(Note 15)*

Approved on behalf of the Board on March 29 , 2019 by:

Director

Director

STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Bahamian Dollars)

	Year ended December 31 2018	2017
Continuing operations		
Income		
Sales and services rendered	$ 12,629,012	$ 11,970,407
Less: cost of sales and direct expenses *(Note 11)*	(7,940,748)	(7,772,410)
Gross profit	**4,688,264**	4,197,997
Expenses		
Salaries and related expenses *(Note 16)*	1,595,125	1,448,385
General and administrative	728,401	691,930
Repairs and maintenance	268,797	195,893
Professional fees	195,405	250,355
Business license	157,312	146,026
Impairment losses, net *(Note 17)*	141,319	123,100
Donations	72,875	48,099
Advertising and promotion	66,900	55,518
Directors' fees *(Note 12)*	54,000	54,000
Office supplies	41,113	36,978
Interest and bank charges	39,060	30,067
Registration and transfer agent fees	33,787	41,657
Total operating expenses	**3,394,094**	3,122,008
Income from operations	1,294,170	1,075,989
Other income	112,731	152,723
Share in net loss of associates *(Note 8)*	(59,233)	(87,663)
Total other income	**53,498**	65,060
Net income and total comprehensive income for the year	**$ 1,347,668**	$ 1,141,049
Earnings per share *(Note 13)*	**$ 0.34**	$ 0.29

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Bahamian Dollars)

	Number of Shares Issued		Share Capital	Contributed Surplus	Treasury Shares Reserve	Retained Earnings	Total
Balance at December 31, 2016	4,200,000	$	42,000	2,752,113	(584,515)	7,801,919	$ 10,011,517
Total comprehensive income	–		–	–	–	1,141,049	1,141,049
Transactions with shareholders							
Purchase of treasury shares *(Note 10)*	–		–	–	(53,960)	–	(53,960)
Dividends *(Note 14)*	–		–	–	–	(920,024)	(920,024)
Balance at December 31, 2017	4,200,000	$	42,000	2,752,113	(638,475)	8,022,944	$ 10,178,582
Adjustment on initial application of IFRS 9 *(Notes 2 and 17)*	–					(44,426)	(44,426)
Adjusted balance at January 1, 2018	4,200,000	$	42,000	2,752,113	(638,475)	7,978,518	10,134,156
Total comprehensive income	–		–	–	–	**1,347,668**	**1,347,668**
Transactions with shareholders:							
Purchase of treasury shares *(Note 10)*	–		–	–	**(37,174)**	–	**(37,174)**
Dividends *(Note 14)*	–		–	–	–	**(957,055)**	**(957,055)**
Balance at December 31, 2018	**4,200,000**	**$**	**42,000**	**2,752,113**	**(675,649)**	**8,369,131**	**10,487,595**

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

(Expressed in Bahamian Dollars)

	Year ended December 31 2018	2017
Operating activities		
Net income	$ 1,347,668	$ 1,141,049
Adjustments for:		
Impairment losses *(Note 17)*	141,319	123,100
Reversal of provision (write-down) of obsolete inventory	39,891	(3,891)
Depreciation *(Note 9)*	1,223,891	1,307,976
Loss/ (gain) on disposal of property, plant, and equipment	15,179	(18,737)
Share in net loss of associates *(Note 8)*	59,233	87,663
Change in operating assets and liabilities:		
Accounts receivable	(215,243)	(179,625)
Inventories	(78,955)	56,835
Other assets (including loan receivable)	(268,903)	(65,571)
Accounts payable and accrued liabilities	50,476	36,568
Value added tax payable	23,346	(7,373)
Security deposits	38,446	19,632
Net cash provided by operating activities	2,376,350	2,497,626
Investing activities		
Purchases of property, plant, and equipment *(Note 9)*	(1,343,457)	(1,806,753)
Proceeds from sale of property, plant, and equipment	–	31,039
Net cash used in investing activities	(1,343,457)	(1,775,714)
Financing activities		
Purchase of treasury shares *(Note 10)*	(37,174)	(53,960)
Dividends paid *(Note 14)*	(957,055)	(920,024)
Net cash used in financing activities	(994,229)	(973,984)
Net increase (decrease) in cash	38,664	(252,072)
Cash at beginning of the year	1,210,575	1,462,647
Cash at end of the year *(Note 4)*	**$ 1,249,239**	$ 1,210,575

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Bahamian Dollars)

1. Corporate Information

Bahamas Waste Limited (the "Company") was incorporated under the laws of the Commonwealth of The Bahamas on August 18, 1987. It is engaged in the business of solid and medical waste collection, disposal, and recycling, including the sale, installation, rental, and maintenance of waste compactors and containers. The Company has publicly traded shares which are registered on the Bahamas International Stock Exchange.

The registered office of the Company is located at Alexiou Knowles & Co., St. Andrews Court, Frederick Street, P. O. Box N-4805, Nassau, Bahamas. These financial statements were authorized for issuance by the Company's Board of Directors on March 29, 2019.

2. Basis of preparation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Bahamian dollars, which is the Company's functional and presentation currency.

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made judgments described below, which have the most significant effect on the amounts recognized in the financial statements. Key assumptions and estimates used are based on information available when the financial statements were prepared. Existing circumstances may change for several reasons which are beyond the Company's control. Such changes are reflected as they occur.

New standards adopted

The accounting policies adopted in the preparation of the Company's financial statements are consistent with those of the previous financial year except for the adoption of the following new IFRS which became effective January 1, 2018.

(Expressed in Bahamian Dollars)

2. BASIS OF PREPARATION (CONTINUED)

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company applied IFRS 9 using the modified retrospective approach, with an initial application date of January 1, 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39.

Classification and measurement of financial assets and financial liabilities

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 1, 2018.

	Note	*Original classification under IAS 39*	*New classification under IFRS 9*	*Original carrying amount Under IAS 39*	*New carrying amount under IFRS 9*
Cash	4	Loans and receivable	Amortized cost	1,210,575	1,210,575
Accounts receivable	5	Loans and receivable	Amortized cost	2,322,879	2,278,453
Loans receivable	8	Loans and receivable	Amortized cost	151,167	151,167
Other assets (excluding prepayments)	7	Loans and receivable	Amortized cost	218,162	218,162
				3,902,783	3,858,357

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Company except for an increase in the impairment in the losses in respect of trade receivables. Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment of the Company's business model was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Cash, accounts receivables, loan receivable, and other assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as financial assets at amortized cost beginning January 1, 2018.

There were no differences between the carrying amounts of financial assets and financial liabilities under IAS 39 and IFRS 9 on transition to IFRS 9 on January 1, 2018, except for the effect of transition adjustment on accounts receivables amounting to $44,426. See note 3 for details of the new accounting policies.

2. Basis of Preparation (continued)

IFRS 9 Financial Instruments (continued)

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for impairment losses for all debt financial assets not held at FVPL. Under IFRS 9, credit losses are recognized earlier than under IAS 39. Impairment losses are expected to increase and become more volatile.

Impairment of trade receivables

The Company decided to apply the "Simplified Approach" under IFRS 9, in calculating ECLs for its trade receivables and has applied a "Provision matrix approach" for its trade receivables which have no significant financing component. The trade receivables are segmented based on the customer type, historical customer rating, and aging buckets. The provision matrix is based on the Company's historical observed default rates. The Company calibrates the provision matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and GDP rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

IFRS 9 Incorporation of forward-looking information

The Company incorporates the forward-looking information into its measurement of ECLs. Management performed a trend analysis and looked at the correlation between the historical rates of default over the period of 2014 through 2017 against the changes in Gross Domestic Product (GDP) rates, and inflation rates. More particularly, consideration is given to several new initiatives in the areas of tourism and construction which are significant drivers of revenue for the Company, i.e., the redevelopment of the Downtown Nassau Port and Bay Street, and continued construction of various cruise-ship owned cays.

In applying its judgement and best estimates in consideration of the current conditions and reasonable and supportable forecasts of future economic conditions on management incorporated estimated percentages of ECL rate which were applied to each segment and each bucket of its trade receivables. See notes 5 and 17 for details.

The Company has determined that the application of IFRS 9 as at January 1, 2018 resulted in an additional allowance for impairments losses of $44,426 which is adjusted in the retained earnings as at January 1, 2018. See note 3 for details of the new accounting policies.

2. Basis of Preparation (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and provides a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at January 1, 2018.

The adoption of IFRS 15 did not have a material impact on the Company's statement of financial position, statement of comprehensive income and statement of cash flows. There is no transition adjustment in relation to revenue recognition as of January 1, 2018.

New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2019, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company does not plan to adopt these standards early.

Amendments to IFRS 9, Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted. The Company is currently assessing the impact of adopting this interpretation.

Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the ECL model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28, Investments in Associates and Joint Ventures. The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. The Company is currently assessing the impact of adopting this interpretation.

2. Basis of Preparation (continued)

New standards and interpretations not adopted (continued)

Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

The amendments refine the definition of material in IAS 1 and align the definitions used across IFRS and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of new International Financial Reporting Standards (IFRS) 9, Financial Instruments and new IFRS 15, Revenue from Contracts with Customers which both became effective on January 1, 2018.

Financial Instruments

Financial Instruments – initial recognition, subsequent measurement, and impairment effective January 1, 2018

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial Assets

Initial Recognition, Classification and Measurement

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company'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.

2. Summary of Significant Accounting Policies (continued)

Financial Instruments – initial recognition, subsequent measurement, and impairment effective January 1, 2018 (continued)

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified into four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI (FVOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As of December 31, 2018, the Company's financial assets at amortized cost includes cash, accounts receivable, loan receivable and other assets, other than prepayments.

The Company does not have financial assets at FVOCI or at FVTPL.

Reclassification

When, and only when, the Company changes its business model for managing financial assets it shall reclassify all affected financial assets. If the Company reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Company shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

3. Summary of Significant Accounting Policies (continued)

Financial Instruments – initial recognition, subsequent measurement, and impairment effective January 1, 2018 (continued)

Impairment

The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The Company has identified and documented key drivers of credit risk and credit losses of each segment of trade receivables and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Under IFRS 9, the Company is required to measure expected credit losses of a financial instrument (except for trade receivables with no financing component and/or other instruments with a low credit risk) in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumptions that are available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix for trade receivables and a vintage analysis for trade receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Trade receivables are deemed fully impaired when amounts are more than 90 days past due, service relationship with the customer is terminated, all security deposits have been applied, and all reasonable attempts to collect the balances have been exhausted.

3. Summary of Significant Accounting Policies (continued)

Financial Instruments – initial recognition, subsequent measurement, and impairment effective January 1, 2018 (continued)

For other financial assets such as loan receivable and receivable from related parties, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL) (Stage 1). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL) (Stage 2). As the Company maintains cash balances with the highly reputable financial institutions in The Bahamas with low credit risk, the Company applies the low credit risk simplification approach under IFRS 9 for cash.

As of January 1, 2018 and December 31, 2018, there were expected credit losses are identified in respect of cash, loan receivable, receivable from related parties and these financial assets are considered to be in stage 1.

Financial Liabilities

Initial Recognition, Classification and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued liabilities, and security deposits.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has no financial liability held for trading and has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

This category applies to accounts payable and accrued liabilities, and security deposits.

3. Summary of Significant Accounting Policies (continued)

Financial Instruments – initial recognition, subsequent measurement, and impairment applicable prior to January 1, 2018

Financial Assets

Initial Recognition, Classification and Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale investments. The classification of financial instruments at initial recognition depends on their purpose and characteristics and management's intention in acquiring them.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss. Transaction costs in respect of financial assets and liabilities at fair value through profit and loss are expensed immediately.

Subsequent Measurement

Subsequent to the initial recognition financial assets classified as loans and receivables are carried at amortized cost using the effective interest rate method, less impairment losses, if any.

Accounts receivable, which generally have 30-90 day terms, are recognized and carried at the original invoice amount less an allowance for impairment. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

At December 31, 2017, the Company's financial assets included cash, loan receivable, account receivable, and other assets, other than prepayments which are all classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables from affiliated companies are recognized and carried at the original invoice amount.

Impairment

A financial asset measured at amortized cost is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3. Summary of Significant Accounting Policies (continued)

Financial Instruments – initial recognition, subsequent measurement, and impairment applicable prior to January 1, 2018

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets measured at amortized cost are tested for impairment on an individual basis and impairment losses are reflected in an allowance account against receivables and are recognized in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized, and is reversed through profit or loss.

Financial Liabilities

Initial Recognition, Classification and Measurement

Financial liabilities are classified, at initial recognition, as "financial liabilities at fair value through profit or loss" or "other financial liabilities".

The other financial liabilities measured at amortized cost are recognized initially at fair value less directly attributable transaction costs. In the case of financial liabilities at fair value through profit or loss, directly attributable costs are recognized in profit or loss as incurred.

Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Subsequent Measurement

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the effective interest rate.

As of December 31, 2017, the Company's other financial liabilities measure at amortize cost include accounts payable and accrued liabilities, and security deposits. The Company has not designated any financial liability as "fair value through profit or loss".

3. Summary of Significant Accounting Policies (continued)

Financial Instruments - policies applicable for all years presented

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'IASs-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, or 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Cash

Cash in the statement of financial position comprises cash at banks on demand and on hand. For the purpose of the statement of cash flows, cash consists of cash at banks and on hand as defined above, net of any outstanding bank overdrafts.

Security Deposits

Security deposits represent amounts received as deposits from customers at the signing of a customer service contract. The deposits do not bear interest and are either returned to the customer or applied to outstanding billings when service is terminated.

3. Summary of Significant Accounting Policies (continued)

Inventories

The Company's inventories represent spare parts and supplies and are valued at the lower of cost and net realizable value. Parts and supplies are valued based on costs incurred in bringing each product to its present location and condition, and are accounted for using the first-in, first-out method. When the parts or supplies are placed into service, the cost thereof is recognized in the statement of comprehensive income as an expense or included into the carrying amount of the relevant category of property, plant and equipment. The condition of the inventory is reviewed on a periodic basis and the amount of any write-down to net realizable value or losses of inventories is recognized as an expense in the period the write-down or loss occurs.

Investments in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investment in its associates is accounted for using the equity method. Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

The statement of comprehensive income reflects the Company's share of the profit or loss of the associates. Any change in other comprehensive income of the investee is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes, when applicable, in the statement of changes in shareholders' equity. Unrealized gains and losses resulting from transactions between the Company and the associates are eliminated to the extent of the interest in the associates. The Company's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside of income from operations and represents profit or loss after tax and non-controlling interests in the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interest that, in substance, forms part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Dividends received or receivable from an associate are accounted for by reducing the carrying amount of the investment.

When the financial statements of an associate are prepared as of a date different from that used by the Company, adjustments are made, when necessary, for the effects of significant transactions or events that occur between that date and the date of the Company's financial statements. After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in its associates. At each reporting date, the Company determines whether there is objective evidence that the investments in the associates are impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss in "share in (loss) income in associates" in the statement of comprehensive income. No impairment charges were recorded in 2018 and 2017 fiscal years.

3. Summary of Significant Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of property, plant and equipment are recognized in the combined statement of comprehensive income as incurred.

Depreciation is provided on the straight-line basis from the date of acquisition over the estimated useful lives of the assets which are as follows:

Buildings	20 years
Compactors and containers	5 – 7 years
Collection vehicles	3 – 7 years
Office vehicles	3 – 7 years
Furniture and Equipment	6 years
Computer equipment	3 years
Operating equipment	5 – 10 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized in the combined statement of comprehensive income.

The residual values, useful lives and methods of depreciation of property, plant, and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate. Impairment losses are recognized in profit or loss. No such impairment was recorded during 2018 and 2017.

Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. No such impairment was recorded during the year ended December 31, 2018 (2017 – $Nil).

Share Capital

Ordinary shares are classified as equity. Ordinary share capital is recognized at the fair value of the consideration received by the Company.

3. Summary of Significant Accounting Policies (continued)

Treasury Shares Reserve

The treasury shares reserve, which comprises the Company's ordinary shares which have been repurchased and held as Treasury Shares, are recognized at cost and deducted from Shareholders' Equity. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale or cancellation of the Treasury Shares. Voting rights related to the Treasury Shares are nullified and no dividends are allocated to them.

Earnings per share (EPS)

Basic EPS is computed by dividing net income for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares issued and outstanding during the year adjusted for any subsequent stock dividends declared.

Revenue Recognition effective January 1, 2018

The Company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Management exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

There are no material costs associated with obtaining the contracts which fall under the scope of IFRS 15. Upon entering a contract, the customer completes and signs a contract for the specified services. The customer has the explicit right to obtain waste collection services, while the Company has the same right to collect the agreed upon amount for the requested service after same has been rendered. Each party assumes the risk of non-performance, i.e. the Company will not provide service to the customer and the customer will not, in turn, pay for the service provided.

Revenue Recognition applicable prior to January 1, 2018

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is to be made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

Other income

Rental income is accounted for on a straight line basis over the lease term and is included in other income in the statement of comprehensive income.

3. Summary of Significant Accounting Policies (continued)

Expense Recognition

Expenses are recognized in the statement of comprehensive income when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Taxes

There are no income taxes imposed on the Company in the Commonwealth of The Bahamas. However, effective January 1, 2015, the Bahamas introduced Value Added Tax (VAT) at a standard rate of 7.5% which was increased to 12% effective July 1, 2018. VAT is billed on all services rendered and paid on all goods and services consumed. The difference between amounts billed and paid in connection with VAT is reflected in the statement of financial position as Value added tax payable. Such amount is payable monthly in accordance with the Company's filing requirements. The Company is also liable for a business license fee which is calculated at 1.25% of turnover, as defined in the Bahamas Business License Act, from the preceding calendar year.

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reasonably estimated. Any provision for warranties is based on estimates made by management from historical data. Management is of the view that no provision is necessary as of December 31, 2018 (2017 – $Nil).

Employee benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, insurance, profit sharing and bonuses, and other monetary benefits. The Company's pension plan is a defined contribution plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

3. Summary of Significant Accounting Policies (continued)

Related Parties

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Company if that person:
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:
  (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
  (iii) Both entities are joint ventures of the same third party.
  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
  (vi) The entity is controlled, or jointly controlled by a person identified in (a).
  (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Cash

For the purpose of the statement of cash flows, cash comprises cash on hand and at the bank at the date of the statement of financial position.

The Company has an agreement with the RBC Royal Bank (Bahamas) Limited (RBC) for an overdraft facility of $300,000 (2017: $300,000). The facility is unsecured and bears interest at a rate of Nassau Prime interest rate +3.00% or 7.25% (2017 – +3.00% or 7.25%) per annum. The Company also maintains an overdraft facility at CIBC FirstCaribbean International Bank (Bahamas) Limited (CIBC) of $100,000 (2017: $100,000). The facility is unsecured and bears interest at a rate of Nassau Prime interest rate + 3.00% or 7.25% (2017 – +3.00% or 7.25%). At December 31, 2018 and 2017, the Company had $400,000 of undrawn funds available from its approved overdraft facilities. Additionally, the Company has undrawn facilities of $ $450,000 (2017 – $450,000) with CIBC in respect of the customs bonds and cheque guarantee. The Company also has an unsecured Corporate VISA facility from RBC with a limit of $50,000 (2017 – $50,000). As of December 31, 2018, none of this amount was used (2017 – $Nil).

(Expressed in Bahamian Dollars)

5. Accounts Receivable, net

Accounts receivable consists of the following:

	2018	2017
Receivables from related parties	$ 1,260	$ 6,492
Trade receivables	3,218,462	2,997,987
	3,219,722	3,004,479
Less: Allowance for impairment losses (Note 17)	(867,345)	(681,600)
	$ 2,352,377	$ 2,322,879

Accounts receivable are non-interest bearing and are generally on terms of 30 to 90 days.

Information about the Company's exposure to credit risk, and impairment losses is disclosed in Note 17.

6. Inventories, net

	2018	2017
Spare parts and supplies (at cost)	$ 810,778	$ 735,714
Less: Provision for obsolete inventory	(52,645)	(16,645)
Inventories (net)	**$ 758,133**	$ 719,069

In 2018, inventories of $57,915 (2017: $56,835) were recognized as an expense or capitalized during the year and included in cost of sales or property, plant and equipment, accordingly.

7. Other Assets

	2018	2017
Prepaid expenses and other receivables (Note 8)	$ 434,180	$ 147,381
Employee advances	84,566	86,694
Security deposits	14,900	14,900
	$ 533,646	$ 248,975

Included in the prepaid expenses and other receivables are amounts due from a related party with the balance of $319,366 (2017: $33,167). See note 8 for further details.

Employee advances are carried at cost which is the fair value of consideration to be received in the future. The amounts are short term, interest free and are repaid via salary deductions.

(Expressed in Bahamian Dollars)

8. Investments in Associates

Investment in Green Systems Ltd.

The Company holds a 19% (2017: 19%) interest in the shares of Green Systems Ltd., a company incorporated under the laws of the Commonwealth of The Bahamas and engaged in the business of green waste recycling for the manufacture of mulch, compost, and soil. The Company's interest in Green Systems Ltd. is accounted for using the equity method. During 2018 and 2017, the Company made no additional investments in Green Systems Ltd.

		2018		2017
Beginning balance	$	68,897	$	97,476
Share in net income (loss) for the year		1,135		(28,579)
Ending balance	**$**	**70,032**	$	68,897

Investment in Bahamas Sustainable Fuels Ltd. ("BSF")

The Company owns a 49% (2017 – 49%) non-controlling interest in BSF, a company incorporated under the laws of the Commonwealth of The Bahamas and engaged in the business of recycling waste cooking oil into biodiesel. The Company is not involved in the day-to-day operations of BSF and the majority of BSF's directors are not representatives of the Company. As such, the Company does not have control over BSF and therefore its interest in BSF is accounted for using the equity method.

		2018		2017
Beginning balance	$	91,317	$	150,401
Share in net loss for the year		(60,369)		(59,084)
Ending balance	**$**	**30,948**	$	91,317

As at December 31, 2018, the Company had entered into the following contractual agreements with BSF:

- An operating lease over buildings, housing the recycling equipment. The initial term of the lease is for 7 years, with the option to renew for two additional terms of 5 years each. Lease payments are $1,197 per month. The lease commenced on January 7, 2016.

- An exclusive agreement for the purchase of renewable fuels, with a monthly minimum of 15,000 gallons of B50 blended fuel, subject to production volumes. The B100 biodiesel used in the blend is priced at 5% below the Diesel Benchmark Price as published by the Company's supplier. The agreement is for a period of 12 months and is renewable annually. Blended fuel purchased under this agreement in 2018 totaled $765,267 (2017 – $612,343) and is included in the statement of other comprehensive income as cost of sales and direct expenses.

(Expressed in Bahamian Dollars)

8. Investments in Associates (continued)

- Additionally, during the year, the Company extended a line of credit to BSF for the purposes of settling operating expenses totaling $1,037,096 (2017 – $615,369) and lease payments of $14,370 (2017 – 14,256). These payments were offset against the fuel purchases from BSF of $765,267 (2017– $612,343), resulting in a net receivable from BSF of $319,366 (2017 – $33,167), which is included in "prepaid expenses and other receivables" in Other Assets (see note 7).

- On December 15, 2015, the Board of Directors of the Company approved the transfer of the equipment and vehicles used in the WVO Recycling Division to BSF. The transfer was completed on January 7, 2016, and the Company sold 51% of its interest in these assets to 700 Islands Energy Limited, a Bahamian Company, for the sum of $180,433. The purchase of these assets by 700 Islands Energy Limited was financed through a 10 year loan facility from the Company, with interest of 5% per annum and monthly payments of $1,914. The loan is secured by a pledge of 700 Islands Energy Limited shares in BSF made in favor of the Company and the current balance on the loan receivable is $135,398 (2017 – $151,167).

The following table summarizes the financial information of the associates:

	Green Systems Ltd.	Bahamas Sustainable Fuels Ltd.
December 31, 2018		
Assets	**$ 409,420**	**$ 493,914**
Liabilities	**124,561**	**439,518**
Equity	**284,859**	**54,396**
Revenue	**352,999**	**803,297**
Expenses	**347,022**	**926,500**
Net income/ (loss)	**5,977**	**(123,203)**
December 31, 2017		
Assets	$ 380,865	$ 318,770
Liabilities	107,502	136,232
Equity	273,363	182,538
Revenue	174,388	631,929
Expenses	324,480	752,509
Net loss	(150,092)	(120,580)

(Expressed in Bahamian Dollars)

9. Property, Plant, and Equipment

The movement of property, plant, and equipment for the year ended December 31, 2018, was as follows:

	Opening Balance	Additions	Disposals	Ending Balance
Cost				
Land	$ 986,508	–	–	$ 986,508
Buildings	4,914,668	364,893	–	5,279,561
Compactors and containers	10,298,926	427,799	(662,125)	10,064,600
Collection vehicles	8,167,085	394,211	(34,980)	8,526,316
Office vehicles	141,273	–	–	141,273
Furniture and equipment	589,691	60,061	–	649,752
Computer equipment	325,460	29,698	–	355,158
Operating equipment	634,779	66,795	–	701,574
	26,058,390	1,343,457	(697,105)	26,704,742
Depreciation				
Land	–	–	–	–
Buildings	2,932,599	279,936	–	3,212,535
Compactors and containers	8,791,877	441,623	(662,125)	8,571,375
Collection vehicles	6,528,684	398,241	(19,801)	6,907,124
Office vehicles	134,915	6,297	–	141,212
Furniture and equipment	513,501	34,091	–	547,592
Computer equipment	292,681	15,083	–	307,764
Operating equipment	374,189	48,620	–	422,809
	19,568,446	1,223,891	(681,926)	20,110,411
2018 Net book value	**$ 6,489,944**	**119,566**	**(15,179)**	**$ 6,594,331**

The movement of property, plant, and equipment for the year ended December 31, 2017, was as follows:

	Opening Balance	Additions	Disposals	Ending Balance
Cost				
Land	$ 986,508	–	–	$ 986,508
Buildings	4,558,534	356,134	–	4,914,668
Compactors and containers	9,533,670	786,346	(21,090)	10,298,926
Collection vehicles	7,937,181	457,307	(227,403)	8,167,085
Office vehicles	131,660	9,613	–	141,273
Furniture and equipment	578,253	11,438	–	589,691
Computer equipment	312,036	13,424	–	325,460
Operating equipment	462,288	172,491	–	634,779
	24,500,130	1,806,753	(248,493)	26,058,390
Depreciation				
Land	–	–	–	–
Buildings	2,671,327	261,272	–	2,932,599
Compactors and containers	8,306,517	494,148	(8,788)	8,791,877
Collection vehicles	6,286,247	469,840	(227,403)	6,528,684
Office vehicles	125,384	9,531	–	134,915
Furniture and equipment	475,256	38,245	–	513,501
Computer equipment	280,224	12,457	–	292,681
Operating equipment	351,706	22,483	–	374,189
	18,496,661	1,307,976	(236,191)	19,568,446
2017 Net book value	$ 6,003,469	498,777	(12,302)	$ 6,489,944

(Expressed in Bahamian Dollars)

9. Property, Plant, and Equipment (continued)

Depreciation expense is allocated to cost of sales and direct expenses (Note 11) in the amount of $928,402 (2017 – $1,022,967) and general and administrative expenses in the amount of $295,489 (2017 – $285,009).

In 2017, land with a carrying value of $986,508 and on which the Company's operating facility is located was appraised at a current market value of $3,901,500. This value was determined based on a valuation performed in December 2017 by Coldwell Banker Lightbourne Realty, a registered independent appraiser having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

10. Share Capital

		2018		2017
Authorized: 10,000,000 ordinary shares of $0.01 (2018 and 2017 – 10,000,000 shares of $0.01 each)		**100,000**		100,000
Issued and fully paid: 4,200,000 ordinary shares of $0.01 (2018 and 2017– 4,200,000 shares)	**$**	**42,000**	$	42,000

On October 24, 2012, the Company's Board of Directors approved a program for the repurchase of up to 10% (420,000) of its outstanding ordinary shares over the 36-month period ending October 31, 2015. The Board of Directors approved the extension of the share repurchase program on October 24, 2015, and again on October 30, 2018. The current program will run for a further 36-month period ending October 31, 2021.

As of December 31, 2018, the Company had repurchased 216,695 (2017 – 207,522) ordinary shares for a total of $675,649 (2017 - $638,475). The repurchased shares are held in Treasury and cannot be released without the consent of the Board.

11. Cost of Sales and Direct Expenses

Cost of sales and direct expenses comprise the following:

		2018		2017
Salaries and related expenses	$	3,726,739	$	3,707,109
Repairs and maintenance		2,165,838		2,054,149
Depreciation expense (Note 9)		928,402		1,022,967
Fuel		991,823		897,650
Other		127,946		90,535
	$	**7,940,748**	$	7,772,410

(Expressed in Bahamian Dollars)

12. Related-Party Balances and Transactions

The following is a summary of the balances at December 31, 2018 and 2017, and the transactions during the year then ended with related parties, not disclosed elsewhere in these financial statements:

	2018	2017
Accounts receivable	**$ 3,925**	$ 6,492
Other assets	**370,847**	80,826
Purchases of property, plant, and equipment	**22,506**	31,653
Accounts payable and accrued liabilities	**358**	1,564
Sales and services rendered	**27,772**	41,676
Repairs and maintenance – cost of sales	**765,267**	612,343
Chairman's compensation	**96,411**	86,621

Compensation of key management personnel of the Company:

	2018	2017
Short-term employee benefits	**$ 823,196**	$ 781,142
Defined contribution pension and medical insurance expense	**118,556**	140,399
Total compensation paid to key management personnel	**$ 941,752**	$ 921,541

Pursuant to an approval from the Board of Directors, the Chairman of the Board also provides consulting services to the Company. Amounts paid relative to this agreement for the year ended December 31, 2018, include fees of $48,360 (2017 – $48,360) and incidentals of $48,051 (2017 – $38,261), inclusive of telephone and medical insurance expenses. These fees are included in professional fees, salaries and related expenses, and general and administrative expenses. The Chairman of the Board is also a major shareholder of the Company. The other non-executive directors were paid directors' fees of $54,000 (2017 – $54,000) for services rendered and travel expenses and do not receive any other types of benefits from the Company.

13. Earnings per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2018	2017
Net income attributable to ordinary shares	**$ 1,347,668**	$ 1,141,049
Weighted average number of ordinary shares outstanding	**3,987,883**	4,001,302
Earnings per share	**$ 0.34**	$ 0.29

There were no dilutive securities outstanding during 2018 and 2017.

14. Dividends

Dividends are declared at the discretion of the Board of Directors. A dividend payout ratio of 50% – 70% of net income is used as a basis for declared amounts, subject to the capital requirements and liquidity of the Company. During 2018, dividends totaling $957,055 (2017 – $920,024) were declared by the Board of Directors and paid on May 29, 2018 ($0.09 per share) and November 24, 2018 ($0.15 per share).

15. Commitments and Contingencies

The Company guarantees all compactors sold for a 60-day period from the date of sale. Any claims pursuant to these guarantees are reimbursable by the manufacturer. As of December 31, 2018 and 2017, no such claims were received by the Company.

16. Employee Pension Plan

The Company began a defined contribution pension plan on July 1, 2004. The manager of the plan is Colina Financial Advisors Ltd. The Company matches up to 5% of the contributions of the participants of the plan. Contributions to the plan for 2018 amounted to $165,558 (2017 – $171,494). Pension expense is allocated to cost of sales and direct expenses (Note 11) in the amount of $101,076 (2017 – $107,280) and salaries and related expenses in the amount of $64,482 (2017 – $64,214). Participants are entitled upon termination, retirement, disability, or death, to redeem their portion of the plan's assets, and are entitled to a portion of the Company's contributions after participation in the plan for a minimum of 5 years, with complete vesting after 10 years of participation.

17. Financial Risk Management

General

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits, and other controls. The process of risk management is critical to the Company's on-going profitability and each individual within the Company is accountable for the risk exposures related to their responsibilities. The Company is exposed to credit risk, liquidity risk, interest rate risk and market risk. The Company is also subject to general operating risk.

The risk control process does not include business risks such as changes in the environment, technology, and industry. These risks are managed through the Company's strategic management processes.

17. Financial Risk Management (continued)

Risk Management Structure

The Board of Directors is ultimately responsible for identifying and controlling risk. The Company does not have a significant amount of financial risk due to its operations and as such, separate committees on the Board of Directors are not considered necessary. The Company does not have any trading positions.

Risk Measurement

The Company's risks are measured using a method which reflects both expected and unexpected losses. The risk measurements are based on historical experiences. Based on historical experience there are no significant risks of loss from liquidity risks, interest rate risks or market risks.

Risk Concentrations and Credit Risk

Credit risk is a risk that a counterparty will not meet its obligation under its financial instrument or customer contract leading to a financial loss.

The Company is exposed to credit risk which primarily arises from the Company's trade receivables. Most of the Company's trade receivables are from customers which are companies and individuals located in The Bahamas. The Company manages the credit risk of accounts receivable by evaluating the creditworthiness of its customers, by holding cash deposits against customer accounts to be applied against outstanding balances on termination of service, and by implementing procedures to follow up on a regular basis on the collection of any balances in arrears. The top five of the Company's customers contributed to 10% (2017 – 11%) of the Company's outstanding accounts receivable and 23% (2017 – 26%) of the Company's annual sales and services rendered.

The Company adheres to fixed limits and guidelines in its dealings with counterparty banks. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The Company's maximum exposure to credit risk as of December 31, 2018 and 2017 is equal to the carrying values of its financial assets. Given the Company's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

(Expressed in Bahamian Dollars)

17. Financial Risk Management (continued)

The aging analysis of trade receivables, gross as at December 31, 2018, follows:

31 December 2018	Weighted average	Gross carrying amount	Loss allowance	Credit - impaired
Current (not past due)	16.04%	1,022,864	(164,097)	No
30 days past due	16.69%	713,190	(119,001)	No
60 days past due	17.97 %	265,972	(47,799)	No
90 days past due	21.03%	175,214	(36,845)	Yes
120 days past due	23.54%	1,041,222	(245,133)	Yes
		3,218,462	**(612,875)**	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors (to incorporate forward looking information) to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. The scalar factors used are the average GDP growth rates and inflation rates of the Bahamas of 0.85%, and 1.60%, respectively. In addition, management overlays are applied to the expected impairment loss to ensure non-recoverable accounts balances are fully provided for. No interest is charged on the outstanding balances. A summary of the expected credit losses is described below:

Expected Credit Losses:	Gross carrying amount $	Loss allowance $
IFRS 9 adjustments as of December 31, 2018	3,218,462	(612,875)
Management overlays in respect of the impaired trade receivables	–	(254,470)
	3,218,462	**(867,345)**

An analysis of the trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at December 31, 2017 is as follows.

				Past Due But Not Impaired		
		Net	Neither Past Due Nor Impaired	30 Days	60 Days	90 Days or More
2017	$	2,322,879	884,849	701,435	369,280	367,315

(Expressed in Bahamian Dollars)

17. Financial Risk Management (continued)

The movement in the allowance for impairment losses in respect to trade receivables during 2018 was as follows. Comparative amounts for 2017 represent the allowance under IAS 39.

	2018	2017
Balance as of January 1 under IAS 39	**$ 681,600**	$ 558,500
Adjustment on initial application of IFRS 9	**44,426**	–
Balance as of January 1 under IFRS 9	**726,026**	558,500
Impairment losses	**198,268**	155,233
Recoveries	**(56,949)**	(32,133)
Net impairment loss recognized in profit or loss	**141,319**	123,100
Balance as of December 31	**$ 867,345**	$ 681,600

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. This risk is mitigated due to management's ability to temporarily borrow funds from its bankers and the monitoring of cash flow needs by management on a daily basis.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The Company's exposure to interest rate risk relates primarily to the overdraft facility and loan receivable.

Interest rate risk on the Company's overdraft facilities and loan receivable is not material.

Net Fair Value of Financial Instruments and Market Risk

Financial instruments utilized by the Company include recorded assets and liabilities. The Company's financial instruments are either short-term in nature or have interest rates that automatically reset to market on a periodic basis. Where financial assets and liabilities have fixed rates, those rates approximate market interest rates in its operating environment. Accordingly, the estimated fair value is not significantly different from the carrying value for each major category of the Company's recorded assets and liabilities, except for the loan receivable, the fair value of which is estimated to be $139,484 (2017 – $134,531). This fair value is estimated using the discounting the estimated future cash flows expected to be received using market interest rates. The Company considers these fair values to be in level 3 in the fair value measurement hierarchy.

17. Financial Risk Management (continued)

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted market prices (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

18. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made in the objectives, policies, or processes during the years ended December 31, 2018 and 2017.

The Company monitors capital ratios which compare income, assets, and liabilities to capital. The Company does not have any statutory or regulatory capital requirements and as such, management adjusts capital levels as required for the Company's future development plans and returns the capital to its shareholders in line with the dividend policy approved by the Board of Directors (see Note 14).

19. Subsequent Events

There were no significant events occurring after the reporting period that require adjustment to or disclosure in the financial statements.

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