CELEBRATING 40 YEARS

airports authority of jamaica

1974 - 2014

AIRPORTS AUTHORITY OF JAMAICA

# 2014-15 | ANNUAL REPORT

CELEBRATING 40 YEARS

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1974 - 2014

# THINKING DEVELOPMENT... MOVING AHEAD

**THE VISION :** To build and sustain a world class airport system which facilitates private investment and partnership and positions Jamaica's airports as the gateway to the Caribbean and the Americas.

NMIA AIRPORTS LIMITED

A subsidiary of the Airports Authority of Jamaica

## NORMAN MANLEY INTERNATIONAL MKJP (KIN)

- Jamaica's Principal Gateway for Business and Visiting Friends and Relatives (VFRs).
- Divestment via a Public/ Private Partnership is underway.
- Handling over 1.4 million passengers per year.
- Promoted as the Uniquely Jamaican Airport.
- Phase 1A of Airport Expansion Programme completed in March 2012. Phase 1B scheduled for completion in 2016.

mbj

## SANGSTER INTERNATIONAL MKJS (MBJ)

- JAMAICA's Principal Tourism Gateway
- Privatized in 2003 under a 30yr Master Concession and lease (Operator: MBJ Airports Ltd.)
- Handling over 3.5 million passengers per year
- Inducted into ACI Director General's Roll of Excellence for 2014
- Rated in the Airports Council International (ACI) list of top 5 airports for the last 5 years

IAN FLEMING Int'L Airport

## IAN FLEMING INTERNATIONAL MKBS-(OCJ)

- Re-Launched January 2011. Fully equipped Fuel Farm installed 2014.
- Upgraded to the island's third International Port of Entry (IPE) catering mainly to the General Aviation and high-end tourist markets
- Experience the IFIA hassle free difference; easy come. easy go! It's a paradise for pilots.

## DOMESTIC AERODROMES

**Tinson Pen - MKTP (KTP)**
Commuter airport located in the Capital City, Kingston.

**Ken Jones - MKKJ (POT)**
Located in Portland, east of the island

**Negril - MKNG (NEG)**
Located in the tourist mecca, west end of the island

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## AAJ's HISTORY – CELEBRATING 40 YEARS OF SERVICE TO THE NATION

The Airports Authority of Jamaica was established in 1974 to separate the operation, management and commercial aspects of airports and aviation from the regulatory functions; and to facilitate the expansion and upgrading of terminal buildings and facilities at both international airports. The entity was created as an independent statutory body to take over responsibility for the two international airports from the then Civil Aviation Department (CAD), now the Jamaica Civil Aviation Authority (JCAA).

Jamaica's Airports Authority Act was modelled off the British Airports Authority Act and was intended to be consistent with trends in Europe and North America. Under this regime, the airports would operate as viable commercial entities using sound commercial principles based on tested international patterns; the CAD retained the technwical aspects of civil aviation. The aerodromes were also retained by CAD until 1990 when the AAJ was given the operational responsibility for the four domestic aerodromes namely; Tinson Pen in Kingston, Ken Jones in Portland, Boscobel in St Mary and Negril in Westmoreland.

The AAJ began operations as a statutory body on September 1, 1974 and developed a programme to monitor airport development to meet expansion needs. The Authority used various loans from entities such as the World Bank, the European Union, the Canadian International Development Agency (CIDA), the Inter-American Development Bank (IDB), the Japan Ex-Im Bank and the Nordic Development Fund to develop the airports. This included the reconstruction of eight taxiways, resurfacing of the runway at Norman Manley International Airport (NMIA), rehabilitation of the lighting system at NMIA; and the resurfacing of the runways at the Tinson Pen, Ken Jones and Boscobel Aerodromes.

In the book *'Jamaica, The Aviation Story'* published in 2003, on the occasion of the 100th anniversary of aviation, Professor Patrick E. Bryan noted that the AAJ began to see a turnaround of its financial, fortunes in the mid 1980's with increasing revenues from aircraft landing and terminal fees, space rental, concession/retail operators, car hire and car park fees. This was enhanced by a boom in worldwide travel that brought more visitors to Jamaica and sent many Jamaicans on sojourns abroad. Passenger movement through the airports increased steadily at the islands' airports with the majority being visitors coming though the Sangster International Airport.

As the Government pursued a policy of privatization, the Sangster International Airport (SIA) was divested in April 2003 in a 30 year lease to MBJ Airports Ltd., a consortium of companies. The divestment was in keeping with international trends and the need to attract private capital to undertake the necessary expansion and development of the airport. The divestment meant that the AAJ no longer had responsibility for the management of the airport but rather maintains ownership of the buildings and assets. In October 2003, NMIA Airport Ltd, a wholly owned subsidiary of the AAJ, was established as the airport operator for the Norman Manley International Airport under a 30 year concession agreement with the AAJ. In 2011 the AAJ, in partnership with stakeholders, forged ahead with the process of launching Jamaica's newest international port of entry, the Ian Fleming International Airport (IFIA). The airport is named after the author of the famous James Bond spy novels who lived nearby. This airport is an upgrade of the former Boscobel Aerodrome in St. Mary and is adjacent to the North Coast highway; therefore strategically situated to serve tourism clientele from St. Ann to Portland.

Over the 40 years the AAJ has faced many challenges, including ensuring the speedy return of airport services after the occurrence of natural disasters, notwithstanding the organisation has remained resilient and has consistently provided commendable service to users of the facilities. The highly committed Boards, Management and staff have worked diligently over time to fulfil the AAJ's mandate. The AAJ has also maintained its status as a good corporate citizen which offers assistance to the communities near its bases of operation.

***(Based on excerpts taken from 'Jamaica, The Aviation Story' by Professor Patrick E. Bryan, commissioned by the AAJ in 2003).***

## VISION STATEMENT

*" To build and sustain a world-class airport system, which facilitates private investment and partnership and positions Jamaica's airports as the gateway to the Caribbean and the Americas. "*

## MISSION STATEMENT

*" To develop a modern, safe and profitable airport system that is environmentally responsible, provides world-class service, and contributes substantially to the national economy while promoting the expansion of air transportation and its related industries. "*

# AAJ'S CORPORATE CORE VALUES

In an atmosphere of honesty, fairness, and integrity, we commit to our core organizational values – People, Customer Focus, Integrity, Financial Management, Regulatory and Statutory Requirements, Safety and Security and Environment.

These values are detailed below:

**PEOPLE**

We will treat each person fairly with respect and dignity, while encouraging employee competence, motivation and productivity.

**CUSTOMER FOCUS**

We are customer-driven, will demonstrate a sense of urgency, and provide quality service to both internal and external customers.

**INTEGRITY**

We will keep our promises, deliver on our commitments, be open, honest and engage in continuous communication and direct dialogue with our stakeholders.

**FINANCIAL MANAGEMENT**

We are committed to prudent financial management, which ensures value for expenditure and a reasonable return for our shareholders.

**REGULATORY & STATUTORY REQUIREMENTS**

We will ensure that the airports conform to the agreed standards established by regulatory and statutory bodies and lending agencies.

**SAFETY AND SECURITY**

We will ensure that the airports establish and maintainthe highest level of safety and security for all users.

**ENVIRONMENT**

We will ensure that the airports are committed to sustainable environmental practicesthat facilitate compliance with established standards, laws and regulations.

# CHAIRMAN'S MESSAGE

*"The financial performance of the AAJ Group showed operating surplus of $1,480m, an increase of 67% when compared to $887m in the prior year."*

## OVERVIEW

The year 2014 marks the 40th anniversary of the Airports Authority of Jamaica (AAJ), which was established in 1974 as an independent statutory body to manage and operate the island's international airports. It is therefore with pleasure that I take this opportunity, on behalf of the Board of Directors, to congratulate the organisation on reaching this important milestone of successful operational excellence.

Over the past 40 years the AAJ has implemented significant policies and improvements in the air transportation sub-sector that is consistent with international regulations, trends and best practices. MBJ Airports Limited (MBJ), private operators of the government owned SIA, must be commended for their contribution to the sector, particularly with respect to tourism development. During the period, SIA was named the number one Caribbean airport by the online publication - Caribbean Journal. NMIA Airports Limited (NMIAL) is being acknowledged for their first-rate service to many business travellers and locals, as well as visiting friends and relatives who travel through NMIA. These airports, along with the domestic aerodromes, which were assigned to the AAJ in 1990, have remained committed to the mission of the organisation.

The achievements of the organisation can be attributed to the visionary leadership of the directors and management of the organisation, along with the hard work and commitment of highly trained, professional and motivated employees at all levels. One such person is Mr. Earl Richards, immediate past President of the AAJ and Chief Executive Officer of NMIA Airports Limited (NMIAL), who retired from both organisations in March 2015. We thank Mr. Richards for his dedication, service and sterling contribution during his tenure. We also acknowledge and welcome the acting President and CEO, Mr. Audley Deidrick, who served previously as the Vice President of Finance, ICT and HRMA. We are confident that Mr. Deidrick will steer the organisation effectively during this time of transition.

For the 2014/15 fiscal year there was significant improvement in all segments of airport traffic, continuing the recovery from the impact of Caribbean Airline's significant seat reduction/route rationalisation measures in the previous fiscal year. Total passenger traffic at the international airports and aerodromes (arrivals and departures) recorded an increase of 6.14% to 5,210,006 in the year under review. Total air freight, (cargo and mail) increased by 3.95% over the previous year to 18,496,891 kgs, while aircraft movements increased by 3.64% in 2014/15 when compared with the previous year.

The financial performance of the AAJ Group showed operating surplus of $1,480m, an increase of 67% when compared to $887m in the prior year. This outturn was primarily the result of a $940m (22%) increase in operational revenue. The main expenses are: depreciation and amortization J$1,073m, staff costs J$823m and utilities J$560m.

One of the major activities for the AAJ during the period under review was the work done in relation to the Public Private Partnership (PPP) exercise for NMIA, under the leadership of the government-appointed Enterprise

Team, which comprises of key public and private sector stakeholders. The government's key specific objectives for the privatisation/commercialisation of the operations of NMIA include: (i) enhancing the competitive positioning of NMIA, (ii) increasing service quality standards and improving operational efficiencies in line with international best practices, (iii) leveraging private sector investment to improve facilities and operations and (iv) monetizing the asset at an optimal value. Since 2003, NMIA has been operating under a concession agreement signed with its wholly owned subsidiary NMIA Airports Ltd. Approximately US$147m has been spent in the upgrading of NMIA, including construction of a new departure terminal, a cargo terminal and airside improvements. The private investor will be required to complete the planned modernization and expansion of the facilities and improve the efficiency of operations under a 25 year concession agreement.

The International Finance Corporation (IFC) is Lead Advisor to the government, to assist in the structuring and implementation of the Airport Transaction. The Development Bank of Jamaica (DBJ), the government's privatisation agency and PPP Unit, serve as co-advisor for the transaction and Secretariat to the Enterprise Team. The selection process for the new operator of NMIA is being undertaken in an open, transparent and competitive manner. The Invitation for Qualification was issued by the GoJ on March 30, 2015 and prospective private sector participants were invited to submit Prequalification Applications in accordance with the terms and conditions of the Invitation for Qualification. The Invitation for Bids will be provided to all those Prospective Bidders who have been qualified. The government anticipates that an announcement of the Preferred Bidder will be made by early 2016. Thereafter the new private operator, upon completion of all the financial requirements, is expected to assume full responsibility for the management and operations of the airport.

With respect to the Sangster International Airport, which was commercialised in 2003 under a 30 year concession to MBJ Airports Limited (MBJ) for the operation, financing and management of the airport, discussions are underway regarding a change from the initial shareholders of the consortium. It is anticipated that the new shareholders will be appointed early in the new fiscal year, after appropriate consultations with the Government of Jamaica and the AAJ.

Jamaica's air transport system continued to monitor and respond to the changing needs of the travelling public. This responsiveness was evident in the preparation made by the airport operators and their stakeholders at the onset of the Ebola Virus which impacted global travel from regions in West Africa. At NMIA, the Medi-Post, which houses the nurse's station, was expanded and a specific quarantine facility was established as a holding area in the event that a passenger arrived with symptoms of the disease. SIA benefited from the donation of a Fever Scan machine and similar equipment was identified for NMIA. Additionally, the airports conducted Ebola training and drills to boost its response mechanisms. Special acknowledgement is given to the Ministry of Health and our Border Control Agencies, the Passport, Immigration and Citizen Agency and Jamaica Customs, which remained active and vigilant during the period.

I extend thanks to the management and staff of the AAJ, and the operators of our airports and aerodromes for the commendable work done over the course of the years. The operations at the airports would not be viable without the participation of many airport stakeholders who have made a most important contribution to the airports' well-deserved reputation for excellence throughout the organisation's 40 years. I therefore thank the many stakeholders for the critical role played over the years and in particular for the period under review. My colleague Board members and I, along with the organisation's committed employees, anticipate further positive developments in the industry in the months ahead and will continue to work towards achieving the AAJ's mission, which in part, is to promote the expansion of air transportation and its related industries.

**Dennis Morrison**
Chairman
30 September 2015

# PRESIDENT'S MESSAGE

*"... results indicate a strong return to growth as a result of the collaborative work done by airport and airline partners, as well as stakeholders in the tourism and related industries."*

In this, the 40th year of the Airports Authority of Jamaica, I wish to join in congratulating the organization on attaining such a significant milestone, one which represents steady and noteworthy progress in Jamaica's air transportation industry generally, and in particular, the development and modernization of the countries airports. It is therefore with a deep sense of pride, humility and fixity of purpose that I have assumed the responsibility to lead the organization at this time, being fully seized of the fact that this not only represents a change in the leadership of the organization, but more significantly that it coincides with possibly the most significant period of change and transition which the organization will undergo since its inception 40 years ago.

Having been established on September 1, 1974. The AAJ celebrated its 40th anniversary during the year. This milestone ruby anniversary was celebrated along with stakeholders through a number of events and activities to highlight the significance of the occasion. These included church services and stakeholder appreciation events held in the two capital cities, as well as a long service award ceremony for staff, where employees were recognised for up to 34 years of service with the organisation.

The work done by the Directors (past and present), my predecessors in the role of AAJ President and CEO of NMIA Airports Limited, as well as the sterling service of the staff must be acknowledged and commended as they ensured that the organisation remained focus on executing its Mission and Vision. Special thanks to the Immediate Past President and CEO, Mr. Earl Richards who, among other things, presided over the modernisation of both international airports as well as the transition of the Sangster International Airport from public to private management and control in 2003. A similar process is now being undertaken for the private operation of the Norman Manley International Airport which should be concluded by 2016.

The financial performance of AAJ and its subsidiary NMIAL (the Group) in the year under review is commendable, and represents a significant improvement over the previous year. This improvement was driven mainly by growth in the passenger traffic for both SIA and NMIA.

The AAJ Group's Operating Revenues for the year was $5,264m versus $4,324m for the previous year, an increase of $940m or 22%. Operating Expenses amounted to $3,984m, versus $3,691m for the previous year, an increase of $293m or 8%, and when compared with the budget of $3,840m for the current year, represents a negative variance of $144m or 4%. The Group therefore made an Operating Profit of $1,480m, compared with $887m in the previous year, and increase of $593m or 67%. Net Profit After Tax for the year was $920m versus $437m for the previous year, an increase of $483m or 111%.

AAJ made distributions during the year to the Government of Jamaica totalling $244m versus $86m for the previous year.

Capital Expenditure for the year was US$5,462m (approximately $616m) which were implemented mainly at NMIA. These included expansion to the NMIA Cargo Logistic Centre, completion of the chilled water distribution system ring main, a new Aircraft Rescue & Fire Fighting (ARFF) vehicle, and implementation of a new Parking Access & Revenue Control System (PARCS) at the two main car parks.

Total passenger traffic for SIA NMIA and Aerodromes recorded an increase of 6.14% from 4,908,646 passengers in 2013/14 to 5,210,006 in the year under review. SIA accounted for 72% of total traffic and recorded an increase of 5.79%, reflecting the growth in Jamaica's tourism performance; while NMIA, with 28% of total traffic, experienced an increase of 7.07% when compared with the previous year, recovering from the decline in the previous year which was due to an unexpected reduction in seats by its major airline partner – Caribbean Airlines. Air freight volumes at both international airports improved by 3.96%, from 17,789,112 kgs in 2013/14 to 18,493,439 kgs and aircraft movements grew by 5.74% in 2014/15 when compared with the previous year. A total of 82,766 aircraft movements were recorded, compared to 79,858 in 2013/14. These results indicate a return to growth, accredited to the collaborative work done by airport and airline partners, as well as stakeholders in the tourism and related industries.

With regard to route development, it is noteworthy that during the period, the number one domestic carrier in the United States, Southwest Airlines, officially merged with Air Tran and became an international airline. Jamaica, and in particular the Sangster International Airport, was the first international arrival for Southwest which took place on July 1, 2014. Additionally, a new domestic service was launch by interCaribbean Airways, providing scheduled air service between NMIA in Kingston and SIA in Montego Bay. The airline previously operated as Air Turks and Caicos and has opened other new routes during the year, including flights to Haiti from NMIA.

One of the major activities during the year under review was the execution of Jamaica's first Aeronautical Tariffs Review under The Airports (Economic Regulation) Act 2002. The Act established the Jamaica Civil Aviation Authority (JCAA) as the Regulator of the economic activities/rates of the scheduled airports, presently SIA and NMIA. Both SIA and NMIA engaged in separate negotiations with the JCAA which resulted in a 55% and 70% upward adjustment in aeronautical rates respectively. These increased rates were to be effective January 1, 2015, but due to the time that they were concluded, the increases were implemented April 1, 2015, hence the increases did not impact the financial results for 2014/15. During the process of review key stakeholders in the industry, including local and international aviation/airline partners, as well as public and private tourism interests, were consulted. With this tariff adjustment, which was benchmarked against airports in the region, Jamaica's aeronautical rates are now more in keeping with the cost to operate and develop the international airports in accordance with changing international standards and operational procedures. These standards include the implementation of important capital works such as a Runway End Safety Area (RESA) project at both international airports, the plans for which have been developed for execution in the medium term.

Another area for strategic review in the short term is the cost to manage and operate the domestic aerodromes and the Ian Fleming International Airport. These aerodromes are components of the national public transportation system, facilitating intra-island air services. They serve tourism, flight training, aerial photography, agriculture (crop dusting/spraying), business travel, commuter traffic, recreational flying, as well as medical and national emergencies. The present focus of operations at IFIA and the aerodromes continues to be on improved efficiencies while minimizing the level of expenditure and improving revenue, with the aim of reducing the level of subsidy provided by the AAJ.

During the period under review the Negril Aerodrome underwent a declassification exercise which resulted in a reduction in the staff complement on location, while providing an appropriate level of service in keeping with the revised classification.

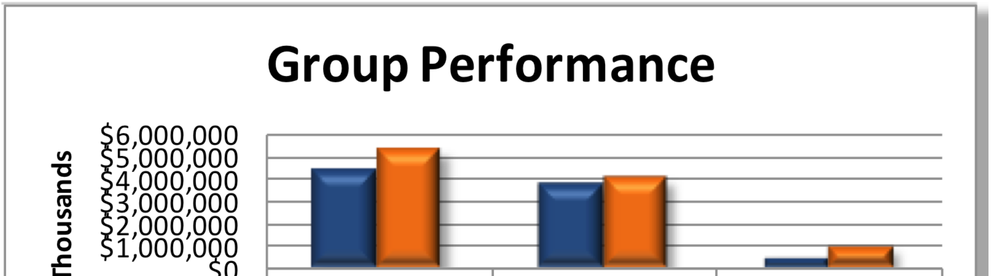
The outlook for 2015/16 is quite significant as the organisation prepares for another major milestone - the privatisation of the management and operations of the Norman Manley International Airport. Preparation activities are apace re the Public Private Partnership (PPP) arrangement which is now set to take place during the next calendar year and as such the management and staff are anticipating a smooth transition to the new private operators.

I wish to thank the Board of Directors, Management and Staff of the AAJ and NMIAL for welcoming me into this new role and I am already bolstered by the support of the team. I also offer special acknowledgement to the airport operators, stakeholders and related industry partners with whom we work closely to achieve the organisation's vision "To build and sustain a world-class airport system, which facilitates private investment and partnership and positions Jamaica's airports as the gateway to the Caribbean and the Americas". We look forward to the challenge and opportunities ahead of us as we seek to accomplish the tasks ahead in the next fiscal year and beyond.

**Audley Deidrick**
President- AAJ & CEO NMIAL (Acting)
30 Sptember 2015

# OVERALL TRAFFIC PERFORMANCE

Table 4: Actual Financial Performance 2015 versus 2014 for AAJ Consolidated:

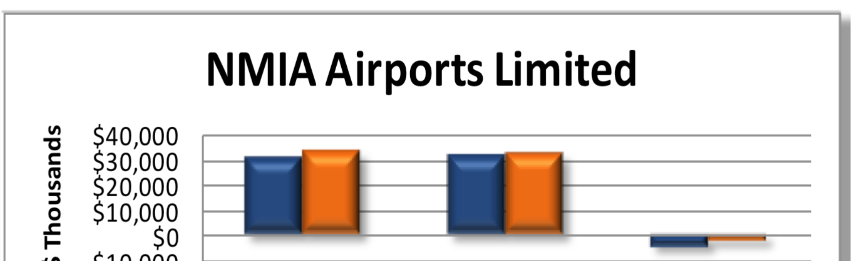



| | Operating Income | Operating Expenses | Net Profit |
|---|---|---|---|
| 2013/14 | $4,323,611 | $3,691,293 | $436,977 |
| 2014/15 | $5,263,783 | $3,983,801 | $919,508 |

Table 5: Actual Financial Performance 2015 versus 2014 for AAJ:


| | Operating Income | Operating Expenses | Net Profit |
|---|---|---|---|
| 2013/14 | $1,991,869 | $695,801 | $903,109 |
| 2014/15 | $2,629,374 | $606,533 | $1,181,326 |

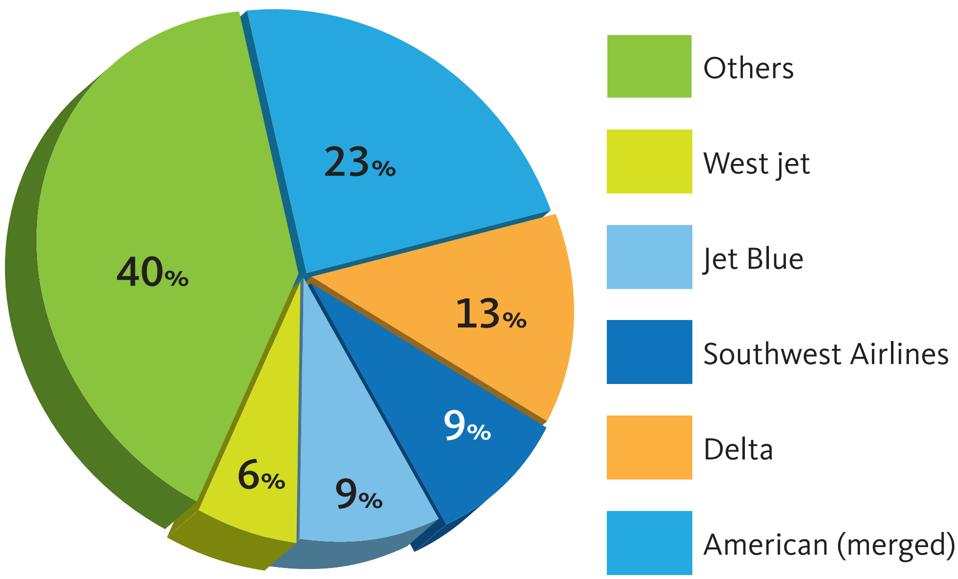
Table 6: Actual Financial Performance 2015 versus 2014 for NMIA Airports Limited:




| | Operating Income | Operating Expenses | Net Loss |
|---|---|---|---|
| 2013/14 | $30,741 | $31,153 | $(4,505) |
| 2014/15 | $32,683 | $31,965 | $(2,321) |

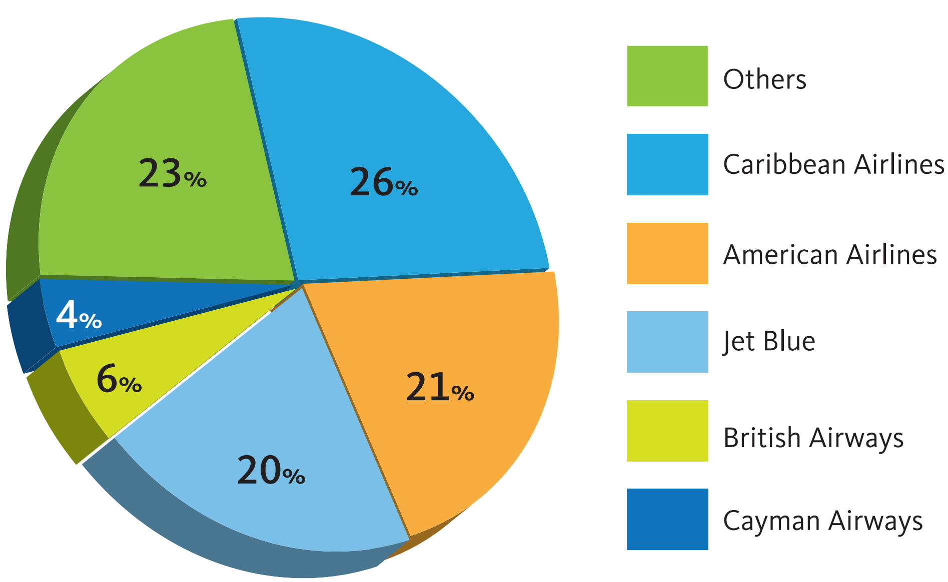
## SIA Total Passengers 2014 - 15

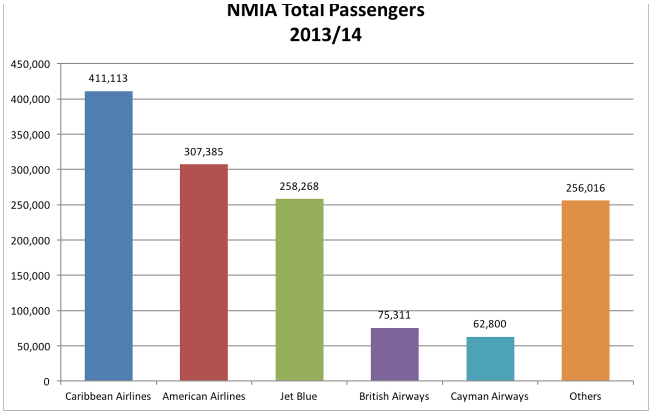
### TOP 5 AIRLINES

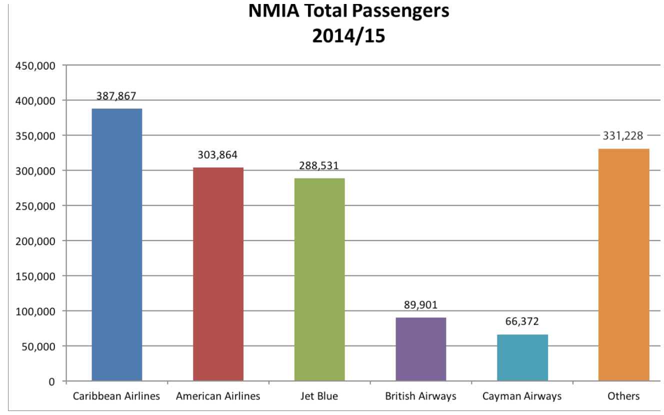



## NMIA Total Passengers 2014 - 15

### TOP 5 AIRLINES






## PASSENGER, AIRCRAFT AND FREIGHT MOVEMENTS

Total International passenger traffic (arrivals and departures) in the AAJ Group recorded an increase of 6.14% from 4,908,646 passengers in 2013/14 to 5,210,006 in the year under review. SIA handled 72% of total traffic and recorded an increase of 5.79%; moving from 3,526,733 passengers in 2013/14 to 3,731,028 in 2014/15.

NMIA, with 28% of total traffic, experienced an increase of 7.07% in passenger traffic when compared with the previous year, moving from 1,370,893 passengers in 2013/14 to 1,467,763 passengers in 2014/15.

Total air freight, (cargo and mail) volumes increased by 3.95% in 2014/15 when compared with the previous year moving from 17,793,752 kgs in 2013/14 to 18,496,891 kgs. NMIA handled 66% of air freight and had a 1.96% increase in 2014/15 when compared with 2013/14. Air freight volumes at SIA, saw an increase of 3.95% over the levels in 2013/14.

Aircraft movements increased by 3.64% in 2014/15 when compared with the previous year. A total of 82,766 movements were recorded, compared to 79,858 in 2013/14. SIA accounted for approximately 50% of total movements in 2014/15, that is, 39,084 in 2013/14 compared with 41,574 (6.37%) during the reporting period. NMIA accounted for 26% of total movements in 2014/15 and experienced an increase of 4.53% in aircraft movements resulting in a total of 21,160 in 2014/15 up from 20,243 in 2013/14.


*Steering Committee for Public Private Partnership Venture for NMIAL*

**STATUS:** The Government of Jamaica on 28 April 2015 announced the five (5) firms that were pre-qualified to participate in the Bidding Process for the NMIA PPP transaction. The Request for Proposal was issued to the pre-qualified firms in June 2015 and the Provisional preferred Bidder is expected to be selected and announced by Cabinet by the fourth quarter of Financial Year 2015/2016.

# SANGSTER INTERNATIONAL AIRPORT (SIA)

## COMMERCIAL DEVELOPMENT & MARKETING

The retail program at SIA experienced major changes during 2014/15. At the end of April 2014, the retail program was redeveloped and included the relocation of a number of concessions as well as the reclassification of four (4) specialty retail locations to duty free space. In keeping with the new programme, construction works commenced May 1, 2014 and by October 2014 all sections of the concession programme were fully operational, including the walkthrough Duty Free Concession area operated by World Duty Free.

## RECOGNITION & AWARDS

SIA continues to feature excellent customer service and was acclaimed the number one Caribbean airport by the online publication – Caribbean Journal. The VIP Lounge- Club MoBay, diverse dining options and the airport's shopping experience came in for high marks and contributed to the prestigious award.

## AIR SERVICE DEVELOPMENT

MBJ continued to build its route network and capacity during the period under review. In May 2014, JetBlue launched daily service from Fort Lauderdale. The airline now operates all of their four routes to Montego Bay on a daily basis. Another significant milestone occurred on July 1, 2014 when the Sangster International airport welcomed the first international arrival from Southwest Airlines, the number one domestic carrier in the United States. Southwest merged with Air Tran and selected Jamaica for its inaugural international flight.

Other air service highlights were; an increase in seat capacity from the TUI Group, including new Copenhagen and Helsinki services, as well as the launch of domestic service by Inter-Caribbean Airlines between Kingston and Montego Bay in April 2014.

## CAPITAL DEVELOPMENT PROGRAMME

In December 2014, MBJ completed construction of a new, state- of- the- art Fire Hall at a total cost of US $2.6 million. The project was completed on time, within budget and features an impressive building structure and modern design. The Fire Hall is now located more centrally to the runway surface, thus improving response times. It also boasts expanded living quarters for the 30 fire fighters plus fully equipped gym and training facilities.

Another major runway project is set to be completed at SIA. The AAJ has been in discussions with MBJ for the implementation of a range of capital development projects which will include the following:

- an extension of the existing runway,
- the installation of Runway End Safety Areas (RESA) at both ends of the runway,
- other airside safety and improvement works, and
- roads and other infrastructure works outside of the airport perimeter.

The Authority is in the process of acquiring the requisite lands to facilitate the works.

# NORMAN MANLEY INTERNATIONAL AIRPORT (NMIA)

## COMMERCIAL DEVELOPMENT AND MARKETING

The commercial programme at NMIA was enhanced during the fiscal year with the addition of Sunkissed (clothing) retail store in the Departure Lounge in October 2014. Additionally, the mini-mart, Flight Pac, located in the Arrivals Forecourt was expanded and the new section became functional in December 2014; and the Sports Bar in Arrivals was made operational by Goddard Catering, much to the convenience of arriving passengers, meters and greeters, as well as airport staff. With regards to cargo facilitation, a new 12,000 sq. ft. space was leased by Flight Connections, one of 4 ground handlers at the airport, for the expansion of their cargo handling capabilities.

## RECOGNITION & AWARDS

Special recognition was given to NMIA's VIP Lounge, operated by Club Kingston, for achieving the most prestigious 1st place award as Global Lounge of the year by Priority Pass. The club's top placement was measured against 700 airport lounges and 500 airports worldwide.


## AIR SERVICE DEVELOPMENT

NMIA's route development initiatives continued apace during the period with the introduction of Delta Airlines on the New York route in December 2014. British Airways added a fourth flight to its weekly schedule and interCaribbean (formerly Air Turks & Caicos) not only commenced domestic operations, but also expanded service to the Dominican Republic, Haiti and other countries in the northern Caribbean through Providenciales.


Fly Jamaica, with its operational base at NMIA, was considerably boosted during the year with the acquisition of an additional aircraft, thereby increasing seat capacity, reliability and its aircraft maintenance response capabilities.

NMIAL's partnership with the Jamaica Tourist Board (JTB) and the Jamaica Hotel and Tourist Association (JHTA) to raise the profile of Destination Kingston, continued to gain traction over the period. In addition, collaboration with the Kingston Metropolitan Resort Board also continued during the year with the aim of engaging stakeholders to further develop the Attractions Sector of the destination and boost market readiness so as to increase tourism traffic to and through Kingston.


It is projected that the opening of the Ocho Rios to Ferry section of the north-south highway in early 2016 will attract additional air service into NMIA as it will take less time and be more convenient to travel from NMIA to resort areas such as Ocho Rios and Boscobel.

## FINANCIAL HIGHLIGHTS- NMIA AIRPORTS LIMITED

Revenue passengers for the fiscal year under review amounted to 714,502, that is 7% above the previous year's total of 671,080. Operating revenue for NMIAL for the period was US$32.7m compared with US$30.7m for the previous year, representing a 7% increase. Operating expenses for the period was US$31.9m representing a 3% increase when compared with US$31.1m for the previous year. NMIAL recorded an operating profit of US$0.7m for the year compared with an operating loss of US$0.4m for the previous year.

## NMIA CAPITAL DEVELOPMENT PROGRAMME

Phase 1B of NMIA's Capital Development Programme (CDP), which was approved for execution over a five year period, at budgeted expenditure of approximately US$26.1m, commenced in April 2012. The projects are primarily aimed at reducing airport operational risks, improving efficiency in the operations, reducing energy consumption and expanding capacity. Expenditure for the year 2014/15 for the Phase 1B Programme was approximately US$5.5m and total expenditure for the period (2012 – 2015) was US$12.6m. The projects completed during the year under review included the following:

- A new 12,000 sq. ft. warehouse expansion to the Cargo Logistic Centre,
- Arrival and commissioning of an Aircraft Rescue & Fire Fighting (ARFF) Vehicle (F16), which arrived in August 2014.
- Stack Emission Monitoring for the Incinerator
- Further extension of the Sewage conveyance/ treatment system to the East airfield
- Increase in Air-Handling capacity and cooling to the Departure lounge
- The new Trane Chiller and cooling tower, as well as the new Western Chilled Water Distribution System-Supply & Return were put into service in October 2014. The line will be commissioned in June 2015.


A number of projects remained in progress at the end of the fiscal year. These included: i) the construction of an additional 12,000 sq. ft. of warehouse contiguous with the recently completed cargo warehouse. This project is approximately 75% complete and is scheduled for completion in August 2015. ii.) Implementation of the Sewage conveyance/treatment system to the East airfield, which is 90% complete and scheduled for completion in August 2015. iii.) replacement of an aging (15-year old) Nortel PBX telephone system with a new VoIP PBX System to provide expanded coverage for landline telephone service at NMIA and a new range of voice services and support of the Common Use environment at the airport. This project was 25% complete.

**The main projects at the Planning & Design stage during 2014/15 include:**

- Upgrade and Extension of the Fire Suppression System to the Arrivals Concourse and electrical sub-stations
- Upgrade/expansion of the General Aviation Terminal
- Augmentation of Air Conditioning to the Customs Hall and Departure Concourse
- Extensive pavement assessment of the airside
- Enhancements and Improvements to the Building Management System (BMS)
- Major repairs / overhaul of the baggage carousels in the main Customs Hall

## ICT PROJECTS

Four major Information and Communication Technology (ICT) projects were undertaken by AAJ/NMIAL during the review period: acquiring a Geographic Information System; implementing a Disaster Recovery site for ICT records; installing a new Parking Access and Revenue Control System; and expanding the CCTV video surveillance system.

The Geographic Information System (GIS), inclusive of ESRI ArcGIS software, Server Hardware and satellite imagery, was acquired and implemented for NMIA and the other AAJ-owned airports and aerodromes, including the privately operated SIA. The GIS provides a map repository with records for all land, above-ground and underground facilities to enable effective facilities management and geospatial analysis.

With respect to ICT risk management, the AAJ identified an appropriate Disaster Recovery (DR) site and implemented a DR Server, Data Storage and the requisite ICT technology for off-site data replication and storage with backup/alternative data processing for the main IT systems housed at its Head Office.

A new Parking Access and Revenue Control System (PARCS) for the Main and Cargo Car Parks at NMIA was acquired and installed. These car parks are major sources of non-aeronautical revenue for NMIA. The work included:

- Replacement of the previous aging Car Park system which was implemented at the Main Car Park in 2004 and ceased operation in April 2014;
- Introduction of technologies for increased automation and self-service;
- Introduction of technologies to provide real-time management, monitoring and control of parking operations and revenue
- An increase in the number of entry and exit lanes and the introduction of technologies to improve processing efficiency from main/cargo car parks.

The CCTV video surveillance system was upgraded and expanded to replace defective cameras and improve the ability for video surveillance of areas internal and external to the Terminal Building, along with increased capacity for retention of CCTV footage. This project included:

- Acquisition of new centralized video management and recording hardware to accommodate existing cameras, as well as to support the migration of cameras from DVR technology to facilitate the conversion and expansion of the central recording server architecture.
- Acquisition and implementation of additional cameras to provide an immediate restoration of coverage to critical areas of concern.



NMIA remains committed to executing capital projects that are in keeping with the Mission of AAJ … "to develop a modern, safe and profitable airport system that is environmentally responsible…" Every effort is made to execute these projects within approved budgets and schedules.

## SUSTAINABILITY AND ENVIRONMENTAL AWARENESS

NMIAL continued in 2014/15 to implement its Environmental Management System (EMS) in keeping with ISO14001 guidelines, and incorporating sustainable environmental requirements into major airport operations in order to achieve a safe, clean, and aesthetic environment. With the airport located within the locally declared Palisadoes-Port Royal Protected Area (PPRA), and in the midst of an internationally declared RAMSAR site (i.e. Convention on Wetlands of International Importance), it is essential that appropriate due diligence is maintained.

Pollution control, environmental audits, wildlife hazard management, waste recycling and operations quality monitoring remain significant components of the EMS within the suite of Environmental Programmes. As the organisation strives to model corporate environmental responsibility, there is an on-going commitment to meet existing and new local /international standards in regard to airport operations.

## AIRPORT OPERATIONS

In addition to maintaining high levels of operational efficiency and customer service for passengers and other users of the airport throughout the airport terminal, NMIA focused in 2014/15 on quality control in maintaining/surpassing the required regulatory standards. With respect to Aviation Security (AVSEC), four replacement x-ray screening units were installed and the AVSEC Unit continued the expansion of the mandatory security awareness program for all airport workers.

During the year under review, an Aeronautical Study was conducted and a submission was subsequently made to the JCAA for implementation of an interim Runway End Safety Area (RESA) project, to comply with international and local regulatory standards. Discussions are ongoing with the JCAA regarding the approval of the RESA project along with an implementation schedule and budget for the project.

*Fever scan machines were installed at NMIA and SIA*

NMIA's operations team also focused on its capacity to respond to water-related aviation incidents. A table top exercise involving all airport stakeholders and relevant government entities was conducted during the year, working through the various scenarios that could emerge in the event of an incident or accident. A full scale water-related exercise is planned for 2015/16.

## IAN FLEMING INTERNATIONAL AIRPORT & THE AERODROMES

The operations of the Ian Fleming International Airport (IFIA) and the three domestic aerodromes (Tinson Pen, Negril and Ken Jones) continued to be heavily subsidised by the AAJ, however, the important role played by these aerodromes in the local/international aviation infrastructure continues to be recognised.

Cost containment and revenue enhancement measures designed to reduce the subsidy provided to these entities continued. One such initiative was the decertification of the Negril Aerodrome, resulting in that aerodrome no longer being used for scheduled air operations. As a consequence, there was a reduction in staff, equipment and operational costs at the aerodrome. In addition, planning continues regarding the implications for the operations and management of the aerodromes arising from the imminent privatisation of NMIA.

With respect to IFIA, the Fuel Farm received its first shipment of Av-Gas (aviation fuel) during the year. This fuel is used by small aircraft, which form a very large segment of aircraft operations in North America and the Caribbean. The acquisition and availability of this fuel now bolsters the marketing of the facility to the General Aviation community in the United States and other neighbouring territories.

## HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION

The organization continued its programme of containing staff cost while ensuring employee satisfaction and stability at the workplace. Staffing levels for the AAJ Group for the reporting period was recorded as:

| | **April 1, 2014** | **March 31, 2015** |
|---|---|---|
| NMIA | 142 | 145 |
| AAJ | 17 | 16 |
| AERODROME / IFIA | 25 | 22 |
| **TOTAL** | **184** | **183** |

The declassification exercise at the Negril Aerodrome saw seven employees going off on early retirement and redundancy, while two employees were transferred to the Tinson Pen Aerodrome.

## THE LEARNING AND DEVELOPMENT CENTRE

AAJ/NMIAL, through its Learning and Development Centre (LDC), continued on its mission of hosting training sessions, meetings and social events for airport employees, stakeholders and the wider public. During the year twenty-four clients used the LDC for meeting and training seminars; thirteen of these clients were repeat users of the venue. AJAS Jamaica Ltd and Eulen America are the LDC's main clients.

*Business House Netball Association Junior League Champions 2014*

## TRAINING & DEVELOPMENT

Over the period, three hundred and one (301) permanent and temporary employees participated in training programmes, totalling seven hundred and fourteen (714) man-days. This is an average of 2.34 man-days per person. Training programmes included, but were not limited to:

- First Aid Training
- Microsoft Word
- Airport Administration & Services – Distant Learning
- Airport Operations Diploma – Online Programme
- Runway Safety Management Online Programme
- Leadership and Change Management
- The Arbitration Process
- Training Skills & Techniques for the trainer
- Literacy Programme
- Introduction to Human Resource Management
- Managing the Sick and Injured Worker

Under the organisation's Tuition Assistance Programme, a total of $4.7M was allocated to seven (7) members of staff who have undertaken higher education. Awards were given for two (2) Masters Degree and five (5) First Degrees, for programmes ranging from business administration to engineering.

# JOB ROTATION / ENRICHMENT

NMIAL's job rotation/enrichment programme fosters succession planning and deepens competencies within the organization. Employees continued to be given the opportunity to acquire new skills, knowledge and understanding of the operations of other departments. Nineteen employees were transferred to other departments for periods of 3 – 6 months to gain experience and exposure.

# AAJ'S 40TH ANNIVERSARY CELEBRATIONS

## Giving back to the Community

AAJ celebrated its 40th Anniversary during the period. This "Ruby Anniversary" was commemorated through a number of social activities and included the following:

- A church service at the Kingston Parish Church, Downtown, Kingston and a similar event at the St. Paul's United Church in Montego Bay.
- Staff Appreciation ceremonies for long service, and an Anniversary Dinner.
- Stakeholder appreciation functions in Kingston and Montego Bay
- The publication of a Gleaner Supplement in January 2015 on the airport's progress and development over its 40 years.

Among the contributions made to national development over the years is the AAJ's commitment to the welfare of the community. The AAJ has supported developments in health, education, environmental management among others in the surrounding communities and beyond.


*AAJ Family Fellowships at the Kingston Parish Church to launch 40th Anniversary Celebrations*

One recent beneficiary of the AAJ's Corporate Social Responsibility engagement is the Kingston Public Hospital (KPH). Since 2013, proceeds of the AAJ's main charity event, the NMIA 5K Charity Walk/Run, have gone to the Oncology Unit at the KPH to enhance the care for cancer patients. In 2013 approximately $1 million was raised by the Walk/Run and the organization partnered with RBC Bank Ltd. towards the purchase of a Cardiac Ultra-Sound machine. Just over $2 million was received from corporate and individual supporters of the 2014 Walk/Run, and had registered a record 1,300 persons.

On November 4, 2014, a major piece of medical equipment purchased with the proceeds of the Walk/Run, was handed over to the hospital by the organisation. The equipment is used in Endoscopy/Colonoscopy treatment services to cancer patients.

Other noteworthy projects undertaken by the AAJ over the years, include the adoption of the Donald Quarrie High School in Harbour View, St. Andrew; assistance to the Harbour View Primary and Basic Schools as well as Boscobel Primary and Port Royal Basic Schools, which are all within close proximity of AAJ facilities. The AAJ places a high premium on Education and the Environment and has also contributed to projects at the Hope Zoo, in St. Andrew and the Ward Theatre Restoration project, in Kingston, from funds raised at the Annual Walk/Run. The AAJ Schools' Art Project 2014 was another recent initiative which recognized, celebrated and rewarded students across the island for their artistic prowess. The top 12 submissions from the inaugural competition will be prominently displayed in the main Passenger Terminal and plans are already underway for the second staging of the event.

*Official hand over of Cardiac Ultra Sound Machine to the Kingston Public Hospital Oncology Unit .*
*Proceeds raised from NMIA 5K Charity Walk / Run 2014.*

# BOARD OF DIRECTORS

**DENNIS MORRISON**
CHAIRMAN

**JOSEPH A. MATALON**
DIRECTOR &
CHAIRMAN - NMIAL

**AUDLEY H. DEIDRICK**
PRESIDENT (ACTNG.)
& CEO – NMIAL (ACTNG)

**CLAUDETTE RAMDANIE**
DIRECTOR

**VALERIE SIMPSON**
DIRECTOR

**DR. LANIE OAKLEY-WILLIAMS**
DIRECTOR

**NEIL LAWRENCE**
DIRECTOR

**NEVILLE WRIGHT**
DIRECTOR

**WILLIAM SHAGOURY**
DIRECTOR

# EXECUTIVE TEAM

**AUDLEY H. DEIDRICK**
PRESIDENT (ACTG.)

**CARVELL MCCLAREY**
SNR. DIRECTOR HRD & ADMINISTRATION

**LISA BRYAN**
GENERAL COUNSEL

**ALFRED MCDONALD**
SNR. DIRECTOR, COMMERCIAL DEVELOPMENT & PLANNING

**HORACE BRYSON**
SNR. DIRECTOR, ENGINEERING, MAINTENANCE & PROJECTS

**LT. CDR.JOHN MCFARLANE**
SNR. DIRECTOR (ACTG.), OPERATIONS

**SAMUEL MANNING**
DIRECTOR, FINANCE

**CHRISTOPHER POWELL**
DIRECTOR (ACTG.), AVIATION SECURITY

**RICHARD GIBBS**
DIRECTOR, ICT

# OPERATIONAL PERFORMANCE

# FINANCIAL HIGHLIGHTS

Table 1: Actual and Projected Financial Performance for AAJ Consolidated

| Key Performance Indicators (KPI's) | Actual Mar-15 J$'000 | Budget 2014-15 J$'000 | Budget 2015-16 J$'000 |
|---|---|---|---|
| Operating Income | 5,263,783 | 4,885,285 | 4,764,677 |
| Operating Expenditure | (3,983,801) | (3,839,865) | (3,951,269) |
| Other Income (Expenditure) | 60,085 | (296,751) | (356,835) |
| Taxation | (420,559) | (264,163) | (304,211) |
| Net Profit | 919,508 | 484,506 | 152,362 |
| **Capital Expenditure** | **559,146** | **861,785.3** | **857,714** |

Table 2: Actual and Projected Financial Performance for AAJ

| Key Performance Indicators (KPI's) | Actual Mar-15 J$'000 | Budget 2014-15 J$'000 | Budget 2015-16 J$'000 |
|---|---|---|---|
| Operating Income | 2,629,374 | 1,737,651 | 1,835,124 |
| Operating Expenditure | (606,533) | (645,822) | (623,569) |
| Other Income (Expenditure) | (420,956) | (30,991) | (34,544) |
| Taxation | (420,559) | (264,163) | (304,211) |
| Net Surplus | 1,181,326 | 796,675 | 872,800 |
| **Capital Expenditure** | **33,962** | **170,192** | **62,192** |

Table 3: Actual and Projected Financial Performance for NMIA Airports Limited

| Key Performance Indicators (KPI's) | Actual 2014/15 (US$'000) | Budget 2014/15 (US$'000) | Budget 2015/16 (US$'000) |
|---|---|---|---|
| Operating Income | 32,683 | 34,335 | 32,794 |
| Operating Expenditure | (31,965) | (31,316) | (32,629) |
| Other Income (Expenditure) | (3,039) | (5,883) | (6,774) |
| Net Loss | (2,321) | (2,864) | (6,609) |
| **Capital Expenditure** | **(5,056)** | **(7,073)** | **(10,217)** |

# TRAFFIC PERFORMANCE

## Passenger Traffic

| FIN. YR. | NMIA | % CHANGE | SIA | % CHANGE | IFIA + Aerodromes | % CHANGE | TOTAL | % CHANGE |
|---|---|---|---|---|---|---|---|---|
| 2009/10 | 1,579,122 | | 3,292,296 | | 13,524 | | 4,884,942 | |
| 2010/11 | 1,495,406 | -5.30% | 3,339,635 | 1.44% | 20,430 | 51.06% | 4,855,471 | -0.60% |
| 2011/12 | 1,457,840 | -2.51% | 3,338,827 | -0.02% | 25,881 | 26.68% | 4,822,548 | -0.68% |
| 2012/13 | 1,462,072 | 0.29% | 3,351,751 | 0.39% | 21,665 | -16.29% | 4,835,488 | 0.27% |
| 2013/14 | 1,370,893 | -6.24% | 3,526,733 | 5.22% | 11,020 | -49.13% | 4,908,646 | 1.51% |
| 2014/15 | 1,467,763 | 7.07% | 3,731,028 | 5.79% | 11,215 | 1.77% | 5,210,006 | 6.14% |
| **Total** | **8,833,096** | | **20,580,270** | | **103,735** | | **29,517,101** | |

## Freight Performance

| FIN. YR. | NMIA | % CHANGE | SIA | % CHANGE | IFIA + Aerodromes | % CHANGE | TOTAL | % CHANGE |
|---|---|---|---|---|---|---|---|---|
| 2009/10 | 12,515,693 | | 4,616,343 | | 16,972 | | 17,149,008 | |
| 2010/11 | 13,281,921 | 6.12% | 4,918,609 | 6.55% | 11,979 | -29.42% | 18,212,509 | 6.20% |
| 2011/12 | 12,336,776 | -7.12% | 5,078,916 | 3.26% | 4,746 | -60.38% | 17,420,438 | -4.35% |
| 2012/13 | 11,991,323 | -2.80% | 5,151,382 | 1.43% | 4,000 | -15.72% | 17,146,705 | -1.57% |
| 2013/14 | 12,041,376 | 0.42% | 5,747,736 | 11.58% | 4,640 | 16.00% | 17,793,752 | 3.77% |
| 2014/15 | 12,277,715 | 1.96% | 6,215,724 | 8.14% | 3,452 | -25.60% | 18,496,891 | 3.95% |
| **Total** | **74,444,804** | | **31,728,710** | | **45,789** | | **106,219,303** | |

## Aircraft Movement

| FIN. YR. | NMIA | % CHANGE | SIA | % CHANGE | IFIA + Aerodromes | % CHANGE | TOTAL | % CHANGE |
|---|---|---|---|---|---|---|---|---|
| 2009/10 | 22,360 | | 37,990 | | 28,008 | | 88,358 | |
| 2010/11 | 23,155 | 3.56% | 39,811 | 4.79% | 27,436 | -2.04% | 90,402 | 2.31% |
| 2011/12 | 21,437 | -7.42% | 39,815 | 0.01% | 23,035 | -16.04% | 84,287 | -6.76% |
| 2012/13 | 22,314 | 4.09% | 39,830 | 0.04% | 24,408 | 5.96% | 86,552 | 2.69% |
| 2013/14 | 20,243 | -9.28% | 39,084 | -1.87% | 20,531 | -15.88% | 79,858 | -7.73% |
| 2014/15 | 21,160 | 4.53% | 41,574 | 6.37% | 20,032 | -2.43% | 82,766 | 3.64% |
| **Total** | **130,669** | | **238,104** | | **143,450** | | **512,223** | |

# TABLE 7: SUMMARY FINANCIAL INDICATORS FOR NMIA LIMITED:

| Description | 2013/14 | 2014/15 |
|---|---|---|
| Aeronautical to Total revenue | 50.2% | 50.1% |
| **Aeronautical Revenue (US$'000)** | | |
| Passenger Service Fees | 5,649 | 6,048 |
| Security Fees | 3,556 | 3,940 |
| Landing Fees | 2,734 | 2,974 |
| Other | 1,050 | 1,140 |
| **Non-Aeronautical Revenue (US$'000)** | | |
| Concession Fees | 6,963 | 8,023 |
| Car Park | 687 | 677 |
| Space Rental | 1,125 | 1,219 |
| Advertising Space Rentals | 603 | 471 |
| Utilities Recovery | 925 | 823 |
| Other | 2,559 | 2,812 |
| **Revenue Drivers** | | |
| Passenger Throughput | 1,370,893 | 1,436,655 |
| Aircraft Landings | 20,245 | 21,419 |
| Cargo Throughput | 12,041,376 | 12,277,715 |

# DIRECTORS' COMPENSATION: APRIL 2014 - MARCH 2015

| Position of Director | Fees($) | Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle($) | Honoraria ($) | All Other Compensation including Non-Cash Benefits as applicable ($) | Total ($) |
|---|---|---|---|---|---|
| **Dennis Morrison** Chairman of the AAJ Board | 176,000.00 | 110,925.71 | | 200,983.31 | 487,909.02 |
| **Joesph A Matalon** - Chairman for NMIAL & Director of the Projects Sub-committee | 171,000.00 | 37,036.00 | | | 208,036.00 |
| **Laine O. Williams** Director & Chairperson of the finance and audit sub-committees | 231,000.00 | 24,064.00 | | | 255,064.00 |
| **William Shagoury** | 53,000.00 | 61,899.00 | | | 114,899.00 |
| **Valerie Simpson** | 175,500.00 | 39,752.50 | | | 215,252.50 |
| **Neil Lawrence** | 152,000.00 | 35,015.00 | | | 187,015.00 |
| **Claudette Ramdaine** | 151,000.00 | 24,838.00 | | | 175,838.00 |
| **Neville Wright** | 151,000.00 | 23,594.00 | | | 174,594.00 |

**NOTES:**

**Fees are paid as follows:**

**Board Meetings**

Board Chairman: $16,000 per meeting

**Directors:** $8,500 per meeting

**Sub-Committee Meetings**

Sub-committee Chairman: $7,000 per meeting

**Members:** $3,500 per meeting

Directors receive a travelling allowance of $47.00 per km for meetings attended.
Payments totalling $181,410 to external members of Board Sub-committees who are not Directors are not included in the numbers reported above.
*See Executive compensation for the Director /President

## SENIOR EXECUTIVE COMPENSATION: APRIL 2014 - MARCH 2015

| Position of Senior Executive | Year | Salary ($) | Gratuity ($) |
|---|---|---|---|
| **President** | 2014/15 | 6,676,577 | 11,891,909 |
| **General Counsel** | 2014/15 | 5,000,726 | 1,234,620 |
| **VP - Finance** | 2014/15 | 5,836,047 | 1,476,872 |
| **Snr. Director - HRMA** | 2014/15 | 5,000,725 | 1,234,620 |
| **Snr. Director - CD&P** | 2014/15 | 5,000,725 | 1,294,486 |
| **Snr. Director - EMP** | 2014/15 | 4,979,634 | — |

## BOARD MEMBERS ATTENDANCE APRIL 2014 – MARCH. 2015

| | Mr. Dennis Morrison | Mr. Joseph A. Matalon | Hon. William Shagoury | Miss Valerie Simpson | Dr. Lanie Oakley-Williams | Ms. Claudette Ramdanie | Mr. Neville Wright | Mr. Neil Lawrence | Mr. Earl Richards |
|---|---|---|---|---|---|---|---|---|---|
| Apr. 2014 | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| May 2014 | ● | – | – | ● | ● | ● | ● | ● | ● |
| Jun. 2014 | ● | – | – | ● | ● | ● | ● | ● | ● |
| Jul. 2014 | ● | – | – | ● | ● | ● | ● | ● | ● |
| Aug. 2014 | ● | ● | – | ● | ● | ● | ● | ● | ● |
| Sep. 2014 | ● | ● | – | ● | ● | ● | ● | ● | ● |
| Oct. 2014 | ● | ● | – | ● | ● | – | ● | ● | ● |
| Nov. 2014 | ● | ● | – | ● | ● | ● | ● | ● | ● |
| Dec. 2014 | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Jan. 2015 | – | ● | ● | – | ● | ● | ● | ● | ● |
| Feb. 2015 | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| **TOTAL** | **10** | **8** | **4** | **10** | **11** | **10** | **11** | **11** | **11** |

# SENIOR EXECUTIVE COMPENSATION: APRIL 2014 - MARCH 2015

| Travelling Allowance or Value of Assignment of Motor Vehicle ($) | Pension or Other Retirement Benefits ($) | Other Allowances ($) | Non-Cash ($) | Total ($) |
|---|---|---|---|---|
| 2,618,900 | — | 879,275 | 218,459 | 22,285,120 |
| 1,871,976 | — | 1,092,662 | 194,389 | 9,394,373 |
| 1,871,976 | — | 1,867,098 | 242,387 | 11,294,380 |
| 1,871,976 | — | 905,628 | 156,974 | 9,169,923 |
| 1,871,976 | — | 999,382 | 156,974 | 9,323,543 |
| 1,871,976 | — | 1,022,971 | 182,843 | 8,057,424 |

**NOTES:**

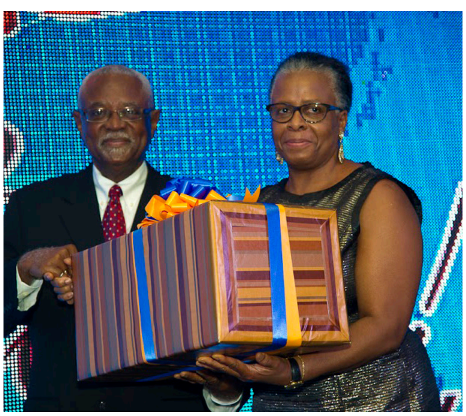
- All members of the Executive Management are eligible to receive 25% of their annual basic salary as gratuity in lieu of pension benefits.
- Executives are eligible to receive $40.00 per km for travelling
- Other Allowances is comprised of meal, clothing and laundry allowances
- Gratuity for President includes terminal payment amount of Jamaican $10,075,153.00
- Non-cash Allowances include Group Life & Health Insurance coverage
- An Upkeep Allowance is paid and is represented in the column labelled "Travelling Allowance.
- Non-taxable upkeep, totalling $5,854,320 and the non-cash items (health & pension) are not reflected in the audited financial statements, nor are they regarded as management compensation.

# BOARD MEMBERS ATTENDANCE APRIL 2014 – MARCH 2015 (CONT'D)

| | Mr. Dennis Morrison | Mr. Joseph A. Matalon | Hon. William Shagoury | Miss Valerie Simpson | Dr. Lanie Oakley-Williams | Ms. Claudette Ramdanie | Mr. Neville Wright | Mr. Neil Lawrence | Mr. Audley Deidrick |
|---|---|---|---|---|---|---|---|---|---|
| Mar. 2015 | • | • | • | • | • | • | • | • | • |
| **TOTAL** | **1** | **1** | **1** | **1** | **1** | **1** | **1** | **1** | **1** |

# EVENT HIGHLIGHTS

# AAJ's 40TH ANNIVERSARY HIGHLIGHTS


# AAJ's 40TH ANNIVERSARY HIGHLIGHTS - (CONTINUED)










# STAKEHOLDERS' APPRECIATION







Airports Authority of Jamaica

# Schools' Art Project 2014 AWARDS

**3 THEMES; 4 CATEGORIES; OVER 170 ENTRIES representing 45 SCHOOLS ISLANDWIDE ...and the winners are;**

## SPECIAL NEEDS: Young Adults & Children Age 18 years & under

**PRESENTATIONS MADE BY**

HER EXCELLENCY, THE MOST HONOURABLE LADY RHEIMA HALL
HUMAN RESOURCES MANAGER /AAJ, MRS. ALETHEA WINT

**Shadae Parchment**
Genesis Academy

**Ashley Hussey**
Genesis Academy

**Raphic Roberts**
The Queens Preparatory

## CATEGORY A: Age 5-9 years

**PRESENTATIONS MADE BY**

SNR. DIRECTOR, COMMERCIAL DEVELOPMENT AND PLANNING / AAJ, ALFRED MCDONALD

**Neil Graham**
Corinaldi Primary

**Yendi Miles**
Stella Maris Preparatory

**Hanna Mulu**
Portmore Missionary Preparatory

All artworks will be prominently displayed in the airport terminal of the Kingston Gateway.

## CATEGORY B: Age 10-14 years

**PRESENTATIONS MADE BY**
DIRECTOR, JOSEPH A. MATALON
MEMBER OF THE AIRPORT ART COMMITTEE, MRS. DIAN WATSON

**Ken Neil Mitchell**
May Day High School

**David Salmon**
Wolmer's Boys High School


**Rodane Harvey**
Sydney Pagon STEM Academy

## CATEGORY C: Young Adults / Age 15-19 years

**PRESENTATIONS MADE BY**
BUSINESS RELATIONS MANAGER / AAJ, MRS. YVONNE SWEENEY

**Briana Campbell**
Manchester High School

**Rashaun Douglas**
Holy Trinity High School

**Cesar Buelto**
University of the West Indies

## PRESIDENT'S AWARD

*School with the highest quality and quantity submissions in each county*

**PRESENTATIONS MADE BY**
**PRESIDENT, AIRPORTS AUTHORITY OF JAMAICA**
**EARL RICHARDS**

**Kevon Waite - Art Teacher**
SURREY COUNTY CHAMPION
ARDENNE PREPARATORY AND EXTENSION HIGH SCHOOL

**Nicholas Rose - Art Teacher**
MIDDLESEX COUNTY CHAMPION
MANCHESTER HIGH SCHOOL

# FINANCIAL STATEMENTS

# NMIA Airports Limited

**Financial Statements**
**31 March 2015**

Draft Date: 28 August 2015

# NMIA Airports Limited
## Index
## 31 March 2015

Financial Statements



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# NMIA Airports Limited

Statement of Comprehensive Income

**Year ended 31 March 2015**

(expressed in United States dollars unless otherwise indicated)

| | Note | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **Revenue** | 5 | 28,127 | 25,851 |
| Operating expenses | 6 | (31,965) | (31,153) |
| Other income | 8 | 4,556 | 4,890 |
| **Operating Profit/(Loss)** | | 718 | (412) |
| Finance Costs | 9 | (3,039) | (4,093) |
| **Net Loss /Total Comprehensive Loss** | | (2,321) | (4,505) |

# NMIA Airports Limited
Statement of Financial Position
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

| | Note | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Property, plant and equipment | 11 | 117,734 | 120,090 |
| Intangible assets | 12 | 161 | 246 |
| Investments | 13 | 316 | 327 |
| | | 118,211 | 120,663 |
| **Current Assets** | | | |
| Inventories | | 348 | 309 |
| Receivables | 14 | 7,807 | 7,651 |
| Cash and short term deposits | 15 | 13,508 | 10,665 |
| | | 21,663 | 18,625 |
| **Current Liabilities** | | | |
| Payables | 16 | 2,729 | 2,414 |
| Due to Authority | 19 | 3,749 | 2,990 |
| Borrowings | 17 | 724 | 723 |
| | | 7,202 | 6,127 |
| **Net Current Assets** | | 14,461 | 12,498 |
| | | 132,672 | 133,161 |
| **Shareholder's Equity** | | | |
| Share capital | 18 | 4,100 | 4,100 |
| Accumulated deficit | | (21,629) | (19,308) |
| | | (17,529) | (15,208) |
| **Non-Current Liabilities** | | | |
| Due to the Authority | 19 | 143,720 | 139,296 |
| Grants | 20 | 6,481 | 9,073 |
| | | 150,201 | 148,369 |
| | | 132,672 | 133,161 |

**Approved for issue by the Board of Directors on [Date] and signed on its behalf by:**

Chairman

Chief Executive Officer

# NMIA Airports Limited

Statement of Changes in Equity

**Year ended 31 March 2015**

(expressed in United States dollars unless otherwise indicated)

| | Number of Shares | Share Capital | Accumulated Deficit | Total |
|---|---|---|---|---|
| | | $'000 | $'000 | $'000 |
| Balance at 1 April 2013 | 328,000 | 4,100 | (14,803) | (10,703) |
| Total comprehensive loss – Net loss | - | - | (4,505) | (4,505) |
| **Balance at 31 March 2014** | 328,000 | 4,100 | (19,308) | (15,208) |
| Total comprehensive loss – Net loss | - | - | (2,321) | (2,321) |
| **Balance at 31 March 2015** | 328,000 | 4,100 | (21,629) | (17,529) |

# NMIA Airports Limited

Statement of Cash Flows

**Year ended 31 March 2015**

(expressed in United States dollars unless otherwise indicated)

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net loss | (2,321) | (4,505) |
| Items not affecting cash resources: | | |
| Depreciation and amortisation charges | 7,394 | 6,597 |
| Interest income | (365) | (304) |
| Profit on disposal of property, plant and equipment | (4) | (119) |
| Foreign exchange (gains)/losses on foreign balances | (195) | 861 |
| Amortisation of grants | (8,218) | (6,927) |
| Interest expense | 7,409 | 5,888 |
| | 3,700 | 1,491 |
| Changes in operating assets and liabilities: | | |
| Inventories | (39) | 7 |
| Receivables | (156) | 2,099 |
| Payables | 315 | (334) |
| Cash provided by operating activities | 3,820 | 3,263 |
| **Cash Flows from Investing Activities** | | |
| Purchase of property, plant & equipment | (5,056) | (5,092) |
| Proceeds from sale of property, plant & equipment | 6 | 114 |
| Purchase of intangibles | - | (11) |
| Purchase of investment | - | - |
| Interest received | 365 | 304 |
| Cash used in investing activities | (4,685) | (4,685) |
| **Cash Flows from Financing Activities** | | |
| Borrowings repaid | (1,452) | (14,577) |
| Interest paid | (4,175) | (5,433) |
| Grants received | 5,626 | 4,108 |
| Drawdown on loan facility | 3,384 | 22,478 |
| Cash provided by financing activities | 3,383 | 6,576 |
| Increase in cash and cash equivalents | 2,518 | 5,154 |
| Effects of foreign exchange movements on cash and cash equivalents | 325 | (801) |
| Cash and cash equivalents at beginning of year | 10,665 | 6,312 |
| **Cash and Cash Equivalents at End of Year (Note 15)** | 13,508 | 10,665 |

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

## 1. Identification and Principal Activities

NMIA Airports Limited is a limited liability company which was incorporated in Jamaica on 22 September 2003 and commenced operations on 1 October 2003. The company is a wholly-owned subsidiary of Airports Authority of Jamaica (the Authority). The principal activity of the company is to administer, control and manage the Norman Manley International Airport, and to provide and maintain such services and facilities, other than navigational services, as are necessary for its efficient operation.

The registered office of the company is located at the Norman Manley International Airport, Palisadoes, Kingston.

## 2. 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, unless otherwise stated.

### (a) Basis of preparation

These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) and Interpretations of IFRS Interpretations Committee (IFRIC IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

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 company'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.

***Standards, interpretations and amendments to published standards effective during the year***

The company has assessed the relevance of all new standards and interpretations to existing standards which were published and came into effect during the current financial year and has determined that the following are relevant to its operations:

- **IAS 32, (Amendment) 'Financial instruments: Presentation' (effective for annual periods beginning on or after 1 January 2014).** This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The standard did not have a significant impact on the company's financial statements.

- **IFRIC 21, 'Levies' (effective for annual periods beginning on or after 1 January 2014)** addresses the accounting for a liability to pay a levy recognised in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The standard did not have a significant impact on the company's financial statements.

# NMIA Airports Limited

Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the company***

The company has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the company's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the company's accounting periods beginning after 1 April 2015 or later periods, but the company has not early adopted them:

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018) specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from that obtained under IAS 39. While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The company is considering the implications of the standard, the impact on the company and the timing of its adoption.

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**2. Summary of Significant Accounting Policies (Continued)**

**(a) Basis of preparation (continued)**

***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the company***

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Company's accounting periods beginning after 1 April 2015 or later periods, but were not effective at the date of the statement of financial position, and which the company has not early adopted.

***Annual Improvements 2012***, (effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to a number of standards, the following of which may be relevant to the Company's operations. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Company will apply the standard effective 1 January 2015 but does not expect any significant impact from its adoption.

Annual Improvements 2013, (effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to a number of standards, of which the following may be relevant to the Company's operations. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. The Company will apply the standard effective 1 January 2015 but does not expect any significant impact from its adoption.

***Amendments to IAS 16, 'Property, Plant and Equipment' -Clarification of Acceptable Methods of Depreciation*** (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Company does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation methods.

**2. Significant Accounting Policies (Continued)**

**(a) Basis of preparation (continued)**

***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)***

***IFRS 15, 'Revenue from Contracts with Customers'***, (effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company is currently assessing the impact of future adoption of the new standard on its financial statements.

***Annual Improvements 2014***, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. The Company is currently assessing the impact of future adoption of the amendments on its financial statements.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the company.

# NMIA Airports Limited

Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**2. Summary of Significant Accounting Policies (Continued)**

**(b) Foreign currency translation**

***Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in United States dollars, which is the company's functional currency.

***Transactions and balances***

Transactions denominated in foreign currencies are converted at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items denominated in a foreign currency, which are carried at historical cost, are translated at historical rates. Exchange gains and losses, including unrealised gains and losses relating to investment transactions and those arising from the translation of investments denominated in foreign currencies are dealt with in arriving at profit or loss.

**(c) Financial instruments**

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

***Financial assets***

The company classifies its financial assets in the following categories: loans and receivables, and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At the balance sheet date, receivables were classified as loans and receivables; and cash and short term deposits were classified as financial assets at fair value through profit or loss.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables include long term receivables, cash, repurchase agreements and trade and other receivables in the statement of financial position.

***Investments***

Investments intended to be held for an indefinite period of time are classified as held to maturity.

Purchases and sales of investments are recognised at trade date, which is the date that the Company commits to purchase or sell the asset. The cost of purchase includes transaction costs.

Held to maturity investments are subsequently carried at amortised cost. They are assessed on an annual basis for impairment.

***Financial liabilities***

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: borrowings and payables.

# NMIA Airports Limited

Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

## 2. Summary of Significant Accounting Policies (Continued)

### (d) Revenue recognition

Revenue comprises landing, terminal and security fees, rental charges, and recovery of utility costs from airlines; concession income; rental charges from other tenants; car park fees and miscellaneous income.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from services is recognised on an accrual basis in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided, in accordance with the substance of the underlying contracts.

### (e) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the balance sheet date.

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

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

Deferred tax is charged or credited in arriving at profit or loss, except where it relates to items charged or credited to other comprehensive income, in which case deferred tax is also dealt with in other comprehensive income.

**2. Summary of Significant Accounting Policies (Continued)**

**(f) Property, plant and equipment**

Property, plant and equipment are recorded at historical cost less accumulated depreciation.

Depreciation is calculated mainly on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives which are estimated as follows:

| | |
|---|---|
| Buildings, runways and taxiways | 20-40 years |
| Plant and machinery and furniture and fixtures | 10 years |
| Computer equipment | 5 years |
| Motor vehicles | 5 years |

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit.

The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

Repairs and maintenance expenses are charged in arriving at profit or loss during the financial period in which they are incurred.

**(g) Intangible assets**
This represents acquired computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The costs of these assets are amortised over their estimated useful lives of 3 years.

**(h) Impairment of non-current assets**
Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**(i) Inventories**
Inventories are stated at cost.

**(j) Trade receivables**
Trade receivables are carried at original invoiced amounts less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings.

**(k) Cash and cash equivalents**
Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, and short term deposits, with maturity dates of less than 90 days, net of bank overdraft. In the statement of cash flow, cash and cash equivalents include cash in hand and at bank, short term bank deposits and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position.

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**2. Summary of Significant Accounting Policies (Continued)**

**(l) Payables**
Payables are stated at historical cost, which is deemed to approximate amortised cost based on the short term nature of these items.

**(m) Borrowings**
Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in arriving at profit or loss over the period of the borrowings.

**(n) Grants**
Grants received are deferred and amortised on a systematic basis over the periods in which the entity recognises as expenditure the related cost for which the grants are intended to compensate. In other cases, the grants are recognised in arriving at profit or loss in the period in which they are received.

**(o) Provisions**
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

**(p) Employee benefit costs**

***Post-employment benefits***

The company participated in a defined contribution pension plan operated by the Authority, the assets of which are held in a separate trustee-administrated fund and a defined benefit medical scheme which is unfunded.

The company makes fixed contributions to the pension scheme and has no further legal or constructive obligations. All pension obligations are payable by, and accounted for, in the books of the Authority. Accordingly, the company recognises a cost equal to its contributions payable in respect of each accounting period in arriving at profit or loss.

No contributions are made to the medical scheme as it is unfunded. Obligations under the medical scheme are payable by, and accounted for, in the books of the Authority.

***Termination benefits***

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

***Accrued vacation***

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**2. Summary of Significant Accounting Policies (Continued)**

**(p) Employee benefit costs (continued)**

***Incentive plans***

The company recognises a liability and an expense for bonuses based on a formula that takes into consideration the results for the year after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**3. Financial Risk Management**

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

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

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

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

**(a) Credit risk**

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is a significant risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables from customers and investment activities. The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

# NMIA Airports Limited

Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**3. Financial Risk Management (Continued)**

**(a) Credit risk (Continued)**

***Credit review process***

The company has established a credit committee whose responsibility involves regular analysis of the ability of borrowers and other counterparties to meet repayment obligations.

(i) *Trade and other receivables*

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Commercial Department has established a credit policy under which each customer is analysed individually for creditworthiness prior to the company offering them a credit facility. The company has procedures in place to restrict services to customers if they exceed their credit limits. Customers that fail to meet the company's benchmark creditworthiness may transact with the company on a prepayment basis.

Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or company, geographic location, industry, aging profile, and previous financial difficulties. Trade and other receivables are concentrated within the airline industry.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The company addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The company's average credit period is 15 days. Trade receivables are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

*(ii) Investments, cash and short term deposits*

The company limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations. Cash transactions are limited to high credit quality financial institutions.

The company's maximum exposure to credit risk at year end was is the amount reflected on the statement of financial position.

## 3. Financial Risk Management (Continued)

### (a) Credit risk (Continued)

***Exposure to credit risk for trade receivables by customer sector***

The following table summarises the company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

| | 2015 | 2014 |
|---|---|---|
| | $'000 | $'000 |
| Advertising | 99 | 123 |
| Airlines | 3,290 | 2,544 |
| Car rentals | 136 | 105 |
| Concession | 2,119 | 1,257 |
| Food and beverage | 91 | 590 |
| Fuel | 618 | 175 |
| Ground handling & taxi service | 431 | 465 |
| Others | 900 | 554 |
| | 7,684 | 5,813 |
| Less: Provision for impairment | (2,052) | (985) |
| | 5,632 | 4,828 |

The majority of trade receivables are receivable from customers in Jamaica.

## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

***Ageing analysis of trade receivables that are past due but not impaired***

The ageing analysis of trade receivables that are past due but not impaired was as follows:

| | 2015 | 2014 |
|---|---|---|
| | $'000 | $'000 |
| 16 – 30 days | 586 | 216 |
| 31 – 60 days | - | 269 |
| 61 – 90 days | 266 | 215 |
| | 852 | 700 |

***Ageing analysis of trade receivables that are past due and impaired***

As of 31 March 2015, trade receivables of $2,052,000 (2014 – $985,000) were impaired and were fully provided for. The individually impaired receivables mainly relate to customers who are in unexpected difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. These aged receivables were over 90 days.

***Movement analysis of provision for impairment of trade receivables***

The movement on the provision for impairment of trade receivables was as follows:

| | 2015 | 2014 |
|---|---|---|
| | $'000 | $'000 |
| At 1 April | 985 | 2,107 |
| Provision | 1,088 | 551 |
| Recoveries | (21) | (1,673) |
| At 31 March | 2,052 | 985 |

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

# NMIA Airports Limited

Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (b) Liquidity risk

Liquidity risk is the risk that the company 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 short term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

***Liquidity risk management process***

The company's liquidity management process includes:

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

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit; and

(iv) Optimising cash returns on investment.

***Undiscounted cash flows of financial liabilities***

The maturity profile of the company's financial liabilities at year end based on contractual undiscounted payments was as follows:

| | Within 1 Year | 1 to 5 Years | Over 5 Years | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| | | 2015 | | |
| Payables | 2,729 | - | - | 2,729 |
| Due to the Authority | 7,237 | 65,502 | 105,094 | 177,833 |
| | 9,966 | 65,502 | 105,094 | 180,562 |
| | | 2014 | | |
| Payables | 2,414 | - | - | 2,414 |
| Due to the Authority | 6,751 | 54,302 | 152,472 | 213,525 |
| | 9,165 | 54,302 | 152,472 | 215,939 |

Amounts due to the Authority include loans that were on-lent to the company by the Authority and other advances due to the Authority.

Primary funding for servicing the on-lent loans is by way of grants from the Airports Improvement Fund (Note 20). In addition, assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**3. Financial Risk Management (Continued)**

**(c) Market risk**

The company 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 mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

***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. The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Jamaican dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The company's exposure to foreign currency exchange rate risk at year end was as follows:

| | US$ | Jamaican$ | Total |
|---|---|---|---|
| | US$'000 | US$'000 | US$'000 |
| | | 2015 | |
| **Financial assets** | | | |
| Investments | - | 316 | 316 |
| Trade receivables | 4,448 | 1,184 | 5,632 |
| Cash and short term deposits | 10,727 | 2,781 | 13,508 |
| Total financial assets | 15,175 | 4,281 | 19,456 |
| **Financial liabilities** | | | |
| Payables | - | (2,729) | (2,729) |
| Borrowings | (724) | - | (724) |
| Due to the Authority | (146,505) | (964) | (147,469) |
| Total financial liabilities | (147,229) | (3,693) | (150,922) |
| **Net financial position** | (132,054) | 588 | |

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**3. Financial Risk Management (Continued)**

**(c) Market risk (continued)**

***Currency risk (continued)***

| | US$ | Jamaican$ | Total |
|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** |
| | | **2014** | |
| **Financial assets** | | | |
| Investments | - | 327 | 327 |
| Trade receivables | 4,828 | - | 4,828 |
| Cash and short term deposits | 7,722 | 2,943 | 10,665 |
| Total financial assets | 12,550 | 3,270 | 15,820 |
| **Financial liabilities** | | | |
| Payables | - | (2,414) | (2,414) |
| Borrowings | (723) | - | (723) |
| Due to the Authority | (140,748) | (1,538) | (142,286) |
| Total financial liabilities | (141,471) | (3,952) | (145,423) |
| **Net financial position** | (128,921) | (682) | |

The following tables indicate the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a reasonable expected change in foreign currency rates. The sensitivity of the profit was primarily as a result of foreign exchange gains and losses on translation of foreign currency-denominated receivables, cash and short term deposits and trade payables. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

| | % Change in Currency Rate | Effect on Net Profit | % Change in Currency Rate | Effect on Net Profit |
|---|---|---|---|---|
| | **2015** | **2015** | **2014** | **2014** |
| | | **$'000** | | **$'000** |
| **Currency:** | | | | |
| JMD - revaluation | +10% | 60 | +15% | 102 |
| JMD - devaluation | -1% | (6) | -1% | (7) |

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**3. Financial Risk Management (Continued)**

**(c) Market risk (continued)**

***Cash flow and fair value interest rate risk***

The company's interest rate exposure arises from borrowed funds specifically obtained for the purpose of funding the Norman Manley Airport expansion project, and from the temporary investment of these borrowings. Borrowings issued at variable rates and revolving short-term borrowings expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated for borrowings that represent the major interest bearing positions, taking into consideration refinancing, renewal of existing positions and alternative financing.

| | Within 1 Year | 1 to 5 Years | Over 5 Years | Non-Interest Bearing | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| | | | 2015 | | |
| **Financial Assets** | | | | | |
| Investments | 313 | - | - | 3 | 316 |
| Trade receivables | 5,632 | - | - | - | 5,632 |
| Cash and short term deposits | 13,469 | - | - | 39 | 13,508 |
| | 19,414 | - | - | 42 | 19,456 |
| **Financial Liabilities** | | | | | |
| Payables | - | - | - | (2,729) | (2,729) |
| Borrowings | - | - | - | (724) | (724) |
| Due to the Authority | (2,785) | (25,692) | (93,821) | (25,171) | (147,469) |
| | (2,785) | (25,692) | (93,821) | (28,624) | (150,922) |
| **Total interest re-pricing gap** | 16,629 | (25,692) | (93,821) | (28,582) | (131,466) |

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**3. Financial Risk Management (Continued)**

**(c) Market risk (continued)**

***Cash flow and fair value interest rate risk (continued)***

| | Within 1 Year | 1 to 5 Years | Over 5 Years | Non-Interest Bearing | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| | | | 2014 | | |
| **Financial assets** | | | | | |
| Investments | 324 | - | - | 3 | 327 |
| Trade receivables | 4,828 | - | - | - | 4,828 |
| Cash and short term deposits | 10,633 | - | - | 32 | 10,665 |
| | 15,785 | - | - | 35 | 15,820 |
| **Financial liabilities** | | | | | |
| Payables | - | - | - | (2,414) | (2,414) |
| Borrowings | - | - | - | (723) | (723) |
| Due to the Authority | (1,452) | (18,546) | (98,563) | (23,725) | (142,286) |
| | (1,452) | (18,546) | (98,563) | (26,862) | (145,423) |
| **Total interest repricing gap** | 14,333 | (18,546) | (98,563) | (26,827) | (129,603) |

Amounts due to the Authority were allocated based on the underlying loans that were on-lent to the company by the Authority.

**(d) Fair values of financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. However, considerable judgement may be required in interpreting market data to develop estimates of fair value. Accordingly, the fair value estimates presented are not necessarily indicative of the amounts that the company would realise in a current market exchange.

The following methods and assumptions have been used in deriving the estimates of fair values:

(i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and short term deposits, short term loans, and trade receivables and payables.

(ii) The fair value of amounts due to the Authority could not be reasonably determined as these amounts were granted under special terms, and are not likely to be traded in a fair market exchange.

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
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**3. Financial Risk Management (Continued)**

**(d) Fair values of financial instruments (Continued)**

The company's investments are carried at fair value subsequent to initial recognition, and are classified as Level 2 investments. Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

There were no transfers between levels during the year.

**(e) Capital management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity.

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

The company is not subject to externally imposed capital requirements.

**(f) Financial instruments by category**

**Financial assets:**

| | Loans and receivables | Held to Maturity | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| | | **2015** | |
| Cash at bank balances | 13,508 | - | 13,508 |
| Trade receivables | 5,632 | - | 5,632 |
| Investment securities | - | 316 | 316 |
| **Total financial assets** | 19,140 | 316 | 19,456 |
| | | **2014** | |
| Cash at bank balances | 10,665 | - | 10,665 |
| Trade receivables | 4,828 | - | 4,828 |
| Investment securities | - | 327 | 327 |
| **Total financial assets** | 15,493 | 327 | 15,820 |

## 3. Financial Risk Management (Continued)

### (f) Financial instruments by category (continued)

**Financial liabilities:**
***Other financial liabilities at amortised cost***

| | 2015 $'000 | 2014 $'000 |
|---|---:|---:|
| Payables | 2,729 | 2,414 |
| Borrowings | 724 | 723 |
| Due to Authority | 147,469 | 142,286 |
| | 150,922 | 145,423 |

### (g) Offsetting of financial instruments

There are no master net settlement agreements, and there are no financial assets or liabilities that have been offset on the statement of financial position as at year end.

## 4. Critical Judgments and Key Sources of Estimation Uncertainty

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

**Key sources of estimation uncertainty**

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

***Depreciable assets***

Management determines the estimated useful lives, residual values and related depreciation charges for the property, plant and equipment held by the company. Estimates of the useful lives and residual values of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets over the relevant periods. Management applies a variety of methods to arrive at these estimates, with consideration being given to technological innovations and the useful lives and residual values of similar property, plant and equipment held by other entities that operate in the company's industry. Management will increase depreciation charges where useful lives are less than previously estimated, or will write down technically obsolete or non-strategic assets that have been abandoned or sold.

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**5. Revenue**

| | Aeronautical Charges $'000 | Non-Aeronautical Charges $'000 | 2015 Total $'000 | 2014 Total $'000 |
|---|---|---|---|---|
| Advertising space rental and maintenance charges | - | 1,690 | 1,690 | 1,728 |
| Car park and car pound charges | - | 677 | 677 | 687 |
| Common User Terminal Equipment (CUTE) | - | 2,130 | 2,130 | 1,941 |
| Concession Fees – fuel throughout | - | 2,066 | 2,066 | 1,117 |
| Concession Fees – other | - | 5,957 | 5,957 | 5,846 |
| Incinerator Income | - | 358 | 358 | 316 |
| Landing fees | 2,974 | - | 2,974 | 2,734 |
| Loading bridge charges | 1,059 | - | 1,059 | 990 |
| Maintenance charges | - | 324 | 324 | 302 |
| Parking fees | 81 | - | 81 | 60 |
| Passenger service fees | 6,048 | - | 6,048 | 5,649 |
| Security fees | 3,940 | - | 3,940 | 3,556 |
| Utilities recovery | - | 823 | 823 | 925 |
| | 14,102 | 14,025 | 28,127 | 25,851 |

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
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**6. Expenses by Nature**

Total operating expenses:

| | Aeronautical Charges $'000 | Non-Aeronautical Charges $'000 | 2015 Total $'000 | 2014 Total $'000 |
|---|---|---|---|---|
| Auditors' remuneration | 13 | 13 | 26 | 23 |
| Commissions and discounts | 215 | - | 215 | 194 |
| Concession fee expense | 2,018 | - | 2,018 | 1,863 |
| Depreciation and amortisation | 6,404 | 990 | 7,394 | 6,597 |
| Impairment charge on bad and doubtful debts | 537 | 533 | 1,070 | 561 |
| Insurance | 1,444 | 224 | 1,668 | 1,702 |
| Irrecoverable GCT | 950 | - | 950 | 1,236 |
| Motor vehicle expenses | 267 | 266 | 533 | 181 |
| Office supplies | 80 | 81 | 161 | 110 |
| Other | 247 | 246 | 493 | 332 |
| Professional fees | 638 | 633 | 1,271 | 763 |
| Public relations | 25 | 25 | 50 | 113 |
| Regulatory fees and taxes | 321 | - | 321 | 305 |
| Rental and lease | 21 | 21 | 42 | 481 |
| Repairs and maintenance | 1,617 | 1,608 | 3,225 | 3,279 |
| Security | 1,663 | 285 | 1,948 | 1,915 |
| Staff costs (Note 7) | 2,782 | 2,767 | 5,549 | 5,780 |
| Training | 100 | 100 | 200 | 109 |
| Traveling and entertainment | 13 | 13 | 26 | 34 |
| Utilities | 4,432 | 373 | 4,805 | 5,575 |
| | 23,787 | 8,178 | 31,965 | 31,153 |

Cost of inventories recognised in profit or loss amounts to $17,232 (2014: ($10,000)).

# NMIA Airports Limited
Notes to the Financial Statements
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## 7. Staff Costs

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Wages and salaries | 3,214 | 3,062 |
| Payroll taxes, employer's portion | 533 | 536 |
| Benefits and allowances | 1,494 | 1,840 |
| Redundancy costs | 65 | 56 |
| Other | 243 | 286 |
| | 5,549 | 5,780 |

## 8. Other Income

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Amortisation of grant (Note 20) | 4,043 | 4,271 |
| Interest income | 365 | 304 |
| Discounts received | 20 | 18 |
| Other | 128 | 297 |
| | 4,556 | 4,890 |

## 9. Finance Costs

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Interest expense | 7,409 | 5,888 |
| Amortisation of grant (Note 20) | (4,175) | (2,656) |
| | 3,234 | 3,232 |
| Net foreign exchange (gains)/losses | (195) | 861 |
| | 3,039 | 4,093 |

# NMIA Airports Limited
Notes to the Financial Statements
**31 March 2015**
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## 10. Taxation

The Minister of Finance and Planning, in accordance with the power conferred by Section 86 of the Income Tax Act, has formally agreed to grant the company relief from income tax for a period of ten years commencing 1 April 2005. The relief will be granted upon requests for remission of tax made annually to the Minister and notice of the tax remitted published in the Jamaica Gazette Supplement. Subject to agreement with the Commissioner of Income Tax, losses of approximately $ 36,045,000 (2014 – $ 33,655,000) are available for set off against future taxable profits of the company and may be carried forward indefinitely. Deferred tax assets are not recognised on tax losses carried forward, as it is not probable that future taxable profit will be available against which the temporary differences can be utilised.

## 11. Property, Plant and Equipment

| | Buildings | Motor vehicles | Computer equipment, plant and machinery, furniture and fixtures | Construction in progress | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| Cost - | | | | | |
| At 31 March 2013 | 111,874 | 580 | 31,279 | 3,020 | 146,753 |
| Additions | - | 41 | 318 | 4,733 | 5,092 |
| Disposals | - | (17) | (18) | - | (35) |
| Transfers | 779 | - | - | (779) | - |
| Adjustments | - | 1 | 4 | (1) | 4 |
| At 31 March 2014 | 112,653 | 605 | 31,583 | 6,973 | 151,814 |
| Additions | 413 | 37 | 966 | 3,640 | 5,056 |
| Disposals | - | (19) | (5) | - | (24) |
| Transfers | 3,345 | 191 | 5,553 | (9,089) | - |
| Adjustments | 44 | - | (44) | (12) | (12) |
| At 31 March 2015 | 116,455 | 814 | 38,053 | 1,512 | 156,834 |
| Depreciation - | | | | | |
| At 1 April 2013 | 11,636 | 452 | 13,076 | - | 25,164 |
| Charge for the year | 2,979 | 68 | 3,549 | - | 6,596 |
| Relieved on disposals | - | (17) | (17) | - | (34) |
| Adjustments | 1 | 1 | (4) | - | (2) |
| At 31 March 2014 | 14,616 | 504 | 16,604 | - | 31,724 |
| Charge for the year | 3,200 | 118 | 3,991 | - | 7,309 |
| Relieved on disposals | | (19) | (3) | - | (22) |
| Adjustments | 92 | - | (3) | | 89 |
| At 31 March 2015 | 17,908 | 603 | 20,589 | - | 39,100 |
| Net Book Value - | | | | | |
| 31 March 2015 | 98,547 | 211 | 17,464 | 1,512 | 117,734 |
| 31 March 2014 | 98,037 | 101 | 14,979 | 6,973 | 120,090 |

# NMIA Airports Limited
Notes to the Financial Statements
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## 12. Intangible Assets

Comprising computer software –

| | $'000 |
|---|---|
| **At Cost -** | |
| At 31 March 2013 | 347 |
| Additions | 11 |
| At 31 March 2014 | 358 |
| Additions | - |
| At 31 March 2015 | 358 |
| **Accumulated amortisation -** | |
| At 31 March 2013 | 111 |
| Charge for the year | 1 |
| At 31 March 2014 | 112 |
| Charge for the year | 85 |
| At 31 March 2015 | 197 |
| **Net Book Value -** | |
| 31 March 2015 | 161 |
| 31 March 2014 | 246 |

## 13. Investments

| | 2015 | 2014 |
|---|---|---|
| | $'000 | $'000 |
| Held to maturity Government of Jamaica securities | 316 | 327 |

These comprise Fixed Rate Accreting Notes ("FRANs") which were issued in 2013 as part of the National Debt Exchange, with J$80 of principal value for every J$100 of principal value exchanged. The principal will accrete to J$100 of principal value by the maturity date in 2028.

# NMIA Airports Limited
Notes to the Financial Statements
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## 14. Receivables

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Trade receivables | 7,684 | 5,813 |
| Less: Provision for impairment | (2,052) | (985) |
| | 5,632 | 4,828 |
| Prepayments | 174 | 146 |
| Withholding tax recoverable | 406 | 309 |
| Mobilization payments | 694 | 1,407 |
| Advances | 901 | 961 |
| | 7,807 | 7,651 |

## 15. Cash and Short Term Deposits

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Cash at bank | 1,201 | 2,758 |
| Short term deposits | 12,307 | 7,907 |
| | 13,508 | 10,665 |

**Short term deposits**

Short term deposits comprise Government of Jamaica securities with average maturity of 30 days. Included in short term deposits is interest receivable of $39,000 (2014 - $32,000).

The weighted average effective interest rate on these instruments was as follows.

| | 2015 % | 2014 % |
|---|---|---|
| Denominated in United States dollars | 2.21 | 2.98 |
| Denominated in Jamaican dollars | 6.60 | 8.29 |

# NMIA Airports Limited
Notes to the Financial Statements
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(expressed in United States dollars unless otherwise indicated)

## 16. Payables

| | 2015 $'000 | 2014 $000 |
|---|---|---|
| Trade payables | 896 | 776 |
| Accruals | 549 | 422 |
| Due to Airport Improvement Fund | 601 | 50 |
| Security deposit | 292 | 333 |
| Employee related expenses | 185 | 201 |
| Other | 206 | 632 |
| | 2,729 | 2,414 |

## 17. Borrowings

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Current** | | |
| Accrued interest | 724 | 723 |

**Accrued interest**

The records of the company reflect accrued interest payable to Petrocaribe Fund and Caribbean Development Bank. These funds were on-lent to the company by the Authority and principal balances are reflected in amounts due to the Authority on the statement of financial position.

# NMIA Airports Limited
Notes to the Financial Statements
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(expressed in United States dollars unless otherwise indicated)

**18. Share Capital**

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Authorised, issued and fully paid – | | |
| 328,000 (2014 – 328,000) ordinary shares of no par value | 4,100 | 4,100 |

**19. Due to the Authority**

The amount due to the Authority includes advances which are unsecured and have no repayment terms. The Authority charges interest at 10% on these advances.

The balance also includes the following loans which were on-lent to the company by the Authority. Interest on these loans is also charged through to the company, and the company is obligated to make payments to the Authority in line with the original loan schedules.

(i) A loan of $20 million (2014 - $20 million) from Caribbean Development Bank was acquired to assist with the funding of the Norman Manley Airport Expansion project. The loan is repayable in 30 semi-annual payments of$667,000 commencing October 2015 and a final payment of $657,000. Interest is charged at 3.95% variable, per annum.

(ii) A loan of $40 million (2014 - $40 million) from European Investment Bank was acquired to assist with the funding of the Norman Manley Airport Expansion project. The loan is repayable in 24 semi-annual payments of $1,667,000 commencing March 2017 and a final payment of $1,659,000. Interest was charged at the variable rate of LIBOR plus 1.23% per annum.up to March 2014, and the fixed rate of 4.041% per annum since April 2014.

(iii) A loan of $22.5million (2014 – $22.5 million) from Petrocaribe Fund was acquired to provide interim financing for the Norman Manley Airport expansion project. The loan is repayable in 31 semi-annual payments of $725,807. Interest is charged at 6% per annum. This loan is unsecured.

(iv) An additional loan of $22 million is available from the Petrocaribe Fund for financing the Norman Manley Airport Expansion project which is repayable in equal semi-annual amounts beginning after the facility is fully drawn down and to end by June 2030. Interest is charged at 4% per annum. As at March 2015 the amount of draw down is $10,719,300 (2014 - $9,141,300).

The loans on-lent from the Authority are serviced through government grants from the Airports Improvement Fund as described in Note 20.

# NMIA Airports Limited

Notes to the Financial Statements
**31 March 2015**
(expressed in United States dollars unless otherwise indicated)

**19. Due to the Authority (Continued)**

The Authority has agreed not to enforce demand rights on advances or loan payments due within 12 months of the reporting date and has pledged its support for the company to continue as a going concern.

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Current portion | 3,749 | 2,990 |
| Non-current portion | 143,720 | 139,296 |
| | 147,469 | 142,286 |
| Due to Parent Company – short term | 964 | 1,538 |
| Due to Parent Company – long term | 36,337 | 32,726 |
| Shareholders' loan | 24,207 | 22,187 |
| | 61,508 | 56,451 |
| Loans on-lent- | | |
| Caribbean Development Bank | 20,000 | 20,000 |
| European Investment Bank | 40,000 | 40,000 |
| PetroCaribe Fund | 25,961 | 25,835 |
| | 85,961 | 85,835 |
| | 147,469 | 142,286 |

The following tables show the maturity profile for loans.

| | Within 1 Year $'000 | 1 to 5 Years $'000 | Over 5 Years $'000 | Total $'000 |
|---|---|---|---|---|
| | | 2015 | | |
| Caribbean Development Bank | 1,333 | 5,333 | 13,334 | 20,000 |
| European Investment Bank | - | 11,667 | 28,333 | 40,000 |
| PetroCaribe Fund | 1,452 | 8,692 | 15,817 | 25,961 |
| | 2,785 | 25,692 | 57,484 | 85,961 |
| | | 2014 | | |
| Caribbean Development Bank | - | 4,666 | 15,334 | 20,000 |
| European Investment Bank | - | 6,667 | 33,333 | 40,000 |
| PetroCaribe Fund | 1,452 | 7,213 | 17,170 | 25,835 |
| | 1,452 | 18,546 | 65,837 | 85,835 |

# NMIA Airports Limited
Notes to the Financial Statements
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## 20. Grants

Grants represent amounts received from the Government of Jamaica, through the Airports Improvement Fund (AIF), to assist with the funding of the Norman Manley Airport expansion project. The AIF was established pursuant to the Airports (Economic Regulation) Act, for the collection and administration of the airport improvement fee, established by the Act. The fee is currently set at $10 per ticket purchased for international travel. The amounts are paid over by the airlines into a special account established for the AIF, held with an independent financial institution. With the approval of the Minister of Transport, the company may draw down on these funds to repay senior debts or to pay designated contractors for work done on the project.

Annual transfers equivalent to interest expense in the case where the grant was used to repay senior debts, or depreciation charged on property, plant and equipment where the grant was used for a capital purpose, are made in arriving at profit or loss.

The movement in grants during the year was as follows:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| At start of year | 9,073 | 11,892 |
| Additions | 5,626 | 4,108 |
| Transfer to profit or loss (Notes 8 and 9) | (8,218) | (6,927) |
| At end of year | 6,481 | 9,073 |

## 21. Capital Commitments

At 31 March 2015, the company had authorised capital expenditure amounting to $15,598,000 (2014 - $25,573,000), of which $2,969,000 (2014 - $4,863,000) had been contracted for.

# NMIA Airports Limited
Notes to the Financial Statements
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## 22. Related Party Transactions and Balances

(a) The statement of financial position includes balances with the Authority as detailed in Note 19.

(b) The statement of comprehensive income includes transactions, in the ordinary course of business, with the Authority as follows:

**Interest charge**

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| The Authority | 7,393 | 5,872 |

**Administrative and Other Expenses**

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Concession fees charged by the Authority | 2,018 | 1,863 |

(c) The statement of comprehensive income includes transactions, in the ordinary course of business, with key management personnel (directors and senior executives) as follows:

**Key management compensation**

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Wages and salaries | 298 | 347 |
| Payroll taxes – employer's portion | 29 | 34 |
| | 327 | 381 |

## 23. Contingent Liabilities

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

In respect of claims asserted against the company which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the company which is immaterial to both financial position and results of operations.

# *Airports Authority of Jamaica*

Financial Statements
31 March 2015

pwc

# Airports Authority of Jamaica
Index
**31 March 2015**

## *Independent Auditor's Report*

To the Members of
Airports Authority of Jamaica

**Report on the Consolidated and Company Stand-Alone Financial Statements**

We have audited the accompanying consolidated financial statements of Airports Authority of Jamaica and its subsidiaries, set out on pages 1 to 59, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Airports Authority of Jamaica standing alone, which comprise the statement of financial position as at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Consolidated and Company Stand-Alone Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated and company stand-alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand-alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand-alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand-alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand-alone financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand-alone financial statements.

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

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

***Opinion***

In our opinion, the consolidated financial statements Airports Authority of Jamaica and its subsidiaries, and the financial statements of Airports Authority of Jamaica standing alone give a true and fair view of the financial position of Airports Authority of Jamaica and its subsidiaries and the Airports Authority of Jamaica standing aloneas at 31 March 2015, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Airports Authority of Jamaica, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

**Report on Other Legal and Regulatory Requirements**

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

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

PricewaterhouseCoopers

Chartered Accountants
28 September 2015
Kingston, Jamaica

# Airports Authority of Jamaica

Consolidated Statement of Comprehensive Income

**Year ended31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **Revenue –** | | | |
| Airports | | 4,359,801 | 3,668,147 |
| Aerodromes | | 14,620 | 18,356 |
| | | 4,374,421 | 3,686,503 |
| Direct expenses – | | | |
| Airports | | (3,580,257) | (3,206,248) |
| Aerodromes | | (203,895) | (229,931) |
| | | (3,784,152) | (3,436,179) |
| **Gross Profit** | | 590,269 | 250,324 |
| Other operating income | 5 | 889,362 | 637,108 |
| Administration expenses | | (199,649) | (255,114) |
| Privatisation costs | | (10,620) | (42,289) |
| Finance Income | 8 | 70,705 | 213,086 |
| **Profit before Taxation** | | 1,340,067 | 803,115 |
| Taxation | 9 | (420,559) | (366,138) |
| **Net Profit** | 10 | 919,508 | 436,977 |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** – | | | |
| Re-measurement of post-employment benefits, net of taxes | | 5,312 | 256,437 |
| **Items that may be subsequently reclassified to profit or loss** – | | | |
| Foreign currency translation adjustments | | (114,893) | (66,370) |
| Total other comprehensive (loss)/income | | (109,581) | 190,067 |
| **Total Comprehensive Income** | | 809,927 | 627,044 |

# Airports Authority of Jamaica

Consolidated Statement of Financial Position

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2015 $'000 | Restated 2014 $'000 | Restated 2013 $'000 |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| Property, plant and equipment | 11 | 15,229,084 | 15,032,813 | 14,078,125 |
| Intangible assets | 12 | 18,433 | 26,813 | 23,209 |
| Investments | 13 | 286,062 | 270,600 | 66,769 |
| Deferred income tax asset | 15 | 461,495 | 564,061 | 811,987 |
| | | 15,995,074 | 15,894,287 | 14,980,090 |
| **Current Assets** | | | | |
| Inventories | 16 | 39,842 | 33,671 | 30,948 |
| Receivables | 17 | 1,117,036 | 1,114,707 | 1,152,915 |
| Cash and short term deposits | 18 | 4,442,760 | 3,417,633 | 2,146,271 |
| | | 5,599,638 | 4,566,011 | 3,330,134 |
| **Current Liabilities** | | | | |
| Payables | 19 | 390,071 | 333,526 | 352,088 |
| Borrowings | 20 | 403,650 | 360,917 | 364,518 |
| Taxation payable | | 290,751 | 162,096 | 216,055 |
| | | 1,084,472 | 856,539 | 932,661 |
| **Net Current Assets** | | 4,515,166 | 3,709,472 | 2,397473 |
| | | 20,510,240 | 19,603,759 | 17,377,563 |
| **Shareholders' Equity** | | | | |
| Share capital | 21 | 20,091 | 20,091 | 20,091 |
| Unissued capital | 22 | 55,607 | 55,607 | 55,607 |
| Retained earnings | 10 | 6,610,771 | 5,929,649 | 5,322,089 |
| Other reserves | | (458,259) | (343,366) | (276,996) |
| | | 6,228,210 | 5,661,981 | 5,120,791 |
| **Non-Current Liabilities** | | | | |
| Borrowings | 20 | 13,164,757 | 12,538,634 | 10,370,911 |
| Grants | 23 | 967,580 | 1,235,138 | 1,435,939 |
| Post employment benefit obligations | 24 | 149,693 | 168,006 | 449,922 |
| | | 14,282,030 | 13,941,778 | 12,256,772 |
| | | 20,510,240 | 19,603,759 | 17,377,563 |

**Approved for issue by the Board of Directors on September 16, 2015 on ~~signed~~ on its behalf by:**

Dennis Morrison Director

Joseph A. Matalon Director

# Airports Authority of Jamaica

Consolidated Statement of Changes in Equity

**Year ended 31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

| | Number of Shares | Share Capital | Unissued Capital | Retained Earnings | Other Reserves | Total |
|---|---|---|---|---|---|---|
| | **'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Balance at 1 April 2013, as restated | 20,091 | 20,091 | 55,607 | 5,322,089 | (276,996) | 5,121,791 |
| Net profit | - | - | - | 436,977 | - | 436,977 |
| Re-measurements of post-employment benefits, net of taxes | - | - | - | 256,437 | - | 256,437 |
| Foreign currency translation adjustment | - | - | - | - | (66,370) | (66,370) |
| Total Comprehensive Income | - | - | - | 693,414 | (66,370) | 627,044 |
| Dividends paid | - | - | - | (85,854) | - | (85,854) |
| **Balance at 31 March 2014, as restated** | 20,091 | 20,091 | 55,607 | 5,929,649 | (343,366) | 5,661,981 |
| Net profit | - | - | - | 919,508 | - | 919,508 |
| Re-measurements of post-employment benefits, net of taxes | - | - | - | 5,312 | - | 5,312 |
| Foreign currency translation adjustment | - | - | - | - | (114,893) | (114,893) |
| Total comprehensive income | - | - | - | 924,821 | (114,893) | 809,927 |
| Dividends paid | - | - | - | (243,698) | - | (243,698) |
| **Balance at 31 March 2015** | 20,091 | 20,091 | 55,607 | 6,610,771 | (458,259) | 6,228,210 |

# Airports Authority of Jamaica

## Consolidated Statement of Cash Flows

**Year ended 31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

| | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|
| **Cash Flows from Operating activities** | | |
| Net profit | 919,508 | 436,977 |
| Items not affecting cash resources: | | |
| Depreciation and amortisation | 1,073,487 | 940,800 |
| Write-off of long outstanding loans | (176,069) | - |
| Gain on disposal of property, plant and equipment | (92) | - |
| Interest income | (186,825) | (122,301) |
| Exchange gains on foreign balances | (243,846) | (429,249) |
| Taxation charge | 420,559 | 366,138 |
| Grants amortised | (946,024) | (735,772) |
| Interest expense | 625,125 | 411,284 |
| Change in post employment benefit obligation | (13,001) | (25,479) |
| | 1,472,822 | 842,398 |
| Changes in operating assets and liabilities: | | |
| Inventories | (6,171) | (2,723) |
| Receivables | 17,360 | 59,842 |
| Payables | 56,545 | (18,563) |
| | 1,540,556 | 880,954 |
| Taxation paid | (209,027) | (193,804) |
| Cash provided by operating activities | 1,331,529 | 687,150 |
| **Cash Flows from Investing Activities** | | |
| Purchase of property, plant and equipment and intangible assets | (616,208) | (560,281) |
| Purchase of financial instruments | (15,462) | (203,831) |
| Proceeds from disposal of property, plant and equipment | 557 | 77 |
| Interest received | 186,825 | 122,301 |
| Cash used in investing activities | (444,288) | (641,734) |
| **Cash Flows from Financing Activities** | | |
| Interest paid | (625,125) | (411,284) |
| Grants received | 647,235 | 425,064 |
| Long term loans received | 369,745 | 1,227,053 |
| Loan repayments | (164,659) | (150,789) |
| Dividend paid | (243,698) | (85,854) |
| Cash (used in)/provided by financing activities | (16,502) | 1,004,190 |
| Effect of changes in exchange rates on cash and cash equivalents | 154,388 | 223,169 |
| Increase in cash and cash equivalents | 870,739 | 1,049,606 |
| Cash and cash equivalents at beginning of year | 3,417,633 | 2,144,858 |
| **Cash and Cash Equivalents at End of Year (Note 18)** | 4,442,760 | 3,417,633 |

# Airports Authority of Jamaica

Authority Statement of Comprehensive Income

**Year ended 31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **Revenue –** | | | |
| Airports | | 1,415,475 | 1,221,254 |
| Aerodromes | | 14,620 | 18,356 |
| | | 1,430,095 | 1,239,610 |
| Direct expenses – | | | |
| Airports | | (202,989) | (210,693) |
| Aerodromes | | (203,895) | (229,931) |
| | | (406,884) | (440,624) |
| **Gross Profit** | | 1,023,211 | 798,986 |
| Other operating income | 5 | 1,199,279 | 752,259 |
| Administration expenses | | (199,649) | (255,177) |
| Privatisation costs | | (10,620) | (42,289) |
| Finance (Costs)/Income | 8 | (410,336) | 15,468 |
| **Profit before Taxation** | | 1,601,885 | 1,269,247 |
| Taxation | 9 | (420,559) | (366,138) |
| **Net Profit** | 10 | 1,181,326 | 903,109 |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement of post-employment benefits, net of taxes | | 5,312 | 256,437 |
| **Total Comprehensive Income** | | 1,186,638 | 1,159,546 |

# Airports Authority of Jamaica

Authority Statement of Financial Position
**31 March 2015**
(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2015 $'000 | Restated 2014 $'000 | Restated 2013 $'000 |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| Property, plant and equipment | 11 | 2,010,154 | 2,203,965 | 2,430,602 |
| Investments | 13 | 249,884 | 234,935 | 32,002 |
| Interest in subsidiary | 14 | 16,839,207 | 15,538,797 | 13,253,787 |
| Deferred income tax asset | 15 | 461,495 | 564,061 | 811,987 |
| | | 19,560,740 | 18,541,758 | 16,528,378 |
| **Current Assets** | | | | |
| Receivables | 17 | 223,226 | 280,612 | 194,912 |
| Due from related party | 14 | 514,569 | 406,865 | 361,402 |
| Cash and short term deposits | 18 | 2,896,252 | 2,255,154 | 1,525,263 |
| | | 3,634,047 | 2,942,631 | 2,081,577 |
| **Current Liabilities** | | | | |
| Payables | 19 | 76,232 | 68,974 | 80,347 |
| Borrowings | 20 | 403,650 | 360,917 | 361,650 |
| Taxation payable | | 290,751 | 162,096 | 216,055 |
| | | 770,633 | 591,987 | 658,052 |
| **Net Current Assets** | | 2,863,414 | 2,350,644 | 1,423,525 |
| | | 22,424,154 | 20,892,402 | 17,951,903 |
| **Shareholders' Equity** | | | | |
| Share capital | 21 | 20,091 | 20,091 | 20,091 |
| Unissued capital | 22 | 55,607 | 55,607 | 55,607 |
| Retained earnings | 10 | 8,812,023 | 7,869,083 | 6,795,391 |
| | | 8,887,721 | 7,944,781 | 6,871,089 |
| **Non-Current Liabilities** | | | | |
| Borrowings | 20 | 13,164,757 | 12,538,634 | 10,370,911 |
| Grants | 23 | 221,983 | 240,981 | 259,981 |
| Post employment benefit obligations | 24 | 149,693 | 168,006 | 449,922 |
| | | 13,536,433 | 12,947,621 | 11,080,814 |
| | | 22,424,154 | 20,892,402 | 17,951,903 |

**Approved for issue by the Board of Directors on September 16, 2015 and signed on its behalf by:**

Dennis Morrision, Director

Joseph A. Matalon, Director

# Airports Authority of Jamaica

Authority Statement of Changes in Equity

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

| | Number of Shares | Share Capital | Unissued Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| | **'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Balance at 31 March 2013, as restated | 20,091 | 20,091 | 55,607 | 6,795,391 | 6,871,089 |
| Net profit | - | - | - | 903,109 | 903,109 |
| Re-measurements of post-employment benefits, net of taxes | - | - | - | 256,437 | 256,437 |
| Total Comprehensive Income | - | - | - | 1,159,546 | 1,159,546 |
| Dividends paid | - | - | - | (85,854) | (85,854) |
| **Balance at 31 March 2014, as restated** | 20,091 | 20,091 | 55,607 | 7,869,083 | 7,944,781 |
| Net profit | - | - | - | 1,181,326 | 1,181,326 |
| Re-measurements of post-employment benefits, net of taxes | - | - | - | 5,312 | 5,312 |
| Total comprehensive income | - | - | - | 1,186,638 | 1,186,638 |
| Dividends paid | - | - | - | (243,698) | (243,698) |
| **Balance at 31 March 2015** | 20,091 | 20,091 | 55,607 | 8,812,023 | 8,887,721 |

# Airports Authority of Jamaica

Authority Statement of Cash Flows

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

| | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|
| **Cash Flows from Operating activities** | | |
| Net profit | 1,181,326 | 903,109 |
| Items not affecting cash resources: | | |
| Depreciation | 239,373 | 260,609 |
| Gain on disposal of property, plant and equipment | (92) | - |
| Interest income | (969,504) | (711,965) |
| Exchange gains on foreign balances | (212,749) | (215,782) |
| Taxation charge | 420,559 | 366,138 |
| Write-off of long outstanding loans payable | (176,069) | - |
| Grants amortised | (18,998) | (19,000) |
| Interest expense | 613,222 | 423,283 |
| Change in post employment benefit obligation | (13,001) | (25,479) |
| | 1,064,067 | 980,913 |
| Changes in operating assets and liabilities: | | |
| Receivables | 77,074 | (64,067) |
| Payables | 7,258 | (11,375) |
| | 1,148,399 | 905,471 |
| Taxation paid | (209,027) | (193,803) |
| Cash provided by operating activities | 939,372 | 711,668 |
| **Cash Flows from Investing Activities** | | |
| Purchase of property, plant and equipment and intangible assets | (45,869) | (33,942) |
| Purchase of financial instruments | (14,949) | (202,953) |
| Proceeds from disposal of property, plant and equipment | (399) | - |
| Loans repaid by subsidiary | 683,866 | 1,085,115 |
| Loans issued to subsidiary | (1,338,297) | (2,290,167) |
| Interest received | 969,504 | 711,965 |
| Cash provided by/(used in) investing activities | 253,856 | (729,982) |
| **Cash Flows from Financing Activities** | | |
| Interest paid | (613,222) | (423,283) |
| Long term loans received | 369,745 | 1,227,052 |
| Loan repayments | (164,659) | (150,789) |
| Dividend paid | (243,698) | (85,854) |
| Cash (used in)/provided by financing activities | (651,834) | 567,126 |
| Increase in cash and cash equivalents | 541,394 | 548,812 |
| Effect of changes in exchange rates on cash and cash equivalents | 99,704 | 182,492 |
| Cash and cash equivalents at beginning of year | 2,255,154 | 1,523,850 |
| **Cash and Cash Equivalents at End of Year (Note 18)** | 2,896,252 | 2,255,154 |

# Airports Authority of Jamaica

Notes to the Financial Statements
**31 March 2015**
(expressed in Jamaican dollars unless otherwise indicated)

## 1. Identification and Principal Activities

Airports Authority of Jamaica ("the Authority") was established in accordance with the Airports Authority Act to administer, control and manage prescribed airports and aerodromes, and to provide and maintain such services and facilities, other than navigational services, as are necessary for their efficient operation.

The Authority has a wholly-owned subsidiary, NMIA Airports Limited (NMIA), incorporated in Jamaica, the principal activity of which is to administer, control and manage the Norman Manley International Airport, and to provide and maintain such services and facilities, other than navigational services, as are necessary for its efficient operation.

The registered office of the Authority and its subsidiary (collectively referred to as "the Group") is located at the Normal Manley International Airport.

As of 11 April 2003, the Donald Sangster International Airport, which is owned by the Authority, is being operated by MBJ Airports Limited under a 30-year Concession Agreement. The Authority earns concession revenue from MBJ Airports Limited, the calculation of which is based on passenger traffic, cargo transported, and increased profits. Under the Agreement, The Authority earned concession revenue amounting to $1,148,920,629 (2014 – $981,389,000) from MBJ Airports Limited during the year.

## 2. Summary of Significant Accounting Policies

### (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRIS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

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

## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

***Standards, interpretations and amendments to published standards effective during the year***
The Group has assessed the relevance of all new standards and interpretations to existing standards which were published and came into effect during the current financial year and has determined that the following are relevant to its operations:

- **IFRIC 21, 'Levies'**, (effective for annual periods beginning on or after 1 January 2015) addresses the accounting for a liability to pay a levy recognised in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The standard did not have a significant impact on the Group's financial statements.

- **IAS 32 (Amendment), 'Financial Instruments: Presentation'**, (effective for annual periods beginning on or after1 January 2015) clarifies the requirements for offsetting financial instruments and address inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments: Presentation'. The standard did not have a significant impact on the Group's financial statements.

***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group***
The Group has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the Group's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Group's accounting periods beginning after 1 April 2015 or later periods, but the Group has not early adopted them:

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018) specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from that obtained under IAS 39. While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption.

## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

Annual Improvements 2012 and 2014 – The IASB issued its Annual Improvements to IFRS 2010 – 2012 and 2011 – 2014 cycles in December 2014, which amended a number of standards, the following of which may be relevant to the Group. The amendments are effective for annual periods beginning on or after 1 July 2015.

- The amendments to IFRS 13, 'Fair Value Measurement' clarify that short-term receivables and payables may be measured at invoice amounts where the impact of discounting is immaterial. They also clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
- IAS 16, 'Property, Plant and Equipment,' has been amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or the accumulated depreciation is eliminated against the gross carrying amount of the asset.
- IAS 24, 'Related Party Disclosures', has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. The Group does not expect any significant impact on the consolidated financial statements.

***IFRS 15, 'Revenue from Contracts with Customers'***, (effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

***Annual Improvements 2014***, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Group.

# Airports Authority of Jamaica
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## 2. Summary of Significant Accounting Policies (Continued)

### (b) Consolidation

*Subsidiaries*

Subsidiaries are all entities(including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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 from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

NMIA's principal activities include administering, controlling and managing NMIA and providing and maintaining such services and facilities, other than navigational services, as are necessary for its efficient operation.

## 2. Summary of Significant Accounting Policies (Continued)

### (c) Foreign currency translation

*Functional and presentation currency*

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

*Transactions and balances*

Transactions denominated in foreign currencies are converted at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items denominated in a foreign currency, which are carried at historical cost, are translated at historical rates. Exchange gains and losses, including unrealised gains and losses relating to investment transactions and those arising from the translation of investments denominated in foreign currencies are dealt with in arriving at profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

*Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

(a) Assets and liabilities for each balance sheet presented are translated at year end rates,

(b) Items affecting the statement of comprehensive income are translated at average rates, and

(c) The resultant gains or losses are recognised in other comprehensive income as translation gains or losses.

## 2. Summary of Significant Accounting Policies (Continued)

### (d) Revenue recognition

Revenue comprises landing, terminal and security fees, rental charges, and recovery of utility costs from airlines; concession income; rental charges from other tenants; car park fees and miscellaneous income. Revenue is recognised on an accrual basis in accordance with the substance of the underlying contracts.

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts.

Interest income is accounted for on the accrual basis in the accounting period in which the interest is earned.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Authority's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### (e) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

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

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

Deferred tax is charged or credited in arriving at profit or loss, except where it relates to items charged or credited to equity, in which case deferred tax is also dealt with in equity.

Deferred income tax liabilities are not recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of the subsidiary as such amounts are permanently reinvested.

**2. Summary of Significant Accounting Policies (Continued)**

**(f) Property, plant and equipment**

Property, plant and equipment are carried at historical cost less accumulated depreciation. Depreciation is calculated mainly on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives of property, plant and equipment are as follows:

| | |
|---|---|
| Buildings, runways and taxiways | 20 - 40 years |
| Storage tanks and fuel lines | 20 years |
| Computer equipment, plant and machinery and furniture and fixtures | 5 - 10 years |
| Motor vehicles | 5 years |

Land is not depreciated as it is deemed to have an indefinite life.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Repairs and renewals are charged in arriving at the profit or loss when the expenditure is incurred.

**(g) Investments**

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

Purchases and sales of investments are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. The cost of purchase includes transaction costs.

Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. The fair values of listed equity securities are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are recognised at cost, less provision for impairment.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

**(h) Impairment of non-current assets**

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset’s net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

**2. Summary of Significant Accounting Policies (Continued)**

**(i) Inventories**

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

**(j) Trade receivables**

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings.

**(k) Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, and short term deposits with maturity dates of less than 90 days, net of bank overdrafts.

**(l) Payables**

Payables are stated at historical cost, which is deemed to approximate amortised cost based on the short term nature of these items.

**(m) Borrowings**

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in arriving at profit or loss over the period of the borrowings.

**(n) Grants**

Grants received are deferred and amortised on a systematic basis over the periods in which the entity recognises as expenditure the related cost for which the grants are intended to compensate. In other cases, the grants are recognised in arriving at profit or loss in the period in which they are received.

**(o) Employee benefits**

*Pension obligations*

The Group operates a defined contribution plan, the assets of which are generally held in a separate trustee-administered fund.

The Group makes fixed contributions to the pension scheme and has no further legal or constructive obligations. All pension obligations are payable by, and accounted for, in the books of the Authority. Accordingly, the company recognises a cost equal to its contributions payable in respect of each accounting period in arriving at profit or loss.

The Group provides other retirement health benefits, the entitlements to which are usually based on the employee remaining in service up to retirement age and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

## 2. Summary of Significant Accounting Policies (Continued)

### (o) Employee benefits (continued)

*Termination benefits*

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of the current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

*Incentive plans*

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the results for the year after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

*Accrued vacation*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

### (p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

### (q) Financial instruments

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

*Financial assets*

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At the balance sheet date, receivables were classified as loans and receivables; investments were classified as available-for-sale; and cash and short term deposits were classified as financial assets at fair value through profit or loss.

*Financial liabilities*

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: borrowings and payables.

## 3. Financial Risk Management

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

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

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

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

### (a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally from the Group's receivables from customers and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

***Credit review process***

The Group has established a credit committee whose responsibility involves regular analysis of the ability of borrowers and other counterparties to meet repayment obligations.

(i) *Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Commercial Department has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. The Group has procedures in place to restrict services to customers if they exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Customer credit risk are monitored according to their credit characteristics, such as whether it is an individual or company, geographic location, industry, ageing profile, and previous financial difficulties. Trade and other receivables are concentrated within the airline industry.

**3. Financial Risk Management (Continued)**

**(a) Credit risk (continued)**

(i) *Trade and other receivables (continued)*

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Group addresses impairment assessment on an individual basis.

The Group's average credit period is 15 days. Trade receivables are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) *Cash and short term deposits*

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations. Cash transactions are limited to high credit quality financial institutions. The maximum exposure to credit risk is the amount reflected on the balance sheet.

***Ageing analysis of trade receivables that are past due but not impaired***

Trade receivables that are less than 90 days past due are not considered impaired. As of 31 March 2014, trade receivables of $110,080,000 (2014 – $164,651,000) for the Group and $10,246,000 (2014 – $88,354,000) for the Authority were past due but not impaired. These relate to a number of concessionaries and airlines for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| 16 - 30 days | 67,090 | 23,543 | - | - |
| 31 - 60 days | 168 | 114,381 | 168 | 85,061 |
| 61 - 90 days | 33,321 | 23,434 | 577 | - |
| Over 90 days | 9,501 | 3,293 | 9,501 | 3,293 |
| | 110,080 | 164,651 | 10,246 | 88,354 |

***Ageing analysis of trade receivables that are impaired***

As of 31 March 2015, trade receivables of $520,007,000 (2014 – $400,492,000) for the Group and $285,077,000 (2014 – $293,083,000) for the Authority were considered impaired and were fully provided for. The individually impaired receivables mainly relate to concessionaires and airlines who are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

# Airports Authority of Jamaica

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**3. Financial Risk Management (Continued)**

**(a) Credit risk (continued)**

***Provision for impairment of trade receivables***
The movement in the provision for impairment of trade receivables was as follows:

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| At 1 April | 400,492 | 501,942 | 293,083 | 295,493 |
| Provision for receivables impairment | 133,783 | 60,056 | 9,220 | (2,410) |
| Bad debts write off | (19,630) | (175,519) | (17,226) | - |
| Translation difference | 5,362 | 14,013 | - | - |
| At 31 March | 520,007 | 400,492 | 285,077 | 293,083 |

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

***Credit exposure for trade receivables***
The credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector was as follows:

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Airlines (scheduled and unscheduled) | 419,873 | 355,931 | 43,206 | 78,660 |
| Concessionaires | 242,601 | 143,156 | - | 6,194 |
| Fuel through-put | 70,952 | 23,184 | 198 | 4,128 |
| Food and beverage | 10,448 | 71,982 | 30 | 7,630 |
| Car rental and tour operations | 19,529 | 140,275 | 3,959 | 3,313 |
| Advertising | 11,424 | 14,124 | 90 | 735 |
| Ground handling and taxi service | 49,608 | 58,825 | 264 | 8,131 |
| Other | 477,527 | 315,685 | 374,487 | 380,788 |
| | 1,301,962 | 1,123,162 | 422,234 | 489,579 |
| Less: Provision for impairment | (520,007) | (400,492) | (285,077) | (293,083) |
| | 781,955 | 722,670 | 137,157 | 196,496 |

# Airports Authority of Jamaica



**3. Financial Risk Management (Continued)**

**(b) Liquidity risk**

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

***Liquidity risk management process***

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury Department, includes:

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

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment;

***Undiscounted cash flows of financial liabilities***

Payables are due within one month. The undiscounted cash flows of borrowings were as follows:

| | The Group | | | |
|---|---|---|---|---|
| | Within 1 Year | 1 to 5 Years | Over 5 Years | Total |
| | $'000 | $'000 | $'000 | $'000 |
| At 31 March 2015 | 832,576 | 6,062,048 | 11,382,920 | 18,277,545 |
| At 31 March 2014 | 659,554 | 4,493,970 | 12,342,584 | 17,496,108 |

| | The Authority | | | |
|---|---|---|---|---|
| | Within 1 Year | 1 to 5 Years | Over 5 Years | Total |
| | $'000 | $'000 | $'000 | $'000 |
| At 31 March 2015 | 832,576 | 6,062,048 | 11,382,920 | 18,277,545 |
| At 31 March 2014 | 659,554 | 4,493,970 | 12,342,584 | 17,496,108 |

Primary funding for servicing the on-lent loans is by way of grants from the Airports Improvement Fund (Note 23). In addition, assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

# Airports Authority of Jamaica

Notes to the Financial Statements
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## 3. Financial Risk Management (Continued)

### (c) 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 arise mainly from changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

***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. The Group is exposed to foreign exchange risk arising from the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The tables below summarise the exposure to foreign currency exchange rate risk arising from financial assets and liabilities held at year end:

| | The Group | | |
|---|---|---|---|
| | **Jamaican$ J$'000** | **US$ J$'000** | **Total J$'000** |
| | | **2015** | |
| **Financial Assets** | | | |
| Investments | 75,632 | 210,430 | 286,062 |
| Trade receivables | 147,393 | 634,562 | 781,955 |
| Cash and short term deposits | 1,622,310 | 2,820,450 | 4,442,760 |
| | 1,845,335 | 3,665,442 | 5,510,777 |
| **Financial Liabilities** | | | |
| Payables | 390,071 | | 390,071 |
| Borrowings | - | 13,568,407 | 13,568,407 |
| | 390,071 | 13,568,407 | 13,958,478 |
| **Net Financial Position** | 1,455,264 | (9,902,965) | |
| | | **2014** | |
| **Financial Assets** | | | |
| Investments | 270,600 | - | 270,600 |
| Trade receivables | 189,579 | 533,091 | 722,670 |
| Cash and short term deposits | 1,356,769 | 2,060,864 | 3,417,633 |
| | 1,816,948 | 2,593,955 | 4,410,903 |
| **Financial Liabilities** | | | |
| Trade payables | 333,526 | - | 333,526 |
| Borrowings | 190,161 | 12,709,390 | 12,899,551 |
| | 523,687 | 12,709,390 | 13,233,077 |
| **Net Financial Position** | 1,293,261 | (10,115,435) | |

# Airports Authority of Jamaica

Notes to the Financial Statements

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

***Currency risk (continued)***

| | The Authority | | |
|---|---|---|---|
| | **Jamaican$ J$'000** | **US$ J$'000** | **Total J$'000** |
| | **2015** | | |
| **Financial Assets** | | | |
| Investments | 39,454 | 210,430 | 249,884 |
| Interest in subsidiary * | - | 17,353,776 | 17,353,776 |
| Trade receivables | 11,839 | 125,318 | 137,157 |
| Cash and short term deposits | 1,303,918 | 1,592,334 | 2,896,252 |
| | 1,355,211 | 19,281,858 | 20,637,069 |
| **Financial Liabilities** | | | |
| Payables | 76,232 | - | 76,232 |
| Borrowings | - | 13,568,407 | 13,568,407 |
| | 76,232 | 13,568,407 | 13,644,639 |
| **Net Financial Position** | 1,278,979 | 5,713,451 | |
| | **2014** | | |
| **Financial Assets** | | | |
| Investments | 234,935 | - | 234,935 |
| Interest in subsidiary * | - | 15,945,661 | 15,945,661 |
| Trade receivables | 196,496 | - | 196,496 |
| Cash and short term deposits | 1,035,999 | 1,219,155 | 2,255,154 |
| | 1,467,430 | 17,164,816 | 18,632,246 |
| **Financial Liabilities** | | | |
| Payables | 68,974 | - | 68,974 |
| Borrowings | 190,148 | 12,709,403 | 12,899,551 |
| | 259,122 | 12,709,403 | 12,968,525 |
| **Net Financial Position** | 1,208,308 | 4,455,413 | |

* This represents loans on-lent to the subsidiary, advances and other balances from inter-company transactions.

# Airports Authority of Jamaica

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(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

***Currency risk (continued)***

The following tables indicate the currencies to which the Group and Authority had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a reasonable expected change in foreign currency rates. The sensitivity of the profit was primarily as a result of foreign exchange gains and losses on translation of foreign currency-denominated receivables, cash and short term deposits and borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

| | The Group | | | |
|---|---|---|---|---|
| | % Change in Currency Rate 2015 | Effect on Net Profit 2015 $'000 | % Change in Currency Rate 2014 | Effect on Net Profit 2014 $'000 |
| **Currency:** | | | | |
| USD - revaluation | 1% | 99,030 | 1% | 101,154 |
| USD - devaluation | (10%) | (990,297) | (15%) | (1,517,315) |

| | The Authority | | | |
|---|---|---|---|---|
| | % Change in Currency Rate 2015 | Effect on Net Profit 2015 $'000 | % Change in Currency Rate 2014 | Effect on Net Profit 2014 $'000 |
| **Currency:** | | | | |
| USD - revaluation | 1% | (57,135) | 1% | (44,554) |
| USD - devaluation | (10%) | 571,345 | (15%) | 668,312 |

# Airports Authority of Jamaica
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**3. Financial Risk Management (Continued)**

**(c) Market risk (continued)**

***Cash flow and fair value interest rate risk***
The Group's interest rate exposure arises from borrowed funds specifically obtained for the purpose of funding the Norman Manley Airport expansion project, and from the temporary investment of these borrowings. Borrowings issued at variable rates and revolving short-term borrowings expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated for borrowings that represent the major interest bearing positions, taking into consideration refinancing, renewal of existing positions and alternative financing.

**(d) Fair values of financial instruments**
The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is current bid price.

The Group's investments are carried at fair value subsequent to initial recognition, and are classified as Level 2 investments. Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. However, considerable judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the fair value estimates presented are not necessarily indicative of the amounts that the Group would realise in the current market exchange.

The following methods and assumption have been used in deriving the estimates of fair value:

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities are cash and bank balances, short term deposits, trade receivables and payables, and bank overdraft.

The fair value of unquoted securities could not be reasonably determined as there is no active market for these securities.

The carrying value of the long term liabilities that attract interest at prevailing market rates closely approximate amortised cost, and are estimated to be their fair value as they attract terms and conditions available in the market for similar transactions.

The long term liabilities for which interest rates and repayment terms have not yet been determined were granted under special conditions and are not likely to be traded in a fair market exchange. As such, the fair values of these liabilities could not be reliably determined.

## 3. Financial Risk Management (Continued)

### (e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Group defines as net operating income (excluding non-recurring items) divided by total equity.

The Group has no specific capital management strategies and is not exposed to externally imposed capital requirements.

### (f) Offsetting of financial instruments

There are no master net settlement agreements, and there are no financial assets or liabilities that have been offset on the statement of financial position as at year end.

### (g) Financial instruments by category

***Financial assets***

| | The Group | | |
|---|---|---|---|
| | **Loans and receivables $'000** | **Held to Maturity $'000** | **Total $'000** |
| | | **2015** | |
| Investments | - | 286,062 | 286,062 |
| Trade receivables | 781,955 | - | 781,955 |
| Cash and short term deposits | 4,442,760 | - | 4,442,760 |
| **Total financial assets** | 5,224,715 | 286,062 | 5,510,777 |
| | | **2014** | |
| Investments | - | 270,600 | 270,600 |
| Trade receivables | 722,670 | - | 722,670 |
| Cash and short term deposits | 3,417,633 | - | 3,417,633 |
| **Total financial assets** | 4,140,303 | 270,600 | 4,410,903 |

# Airports Authority of Jamaica

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(expressed in Jamaican dollars unless otherwise indicated)

**3. Financial Risk Management (Continued)**

**(g) Financial instruments by category (continued)**

| | The Authority | | |
|---|---|---|---|
| | **Loans and receivables $'000** | **Held to Maturity $'000** | **Total $'000** |
| | | **2015** | |
| Investments | - | 249,884 | 249,884 |
| Interest in subsidiary | 17,353,776 | - | 17,353,776 |
| Trade receivables | 137,157 | - | 137,157 |
| Cash and short term deposits | 2,896,252 | - | 2,896,252 |
| **Total financial assets** | 20,387,185 | 249,884 | 20,637,069 |
| | | **2014** | |
| Investments | - | 234,935 | 234,935 |
| Interest in subsidiary | 15,945,661 | - | 15,945,661 |
| Trade receivables | 196,496 | - | 196,496 |
| Cash and short term deposits | 2,255,154 | - | 2,255,154 |
| **Total financial assets** | 18,397,311 | 234,935 | 18,632,246 |

***Financial liabilities***

Other financial liabilities at amortised cost

| | The Group | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| Payables | 390,071 | 333,526 |
| Borrowings | 13,568,407 | 12,899,551 |
| | 13,958,478 | 13,233,077 |

| | The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| Payables | 76,232 | 68,974 |
| Borrowings | 13,568,407 | 12,899,551 |
| | 13,644,639 | 12,968,525 |

## 4. Critical Judgements and Key Sources of Estimation Uncertainty

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

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

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

As further explained in Note 9, the Authority obtained relief from income taxes for an initial period of up to 5 years and its subsidiary for an initial period of up to 10 years. The Group had reversed all provisions for current and deferred taxation as management was of the view that the Group will not be liable for income tax in the foreseeable future. The remission of any income tax payable by the Group was subject to annual approval by the Minister of Finance and the Public Service. It was assumed that the requisite approval would be given over the five and ten year periods stipulated and management had committed to ensuring that conditions for the remission of the taxes will be met.

The tax relief period for the Authority expired on 1 April 2011. On that date, the Authority resumed accounting for taxation as, contrary to its expectations upon obtaining the tax relief, the Ministry of Finance and the Public Service did not extend the tax relief period. Deferred tax assets at the point of obtaining the tax relief had been written off. These deferred tax assets are now recognised on expiry of the tax relief period, and are primarily due to accelerated depreciation on property plant and equipment.

***Allowances for impaired receivables***
Periodically, the company assesses the collectibility of its trade receivables. Provisions are created or increased as described in Note 2(j). This, however, does not necessarily mean that the Group will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible at period end may subsequently go bad.

## 4. Critical Judgements and Key Sources of Estimation Uncertainty (Continued)

### Key sources of estimation uncertainty (continued)

***Depreciable assets***

Management determines the estimated useful lives, residual values and related depreciation charges for the property, plant and equipment held by the Group. Estimates of the useful lives and residual values of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets over the relevant periods. Management applies a variety of methods to arrive at these estimates, with consideration being given to technological innovations and the useful lives and residual values of similar property, plant and equipment held by other entities that operate in the Group's industry. Management will increase depreciation charges where useful lives are less than previously estimated, or will write down technically obsolete or non-strategic assets that have been abandoned or sold.

***Pension plan assets and post-employment benefit obligations***

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

## 5. Other Operating Income

| | The Group | | The Authority | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Amortisation of grants (Note 23) | 475,066 | 460,950 | 18,998 | 19,000 |
| Expenses reimbursed - Project Execution Unit | 21,529 | 11,175 | 21,529 | 11,175 |
| Interest income | 186,825 | 122,301 | 969,504 | 711,965 |
| Write-off of long outstanding statute balances | 176,069 | 8,412 | 176,069 | 8,412 |
| Other | 29,873 | 34,270 | 13,179 | 1,707 |
| | 889,362 | 637,108 | 1,199,279 | 752,259 |

Included in the interest income for the Authority is $823,853,000 (2014 – $621,130,000) which has been charged on disbursements to its subsidiary to assist with the Norman Manley International Airport expansion project. Interest is charged on the outstanding balance at a rate of 10% per annum.

# Airports Authority of Jamaica

Notes to the Financial Statements
**31 March 2015**
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## 6. Expenses by Nature

Total direct and administration expenses:

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015 $'000** | **2014 $'000** | **2015 $'000** | **2014 $'000** |
| Advertising and public relations | 11,526 | 15,012 | 5,886 | 3,320 |
| Auditors' remuneration | 6,433 | 7,433 | 3,500 | 4,890 |
| Bad debts | 119,585 | 58,048 | (1,116) | - |
| Commissions and discounts | 24,798 | 20,850 | 545 | 776 |
| Depreciation and amortisation | 1,073,487 | 940,800 | 239,373 | 260,609 |
| Insurance | 196,980 | 189,680 | 8,822 | 13,570 |
| Irrecoverable GCT | 117,131 | 136,857 | 9,967 | 9,014 |
| Motor vehicle expenses | 61,498 | 20,149 | 1,373 | 1,421 |
| Office supplies | 22,466 | 14,904 | 4,305 | 3,522 |
| Other | 94,937 | 158,339 | 39,365 | 44,211 |
| Professional fees | 150,712 | 60,529 | 8,220 | 16,754 |
| Regulatory fees and taxes | 43,986 | 39,279 | 7,776 | 7,720 |
| Rental and lease | 5,173 | 50,405 | 435 | 435 |
| Repairs and maintenance | 376,918 | 286,967 | 13,124 | 25,389 |
| Security | 264,628 | 241,042 | 44,885 | 42,893 |
| Staff costs (Note 7) | 823,113 | 839,748 | 197,162 | 241,679 |
| Training | 22,561 | 11,278 | - | - |
| Traveling and entertainment | 7,732 | 7,755 | 4,799 | 4,237 |
| Utilities | 560,137 | 592,218 | 18,112 | 15,361 |
| | 3,983,801 | 3,691,293 | 606,533 | 695,801 |

## 7. Staff Costs

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015 $'000** | **2014 $'000** | **2015 $'000** | **2014 $'000** |
| Wages and salaries | 681,602 | 657,571 | 151,309 | 150,351 |
| Payroll taxes – employer's portion | 85,496 | 71,223 | 25,371 | 15,762 |
| Pension and other retirement benefits – | | | | |
| Pension scheme (Note 24) | (23,113) | 59,899 | (23,113) | 59,899 |
| Medical benefits (Note 24) | 17,531 | 15,667 | 17,531 | 15,667 |
| Redundancy payments | 20,094 | 5,794 | 12,762 | - |
| Other | 41,503 | 29,594 | 13,302 | - |
| | 823,113 | 839,748 | 197,162 | 241,679 |

# Airports Authority of Jamaica

Notes to the Financial Statements

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

## 8. Finance Income/(Costs)

| | The Group | | The Authority | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Interest expense | (625,136) | (411,284) | (613,222) | (423,283) |
| Amortisation of grants (Note 23) | 470,958 | 274,822 | - | - |
| | (154,178) | (136,462) | (613,222) | (423,283) |
| Net foreign exchange gains | 224,883 | 349,548 | 202,886 | 438,751 |
| | 70,705 | 213,086 | (410,336) | 15,468 |

## 9. Taxation

The Minister of Finance and Planning, in accordance with the power conferred by section 86 of the Income Tax Act, had formally agreed to grant the Group relief from income tax in respect of that portion of taxable profits which had been retained for capital development, for a period of ten years for the subsidiary commencing 1 April 2005. The relief was granted upon requests for remission of tax made annually to the Minister and notice of the tax remitted published in the Jamaica Gazette Supplement.

Subject to agreement with the Tax Administration Jamaica, losses of approximately $ 4,146,743,000 (2014 – $3,687,726,000) for the subsidiary are available for set off against future profits of the subsidiary and may be carried forward indefinitely. No deferred tax asset is recognised in respect of the tax losses of the subsidiary.

Further to announcements by the Minister of Finance and Planning in 2014, the Income Tax Act was amended to impose a corporate income tax rate of 25% on the income of all companies other than regulated companies, with effect from 1 January 2014 and a rate of 30% for large unregulated companies, effective 1 April 2014. A "large unregulated company" is defined as an unregulated company which has gross annual income of not less than $500 million.

During the year, the Government of Jamaica continued its reform of taxes. As a result of this, The Fiscal Incentives (Miscellaneous Provisions) Act which was signed into law on 20 December 2014, amended the Income Tax Act to reduce the tax rate for large unregulated companies from 30% to 25%, effective 1 January 2015. Consequently, this rate was applied in determining the amounts for current and deferred taxation in the financial statements as at 31 March 2015.

# Airports Authority of Jamaica

Notes to the Financial Statements
**31 March 2015**
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**9. Taxation (Continued)**

The taxation charge for the year comprises:

| | The Group and The Authority | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Income tax – | | |
| Current year | 356,735 | 203,693 |
| Prior year | (7,352) | - |
| Employment tax credit – | | |
| Current | (24,394) | - |
| Prior year | (5,225) | - |
| Deferred tax (Note 15) | 100,795 | 162,445 |
| | 420,559 | 366,138 |

The tax on the company's profit differs from the theoretical amount that would arise using the tax rate of 25% as follows:

| | The Group | | The Authority | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Profit before taxation | 1,340,067 | 803,115 | 1,601,885 | 1,269,247 |
| Tax calculated at an effective tax rate of 25% | 335,017 | 200,779 | 400,471 | 317,312 |
| Adjusted for the effects of – | | | | |
| Losses in subsidiary not recognised due to tax relief | 65,454 | 116,533 | - | - |
| Irrecoverable foreign exchange losses recognised on loans on-lent to subsidiary | 22,787 | (90,087) | 22,787 | (90,087) |
| Expenses not deductible for tax purposes | 3,057 | 16,895 | 3,057 | 16,895 |
| Loans payable written off allowed as capital expenditure | (19,639) | - | (19,639) | - |
| Over accrual in prior years | (7,352) | - | (7,352) | - |
| Other | 50,854 | 12,574 | 50,854 | 12,574 |
| Impact due to change in tax rate | - | 109,444 | - | 109,444 |
| | 450,178 | 366,138 | 450,177 | 366,138 |
| Employment tax credit | (29,619) | - | (29,619) | - |
| | 420,559 | 366,138 | 420,559 | 366,138 |

# Airports Authority of Jamaica

Notes to the Financial Statements
**31 March 2015**
(expressed in Jamaican dollars unless otherwise indicated)

## 9. Taxation (Continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 Restated | | |
| | Before tax $'000 | Tax charge $'000 | After tax $'000 | Before tax $'000 | Tax credit $'000 | After tax $'000 |
| *Items that will not be reclassified to profit or loss* | | | | | | |
| Re-measurement of post-employment benefits obligations, net of taxes | 7,083 | (1,771) | 5,312 | 341,918 | (85,481) | 256,437 |
| *Items that may be subsequently reclassified to profit or loss* | | | | | | |
| Foreign currency translation adjustments | (114,893) | - | (114,893) | (66,370) | - | (66,370) |
| Other comprehensive income | (107,810) | (1,771) | (109,581) | 275,548 | (85,481) | 190,067 |
| Deferred tax (Note 15) | | (1,771) | | | (85,481) | |

| | Authority | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | Restated 2014 | | |
| | Before tax $'000 | Tax charge $'000 | After tax $'000 | Before tax $'000 | Tax credit $'000 | After tax $'000 |
| *Items that will not be reclassified to profit or loss* | | | | | | |
| Re-measurement of post-employment benefits obligations, net of taxes | 7,083 | (1,771) | 5,312 | 341,918 | (85,481) | 256,437 |
| Other comprehensive income | 7,083 | (1,771) | 5,312 | 341,918 | (85,481) | 256,437 |
| Deferred tax (Note 15) | | (1,771) | | | (85,481) | |

# Airports Authority of Jamaica

Notes to the Financial Statements
**31 March 2015**
(expressed in Jamaican dollars unless otherwise indicated)

**10. Net Profit and Retained Earnings**

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| (a) Net profit is dealt with as follows in the financial statements of: | | |
| The Authority | 1,181,326 | 903,109 |
| The subsidiary | (261,818) | (466,132) |
| | 919,508 | 436,977 |
| (b) Retained earnings are dealt with as follows in the financial statements of: | | |
| The Authority | 8,812,023 | 7,869,083 |
| The subsidiary | (2,201,252) | (1,939,434) |
| | 6,610,771 | 5,929,649 |

# Airports Authority of Jamaica

Notes to the Financial Statements

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## 11. Property, Plant and Equipment

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | **Land, buildings, runways and taxiways** | **Storage tanks and fuel lines** | **Motor vehicles** | **Computer equipment, plant and machinery, furniture and fixtures** | **Work in progress** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Cost - | | | | | | |
| At 1 April 2013 | 14,413,243 | 946,187 | 59,485 | 3,285,434 | 408,334 | 19,112,683 |
| Additions | 81,425 | 27,408 | 4,229 | 61,976 | 384,109 | 559,147 |
| Disposals | - | - | (1,749) | (1,874) | - | (3,623) |
| Transfers | 80,344 | - | - | - | (80,344) | - |
| Translation adjustment | 1,241,755 | - | 6,664 | 348,053 | 56,439 | 1,652,911 |
| At 31 March 2014 | 15,816,767 | 973,595 | 68,629 | 3,693,589 | 768,538 | 21,321,118 |
| Additions | 82,575 | - | 4,174 | 112,352 | 417,107 | 616,208 |
| Disposals | - | - | (2,143) | (564) | - | (2,707) |
| Transfers | 383,829 | - | 21,546 | 626,402 | (1,031,777) | - |
| Translation adjustment | 629,902 | - | 3,674 | 179,458 | 27,760 | 840,794 |
| At 31 March 2015 | 16,913,073 | 973,595 | 95,880 | 4,611,237 | 181,628 | 22,775,413 |
| Depreciation - | | | | | | |
| At 1 April 2013 | 3,061,690 | 571,005 | 44,755 | 1,357,108 | - | 5,034,558 |
| Charge for the year | 492,170 | 54,219 | 7,821 | 386,487 | - | 940,697 |
| Disposals | - | - | (1,749) | (1,591) | - | (3,340) |
| Translation adjustment | 143,640 | - | 7,132 | 165,618 | - | 316,390 |
| At 31 March 2014 | 3,697,500 | 625,224 | 57,959 | 1,907,622 | - | 6,288,305 |
| Charge for the year | 522,501 | 1,397 | 14,073 | 525,838 | - | 1,063,809 |
| Disposals | - | - | (2,143) | (132) | - | (2,275) |
| Translation adjustment | 95,917 | - | 2,932 | 97,641 | - | 196,490 |
| At 31 March 2015 | 4,315,918 | 626,621 | 72,821 | 2,530,969 | - | 7,546,329 |
| Net Book Value - | | | | | | |
| 31 March 2015 | 12,597,155 | 346,974 | 23,059 | 2,080,268 | 181,628 | 15,229,084 |
| 31 March 2014 | 12,119,267 | 348,371 | 10,670 | 1,785,967 | 768,538 | 15,032,813 |

# Airports Authority of Jamaica

Notes to the Financial Statements
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**11. Property, Plant and Equipment (Continued)**

| | The Authority | | | | | |
|---|---|---|---|---|---|---|
| | Land, buildings, runways and taxiways | Storage tanks and fuel lines | Motor vehicles | Computer equipment, plant and machinery, furniture and fixtures | Work in progress | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Cost - | | | | | | |
| At 1 April 2013 | 3,722,604 | 946,187 | 4,545 | 222,607 | 112,570 | 5,008,513 |
| Additions | - | 27,408 | - | 6,554 | - | 33,962 |
| Transfer | 81,425 | - | - | 22,623 | (104,048) | - |
| Disposals | - | - | - | - | - | - |
| At 31 March 2014 | 3,804,029 | 973,595 | 4,545 | 251,784 | 8,522 | 5,042,475 |
| Additions | 35,987 | - | - | 3,383 | 6,499 | 45,869 |
| Transfers | 6,499 | - | - | - | (6,499) | - |
| Adjustments | (402) | - | 2 | (10) | - | (410) |
| At 31 March 2015 | 3,846,113 | 973,595 | 4,547 | 255,157 | 8,522 | 5,087,934 |
| Depreciation - | | | | | | |
| At 1 April 2013 | 1,927,418 | 571,005 | 2,214 | 77,274 | - | 2,577,911 |
| Charge for the year | 184,919 | 54,219 | 808 | 20,653 | - | 260,599 |
| At 31 March 2014 | 2,112,337 | 625,224 | 3,022 | 97,927 | - | 2,838,510 |
| Charge for the year | 161,527 | 1,397 | 762 | 75,676 | - | 239,362 |
| Adjustments | - | - | - | (92) | - | (92) |
| At 31 March 2015 | 2,273,864 | 626,621 | 3,784 | 173,511 | - | 3,077,780 |
| Net Book Value - | | | | | | |
| 31 March 2015 | 1,572,249 | 346,974 | 763 | 81,646 | 8,522 | 2,010,154 |
| 31 March 2014 | 1,691,692 | 348,371 | 1,523 | 153,857 | 8,522 | 2,203,965 |

The Authority's property, plant and equipment were revalued as at 31 December 1984 primarily on a depreciated replacement cost basis by The Land Valuation Office, Kingston. The revalued amounts were designated the deemed cost of these assets on adoption of International Financial Reporting Standards in 2002.

Property, plant and equipment include assets at cost totaling $3,090,899,000 (2014 - $3,090,899,000) acquired under the Airport Reform and Improvement Programme which is being funded by loans from the Inter-American Development Bank, Export-Import Bank of Japan, Bank of Tokyo-Mitsubishi Limited and the Government of Jamaica.

# Airports Authority of Jamaica

Notes to the Financial Statements

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## 12. Intangible Assets

Comprising computer software:

| | The Group | The Authority |
|---|---|---|
| Cost - | **$'000** | **$'000** |
| At 1 April 2013 | 34,232 | 250 |
| Additions | 1,135 | 10 |
| Translation adjustment | 3,653 | - |
| At 31 March 2014 | 39,020 | 260 |
| Translation adjustment | 2,227 | |
| At 31 March 2015 | 41,247 | 260 |
| Amortisation - | | |
| At 1 April 2013 | 11,023 | 250 |
| Charge for the year | 103 | 10 |
| Translation adjustment | 1,081 | - |
| At 31 March 2014 | 12,207 | 260 |
| Charge for the year | 9,678 | |
| Translation adjustment | 929 | |
| At 31 March 2015 | 22,814 | 260 |
| Net Book Value - | | |
| 31 March 2015 | 18,433 | - |
| 31 March 2014 | 26,813 | - |

## 13. Investments

Investments comprise Fixed Rate Accreting Notes ("FRANs") Government of Jamaica securities, classified as held-to-maturity, which were issued in 2013 as part of the National Debt Exchange, with J$80 of principal value for every J$100 of principal value exchanged. The principal will accrete to J$100 of principal value by the maturity date in 2028.

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## 14. Related Party Transactions and Balances

The following transactions were carried out with related parties:

### (a) Key management compensation

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015 $'000** | **2014 $'000** | **2015 $'000** | **2014 $'000** |
| Wages and salaries | 62,960 | 55,468 | 29,315 | 19,593 |
| Payroll taxes – employer's portion | 4,829 | 4,696 | 1,530 | 1,221 |
| | 67,789 | 60,164 | 30,845 | 20,814 |
| Directors' emoluments - | | | | |
| Management remuneration | 21,091 | 11,789 | 21,091 | 11,789 |
| Fees | 1,261 | 1,425 | 1,261 | 1,425 |

### (b) Authority's interest in subsidiary

| | **2015 $'000** | **Restated 2014 $'000** |
|---|---|---|
| Non-current portion | 16,839,207 | 15,538,797 |
| Current portion | 514,569 | 406,865 |
| | 17,353,776 | 15,945,662 |
| Shares, at cost | 305,377 | 305,377 |
| Advances – | | |
| At start of year | 15,945,661 | 13,309,812 |
| Issued during the year | 1,102,738 | 2,330,473 |
| At end of year | 17,048,399 | 15,640,285 |
| | 17,353,776 | 15,945,662 |

The Authority earned concession and other fees amounting to $228,521,000 (2014 – $227,943,000), and interest and other income as detailed in Note 5, from the subsidiary during the year.

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## 15. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25% (2014 - 30%).

| | The Group and The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| At beginning of year | 564,061 | 811,987 |
| Charged to profit or loss during the year (Note 9) | (100,795) | (162,445) |
| Charged to other comprehensive income (Note 9) | (1,771) | (85,481) |
| At end of year | 461,495 | 564,061 |

| | The Group and The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| Interest payable | 264,005 | 242,400 |
| Accelerated depreciation and amortisation | 477,397 | 457,218 |
| Capital grants | 55,496 | 60,245 |
| Post-employment benefits | 37,423 | 42,002 |
| Accrued vacation | 2,919 | 2,807 |
| Foreign exchange losses | (8,791) | 86,070 |
| Investment in subsidiary | (340,760) | (319,839) |
| Interest receivable | (26,194) | (6,842) |
| | 461,495 | 564,061 |

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

| | The Group and The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| Deferred tax assets to be recovered after more than 12 months | 570,315 | 559,465 |
| Deferred tax liabilities to be settled after more than 12 months | 340,760 | 319,839 |

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## 16. Inventories

This represents spare parts and supplies.

## 17. Receivables

| | The Group | | The Authority | |
|---|---|---|---|---|
| | 2015 $'000 | Restated 2014 $'000 | 2015 $'000 | Restated 2014 $'000 |
| Trade | 1,301,962 | 1,123,162 | 422,234 | 489,579 |
| Less: Provision for impairment | (520,007) | (400,492) | (285,077) | (293,083) |
| | 781,955 | 722,670 | 137,157 | 196,496 |
| Mobilization payment | 79,455 | 153,516 | - | - |
| Prepayments | 65,034 | 62,819 | 45,113 | 46,905 |
| Advances | 104,810 | 72,932 | 1,656 | 8,407 |
| GCT recoverable | 3,550 | 31,999 | 3,550 | 3,550 |
| Other | 4,296 | 12,523 | 4,296 | 651 |
| | 1,039,100 | 1,056,459 | 191,772 | 256,009 |
| Withholding tax recoverable | 77,936 | 58,248 | 31,454 | 24,603 |
| | 1,117,036 | 1,114,707 | 223,226 | 280,612 |

## 18. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

| | The Group | | The Authority | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Cash at bank and in hand | 261,375 | 337,052 | 123,875 | 36,392 |
| Short term deposits | 4,181,385 | 3,080,581 | 2,772,377 | 2,218,762 |
| | 4,442,760 | 3,417,633 | 2,896,252 | 2,255,154 |

Included in short term deposits is interest receivable of $148,974,000 (2014 – $31,222,000) for the Group and $17,658,000 (2014 - $27,369,000) for the Authority. Short term deposits have original maturity of ninety (90) days or less.

The weighted average interest rate on short term deposits denominated in Jamaican dollars was 8.21% (2014 –7.03%) and on short term deposits denominated in United States dollars was 3.05%(2014 – 3.28%), and these securities mature in 30 days.

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## 19. Payables

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015 $'000** | **2014 $'000** | **2015 $'000** | **2014 $'000** |
| Trade payables | 136,944 | 111,507 | 33,865 | 26,368 |
| Accruals | 102,517 | 144,354 | 39,358 | 39,491 |
| Airport Improvement Fund | 69,141 | 5,457 | - | - |
| Other | 81,469 | 72,208 | 3,009 | 3,115 |
| | 390,071 | 333,526 | 76,232 | 68,974 |

## 20. Borrowings

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015 $'000** | **2014 $'000** | **2015 $'000** | **2014 $'000** |
| Current – | | | | |
| Current portion of long term loans | 403,650 | 360,917 | 403,650 | 360,917 |
| | 403,650 | 360,917 | 403,650 | 360,917 |
| Non-Current - | | | | |
| Long term loans | 11,829,393 | 11,399,282 | 11,829,393 | 11,399,282 |
| Accrued interest | 1,335,364 | 1,139,352 | 1,335,364 | 1,139,352 |
| | 13,164,757 | 12,538,634 | 13,164,757 | 12,538,634 |
| | 13,568,407 | 12,899,551 | 13,568,407 | 12,899,551 |

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**20. Borrowings (Continued)**

***Long term loans***

| | | The Group | | Authority | |
|---|---|---|---|---|---|
| | | **2015 $'000** | **2014 $'000** | **2015 $'000** | **2014 $'000** |
| | Facilities acquired with the Government of Jamaica as an intermediary: | | | | |
| (a) | Inter-American Development Bank | 2,368,802 | 2,113,358 | 2,368,802 | 2,113,358 |
| (b) | Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited | 836,464 | 745,154 | 836,464 | 745,154 |
| (c) | Nordic Development Fund | 390,601 | 366,352 | 390,601 | 366,352 |
| (d) | European Investment Bank | 4,601,740 | 4,382,977 | 4,601,740 | 4,382,977 |
| (e) | Caribbean Development Bank | 2,300,870 | 2,191,488 | 2,300,870 | 2,191,488 |
| | Other facilities | | | | |
| (f) | Government of Jamaica/ SIA Airports Limited | - | 31,206 | - | 31,206 |
| (g) | Government of Jamaica | - | 47,348 | - | 47,348 |
| (h) | Petrocaribe Development Fund | 2,986,671 | 2,830,837 | 2,986,671 | 2,830,837 |
| (i) | Other | 83,259 | 190,831 | 83,259 | 190,831 |
| | | 13,568,407 | 12,899,551 | 13,568,407 | 12,899,551 |
| | Less Current Portion: | | | | |
| | Government of Jamaica/SIA Airports Limited | - | (31,206) | - | (31,206) |
| | Government of Jamaica | - | (47,348) | - | (47,348) |
| | Petrocaribe Development Fund | (166,999) | (159,060) | (166,999) | (159,060) |
| | Caribbean Development Bank | (153,392) | - | (153,392) | - |
| | Accrued interest | (83,259) | (123,303) | (83,259) | (123,303) |
| | | (403,650) | (360,917) | (403,650) | (360,917) |
| | | 13,164,757 | 12,538,634 | 13,164,757 | 12,538,634 |

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**20. Borrowings (Continued)**

The following tables show the maturity profile for loans.

| | The Group & The Authority | | | |
|---|---|---|---|---|
| | Within 1 Year | 1 to 5 Years | Over 5 Years | Total |
| | $'000 | $'000 | $'000 | $'000 |
| | | 2015 | | |
| (a) Inter-American Development Bank | - | - | 2,368,802 | 2,368,802 |
| (b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited | - | 836,464 | - | 836,464 |
| (c) Nordic Development Fund | - | 390,600 | - | 390,600 |
| (d) European Investment Bank | - | 1,342,174 | 3,259,566 | 4,601,740 |
| (e) Caribbean Development Bank | 153,392 | 613,565 | 1,533,913 | 2,300,870 |
| (f) Government of Jamaica/ SIA Airports Limited | - | - | - | - |
| (g) Government of Jamaica | - | - | - | |
| (h) Petrocaribe Development Fund | 166,999 | 1,000,006 | 1,819,667 | 2,986,672 |
| (i) Other | 83,259 | - | - | 83,259 |
| | 403,650 | 4,182,809 | 8,981,948 | 13,568,407 |
| | | 2014 | | |
| (a) Inter-American Development Bank | - | - | 2,113,358 | 2,113,358 |
| (b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited | - | 745,154 | - | 745,154 |
| (c) Nordic Development Fund | - | 366,352 | - | 366,352 |
| (d) European Investment Bank | - | 730,497 | 3,652,480 | 4,382,977 |
| (e) Caribbean Development Bank | - | 511,347 | 1,680,141 | 2,191,488 |
| (f) Government of Jamaica/ SIA Airports Limited | 31,206 | - | - | 31,206 |
| (g) Government of Jamaica | 47,348 | - | - | 47,348 |
| (h) Petrocaribe Development Fund | 159,060 | 790,339 | 1,881,438 | 2,830,837 |
| (i) Other | 123,303 | - | 67,528 | 190,831 |
| | 360,917 | 3,143,689 | 9,394,945 | 12,899,551 |

**20. Borrowings (Continued)**

(a) This represents proceeds drawn down to date of loan contract #887/OC-JA between the Government of Jamaica and the Inter-American Development Bank, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire twenty years from the disbursement date. This facility is unsecured and bears interest at 6.25% per annum.

(b) This represents proceeds drawn down to date of loan contract #041844 between the Government of Jamaica and the Export-Import Bank of Japan and the Bank of Tokyo-Mitsubishi Limited, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire eighteen years from the disbursement date. This facility is unsecured and bears interest at 2.5% per annum.

(c) This represented proceeds drawn down to date of loan contract #165 between the Government of Jamaica and the Nordic Development Fund, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire thirty years from the disbursement date. This facility is unsecured and bears interest at 1.5% per annum.

(d) This represents a US$40 million loan between the European Investment Bank and the Airports Authority of Jamaica which was on-lent to the subsidiary to fund the Norman Manley International Airport expansion project and repay existing loans. The loan is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement. The loan was disbursed in February 2010.

(e) This represents a US$20 million loan between the Caribbean Development Bank and the Airports Authority of Jamaica which was on-lent to the subsidiary to fund the Norman Manley International Airport expansion project and repay existing loans. The loan is unsecured and is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement. The facility was disbursed in July 2009 and bears interest at 3.83% per annum.

(f) This represents a loan from the Government of Jamaica, which was used to fund construction work at the Sangster International Airport. There is no interest rate stated and the terms of repayment have not yet been determined.

(g) This represents an advance from the Government of Jamaica, which was used to repay interest and principal in respect of loans (a) to (c) above. The advance is unsecured. There is no interest rate stated and the terms of repayment have not yet been determined.

(h) This balance represents two loans from Petrocaribe Fund as follows:

   i. A loan of $22.5million (2014 – $22.5 million) from Petrocaribe Fund was acquired to provide interim financing for the Norman Manley Airport expansion project. The loan is repayable in 31 semi-annual payments of $725,807. Interest is charged at 6% per annum. This loan is unsecured.

   ii. An additional loan of $22 million is available from the Petrocaribe Fund for financing the Norman Manley Airport Expansion project which is repayable in equal semi-annual amounts beginning after the facility is fully drawn down and to end by June 2030. Interest is charged at 4% per annum. As at March 2015 the amount of draw down is $10,719,300 (2014 - $9,141,300).

(i) This relates to accrued interest on loans that becomes due on demand.

## 21. Share Capital

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Authorised - | | |
| 30,000 ordinary shares | | |
| Issued and fully paid - | | |
| 20,091 ordinary shares | 20,091 | 20,091 |

The Airports Authority Act provides for the Authority having an authorised capital of $30,000,000. To date an amount of $20,091,000 has been credited as fully paid capital.

## 22. Unissued Capital

In 1986, the Government of Jamaica undertook a restructuring of the Authority's capital base, which, *inter alia*, included a conversion of $55,607,000 of debt to equity. This arrangement also fulfilled the terms of the then existing agreement with The International Bank for Reconstruction and Development.

The shares for the additional capital have not yet been issued to The Accountant General as the required increase in the authorised share capital is still outstanding.

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## 23. Grants

***Airport Improvement Grant***

The Airport Improvement Grant represents amount received from the Government of Jamaica to assist with the funding of the Norman Manley International Airport expansion project.

The Norman Manley International Airport expansion project is a 20-year plan for the expansion and development of the Norman Manley International Airport, commencing in 2004. The plan involves the construction of new arrival and departure wings, two-level passenger pier, new baggage handling facilities, the relocation of the general aviation centre, fire station and other support facilities.

This project is partially funded by the Airport Improvement Fund (AIF). Revenue of the AIF is based on a US$10 charge per ticket purchased. The amount is paid over by the airlines into a special account held with an independent financial institution. The subsidiary may draw down on funds to repay senior debts or to pay designated contractors for work done on the project. Annual transfers equivalent to interest expense in the case where the grant was used to repay senior debts or depreciation charged on property, plant and equipment where the grant was used for a capital purpose, are made to the statement of comprehensive income.

***Capital Grant***

This represents grant received from the Government of Jamaica to acquire property, plant and equipment. Annual transfers equivalent to depreciation charged on property, plant and equipment, are made to the statement of comprehensive income.

The movement in grants during the year was as follows:

| | The Group | | The Authority | |
|---|---|---|---|---|
| | **2015 $'000** | **2014 $'000** | **2015 $'000** | **2014 $'000** |
| At start of year | 1,235,138 | 1,435,939 | 240,981 | 259,981 |
| Additions | 647,235 | 425,064 | - | - |
| Transfer to the statement of comprehensive income - | | | | |
| Amortisation of grants (Note 5) | (475,066) | (460,950) | (18,998) | (19,000) |
| Amortisation of grants (Note 8) | (470,958) | (274,822) | - | - |
| Translation adjustment | 31,231 | 109,907 | - | - |
| At end of year | 967,580 | 1,235,138 | 221,983 | 240,981 |

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**24. Post-Employment Benefits**

| | The Group & The Authority | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Liability recognised in the balance sheet – | | |
| Pension | - | 23,112 |
| Medical benefits | 149,693 | 144,894 |
| | 149,693 | 168,006 |
| Amounts recognised in arriving at profit or loss (Note 7) | | |
| Pension scheme | (23,113) | 59,899 |
| Medical benefits | 17,531 | 15,667 |
| Amounts recognised in arriving at other comprehensive income | | |
| Pension scheme | - | 355,358 |
| Medical benefits | 7,083 | (13,440) |
| | 7,083 | 341,918 |

***Pension scheme benefits***

The Group's participatory pension arrangements were deemed to be a defined benefit plan in previous years, which was open to all permanent employees who had satisfied certain minimum service requirements. The Trustees and the Sponsor have effected arrangements to allow for the plan to be accounted for as a defined contribution plan as of the 2015 financial year. Accordingly, these financial statements reflect the conversion of the plan assets and obligations to reflect such accounting.

The amount recognised in the balance sheet was determined as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Fair value of plan assets | - | 699,909 |
| Present value of obligations | - | (723,021) |
| | - | (23,112) |

## 24. Post-Employment Benefits (Continued)

***Pension scheme benefits (continued)***

The movement in the fair value of plan assets during the year was as follows:

| | The Group & The Authority | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| At beginning of year | 699,909 | 644,880 |
| Interest Income | - | 81,997 |
| Re-measurement of the plan assets | | |
| Return on plan assets, excluding amounts included in interest income | - | (7,759) |
| Employer contributions | - | 10,431 |
| Employee contributions | - | 15,894 |
| Value of purchased annuities | (225,524) | - |
| Settlement | (474,385) | - |
| Benefits paid | - | (43,253) |
| Administration expenses | - | (2,281) |
| At end of year | - | 699,909 |

The movement in the present value of the defined benefit obligation during the year was as follows:

| | The Group & The Authority | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| At beginning of year | 723,021 | 973,882 |
| Current service cost | - | 25,227 |
| Employee's contributions | - | 15,894 |
| Interest cost | - | 114,388 |
| Value of purchased annuities | (225,524) | - |
| Benefits paid | - | (43,253) |
| Curtailment | (497,497) | - |
| Re-measurements - | | |
| Experience gains | - | (47,736) |
| Loss from change in demographic assumptions | - | - |
| Gain from change in financial assumptions | - | (315,381) |
| At end of year | - | 723,021 |

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## 24. Post-Employment Benefits (Continued)

***Pension scheme benefits (continued)***

The amounts recognised in arriving at profit or loss were as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Current service cost, net of employee contributions | - | (25,227) |
| Interest cost | - | (114,388) |
| Interest Income on plan assets | - | 81,997 |
| Net curtailment and settlement | 23,113 | - |
| Administration expenses | - | (2,281) |
| | 23,113 | (59,899) |

Component of other comprehensive income (OCI) are as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Re-measurement gain on obligation | - | (363,117) |
| Re-measurement gain on plan assets | - | 7,759 |
| Components of defined benefit cost recorded in OCI | - | (355,358) |

The actual return on plan assets was $71,657,000) for 2014.

The distribution of the obligations was as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| At start of year | 23,113 | 329,002 |
| Pension expense | (23,113) | 59,899 |
| Re-measurements in OCI | - | (355,358) |
| Employer's contributions | - | (10,430) |
| At end of year | - | 23,113 |

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## 24. Post-Employment Benefits (Continued)

***Pension scheme benefits (continued)***

The distribution of plan assets was as follows:

| | The Group & The Authority | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | $'000 | % | $'000 | % |
| Fixed Income Fund | - | - | 461,174 | 66 |
| Real Estate Fund | - | - | 69,506 | 10 |
| Equity Fund | - | - | 169,229 | 24 |
| | - | | 699,909 | |

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. The Fixed Income Fund, the Real Estate Fund and the Equity Fund are administered by Prime Asset Management Limited. Expected yield on the Funds reflect the long-term real rates of return on portfolio.

The five-year trend for the fair value of plan assets, the defined benefit obligation, the surplus in the plan, and experience adjustments for plan assets and liabilities is as follows:

| | The Group & The Authority | | | | |
|---|---|---|---|---|---|
| | 2015<br>$'000 | 2014<br>$'000 | 2013<br>$'000 | 2012<br>$'000 | 2011<br>$'000 |
| Fair value of plan assets | - | 699,909 | 644,880 | 597,416 | 648,117 |
| Defined benefit obligation | - | (723,021) | (973,882) | (845,642) | (794,537) |
| Deficit | - | (23,112) | (329,002) | (248,226) | (146,420) |
| | | | | | |
| Experience adjustments– gains/(losses) | | | | | |
| Fair value of plan assets | - | 7,759 | 1,166 | 35,044 | 13,702 |
| Defined benefit obligation | - | (47,736) | (56,611) | 22,181 | (16,675) |

**24. Post-Employment Benefits (Continued)**

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

| | The Group & The Authority | | |
|---|---|---|---|
| | 2014 | | |
| | Impact on Post-employment obligations | | |
| | Change in Assumption | Increase in Assumption | Decrease in Assumption |
| Discount rate | 1% | (27,843) | 31,650 |
| Future pension increase | 1% | 85,713 | (74,566) |

| | Increase Assumption by One Year $'000 |
|---|---|
| Life expectancy | 5,700 |

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

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

## 24. Post-Employment Benefits (Continued)

***Medical benefits***

In addition to pension benefits, the Group offers retirees medical benefits. Funds are not built up to cover the obligations under the medical benefit scheme. The method of accounting and frequency of valuations are similar to those used for the pension scheme.

The liability recognised in the balance sheet was determined as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| Present value of obligations | 149,693 | 144,894 |

The movement in the present value of the defined benefit obligation during the year was as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| At beginning of year | 144,894 | 120,920 |
| Current service cost | 4,009 | 3,718 |
| Interest cost | 13,522 | 11,949 |
| Re-measurements - | | |
| Experience (gain)/loss | (18,796) | 13,685 |
| Loss from change in demographic assumptions | - | - |
| Loss/(Gain) from change in financial assumptions | 11,713 | (245) |
| Benefits paid | (5,649) | (5,133) |
| At end of year | 149,693 | 144,894 |

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**24. Post-Employment Benefits (Continued)**

The amounts recognised in arriving at profit or loss were as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| Current service cost | 4,009 | 3,718 |
| Interest cost | 13,522 | 11,949 |
| Total included in staff costs (Note 7) | 17,531 | 15,667 |

Component of other comprehensive income (OCI) are as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| Re-measurement loss on obligation/components of defined benefit cost recorded in OCI | (7,083) | 13,440 |

The distribution of the obligations was as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| At start of year | 144,894 | 120,920 |
| Pension expense | 17,531 | 15,667 |
| Re-measurements included in OCI | (7,083) | 13,440 |
| Contributions paid | (5,649) | (5,133) |
| At end of year | 149,693 | 144,894 |

**24. Post-Employment Benefits (Continued)**

***Medical benefits (continued)***

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

| | The Group & The Authority | | |
|---|---|---|---|
| | Impact on Medical benefit obligations | | |
| | **Change in Assumption** | **Increase in Assumption** | **Decrease in Assumption** |
| | | **2015** | |
| Discount rate | 1% | (21,603) | 27,895 |
| Health inflation rate | 1% | 27,703 | (21,833) |
| | | **2014** | |
| Discount rate | 1% | (19,895) | 25,465 |
| Health inflation rate | 1% | 26,985 | (21,163) |

The five-year trend for the defined benefit obligation and experience adjustments is as follows:

| | The Group & The Authority | | | | |
|---|---|---|---|---|---|
| | **2015 $'000** | **2014 $'000** | **2013 $'000** | **2012 $'000** | **2011 $'000** |
| Defined benefit obligation | 149,693 | 144,894 | 120,920 | 99,043 | 133,937 |
| Experience adjustments | (18,796) | 13,685 | (4,410) | (24,839) | 34,051 |

| | **Increase Assumption by One Year** |
|---|---|
| | **$'000** |
| Life expectancy | 5,700 |

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

(expressed in Jamaican dollars unless otherwise indicated)

## 24. Post-Employment Benefits (Continued)

***Medical benefits (continued)***

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

***Principal actuarial assumptions used in valuing post-employment benefits***

The principal actuarial assumptions used in valuing post-employment benefits are as follows:

| | The Group & The Authority | |
|---|---|---|
| | **2015** | **2014** |
| Discount rate | 9.50% | 9.50% |
| Expected return on plan assets | - | 9.50% |
| Future salary increases | - | 5.50% |
| Future pension increases | - | 2.75% |
| Long term inflation rate (CPI) | 6.00% | 5.50% |
| Health Inflation above (CPI) | 1.50% | 1.50% |

The average expected remaining service life of the employees for the medical scheme is 16.2 years (2014 – 16.3 years).

Post-employment mortality for active members and mortality for pensioners and deferred pensioners is based on the 1994 Group Annuity Mortality Tables (GAM 94) (U.S. mortality tables), with no age setback.

## 25. Contingent Liabilities

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

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

# Airports Authority of Jamaica



## 26. Capital Commitments

At 31 March 2015, the Group had authorised capital expenditure amounting to $1,794,449,000 (2014 – $2,787,347,000), of which $341,564,000 (2014 – $530,130,000) has been contracted for.

## 27. Restatement

Certain restatements were made to the Group's and Authority's financial statements for the year ended 31 March 2014 and 31 March 2013 to reflect the following:

(a) Reclassification of withholding tax recoverable against taxation payable of $45 million and $31 million as at 31 March 2014 and 31 March 2013, respectively.

(b) Irrecoverable tax withheld on interest earned of $22m, which should have been written off in 2010, has been adjusted against retained earnings in the earliest period shown, i.e. 31 March 2013.

(c) In the Authority's financial statements, restatement of prior year balances relate to the impact of the reclassification of the current portion of interest in subsidiary of $328 million and $338 million for the year ended 31 March 2014 and 31 March 2013 respectively. This restatement had no impact on the income statement for either year. The restatement does not impact the consolidated results for any of the years presented, as the affected balances eliminate on consolidation.

The table below reflects the effect of the above restatement on the Authority's statement of comprehensive income for the year ended 31 March 2014.

**Consolidated Statement of Financial Position**
**31 March 2014**

| | Previously stated 2014 $'000 | Reclassification of withholding tax recoverable $'000 | Restated 2014 $'000 |
|---|---|---|---|
| Receivables | 1,181,946 | (67,239) | 1,114,707 |
| Taxation payable | 207,045 | (44,949) | 162,096 |
| Current assets | 4,633,250 | (67,239) | 4,566,011 |
| Current liabilities | 901,488 | (44,949) | 856,539 |
| Retained earnings | 5,951,939 | (22,290) | 5,929,649 |

# Airports Authority of Jamaica

Notes to the Financial Statements

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

**27. Restatement (Continued)**

**Consolidated Statement of Financial Position**
**31 March 2013**

| | As previously stated 2013 $'000 | Reclassification of withholding tax recoverable $'000 | Restated 2013 $'000 |
|---|---|---|---|
| Receivables | 1,205,771 | (52,856) | 1,152,915 |
| Taxation payable | 246,621 | (30,566) | 216,055 |
| Current assets | 3,382,990 | (52,856) | 3,330,134 |
| Current liabilities | 963,227 | (30,566) | 932,661 |
| Retained earnings | 5,344,379 | (22,290) | 5,322,089 |

**Authority Statement of Financial Position**
**31 March 2014**

| | As previously stated 2014 $'000 | Restatement of intercompany balances $'000 | Reclassification of withholding tax recoverable $'000 | Restated 2014 $'000 |
|---|---|---|---|---|
| Interest in subsidiary | 15,866,424 | (327,627) | - | 15,538,797 |
| Non-current assets | 18,869,385 | (327,627) | - | 18,541,758 |
| Due from related party | 79,238 | 327,627 | - | 406,865 |
| Receivables | 347,851 | - | (67,239) | 280,612 |
| Taxation payable | 207,045 | - | (44,949) | 162,096 |
| Current assets | 2,682,243 | 327,627 | (67,239) | 2,942,631 |
| Current liabilities | 636,936 | - | (44,949) | 591,987 |
| Net current assets | 2,045,307 | 327,627 | (22,290) | 2,350,644 |
| Retained earnings | 7,891,373 | - | (22,290) | 7,869,083 |

# Airports Authority of Jamaica

Notes to the Financial Statements
**31 March 2015**
(expressed in Jamaican dollars unless otherwise indicated)

**27. Restatement (Continued)**

**Authority Statement of Financial Position**
**31 March 2013**

| | As previously stated 2013 $'000 | Restatement of intercompany balances $'000 | Reclassification of withholding tax recoverable $'000 | Restated 2013 $'000 |
|---|---|---|---|---|
| Interest in subsidiary | 13,591,793 | (338,006) | - | 13,253,787 |
| Non-current assets | 16,866,384 | (338,006) | - | 16,528,378 |
| Due from related party | 23,396 | 338,006 | - | 361,402 |
| Receivables | 247,768 | - | (52,856) | 194,912 |
| Taxation payable | 246,621 | - | (30,566) | 216,055 |
| Current assets | 1,796,427 | 338,006 | (52,856) | 2,081,577 |
| Current liabilities | 688,618 | - | (30,566) | 658,052 |
| Net current assets | 1,107,809 | 338,006 | (22,290) | 1,423,525 |
| Retained earnings | 6,817,681 | - | (22,290) | 6,795,391 |

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Fax: (876) 924-8419
E-mail: aaj@aaj.com.jm
Website: www.airportsauthorityjamaica.aero

**NORMAN MANLEY INTERNATIONAL AIRPORT**
Palisadoes, Kingston
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Fax: (876) 924-8566
Toll Free: 1-888-AIRPORT (247-7678)
E-mail: nmial@aaj.com.jm
Website: www.nmia.aero
Airport Operator:NMIA Airports Limited
(A wholly-owned subsidiary of Airports Authority of Jamaica)

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# AIRPORTS AUTHORITY OF JAMAICA

## THINKING DEVELOPMENT...
## MOVING AHEAD

NMIA AIRPORTS LIMITED
A subsidiary of the Airports Authority of Jamaica

**NORMAN MANLEY INT'L AIRPORT**
KINGSTON
MKJP (KIN)

mbj

**SANGSTER INT'L AIRPORT**
MONTEGO BAY
MKJS (MBJ)

IAN FLEMING
Int'L Airport

**IAN FLEMING INT'L AIRPORT**
BOSCOBEL
MKBS-(OCJ)

### DOMESTIC AERODROMES

**Tinson Pen - MKTP (KTP)**
Commuter airport located in the Capital City, Kingston.

**Ken Jones - MKKJ (POT)**
Located in Portland, east of the island

**Negril - MKNG (NEG)**
Located in the tourist mecca, west end of the island

CELEBRATING 40 YEARS

airports authority of jamaica

1974 - 2014