



**AIRPORTS AUTHORITY  
OF JAMAICA**



# **ANNUAL REPORT**

**FY2020-2021**







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## 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.”



# CORPORATE CORE VALUES

In an atmosphere of honesty, fairness, and integrity, we commit to our core organizational values –Safety & Security, Governance, Integrity, Teamwork, Accountability, Efficiency & Effectiveness, Financial Prudence, Honesty and Environment. These values are detailed below:

## SAFETY AND SECURITY

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

## GOVERNANCE & ACCOUNTABILITY

We will ensure that the airports conform to the agreed standards established by regulatory and statutory bodies and lending agencies and ensure accountability in our management practices.

## INTEGRITY

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

## TEAMWORK

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

## EFFICIENCY & EFFECTIVENESS

We will be efficient and effective in our management practices, ensuring we meet and exceed our objectives at lowest the lowest cost.

## FINANCIAL PRUDENCE

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

## HONESTY

We will encourage honest feedback without repercussion and where healthy debate is highly valued, and staff members are encouraged to take ownership of their failures as well as their successes.

## ENVIRONMENTALLY RESPONSIBLE

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

# ORGANISATIONAL OVERVIEW

The AAJ was established under the Airports Authority Act in 1974 as an independent statutory body to manage and operate both the Sangster International Airport (SIA), Norman Manley International Airport (NMIA). In 1990 the AAJ received the additional operational responsibility for the four domestic aerodromes namely; Tinson Pen in Kingston, Ken Jones in Portland, Boscobel in St Mary, and Negril in Hanover. In 2011 the Boscobel domestic aerodrome was designated an international port of entry and renamed the Ian Fleming International Airport (IFIA).

SIA was privatised by way of a Public-Private Partnership (PPP) process in April 2003 and is now operated by MBJ Airports Limited (MBJ) under a 30-year Concession Agreement with the AAJ. The leading shareholder in MBJ is Grupo Aeroportuario del Pacifico S.A.B. de C.V. (GAP) which is headquartered in Mexico, and the minority shares are owned by the Vantage Airport Group (VAG) of Canada.

NMIA Airports Ltd (NMIAL), a wholly-owned subsidiary of AAJ, was established in September 2003 to operate NMIA under a 30-year Concession Agreement with the AAJ. The AAJ had positioned NMIA to operate as an

autonomous commercial entity and to prepare for its eventual privatization. NMIA was subsequently privatised through a PPP process, and since 2019 October 10 is operated by PAC Kingston Airport Limited (PACKAL), a subsidiary of GAP, under a 25 (+5) year Concession Agreement with the AAJ.

The AAJ is a statutory body and is also governed by, the Public Bodies Management and Accountability Act, 2001 ("PBMA Act"), the Financial Administration and Audit Act 1959 ("FAA Act"), the Corporate Governance Framework for Public Bodies in Jamaica 2011, Revised 2012, along with other applicable laws, regulations, and codes of best business practices. The AAJ continues to oversee the long-term planning and development of the country's airports and acts as owner of the airport assets.

## 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.

### 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.

### SAFETY & SECURITY

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

### REGULATORY & STATUTORY REQUIREMENTS

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

### INTEGRITY

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

### ENVIRONMENT

We will ensure that the airports are committed to sustainable environmental practices that facilitate compliance with

### FINANCIAL MANAGEMENT

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

# BOARD OF DIRECTORS



**Mr. Denton Campbell**  
DEPUTY CHAIRMAN



**Mrs. Fay Hutchinson**  
DEPUTY CHAIRMAN



**Ms. Pauline Bowla**



**Mr. Ian Dear**



**Mr. Canute Sadler**



**Ms. Natalie Mirander**



**Mr. Ricardo Lynch**



**Mr. Clifford Blake**



**Mrs. Epsi Cooper Morgan**

## BOARD OF DIRECTOR'S REPORT



**Mrs. Fay Hutchinson**  
Chairman, Board of Directors  
Airports Authority of Jamaica

The year 2020/21 has been unprecedented due to the emergence of the COVID-19 pandemic which has disrupted many sectors, curtailed people movement, transformed social norms, disrupted businesses and the

global economy. The aviation industry was particularly hit hard, "but tough times don't last, tough people do" as we have continued to navigate an industry that has changed drastically in a short time.

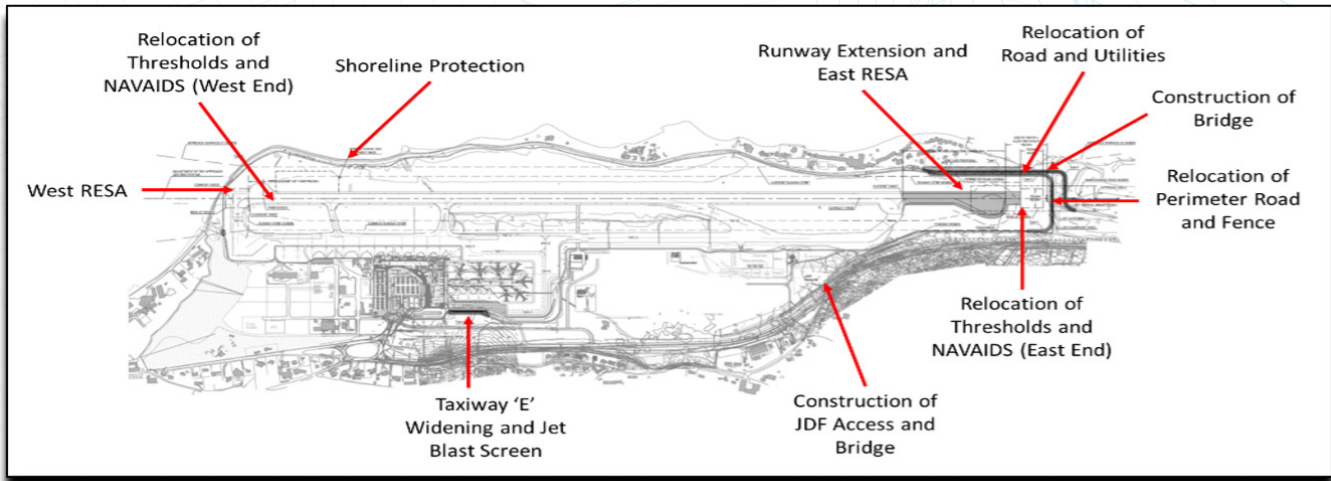
Unfortunately, the most significant impact of the COVID-19 pandemic has been on the people who contract the virus, and therefore the safety and security measures has been the ultimate mandate at the Authority. In this regard the AAJ created a robust Airports COVID-19 Protocols manual to guide and inform stakeholders in the safe use of the facilities. The Government of Jamaica (GOJ) through the Disaster Risk Management Act (DRMA) implemented a raft of measures and travel protocols in order under which the travel and tourism industry had to operate. It was not an easy task but the Management team rose to the occasion and quickly adopted the Jamaica Air Travel COVID-19 protocols to ensure that all measures were adhered to while carrying out the mandate of AAJ.





## AIRPORTS EXPANSION CONTINUE DESPITE DELAYS

While the pandemic persist, there was continued focus on Aviation Vision 2030 hence at NMIA there have been rescheduling of Capital Projects by PACKAL, and at SIA the Runway Extension and Terminal Expansion works continued.



The Departures Area is currently being expanded and upgraded between Gates 7 and 8. The upgrade project includes the expansion of the departures retail area, which will feature increased circulation space, seating and an improved retail experience for passengers. Additionally, the Baggage Makeup Area (BMA) is also being expanded. The scope of work consists of the following activities:

- Renovation of over 4000 square meters of space to create 15 retail units, a large lounge and food court, circulation space and seating areas across the concourse;

- Construction of 2700 square meter of newly built retail space, including a 12-meter-high Rotunda double-height space, with a floor to ceiling curtain wall.

The retail departures area will offer more seating, improved natural lighting, entertainment and exciting retail offerings that will create a memorable experience for passengers to enjoy their last moments in Jamaica.



*Departures Area Expansion*



*Departures Area Construction in progress*

## GROUP FINANCIAL PERFORMANCE

The AAJ entered the pandemic on solid financial footing and was able to record a positive outcome despite the devastating effects on the airports traffic during the reporting period. The AAJ Group operating revenues of \$3.38 billion for year ended 2021 March 31 was 68.4% below the corresponding period last year, which was recorded at \$10.69 billion, and 82.2% above the budgeted amount of \$1.85 billion due to an unexpected uptick in travel versus the budget. The Operating Profits amounted to \$712.61 million, which was 86.9% below the similar period last year that was recorded at \$5.44 billion. The AAJ Group recorded a Net Loss of \$58.80 million which was 107.1% below the budget of \$828.42 million and significantly below the similar period last year due to the reduction in passenger traffic caused by the COVID 19 pandemic.

The Operating Expenses declined by 49.1%, moving from \$5.25 billion in 2019/2020 to \$2.66 billion in 2020/2021, however this was above the budget of \$1.24 billion as a result of the depreciation costs associated with the transfer of NMIAL fixed assets to AAJ.

The AAJ Group made payments of special distribution amounting to \$5.0 billion compared to \$1.05 billion the previous year and paid corporate taxes of \$372.6 million down from \$3.0 billion for the previous year.

CAPEX for the AAJ Group for the reporting period was recorded at \$728.2 million down 21.5% when compared to the similar period last year.

## GROUP FINANCIAL PERFORMANCE

The Group recorded a Net Loss of \$58.8 million compared to a Net Profit of \$3.49 billion in the similar period last year, a reduction of \$3.55 billion. This result was mainly driven by the Net Loss of \$3.9 billion recorded for NMIAL due to the privatization of the airport in 2019 and the lockdown of the airports due to the COVID-19 pandemic.

The Operating Profit also decreased by 86.9% or \$4.73 billion to \$712 million when compared to period ending 31 March 2020. Operating Expenses was recorded at \$2.66 billion, a reduction of \$2.57 billion or 49.1% when compared to the similar period last year due to the closure of both international airport and all aerodromes during the March 2020 to May 2020 COVID-19 period.

See Financial Performance Indicators for FY 2020-21 along with financial projections for FY 2021-22 in the tables below.

**Table 1: Actual and Projected Financial Performance for AAJ Group Consolidated**

Statement of Operations Consolidated	Audited 31-Mar-21 J\$'000	Audited 31-Mar-20 J\$'000	% Change Audited Mar-21 vs Mar-20	Budget 2020-21 J\$'000	% Change Actual Mar-21 vs Budget Mar-21	Budget 2021-22 J\$'000
Operating Revenue	3,381,944	10,693,156	↓ -68.4%	1,856,372	↑ 82.2%	4,724,186
Operating Expenses	(2,669,329)	(5,248,245)	↓ -49.1%	(1,240,065)	↑ 115.3%	(1,376,806)
Operating Profits	712,615	5,444,911	↓ -86.9%	616,306	↑ 15.6%	3,347,380
Other Income/(Expense)	(398,800)	1,057,573	↓ -137.7%	967,638	↓ -141.2%	(4,677,539)
Taxation	(372,623)	(3,005,160)	↓ -87.6%	(755,522)	↓ -50.7%	(761,746)
Net (Loss)/Profit	(58,808)	3,497,324	↓ -101.7%	828,422	↓ -107.1%	(2,091,905)
Capital Expenditure	728,226	927,779	↓ -21.5%	1,529,217	↓ -52.4%	923,663

\*Operational Revenue includes other operating income, and Operating expense includes Administration expenses as detailed in the Audited Financial Statements

## AAJ FINANCIAL PERFORMANCE

The Net Profit performance results for the AAJ was \$3.86 billion, a 4.9% increase over last year due mainly to deferred tax credits. The Operating Profits declined by 45.6% to \$3.27 billion as a result of the impact from the COVID-19 pandemic on the air travel industry. Operating Revenue was recorded at \$5.71 billion, 24.2% below the similar period last year that was recorded at \$7.54 billion. Operating expense increased by 60.4% to \$2.44 billion mainly due to the additional depreciation & amortization costs allocated to the fixed assets transferred from NMIAL.

Capital expenditure of \$420.8 million was above the FY2019/20 amount of \$401.1 million but below the budgeted projection of \$1.52 billion for the reporting period.

The AAJ has projected increased revenues for the next financial year and going forward as the recovery of air travel is expected to return to the pre-COVID-19 (2019) levels by 2024.

**Table 2: Actual and Projected Financial Performance for AAJ**

Key Performance Indicators (KPI's)	Audited 31-Mar-21 J\$'000	Audited 31-Mar-20 J\$'000	% Change Audited Mar-21 vs Mar-20	Budget 2020-21 J\$'000	% Change Actual Mar-21 vs Budget Mar-21	Budget 2021-22 J\$'000
Operating Revenue	5,718,665	7,541,967	↓ -24.2%	1,856,372	↑ 208.1%	5,580,668
Operating Expenses	(2,444,919)	(1,524,238)	↑ 60.4%	(1,214,062)	↑ 101.4%	(1,227,835)
Operating Profits	<b>3,273,746</b>	<b>6,017,729</b>	↓ -45.6%	<b>642,310</b>	↑ 409.7%	<b>4,352,832</b>
Other income/(Expenditure)	959,738	(458,105)		(193,393)		443,783
Taxation	(367,118)	(1,873,068)	↓ -80.4%	(188,285)	↑ 95.0%	(761,746)
Net Profit	<b>3,866,366</b>	<b>3,686,556</b>	↑ 4.9%	<b>260,632</b>	↑ 1383.5%	<b>4,034,869</b>
Capital Expenditure	<b>420,827</b>	<b>401,115</b>	↑ 4.9%	<b>1,529,217</b>	↓ -72.5%	<b>3,423,391</b>

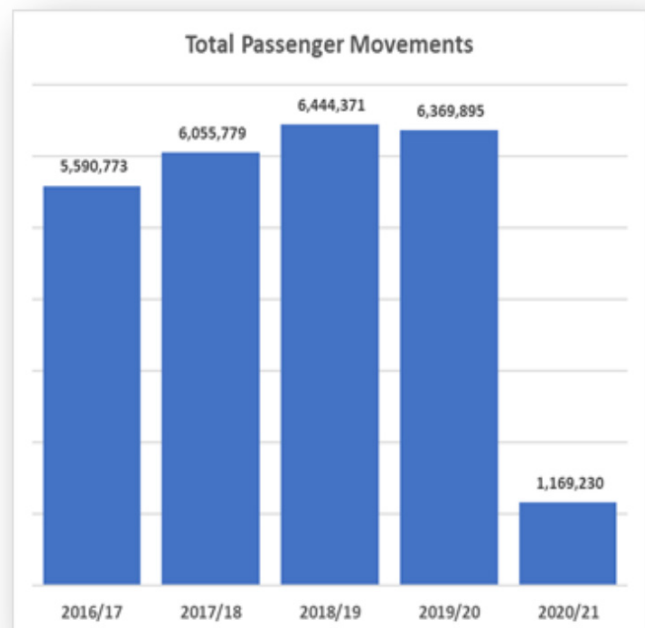
\*Operational Revenue includes other operating income, and Operating expense includes Administration expenses in the Audited Financial Statements

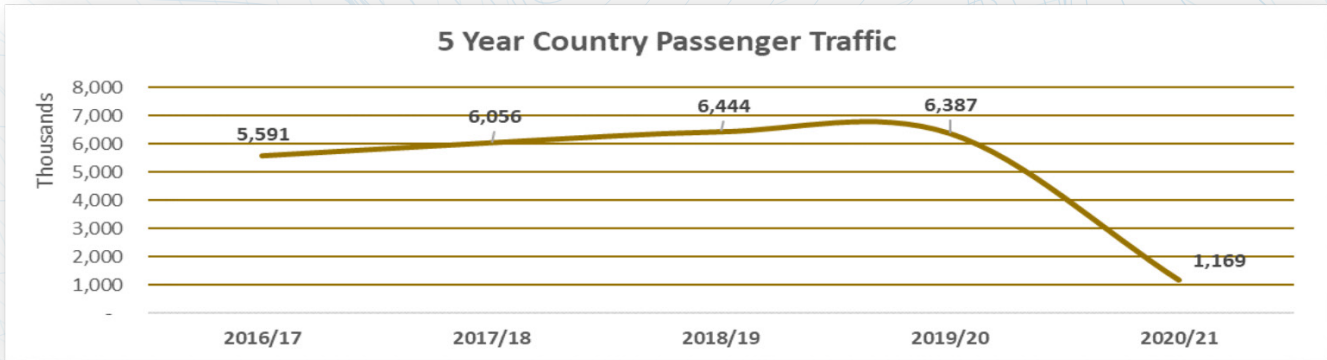
## SUMMARY OF PASSENGER, AIRCRAFT AND FREIGHT MOVEMENTS

### Passenger Traffic Movements

**Country passenger traffic fell by - 81.7% Year over Year (YoY) in March 2021.**

The pandemic intensified across the globe, with emergence of more contagious virus variants and imposition of stricter control measures. Consequently, the fiscal year started from the precipitous fall in passenger traffic which took place in March 2020, bottoming out at its lowest point of the crisis in April 2020. The resulting passenger traffic moved from 6.3 million for fiscal year 2019/20 to 1.2 million in 2020/21 with SIA accounting for approximately 67% of the total passengers and NMIA accounting for 33%.





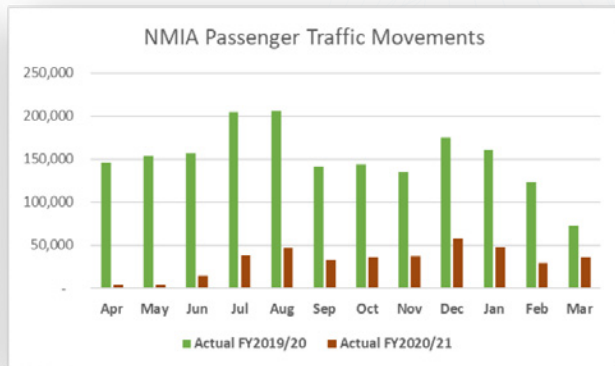
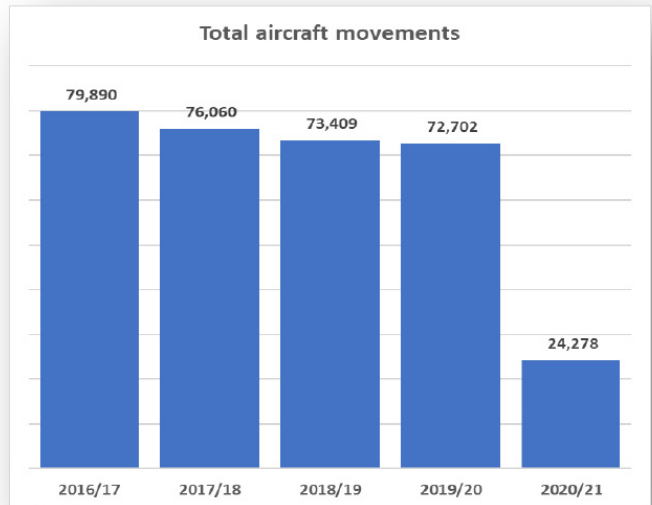
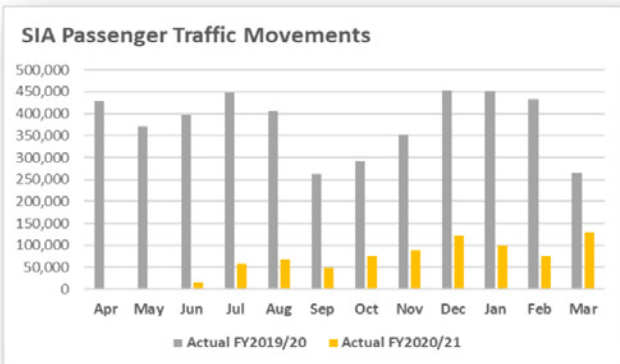
International and tourist passenger traffic at SIA fell by 82.8% with NMIA showing similar declines of 78.8%, recording totals of 781,637 and 386,106 passengers respectively. The passenger movements at IFIA and other Aerodromes fell by 82.0% when compared to the similar period last year moving from 8,272 to 1,487.

**Aircraft Traffic Movements (ATM)**

**Country aircraft traffic numbers fell by - 66.6% YoY.** Aircraft movements fell at both international airports with NMIA recording a 70.2% decline while SIA fell by 65.5% when compared to the previous financial year.

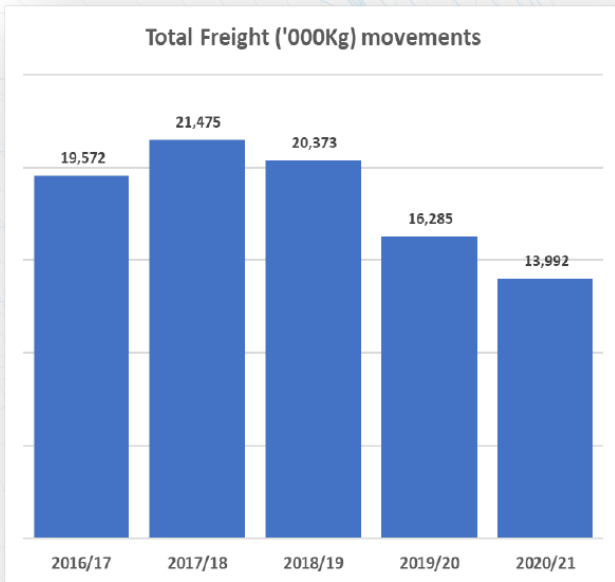
The charts below shows the passenger traffic performance at both International Airports for Financial Year 2020/21 vs 2019/20.

The 5 year historical data shows the pre-COVID numbers indicating the plunged due to the tightened travel restrictions and the closure of global borders.



**Freight (Mail & Cargo) Movement**

Total airfreight (mail & cargo) volumes decreased by - 14.1% in 2020/21. Freight traffic have recorded continuous decline over the past 24 months for the Latin America/ Caribbean region despite positive growth and robust demand for air cargo in Africa and North America regions. Similar to passenger and aircraft traffic movement both SIA and NMIA recorded declines in air cargo movement of 25.5% and 10.4% respectively for the reporting period 2020/21 when compared to the similar period last year.



## DOMESTIC AVIATION

The AAJ continues the upgrading of the Aerodromes in order to fulfil its objective of expanding the general aviation sector. The construction of a new 2,500 square-foot Police Post at IFIA is expected to be completed for handover within seven (7) months.

The Phase 1 Works have been completed and the continuation of the projects under the Master Plan for IFIA is ongoing.

The Airport Protective Services (APS) building and Runway Rehabilitation for the Negril Aerodrome was completed and the building officially opened at the end of February 2021.



*Minister of Transport and Mining Robert Montague (third left) cuts the ribbon to mark the official handing over of the upgraded Negril aerodrome. Looking on (second left) is Member of Parliament for Hanover Western, Tamaka Davis, and officials from the Airports Authority of Jamaica.*

There are plans to rehabilitate and expand other existing aerodromes notably the Vernamfield in Clarendon. We are already seeing the benefits of existing Public Private Partnerships, and will continue to engage private investors as the AAJ continues to own and supervise the development of aviation in Jamaica.

## CORPORATE SOCIAL RESPONSIBILITY

Under the corporate responsibility programme the AAJ decided to spend approximately \$5 million to purchase tablets for students at the start of the year despite the hardships created by the COVID-19 pandemic. This initiative was in response to the Ministry of Education, Youth and Information's "One Tablet or one laptop per child" programme. With the full support of the Minister of Transport & Mining, Robert Montague the distribution of these tablets targeted students in the catchment area where airports or aerodromes are located.

## GOVERNANCE

The AAJ Board has responsibility for the leadership, control and guidance of the AAJ's activities. The Board's roles and functions are set out clearly in the Airports Authority of Jamaica Board Charter and Corporate Governance Guidelines.

During the period under review, the Board had eleven (11) meetings with ten (10) regular monthly meetings and one (1) emergency meeting in September 2020. The Sub-Committees met monthly except for the Audit Committee which meets quarterly, responded to matters within their remit and advised the Board accordingly.

### ■ Board Structure, Composition and Training

The Airports Authority (AA) Act mandates that the Board shall consist of a certain number of Directors, not being less than five (5) nor more than nine (9). The structure of the Board comprises a majority of all non-executive members and is conducive to maintaining an independent and objective decision-making process. As now constituted, the Board has nine (9) Directors. All Board Directors are non-executive, have a good balance

of skills, qualifications and relevant expertise, and also reflect diversity in age, gender and public and private sector experience. (See table 3 below)

During the Financial Year 2020/21 the Ministry of Transport and Mining offered a seminar on Effective Corporate Governance on 2021 March 04. The training sought to update chairpersons, Board Members and Heads of Agencies, on requirements and responsibilities as per applicable Government Legislation, Policies and Procedures. Members of the Board were encouraged to participate.

Effective 2020 November 23, by way of a **Cabinet Decision No. 52/20** the composition of the Board was amended with the appointment of Messrs Clifford Blake, Ricardo Lynch, Canute Sadler, Ian Dear and Ms. Natalie Mirander as Directors. We wish to thank former Chairman Hon. William Shagoury and Directors Donahue Martin Jr, Dudley Beek, Tanya Bedward and Leroy Lindsay, whose tenure with the Board ended effective 2020 November 22, for their guidance and sterling contribution to the meetings of the Board during their association with AAJ.

**Table 3: AAJ Board - Expertise and Length of service**

NAME	AREAS OF EXPERTISE										LENGTH OF SERVICE (Yrs approx.)
	ENTREPRENEURSHIP	GENERAL MANAGEMENT	FINANCE & AUDIT	STRATEGIC MANAGEMENT	HUMAN RESOURCE	LAW	RISK MANAGEMENT	AIRPORT PROFESSIONAL	AERONAUTICS	CORPORATE GOVERNANCE	
*Hon William Shagoury	✓	✓								✓	13
Mrs Fay Hutchinson		✓			✓				✓	✓	5
Mr Denton Campbell			✓	✓				✓		✓	5
*Mr Leroy Lindsay								✓	✓	✓	5
*Ms Tanya Bedward				✓			✓			✓	4
*Mr Donahue Martin Jr	✓									✓	1.5
Ms Epsi Cooper Morgan	✓									✓	3
Mrs Pauline Bowla	✓	✓								✓	1.5
*Mr Dudley Beek	✓	✓								✓	2
**Ms Natalie Mirander		✓			✓					✓	4 mths
**Mr Canute Sadler	✓	✓	✓							✓	4 mths
**Mr Clifford Blake				✓			✓			✓	4 mths
**Mr Ricardo Lynch							✓		✓	✓	4 mths
**Mr Ian Dear	✓			✓			✓			✓	4 mths

## ■ Board Processes

The Board's operation continued to be reviewed from time to time to keep abreast of regulatory changes and best corporate governance practices. Agendas and papers were sent to Members at least three (3) clear days before a meeting (excluding the date of dispatch and the date of meeting) and the Board received reports from Chairmen of Board Committees, as well as relevant AAJ executives as required, at each meeting.

## ■ Board Evaluation

The AAJ Board members remained very committed and in deliberations concerning the policy-driven, strategic activities of the organization, as well as the key performance drivers. Regrettably, a formal evaluation of the Board's performance was not conducted during the period.

## ■ Board Committees

Board Committees continue to be in place to consider matters on specialized areas as well as to provide direction on specific strategic initiatives and to effectively execute and strengthen the Board's governance functions. Each Committee is guided by a Terms of Reference, Procedures, Responsibilities and Powers. The members of the Board Committees are chosen by the Chairman of the Board. The Board Committees have the responsibility to review those proposals submitted by the Management of the AAJ and to make recommendations to the Board for action.

There are five (5) main Board Committees. These are; Audit & Risk, Finance, Human Resource & Corporate Governance, Projects & Procurement, and Operations & Business Development.

A special committee was established to consider the MBJ/PACKAL Concession Agreement Rebalancing Proposals.

### **AUDIT & RISK COMMITTEE**

#### *The Members are:*

Mr. Canute Sadler  
Mr. Ricardo Lynch  
Mrs. Fay Hutchinson-Chairman  
Mr. Clifford Blake

The Committee's role includes advising the Board on the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of AAJ. It also

reviews the practices and procedures which will promote productivity as well as the extent to which the objects of the AAJ are being achieved.

### **FINANCE COMMITTEE**

#### *The Members are:*

Mr. Ian Dear - Chairman  
Ms. Natalie Mirander  
Mr. Denton Campbell  
Mrs. Epsi Cooper-Morgan

The Committee functions include: Reviewing of the financial report for the previous month; Reviewing the annual Budget for recommendation to the Board; Reviewing short and long term capital proposals for alignment to the AAJ's strategic vision; and Reviewing and approving the write off of accounts receivable in accordance with the Ministry of Finance and the Public Service.

### **HUMAN RESOURCE & CORPORATE GOVERNANCE COMMITTEE**

#### *The Members are:*

Mrs. Fay Hutchinson-Chairman  
Ms. Natalie Mirander  
Ms. Pauline Bowla  
Mrs. Epsi Cooper-Morgan

The Committee's functions include: Ensuring that the AAJ has up-to-date policies and procedures which govern its employment practices and are in accordance with the guidelines of the Ministry of Finance and the Public Service, and are in compliance with the Jamaica Labour Relations and Industrial Disputes Act, and other relevant legislation, code, laws and regulations.

### **PROJECTS & PROCUREMENT COMMITTEE**

#### *The Members are:*

Mr. Denton Campbell-Chairman  
Mr. Ian Dear  
Mr. Ricardo Lynch  
Ms. Fay Hutchinson

The Committee functions include: The provision of technical and financial consideration, review, evaluation and where appropriate, the recommendation for approval of contracts that exceed the Head of Entity threshold values for direct contracting arrangements or competitive tender; The development of policies, systems, equipment and programmes that relate to

airport safety planning, design, construction, operation and maintenance; and Reviewing Management's proposals/recommendations for construction contracts and developmental undertakings.

## **OPERATIONS & BUSINESS DEVELOPMENT COMMITTEE**

### *The Members are:*

Mr. Denton Campbell-Chairman  
Mr. Ricardo Lynch  
Mr. Canute Sadler  
Mr. Clifford Blake

The Operations & Business Development Committee functions include: Monitoring the effective and efficient execution of safety and security operations at the airports and aerodromes. Evaluating the traffic growth strategies (passenger, cargo and aircraft movement) of the airport and provide recommendations for Board consideration/approval; and Reviewing the AAJ'S policies and programmes regarding the facilitation of efficient, effective and profitable commercial operations.

**FAY HUTCHINSON**  
Chair, Board of Directors  
Airports Authority of Jamaica

## **CLOSING STATEMENT**

The Board would like to use this opportunity to thank the President and his team at the Authority for their dedication and significant contribution shown during this time. I must express appreciation to the Minister of Transport and Works, the Honourable Robert Montague for his unwavering support in ensuring that the vision of the Authority was vigorously pursued amidst the challenges that faced the industry.

With the current mandate, vision and the hard-working team coupled with the continuous support of the Minister, I am confident that when the pandemic is brought under control, air traffic will rebound as there is huge pent-up demand for air travel especially to the beautiful Island of Jamaica.

Looking further ahead, we are transforming Jamaica's aviation into world-class, a visionary development which will make an even more significant contribution to Jamaica's prosperity.





# EXECUTIVE TEAM



**Mr. Audley Deidrick**  
PRESIDENT



**Ms. Verona Vacianna**  
GENERAL COUNSEL



**Mr. Richard Gibbs**  
Actg. DIRECTOR, COMMERCIAL  
DEVELOPMENT & PLANNING



**Mr. Horace Bryson**  
SNR. DIRECTOR ENGINEERING,  
MAINTENANCE & PROJECTS



# PRESIDENT'S MESSAGE



## **Audley Deidrick**

President, Airports Authority of Jamaica (AAJ) &  
CEO NMIA Airports Limited (NMIAL)

### **GENERAL**

*"While we have experienced unprecedented times, it has also opened doors for opportunities to explore new frontiers in our pursuit for excellence and passenger facilitation as we recover from the devastating impact of COVID-19"*

As we reflect on the tremendous progress our aviation industry has made over the years, with the help of our valued stakeholders and dedicated employees, I stand in awe at the feat that we have accomplished during the past year under the COVID-19 pandemic. The financial year 2020/21 was indeed a turbulent one for the aviation industry. We began the year after the closure of Jamaica's borders to incoming international passenger traffic on March 25, 2020 under the Disaster Risk Management (Enforcement Order) Act as part of the response to the global pandemic. We were not alone in this as other countries had similarly begun to implementing various restrictions on travel and personal movements. The borders were reopened on June 15, 2020 under controlled entry protocols, hence our aviation traffic suffered just under three months of no flow, followed by a very slow growth for the ensuing months of the year.

In light of the COVID-19 pandemic that swept through our world, indiscriminately reshuffling our hitherto secure ways of life, it reminds us that the most valuable resource we have is each other. The resilience and motivation of the aviation industry was put to the test and the response was truly amazing. Despite the presence of the pandemic the AAJ continued the implementation of the airports capital programmes with support from the Transport and Mining Minister, Most Honorable Robert Montague. All aerodrome and IFIA benefited from this programme to include:

- The establishment of pilot lounges at the Tinson Pen aerodrome in Kingston, Ken Jones aerodrome in Portland, and Ian Fleming aerodrome in St. Mary,
- A fire truck was purchased for the Tinson Pen aerodrome.
- The Negril Aerodrome 660 metre runway was resurfaced.
- The building of a fire station at the Negril aerodrome on 1,000 square feet of space, containing all the necessary facilities.

As we prepare our airports for the recovery of passenger traffic to exceed 2019 level by 2025, we are ready to provide the requisite services needed to operate our airports in during the ongoing impact of the pandemic.

In light of this further development will be carried out in the form of:

- The investment of US\$100 million to upgrade NMIA by PAC Kingston Airports Limited.
- The continuation of the terminal expansion programme at SIA by MJB Airports Limited amounting to US\$112 million over 5 years to 2024, and the runway extension programme of US\$70 to be completed by 2022.
- The adjustments to the IFIA infrastructure to accommodate scheduled international service up to Code C aircraft (limited range).
- The rehabilitation of the Vernamfield aerodrome (Clarendon) firstly for domestic operation, and ultimately to develop a Code 4D airport to facilitate aviation activities such as a maintenance and repair organization (MRO), and a major cargo logistics transshipment facility.

## FINANCIAL AND OPERATIONAL PERFORMANCE

The Aviation Industry has been one of the worst-hit sectors due to the COVID-19 pandemic that diminished passenger traffic and by extension revenues, at both airports. The recovery process remains slow with expectation of recovery to the 2019 level by 2025 once the global vaccination programmes are successful.

The AAJ Group Net Loss of \$58.80 million was significantly below the recorded amount of \$3.39 billion over the similar period last year, directly resulting from the negative impact of the COVID-19 pandemic. The AAJ Group Operating Profit also fell by 86.9% to \$712.6 million when compared to the \$5.44 billion recorded for the prior year.

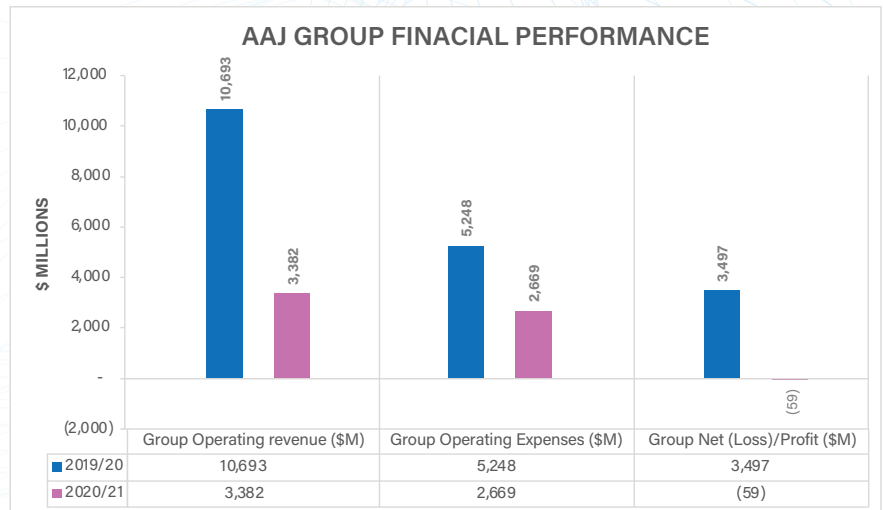
The AAJ Group Operating expenses decreased by \$2.58 billion (49.1%) when compared to the previous year due to the closure of the airports during the height of pandemic.



The 2020/21 financial year revenue performance was also negatively impacted by the loss of Additional Concession Fees (ACF) payable by MBJ Airports Limited which had significantly increased the AAJ Group's bottom line over the previous years.

The fall off in passenger movement at both international airport has been unprecedented with the Sangster International Airport and Norman Manley International Airport recording declines in passenger movements of 82.9% and 78.8% respectively for the reporting period

ending March 31, 2021 when compared to the previous year. Despite these challenges the airports continue to prepare for the recovery with positive signs since the rollout of vaccines.



## CLOSING REMARKS

While we have experienced unprecedented times due to the COVID-19 pandemic, we have been proactive in our response to enable the airports to resume operation when the borders were reopened in June 2020. The airports joined with the tourism and other sectors to develop robust COVID-19 protocols to facilitate the safe handling of passengers and other users.

Our workforce responded as well with the discipline and tenacity which was required to navigate and function effectively during the crisis, while still going through a major organizational transition arising from the transfer of NMIA operation to PACKAL.

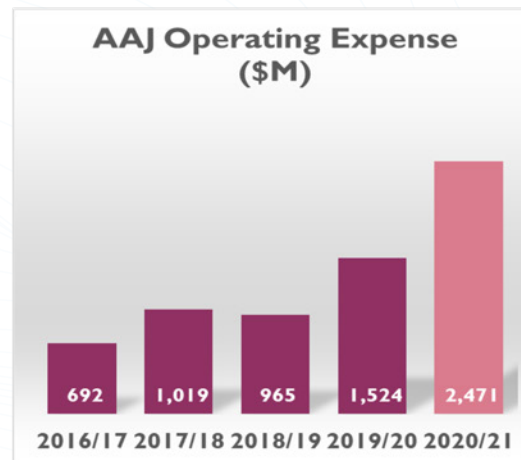
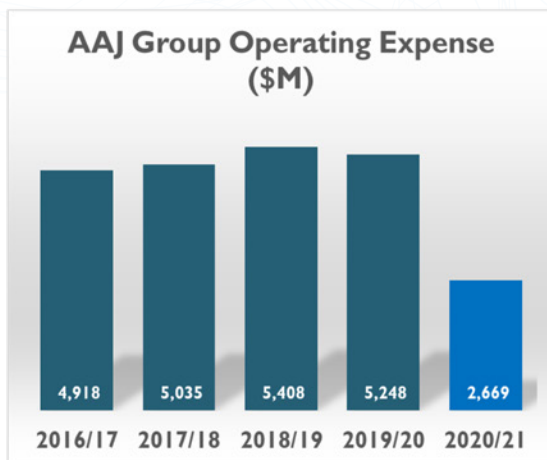
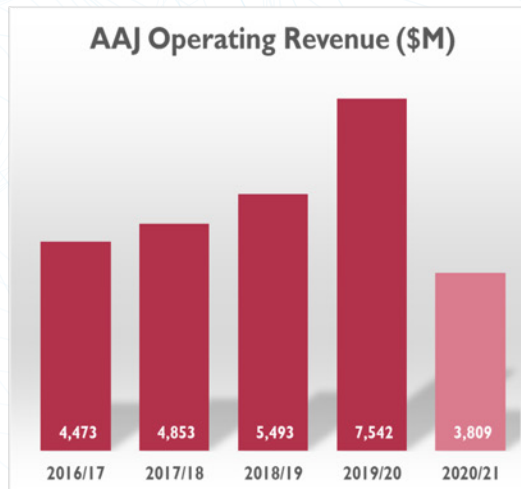
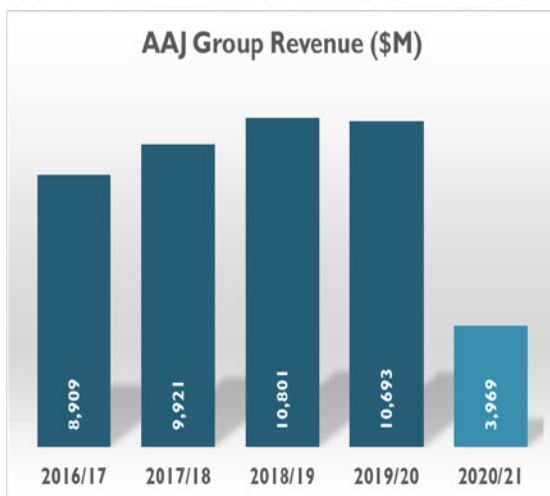
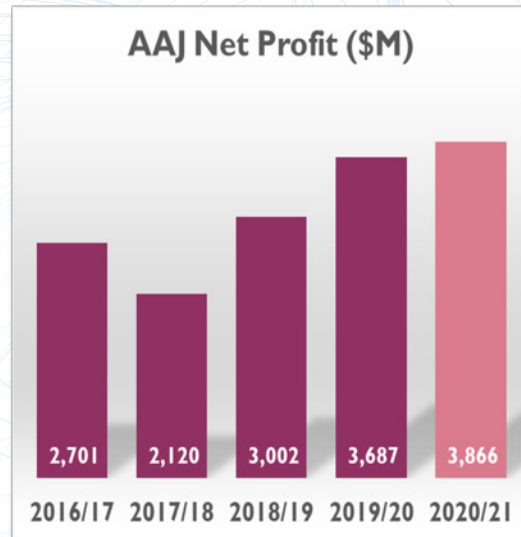
I must specially thank my executive team for their commitment and extensive efforts to keep the many new variables on the operating environment functioning.

Finally, I thank the Minister and Permanent Secretary of the Ministry, as well as the Boards of AAJ and NMIAL for their guidance, facilitation, and support throughout this most challenging year.

**Audley Deidrick**  
PRESIDENT, AAJ

**FINANCIAL HIGHLIGHTS**  
**SUMMARY OF KEY PERFORMANCE INDICATORS**  
**2020/21 Performance Highlights**  
*Five-Year Financial Review*

## FINANCIAL HIGHLIGHTS

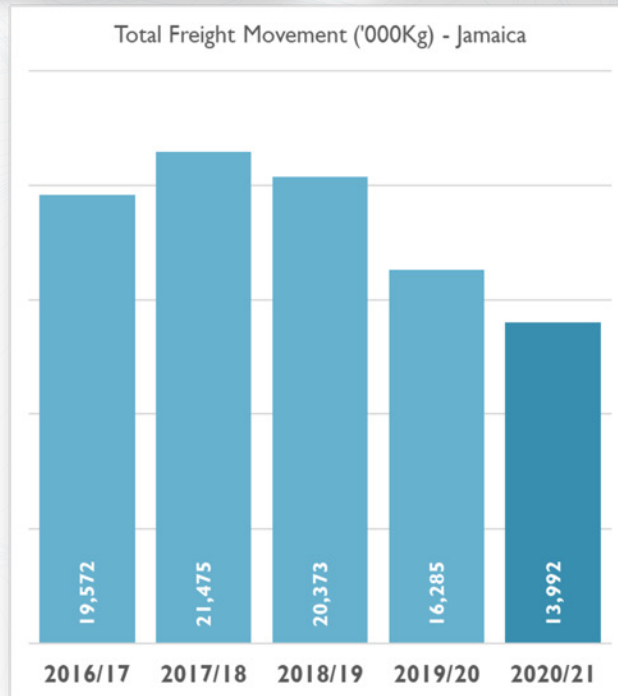
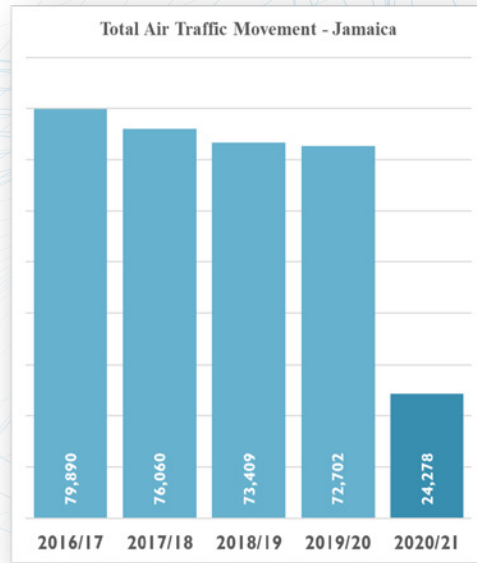
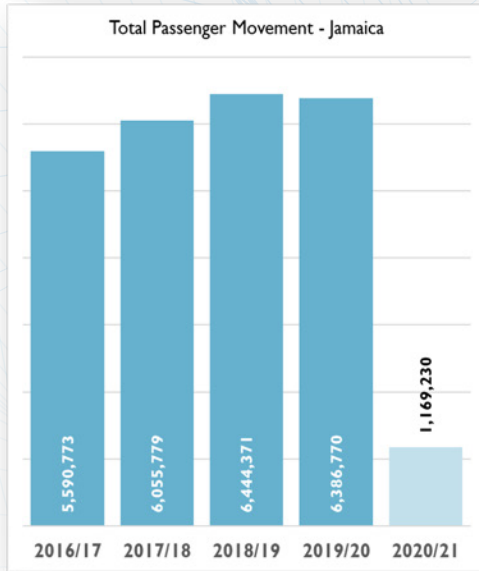


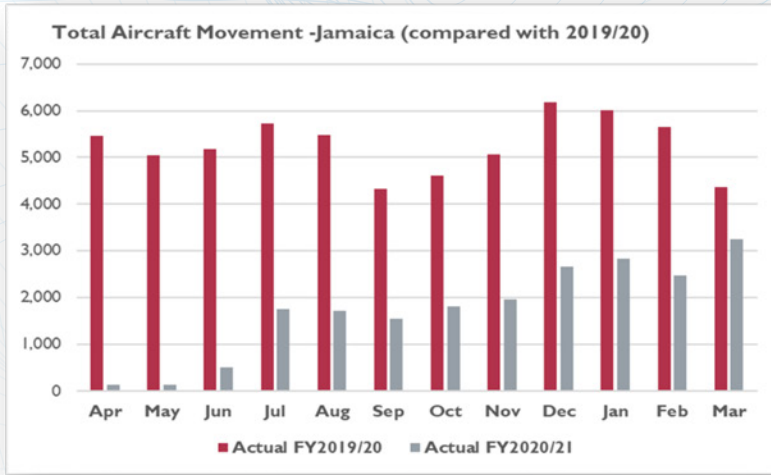
**GROUP FINANCIAL HIGHLIGHTS**
**FINANCIAL INDICATORS**

Jamaican Dollars in '000	2020/21	2019/20	2018/19	2017/18	2016/17
	(000)	(000)	(000)	(000)	(000)
Total Assets	28,168,998	33,300,121	29,396,876	29,319,634	29,187,314
Net Current Assets	4,582,893	9,842,156	8,025,190	8,777,011	9,548,760
Deposits & Cash Balance	10,068,584	13,341,059	9,053,374	8,742,056	8,894,175
Capital Expenditure	728,226	927,779	1,353,735	820,196	704,837
<b>PROFIT AND LOSS ACCOUNT</b>	<b>(‘000)</b>	<b>(‘000)</b>	<b>(‘000)</b>	<b>(‘000)</b>	<b>(‘000)</b>
<b>Total Revenue</b>	<b>3,381,944</b>	<b>10,693,156</b>	<b>10,800,816</b>	<b>9,920,816</b>	<b>8,908,972</b>
% Increase/(Decrease) over prior year	(68.4%)	(1.0%)	8.9%	11.4%	20.8%
<b>Direct Expenses</b>	<b>(2,669,329)</b>	<b>(5,248,245)</b>	<b>(5,407,684)</b>	<b>(5,034,950)</b>	<b>(4,918,045)</b>
% Increase/(Decrease) over prior year	(49.1%)	(2.9%)	7.4%	2.4%	27.2%
<b>Other Income/Expense</b>	<b>(398,800)</b>	<b>1,057,573</b>	<b>(69,931)</b>	<b>(497,736)</b>	<b>238,050</b>
% Increase/(Decrease) over prior year	(137.7%)	(1612.3%)	(86.0%)	(309.1%)	(168.6%)
<b>Net Profit before Taxation</b>	<b>313,815</b>	<b>6,502,484</b>	<b>5,323,201</b>	<b>4,388,130</b>	<b>4,228,977</b>
% Increase/(Decrease) over prior year	(95.2%)	22.2%	21.3%	3.8%	33.6%
<b>Taxes</b>	<b>(372,623)</b>	<b>(3,005,160)</b>	<b>(1,084,672)</b>	<b>(839,641)</b>	<b>(867,647)</b>
% Increase/(Decrease) over prior year	(87.6%)	177.1%	29.2%	(3.2%)	(413.5%)
<b>Net (Loss)/ Profit</b>	<b>(58,808)</b>	<b>3,497,324</b>	<b>4,238,529</b>	<b>3,548,489</b>	<b>3,361,330</b>
% Increase/(Decrease) over prior year	(101.7%)	(17.5%)	19.4%	5.6%	(2.3%)

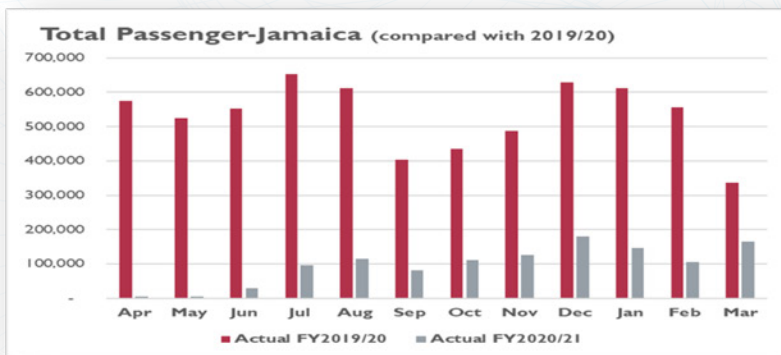
**AIRPORTS AUTHORITY OF JAMAICA**
**FINANCIAL INDICATORS**

Jamaican Dollars in '000	2020/21	2019/20	2018/19	2017/18	2016/17
	(000)	(000)	(000)	(000)	(000)
Total Assets	32,123,148	35,401,841	26,865,678	27,858,743	28,522,354
Net Current (Liabilities)/Assets	(9,468,379)	(7,060,673)	4,454,096	4,159,876	4,261,427
Deposit & Cash Balance	6,799,583	8,691,597	4,352,010	4,540,577	4,315,935
Capital Expenditure	340,854	401,115	509,828	219,825	38,663
<b>PROFIT AND LOSS ACCOUNT</b>	<b>(‘000)</b>	<b>(‘000)</b>	<b>(‘000)</b>	<b>(‘000)</b>	<b>(‘000)</b>
<b>Total Revenue</b>	<b>5,718,665</b>	<b>7,541,967</b>	<b>5,492,884</b>	<b>4,853,223</b>	<b>4,473,038</b>
% Increase/(Decrease) over prior year	(24.2%)	37.3%	13.2%	8.5%	45.4%
<b>Direct Expenses</b>	<b>(2,444,919)</b>	<b>(1,524,238)</b>	<b>(965,132)</b>	<b>(1,018,859)</b>	<b>(692,124)</b>
% Increase/(Decrease) over prior year	60.4%	57.9%	(5.3%)	47.2%	14.1%
<b>Other Income/(Expense)</b>	<b>959,738</b>	<b>(458,105)</b>	<b>(536,652)</b>	<b>(950,597)</b>	<b>(219,280)</b>
% Increase/(Decrease) over prior year	(309.5%)	(14.6%)	(43.5%)	333.5%	(38.2%)
<b>Net Profit before Taxation</b>	<b>4,233,484</b>	<b>5,559,624</b>	<b>3,991,100</b>	<b>2,883,767</b>	<b>3,561,634</b>
% Increase/(Decrease) over prior year	(23.9%)	39.3%	38.4%	(19.0%)	68.3%
<b>Taxes</b>	<b>(367,118)</b>	<b>(1,873,068)</b>	<b>(989,354)</b>	<b>(764,079)</b>	<b>(860,294)</b>
% Increase/(Decrease) over prior year	(80.4%)	89.3%	29.5%	(11.2%)	40.0%
<b>Net Profit</b>	<b>3,866,366</b>	<b>3,686,556</b>	<b>3,001,746</b>	<b>2,119,688</b>	<b>2,701,340</b>
% Increase/(Decrease) over prior year	4.9%	22.8%	41.6%	(21.5%)	79.9%

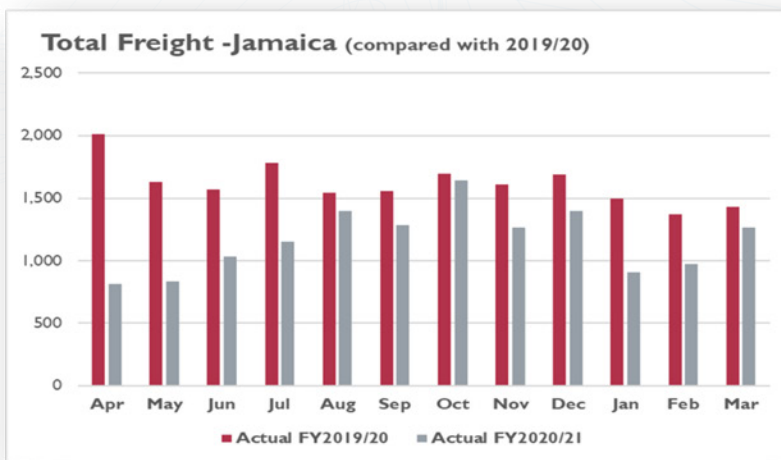




**Total Aircraft Movement**  
**24,278**  
↓ **-67.10%**



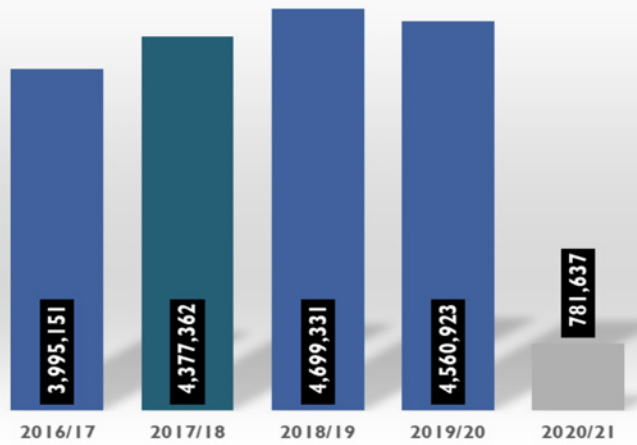
**Total Pax**  
**1.2M**  
↓ **-81.70%**



**Total Freight ('000)**  
**13,992**  
↓ **-27.90%**

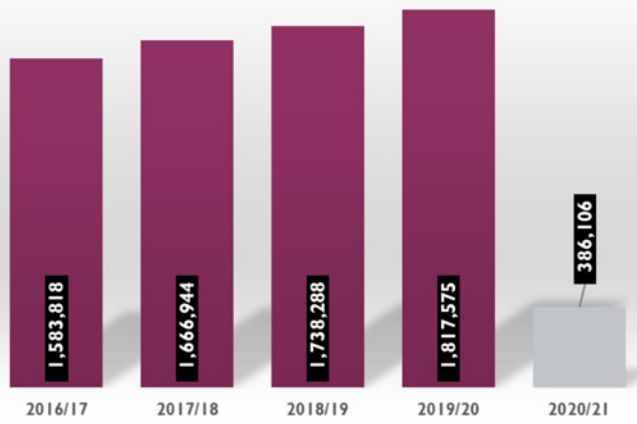


**Total Passenger - SIA**

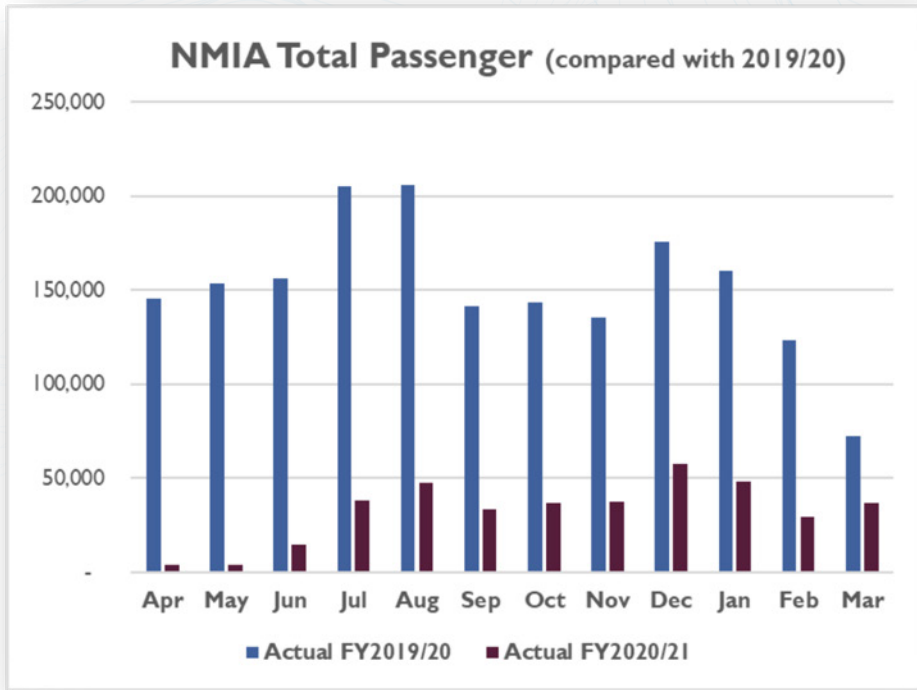
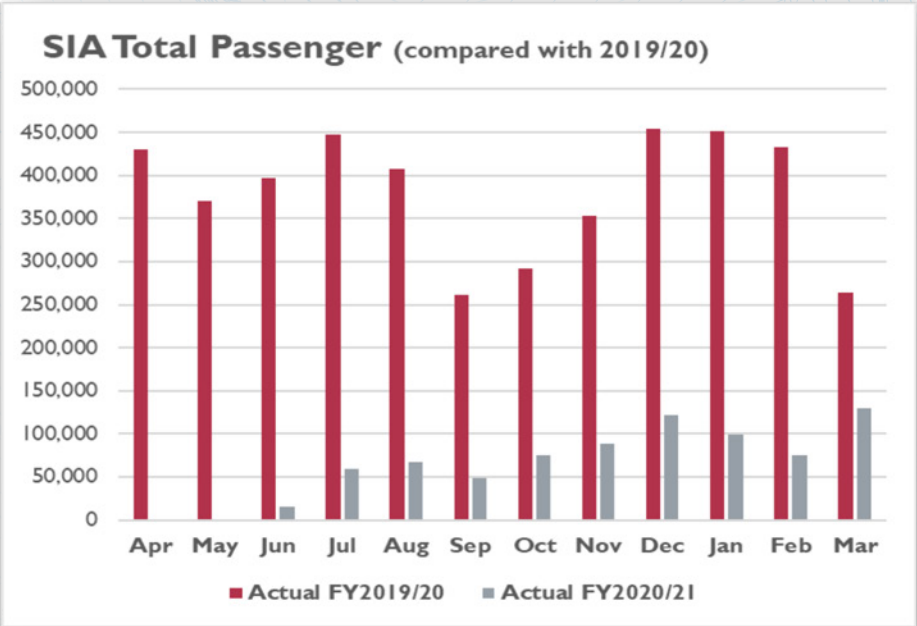


**Total  
Passenger -  
SIA**  
781,637  
↓ -82.9%

**Total Passengers - NMIA**



**Total  
Passenger -  
NMIA**  
386,106  
↓ -78.8%

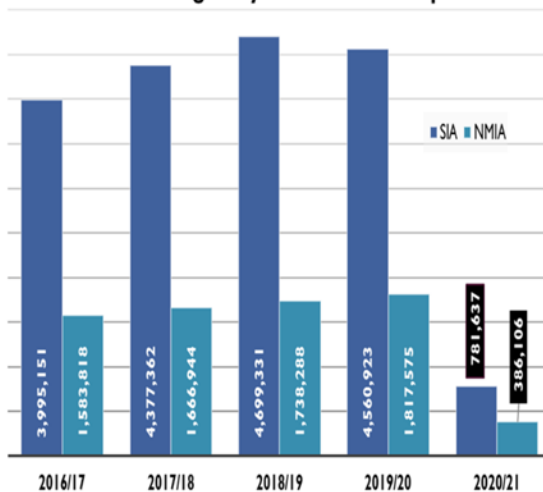


## STATISTICAL HIGHLIGHTS

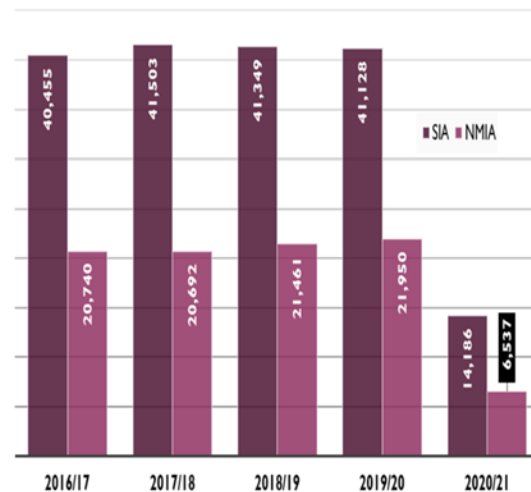
### INDUSTRY INDICATORS

	2020/21	2019/20	2018/19	2017/18	2016/17
<b>Passenger Movements by Airport</b>					
<b>Sangster International Airport</b>	<b>781,637</b>	<b>4,560,923</b>	<b>4,699,331</b>	<b>4,377,362</b>	<b>3,995,151</b>
% Increase/(Decrease) over prior year	-82.86%	-2.95%	7.36%	9.57%	3.29%
<b>Norman Manley International Airport</b>	<b>386,106</b>	<b>1,817,575</b>	<b>1,738,288</b>	<b>1,666,944</b>	<b>1,583,818</b>
% Increase/(Decrease) over prior year	-78.76%	4.56%	4.28%	5.25%	1.92%
<b>IFIA + Aerodromes</b>	<b>1,487</b>	<b>8,272</b>	<b>6,752</b>	<b>9,959</b>	<b>10,354</b>
% Increase/(Decrease) over prior year	-82.02%	22.51%	-32.20%	-3.81%	-15.10%
<b>Aircraft Movements by Airport</b>					
<b>Sangster International Airport</b>	<b>14,186</b>	<b>41,128</b>	<b>41,349</b>	<b>41,503</b>	<b>40,455</b>
% Increase/(Decrease) over prior year	-65.51%	-0.53%	-0.37%	2.59%	-3.35%
<b>Norman Manley International Airport</b>	<b>6,537</b>	<b>21,950</b>	<b>21,461</b>	<b>20,692</b>	<b>20,740</b>
% Increase/(Decrease) over prior year	-70.22%	2.28%	3.72%	-0.23%	-1.39%
<b>IFIA + Aerodromes</b>	<b>3,555</b>	<b>9,624</b>	<b>10,599</b>	<b>12,725</b>	<b>17,249</b>
% Increase/(Decrease) over prior year	-63.06%	-9.20%	-16.71%	-26.23%	-19.24%
<b>Freight &amp; Cargo Movements by Airport</b>					
		<b>(000Kg)</b>	<b>(000Kg)</b>	<b>(000Kg)</b>	<b>(000Kg)</b>
<b>Sangster International Airport</b>	<b>2,985</b>	<b>4,008</b>	<b>7,374</b>	<b>7,107</b>	<b>7,083</b>
% Increase/(Decrease) over prior year	-25.51%	-45.65%	3.76%	0.34%	12.57%
<b>Norman Manley International Airport</b>	<b>11,006</b>	<b>12,277</b>	<b>12,998</b>	<b>14,365</b>	<b>12,486</b>
% Increase/(Decrease) over prior year	-10.35%	-5.55%	-9.52%	15.05%	-1.15%
<b>IFIA + Aerodromes</b>	<b>1.00</b>	<b>0.89</b>	<b>1.10</b>	<b>2.35</b>	<b>2.93</b>
% Increase/(Decrease) over prior year	12.36%	-18.72%	-53.44%	-19.70%	22.81%

**Total Passengers by International Airport**



**Total Aircraft Movements by International Airport**





# SANGSTER INTERNATIONAL AIRPORT (SIA)



**Caribbean's Leading Airport**

Sangster International Airport (SIA) was named Caribbean's Leading Airport for the 14th time and 13th Consecutive Year at World Travel Awards 2020. SIA was also listed among the top 10 Best Airports in the World and was the first airport in the Caribbean to achieve ACI Airport Health Accreditation.



**Airports Council International - Latin America ...**

3,513 followers

1h • @

Congratulations to Sangster International Airport, First airport in the Caribbean to achieve the ACI Airport Health Accreditation. The AHA programme supports... see more



**Condé Nast  
Traveler**

READER'S CHOICE  
AWARDS 2020

**TOP 5**

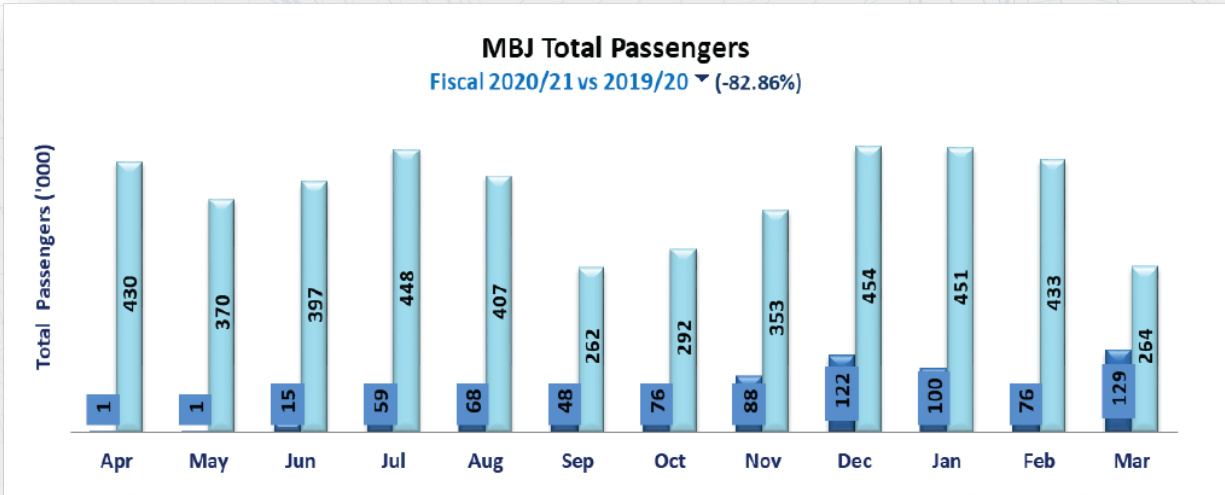
THE BEST  
AIRPORTS IN  
THE WORLD

## Commercial, Business Development & Marketing

### 1.1 Passenger, Aircraft Movement & Cargo

In a year characterized by turbulence and unparalleled challenges for global tourism and world economies, MBJ's Total Passenger traffic performance for fiscal year 2020/21 posted record decline with -83% deficit to the comparative fiscal year 2019/20. International Passenger traffic which accounts for 98% of total traffic at SIA declined -83%, Domestic traffic came to a halt posting a -100% deficit, while General Aviation (GA) passenger segment declined -59%.

	International Commercial Passengers	% Variance (YOY)	Domestic Passengers (excluding GA)	% Variance (YOY)	General Aviation Passengers	% Variance (YOY)	Total Passengers	% Variance (YOY)
Fiscal 2020/21	774,933	-82.70%	0	-100.00%	6,468	-59.46%	781,637	-82.86%
Total Fiscal Yr.	774,933	-82.70%	0	-100.00%	6,468	-59.46%	781,637	-82.86%



Traffic Performance for fiscal period 2020/21 was severely impacted by the spread of COVID-19 globally, with international air travel grinding to a halt as the World Health Organization (WHO) declared the virus a pandemic. Travel restrictions for Jamaica were first announced on March 10, 2020 for specified countries and by March 25, 2020 the government moved further to announce restrictions on all inbound passenger traffic to the island.

Travel restrictions on inbound traffic to Jamaica remained in place up to May 31, 2020 with announced re-opening of the country's borders under health and safety protocols as at June 1, 2020. The phased reopening first accommodated authorized Jamaicans under specified re-entry protocols from June 1-14, 2020, and all inbound international traffic as at June 15, 2020 allowing some activity to return to the sector.

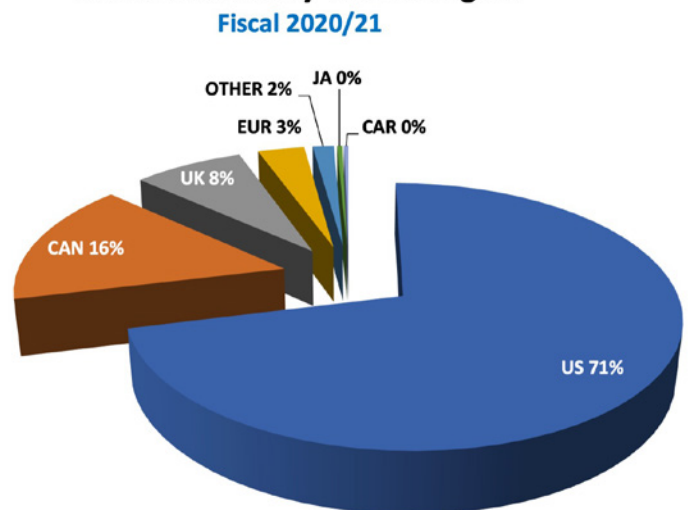
The gradual easing of restrictions signalled a sector in recovery mode as load factors began to improve, new services were inaugurated and some airlines increased frequencies or resumed operation to MBJ.

The unpredictability of the global operating environment was again evident as by December 2020 the positive developments were quickly interrupted by the discovery of a new virulent strain of COVID-19 in the United Kingdom (UK). This prompted the Jamaican government to swiftly announce an immediate ban on arriving passengers from the UK as at December 21, 2020 and the UK government implementing lockdown measures in that country, which inevitable halted all flights from the market. Likewise, Canada which represents MBJ's second largest source market also issued a travel ban for the Caribbean and Mexico as of February 1, 2021.

At the close of the fiscal period in March 2021, traffic performance signalled the resilience of global tourism with strong performance at MBJ in response to an uptick in the pace of global vaccination, easing of travel restrictions and improved economic activity in our main source markets.

The United States continued to be the main source market accounting for over 71% of the passenger traffic for the period. Canada which represents MBJ's second largest market contributed 16% of market share but declined -95%, United Kingdom accounted for 8% of market share and recorded a -89% deficit, Europe (excluding UK) which was the first market to see the travel ban declined -99%, and the 'Other' category which represents traffic from emerging Latin American market declined -95% for the comparative fiscal periods.

### Market Share by World Region

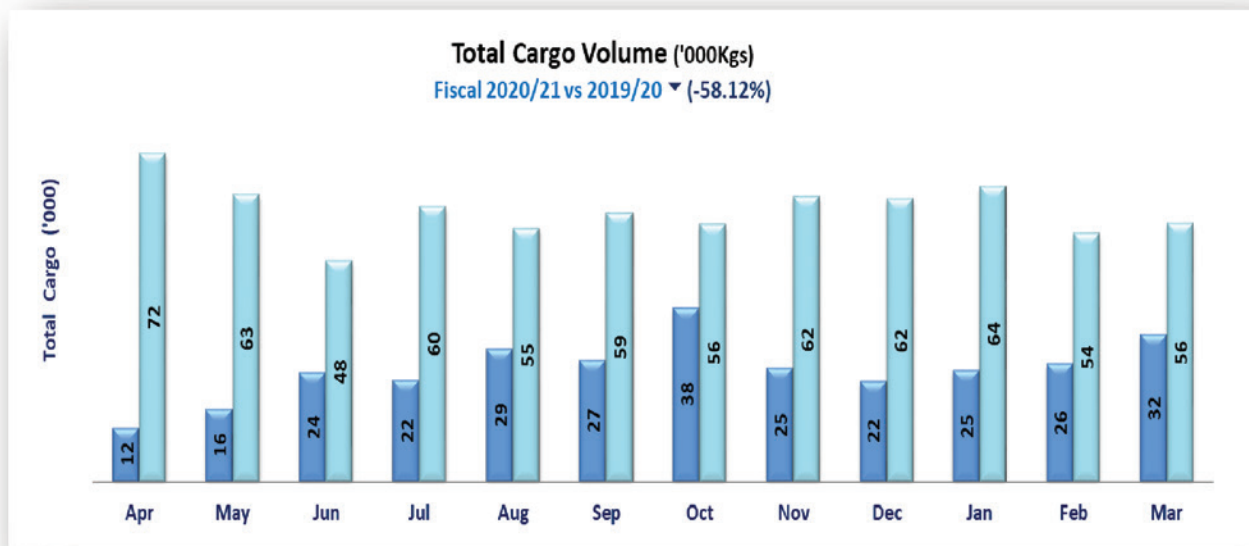


## Aircraft Movement

	International ACM	% Variance (YOY)	Domestic ACM	% Variance (YOY)	GA ACM	% Variance (YOY)	Total ACM	% Variance (YOY)
Fiscal 2020/21	10,705	-66.10%	2	-99.84%	3,476	-58.01%	14,183	-65.51%
YTD	10,705	-66.10%	2	-99.84%	3,476	-58.01%	14,183	-65.51%

## Cargo Volume Transported

Total Cargo volume for the fiscal period under review declined -58%. Agricultural exports account for 80% of all cargo processed at SIA and are primarily transported in the belly of commercial carriers to key export markets of Europe, Canada and USA.



## Commercial and Air Service Development

Below are the air service highlights for new routes/service launched during fiscal year 2020/21.

### Traffic Forecast - Fiscal 2021/22



London-Gatwick

2 weekly

December 12, 2020



Zurich-PUJ

1 weekly

July 5, 2021



Frankfurt

3 weekly

November 2021

It is anticipated that recovery in the travel and tourism sector will continue through to 2022. The below represents MBJ's forecast for the fiscal period 2021/22.

### 1.2 Redevelopment of Retail Program

	<b>Forecast Fiscal 2021/22</b>	<b>Actual Fiscal 2020/21</b>	<b>Variance</b>	
<b>Total Passengers</b>	2,875,566	781,637	2,093,929	267.89%
<b>ACM</b>	30,071	14,183	15,888	112.02%

Following the approval of the successful proponents from a Request for Proposal (RFP) process for the new retail area, licenses were executed and the concessions commenced preparation for the fit out of their respective locations.

Of the twenty-nine (29) retail units, five (5) concessions have commenced operations in the East Concourse which is not impacted by the redevelopment. The other locations will be handed over and developed on a phased basis. We anticipate that all locations will be operational by year end 2021.

Due to the impact of the pandemic on passenger traffic and potential for sales in the concessions, MBJ provided relief on Minimum Annual Guarantee (MAG) to the concessions during the period.

#### Summary of Retail Makeup

- 29 shops
- 15 companies
- 1 International operator; Dufry which operates the main duty free concessions and 4 souvenir locations
- 1 Food & Beverage Operator post-security, Express Catering

The pandemic has severely impacted some concessionaires, in particular the Food & Beverage operators pre-security. Both Island Gill and Café Blue ceased operations in March 2021 despite negotiations.

Request for Proposals have been published and are currently open for both locations.

### 1.3 Relief Granted to Concessionaires

Due to the pandemic and resulting low traffic level, relief was granted to the airport concessions during the period April 2020 – March 2021. The table below shows relief granted.

<b>Period</b>	<b>Relief Granted</b>
<b>Apr – May 2020</b>	50% on all MAG, CAM and Space Fees, no charge to Tour Ops, 75% relief for Inflight Catering
<b>Jun – Sep 2020</b>	50% on Space Fees, 100% MAG relief, only percentage of sales payable for concessions, no charge to Tour Ops, 75% relief Inflight Catering
<b>Oct – Dec 2020</b>	65% on MAG, 50% FBO, 75% relief Inflight Catering
<b>Jan – Mar 2021</b>	50% relief on MAG

The MAG relief of 50% for the first quarter extends to June 2021. Based on the traffic and performance of the concessions, no further MAG relief is being considered.

### 1.4 RFP for Service Station & Convenience Store

An RFP was published in 2019 for a Service Station, Convenience Store and Food & Beverage facility on undeveloped airport lands for prospective proponents to develop a refueling facility for airside vehicles closer to ramp side. Four (4) companies submitted bids and Texaco emerged the winner.



While discussions continue with Texaco, progress has been stalled due to the impacts of the pandemic.

**1.5 Corporate Social Responsibility**

MBJ provided support to the community in a time of dire need brought on by the pandemic.

**MBJ donates \$3Million worth of Equipment to Hospital**

MBJ Airports Limited donated ten (10) hospital beds and infusion pumps to Cornwall Regional Hospital (CRH) to expand the number of patients the facility can accommodate. Senior Medical Officer at the CRH, Dr Derek Harvey, welcomed the donation, noting that the beds are needed and came at the ideal time.



**Change for Children**

Through its Change for Children initiative, MBJ continued to positively impact the community within which it operates in the past year. We continue to work with Victory Whitehouse Early Childhood Centre which include the following:

- Complete the construction of an “adults-only” restroom separated from the units used by the toddlers.
- Total refurbishing of restrooms used by toddlers. The works included a change of fixtures, tiling and replacing doors
- Donated fencing and other construction material for the perimeter barrier and additional refurbishing works to be completed
- Donated hand-wash sinks for kitchen

Based on the above, the school has received an 85% score from the Ministry of Health and is now required to effect only two changes for full certification. The institution has met several minimum standards which moves it closer to full Early Childhood Centre registration and caregivers at the school are now eligible for government stipend paid at this level.

**Donations to Whitehouse**

MBJ made donations to the community of Whitehouse in form of food and cleaning supplies.



**Team Sangster, Together.**

**Donations to Flankers All Age School**

A coloured multi-function printer with supplies was donated to the Flanker All Age School which is located in close proximity to the airport.



# FINANCIAL HIGHLIGHTS

The prolonged impact of the COVID-19 pandemic posed a financial challenge to MBJ Airports Limited in the operation of the Sangster International Airport. The Government of Jamaica closed its borders to international traffic on March 25, 2020 and reopened in June 2020. For the year ending March 2021, with passenger traffic of 82.7% below the corresponding period last year, the airport experienced significant negative impact on its financial results. The table below shows a summary of the financial results for the years ending March 2020, 2021 and a forecast for the year ending March 2022.

<b>Financial Highlights - Sangster International Airport</b>			
<b>Category</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
	<b>(\$US\$ 000)</b>	<b>(\$US\$ 000)</b>	<b>(\$US\$ 000)</b>
<b>Operating Revenue</b>	<b>108,813</b>	<b>27,518</b>	<b>78,750</b>
Operating Expenses	24,138	16,564	22,033
Concession Fees & ACF	30,982	2,888	9,234
<b>Total Operating &amp; Admin. Expenses</b>	<b>55,120</b>	<b>19,452</b>	<b>31,267</b>
<b>EBITDA</b>	<b>53,693</b>	<b>8,066</b>	<b>47,483</b>
Interest, Depreciation & Others	18,983	22,122	25,068
Taxes	8,939	(3,765)	7,061
<b>Net Income</b>	<b>25,772</b>	<b>(10,292)</b>	<b>15,354</b>
<b>Capital Expenditure</b>	<b>12,088</b>	<b>9,014</b>	<b>40,096</b>

## 5.1 Revenues

Revenues were severely decreased owing to traffic levels remaining well below 2019. Revenues reduced by 75% from US 108.8 million to US 27.5 million. MBJ provided relief to the concessionaires, to support the continuity of the commercial operators throughout the period.

Also, while the economic regulatory tariff determination allowed for an increase in the yield per passenger in 2021, MBJ restrained from increasing the aeronautical charges to airline and passengers for 2021.

## 5.2 Expenses

With the reduction in passenger and revenues, MBJ successfully initiated cost reduction measures to mitigate the fall-off in revenues. Operating expenses excluding concession fees, was reduced by 31% from US 24.1 million to US 16.6 million over the previous year. Cost mitigating factors included renegotiation of supplier contracts to reduce contract costs over the short term, reduction in electricity and water consumption, managed staff costs and reduction in discretionary spending for the period.

The Concession Fee payable to the Airports Authority of Jamaica is a major expense item for MBJ. For the period, the Concession Fee was reduced significantly due to the low levels of traffic as one aspect of the Fee is based on the traffic levels; revenue for the year ending March 2021 was below the Base Case Revenue, therefore no Additional Concession Fee was due compared to the previous year. Additionally, the Airports Authority of Jamaica provided relief on the minimum concession fees for the period April to December 2020, therefore during this period MBJ was able to pay the lower of the Concession Fee based on passenger fee and cargo units instead of the minimum fee. These factors taken together, the Concession Fee was reduced by 91% over the previous year. This allowed MBJ to provide the relief discussed above to the operators of the airport during this period.

## 5.3 Other

With interest and taxation payments as well as recording depreciation of assets, MBJ's financial results for the period was a net loss of US 10.3 million, compared to previous year's net profit of US 25.7 million.

With the anticipated significant reduction in net income and an operating cash flow, MBJ took steps in 2020 to secure additional debt financing from Bank of Nova Scotia to provide funding for continued capital expenditure and for working capital, if needed. This allowed the company to continue some of the planned capital works that were ongoing before the pandemic and to allow us also to focus on implementing projects that will bring cost savings such as the procurement and installation of chillers and the installation and commissioning of the solar photovoltaic panels for solar energy.

#### 5.4 Forecast Financials

MBJ prepared traffic forecast using available information from airlines and making market assumptions as well as relying of passenger forecast from our international consultant. We are projecting a slow recovery from the impact of COVID-19. For the year ending March 2021, we project that passenger traffic will be 2.8 million passengers or 64% of the traffic for the year ending March 2020, the pre COVID period. Revenues for the year ending March 2021 is projected to recover to 72% of the pre Covid-19 period and operating expenses are projected to be 91% of the pre COVID-19 period. The Concession Fee is projected at 30% for the year ending March 2020 as due to carry over of credits, no Additional Concession Fee is projected. Net income for the year ending March 2022 is expected to be at 60% of the pre COVID-19 period ending March 2020.



# HUMAN RESOURCES DEVELOPMENT

Human Capital Development continues to be one of our main strategic focus. We are committed to the continued review and implementation of programmes and new initiatives directed at the personal and professional development and the health and well-being of our human resources.

## 2.1 Employee Engagement & Wellness/Well-Being

### Health and Wellness Activities

In honouring our commitment to develop a work environment that promotes health and wellness among our employees, MBJ hosted its first Health and Wellness month under the theme “Balancing Life’s Boundaries Responsibly”. This was held in May 2021 with a focus on Spiritual, Mental, Financial and Physical wellness. This took the form of weekly virtual presentations with guest presenters who focussed on one aspect of wellness each week. This initiative was geared towards informing, educating and encouraging our most important asset, our employees, to thrive by practicing healthy habits on a daily basis, thereby achieving and maintaining a healthy lifestyle. A Retirement seminar was also conducted on May 19, 2021 to prepare employees for this major step. Health screening for all staff was facilitated during this month.

The final activity in our Health and Wellness program is MBJ’s 3k walk/run to be held in the second half of the year.

### Employee Engagement Activities

It remains our mission to have a highly engaged and motivated workforce that fosters teamwork and produces great results. We conducted our first Employee engagement survey in December 2020 with a view to ascertain the key drivers of engagement within the organization, identifying factors that drive employee performance and how the organization can improve on these factors. Following the analysis of responses, recommendations are being made and the relevant strategic changes are being implemented so as to create an engaged workforce. The Employee Engagement Survey is an annual activity and will again be conducted in December 2021.

Though impacted by COVID-19, we were able to carry out the following employee engagement/well-being activities: Employee’s Children Scholarship programme, Virtual Employee Recognition program and End of Year Division/Cluster Potluck, Tuition Assistance Program for 2021 and our customary Easter tokens.

The ‘Let’s Get Physical’ fitness program continues despite the effects of COVID-19. Whether we were getting fit virtually via the Zoom platform or physically on the Asphalt at the Airport, we maintained our commitment to the health and well-being of, not only our immediate staff members but the entire airport family. This exercise program is a free workout program for all airport employees, sponsored by MBJ Airports Limited and Club Mobay (VIP Attractions Limited). Sessions are held three times a week with a Fitness Instructor.

Learning/Training & Development: The Human Resource Department continues to monitor the training and development needs of employees and ensuring that growth is achieved through internal and external training and development opportunities. Only regulatory courses were pursued in 2020. However, in 2021 we have resumed on-line professional development training for staff.

We continue to reinforce and implement both regulatory and professional development courses for employees at all levels. These are in support of the professional and personal development of employees. Employees continue to receive the relevant training through virtual training programs including ACI online training and specific technical training for specialized skills.

The below programs are geared towards improving employee engagement and morale and continues to be pursued:

- **MBJ Innovation Club:** My Ideas Count ‘MIC Lab’ - Through the MIC Lab we hope to encourage creative thinking, collaboration and effective communication. This is with the aim to encourage innovation, the sharing of ideas, allowing staff to be engaged in creating solutions to various organizational needs. Through this lab employees will focus their energies towards personal growth, creativity and collaboration.

- **Talent Development Support Program:**  
The GAP/MBJ Talent Development Support program was designed to give employees an opportunity to work in Mexico at one of GAP's facilities for a period of 3-4 months. However, due to COVID-19 we were unable to implement the final stage of this program. We will however resume as soon as the pandemic ends.
- **Feedback Frame:** As a part of our comprehensive performance management system the Feedback Frame is being implemented and aims to give employees valuable feedback on performance within a set framework. This will be conducted three times per year and culminate with the annual performance appraisal. This continuous review will see more frequent, informal performance conversations focusing on employees' strength and development.
- **Learning Management System:**  
The implementation of a Learning Management system continues to be pursued as MBJ  
- Training Management Platform

## Operations Division

### 3.1 Environment, Health and Safety (EHS) Programs

MBJ's environmental program, as documented in its Environmental Management Plan (EMP), continued in effect during the period with the Plan updated and certification by the local civil aviation authority maintained.

With the COVID-19 pandemic, activities related to international health were a focus for the period. The Ministry of Health is the primary agency responsible for providing guidelines and technical information related to the interception, detection, surveillance, handling, and treatment of persons with communicable diseases and general education and compliance. MBJ therefore continued to work in coordination with the Ministry of Health for activities directed towards the mitigation of the risk of spread of diseases of international concern as commensurate with the assessed disease threat levels.

A plethora of initiatives and protocols were implemented to strengthen existing International Health Regulations (IHR) procedures and that were specific to mitigating the transmission of COVID-19 in the realm of the airport's

operations. COVID-19 protocol measures were developed for airport operations, documented and disseminated to all stakeholders with implementation effected and monitored across all areas of airport operations.

Airport Council International (ACI) Airport Health Accreditation (AHA) was also obtained, making Sangster International Airport the first airport in the Caribbean to obtain the Airport Health Accreditation.

Support was given to facilitate the commissioning of the newly installed Potable Water Treatment system by way of securing the required environmental and health related regulatory approvals. Water quality standards are maintained at the facility in keeping with that regulated by the Ministry of Health's (MoH) IJAM potable water quality standards.

2020 saw MBJ participating in the ACI's Long Term carbon Study expected to inform and set a long-term sectoral carbon emissions goal for ACI's global airports, in line with international decarbonisation targets.

MBJ's usual hosting of the annual Team Sangster International Coastal clean-up (ICC) activity was cancelled with the limitations on gatherings imposed by the COVID-19 pandemic. The event usually sees upwards of 100 members from the SIA airport community along with others community interests volunteering to clean a portion of the public beach adjacent to the airport property.

#### EHS 2021 Objectives:

- Develop statement on the organization's commitment to carbon emissions reduction
- Initiate activities towards Airport Council International (ACI) Airport Carbon Accreditation (ACA) Level 1 (mapping)
- Develop a (multi-year) Framework plan for achieving ISO 14001 Certification

### 3.2 Security & Ground Transportation Department

#### Virtual Delivery of Orientation Exercise

The pandemic caused many changes in the conduct of activities in the airport, in particular, the security training exercise for RAP holders at the airport had to be conducted virtually, since July 2020, due to the requirements of the Disaster Risk Management Act (DRMA). However, this

virtual format improved the level of compliance and the volume of participants undergoing the training as against the delivery via the face-to-face method.

## Improvements in Airport Taxi Operations

There was streamlining of the taxi operations and services at the airport, including the adorning of legal operators in MBJ branded high-visibility vest, the creation of a new taxi holding area, and the revision of operating protocols, which saw reduced number of operators in the Ground Transportation Hall. Since the improvements, there has been a reported increase in the share of business for the operators.

### 3.3 Operations Department

## Safety Audit

The Jamaica Civil Aviation completed its Safety Audit of MBJ in December 2020. MBJ received its highest score of 96%. The most significant finding highlighted was the need to establish a launching facility for the emergency boat.

## User Satisfaction Surveys

Due to COVID-19, User Satisfaction Surveys were not completed in 2020. Surveys have resumed for 2021, with the completion of Baggage Handling Survey for January-March 2021. The results of the survey revealed that MBJ met all the required service targets.

The Comment Card Survey has been moved online, however, it has been observed that the rate of completion is low. The Operations Department is currently working on various measures to increase the number of cards completed.

Customer Satisfaction, Airline Satisfaction and Passenger Satisfaction Surveys will be completed throughout the year.

### 3.4 Emergency Response Services

In view of the requirements of the Disaster Risk Management Act (DRMA), there was no full-scale exercise conducted as was scheduled for 2020. However, a major drill was conducted involving the response time test for the marine rescue. The event was conducted in October 2020 and assessed by the JCAA's Flight Safety Division.

Table Top exercises, involving external first responders and participation of the usual airport stakeholder group, comprising government entities. The first Table Top on 12th March simulated the response of stakeholders to the pandemic. The Ministry of Health simulated the lead role in the event and detailed their response with the support of MBJ and other stakeholders.

## ARFF Category Coverage

Due the need for social distancing and infection prevention to assure operational efficiency, the airport operated at Category 7 coverage with the closure of the borders, the downturn in activities, and absence of Code E aircraft operating within the borders and airspace. Normality resumed, i.e. (Cat 9 Coverage) during the last quarter with the recovery of flight operations.

## New ARFF Trucks

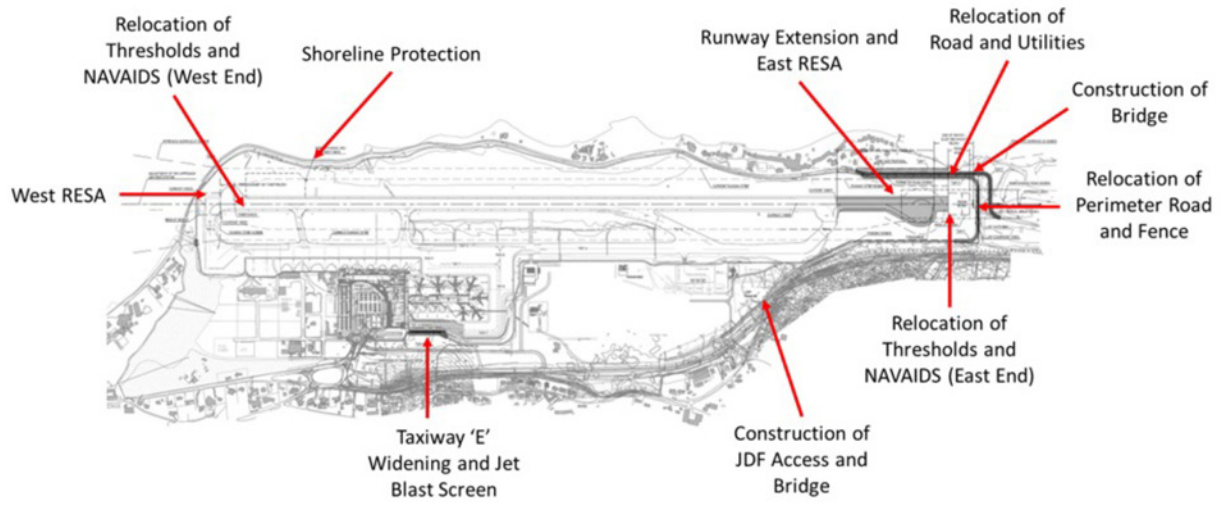
MBJ in its bid to modernize its fleet of ARFF trucks acquired two Oshkosh Global Strikers. The units were delivered in 2020 and has water and foam capacities of 3000 and 540 gallons respectively. They were commissioned after a month of training and testing and are proving to be very effective and efficient members of the response fleet.

## Major Capital Projects

MBJ Airports Limited carried out several Capital Development Projects at the Sangster International Airport during the period 2020-2021 as detailed below.

### 4.1 Runway Extension

MBJ is currently engaged in the Implementation of the Runway Extension and Associated Works project at the Sangster International Airport. This project will result in the extension of the runway by 408m and the implementation of Runway End Safety Area (RESA). To date associated projects are well advanced, with the shoreline protection project nearing completion, and the realignment of Kent Avenue underway with completion due in the third quarter of 2021. The preferred bidder for the runway extension project has been identified with the work scheduled to be completed in 2022.



*Runway Extension Project Components*



*New Road (Kent Avenue) to Whitehouse under Construction*



*Shoreline Protection Works*

#### 4.2 PV Solar Project

A major project is in progress to implement a Solar PV plant at the Sangster International Airport. The initial solar PV installation has a target capacity of One Megawatt Alternating Current (1 MWac), installed on the roof of the Main Terminal Building and is now commissioned and in use. In 2021, an additional 2 MWac of Solar PV will be installed in the Car Park area. The goal is to reduce the carbon footprint of the airport and improve resiliency of power supplied to the airport.



*Solar PV Panel installed at MBJ*

#### 4.3 Departures Area Expansion

The Departures Area is currently being expanded between Gates 7 and 8. The upgrade project includes the expansion of the departures retail area, which will feature increased circulation space, seating and an improved retail experience for passengers. Additionally, the Baggage Makeup Area (BMA) is also being expanded. The scope of work consists of the following activities:

- Renovation of over 4000 square meters of space to create 15 retail units, a large lounge and food court, circulation space and seating areas across the concourse;
- Construction of 2700 square meter of newly built retail space, including a 12-meter-high Rotunda double-height space, with a floor to ceiling curtain wall.



*Departures Area Expansion*





*Departures Area Construction in progress*

The retail departures area will offer more seating, improved natural lighting, entertainment and exciting retail offerings that will create a memorable experience for passengers to enjoy their last moments in Jamaica.

#### **4.4 Gate 1 Modification/Remote Stands**

The Gate 1 Modification project involves improvements to the Gate 1/2 area to allow for the facility to be used for operation of flights on remote stands.

The area was rehabilitated and a lift installed for passengers with reduced mobility.



# NORMAN MANLEY INTERNATIONAL AIRPORT (NMIA)

With a 78.8% decline in passenger traffic at the Norman Manley International Airport, PAC Airports Limited, the operators of the airport has maintained that its pre-COVID-19 commitment to invest US\$100 million in airport upgrades will be honoured albeit on an adjusted timeline.

Having started the concession in October 2019, PACKAL was only able to enjoy five (5) months of positive passenger numbers with March 2020 showing a reduction of 47.7% when compared with 2019. In the face of declining revenues, PACKAL initiated several cost-cutting measures with the reduction in staffing levels and the review of the capital development programme.

## COMPLETED PROJECTS

Under the NMIA CDP US\$3.47 million was spent and three (3) projects completed at a cost of US\$2.02 million and include:

1. Upgrade of NMIA Common Use Passenger Processing System (CUPPS) & Common Use Self Service (CUSS) Kiosks: US\$300K
2. Procurement & Installation of New 2MVA Caterpillar Generator Set & Accessories US\$1.50 million



*New 2MVA Caterpillar Engine Installed*



*Three Generators synchronised at end of project*

3. Cargo & Logistics Centre Building Roof Replacement - 3,388.5 sq. metres which equate to 36,455 sq. ft.: Cost - J\$54.08 million



# IFIA AND THE AERODROMES

The Government of Jamaica continue to support the upgrading of the Jamaica's aerodromes as part of plans to improve commuter travel locally. The Transport and Mining Minister, Hon. Robert Montague also advised that work is under way to pilot the local aviation industry's strong recovery from the impact of the coronavirus (COVID-19) pandemic.

## Ian Fleming International Airport

The infrastructure adjustments at IFIA to accommodate CODE C aircraft was undertaken at a cost of US\$3.9 million and will ultimately drive economic development in the north-eastern section of the island, to include St. Mary, St. Ann and Portland. The Master Plan study was completed and a number of projects were identified for immediate implementation.

### ▪ **Projects:**

The major activities currently underway involve the following:

- The widening of the runway by 1.5m on both sides of the runway.
- Paving of Runway turn pad at the western threshold (09) end.
- The installation of new runway edge markings.
- The removal of existing mounds at the Western end of the runway – these are obstacles as they fall within the transitional slope of 20%.
- The Western expansion of the Terminal Building by approximately 1,700 sq. ft. and involves the construction of a new departure lounge area with washrooms and modification of the existing terminal building to facilitate approximately 90-100 passengers envisaged to use the facility at any one time.

### **PHASE 1: Runway Widening & Terminal Modifications**

Practical Completion for the paving work was achieved in 2020 May and the runway edge lights reinstallation and pavement markings were completed in 2020 December.

### ▪ **Police Post:**

The construction of a new police post is being erected through an agreement with the Ministry of National Security and the Jamaica Constabulary Force.

### ▪ **Airport Certification:**

The certification process was re-initiated with the submission of the Pre Application Statement of Intent (PASI) submitted to JCAA in February 2020. The development of manuals are currently underway and a resubmission will be done when completed.

### ▪ **New Projects at the planning stage:**

The upgrade and extension of the Fire Station and ARFFV facilities have commenced with the submission of the designs to the St. Mary Municipal Council for approval in 2021 January.

## Tinson Pen Aerodrome

The aerodrome continues to facilitate a variety of aeronautical activities at the aerodrome including: Aircraft maintenance and refuelling; Cargo and mail courier service; Flight school operation; General (private) aviation and Hangar operation. Some of the initiatives pertaining to the aerodrome include:

- **Airfield Markings:** The Method Statement for the airfield remarking exercise was submitted to the Jamaica Civil Aviation Authority (JCAA). The AAJ was required to prepare additional amendments and approval is being awaited from JCAA for the works to commence.
- **Aerodrome Security:** Perimeter fence repairs are consistently being executed due to the frequency of breaches by persons from the surrounding community. The rehabilitation projects will include installing and repairing the perimeter fence.
- **Runway Rehabilitation:** Work on the resurfacing of both threshold were to be undertaken in the vicinity of Taxiway Alpha and Bravo and runway 14 and 32.

## Negril Aerodrome

Negril remained the busiest aerodrome in terms of aircraft movements with air taxi service between SIA and the aerodrome.

**APS Building:** The construction of a new building to house the Airport Protective Services (APS) was completed at a cost of \$17.76 million and officially opened in February 2021.

Runway Rehabilitation: Pavement Overlay: The Runway Rehabilitation works was also completed and an amount of \$39.45 million was expended.

## Ken Jones Aerodromes

The implementation of projects aimed at correcting deficiencies at Ken Jones identified by JCAA are nearing completion. After receiving a non-objection from the JCAA to proceed with the corrective action plan works commenced and a method statement has since been submitted. Under the approval by JCAA of the Method Statement a budget of US\$0.700 million was estimated to implement the works.

## Vernamfield Aerodrome

The AAJ is the designated lead government entity given responsibility for the proposed Vernamfield Aerotropolis Development - dubbed "Aerotropolis VERNAMFIELD" (concept), the **immediate Aerodrome Development (Phase 1 Project - at implementation stage)** as well as the newly proposed Vernamfield Lite Project (concept).

**The Phase 1** project represents the immediate plans to re-establish aviation activities at the facility by rehabilitation/repair work on the old north-south runway (RWY 36/18) and developing a Code 2b Aerodrome which will include:

- a. The relocation of the JDF Air-wing training facilities to Vernamfield.
- b. Re-establish/relocate the aeronautical operations and businesses presently at the Tinson Pen Aerodrome to the Vernamfield Aerodrome.

To this end, Land, Geotechnical & GPS Surveys as well as Date Stamped Aerial Photometry and Wind Studies were completed. These established pavement footprint and structural integrity, proposed aerodrome boundary and obstacle limitation. Initial application to the JCAA for permitting was granted. Land Acquisition processes have commenced. Other permitting requirements and consultations are to be defined.

**Budget & Scope:** To date Cabinet has approved a bare bones budget of **J\$300M** to cover:

- De-bushing, site clearance & disposal of debris: **completed 2018 December**
- Grading & Compacting: **completed 2019 April**
- **Vegetation Control of the runway strip: Completed**
- Installation of fences & gates: **Procurement 98% completed.**

- Runway testing, rehabilitation & pavement markings: **Bid Evaluation submission 2021 April**
- Terminal Building construction: Design completed – **Parish Council Submission 2021 April - activity on hold due to plans for Vernamfield Limited Development**
- Primary electrical connections & distribution: **Design development and Cost Analysis**

Infrastructural works outside of the designated 170 acres such as potable water supply, storm water and sewage disposal systems are not included.

**Chain-linked Fencing of Aerodrome:** Endorsement of the recommendation for the Award of Contract by the PPC to Proven Construction in the amount of J\$45,413,500.00 was received in 2020 November.

Contract Award is pending – **activity on hold due to plans for Vernamfield Lite Development.**

**Terminal Building:** Designs and Construction drawings are completed and submission to the Clarendon Municipal Council was placed on hold due to developing plans for Vernamfield Lite Development.

**NWC & NIC infrastructure traversing the runway lands:** A MOU between AAJ and NIC is to be drafted.

**Project Timeline:** The initial schedule for completion of the phase #1 works and commencement of aviation activities of 2019 November is void. A new schedule will be proposed when there is clearance to proceed.

## PROPOSED VERNAMFIELD DEVELOPMENT PROJECT: VERNAMFIELD LITE

The Airports Authority of Jamaica (AAJ) has been tasked to develop a Concept Paper for a Vernamfield LITE (Initiatives by the AAJ) project, which is flowing from a Vernamfield Preliminary Options Assessment conducted by the Office of the Prime Minister (OPM) and the Development Bank of Jamaica (DBJ). The composition of LITE includes:

- Minimum land acquisition (appx.650 acres)
- Basic Cargo Traffic
- Domestic Passenger Traffic (replacement for closure of Tinson Pen) & Hanger Facility
- Rehabilitation of existing runway

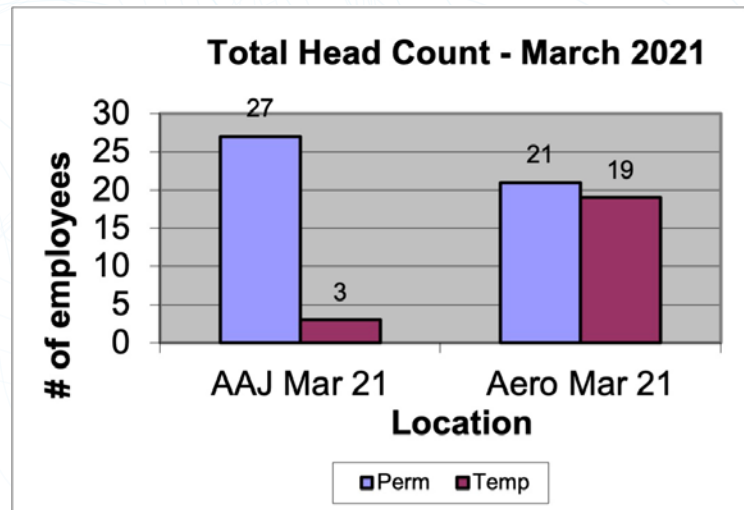
- Air cargo trans-shipment centre
- Use of Renewable energy as best as possible
- General aviation activities related to specific implementation phase
- Maritime, Air and Cyber Command Base
- Aviation training and certification Centre
- Redundancy airstrip (to substitute in case of natural disaster or sea rise for SIA or NMIA)
- Create Jet Centre (allow international private jets to land)
- Parking lots for planes

The LITE initiative include the construction of a Code 4D international aerodrome using the old Vernamfield runways with an estimated cost of \$4.82b of which J\$1b represents the land acquisition which is already approved by Cabinet and in progress. A provision of J\$2b has been included in the AAJ's 2021/22 – 2024/25 budget for the land acquisition and contribution to LITE, therefore an additional J\$2.82b budget provision would be required.

## HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION

The total staff complement for AAJ as at March 31, 2021 was 70, consisting of 30 employees at AAJ Corporate Head Office and 40 employees across the Aerodromes. Details are shown in the table below.

Location	Employees
Head Office	30
Aerodromes	40
<b>Total</b>	<b>70</b>



### COVID-19 UPDATE

We continue to follow the COVID-19 protocols as outlined by the Ministry of Health and Wellness (MOHW); sanitization, wearing of masks, temperature checks and maintaining social distance. The Corporate Office was deep cleaned in March 2021.

### PERFORMANCE INCREMENT

The annual performance increment was due on April 1, 2021 for the performance appraisal cycle April 2020 to March 2021. Employees will receive the 2.5% performance increment once a score of at least 75% is attained on the completed performance appraisal forms.

### WAGE NEGOTIATION

The last Heads of Agreement (HOA) with AAJ and the Trade Unions expired March 2021 and a new one due to commence April 2021. We are awaiting the claim from the Union of Technical Administrative and Supervisory Personnel (UTASP) and the Trades Union Congress (TUC).

## PENSION WINDING-UP UPDATE

An advertisement was placed in the local papers on February 28, 2021 to locate the 24 pensioners who had yet to claim their benefits. Another advertisement be sent out in May 2021 to treat with the same subject matter.

## DIRECTORS' COMPENSATION: APRIL 2020 - MARCH 2021

BOARD MEMBERS COMPENSATION APRIL 01, 2020 TO NOVEMBER 22, 2020					
Name & 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
Hon William Shagoury - Chairman of the AAJ Board (April 2020 - November 2020)	212,100.00	21,546.00	NIL	NIL	233,646.00
Mrs.Fay Hutchinson - Deputy Chairman	249,800.00	39,312.00	NIL	NIL	289,112.00
Mr. Dudley Beek - Director	191,300.00	36,278.70	NIL	NIL	227,578.70
Mr. Leroy Lindsay - Director	263,200.00	9,072.00	NIL	NIL	272,272.00
Mr.Denton Campbell - Director	350,830.00	8,505.00	NIL	NIL	359,335.00
Mrs. Epsi Cooper-Morgan - Director	143,400.00	3,024.00	NIL	NIL	146,424.00
Mr. Donahue Martin Jr - Director	111,600.00	12,096.00	NIL	NIL	123,696.00
Mrs. Pauline Bowla - Director	119,300.00	6,048.00	NIL	NIL	125,348.00
Ms. Tanya Bedward-Director	215,300.00	6,048.00	NIL	NIL	221,348.00
<b>TOTAL</b>	<b>1,856,830.00</b>	<b>141,929.70</b>	<b>0.00</b>	<b>0.00</b>	<b>1,998,759.70</b>
NEW BOARD MEMBERS EFFECTIVE NOVEMBER 23, 2020					
Mrs.Fay Hutchinson - Chairperson	119,300.00	27,531.00	NIL	NIL	146,831.00
Mr.Denton Campbell - Deputy Chairperson	215,300.00	20,412.00	NIL	NIL	235,712.00
Mrs. Epsi Cooper-Morgan - Director	111,500.00	43,092.00	NIL	NIL	154,592.00
Mrs. Pauline Bowla - Director	95,500.00	9,387.00	NIL	NIL	104,887.00
Mr. Ricardo Lynch - Director	63,700.00	315.00	NIL	NIL	64,015.00
Mr. Canute Sadler - Director	95,600.00	21,546.00	NIL	NIL	117,146.00
Mr. Ian Dear - Director	122,100.00	43,848.00	NIL	NIL	165,948.00
Ms. Natalie Mirander - Director	87,600.00	6,363.00	NIL	NIL	93,963.00
DCP Clifford Blake - Director	55,700.00	315.00	NIL	NIL	56,015.00
Mrs. Dawn Smith-Fagan - Co-opted Member	31,800.00	NIL	NIL	NIL	31,800.00
<b>TOTAL</b>	<b>998,100.00</b>	<b>172,809.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,170,909.00</b>
<b>GRAND TOTAL</b>	<b>2,854,930.00</b>	<b>314,738.70</b>	<b>0.00</b>	<b>0.00</b>	<b>3,169,668.70</b>

**Note:**

**Summary of Directors Fees & Expenses**

Directors Fees (see table above)	J\$ 3,169,668.70
All other related Board expenses	\$ 810,744.79
	<b>\$ 3,980,413.49</b>

### Notes

- Fees are paid for Board Meetings and Sub-Committee Meetings
- Directors receive a travelling allowance for meetings attended.
- Other compensation represents the payment of board-related expenses.

## SENIOR EXECUTIVE COMPENSATION: APRIL 2020 - MARCH 2021

Position of Senior Executive	Salary	Gratuity	Travelling Allowance	Pension or Other Retirement Benefits	Other Allowances	Non-Cash	Grand Total
President - Audley Deidrick	11,862,186	2,943,724.56	4,815,082	-	3,360,633	239,142	23,220,767
General Counsel - Verona Vacianna	8,061,233	1,983,553.25	3,256,073	-	2,062,597	162,514	15,525,971
Snr. Director - EMP - Horace Bryson	7,854,640	-	3,256,073	-	2,936,514	158,350	14,205,577
Snr. Director - CDM - Richard Gibbs	6,711,378	1,677,844.50	2,319,274	-	3,102,938	135,301	13,946,736
<b>AAJ</b>	<b>34,489,438</b>	<b>6,605,122</b>	<b>13,646,502</b>	<b>-</b>	<b>11,462,683</b>	<b>695,307</b>	<b>66,899,052</b>
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>NMIAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONSOL</b>	<b>34,489,438</b>	<b>6,605,122.31</b>	<b>13,646,502</b>	<b>-</b>	<b>11,462,683</b>	<b>695,307</b>	<b>66,899,052</b>

### 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 Travelling Allowance.
- An Upkeep Allowance is paid and is represented in the column labelled "Travelling Allowance".
- Other Allowances is comprised of meal, clothing, laundry and Group Health Insurance.
- Non-Cash Allowances include Health Insurance and are not reflected in the Audited Financial Statement as Management Compensation.

## AAJ BOARD MEMBERS ATTENDANCE: APRIL 2020 – MARCH 2021

Name & Position of Member	Apr-20	May	June	July	August	September	October	November	December	Jan-21	February	March	Total
Mrs. Fay Hutchinson - Chairperson	✓	✓	✓	✓		✓ +1	✓		✓	✓	✓	✓	11
*Hon William Shagoury - Chairman of the AAJ Board (April 2020 - November 2020)	✓	✓	✓	✓		✓ +1	✓	N E W	-	-	-	-	7
*Mr.Denton Campbell - Deputy Chairperson	✓	✓	✓	✓		✓ +1	✓	B O A R D	✓	✓	✓	✓	11
Mrs. Epsi Cooper-Morgan - Director	✓	✓	✓	✓		✓ +1	✓		✓	✓	✓	✓	11
*Mr. Leroy Lindsay - Director	✓	✓	✓	✓		✓ +1	✓	A P P O I N T E D	-	-	-	-	7
*Ms. Tanya Bedward-Director	✓	✓	✓	✓		✓ +1	✓		-	-	-	-	7
Mrs.Pauline Bowla - Director	✓	✓	✓	✓		✓ +1	✓	R E C E S S	✓	✓	✓	✓	11
*Mr. Dudley Beek-Director	✓	✓	✓	✓		✓ +1	✓		-	-	-	-	7
* Mr.Donahue Martin Jr - Director	A	✓	✓	✓		✓ +1	A		-	-	-	-	4
**Ms.Natalie Mirander - Director								N O V	✓	A	✓	✓	3
**Mr.Canute Sadler - Director									✓	✓	✓	✓	4
**Deputy Commissioner of Police Clifford Blake - Director								2 3	✓	A	✓	✓	3
**Mr. Ricardo Lynch - Director									✓	✓	✓	A	3
** Mr. Ian Dear - Director									✓	✓	✓	✓	4
** Mrs. Dawn Smith-Fagan - Co-opted Member											✓	✓	2

### Notes

- Tick denotes present. 'A' denotes absent.
- Two (2) Board meetings were held in September 2020, hence the +1 denotation. An Emergency meeting on September 18, and the regularly scheduled meeting on September 23.
- A new Board was appointed November 23, 2020.
- \*Effective November 22, 2020 William Shagoury, Donahue Martin Jr, Dudley Beek, Tanya Bedward and Leroy Lindsay were not reappointed to the Board.
- \*\*Effective November 23, 2020, Clifford Blake, Ricardo Lynch, Canute Sadler, Ian Dear and Natalie Mirander were appointed as new Directors.
- Board goes on recess in August of each year.
- The Board meeting scheduled for November 2020 was cancelled.

# WELCOME!

## JAMAICA AIR TRAVEL SAFETY PROTOCOLS

### EFFECTIVE JUNE 15, 2020

#### AIRPORT ARRIVAL



- Registration under JAMCOVID19 app and Ministry of Health & Wellness website [jamcovid19.moh.gov.jm](http://jamcovid19.moh.gov.jm) for nationals and Jamaica Tourist Board website [www.visitjamaica.com](http://www.visitjamaica.com) for tourists/non-nationals
- Immigration and Customs forms should be completed online at [www.enterjamaica.com](http://www.enterjamaica.com)
- All arriving passengers will be subject to a health screening and risk assessment by the health authorities.
- Temperature Screening ( symptomatic travelers will be isolated )
- Face mask required ( passengers and staff )
- Plexi-glass protective shields at service counters ( separate passenger and staff )
- Floor markers to establish physical distancing
- Handwashing / Sanitization ( mobile and fixed stations provided )
- Frequent sanitization of touch-points
- Baggage trolleys will be sanitised after each use
- A move to contactless card readers for commercial/retail transactions
- Authorized taxis only



#### IN FLIGHT



- Face mask required ( cabin crew and passengers )
- Physical distancing
- Minimal passenger / cabin crew contact
- Pre-packed meals etc.
- Other requirements mandated by airlines and health authorities



#### AIRPORT CHECK IN



- COVID-19 Sensitization ( new signs – print and on screen; audio announcements )
- Airport Capacity Control ( only ticketed passengers / airport staff / persons conducting authorized business allowed )
- Face mask required
- Floor markers for physical distancing
- Temperature Screening
- Frequent sanitization of touch-points
- Handwashing / Sanitization ( mobile and fixed stations provided )
- Online check-in / Mobile Boarding Pass



#### AIRPORT DEPARTURE



- Airport Terminal Capacity Control ( only ticketed passengers / airport staff / persons conducting authorized business allowed )
- Passport bio-page and departing flight details on hand
- Face mask required ( passengers and staff )
- Floor markers to establish physical distancing
- Temperature Screening ( symptomatic travelers will be isolated )
- Handwashing / Sanitization ( mobile and fixed stations provided )
- Departure Lounge seating tagged / re-configured to allow for physical distancing
- Updated food and beverage protocols with shift to single use / disposable items to minimize passenger touch-point.

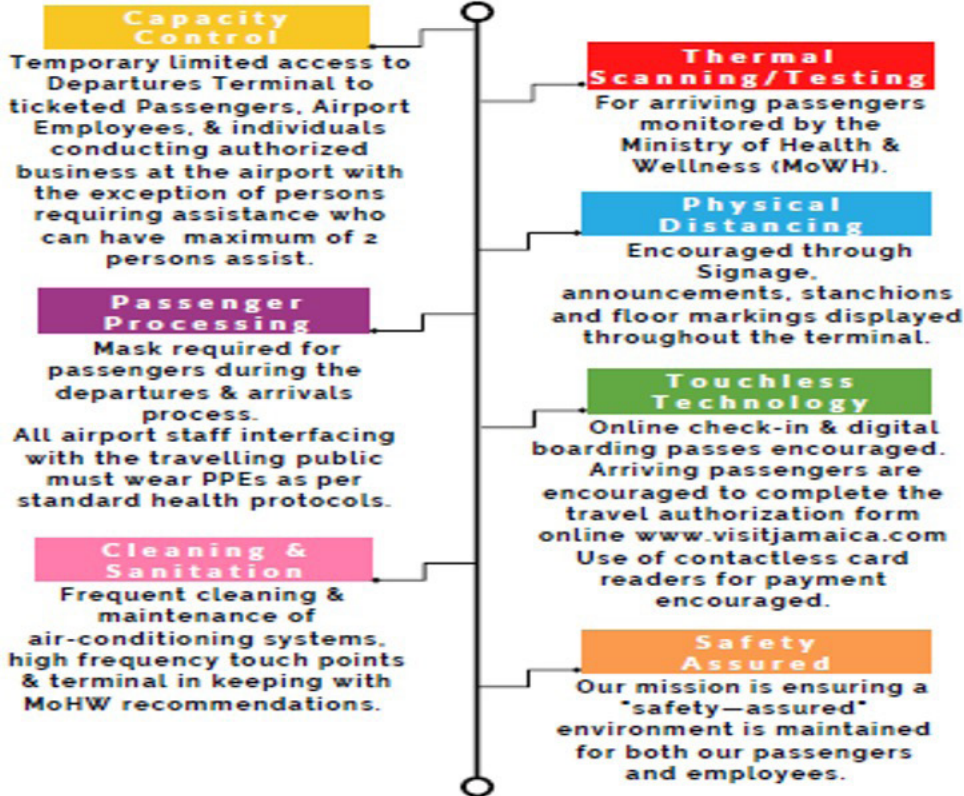






# Protocols

## AS FLIGHT OPERATIONS RESUME



#UNITEDAGAINSTCOVID  
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[WWW.MBJAIRPORT.COM](http://WWW.MBJAIRPORT.COM)

# AUDITED FINANCIAL STATEMENTS



**Airports Authority of Jamaica**

**Financial Statements  
31 March 2021**

# Airports Authority of Jamaica

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31 March 2021

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**Independent Auditor's Report to the Members**

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# Airports Authority of Jamaica

## Consolidated Statement of Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 \$'000	Restated 2020 \$'000
<b>Revenue –</b>			
Airports		2,059,622	9,107,923
Aerodromes		96,384	102,161
		<u>2,156,006</u>	<u>9,210,084</u>
<b>Direct expenses –</b>			
Airports		(562,513)	(3,804,304)
Aerodromes		(393,115)	(626,491)
		<u>(955,628)</u>	<u>(4,430,795)</u>
<b>Gross Profit</b>		1,200,378	4,779,289
Other operating income	5	1,225,938	1,483,072
Administration expenses		(1,713,701)	(817,450)
Net impairment (loss)/reversal on financial assets		(239,251)	271,087
Privatisation costs		-	(10,346)
Finance (costs)/income	9	(159,549)	796,832
<b>Profit before Taxation</b>		313,815	6,502,484
Taxation	10	(372,623)	(3,005,160)
<b>Net (Loss)/Profit</b>	11	<u>(58,808)</u>	<u>3,497,324</u>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss –</b>			
Unrealised losses on investment securities		(17,097)	-
Re-measurement of post-employment benefits, net of taxes	17	44,535	(69,303)
<b>Items that may be subsequently reclassified to profit or loss –</b>			
Foreign currency translation adjustments		1,060,151	431,615
<b>Total other comprehensive income</b>		<u>1,087,589</u>	<u>362,312</u>
<b>Total Comprehensive Income</b>		<u>1,028,781</u>	<u>3,859,636</u>

**Airports Authority of Jamaica**  
**Consolidated Statement of Financial Position**  
**31 March 2021**  
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 \$'000	Restated 2020 \$'000	Restated 2019 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	12	16,276,929	16,515,543	15,616,988
Intangible assets	13	6,918	20,634	21,996
Investments	14	4,783,758	4,486,299	2,544,585
Deferred income tax	17	203,697	32,923	1,208,763
		<u>21,271,302</u>	<u>21,055,399</u>	<u>19,392,332</u>
<b>Current Assets</b>				
Inventories	18	-	663	60,922
Receivables	19	1,612,870	3,389,299	3,434,833
Investments	14	1,941,470	5,330,999	1,996,783
Cash and short-term deposits	20	3,343,356	3,523,761	4,512,006
		<u>6,897,696</u>	<u>12,244,722</u>	<u>10,004,544</u>
<b>Current Liabilities</b>				
Payables	21	599,922	294,862	466,907
Borrowings	22	1,220,278	1,007,560	1,160,558
Lease obligation	28	57	54	-
Taxation payable		494,546	1,100,090	351,889
		<u>2,314,803</u>	<u>2,402,566</u>	<u>1,979,354</u>
<b>Net Current Assets</b>				
		<u>4,582,893</u>	<u>9,842,156</u>	<u>8,025,190</u>
		<u>25,854,195</u>	<u>30,897,555</u>	<u>27,417,522</u>
<b>Shareholders' Equity</b>				
Share capital	23	76,091	76,091	76,091
Retained earnings	11	16,588,962	21,603,235	19,375,214
Fair value reserve		(17,097)	-	-
Other reserves	24	511,460	(548,691)	(980,306)
		<u>17,159,416</u>	<u>21,130,635</u>	<u>18,470,999</u>
<b>Non-Current Liabilities</b>				
Borrowings	22	7,690,405	8,296,165	8,526,330
Lease obligation	28	5,599	5,656	-
Grants	25	109,407	496,247	145,985
Deferred revenue	26	635,005	662,026	-
Post-employment benefit obligations	27	254,363	306,826	274,208
		<u>8,694,779</u>	<u>9,766,920</u>	<u>8,946,523</u>
		<u>25,854,195</u>	<u>30,897,555</u>	<u>27,417,522</u>

Approved for issue by the Board of Directors on 26 October 2022 on signed on its behalf by:

  
Antony Mark Hart

Chairman

  
Donna Marie Howe

Director

# Airports Authority of Jamaica

## Consolidated Statement of Changes in Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Number	Share	Retained	Other	Fair Value	Total
		of Shares	Capital	Earnings	Reserves	Reserves	
		'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2019, as previously stated</b>		76,091	76,091	19,499,003	(980,306)	-	18,594,788
Adjustment for the write-off of long outstanding receivables	32	-	-	(123,789)	-	-	(123,789)
<b>Balance as at 1 April 2019, as restated</b>		76,091	76,091	19,375,214	(980,306)	-	18,470,999
Net Profit for the year, as restated		-	-	3,497,324	-	-	3,497,324
Re-measurements of post-employment benefits, net of taxes	17	-	-	(69,303)	-	-	(69,303)
Foreign currency translation adjustment		-	-	-	431,615	-	431,615
Total comprehensive income		-	-	3,428,021	431,615	-	3,859,636
Transactions with owners in their capacity as owners:							
Dividends	16	-	-	(1,200,000)	-	-	(1,200,000)
<b>Balance at 31 March 2020, as restated</b>		76,091	76,091	21,603,235	(548,691)	-	21,130,635
Net loss for the year		-	-	(58,808)	-	-	(58,808)
Re-measurements of post-employment benefits, net of taxes	17	-	-	44,535	-	-	44,535
Unrealised losses on investment securities		-	-	-	-	(17,097)	(17,097)
Foreign currency translation adjustment		-	-	-	1,060,151	-	1,060,151
Total comprehensive income		-	-	(14,273)	1,060,151	(17,097)	1,028,781
Transactions with owners in their capacity as owners:							
Dividends	16	-	-	(5,000,000)	-	-	(5,000,000)
<b>Balance as at 31 March 2021</b>		76,091	76,091	16,588,962	511,460	(17,097)	17,159,416

# Airports Authority of Jamaica

## Consolidated Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 \$'000	Restated 2020 \$'000
<b>Cash Flows from Operating activities</b>			
Net (loss)/profit		(58,808)	3,497,324
Items not affecting cash resources:			
Depreciation and amortisation	12	1,030,344	1,075,041
Interest income	5	(505,895)	(274,390)
Exchange losses/(gains) on foreign balances	9	341,827	(783,633)
Grants amortised	5,9	(1,283,492)	(1,554,276)
Amortisation of concession fee	26	(27,021)	(13,511)
Taxation charge	10	372,623	3,005,160
Interest expense - loans	9	402,877	410,974
Interest expense - leases	9	280	285
Change in post-employment benefit obligation		6,917	(59,786)
		<u>279,652</u>	<u>5,303,188</u>
Changes in operating assets and liabilities:			
Inventories		663	60,259
Receivables		1,776,429	405,842
Payables		305,060	(317,045)
		<u>2,361,804</u>	<u>5,452,244</u>
Translation adjustment		1,009,698	(757,849)
Taxation paid		(1,163,317)	(962,862)
		<u>2,208,185</u>	<u>3,731,533</u>
<b>Cash provided by operating activities</b>			
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	12	(728,226)	(927,779)
Purchase of financial instruments		(181,968)	(4,188,508)
Proceeds from maturity of financial instruments		3,633,338	-
Proceed from disposal of property, plant and equipment		196	56,829
Purchase of Intangible assets	13	-	(1,214)
Interest received		505,895	274,390
		<u>3,229,235</u>	<u>(4,786,282)</u>
<b>Cash provided by/(used in) investing activities</b>			
<b>Cash Flows from Financing Activities</b>			
Interest paid		(412,954)	(413,974)
Grants received	25	896,652	1,904,538
Concession fee received	26	-	675,537
Loan repayments	22	(1,120,389)	(1,034,646)
Lease principal repayment		(54)	(52)
Lease interest payment		(280)	(285)
Dividend paid	16	(5,000,000)	(1,055,000)
		<u>(5,637,025)</u>	<u>76,118</u>
<b>Cash (used in)/provided by financing activities</b>			
Decrease in cash and cash equivalents		(199,605)	(978,631)
Effect of changes in exchange rates on cash and cash equivalents		19,200	(9,614)
Cash and cash equivalents at beginning of year		3,523,761	4,512,006
<b>Cash and Cash Equivalents at End of Year</b>	20	<u>3,343,356</u>	<u>3,523,761</u>

The principal non-cash transaction –

In 2020, dividend was paid net of \$145,000,000 that was owed to The Authority by the Government.



# Airports Authority of Jamaica

Authority Statement of Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 \$'000	Restated 2020 \$'000
<b>Revenue –</b>			
Airports		2,004,278	5,864,994
Aerodromes		96,384	102,161
		<u>2,100,662</u>	<u>5,967,155</u>
<b>Direct expenses –</b>			
Airports		(125,413)	(80,297)
Aerodromes		(393,115)	(626,491)
		<u>(518,528)</u>	<u>(706,788)</u>
<b>Gross Profit</b>		1,582,134	5,260,367
Other operating income	5	3,618,003	1,574,812
Administration expenses		(1,926,391)	(817,450)
Net impairment loss on financial assets		(26,561)	-
Privatisation costs		-	(10,346)
Termination costs	6	-	(1,107,429)
Finance income	9	986,299	659,670
<b>Profit before Taxation</b>		4,233,484	5,559,624
Taxation	10	(367,118)	(1,873,068)
<b>Net Profit</b>	11	3,866,366	3,686,556
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Unrealised losses on investment securities		(17,097)	-
Re-measurement of post-employment benefits, net of taxes	17	44,535	(69,303)
Total other comprehensive income		<u>27,438</u>	<u>(69,303)</u>
<b>Total Comprehensive Income</b>		<u>3,893,804</u>	<u>3,617,253</u>

# Airports Authority of Jamaica

## Authority Statement of Financial Position

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 \$'000	Restated 2020 \$'000	Restated 2019 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	12	15,726,458	16,024,943	1,926,582
Intangible assets	13	6,918	20,634	-
Investments	14	2,162,315	2,198,742	940,354
Investment in subsidiary	15	305,377	305,377	305,377
Due from subsidiary	15	7,869,424	7,467,237	17,540,310
Deferred income tax	17	203,697	27,887	166,791
		26,274,189	26,044,820	20,879,414
<b>Current Assets</b>				
Receivables	19	1,211,691	2,864,166	2,365,175
Due from subsidiary	15	-	-	209,433
Investments	14	1,941,470	5,330,999	1,996,783
Cash and short-term deposits	20	2,695,798	1,161,856	1,414,873
		5,848,959	9,357,021	5,986,264
<b>Current Liabilities</b>				
Payables	21	228,635	103,149	116,468
Borrowings	22	1,220,278	1,007,560	1,160,558
Lease obligation	28	57	54	-
Due to related party	15	13,408,284	14,238,660	-
Taxation payable		460,084	1,068,271	255,142
		15,317,338	16,417,694	1,532,168
		(9,468,379)	(7,060,673)	4,454,096
<b>Net Current (Liabilities)/Assets</b>		<b>16,805,810</b>	<b>18,984,147</b>	<b>25,333,510</b>
<b>Shareholders' Equity</b>				
Share capital	23	76,091	76,091	76,091
Fair value reserve		(17,097)	-	-
Retained earnings	11	8,052,037	9,141,136	16,310,896
		8,111,031	9,217,227	16,386,987
<b>Non-Current Liabilities</b>				
Borrowings	22	7,690,405	8,296,165	8,526,330
Lease obligation	28	5,599	5,656	-
Grants	25	109,407	496,247	145,985
Deferred revenue	26	635,005	662,026	-
Post-employment benefit obligations	27	254,363	306,826	274,208
		8,694,779	9,766,920	8,946,523
		16,805,810	18,984,147	25,333,510

Approved for issue by the Board of Directors on 26 October 2022 on signed on its behalf by:

  
Anthony Mark Hart

Chairman

  
Donna Marie Howe

Director

# Airports Authority of Jamaica

## Authority Statement of Changes in Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Number of Shares	Share Capital	Fair Value Reserve	Retained Earnings	Total
		'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 March 2019, as previously stated</b>		76,091	76,091	-	16,434,685	16,510,776
Adjustment for the write-off of long outstanding receivables	32	-	-	-	(123,789)	(123,789)
<b>Balance as at 1 April 2019, as restated</b>		76,091	76,091	-	16,310,896	16,386,987
Net profit for the year, as restated		-	-	-	3,686,556	3,686,556
Re-measurements of post-employment benefits, net of taxes	17	-	-	-	(69,303)	(69,303)
Total comprehensive income		-	-	-	3,617,253	3,617,253
Transactions with owners in their capacity as owners:						
Debt off-set for subsidiary company		-	-	-	(9,587,013)	(9,587,013)
Dividends	16	-	-	-	(1,200,000)	(1,200,000)
<b>Balance at 31 March 2020, as restated</b>		76,091	76,091	-	9,141,136	9,217,227
Net profit for the year		-	-	-	3,866,366	3,866,366
Unrealised losses on investment securities		-	-	(17,097)	-	(17,097)
Re-measurements of post-employment benefits, net of taxes	17	-	-	-	44,535	44,535
Total comprehensive income		-	-	(17,097)	3,910,901	3,893,804
Transactions with owners in their capacity as owners:						
Dividends	16	-	-	-	(5,000,000)	(5,000,000)
<b>Balance at 31 March 2021</b>		<b>76,091</b>	<b>76,091</b>	<b>(17,097)</b>	<b>8,052,037</b>	<b>8,111,031</b>

# Airports Authority of Jamaica

## Authority Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 \$'000	Restated 2020 \$'000
<b>Cash Flows from Operating activities</b>			
Net profit		3,866,366	3,686,556
Items not affecting cash resources:			
Depreciation and amortisation	12	1,030,344	562,268
Interest income	5	(397,960)	(838,278)
Exchange gains on foreign balances	9	(809,695)	(870,758)
Taxation charge	10	367,118	1,873,068
Grants amortised	5,9	(1,283,492)	(805,078)
Amortisation of concession fee	26	(27,021)	(13,511)
Interest expense - loans	9	402,877	410,974
Interest expense - leases	9	280	285
Change in post-employment benefit obligation		6,917	(59,786)
		<u>3,155,734</u>	<u>3,945,740</u>
Changes in operating assets and liabilities:			
Receivables		1,652,475	(559,733)
Due from subsidiary		(2,975)	173,523
Payables		125,486	(13,319)
		<u>4,930,720</u>	<u>3,546,211</u>
Taxation paid		(1,165,960)	(897,934)
Cash provided by operating activities		<u>3,764,760</u>	<u>2,648,277</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment and intangible assets	12	(420,827)	(401,115)
Proceeds from disposal of property, plant and equipment		197	184
Purchase of financial instruments		-	(4,031,599)
Proceeds from maturity of financial instruments		3,408,859	-
Loans repaid by subsidiary		-	2,010,672
Loans issued to subsidiary		-	(634,625)
Interest received		397,960	838,278
Cash provided by/(used in) investing activities		<u>3,386,189</u>	<u>(2,218,205)</u>
<b>Cash Flows from Financing Activities</b>			
Interest paid		(412,954)	(413,974)
Grants received	25	896,652	1,155,340
Concession fee received	26	-	675,537
Loan repayments	22	(1,120,389)	(1,034,646)
Lease principal repayment		(54)	(52)
Lease interest payment		(280)	(285)
Dividend paid	16	(5,000,000)	(1,055,000)
Cash used in financing activities		<u>(5,637,025)</u>	<u>(673,080)</u>
Increase/(decrease) in cash and cash equivalents		1,513,924	(243,008)
Effect of changes in exchange rates on cash and cash equivalents		20,018	(10,009)
Cash and cash equivalents at beginning of year		1,161,856	1,414,873
<b>Cash and Cash Equivalents at End of Year</b>	20	<u>2,695,798</u>	<u>1,161,856</u>

The principal non-cash transactions –

1. Transfer of property, plant and equipment and intangible assets, with net book values of \$14,253,936,000 (Note 12) and nil (Note 13) (2020 – \$20,634,000) from NMIAL;
2. The off-set of funds on-lent to NMIAL by AAJ nil (2020 – \$9,587,013,000) (Note 15); and
3. In 2020, dividend was paid net of \$145,000,000 that was owed to The Authority by the Government

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 1. Identification and Principal Activities

Airports Authority of Jamaica ("the Authority" or AAJ) 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 (NMIAL), 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 Norman Manley International Airport, Kingston, Jamaica. The Authority is domiciled in Jamaica.

As of 11 April 2003, the Sangster International Airport (SIA), which is owned by the Authority, is being operated by MBJ Airports Limited (MBJ) 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 \$418,380,000 (2020 – \$4,086,695,000) from MBJ during the year.

The Norman Manley International Airport (NMIA) was handed over to a new operator on October 9, 2020. This transfer of the management and operation of this Airport was done within the Government of Jamaica's policy of privatising the operation of assets via Public Private Partnerships. The current process for the privatisation of the NMIA merge began in March 2017 when a Request for Qualification of Bidders along with an Information Memorandum was issued. Following the pre-qualification and comprehensive bidding process, Grupo Aeroportuario del Pacifico (GAP) of Mexico emerged as the preferred bidder in July 2020 and on 10 October 2020, the AAJ entered into a 25-year Concession Agreement with PAC Kingston Airport Limited (PACKAL), the special purpose vehicle established by GAP to operate NMIA. PACKAL and the AAJ completed the process of fulfilling the conditions precedent stipulated in the Concession Agreement as a prerequisite to the transfer of NMIA's operations to PACKAL. These conditions were satisfied by October 9, 2020 in keeping with the schedule prescribed in the Agreement.

Consequent to the early termination of the concession agreement with NMIAL, and in accordance with the new concession agreement between AAJ and PACKAL, all intangible assets (Note 13) and property, plant and equipment (Note 12) excluding construction in progress, were transferred to AAJ. Based on said agreement, a termination fee of \$1,107,429,000 was payable to NMIAL (Notes 6 and 7). AAJ's outstanding on-lent loans to NMIAL as at termination date were off-set as part of the overall settlement of balances between AAJ and NMIAL which fall outside of the termination compensation calculation as stipulated in the concession agreement.

PACKAL made a payment to the Authority of USD\$5,000,000 as a non-refundable upfront concession fee (Note 26).

The financial statements were approved and authorised for issue as indicated on the statement of financial position. The directors have the power to amend and reissue the financial statements.

# Airports Authority of Jamaica

## Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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### 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 accordance with International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its 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 actions, 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.

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

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following is relevant to its operations.

**Amendments to IAS 1 and IAS 8 on the definition of material** (effective for annual periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- (i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- (ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

The adoption of these amendments did not have an impact on the Groups financial statements.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 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 Group***

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at the reporting date, and which the Group did not early adopt. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations, and has concluded as follows:

**Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities** (effective for annual periods beginning on or after 1 January 2024). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact of future adoption of the new amendment on its financial statements.

**Amendment to IFRS 16, 'Leases' – Covid-19 related rent Concessions** (effective for annual periods beginning on or after 1 June 2021). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2021, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. To date the lessors have not proposed any concessions to the Group.

**Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16** (effective for annual periods beginning on or after 1 June 2022). The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. The Group is currently assessing the impact of future adoption of the new amendment on its financial statements.

**Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract** (effective for annual periods beginning on or after 1 June 2022). The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The Group is currently assessing the impact of future adoption of the new amendment on its financial statements.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 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 Group (continued)*

**Annual Improvements to IFRS Standards 2018–2021** (effective for annual periods beginning on or after 1 June 2022). The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

Improvements to IFRS 1 and IAS 41 were not relevant to the Group's operation.

**Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8** (effective for annual periods beginning on or after 1 June 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Group anticipate that the amendments will not have a significant impact on its operations.

**Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction.** (effective for annual periods beginning on or after 1 June 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The Group anticipate that the amendment will not have a significant impact on its operations.

The Group has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect. This includes amendments resulting from the IASB's ongoing 'Improvements to IFRS' project.



# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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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.

### (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 date of the statement of financial position. 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.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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

### (c) Foreign currency translation (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income 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 fair value through other comprehensive income, are included in the fair value reserve in other comprehensive income.

#### *Group entities*

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 statement of financial position 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.

### (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 is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer. A contract liability, representing amounts payable to customers, is recognised for advance consideration for which the related performance obligation has not yet been satisfied.

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.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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

### (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.

### (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.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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

### (g) Leases

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

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

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

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

The right-of-use assets are presented in the property, plant and equipment line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy Note 2(f).

#### Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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

### (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.

### (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 recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating income in profit or loss. Impairment testing of trade receivables is described in Note 2(q).

### (k) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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

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

The Authority makes fixed contributions to the pension plan 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 Authority recognises a cost equal to its contributions payable in respect of each accounting period in arriving at profit or loss.

The Authority provides post-employment health care benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the obligation was determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that were denominated in the currency in which the benefits would have been paid, and that had terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

##### *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 Authority 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 Authority 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.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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

### (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

##### (i) Classification

Classification of the Group's financial assets depends on the Group's business model for managing such assets and the contractual terms of the cash flows. The Group classifies its financial assets as those measured at amortised cost and Fair Value through Profit or loss (FVTPL).

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred control of the assets.

##### (iii) Measurement

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.

On the adoption of IFRS 9, there have been no changes in the subsequent measurement of the Group's financial instruments from that noted in the previous year under IAS 39.

##### (iv) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its financial instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 3(a) for further details.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst other, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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

### (q) Financial instruments (continued)

#### *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.

The determination of the fair values of the Group's financial instruments is discussed in Note 3(d).

## 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.



# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### *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.

#### Impairment of trade receivables

##### Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for these assets.

Management is of the view that this deviation from the requirements of the simplified ECL model, provides a better estimate of the collectability of the outstanding receivables as at 31 March 2021.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles over a period of 48 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of Jamaica to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

#### (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 statement of financial position.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### Trade receivables loss allowance

The loss allowance as at 31 March 2021 was determined as follows for trade receivables:

Group	Current \$'000	31-60 days \$'000	61-90 days \$'000	Over 60 days \$'000	Total \$'000
<b>31 March 2021</b>					
Expected loss rate	0.55%	2.50%	71.27%	87.35%	
Gross carrying amount trade receivables	611,989	1,837	724	566,696	1,181,246
<b>Loss Allowance</b>	<b>3,394</b>	<b>46</b>	<b>516</b>	<b>494,983</b>	<b>498,939</b>
<b>31 March 2020</b>					
Expected loss rate	3.48%	22.16%	71.31%	50.31%	
Gross carrying amount trade receivables	147,179	5,741	1,192	479,497	633,609
<b>Loss Allowance</b>	<b>5,115</b>	<b>1,272</b>	<b>850</b>	<b>241,247</b>	<b>248,484</b>

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### Trade receivables loss allowance

Authority	Current \$'000	31-60 days \$'000	61-90 days \$'000	Over 90 days \$'000	Total \$'000
<b>31 March 2021</b>					
Expected loss rate	0.55%	2.50%	71.27%	85.66%	
Gross carrying amount trade receivables	611,989	1,837	724	108,695	723,245
<b>Loss Allowance</b>	<b>3,394</b>	<b>46</b>	<b>516</b>	<b>93,105</b>	<b>97,061</b>

Authority	Current \$'000	31-60 days \$'000	61-90 days \$'000	Over 90 days \$'000	Total \$'000
<b>31 March 2020</b>					
Expected loss rate	0.55%	81.53%	71.31%	67.45%	
Gross carrying amount trade receivables	109,806	1,235	1,192	100,866	213,099
<b>Loss Allowance</b>	<b>609</b>	<b>1,007</b>	<b>850</b>	<b>68,034</b>	<b>70,500</b>

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### *Movement analysis of loss allowance of trade receivables*

The movement in the loss allowance of trade receivables was as follows:

	The Group		The Authority	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 1 April	248,484	484,842	70,500	70,500
Impairment	239,251		26,561	
Recoveries	-	(271,087)	-	-
Translation difference	11,204	34,729	-	-
At 31 March	<u>498,939</u>	<u>248,484</u>	<u>97,061</u>	<u>70,500</u>

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.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### *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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Airlines (scheduled and unscheduled)	843,049	366,474	564,183	82,203
Concessionaires	16,698	16,698	-	-
Fuel through-put	80,417	79,132	6,864	5,579
Food and beverage	3,578	3,578	-	-
Car rental and tour operations	3,982	3,984	3,982	3,984
Concession – MBJ Airports Limited	135,364	117,474	135,364	117,474
Other	98,158	46,269	12,852	3,859
	<u>1,181,246</u>	<u>633,609</u>	<u>723,245</u>	<u>213,099</u>
Less: Provision for credit loss	<u>(498,939)</u>	<u>(248,484)</u>	<u>(97,061)</u>	<u>(70,500)</u>
	<u>682,307</u>	<u>385,125</u>	<u>626,184</u>	<u>142,599</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 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			Total \$'000
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	
	<b>2021</b>			
Payables	547,761	-	-	547,761
Lease obligation	334	1,254	11,267	12,855
Borrowings	1,497,767	5,379,306	3,468,709	10,345,782
	<u>2,045,862</u>	<u>5,380,560</u>	<u>3,479,976</u>	<u>10,906,398</u>
	<b>2020</b>			
Payables	267,754	-	-	267,754
Lease obligation	337	1,348	11,504	13,189
Borrowings	1,389,285	5,280,043	4,463,556	11,132,884
	<u>1,657,376</u>	<u>5,281,391</u>	<u>4,475,060</u>	<u>11,413,827</u>

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (b) Liquidity risk (continued)

	The Authority			Total \$'000
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	
	2021			
Payables	177,251	-	-	177,251
Due to subsidiary	13,408,284	-	-	13,408,284
Lease obligation	334	1,254	11,267	12,855
Borrowings	1,497,767	5,379,306	3,468,709	10,345,782
	<u>15,083,636</u>	<u>5,380,560</u>	<u>3,479,976</u>	<u>23,944,172</u>
	2020			
Payables	79,967	-	-	79,967
Due to subsidiary	14,238,660	-	-	14,238,660
Lease obligation	337	1,348	11,504	13,189
Borrowings	1,389,285	5,280,043	4,463,556	11,132,884
	<u>15,708,249</u>	<u>5,281,391</u>	<u>4,475,060</u>	<u>25,464,700</u>

Primary funding for servicing the on-lent loans is by way of grants from the Airports Improvement Fund (Note 25). 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

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market 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
	<b>2021</b>		
<b>Financial Assets</b>			
Investments	402,853	6,322,375	6,725,228
Trade and other receivables	113,606	602,324	715,930
Cash and short-term deposits	271,059	3,072,297	3,343,356
	<u>787,518</u>	<u>9,996,996</u>	<u>10,784,514</u>
<b>Financial Liabilities</b>			
Payables	(547,761)	-	(547,761)
Lease obligation	(5,656)	-	(5,656)
Borrowings	-	(8,910,683)	(8,910,683)
	<u>(553,417)</u>	<u>(8,910,683)</u>	<u>(9,464,100)</u>
<b>Net Financial Position</b>	<u>234,101</u>	<u>1,086,313</u>	<u>1,320,414</u>
	<b>2020</b>		
<b>Financial Assets</b>			
Investments	404,721	9,412,577	9,817,298
Trade and other receivables	319,138	2,538,278	2,857,416
Cash and short-term deposits	271,579	3,252,182	3,523,761
	<u>995,438</u>	<u>15,203,037</u>	<u>16,198,475</u>
<b>Financial Liabilities</b>			
Payables	(267,754)	-	(267,754)
Lease obligation	(5,710)	-	(5,710)
Borrowings	-	(9,303,725)	(9,303,725)
	<u>(273,464)</u>	<u>(9,303,725)</u>	<u>(9,577,189)</u>
<b>Net Financial Position</b>	<u>721,974</u>	<u>5,899,312</u>	<u>6,621,286</u>



# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(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
	<b>2021</b>		
<b>Financial Assets</b>			
Investments	95,180	4,008,605	4,103,785
Due from subsidiary *	-	7,869,424	7,869,424
Trade and other receivables	57,483	602,324	659,807
Cash and short-term deposits	271,059	2,424,739	2,695,798
	<b>423,722</b>	<b>14,905,092</b>	<b>15,328,814</b>
<b>Financial Liabilities</b>			
Payables	(177,251)	-	(177,251)
Due to subsidiary *	-	(13,408,284)	(13,408,284)
Lease obligation	(5,656)	-	(5,656)
Borrowings	-	(8,910,683)	(8,910,683)
	<b>(182,907)</b>	<b>(22,318,967)</b>	<b>(22,501,874)</b>
<b>Net Financial Position</b>	<b>240,815</b>	<b>(7,413,875)</b>	<b>(7,173,060)</b>
	<b>2020</b>		
<b>Financial Assets</b>			
Investments	153,184	7,376,557	7,529,741
Due from subsidiary *	-	7,467,237	7,467,237
Trade and other receivables	76,745	2,538,145	2,614,890
Cash and short-term deposits	23,620	1,138,236	1,161,856
	<b>253,549</b>	<b>18,520,175</b>	<b>18,773,724</b>
<b>Financial Liabilities</b>			
Payables	(79,967)	-	(79,967)
Due to subsidiary *	-	(14,238,660)	(14,238,660)
Lease obligation	(5,710)	-	(5,710)
Borrowings	-	(9,303,725)	(9,303,725)
	<b>(85,677)</b>	<b>(23,542,385)</b>	<b>(23,628,062)</b>
<b>Net Financial Position</b>	<b>167,872</b>	<b>(5,022,210)</b>	<b>(4,854,338)</b>

\* This represents loans on-lent to NMIAL, advances and other balances from inter-Group transactions.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(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	Effect on Profit After Tax	Effect on Other Comprehensive Income	% Change in Currency Rate	Effect on Profit After Tax	Effect on Other Comprehensive Income
	2021	2021 \$'000	2021 \$'000	2020	2020	2020 \$'000
<b>Currency:</b>						
USD -revaluation	2%	28,125	(44,420)	2%	(26,240)	(62,249)
USD devaluation	-6%	(84,376)	133,260	-6%	78,721	186,748

	The Authority			
	% Change in Currency Rate	Effect on Profit After Tax	% Change in Currency Rate	Effect on Profit After Tax
	2021	2021 \$'000	2020	2020 \$'000
<b>Currency:</b>				
USD - revaluation	2%	111,209	2%	75,333
USD - devaluation	-6%	(335,625)	-6%	(225,999)

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 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.

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.

The Group	Within 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>2021</b>				
<b>Financial Assets</b>					
Investments	2,835,358	880,748	523,822	2,485,300	6,725,228
Trade and other receivables	-	-	-	715,930	715,930
Cash and short-term deposits	3,285,396	-	-	57,960	3,343,356
	<u>6,120,754</u>	<u>880,748</u>	<u>523,822</u>	<u>3,259,190</u>	<u>10,784,514</u>
<b>Financial Liabilities</b>					
Payables	-	-	-	(547,761)	(547,761)
Lease obligation	-	-	-	(5,656)	(5,656)
Borrowings	(1,220,278)	(4,473,151)	(3,217,254)	-	(8,910,683)
	<u>(1,220,278)</u>	<u>(4,473,151)</u>	<u>(3,217,254)</u>	<u>(553,417)</u>	<u>(9,464,100)</u>
<b>Total interest re-pricing gap</b>	<u>4,900,476</u>	<u>(3,592,403)</u>	<u>(2,693,432)</u>	<u>2,705,773</u>	<u>1,320,414</u>
<b>Cumulative interest re-pricing gap</b>	<u>4,900,476</u>	<u>1,308,073</u>	<u>(1,385,359)</u>	<u>1,320,414</u>	

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

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

The Group	Within 1	1 to 5 Years	Over 5 Years	Non-	Total
	Year			Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
<b>Financial Assets</b>					
Investments	5,534,322	1,312,564	1,459,192	1,511,220	9,817,298
Trade and other receivables	-	-	-	2,857,416	2,857,416
Cash and short-term deposits	3,462,839	-	-	60,922	3,523,761
	<u>8,997,161</u>	<u>1,312,564</u>	<u>1,459,192</u>	<u>4,429,558</u>	<u>16,198,475</u>
<b>Financial Liabilities</b>					
Payables	-	-	-	(267,754)	(267,754)
Lease obligation	-	-	-	(5,710)	(5,710)
Borrowings	(1,007,559)	(4,237,930)	(4,058,236)	-	(9,303,725)
	<u>(1,007,559)</u>	<u>(4,237,930)</u>	<u>(4,058,236)</u>	<u>(273,464)</u>	<u>(9,577,189)</u>
<b>Total interest re-pricing gap</b>	<u>7,989,602</u>	<u>(2,925,366)</u>	<u>(2,599,044)</u>	<u>4,156,094</u>	<u>6,621,286</u>
<b>Cumulative interest re-pricing gap</b>	<u>7,989,602</u>	<u>5,064,236</u>	<u>2,465,192</u>	<u>6,621,286</u>	

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

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

#### The Authority

	Within 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	2021				
<b>Financial assets</b>					
Investments	2,476,126	415,202	523,822	688,635	4,103,785
Due from subsidiary	-	-	4,468,419	3,401,005	7,869,424
Trade and other receivables	-	-	-	659,807	659,807
Cash and short-term deposits	2,637,838	-	-	57,960	2,695,798
	5,113,964	415,202	4,992,241	4,807,407	15,328,814
<b>Financial liabilities</b>					
Payables	-	-	-	(177,251)	(177,251)
Due to subsidiary	-	-	-	(13,408,284)	(13,408,284)
Lease obligation	-	-	-	(5,656)	(5,656)
Borrowings	(1,220,278)	(4,473,151)	(3,217,254)	-	(8,910,683)
	(1,220,278)	(4,473,151)	(3,217,254)	(13,591,191)	(22,501,874)
<b>Total interest re-pricing gap</b>	<b>3,893,686</b>	<b>(4,057,949)</b>	<b>1,774,987</b>	<b>(8,783,784)</b>	<b>(7,173,060)</b>
<b>Cumulative interest re-pricing gap</b>	<b>3,893,686</b>	<b>(164,263)</b>	<b>1,610,724</b>	<b>(7,173,060)</b>	

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

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

#### The Authority

	Within 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
<b>Financial assets</b>					
Investments	5,248,857	1,167,844	325,022	788,018	7,529,741
Due from subsidiary	-	-	3,572,659	3,894,578	7,467,237
Trade and other receivables	-	-	-	2,614,890	2,614,890
Cash and short-term deposits	1,100,934	-	-	60,922	1,161,856
	<u>6,349,791</u>	<u>1,167,844</u>	<u>3,897,681</u>	<u>7,358,408</u>	<u>18,773,724</u>
<b>Financial liabilities</b>					
Payables	-	-	-	(79,967)	(79,967)
Due to subsidiary	-	-	-	(14,238,660)	(14,238,660)
Lease obligation	-	-	-	(5,710)	(5,710)
Borrowings	(1,007,559)	(4,237,930)	(4,058,236)	-	(9,303,725)
	<u>(1,007,559)</u>	<u>(4,237,930)</u>	<u>(4,058,236)</u>	<u>(14,324,337)</u>	<u>(23,628,062)</u>
<b>Total interest re-pricing gap</b>	<u>5,342,232</u>	<u>(3,070,086)</u>	<u>(160,555)</u>	<u>(6,965,929)</u>	<u>(4,854,338)</u>
<b>Cumulative interest re-pricing gap</b>	<u>5,342,232</u>	<u>2,272,146</u>	<u>2,111,591</u>	<u>(4,854,338)</u>	

#### Interest rate sensitivity

All interest bearing financial assets and liabilities have fixed interest rates, accordingly there is no interest rate sensitivity impact on the profit and loss or other comprehensive income.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management (Continued)

#### (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 date of the statement of financial position. 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 date of the statement of financial position. 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 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.

#### (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.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

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## 3. Financial Risk Management (Continued)

### (g) Financial instruments by category

#### Financial assets:

	The Group			
	Amortised costs	FVTPL	FVOCI	Total
	\$'000	\$'000	\$'000	\$'000
	<b>2021</b>			
Investments	5,058,271	1,303,580	363,377	6,725,228
Trade receivables and other receivables	715,930	-	-	715,930
Cash and short-term deposits	3,343,356	-	-	3,343,356
<b>Total financial assets</b>	<b>9,117,557</b>	<b>1,303,580</b>	<b>363,377</b>	<b>10,784,514</b>

	The Group			
	Amortised costs	FVTPL	FVOCI	Total
	\$'000	\$'000	\$'000	\$'000
	<b>2020</b>			
Investments	8,306,078	1,113,638	397,582	9,817,298
Trade receivables and other receivables	2,857,416	-	-	2,857,416
Cash and short-term deposits	3,523,761	-	-	3,523,761
<b>Total financial assets</b>	<b>14,687,255</b>	<b>1,113,638</b>	<b>397,582</b>	<b>16,198,475</b>

	The Authority			
	Amortised costs	FVTPL	FVOCI	Total
	\$'000	\$'000	\$'000	\$'000
	<b>2021</b>			
Investments	3,233,458	181,694	688,633	4,103,785
Due from subsidiary	7,869,424	-	-	7,869,424
Trade receivables and other receivables	659,807	-	-	659,807
Cash and short-term deposits	2,695,798	-	-	2,695,798
<b>Total financial assets</b>	<b>14,458,487</b>	<b>181,694</b>	<b>688,633</b>	<b>15,328,814</b>



# Airports Authority of Jamaica

Notes to the Financial Statements

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## 3. Financial Risk Management (Continued)

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

#### Financial assets

	The Authority			
	Amortised costs	FVTPL	FVOCI	Total
	\$'000	\$'000	\$'000	\$'000
	<b>2020</b>			
Investments	6,741,724	198,791	589,226	7,529,741
Due from subsidiary	7,467,237	-	-	7,467,237
Trade and other receivables	2,614,890	-	-	2,614,890
Cash and short-term deposits	1,161,856	-	-	1,161,856
<b>Total financial assets</b>	<b>17,985,707</b>	<b>198,791</b>	<b>589,226</b>	<b>18,773,724</b>

#### Financial liabilities

Other financial liabilities at amortised cost

	The Group	
	2021	2020
	\$'000	\$'000
Payables	547,761	267,754
Lease obligation	5,656	5,710
Borrowings	8,910,683	9,303,725
	<b>9,464,100</b>	<b>9,577,189</b>

	The Authority	
	2021	2020
	\$'000	\$'000
Payables	177,251	79,967
Due to subsidiary	13,408,284	14,238,660
Lease obligation	5,656	5,710
Borrowings	8,910,683	9,303,725
	<b>22,501,874</b>	<b>23,628,062</b>

# Airports Authority of Jamaica

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## 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 current and deferred tax provisions in the period in which such determination is made.

### **Allowances for impaired receivables**

Periodically, the Group assesses the collectability of its trade receivables. Provisions are created or adjusted as described in Note 2(j) and (q). 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.

### **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.

# Airports Authority of Jamaica

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

### Key sources of estimation uncertainty (continued)

#### 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 discount rate and the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded. 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 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Amortisation of grants (Note 25)	693,022	1,129,818	693,022	604,907
Expenses reimbursed - Project Execution Unit	-	50,201	-	50,201
Interest income	505,895	289,542	397,960	845,338
Dividend Income	-	-	2,500,000	60,855
Concession fee (Note 26)	27,021	13,511	27,021	13,511
	<u>1,225,938</u>	<u>1,483,072</u>	<u>3,618,003</u>	<u>1,574,812</u>

Included in the interest income for the Authority is nil (2020 – \$649,527,000) which has been charged on disbursements to its subsidiary to assist with the Norman Manley International Airport expansion project. Interest was charged on the outstanding balance at a rate of 10% per annum.

# Airports Authority of Jamaica

## Notes to the Financial Statements

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### 6. Termination Costs

Termination costs represents payment to NMIAL for the early termination of the concession agreement between AAJ and NMIAL (Notes 1 and 7).

### 7. Expenses by Nature

Total direct and administration expenses:

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Advertising and public relations	9,584	34,418	9,584	28,349
Auditors' remuneration	10,938	7,233	8,040	4,536
Net impairment loss/(reversal) on financial assets	239,251	(271,087)	26,561	-
Commissions and discounts	-	27,952	-	1,922
Depreciation and amortisation	1,030,344	1,075,041	1,030,344	562,268
Insurance	45,008	62,630	45,008	47,255
Irrecoverable GCT	23,963	190,996	23,963	78,515
Motor vehicle expenses	3,332	22,523	3,332	2,967
Office supplies	21,220	34,843	21,220	23,514
Other	228,569	199,722	41,539	42,869
Privatisation costs	-	10,346	-	10,346
Professional fees	637,465	301,280	631,670	197,026
Regulatory fees and taxes	47,692	66,892	28,858	34,389
Rental and lease	30,560	15,088	30,560	2,141
Repairs and maintenance	43,667	477,056	37,292	54,916
Security	69,953	210,217	69,953	62,670
Staff costs (Note 8)	383,827	2,058,751	383,827	306,935
Termination costs (Notes 1 and 6)	-	-	-	1,107,429
Training	-	44,642	-	-
Travelling and entertainment	28,214	40,399	28,214	38,781
Utilities	54,993	378,562	51,515	35,185
	<u>2,908,580</u>	<u>4,987,504</u>	<u>2,471,480</u>	<u>2,642,013</u>

### 8. Staff Costs

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Wages and salaries	317,148	876,821	317,148	323,992
Payroll taxes – employer's portion	33,786	89,265	33,786	27,495
Pension and other retirement benefits – Medical benefits (Note 27)	21,773	(50,804)	21,773	(50,804)
Redundancy payments	2,862	1,103,095	2,862	-
Other	8,258	40,374	8,258	6,252
	<u>383,827</u>	<u>2,058,751</u>	<u>383,827</u>	<u>306,935</u>

# Airports Authority of Jamaica

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## 9. Finance Costs/(Income)

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Interest expense - loans	402,877	410,974	402,442	410,974
Interest expense - leases	280	285	280	285
Amortisation of grants (Note 25)	(590,470)	(424,458)	(590,470)	(200,171)
	(187,313)	(13,199)	(187,748)	211,088
Net foreign exchange losses/(gains)	346,862	(783,633)	(798,551)	(870,758)
	<u>159,549</u>	<u>(796,832)</u>	<u>(986,299)</u>	<u>(659,670)</u>

## 10. Taxation

The taxation charge for the year comprises:

	The Group		The Authority	
	2021 \$'000	Restated 2020 \$'000	2021 \$'000	Restated 2020 \$'000
Income tax -				
Current year	557,773	1,711,063	557,773	1,711,063
Deferred tax (Note 17)	(185,150)	1,294,097	(190,655)	162,005
	<u>372,623</u>	<u>3,005,160</u>	<u>367,118</u>	<u>1,873,068</u>

Subject to agreement with Tax Administration Jamaica, losses of approximately \$1,731,919,000 (2020 – \$1,731,919,000) for the subsidiary are available for set off against future profits of the subsidiary and may be carried forward indefinitely.

# Airports Authority of Jamaica

## Notes to the Financial Statements

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### 10. Taxation (Continued)

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

	The Group		The Authority	
	2021 \$'000	Restated 2020 \$'000	2021 \$'000	Restated 2020 \$'000
Profit before taxation	313,815	6,502,484	4,233,484	5,559,624
Tax calculated at an effective tax rate of 25%	78,454	1,625,621	1,058,371	1,389,906
Adjusted for the effects of –				
Income not subject to tax	(257,593)	(574,025)	(257,593)	(151,237)
Income taxed at a different rate	(657)	-	(625,657)	(15,214)
Expenses not deductible for tax purposes	551,857	820,975	191,398	322,456
Prior year deferred tax asset write-off as a result of uncertainty of future profits (Note 17)	-	431,042	-	-
Prior year over accrual of deferred tax asset	-	330,404	-	-
Permanent difference on transferred asset	-	331,242	-	331,242
Current year tax loss not recognised	-	39,099	-	-
Other	562	802	599	(4,085)
	<u>372,623</u>	<u>3,005,160</u>	<u>367,118</u>	<u>1,873,068</u>

### 11. Net Profit and Retained Earnings

	2021 \$'000	Restated 2020 \$'000
(a) Net (loss)/profit is dealt with as follows in the financial statements of:		
The Authority	3,866,366	3,686,556
The subsidiary	(1,425,174)	(128,377)
Dividends	<u>(2,500,000)</u>	<u>(60,855)</u>
	<u>(58,808)</u>	<u>3,497,324</u>
(b) Retained earnings are dealt with as follows in the financial statements of:		
The Authority	8,052,037	9,141,136
The subsidiary	8,797,226	12,722,400
Loan interest capitalised	<u>(260,301)</u>	<u>(260,301)</u>
At the end of the year	<u>16,588,962</u>	<u>21,603,235</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

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### 12. Property, Plant and Equipment

	Group						
	Land, buildings, runways and taxiways	Right-of-use asset (Land)	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	\$'000
Cost -							
At 1 April 2019	18,941,554	5,762	973,595	143,215	6,081,987	1,701,422	27,847,535
Additions	146,904	-	-	37,860	123,659	619,356	927,779
Disposal	-	-	-	(24,276)	(193)	(39,517)	(63,986)
Transfers	546,345	-	-	23,563	541,419	(1,111,327)	-
Translation adjustment	1,174,186	-	-	25,607	430,125	96,649	1,726,567
At 31 March 2020	20,808,989	5,762	973,595	205,969	7,176,997	1,266,583	30,437,895
Additions	32,219	-	-	-	46,578	649,429	728,226
Disposal	-	-	-	-	(1,025)	-	(1,025)
Transfers	73,124	-	-	-	224,389	(297,513)	-
Translation adjustment	-	-	-	-	-	49,984	49,984
At 31 March 2021	20,914,332	5,762	973,595	205,969	7,446,939	1,668,483	31,215,080
Depreciation -							
At 1 April 2019	6,701,178	-	821,341	108,525	4,593,741	-	12,224,785
Charge for the year	604,052	-	48,680	20,732	397,261	-	1,070,725
Disposal	-	-	-	(7,148)	(9)	-	(7,157)
Translation adjustment	293,917	-	-	10,031	330,051	-	633,999
At 31 March 2020	7,599,147	-	870,021	132,140	5,321,044	-	13,922,352
Charge for the year	545,798	350	31,580	19,491	419,409	-	1,016,628
Disposal	-	-	-	-	(829)	-	(829)
At 31 March 2021	8,144,945	350	901,601	151,631	5,739,624	-	14,938,151
Net Book Value -							
31 March 2021	12,769,387	5,412	71,994	54,338	1,707,315	1,668,483	16,276,929
31 March 2020	13,209,842	5,762	103,574	73,829	1,855,953	1,266,583	16,515,543

# Airports Authority of Jamaica

## Notes to the Financial Statements

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### 12. Property, Plant and Equipment (Continued)

	The Authority						
	Land, buildings, runways and taxiways	Right-of-use asset (Land)	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	\$'000
<b>Cost -</b>							
At 1 April 2019	4,015,156	5,762	973,595	31,881	529,349	339,876	5,895,619
Additions	146,904	-	-	7,245	70,925	176,041	401,115
Transfers from NMIAL	16,912,781	-	-	168,702	6,577,423	-	23,658,906
Disposal	-	-	-	-	(193)	-	(193)
At 31 March 2020	21,074,841	5,762	973,595	207,828	7,177,504	515,917	29,955,447
Additions	32,219	-	-	-	46,578	342,030	420,827
Transfers from NMIAL	73,124	-	-	-	224,389	-	297,513
Disposal	-	-	-	-	(1,025)	-	(1,025)
At 31 March 2021	21,180,184	5,762	973,595	207,828	7,447,446	857,947	30,672,762
<b>Depreciation -</b>							
At 1 April 2019	2,850,423	-	821,341	7,776	283,735	-	3,963,275
Charge for the year	367,626	-	48,680	14,393	131,569	-	562,268
Transfers from NMIAL	4,389,667	-	-	109,934	4,905,369	-	9,404,970
Disposal	-	-	-	-	(9)	-	(9)
At 31 March 2020	7,607,716	-	870,021	132,103	5,320,664	-	13,930,504
Charge for the year	545,798	350	31,580	19,491	419,409	-	1,016,628
Disposal	-	-	-	-	(828)	-	(828)
At 31 March 2021	8,153,514	350	901,601	151,594	5,739,245	-	14,946,304
<b>Net Book Value -</b>							
31 March 2021	13,026,670	5,412	71,994	56,234	1,708,201	857,947	15,726,458
31 March 2020	13,467,125	5,762	103,574	75,725	1,856,840	515,917	16,024,943

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.



# Airports Authority of Jamaica

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## 12. Property, Plant and Equipment (Continued)

Property, plant and equipment include assets at cost totalling \$3,090,899,000 which were 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.

Consequent to the termination of the concession agreement with NMIAL, and in accordance with the new concession agreement between AAJ and PACKAL, all property, plant and equipment, excluding construction in progress, were transferred to AAJ (Note 1).

## 13. Intangible Assets

Comprising computer software:

	<u>The Group</u>	<u>The Authority</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost -		
At 1 April 2019	66,002	260
Additions	1,214	-
Transfers from NMIAL	-	72,021
Translation adjustment	5,065	-
At 31 March 2020 and 31 March 2021	<u>72,281</u>	<u>72,281</u>
Amortisation -		
At 1 April 2019	44,006	260
Charge for the year	4,316	-
Transfers from NMIAL	-	51,387
Translation adjustment	3,325	-
At 31 March 2020	<u>51,647</u>	<u>51,647</u>
Charge for the year	13,716	13,716
At 31 March 2021	<u>65,363</u>	<u>65,363</u>
Net Book Value -		
31 March 2021	<u>6,918</u>	<u>6,918</u>
31 March 2020	<u>20,634</u>	<u>20,634</u>

Consequent to the termination of the concession agreement with NMIAL, and in accordance with the new concession agreement between AAJ and PACKAL, all intangible assets were transferred to AAJ (Note 1).

# Airports Authority of Jamaica

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### 14. Investments

Long term investments:

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Investment securities measured at amortised cost</i>				
Corporate bonds	1,905,770	1,692,761	758,330	673,757
Government of Jamaica securities	543,445	295,481	234,228	35,595
Repurchase agreements	368,156	844,808	-	559,344
Term deposits	299,430	142,029	299,430	142,029
<i>Investment securities measured at fair value through other comprehensive income</i>				
Equity	363,377	397,582	181,694	198,791
<i>Investment securities measured at fair value through profit and loss</i>				
Mutual funds	1,303,580	1,113,638	688,633	589,226
	<u>4,783,758</u>	<u>4,486,299</u>	<u>2,162,315</u>	<u>2,198,742</u>

Short term investments:

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Investment securities measured at amortised cost</i>				
Repurchase agreements	-	4,257,907	-	4,257,907
Term deposits	1,941,470	1,073,092	1,941,470	1,073,092
	<u>1,941,470</u>	<u>5,330,999</u>	<u>1,941,470</u>	<u>5,330,999</u>

# Airports Authority of Jamaica

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## 14. Investments (Continued)

Government of Jamaica securities include Fixed Rate Accreting Notes ("FRANs") Government of Jamaica securities, 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.

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

	2021 %	2020 %
Repurchase Agreements		
Denominated in United States dollars	3.70	3.53
Denominated in Jamaican dollars	<u>3.01</u>	<u>3.12</u>
Corporate Bonds		
Denominated in United States dollars	<u>6.36</u>	<u>6.52</u>
Government of Jamaica Security		
Denominated in Jamaican dollars	<u>10.00</u>	<u>10.00</u>
Term deposits		
Denominated in United States dollars	3.48	3.38
Denominated in Jamaican dollars	<u>-</u>	<u>1.00</u>

# Airports Authority of Jamaica

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## 15. Related Party Transactions and Balances

The following transactions were carried out with related parties:

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

(a) Key management compensation

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Wages and salaries	67,052	177,980	67,052	38,256
Payroll taxes – employer's portion	8,607	10,760	8,607	2,803
	<u>75,659</u>	<u>188,740</u>	<u>75,659</u>	<u>41,059</u>
Directors' emoluments - Management remuneration Fees	- 4,541	- 5,867	- 3,980	- 4,518

(b) Due from subsidiary

	2021 \$'000	2020 \$'000
Non-current portion	<u>7,869,424</u>	<u>7,467,237</u>

(c) Due to subsidiary

	<u>(13,408,284)</u>	<u>(14,238,660)</u>
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(d) Shares in subsidiary, at cost

	<u>305,377</u>	<u>305,377</u>
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Consequent to the early termination of the concession agreement with NMIAL, and in accordance with the new concession agreement between AAJ and PACKAL, all intangible assets (Note 13) and property, plant and equipment (Note 12) excluding construction in progress, were transferred to AAJ. Based on said agreement, a termination fee of \$1,107,429,000 was payable to NMIAL (Notes 6 and 7). AAJ's outstanding on-lent loans to NMIAL as at termination date (\$9,587,013,000) were off-set as part of the overall settlement of balances between AAJ and NMIAL which fall outside of the termination compensation calculation as stipulated in the concession agreement.

The Authority earned concession fees amounting to nil (2020 – \$208,373,000), and interest income as detailed in Note 5, from the subsidiary during the year.

# Airports Authority of Jamaica

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### 16. Dividends

During the year, the Authority declared dividends of \$5,000,000,000 (2020 – \$1,200,000,000). This represents dividend per share of \$65.71 (2020 - \$15.79).

### 17. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25% (2020 - 25%).

	The Group		The Authority	
	2021 \$'000	Restated 2020 \$'000	2021 \$'000	Restated 2020 \$'000
At beginning of year	32,923	1,208,763	27,887	166,791
Credited/(charged) to profit or loss during the year (Note 10)	185,150	(1,294,097)	190,655	(162,005)
(Charged)/credited to other comprehensive income	(14,845)	23,101	(14,845)	23,101
Translation adjustment	469	95,156	-	-
At end of year	<u>203,697</u>	<u>32,923</u>	<u>203,697</u>	<u>27,887</u>

The Group derecognised the deferred tax asset on its tax losses, related to its subsidiary, carried forward as it is of the opinion there may not be sufficient taxable profits made in the future against which these assets could be utilised (Note 10).

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

Group	Post-employment Benefits	Interest Payable	Accrued Vacation	Unrealised Foreign Exchange Gain	Property, Plant and Equipment	Carry Forward Losses	Interest Receivable	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2019	68,552	482,676	30,219	(141,861)	769,489	394,941	(395,253)	1,208,763
(Charged)/credited to profit or loss as restated	(14,947)	(503,407)	(25,707)	(130,628)	(491,479)	(431,042)	303,113	(1,294,097)
Credited to other comprehensive income	23,101	-	-	-	-	-	-	23,101
Translation adjustment	-	42,098	2,146	(203)	15,842	36,101	(828)	95,156
At 31 March 2020 restated	76,706	21,367	6,658	(272,692)	293,852	-	(92,968)	32,923
Credited/(charged) to profit or loss	1,717	(2,519)	130	(32,142)	150,369	-	67,595	185,150
Charged to other comprehensive income	(14,845)	-	-	-	-	-	-	(14,845)
Translation adjustment	-	-	-	469	-	-	-	469
At 31 March 2021	<u>63,578</u>	<u>18,848</u>	<u>6,788</u>	<u>(304,365)</u>	<u>444,221</u>	<u>-</u>	<u>(25,373)</u>	<u>203,697</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 17. Deferred Income Taxes (Continued)

Authority	Post-employment Benefits	Interest Payable	Accrued Vacation	Unrealised Foreign Exchange Gain	Property, Plant and Equipment	Interest Receivable	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2019	68,552	22,117	6,740	(142,479)	596,856	(384,995)	166,791
(Changed)/credited to profit or loss, as restated	(14,947)	(750)	(82)	(144,923)	(299,425)	298,122	(162,005)
Credited to other comprehensive income	23,101	-	-	-	-	-	23,101
At 31 March 2020, as restated	76,706	21,367	6,658	(287,402)	297,431	(86,873)	27,887
Credited/(changed) to profit or loss	1,717	(2,519)	130	(16,963)	146,790	61,500	190,655
Charged to other comprehensive income	(14,845)	-	-	-	-	-	(14,845)
At 31 March 2021	63,578	18,848	6,788	(304,365)	444,221	(25,373)	203,697

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

	The Group		The Authority	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets to be recovered after more than 12 months	507,799	370,558	507,799	374,137

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 17. Deferred Income Taxes (Continued)

	Group and The Authority					
	2021			2020		
	Before tax \$'000	Tax charge \$'000	After tax \$'000	Before tax \$'000	Tax credit \$'000	After tax \$'000
<i>Item that will not be reclassified to profit or loss</i>						
Re-measurement of post-employment benefits obligations, net of taxes	59,380	(14,845)	44,535	(92,404)	23,101	(69,303)

## 18. Inventories

This represented spare parts and supplies.

## 19. Receivables

	The Group		The Authority	
	2021 \$'000	Restated 2020 \$'000	2021 \$'000	Restated 2020 \$'000
Trade	1,181,246	633,609	723,245	213,099
Less: Loss allowance	(498,939)	(248,484)	(97,061)	(70,500)
	682,307	385,125	626,184	142,599
Mobilisation payment	-	5,291	-	520
Prepayments	4,188	3,184	3,902	2,919
Advances	714,683	314,515	463,546	202,206
GCT recoverable	3,951	3,943	3,951	3,943
Concession – additional fees*	-	2,472,291	-	2,472,291
Staff loans	8,296	-	8,296	-
Other	25,327	-	25,327	-
	1,438,752	3,184,349	1,131,206	2,824,478
Withholding tax recoverable	174,118	204,950	80,485	39,688
	1,612,870	3,389,299	1,211,691	2,864,166

\*Additional concession fees are charged to MBJ based on the concessionaire achieving profits above an agreed target for the period. A fee is then applied to the excess profit. The agreed rate is 45%.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 20. Cash and Cash Equivalents

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

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank and in hand	879,100	321,758	617,242	167,894
Short term deposits	2,464,256	3,202,003	2,078,556	993,962
	<u>3,343,356</u>	<u>3,523,761</u>	<u>2,695,798</u>	<u>1,161,856</u>

Included in short term deposits is interest receivable of \$23,706,000 (2020 – \$85,132,000) for the Group and \$349,000 (2020 - \$60,747,000) for the Authority. Short term deposits have an original maturity of ninety (90) days or less.

The weighted average interest rate on short term deposits denominated in Jamaican dollars was 5.87% (2020 – 3.48%) and on short term deposits denominated in United States dollars was 1.91% (2020 – 2.8%).

### 21. Payables

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade	-	32,088	-	-
Accruals	278,267	168,208	213,626	65,582
Airport Improvement Fund	18	18	18	18
Security deposit	35,326	40,076	-	-
Employee related	90,333	25,959	14,991	18,513
GCT payable	48,518	1,789	-	1,789
Retention	57,020	8,386	-	8,386
Other	90,440	19,339	-	8,861
	<u>599,922</u>	<u>294,862</u>	<u>228,635</u>	<u>103,149</u>



# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 22. Borrowings

	The Group and Authority	
	2021 \$'000	2020 \$'000
Current –		
Current portion of long-term loans	1,220,278	1,007,560
Non-Current -		
Long term loans	7,690,405	8,296,165
	<u>8,910,683</u>	<u>9,303,725</u>
	The Group and Authority	
	2021 \$'000	2020 \$'000
Facilities acquired with the Government of Jamaica as an intermediary:		
(a) European Investment Bank	3,664,532	3,836,072
(b) Caribbean Development Bank	1,856,696	1,895,471
(c) Petrocaribe Development Fund	3,314,063	3,486,713
Accrued Interest	75,392	85,469
	<u>8,910,683</u>	<u>9,303,725</u>
Less Current Portion:		
European Investment Bank	(488,604)	(225,650)
Petrocaribe Development Fund	(195,442)	(425,658)
Caribbean Development Bank	(460,840)	(270,783)
Accrued interest	(75,392)	(85,469)
	<u>(1,220,278)</u>	<u>(1,007,560)</u>
	<u>7,690,405</u>	<u>8,296,165</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 22. Borrowings (Continued)

- (a) This represents a US\$40 million loan between the European Investment Bank and the Authority. 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.
- (b) This represents a US\$20 million loan between the Caribbean Development Bank and the Authority. 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 4.8% per annum.
- (c) This balance represents two loans from Petrocaribe Fund as follows:
- i. A loan of \$22.5 million (2020 – \$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 was acquired from the Petrocaribe Fund for financing the Norman Manley Airport Expansion project which is repayable in equal semi-annual amounts beginning after the facility was fully drawn down and to end by June 2030. Interest is charged at 4% per annum. The facility was fully drawn down in 2017.

The tables below set out the reconciliation of liabilities arising from financing activities:

	<b>The Group and Authority</b>		
	<b>Borrowings</b>	<b>Leases</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net debt as at 1 April 2019	9,686,888	5,762	9,692,650
Payments	(1,034,646)	(52)	(1,034,698)
Net Interest	(3,000)	-	(3,000)
Foreign exchange adjustments	654,483	-	654,483
Net debt as at 31 March 2020	9,303,725	5,710	9,309,435
Payments	(1,120,389)	(54)	(1,120,443)
Net Interest	(10,077)	-	(10,077)
Foreign exchange adjustments	737,424	-	737,424
Net debt as at 31 March 2021	8,910,683	5,656	8,916,339

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 23. Share Capital

	2021 \$'000	2020 \$'000
Authorised - 76,091 ordinary shares		
Issued and fully paid - 76,091 ordinary shares	<u>76,091</u>	<u>76,091</u>

The Airports Authority Act provides for the Authority having an authorised capital of \$76,091,000. To date an amount of \$76,091,000 has been credited as fully paid capital.

## 24. Currency Translation Reserve

Exchange differences arising on translation of NMIAL's balances are recognised in other comprehensive income as described in Note 2 (c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 25. 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.

#### European Investment Bank (EIB) Grant

This represents a grant received from the European Investment Bank (EIB) to perform airport studies. Annual transfers equivalent to payments made to consultants for work performed as at year end, are made to the statement of comprehensive income.

The movement in grants during the year was as follows:

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At start of year	496,247	145,985	496,247	145,985
Additions	896,652	1,904,538	896,652	1,155,340
Transfer to the statement of comprehensive income -				
Amortisation of grants (Note 5)	(693,022)	(1,129,818)	(693,022)	(604,907)
Amortisation of grants (Note 9)	(590,470)	(424,458)	(590,470)	(200,171)
At end of year	109,407	496,247	109,407	496,247

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 26. Deferred Revenue

Pursuant to the concession agreement between the Authority and PACKAL, PACKAL made a payment to the Authority of USD\$5,000,000 as a non-refundable upfront concession fee. This will be amortised to the income statement over the concession period of 25 years.

The movement during the year was as follows:

	<b>The Group and The Authority</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Concession fee received from PACKAL	662,026	675,537
Transfer to the statement of comprehensive income – Amortisation of deferred revenue (Note 5)	<u>(27,021)</u>	<u>(13,511)</u>
	<u><u>635,005</u></u>	<u><u>662,026</u></u>

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 27. Post-Employment Benefits

### Medical benefits

The Group offers retirees medical benefits. Funds are not built up to cover the obligations under the medical benefit scheme.

The liability recognised in the statement of financial position was determined as follows:

	<b>The Group and The Authority</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Present value of obligations	254,363	306,826

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

	<b>The Group and The Authority</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	306,826	274,208
Current service cost	2,275	7,120
Interest cost	19,498	16,864
Re-measurements -		
Experience (gains)/losses	(59,380)	92,404
Curtailment	-	(74,788)
Benefits paid	(14,856)	(8,982)
At end of year	254,363	306,826

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

	<b>The Group and The Authority</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current service cost	2,275	7,120
Interest cost	19,498	16,864
Curtailment	-	(74,788)
Total included in staff costs (Note 8)	21,773	(50,804)

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

	<b>The Group and The Authority</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Re-measurement loss on obligation/components of defined benefit cost recorded in OCI	(59,380)	92,404

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Post-Employment Benefits (Continued)

The movement in the net liability:

	<b>The Group and The Authority</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
At start of year	306,826	274,208
Pension expense	21,773	(50,804)
Re-measurements included in OCI (Note 17)	(59,380)	92,404
Contributions paid	(14,856)	(8,982)
At end of year	<u>254,363</u>	<u>306,826</u>

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

	<b>The Group and The Authority</b>		
	<b>Impact on Medical Benefit Obligations</b>		
	<b>Change in Assumption</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
	<b>2021</b>		
Discount rate	1%	(28,987)	35,811
Health inflation rate	1%	<u>35,734</u>	<u>(29,424)</u>
	<b>2020</b>		
Discount rate	1%	(38,992)	49,233
Health inflation rate	1%	<u>48,615</u>	<u>(39,259)</u>

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:

	<b>The Group and The Authority</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	8.5%	6.5%
Long term inflation rate (CPI)	5.5%	4.5%
Health Inflation above (CPI)	<u>7.0%</u>	<u>1.5%</u>

The average expected remaining service life of the employees for the medical scheme is 18.7 years (2020 – 14.5 years).

Post-employment mortality for active members and mortality for pensioners and deferred pensioners is based on the Society of Actuaries' RP -2014 Employee and Healthy annuitant mortality rates (2020-1994 Group Annuity Mortality Tables (GAM 94) (U.S. mortality tables), with no age setback).

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 28. Lease Obligation

	<b>The Group and The Authority</b>	
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Current	57	54
Non-Current	<u>5,599</u>	<u>5,656</u>
	<u><u>5,656</u></u>	<u><u>5,710</u></u>

The Group leases various aerodrome lands. The lease agreements are for various periods between 5 and 49 years, all with options to extend. The extension options are described in Note 2(g). The right-of-use assets are reflected in Note 12.

Interest expense of \$280,000 (2020 - \$285,000) has been recognised in the statement of comprehensive income.



# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 29. 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.

### 30. Capital Commitments

At 31 March 2021, the Group had authorised capital expenditure amounting to \$29,345,000 (2020 – \$1,450,476,000), of which \$1,206,000 (2020 – \$797,469,000) has been contracted for.

### 31. Impact of the COVID-19 Pandemic

The year 2020/21 represents the sharpest impact of the Covid-19 Pandemic on the travel and tourism industry. The major shock of the impact for Jamaica commenced on March 15, 2020 when the Government closed the borders from arriving international traffic, except for a few specially approved repatriation flights. This scenario continued until June 15, 2020 when the borders were reopened, but the recovery of international travel being slow and gradual for the remainder of the year, as various travel protocols aimed at managing the spread of the virus also served to stymie the growth. As a result of this impact, Jamaica's aviation traffic for 2020/21 fell by 82% to 1.2m passengers, compared to 6.6m passengers processed in 2019/20.

### 32. Restatement

The financial statements were restated to account for the following:

- (a) Increase in 2020 deferred tax charge to the profit and loss primarily as a result of the transfer of property, plant and equipment from NMIA to AAJ in 2020.
- (b) Write off of uncollectable accounts receivable balances.
- (c) Over accrual of 2020 income tax provision.

Below are the reconciliations of Statement of Financial Position as at 31 March 2020 and 2019, the Statement of Comprehensive Income for the year-ended 31 March 2020 and the Statement of Cash Flows for the year-ended 31 March 2020, as a result of prior year adjustments noted above for the Consolidated and the Authority Financial Statements.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 32. Restatement (Continued)

#### Consolidated Statement of Comprehensive Income for the year ended 31 March 2020

	Notes	As previously reported 2020 \$'000	Adjustments \$'000	Restated 2020 \$'000
Taxation	(a), (c)	(2,672,836)	(332,324)	(3,005,160)
<b>Net Profit</b>		<u>3,829,648</u>	<u>(332,324)</u>	<u>3,497,324</u>
<b>Total Comprehensive Income</b>		<u>4,191,960</u>	<u>(332,324)</u>	<u>3,859,636</u>

#### Consolidated Statement of Financial Position as at 31 March 2020

	Notes	As previously reported 2020 \$'000	Adjustments \$'000	Restated 2020 \$'000
Deferred income tax	(a)	416,289	(383,366)	32,923
Non-Current Assets		<u>21,438,765</u>	<u>(383,366)</u>	<u>21,055,399</u>
Receivables	(b)	3,513,088	(123,789)	3,389,299
Current Assets		<u>12,368,511</u>	<u>(123,789)</u>	<u>12,244,722</u>
Taxation payable	(c)	1,151,132	(51,042)	1,100,090
Current Liabilities		<u>2,453,608</u>	<u>(51,042)</u>	<u>2,402,566</u>
<b>Net Current Assets</b>		<u>9,914,903</u>	<u>(72,747)</u>	<u>9,842,156</u>
		<u>31,353,668</u>	<u>(456,113)</u>	<u>30,897,555</u>
Retained earnings	(a), (b) (c)	22,059,348	(456,113)	21,603,235
<b>Shareholders' Equity</b>		<u>21,586,748</u>	<u>(456,113)</u>	<u>21,130,635</u>

#### Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Notes	As previously reported 2020 \$'000	Adjustments \$'000	Restated 2020 \$'000
Net profit	(a), (c)	3,829,648	(332,324)	3,497,324
Taxation charge	(a), (c)	2,672,836	332,324	3,005,160
Receivables	(b)	320,373	85,469	405,842
Cash provided by operating activities		<u>3,646,064</u>	<u>85,469</u>	<u>3,731,533</u>
Decrease in cash and cash equivalents	(b)	(1,064,100)	85,469	(978,631)
Cash and cash equivalents at beginning of year		<u>4,597,475</u>	<u>(85,469)</u>	<u>4,512,006</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 32. Restatement (Continued)

#### Authority Statement of Comprehensive Income as at 31 March 2020

	Notes	As previously reported 2020 \$'000	Adjustments \$'000	Restated 2020 \$'000
Taxation	(a),(c)	(1,540,744)	(332,324)	(1,873,068)
Net Profit		4,018,880	(332,324)	3,686,556
Total Comprehensive Income		3,949,577	(332,324)	3,617,253

#### Authority Statement of Financial Position as at 31 March 2020

	Notes	As previously reported 2020 \$'000	Adjustment \$'000	Restated 2020 \$'000
Deferred income tax	(a)	411,253	(383,366)	27,887
Non-Current Assets		26,428,186	(383,366)	26,044,820
Receivables	(b)	2,987,955	(123,789)	2,864,166
Current Assets		9,480,810	(123,789)	9,357,021
Taxation payable	(c)	1,119,313	(51,042)	1,068,271
Current Liabilities		16,468,736	(51,042)	16,417,694
Net Current Liabilities		(6,987,926)	(72,747)	(7,060,673)
Retained earnings	(a), (b),(c)	9,597,249	(456,113)	9,141,136
Shareholders' Equity		9,673,340	(456,113)	9,217,227

#### Authority Statement of Cash Flows for the year ended 31 March 2020

	Notes	As previously reported 2020 \$'000	Adjustments \$'000	Restated 2020 \$'000
Net profit	(a), (c)	4,018,880	(332,324)	3,686,556
Taxation charge	(a), (c)	1,540,744	332,324	1,873,068
Receivables	(b)	(645,202)	85,469	(559,733)
Cash provided by operating activities		2,562,808	85,469	2,648,277
Decrease in cash and cash equivalents	(b)	(328,477)	85,469	(243,008)
Cash and cash equivalents at beginning of year		1,500,342	(85,469)	1,414,873

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 32. Restatement (Continued)

### Consolidated Statement of Financial Position as at 31 March 2019

	Notes	As previously reported 2019 \$'000	Adjustment \$'000	Restated 2019 \$'000
Receivables	(b)	3,473,153	(38,320)	3,434,833
Cash and short term deposits	(b)	4,597,475	(85,469)	4,512,006
Current Assets		10,128,333	(123,789)	10,004,544
Net Current Assets		8,148,979	(123,789)	8,025,190
Retained earnings	(a), (b), (c)	19,499,003	(123,789)	19,375,214
Shareholders' Equity		18,594,788	(123,789)	18,470,999

### Authority Statement of Financial Position as at 31 March 2019

	Notes	As previously reported 2020 \$'000	Adjustment \$'000	Restated 2020 \$'000
Receivables	(b)	2,403,495	(38,320)	2,365,175
Cash and short term deposits	(b)	1,500,342	(85,469)	1,414,873
Current Assets		6,110,053	(123,789)	5,986,264
Net Current Assets		4,577,885	(123,789)	4,454,096
Retained earnings	(a), (b), (c)	16,434,685	(123,789)	16,310,896
Shareholders' Equity		16,510,776	(123,789)	16,386,987



## **AIRPORTS AUTHORITY OF JAMAICA**

Administration Building

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## **NORMAN MANLEY INTERNATIONAL AIRPORT**

Palisadoes, Kingston

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**E-mail:** nmial@aaj.com.jm • **Website:** www.nmia.aero

**Airport Operator:** NMIA Airports Limited

*(A wholly-owned subsidiary of Airports Authority of Jamaica)*

## **SANGSTER INTERNATIONAL AIRPORT**

Sunset Boulevard, Montego Bay

**Telephone:** 876-979-1034-5 • **Fax:** 876-952-6172

**Airport Operator:** MBJ Airports Limited

## **IAN FLEMING INTERNATIONAL AIRPORT**

Boscobel, St. Mary

**Telephone:** 876-975-3101

## **TINSON PEN AERODROME**

Marcus Garvey Drive, Kingston

**Telephone:** 876-923-0022, 757-6560

## **NEGRIL AERODROME**

Negril, Hanover

**Telephone:** 876-957-5016

## **KEN JONES AERODROME**

St. Margaret's Bay, Portland

**Telephone:** 876-913-3173





