



**airports authority of jamaica**



## **2013-2014 ANNUAL REPORT**



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## AIRPORTS AUTHORITY OF JAMAICA ANNUAL REPORT 2013 – 2014

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### AIRPORT HISTORY, VISION, MISSION AND CORPORATE VALUES

#### **Airport History**

*The Airports Authority of Jamaica (AAJ) was established in 1974, under the Airports Authority Act as an independent statutory body to manage and operate both the Norman Manley International and Sangster International Airports. In 1990 the AAJ was given the operational responsibility for the four domestic aerodromes namely; Tinson Pen in Kingston, Ken Jones in Portland, Boscobel in St Mary and Negril in Westmoreland.*

*Sangster International Airport (SIA) was privatised in April 2003 and is now operated by a private consortium, MBJ Airports Limited (MBJ), under a thirty-year concession agreement with the AAJ. NMIA Airports Ltd (NMIAL), a wholly owned subsidiary of AAJ, was established in October 2003, as the airport operator for the Norman Manley International Airport (NMIA) under a thirty-year concession agreement with the AAJ.*



## 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."*



*Experience the new NMIA*  
...tailored for business!

- Award winning Executive VIP Lounge
- Complimentary Wifi
- Park n' Fly
- Duty Free Shopping
- Conference and Private Meeting Room facilities
- Less than 10 minutes drive to the heart of the Capital City, KINGSTON



Norman Manley International Airport, Palisadoes,  
Kingston, Jamaica  
Phone: 1 (876) 924-8452-6 | Fax: 1 (876) 924-8624  
<http://www.nmia.aero> | [facebook.com/normanleyintlairport](https://facebook.com/normanleyintlairport)

## **CORPORATE CORE VALUES**

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

### **PEOPLE**

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

### **CUSTOMER FOCUS**

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

### **INTEGRITY**

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

### **FINANCIAL MANAGEMENT**

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

### **REGULATORY AND STATUTORY REQUIREMENTS**

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

### **SAFETY AND SECURITY**

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

### **ENVIRONMENT**

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

## CHAIRMAN'S MESSAGE



*Dennis Morrison*  
**Chairman**

### **Overview**

There was continued improvement in Jamaica's air transportation sector for the 2013/14 fiscal year. This is in keeping with traffic growth trends in the region as reported by the Latin America and the Caribbean Air Transport Association (ALTA), which provides updates on more than 90% of the region's commercial air traffic.

The Board, management and staff of the AAJ acknowledges and welcomes Mr. Leroy Lindsay, the new Director General of the Jamaica Civil Aviation Authority (JCAA) effective 2013 November 1, having replaced Lt. Col. Oscar Derby who served diligently in the role for a number of years. Similarly, the Sangster International Airport had a transition in executive leadership at the close of the 2013 calendar year. In 2014 January, MBJ Airports Limited (MBJ) installed its new Chief Executive Officer (CEO), Mr. Anthony Alicastro who arrived from Bolivia where he served as Managing Director of Servicios de Aeropuertos Bolivianos S.A. for over 15 years, operating 3 airports. We use this opportunity to welcome Mr. Alicastro and thank former CEO, Mr. Eduardo Canelas, for his commitment and service during his tenure.

With respect to airport traffic, growth projections were significantly impacted by the over 30% reduction in seat capacity by Caribbean Airlines Limited (CAL). CAL accounted for 45% of total traffic at the Norman Manley International Airport (NMIA) when it acquired Air Jamaica in 2010, however, upon the introduction of

its route rationalisation programme in 2013 April, CAL's share of the market was immediately reduced by 9 percentage points to 36% of NMIA's total traffic.

Notwithstanding, NMIAL continued its route development programme to rebuild seat capacity and introduce new/re-branded airlines such as Delta and Air Canada Rouge.

Accordingly, total passenger traffic increased by 3.6% for the island's two major international airports and aircraft freight improved by 3.8%. In the category of aircraft movements there was a decline of 4.5% resulting from factors such as the unexpected seat reduction by CAL on its routes.

The financial performance of the AAJ Group showed an operating surplus of \$887m, a decrease of 14% when compared with the \$1,031m in the prior year and a decrease of 30% when compared with the budget. This outturn was \$144m below the operating surplus in the prior year notwithstanding, a \$300m (7%) increase in operational revenue. The reduced operating surplus was due to an increase in interest expense of J\$52m, foreign exchange loss of J\$81m, increased insurance premium of J\$48m, irrecoverable GCT of J\$41m and additional utility payments of J\$49m. A reduction in the Airport Improvement Fee grant of J\$39m also contributed to the reduced operating surplus.

With respect to capital development, in 2013 October, MBJ completed a US \$18.9m overlay of the runway and has already begun work in constructing a new Fire Hall. NMIA expanded its Cargo and Logistics Centre by completing 12,000 sq. ft. of new warehouse space during the period. Other projects at NMIA included improvements to the water conveyance system, an extension of the sewage storage system and the procurement of eight additional air-handling units to improve the air-conditioning systems throughout the airport terminal and administrative buildings.

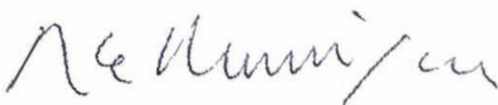
The privatisation (or more accurately, "commercialisation") process for NMIA gained momentum during the year. The Government of Jamaica (GOJ)



appointed Enterprise Team collaborated with the Development Bank of Jamaica (DBJ), as the Secretariat, and the International Finance Corporation (IFC) as the financial advisors, in furtherance of the divestment of the airport, which is now projected to be completed in the 2015/2016 fiscal year. Significant work was done by the Enterprise Team, with the technical support of the AAJ, to fine-tune the transaction structure for Cabinet's approval. It is to be noted that after divestment, the property of the NMIA will continue to be under the ownership of the GOJ, however the management of the airport will be in private hands.

Among the achievements for the period, SIA was inducted by Airports Council International (ACI) into the Director General's Roll of Excellence for 2014 for consistently being rated in the top 5 airports for the last 5 years; being one of only 6 airports worldwide to be so honoured. In addition, NMIA was recognised by ACI as the winner of the "Best Grouping Category" in Latin America and the Caribbean. These awards are part of the ACI-Airport Service Quality (ASQ), international benchmarking programme which recognises airports that achieve the highest standards in airport service quality fieldwork by exceeding ASQ minimum fieldwork requirements.

On behalf of the Board of Directors, I extend thanks to the management and staff of the AAJ, the operators of our airports (MBJ Airports Limited and NMIA Airports Limited), the Jamaica Civil Aviation Authority (JCAA) and other key airline/airport stakeholders for the work done in building the industry during the fiscal year. We anticipate further growth in traffic as well as enhanced operational efficiencies and service levels as we look toward 2014/15.



Dennis Morrison

**Chairman**

## PRESIDENT'S MESSAGE



*Earl Richards*  
**President**

Jamaica's air transportation performance has continued its recovery, with the Sangster International Airport (SIA), which accounts for 72% of total traffic, showing strong growth, but the Norman Manley International Airport (NMIA) recording a decline. The outcome of the two primary international airports varied due to the differentiated passenger traffic. SIA, located in the north western section of the island, predominantly serves the growing tourism market, while NMIA serves the local, business and visiting friends and relatives (VFR) market in the south eastern section. These markets respond differently to changes in the local and global economy.

For NMIA, significant factors which negatively impacted growth in 2013/14 included the increasingly tight local economy and therefore diminishing disposable income of Jamaicans/local businesses for purposes of travel; the lack of direct accessibility to a number of important routes/markets (some of which Caribbean Airlines [CAL] did not continue upon taking over the Air Jamaica operation) and CAL's reduction in airline seats at the beginning of the fiscal year as follows:

- New York - from 2 to 1 flight per day
- Fort Lauderdale - from 2 to 1 flight per day
- Toronto - from 4 to 3 flights per week
- Port of Spain - from 10 flights to 7 flights per week

CAL accounted for approximately 60% of arriving passengers from both New York and Fort Lauderdale into Kingston in the previous year. CAL also carried the largest share of passengers from Toronto into Kingston and has a monopoly on markets in the Eastern Caribbean. The cutback by the airline, therefore, was a very significant factor in the underperformance of NMIA.

In order to increase traffic, NMIAL is (among other things) working closely with existing and new airlines to rebuild the seat capacity as well as collaborating with tourism stakeholders to attract greater tourist traffic to/through Kingston, which will further diversify the airport's passenger profile.

With regard to SIA, in addition to route development initiatives undertaken by MBJ Airports Limited, traffic at the airport is buoyed by the marketing of Jamaica's north coast resort areas by hotels and other tourism stakeholders to airlines and tour operators. Additionally, due to the greater number of airlines/routes at SIA as a result of the tourism markets served by the airport, both local and overseas commuters are attracted to the route options and competitive fares.

As a consequence of the above factors, total passenger traffic increased from 4,813,823 in 2012/13 to 4,897,334 in the year under review, and total air freight, (cargo and mail) volumes increased from 17,142,705 kgs in 2012/13 to 17,789,112 kgs in 2013/14. This represents a 1.7% and 3.8% growth in passenger traffic and freight movement respectively. Passenger traffic at SIA grew by 5.2%; however, NMIA experienced a decline of 6.3%. With respect to air freight, NMIA, which accounted for 68% of total cargo volumes, remained flat at 0.4%, while SIA's freight volumes increased by 11.6%. Both NMIA and SIA experienced reductions in aircraft movement of approximately 9% and 2% respectively. The over 30% reduction in airline seats implemented by CAL in 2013 April also negatively affected total aircraft movements.

Financial Results for the AAJ group reflected a J\$300m increase in Operating Revenue compared with the previous year, moving from J\$4,023m in 2012/13 to

J\$4,323m in 2013/14. This increase reflected a positive variance of 22% compared with the target of J\$3,545m. Operating Expenses amounted to J\$3,436m, which is an increase of 15% over the previous year (J\$2,993m) and a 1% increase when compared with the budget of J\$3,389m. The Group made an Operating Profit of J\$887m, compared with the J\$1,030m operating profit in the previous year.

The capital development programme of each airport continued in keeping with the respective plans and outcomes stated in the sectional reports below. Of particular note was the public hearing in 2013 July regarding work to be done to establish Runway Safety Areas (RESA) and runway extension project at the western end of the runway at NMIA. This procedure underscores the fact that the AAJ is committed to a process of consultation in its exercise of sustainable development and will continue to engage in environmental practices that comply with established standards, laws and regulations. This commitment to good environmental stewardship is also demonstrated by the fact that both major international airports participated in the annual International Coastal Clean-up Day which was held in 2013 September.

The operations of the Ian Fleming International Airport (IFIA) and the three domestic aerodromes (Tinson Pen, Negril and Ken Jones) continued to be subsidised by the AAJ, however, the important role played by these aerodromes in the local/international aviation infrastructure continues to be recognised. Of significance during the period is that, whereas Jet A1 aviation fuel had been available at IFIA through the use of a bowser, the Fuel Farm infrastructure at the airport was completed.







At the close of the fiscal year IFIA was preparing to receive its first shipment of AV-Gas in 2014 April, which would allow for greater marketing of the facility to the General Aviation - small aircraft industry in the United States and other neighbouring territories.

The prospects for the new fiscal year, 2014/15 remain challenging, yet hopeful, as I am sure that continued effort will be made by all stakeholders to increase operational efficiency and effectiveness, offer quality service, grow airport traffic and boost aeronautical and non-aeronautical revenues.

Let me therefore use this medium to thank the many stakeholders in the air transportation sector for their role in the measure of success achieved to-date. The stakeholders include the AAJ & NMIAL Boards; the JCAA; relevant government ministries and agencies such as the Ministry of Transport, Works and Housing, Customs and Immigration; the airlines and associated organisations; airport concessionaires and other airport tenants, as well as the management and staff at the international airports and domestic aerodromes. The commitment shown by all parties is commendable and I anticipate even greater synergies as we look towards accomplishing our vision and mission for yet another year.



**Earl Richards**

President

## AIRPORT / AERODROME PERFORMANCE



### Passenger, Aircraft and Freight Movements

Total International passenger traffic (arrivals and departures) in the AAJ group recorded an increase of 1.7% from 4,813,823 passengers in 2012/13 to 4,897,334 in the year under review. SIA handled 72% of total traffic and recorded an increase of 5.2%; moving from 3,351,751 passengers in 2012/13 to 3,526,733 in 2013/14. NMIA, with 28% of total traffic, experienced a decline of 6.3% in passenger traffic when compared with the previous year, moving from 1,462,072 passengers in 2012/13 to 1,370,601 passengers in 2013/14.

Total air freight, (cargo and mail) volumes increased by 3.8% in 2013/14 when compared with the previous year, moving from 17,142,705 kgs in 2012/13 to 17,789,112 kgs. NMIA handled 68% of air freight and remained flat at 0.4% in 2013/14 when compared with 2012/13. Air freight volumes at SIA, however, saw an increase of 11.6% over the levels in 2012/13, with more of the scheduled airlines into SIA opting to include cargo transit.

Aircraft movements declined by 4.5% in 2013/14 when compared with the previous year. A total of 59,329 movements were recorded, compared to 62,144 in 2012/13.

SIA accounted for approximately 66% of total movements in 2013/14, that is, 39,830 in 2012/13 compared with 39,084 (-1.9%) during the reporting period. NMIA experienced a decline of 9.3% in aircraft movements resulting in a total of 20,245 in 2013/14, down from 22,314 in 2012/13.

## **I. Sangster International Airport (SIA)**

### **Air Service Development**

MBJ continued to work with airlines and tourism stakeholders to increase traffic throughput. In November 2013, SIA welcomed the first Boeing 787 Dreamliner to the Caribbean. Operated by Thomson Airways (TUI), the 290 seat state-of-the-art aircraft will eventually be operated on all TUI flights from Europe to Jamaica, offering more comfort and better fuel efficiency.



Thomas Cook Airlines introduced bi-weekly service from Stockholm, Sweden, followed by an additional service from Stockholm offered by Thomson Airways Scandinavia. Both flights performed very well during the winter high season and expansion to other Scandinavia countries is planned for winter 2014/15.

Another air service highlight at SIA was Transaero Airlines, operating a non-stop flight from Moscow, Russia effective 2013 November, with a capacity of 455 passengers on a 747-400 aircraft. The flight was suspended on 2014 March 28 due to geo-political considerations, with a resumption of service set for 2014 November. In addition, Air Canada's new low-cost leisure

airline, Air Canada Rouge, was launched to serve the destination.



### **Capital Development Programme**

In 2013 October, MBJ Airports Limited (MBJ) completed the US \$18.9m overlay of the runway with the full cooperation of the

airline partners and ground handlers, as well as the hard work of the construction team of Surrey Paving and their partners Belvedere Place Development and IDL Projects. The project was completed on time and within budget. In particular, special recognition is given to the airlines as they adhered to the daily airport closure from 10:00 p.m. to 6:00 a.m. which enabled the crews to access the



runway and keep the project on –time. MBJ also commenced construction of the new Fire Hall facility for the 29 member Emergency Response Services Team and equipment.



SIA Runway Overlay Project

The facility will be located more centrally to the runway surface, facilitating even faster response times. The works will include improved protection for the equipment, gym facilities and

better training amenities and accommodations for the emergency response team. The project is expected to be completed in 2014 October.

### **Sustainability and Environmental Awareness**

MBJ has been moving towards an even greater focus on sustainable programmes aimed at protecting the environment. Initiatives include reduction of utility costs through improved terminal building efficiencies, greater protection of the fragile mangrove areas on the airport, and support of the Montego Bay Marine Park.

In this regard, MBJ supported the annual International Beach Clean-up Day along the protected coastal area around the airport and Montego Bay. The annual “Team Sangster” event included over 40 members of the wider airport community with t-shirts and prizes donated by various concessionaires.



## Recognition & Awards

The Sangster international Airport continued to focus on quality customer service. The airport placed third in the Latin American and Caribbean Region for Airport Service Quality, resulting from continuous surveys conducted to determine the actual opinion of airport customers who rate the airport's services and facilities. In addition, for consistently being rated in the list of top 5 airports for the last 5 years, SIA was also inducted into Airports Council International (ACI) Director General's Roll of Excellence for 2014, being one of only 6 airports worldwide to be so honoured.

World Travel Awards voted SIA as the Caribbean's Leading Airport for the 6<sup>th</sup> consecutive year. This award is given to airports voted on by the top travel agents and tour operators of the UK, for service, amenities and ease of travel through the airport. Both of these awards are a result of the hard work and dedication of the staff and many stakeholders that contribute to the operation of the airport.

## II. Norman Manley International Airport (NMIA)

### Air Service Development

As a result of CAL's route rationalisation exercise, which became effective in 2013 April, there was a sharp falloff in available airline seats from a number of key markets in the USA, Canada and the Caribbean. In 2013 September, CAL increased flights on some routes, but not to pre-April 2013 levels. NMIAL sought to engage existing airlines to fill the gap created, in addition to seeking new airline business and routes.





As a result of route development initiatives, NMIA welcomed Delta Airlines back to Kingston in 2013 December and was among the first destinations to receive the re-branded Air Canada Rouge leisure airline; Copa Airways increased their flights; Aerogaviota received the licence to provide scheduled service between Kingston and Cuba; Air Turks and Caicos rebranded itself to be named “interCaribbean Airways” and opened new routes to the Dominican Republic and Puerto Rico. In addition, Fly Jamaica expanded its service with direct flights into Toronto and Guyana; and British Airways closed the fiscal year by adding a fourth UK flight on 2014 March 30.

A Sales Blitz, comprising members of NMIA, JHTA and the JTB was conducted between 2013 August 12 -15, in partnership with Insel Air to promote increased travel from Curacao and Aruba to Kingston. Also, additional discussions were underway with interCaribbean to launch a domestic service between the two main international airports to facilitate the well needed domestic air service traffic between the island's two cities, as well as visitors who travel to either airport, but have need to travel to the other end of the island. This service is scheduled to commence in 2014 April.

NMIAL continued to work with the Kingston Metropolitan Resort Board, the Jamaica Tourist Board (JTB) and the Jamaica Hotel and Tourist Association (JHTA) to promote the potential for increased visitors to “Destination Kingston”. In this

regard, AAJ/NMIA sponsored the Kingston City Run as well as the Jamaica International Invitational track and field meet to showcase Kingston as a vibrant destination for sports tourism, among other things. NMIA is also strategically aligned with the Jamaica Exporters Association (JEA) in facilitating and promoting an increase in cargo transit through the airport.

## **Airport Operations**

In 2013 April, NMIA tested its airport safety management system by implementing a full-scale emergency operation dubbed “Aero 2013”, geared to evaluate the airport’s emergency response systems as well as the various mutual aid response agencies that would attend to an airline accident. The exercise, which is in keeping with the regulatory requirements of the Jamaica Civil Aviation Authority, is conducted every two years and is staged to ensure passenger safety and the most effective response by all emergency stakeholders.



With respect to Aviation Security (AVSEC), the NMIAL AVSEC unit gave particular focus on the continued improvement of CCTV Systems. Phase 1 of a major upgrade and repair programme was initiated and completed, which saw the system operating with a serviceability rating of 94%. The second phase commenced thereafter and is designed to increase the systems overall storage and recording capabilities.

During the year NMIAL procured and installed four (4) replacement x-ray screening units to enhance the airport’s screening and overall border protection capabilities. The units will also further augment the efficacy of NMIAL’s screening



operations by providing the ability to remotely monitor and record the actual screening operations taking place.

In keeping with regulatory requirements the AVSEC unit continued the expansion of both the mandatory security awareness programme to include Temporary Pass holders. Proxy card protocols were introduced as a means to reduce the overall security cost, without compromising the established standards. A mandatory quality control programme that meets and exceeds national regulatory standards, began during the year. The programme is focused on ensuring that NMIA is proactive in its AVSEC duties, in addition to creating a culture of quality throughout its processes.

### ***Commercial Development and Marketing***

Space and services at the Dental Clinic were expanded and plans were well advanced to commence the medical Clinic, which is proposed to serve airport staff and the wider airport community, including staff and students of the Donald Quarrie High School and the Caribbean Maritime Institute.

In 2013 July, NMIA facilitated the mounting of a special exhibition by students of the University of Technology (UTECH) and staff of the Jamaica Music Museum (JMM) to showcase the development of popular Jamaican music. The exhibition, which was



extended beyond the scheduled October 31 closure owing to popular demand, was titled "Highlighting 50 years of Jamaican Popular Music" and was well appreciated by passengers and staff alike.



In addition, in keeping with the “**Uniquely Jamaican**” theme promoted by NMIA, Jacqui Tyson of the company, From Thought To Finish, partnered with TING in 2013 December, to stage the “*Fall in love with Kingston Again*” food & beverage pop-up concession and event series located in the airport’s Arrival Forecourt, to welcome returning Jamaicans and visitors when they cleared Immigration and Customs. The activities, which included a “Pink Friday” December showcase to increase cancer awareness and promote NMIAL’s walkathon, were appreciated by all.



Similar plans are at an advanced stage of discussion to secure a long term concessionaire for the Arrivals Sports Bar that will actively engage and interest the travelling public as well as meeters, greeters and well-wishers who visit the airport in support of their friends, relatives and/or associates.

### ***NMIA Capital Development Programme***

Phase 1B of the NMIA Capital Development Programme (CDP) which was approved for execution over a five year period - with a budget of US\$26.087m, commenced in April 2012. The projects are primarily aimed at reducing airport operational risks, gaining efficiency in operations, reducing energy consumption and expanding capacity.

Expenditure for the year 2013/14 was US\$5.574m. The projects completed during the period included:

- ✓ A 12,000 sq. ft. warehouse expansion to the Cargo & Logistic Centre:
- ✓ The Water Conveyance Improvement System,
- ✓ Assessment of Greenhouse Gases and Air Quality for NMIA,
- ✓ Shoreline Protection west of the airport boundary,
- ✓ Extension of Sewage storage system and
- ✓ Procurement of eight new Air-Handling Units.

The process toward environmental permitting for the RESA project was concluded and approval was received from the National Environment and Planning Agency (NEPA) for the four licences required.

Other on-going projects at year end included:

- Chilled Water Distribution System- Supply & Return (90% complete)
- The procurement of:

- A new Aircraft Rescue & Fire Fighting (ARFF) Vehicle
- A Parking Access & Revenue Control System (PARCS)
- Security Screening Machines
- VoIP Phone services
- Indoor Air Quality re-evaluation for the Administration Building
- Consultancy investigations toward the Implementation of an Interim RESA & Airside Pavement Assessment.
- Stack Emission Monitoring for the Incinerator
- 4KV Electrical Substation Upgrade
- Fire Suppression System expansion to the Arrivals Concourse
- Sewage System Expansion, Phase 2

### ***Financial Highlights- NMIA Airports Limited***

Revenue passengers for the fiscal year under review amounted to 671,080, that is 6% below the previous year's total of 713,678. Operating revenue for NMIAL for the period was US\$30.7m compared with US\$33.6m for the previous year, representing a 9% decrease. Operating expenses for the period was US\$31.2m compared with a similar result of US\$30.7m for the previous year. NMIAL recorded an operating loss of US\$0.4m for the year compared with an operating surplus of US\$2.9m for the previous year.

### **Sustainability and Environmental Awareness**

NMIA continued to implement its Environmental Management System (EMS) in keeping with the modelling of ISO14001 standards and guidelines. With the airport located within the locally declared Palisadoes-Port Royal Protected Area (PPRA) and in the midst of an internationally declared RAMSAR site (i.e. Convention on Wetlands of International Importance), it is essential that appropriate due diligence is maintained.



Pollution control, habitat management, waste recycling and operations quality monitoring remain significant components of the EMS within the suite of Environmental Programmes. As the organisation strives to model corporate environmental responsibility, there is ongoing commitment to meet relevant local and international standards in regard to airport operations.

Community involvement with local environmental groups remain integral to the organisation's efforts and include the partnerships for paper and plastic recycling as well as participation in the Annual Beach Clean-up in observance of International Coastal Clean-up Day activities. NMIA also continued to enhance the pleasing aesthetic for users of the airport through sustained landscape beautification and maintenance programmes including mosquito control, tree planting and landscape rehabilitation efforts.



## **Ian Fleming International Airport & the Aerodromes**

IFIA and the aerodromes, continued to operate as cost centres for the AAJ. Work is being done to develop and implement additional cost containment and revenue enhancement measures to reduce the subsidy provided to these entities. Marketing efforts for IFIA will be ramped up on receipt of Avgas, to focus on small general aviation aircraft (jet and propeller) that are able to utilise the runway to

access the finest tourism offerings on the north-east coast. These marketing initiatives include: registration with the National Business Aviation Association (NBAA), which is an influential general aviation group in the USA; deepening contacts with aircraft tour groups; working directly with hotels in the catchment area to support the travel needs of their guests; dual destination marketing and conducting aviation events aimed at highlighting the airport's assets and its nexus with the valuable tourism destination which it serves.

With respect to the future of the aerodromes, discussions are being held with the NMIA Privatisation Enterprise Team and the Government concerning the future of the aerodromes at the completion of the NMIA privatisation exercise.

### **Human Resource Management and Administration**

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

	<u>March 31, 2013</u>	<u>March 31, 2014</u>
NMIA	146	142
AAJ	16	17
AERODROME/IFIA	26	26
<b>TOTAL</b>	<b>188</b>	<b>185</b>

### **The Learning and Development Centre**

AAJ/NMIAL, through its Learning and Development Centre (LDC), continued its mission of hosting training sessions, meetings and social events for airport employees, stakeholders and the wider public.

## Training & Development

Over the period, approximately two hundred and seventeen (217) employees participated in training programmes, totalling 525 man-days. This is an average of 2.4 man-days per person. Training programmes included:

- Fundamentals of Airport Operations,
- Training of Trainers Workshop
- Supervisory Management
- Emergency Watch Officer Promotional Course
- Certificate-National Quality Control Programme
- Transportation Planning Training Course
- Practical Guide for Grievance Handling at the Workplace
- Literacy Programme

Eighty three (83) employees completed the in-house familiarization seminar - Fundamentals of Airport Operations. This mandatory course was designed to develop/improve employees' knowledge in general airport operations with particular focus on NMIA.

*Under the organisation's Tuition Assistance Programme, a total of \$5.8m was allocated to eighteen (18) members of staff who have undertaken higher education. Awards were given for two (2) MastersDegree and sixteen (16)Bachelors degrees, for programmes ranging from business administration to engineering.*



## **Job Rotation / Enrichment**

NMIAL's job rotation/enrichment programme fosters succession planning and deepens competencies within the organization. Employees were given the opportunity to acquire new skills, knowledge and understanding of the operations of other departments. Ten (10) employees were transferred to other departments for periods of 3 – 6 months to gain experience and exposure.

## **Corporate Social Responsibility**

NMIAL continued its partnership with the Caribbean Maritime Institute (CMI) to provide internship opportunities for students of the school. The airport also donated a used industrial generator for training purposes and other pertinent use by the school. CMI, in turn, routinely offers opportunities for airport staff to be trained at the institution, as well as make their students available to participate in NMIAL events such as the aforementioned Aero 2013 and the NMIA Palisadoes walk/run.

The 10<sup>th</sup> staging of the NMIAL Palisadoes 5K Walk/Run was a great success with increased participation over the previous year. The event, which raised approximately \$1m towards the assistance of cancer patients at the Kingston Public Hospital, was held on 2014 January 11 and received strong support from the airport stakeholders, staff, contractors and other companies that do business with the airport, in addition to staff from the public hospitals, including KPH and the University Hospital of the West Indies.

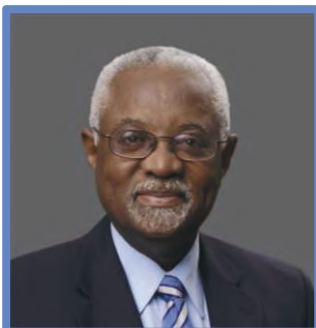


**Special Donation to the Kingston Public Hospital**

## BOARD OF DIRECTORS



**Dennis Morrison**  
Chairman



**Earl Richards**  
President



**Joseph Matalon**  
Director



**Claudette Ramdanie**  
Director



**Valerie Simpson**  
Director



**Dr. Lanie Oakley-Williams**  
Director



**Neil Lawrence**  
Director



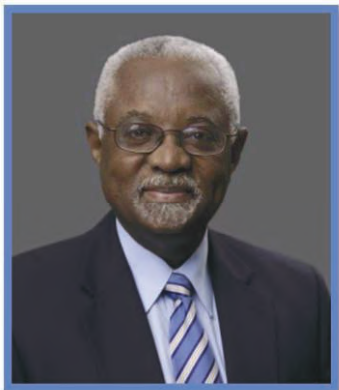
**Neville Wright**  
Director



**William Shagoury**  
Director



## EXECUTIVE TEAM



**Earl Richards**  
President



**Audley Deidrick**  
VP Finance, ICT & HRDA



**Carvell Mcleary**  
Sr. Director HRD &  
Administration



**Lisa-Kaye Bryan**  
General Counsel



**Alfred McDonald**  
Sr. Director Commercial  
Dev. & Planning



**Horace Bryson**  
Sr. Director Engineering  
Maintenance & Projects



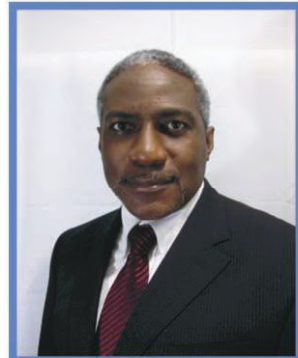
**Lt. Cdr. John McFarlane**  
Sr. Director Operations



**Samuel Manning**  
Director Finance



**Christopher Powell**  
Director Aviation Security



**Richard Gibbs**  
Director ICT

## OPERATIONAL PERFORMANCE

### Traffic Performance

#### Passenger Traffic

Fin YR	NMIA	% Change	SIA	% Change	Total	% Change
2008/09	1,676,235		3,323,142		4,999,377	
2009/10	1,579,122	-5.79%	3,292,296	-0.93%	4,871,418	-2.56%
2010/11	1,495,406	-5.30%	3,339,635	1.44%	4,835,041	-0.75%
2011/12	1,457,840	-2.51%	3,338,827	-0.02%	4,796,667	-0.79%
2012/13	1,462,072	0.29%	3,351,751	0.39%	4,813,823	0.36%
2013/14	1,370,601	-6.26%	3,526,733	5.22%	4,897,334	1.73%
Total	9,041,276		20,172,384		29,213,660	

#### Freight Performance

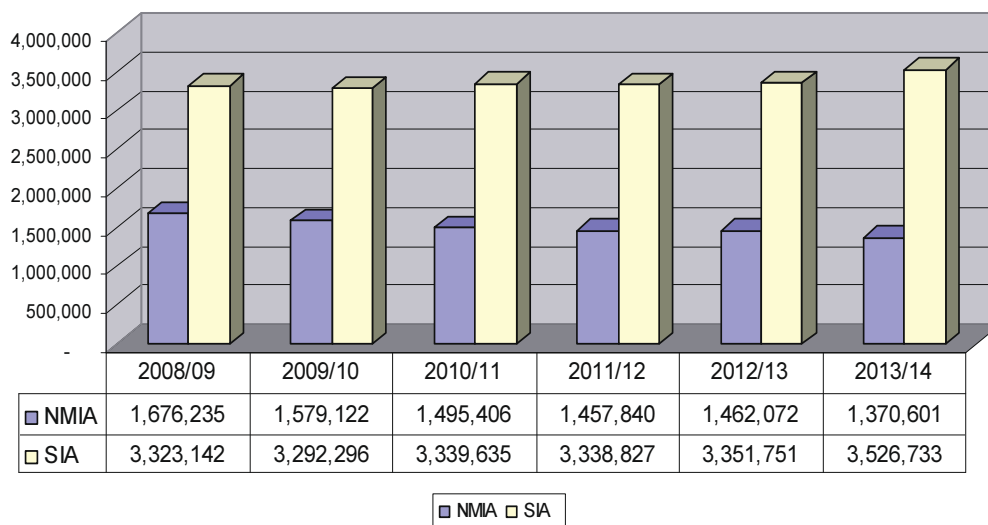
Fin YR	NMIA	% Change	SIA	% Change	Total	% Change
2008/09	15,444,215		5,394,901		20,839,116	
2009/10	12,515,693	-18.96%	4,616,343	-14.43%	17,132,036	-17.79%
2010/11	13,281,921	6.12%	4,918,609	6.55%	18,200,530	6.24%
2011/12	12,336,776	-7.12%	5,078,916	3.26%	17,415,692	-4.31%
2012/13	11,991,323	-2.80%	5,151,382	1.43%	17,142,705	-1.57%
2013/14	12,041,376	0.42%	5,747,736	11.58%	17,789,112	3.77%
Total	77,611,304		30,907,887		108,519,191	

#### Aircraft Movement

Fin YR	NMIA	% Change	SIA	% Change	Total	% Change
2008/09	24,556		39,990		64,546	
2009/10	22,360	-8.94%	37,990	-5.00%	60,350	-6.50%
2010/11	23,155	3.56%	39,811	4.79%	62,966	4.33%
2011/12	21,437	-7.42%	39,815	0.01%	61,252	-2.72%
2012/13	22,314	4.09%	39,830	0.04%	62,144	1.46%
2013/14	20,245	-9.27%	39,084	-1.87%	59,329	-4.53%
Total	134,067		236,520		370,587	



### Passenger Statistics



## FINANCIAL PROJECTIONS

Table 1: Actual and Projected Financial Performance for AAJ Consolidated

Key Performance Indicators (KPI's)	Actual Mar-14 J\$'000	Budget 2013-14 J\$'000	Budget 2014-15 J\$'000
Operating Revenue	4,323,611	3,544,661	4,089,772
Operating Expenses	(3,436,179)	(3,348,899)	(3,939,069)
Other income (Expenditure)	(84,317)	498,921	637,210
Taxation	(366,138)	(166,317)	(264,163)
Net Profit	<b>436,977</b>	<b>528,366</b>	<b>523,750</b>
Capital Expenditure	<b>559,146</b>	<b>861,785.3</b>	<b>857,714</b>

Table 2: Actual and Projected Financial Performance for AAJ

Key Performance Indicators (KPI's)	Actual Mar-14 J\$'000	Budget 2013-14 J\$'000	Budget 2014-15 J\$'000
Operating Income	1,991,869	1,064,944	1,343,131
Operating Expenditure	(440,624)	(455,342)	(445,948)
Other Income (Expenditure)	(281,998)	143,535	202,899
Taxation	(366,138)	(166,317)	(264,163)
Net Surplus	<b>903,109</b>	<b>586,820</b>	<b>835,919</b>
Capital Expenditure	<b>33,962</b>	<b>170,192</b>	<b>62,192</b>

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

Key Performance Indicators (KPI's)	Actual 2013/14 (US\$'000)	Budget 2013/14 (US\$'000)	Budget 2014/15 (US\$'000)
Operating Income	30,741	29,650	27,211
Operating Expenditure	(31,153)	(27,073)	(26,866)
Other income (Expenditure)	(4,093)	(3,226)	(3,209)
Net Profit	-	-	-
Capital Expenditure	<b>(4,505)</b>	<b>(649)</b>	<b>(2,864)</b>

**Table 4:** Summary Financial Indicators for NMIA Limited:

Description	2013/14	2014/15
Aeronautical to Total revenue	50%	50%
<b>Aeronautical Revenue (US\$'000)</b>		
Passenger Service Fees	5,649	6,008
Security Fees	3,556	3,522
Landing Fees	2,734	2,806
Other	1,050	1,061
<b>Non-Aeronautical Revenue (US\$'000)</b>		
Concession Fees	6,963	6,549
Car Park	687	733
Space Rental	1,125	1,059
Advertising Space Rentals	603	706
Utilities Recovery	925	1,413
Other	2,559	3,049
<b>Revenue Drivers</b>		
Passenger Throughput	1,370,601	1,440,827
Aircraft landings	10,126	10,257
Cargo Throughput	12,041,376	12,429,321

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### DIRECTORS' COMPENSATION: April 2013 - March 2014

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non- Cash Benefits as applicable (\$)	Total (\$)
Dennis Morrison- Chairman	224,000	24,081			248,081
Joseph A. Matalon –NMIAL Chairman& Chairman of the Projects Sub-committee	188,000	40,401			228,401
Lanie Oakley Williams-Director & Chairman of the Finance Sub-Committee	207,000	24,343			231,343
Claudette Ramdanie-Director	143,000	23,039			166,039
William Shagoury -Director & Chairman of the Business Development Sub-Committee	95,000	76,384			171,384
Neville Wright- Director	156,500	31,203			187,703
Neil Lawrence- Director	126,500	33,739			160,239
Valerie Simpson -Director & member of the Projects Sub-committee and the Finance and Audit Sub-committee	177,000	40,746			217,746
Earl Richards Director/President *					

#### Notes

1. Fees are paid as follows:
    - a. Board Meetings
      - i. Board Chairman: \$16,000 per meeting
      - ii. Directors: \$8,500 per meeting
    - b. Sub-Committee Meetings
      - i. Sub-committee Chairman: \$7,000 per meeting
      - ii. Members: \$3,500 per meeting
  2. Directors receive a travelling allowance of \$35.00 per km for meetings attended.
  3. Payments totalling \$108,000 to external members of Board Sub-committees who are not Directors are not included in the numbers reported above.
- \* See Executive compensation for the Director /President

## SENIOR EXECUTIVE COMPENSATION: April 2013 - March 2014

Position	Basic	Other Allowances	Gratuity	Travelling Allowance	Total Non-Cash	Grand Total
<b>President</b>	7,267,023	912,766	1,816,756	2,768,280	195,811	12,960,635
<b>VP Finance</b>	5,763,404	1,018,749	1,440,851	1,871,976	166,581	10,261,561
<b>Snr Director Commercial Dev. &amp; Planning</b>	4,938,480	1,171,224	1,234,620	1,871,976	150,544	9,366,844
<b>Snr Director Engineering, Maintenance &amp; Projects</b>	4,938,480	834,206	3,429,680	1,871,976	150,544	11,224,886
<b>General Counsel</b>	4,938,480	734,213	1,234,620	1,871,976	150,544	8,929,834
<b>Snr Director HRM&amp;A</b>	4,938,480	631,285	1,234,620	1,871,976	150,544	8,826,906

### 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 \$35.00 per km for travelling
- ✓ Other Allowances are comprised of meal, clothing and laundry allowances
- ✓ Non-cash Allowances include Group Life & Health Insurance coverage
- ✓ An Upkeep Allowance is paid and is represented in the column labelled "Travelling Allowance."
- ✓ Non-taxable upkeep, totalling \$6,133,090 and the non-cash items (health & pension) are not reflected in the audited financial statements, nor are they regarded as management compensation.
- ✓ Non-taxable upkeep, totalling \$6,192,830 and the non-cash items (health & pension) are not reflected in the audited financial statements, nor are they regarded as management compensation.

### AAJ BOARD MEMBERS ATTENDANCE: April 2013 - March 2014

Names	Apr. 2013	May 2013	June 2013	July 2013	August 2013 *	Sept. 2013	Oct. 2013	Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014	Total
Mr. Dennis Morrison	√	√	√	-	-	√	√	√	√	√	√	√	10
Mr. Joseph A. Matalon	√	√	√	√	-	√	√	-	-	√	√	√	9
Hon. William Shagoury	√	-	√	-	-	√	√	√	-	-	-	-	5
Miss Valerie Simpson	√	-	√	√	-	√	√	-	√	√	√	√	9
Dr. Lanie Oakley-Williams	√	√	√	√	-	-	√	√	√	√	√	√	10
Ms. Claudette Ramdanie	√	√	√	-	-	√	√	-	-	√	√	√	8
Mr. Neville Wright	√	√	√	√	-	-	√	√	√	√	√	√	10
Mr. Neil Lawrence	-	√	√	√	-	√	√	√	√	√	-	√	9
Mr. Earl Richards	√	√	√	√	-	√	√	√	√	√	√	√	11

\*Note: No Board Meeting convened in 2013 August.





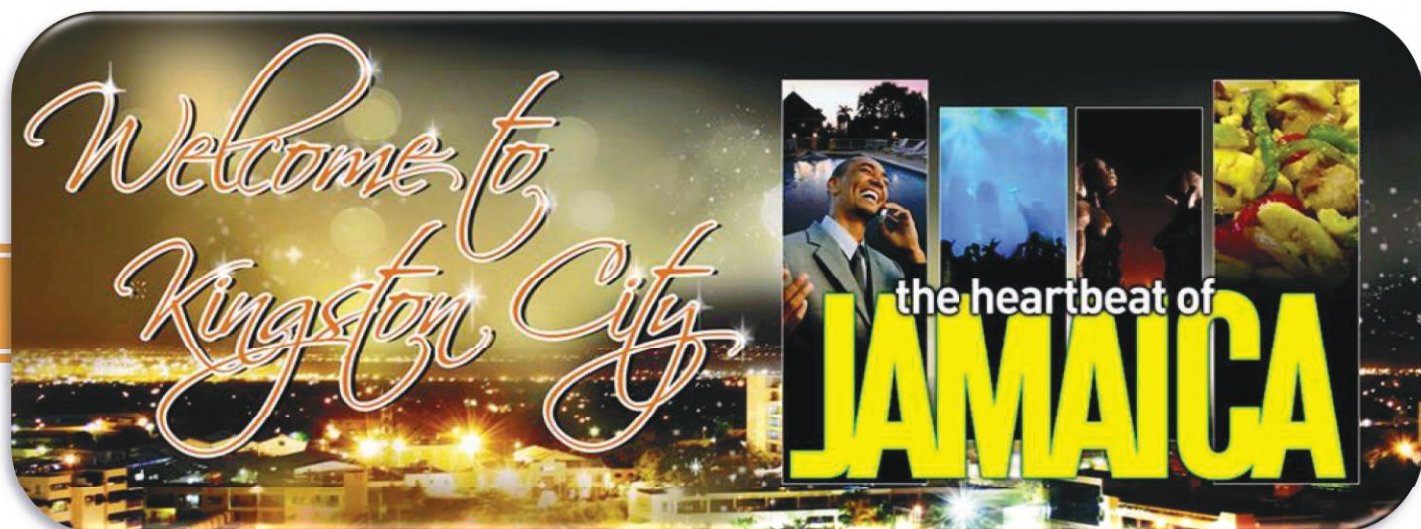
## PICTORIAL HIGHLIGHTS

### Scenes from Sangster International Airport





## Scenes from Norman Manley International Airport



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## FINANCIAL STATEMENTS

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# ***Airports Authority of Jamaica***

Financial Statements  
31 March 2014



# Airports Authority of Jamaica

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31 March 2014

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## ***Independent Auditors' Report***

To the Members of  
Airports Authority of Jamaica

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

We have audited the accompanying consolidated financial statements of Airports Authority of Jamaica and its subsidiaries, set out on pages 1 to 63, which comprise the consolidated statement of financial position as at 31 March 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accompanying financial statements of Airports Authority of Jamaica standing alone, which comprise the statement of financial position as at 31 March 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand alone financial statements.

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

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

C.D.W. Maxwell E.A. Crawford P.E. Williams L.A. McKnight L.E. Augier A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan



**Members of Airports Authority of Jamaica  
Independent Auditors' Report  
Page 2**

***Opinion***

In our opinion, the consolidated financial statements of Airports Authority of Jamaica and its subsidiaries, and the financial statements of Airports Authority of Jamaica standing alone give a true and fair view of the financial position of Airports Authority of Jamaica and its subsidiaries and the Airports Authority of Jamaica standing alone as at 31 March 2014, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Airports Authority of Jamaica, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

**Report on Other Legal and Regulatory Requirements**

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

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

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants  
1 September 2014  
Kingston, Jamaica

# Airports Authority of Jamaica

## Consolidated Statement of Comprehensive Income

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	Restated 2013 \$'000
<b>Revenue –</b>			
Airports		3,668,147	3,364,332
Aerodromes		18,356	11,619
		<u>3,686,503</u>	<u>3,375,951</u>
<b>Direct expenses –</b>			
Airports		(3,206,248)	(2,791,915)
Aerodromes		(229,931)	(200,577)
		<u>(3,436,179)</u>	<u>(2,992,492)</u>
<b>Gross Profit</b>		250,324	383,459
Other operating income	5	637,108	647,444
Administration expenses		(255,114)	(200,975)
Privatisation costs		(42,289)	(180)
Finance income	8	213,086	321,858
<b>Profit before Taxation</b>		803,115	1,151,606
Taxation	9	(366,138)	(301,170)
<b>Net Profit</b>	10	436,977	850,436
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of post-employment benefits, net of taxes		256,437	(47,682)
<b>Items that may be subsequently reclassified to profit or loss</b>			
Foreign currency translation adjustments		(66,370)	(202,720)
Total other comprehensive income		<u>190,067</u>	<u>(250,402)</u>
<b>Total Comprehensive Income</b>		<u>627,044</u>	<u>600,034</u>

# Airports Authority of Jamaica

## Consolidated Statement of Financial Position

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	Restated 2013 \$'000	Restated 2012 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	11	15,032,813	14,078,125	13,144,119
Intangible assets	12	26,813	23,209	9,055
Investments	13	270,600	66,769	100
Deferred income tax asset	15	564,061	811,987	838,893
		<u>15,894,287</u>	<u>14,980,090</u>	<u>13,992,167</u>
<b>Current Assets</b>				
Inventories	16	33,671	30,948	33,207
Receivables	17	1,181,946	1,205,771	1,228,066
Cash and short term deposits	18	3,417,633	2,146,271	1,709,530
		<u>4,633,250</u>	<u>3,382,990</u>	<u>2,970,803</u>
<b>Current Liabilities</b>				
Payables	19	333,526	352,088	495,184
Borrowings	20	360,917	364,518	404,458
Taxation payable		207,045	246,621	141,855
		<u>901,488</u>	<u>963,227</u>	<u>1,041,497</u>
<b>Net Current Assets</b>				
		<u>3,731,762</u>	<u>2,419,763</u>	<u>1,929,306</u>
		<u>19,626,049</u>	<u>17,399,853</u>	<u>15,921,473</u>
<b>Shareholders' Equity</b>				
Share capital	21	20,091	20,091	20,091
Unissued capital	22	55,607	55,607	55,607
Retained earnings	10	5,951,939	5,344,379	4,760,688
Other reserves		(343,366)	(276,996)	(74,276)
		<u>5,684,271</u>	<u>5,143,081</u>	<u>4,762,110</u>
<b>Non-Current Liabilities</b>				
Borrowings	20	12,538,634	10,370,911	9,169,051
Grants	23	1,235,138	1,435,939	1,643,043
Post employment benefit obligations	24	168,006	449,922	347,269
		<u>13,941,778</u>	<u>12,256,772</u>	<u>11,159,363</u>
		<u>19,626,049</u>	<u>17,399,853</u>	<u>15,921,473</u>

Approved for issue by the Board of Directors on September 1, 2014 and signed on its behalf by:

Dennis Morrison

Chairman

Earl Richards

Director

# Airports Authority of Jamaica

## Consolidated Statement of Changes in Equity

**Year ended 31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Unissued Capital	Retained Earnings	Other Reserves	Total
	'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2012, as previously stated	20,091	20,091	55,607	4,913,268	(74,276)	4,914,690
Effect of changes in accounting standards	-	-	-	(152,580)	-	(152,580)
Balance at 1 April 2012, as restated	20,091	20,091	55,607	4,760,688	(74,276)	4,762,110
Net profit, as restated	-	-	-	850,436	-	850,436
Re-measurements of post-employment benefits, net of taxes	-	-	-	(47,682)	-	(47,682)
Foreign currency translation adjustment	-	-	-	-	(202,720)	(202,720)
Total comprehensive income	-	-	-	802,754	(202,720)	600,034
Dividends paid	-	-	-	(200,000)	-	(200,000)
Impact of participation in National Debt Exchange	-	-	-	(19,063)	-	(19,063)
	-	-	-	(219,063)	-	(219,063)
<b>Balance at 31 March 2013, as restated</b>	20,091	20,091	55,607	5,344,379	(276,996)	5,143,081
Net profit	-	-	-	436,977	-	436,977
Re-measurements of post-employment benefits, net of taxes	-	-	-	256,437	-	256,437
Foreign currency translation adjustment	-	-	-	-	(66,370)	(66,370)
Total comprehensive income	-	-	-	693,414	(66,370)	627,044
Dividends paid	-	-	-	(85,854)	-	(85,854)
<b>Balance at 31 March 2014</b>	20,091	20,091	55,607	5,951,939	(343,366)	5,684,271



# Airports Authority of Jamaica

## Consolidated Statement of Cash Flows

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	2014 \$'000	Restated 2013 \$'000
<b>Cash Flows from Operating activities</b>		
Net profit	436,977	850,436
Items not affecting cash resources:		
Depreciation	940,697	859,132
Amortisation	103	1,192
Gain on disposal of property, plant and equipment	-	(15,565)
Interest income	(122,301)	(119,303)
Exchange gains on foreign balances	(429,249)	(341,496)
Grants amortised	(735,772)	(717,795)
Taxation charge	366,138	301,170
Interest expense	411,284	366,725
Change in post employment benefit obligation	(25,479)	54,971
	842,398	1,239,467
Changes in operating assets and liabilities:		
Inventories	(2,723)	2,259
Receivables	23,825	22,296
Payables	(18,563)	(143,097)
	844,937	1,120,925
Taxation paid	(157,787)	(169,497)
Cash provided by operating activities	687,150	951,428
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment and intangible assets	(559,146)	(492,585)
Purchase of financial instruments	(203,831)	(85,732)
Proceeds from disposal of property, plant and equipment	77	28,960
Purchase of intangible assets	(1,135)	(13,214)
Interest received	122,301	119,303
Cash used in investing activities	(641,734)	(443,268)
<b>Cash Flows from Financing Activities</b>		
Loans received	1,227,053	177,397
Loan repayment	(150,789)	(131,861)
Interest paid	(411,284)	(366,725)
Grants received	425,064	359,887
Dividend paid	(85,854)	(200,000)
Cash provided by/ (used in) financing activities	1,004,190	(161,302)
Effect of changes in exchange rates on cash and cash equivalents	223,169	117,870
Increase in cash and cash equivalents	1,049,606	346,858
Cash and cash equivalents at beginning of year	2,144,858	1,680,130
<b>Cash and cash equivalents at end of year (Note 18)</b>	<b>3,417,633</b>	<b>2,144,858</b>

# Airports Authority of Jamaica

## Authority Statement of Comprehensive Income

**Year ended 31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	Restated 2013 \$'000
<b>Revenue –</b>			
Airports		1,221,254	1,032,134
Aerodromes		18,356	11,619
		<u>1,239,610</u>	<u>1,043,753</u>
<b>Direct expenses –</b>			
Airports		(210,693)	(221,517)
Aerodromes		(229,931)	(200,577)
		<u>(440,624)</u>	<u>(422,094)</u>
<b>Gross Profit</b>		798,986	621,659
Other operating income	5	752,259	630,452
Administration expenses		(255,177)	(200,974)
Privatisation costs		(42,289)	(180)
Finance income	8	15,468	60,330
<b>Profit before Taxation</b>		<u>1,269,247</u>	<u>1,111,287</u>
Taxation	9	(366,138)	(301,170)
<b>Net Profit</b>	10	<u>903,109</u>	<u>810,117</u>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of post-employment benefits, net of taxes		256,437	(47,682)
<b>Total Comprehensive Income</b>		<u><u>1,159,546</u></u>	<u><u>762,435</u></u>

# Airports Authority of Jamaica

## Authority Statement of Financial Position

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	Restated 2013 \$'000	Restated 2012 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	11	2,203,965	2,430,602	2,654,491
Intangible assets	12	-	-	15
Investments	13	234,935	32,002	100
Interest in subsidiary	14	15,866,424	13,591,793	11,518,672
Deferred income tax asset	15	564,061	811,987	838,893
		18,869,385	16,866,384	15,012,171
<b>Current Assets</b>				
Receivables	17	347,852	247,768	303,470
Due from related party	14	79,237	23,396	57,280
Cash and short term deposits	18	2,255,154	1,525,263	1,436,741
		2,682,243	1,796,427	1,797,491
<b>Current Liabilities</b>				
Payables	19	68,974	80,347	149,738
Borrowings	20	360,917	361,650	381,934
Taxation payable		207,045	246,621	141,855
		636,936	688,618	673,527
<b>Net Current Assets</b>		2,045,307	1,107,809	1,123,964
		20,914,692	17,974,193	16,136,135
<b>Shareholders' Equity</b>				
Share capital	21	20,091	20,091	20,091
Unissued capital	22	55,607	55,607	55,607
Retained earnings		7,891,373	6,817,681	6,265,137
		7,967,071	6,893,379	6,340,835
<b>Non-Current Liabilities</b>				
Borrowings	20	12,538,634	10,370,911	9,169,051
Grants	23	240,981	259,981	278,980
Post employment benefit obligations	24	168,006	449,922	347,269
		12,947,621	11,080,814	9,795,300
		20,914,692	17,974,193	16,136,135

Approved for issue by the Board of Directors on September 1, 2014 and signed on its behalf by:

Dennis Morrison

Chairman

Earl Richards

Director

# Airports Authority of Jamaica

## Authority Statement of Changes in Equity

**Year ended 31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Unissued Capital	Retained Earnings	Total
	'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2012, as previously stated	20,091	20,091	55,607	6,417,717	6,493,415
Effects of change in accounting standard		-	-	(152,580)	(152,580)
Balance at 1 April 2012, as restated	20,091	20,091	55,607	6,265,137	6,340,835
Net profit, as restated	-	-	-	810,117	810,117
Re-measurement of post-employment benefits, net of taxes	-	-	-	(47,682)	(47,682)
Total comprehensive income	-	-	-	762,435	762,435
Dividends paid	-	-	-	(200,000)	(200,000)
Impact of participation in National Debt Exchange	-	-	-	(9,891)	(9,891)
Total transactions with owners	-	-	-	(209,891)	(209,891)
<b>Balance at 31 March 2013, as restated</b>	20,091	20,091	55,607	6,817,681	6,893,379
Net profit	-	-	-	903,109	903,109
Re-measurement of post-employment benefits, net of taxes	-	-	-	256,437	256,437
Total comprehensive income	-	-	-	1,159,546	1,159,546
Dividends paid	-	-	-	(85,854)	(85,854)
<b>Balance at 31 March 2014</b>	20,091	20,091	55,607	7,891,373	7,967,071

# Airports Authority of Jamaica

## Authority Statement of Cash Flows

**Year ended 31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

	<b>2014</b> <b>\$'000</b>	<b>Restated</b> <b>2013</b> <b>\$'000</b>
<b>Cash Flows from Operating Activities</b>		
Net profit	903,109	810,117
Items not affecting cash resources:		
Depreciation and amortisation	260,609	259,423
Gain on disposal of property, plant and equipment	-	(14,749)
Interest income	(711,965)	(541,387)
Exchange gains on foreign balances	(215,782)	(462,825)
Taxation charge	366,138	301,170
Grants amortised	(19,000)	(18,999)
Interest expense	423,283	359,814
Change in post-employment benefit obligation	(25,479)	54,791
	<u>980,913</u>	<u>747,535</u>
Changes in operating assets and liabilities:		
Receivables	(100,084)	55,702
Payables	(11,375)	(69,392)
	<u>869,454</u>	<u>733,845</u>
Taxation paid	(157,786)	(169,497)
Cash provided by operating activities	<u>711,668</u>	<u>564,348</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment and intangible assets	(33,942)	(35,528)
Purchase of financial assets	(202,953)	(31,902)
Proceeds from the sales of property, plant and equipment	-	14,758
Loans repaid by subsidiary	1,085,115	636,996
Loans issued to subsidiary	(2,290,167)	(1,227,407)
Interest received	711,965	541,387
Cash used in investing activities	<u>(729,982)</u>	<u>(101,696)</u>
<b>Cash Flows from Financing Activities</b>		
Interest paid	(423,283)	(359,814)
Long term loans received	1,227,052	177,397
Loan repayment	(150,789)	(131,861)
Dividend paid	(85,854)	(200,000)
Cash provided by/ (used in) financing activities	<u>567,126</u>	<u>(514,278)</u>
Effects of changes in exchange rates on cash and cash equivalents	<u>182,492</u>	<u>145,611</u>
Increase/ (decrease) in cash and cash equivalents	<u>548,812</u>	<u>(51,626)</u>
Cash and cash equivalents at beginning of year	<u>1,523,850</u>	<u>1,429,865</u>
<b>Cash and cash equivalents at end of year (Note 18)</b>	<u><u>2,255,154</u></u>	<u><u>1,523,850</u></u>



# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification and Principal Activities

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

The Authority has a wholly-owned subsidiary, NMIA Airports Limited, whose principal activity 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.

As of 11 April 2003, the Donald Sangster International Airport, which is owned by the Authority, is being operated by MBJ Airports Limited under a 20-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 \$981,389,000 (2013 – \$808,264,000) from MBJ Airports Limited during the year.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of preparation

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

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

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

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

- **IFRS 10, 'Consolidated Financial Statements'** replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and Separate Financial Statements', and SIC-12, 'Consolidation – Special Purpose Entities'. IAS 27 (Revised) now renamed 'Separate Financial Statements'. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The standard did not have any impact on the Group's financial statements.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

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

- **IFRS 12, 'Disclosure of Interests in Other Entities'** requires entities to disclose information that helps financial statement users to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The standard did not have any impact on the Group's financial statements.
- **IFRS 13, Fair Value Measurement** explains how to measure fair value for financial reporting. It defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements. This standard applies to those standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. The standard has resulted in extended disclosures in the financial statements but it did not have a significant impact on the Group's financial statements.
- **Amendment to IAS 1, 'Presentation of financial statements'** discloses the requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently to initial classification (reclassification adjustments). The Group has applied the amendment from 1 April 2014 resulting in a change in presentation of the statement of other comprehensive income.
- **IAS 19, 'Employee benefits'** resulted in changes in the Group's accounting to immediately recognise all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See Note 24 for the impact on the financial statements.
- **IFRS 7 (Amendment), 'Financial Instruments: Disclosures'** requires disclosures about the effects or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. The adoption of this amendment has had no significant impact on the Group's financial statements.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(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***

The Group has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the Group's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Group's accounting periods beginning after 1 April 2014 or later periods, but the Group has not early adopted them:

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018) specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from that obtained under IAS 39. While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption.
- **IAS 32 (Amendment), 'Financial Instruments: Presentation'**, (effective for annual periods beginning on or after 1 January 2014) clarifies the requirements for offsetting financial instruments and address inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments: Presentation'. The Group will apply the standard effective 1 January 2014 but does not expect any significant impact from its adoption.
- **IFRIC 21, 'Levies'**, (effective for annual periods beginning on or after 1 January 2014) addresses the accounting for a liability to pay a levy recognised in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The Group does not expect any significant impact from future adoption of the interpretation on its financial statements.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

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

Annual Improvements 2012 and 2013 – The IASB issued its Annual Improvements to IFRS 2010 – 2012 and 2011 – 2013 cycles in December 2013, which amended a number of standards, the following of which may be relevant to the Group. The amendments are effective for annual periods beginning on or after 1 July 2014.

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

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

### (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

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

### (b) Consolidation (Continued)

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### Subsidiaries (Continued)

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.

	Country of incorporation	Group's Percentage Interest	
		2014	2013
Norman Manley International Airports (NMIA) Limited	Jamaica	100	100

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

### (c) Foreign currency translation

#### *Functional and presentation currency*

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

#### *Transactions and balances*

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

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

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

#### Group companies

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

- Assets and liabilities for each balance sheet presented are translated at year end rates,
- Items affecting the statement of comprehensive income are translated at average rates, and
- The resultant gains or losses are recognised in other comprehensive income as translation gains or losses.

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

### (d) Revenue recognition

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



# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

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

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

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

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

### **(e) Income taxes**

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

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

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

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

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

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

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

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

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

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

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

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

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

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

#### (g) Investments

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

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

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

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

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

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

**(i) Inventories**

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

**(j) Trade receivables**

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

**(k) Cash and cash equivalents**

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

**(l) Payables**

Payables are stated at historical cost.

**(m) Borrowings**

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

**(n) Grants**

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

**(o) Employee benefits**

***Pension obligations***

The Group operates a defined benefit pension plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan assets, together with adjustments for actuarial gains and losses and past service cost. The defined benefit obligation is determined annually by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the remaining service lives of the employees.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

#### (o) Employee benefits (Continued)

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

#### *Termination benefits*

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

#### *Incentive plans*

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

#### *Accrued vacation*

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

#### (p) Provisions

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

#### (q) Financial instruments

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

#### *Financial assets*

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

#### *Financial liabilities*

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management

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

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

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

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

#### (a) Credit risk

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

#### **Credit review process**

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

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

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

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

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



# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management

#### (a) Credit risk (Continued)

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

#### (ii) Cash and short term deposits

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

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

Trade receivables that are less than 90 days past due are not considered impaired. As of 31 March 2013, trade receivables of \$164,651,000 (2013 – \$577,974,000) for the Group and \$88,354,000 (2013 – \$20,819,000) for the Authority were past due but not impaired. These relate to a number of concessionaires and airlines for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group		The Authority	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
16 - 30 days	23,543	110,471	-	-
31 - 60 days	114,381	117,131	85,061	-
61 - 90 days	23,434	588	-	-
Over 90 days	3,293	349,784	3,293	20,819
	<u>164,651</u>	<u>577,974</u>	<u>88,354</u>	<u>20,819</u>

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

As of 31 March 2014, trade receivables of \$ 400,492,000 (2013 – \$501,942,000) for the Group and \$293,083,000 (2013 – \$295,493,000) for the Authority were considered impaired and were fully provided for. The individually impaired receivables mainly relate to concessionaires and airlines who are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

##### *Provision for impairment of trade receivables*

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

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 April	501,942	523,860	295,493	295,493
Provision for receivables impairment	60,056	90,176	(2,410)	-
Bad debt write off	(175,519)	(137,398)	-	-
Translation difference	14,013	25,304	-	-
At 31 March	<u>400,492</u>	<u>501,942</u>	<u>293,083</u>	<u>295,493</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.

##### *Credit exposure for trade receivables*

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

	<b>The Group</b>		<b>The Authority</b>	
	<b>2013</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Airlines (scheduled and unscheduled)	355,931	597,692	78,660	71,975
Concessionaires	143,156	129,433	6,194	6,194
Fuel through-put	23,184	23,196	4,128	4,686
Food and beverage	71,982	94,879	7,630	7,815
Car rental and tour operations	140,275	20,183	3,313	3,241
Advertising	14,124	13,020	735	4,989
Ground handling and taxi service	58,825	69,559	8,131	8,252
Other	315,685	386,225	380,788	283,525
	<u>1,123,162</u>	<u>1,334,187</u>	<u>489,579</u>	<u>390,677</u>
Less: provision for impairment	<u>(400,492)</u>	<u>(501,942)</u>	<u>(293,083)</u>	<u>(295,493)</u>
	<u>722,670</u>	<u>832,245</u>	<u>196,496</u>	<u>95,184</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(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			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
At 31 March 2014	659,554	4,493,970	12,342,584	17,496,108
At 31 March 2013	584,208	3,034,940	10,828,015	14,447,163

	The Authority			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
At 31 March 2014	659,554	4,493,970	12,342,584	17,496,108
At 31 March 2013	584,208	3,034,940	10,828,015	14,447,163

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(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 or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise mainly from changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

#### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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

	The Group		
	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
	2014		
<b>Financial Assets</b>			
Investments	270,600	-	270,600
Trade receivables	189,579	533,091	722,670
Cash and short term deposits	1,356,769	2,060,864	3,417,633
	1,816,948	2,593,955	4,410,903
<b>Financial Liabilities</b>			
Payables	333,526	-	333,526
Borrowings	190,161	12,709,390	12,899,551
	523,687	12,709,390	13,233,077
<b>Net financial position</b>	1,293,261	(10,115,435)	
	Restated 2013		
<b>Financial Assets</b>			
Investments	66,669	-	66,669
Trade receivables	506,120	326,125	832,245
Cash and short term deposits	166,498	1,979,773	2,146,271
	739,287	2,305,898	3,045,185
<b>Financial Liabilities</b>			
Trade payables	339,825	12,262	352,087
Borrowings	124,034	10,611,352	10,735,386
	463,859	10,623,614	11,087,473
<b>Net financial position</b>	275,428	(8,317,716)	

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(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>2014</b>		
<b>Financial Assets</b>			
Investments	234,935	-	234,935
Interest in subsidiary *	-	15,945,661	15,945,661
Trade receivables	196,496	-	196,496
Cash and short term deposits	1,035,999	1,219,155	2,255,154
	<u>1,467,430</u>	<u>17,164,816</u>	<u>18,632,246</u>
<b>Financial Liabilities</b>			
Payables	68,974	-	68,974
Borrowings	190,148	12,709,403	12,899,551
	<u>259,122</u>	<u>12,709,403</u>	<u>12,968,525</u>
<b>Net financial position</b>	<u>1,208,308</u>	<u>4,455,413</u>	
	<b>Restated 2013</b>		
<b>Financial Assets</b>			
Investments	31,902	-	31,902
Interest in subsidiary *	-	13,309,543	13,309,543
Trade receivables	95,184	-	95,184
Cash and short term deposits	152,983	1,372,280	1,525,263
	<u>280,069</u>	<u>14,681,823</u>	<u>14,961,892</u>
<b>Financial Liabilities</b>			
Payables	80,346	-	80,346
Borrowings	124,034	10,608,527	10,732,561
	<u>204,380</u>	<u>10,608,527</u>	<u>10,812,907</u>
<b>Net financial position</b>	<u>75,689</u>	<u>4,073,296</u>	

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



# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(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 2014	Effect on Net Profit 2014 \$'000	% Change in Currency Rate 2013	Effect on Net Profit 2013 \$'000
<b>Currency:</b>				
USD - revaluation	1%	101,154	1%	83,177
USD - devaluation	(15%)	(1,517,315)	(10%)	(831,772)

The Authority				
	% Change in Currency Rate 2014	Effect on Net Profit 2014 \$'000	% Change in Currency Rate 2013	Effect on Net Profit 2013 \$'000
<b>Currency:</b>				
USD - revaluation	1%	(44,554)	1%	(40,733)
USD - devaluation	(15%)	668,312	(10%)	407,330

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

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

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

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

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

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

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

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

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

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

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

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management (Continued)

#### (e) Capital management

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

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

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

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

#### Key sources of estimation uncertainty

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

#### *Income taxes*

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

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

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

#### Key sources of estimation uncertainty (continued)

##### ***Depreciable assets***

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

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

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Other Operating Income

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Amortisation of grants (Note 23)	460,950	442,090	19,000	18,999
Expenses reimbursed - Project Execution Unit	11,175	12,611	11,175	12,611
Interest income	122,301	119,303	711,965	541,387
Write-off of long outstanding statute barred accounts payable	8,412	40,168	8,412	40,168
Other	34,270	33,272	1,707	17,287
	<u>637,108</u>	<u>647,444</u>	<u>752,259</u>	<u>630,452</u>

Included in the interest income for the Authority is \$621,130,000 (2013 – \$482,474,000) which has been charged on disbursements to its subsidiary to assist with the Norman Manley International Airport expansion project. Interest is charged on the outstanding balance at a rate of 10% per annum.



# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### 6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Authority	
	2014 \$'000	Restated 2013 \$'000	2014 \$'000	Restated 2013 \$'000
Advertising and public relations	15,012	29,727	3,320	7,206
Auditors' remuneration	7,433	7,433	4,890	4,890
Bad debts	58,048	99,187	-	11,644
Commissions and discounts	20,850	6,560	776	839
Depreciation and amortization	940,800	860,324	260,609	259,423
Insurance	189,680	121,900	13,570	9,566
Inventory write-off	-	2,815	-	-
Irrecoverable GCT	136,857	83,688	9,014	7,043
Motor vehicle expenses	20,149	28,024	1,421	1,507
Office supplies	14,904	13,614	3,522	5,350
Other	158,339	38,453	44,011	17,742
Professional fees	60,529	52,694	16,754	15,131
Regulatory fees and taxes	39,279	24,608	7,720	2,722
Rental and lease	50,405	42,990	635	581
Repairs and maintenance	286,967	310,888	25,389	24,286
Security	241,042	225,389	42,893	38,135
Staff costs (Note 7)	839,748	738,881	241,679	194,556
Training	11,278	17,163	-	-
Traveling and entertainment	7,755	8,295	4,237	5,117
Utilities	592,218	480,834	15,361	17,330
	<u>3,691,293</u>	<u>3,193,467</u>	<u>695,801</u>	<u>623,068</u>

### 7. Staff Costs

	The Group		The Authority	
	2014 \$'000	Restated 2013 \$'000	2014 \$'000	Restated 2013 \$'000
Wages and salaries	657,571	586,192	150,351	135,142
Payroll taxes – employer's portion	71,223	60,982	15,762	10,827
Pension and other retirement benefits -				
Pension scheme (Note 24)	59,899	35,748	59,899	35,747
Medical benefits (Note 24)	15,667	12,840	15,667	12,840
Redundancy payments	5,794	5,449	-	-
Other	29,594	37,670	-	-
	<u>839,748</u>	<u>738,881</u>	<u>241,679</u>	<u>194,556</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 8. Finance Income

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest expense	(411,284)	(366,725)	(423,283)	(359,814)
Amortisation of grants (Note 23)	274,822	275,705	-	-
	(136,462)	(91,020)	(423,283)	(359,814)
Net foreign exchange gains	349,548	412,878	438,751	420,144
	213,086	321,858	15,468	60,330

### 9. Taxation

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

Subject to agreement with the Tax Administration Jamaica, losses of approximately \$ 2,591,391,000 (2013 – \$2,358,564,000) for the subsidiary are available for set off against future profits of the subsidiary and may be carried forward indefinitely. No deferred tax asset is recognised in respect of the tax losses of the subsidiary.

The taxation charge for the year comprises:

	<b>The Group and The Authority</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax	203,693	253,826
Deferred tax (Note 15)	162,445	47,344
	366,138	301,170

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 9. Taxation (Continued)

The tax on the company's profit differs from the theoretical amount that would arise using the tax rate of 25% (2013 - 30%) as follows:

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>Restated</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>2013</b>	<b>\$'000</b>	<b>\$'000</b>
		<b>\$'000</b>		
Profit before taxation	803,115	1,151,606	1,269,247	1,111,287
Tax calculated at an effective tax rate of 25% (2013 - 30%)	200,779	345,482	317,312	333,386
Adjusted for the effects of –				
Tax not recognised due to tax relief	26,446	(129,112)	-	-
Irrecoverable foreign exchange losses recognised on loans on-lent to subsidiary	-	-	(90,087)	(116,480)
Expenses not deductible for tax purposes	16,895	-	16,895	-
Other	12,574	1,131	12,574	1,131
Impact due to change in tax rate	109,444	83,669	109,444	83,133
	<u>366,138</u>	<u>301,170</u>	<u>366,138</u>	<u>301,170</u>

Further to announcements by the Minister of Finance and Planning in 2013, the Income Tax Act was amended to impose a corporate income tax rate of 25% on the income of all companies other than regulated companies, with effect from 1 January 2013 and a rate of 30% for large unregulated companies, effective 1 April 2013. A "large unregulated company" is defined as an unregulated company which has gross annual income of not less than \$500 million.

During the year, the Government of Jamaica continued its reform of taxes. As a result of this, The Fiscal Incentives (Miscellaneous Provisions) Act which was signed into law on 20 December 2013, amended the Income Tax Act to reduce the tax rate for large unregulated companies from 30% to 25%, effective 1 January 2014. Consequently, this rate was applied in determining the amounts for current and deferred taxation in the financial statements as at 31 March 2014.

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

## 9. Taxation (Continued)

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

	Group					
	2014			2013 Restated		
	Before tax \$'000	Tax charge \$'000	After tax \$'000	Before tax \$'000	Tax credit \$'000	After tax \$'000
<i>Items that will not be reclassified to profit or loss</i>						
Re-measurement of post-employment benefits obligations, net of taxes	341,918	(85,481)	256,437	(68,120)	20,438	(47,682)
<i>Items that may be subsequently reclassified to profit or loss</i>						
Foreign currency translation adjustments	(66,370)	-	(66,370)	(202,720)	-	(202,720)
Other comprehensive income	275,548	(85,481)	190,067	(270,840)	20,438	(250,402)
Deferred tax (Note 15)		<u>(85,481)</u>			<u>20,438</u>	

	Authority					
	2014			2013 Restated		
	Before tax \$'000	Tax charge \$'000	After tax \$'000	Before tax \$'000	Tax credit \$'000	After tax \$'000
<i>Items that will not be reclassified to profit or loss</i>						
Re-measurement of post-employment benefits obligations, net of taxes	341,918	(85,481)	256,437	(68,120)	20,438	(47,682)
Other comprehensive income	341,918	(85,481)	256,437	(68,120)	20,438	(47,682)
Deferred tax (Note 15)		<u>(85,481)</u>			<u>20,438</u>	

# Airports Authority of Jamaica

Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

## 10. Net Profit and Retained Earnings

	2014 \$'000	Restated 2013 \$'000
(a) Net profit is dealt with as follows in the financial statements of:		
The Authority	903,109	810,117
The subsidiary	(466,132)	40,319
	<u>436,977</u>	<u>850,436</u>
(b) Retained earnings are dealt with as follows in the financial statements of:		
The Authority	7,891,373	6,817,681
The subsidiary	(1,939,434)	(1,473,302)
	<u>5,951,939</u>	<u>5,344,379</u>



# Airports Authority of Jamaica

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 11. Property, Plant and Equipment

	The Group					
	Land, buildings, runways and taxiways	Storage tanks and fuel lines	Motor vehicles	Computer equipment, plant and machinery, furniture and fixtures	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -						
At 1 April 2012	13,102,345	946,187	56,615	2,881,590	85,789	17,072,526
Additions	21,644	-	-	41,397	416,330	479,371
Disposals	(10)	-	(1,860)	(490)	-	(2,360)
Transfers	68,065	-	-	26,051	(94,116)	-
Translation adjustment	1,221,199	-	4,730	336,886	331	1,563,146
At 31 March 2013	14,413,243	946,187	59,485	3,285,434	408,334	19,112,683
Additions	81,425	27,408	4,229	61,976	384,109	559,146
Disposals	-	-	(1,749)	(1,874)	-	(3,623)
Transfers	80,344	-	-	-	(80,344)	-
Translation adjustment	1,241,755	-	6,664	348,053	56,439	1,652,911
At 31 March 2014	15,816,767	973,595	68,629	3,693,589	768,538	21,321,118
Depreciation -						
At 1 April 2012	2,485,814	517,007	35,125	890,461	-	3,928,407
Charge for the year	459,643	53,998	8,355	337,136	-	859,132
Disposals	-	-	(1,725)	(454)	-	(2,179)
Translation adjustment	116,233	-	3,000	129,965	-	249,198
At 31 March 2013	3,061,690	571,005	44,755	1,357,108	-	5,034,558
Charge for the year	492,170	54,219	7,821	386,487	-	940,697
Disposals	-	-	(1,749)	(1,591)	-	(3,340)
Translation adjustment	143,640	-	7,132	165,618	-	316,391
At 31 March 2014	3,697,500	625,224	57,959	1,907,622	-	6,288,305
Net Book Value -						
31 March 2014	12,119,267	348,371	10,670	1,785,967	768,538	15,032,813
31 March 2013	11,351,553	375,182	14,730	1,928,326	408,334	14,078,125

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

	The Authority					Total
	Land, buildings, runways and taxiways	Storage tanks and fuel lines	Motor vehicles	Computer equipment, plant and machinery, furniture and fixtures	Work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -						
At 1 April 2012	3,722,614	946,187	4,545	216,467	83,182	4,972,995
Additions	-	-	-	6,140	29,388	35,528
Disposals	(10)	-	-	-	-	(10)
At 31 March 2013	3,722,604	946,187	4,545	222,607	112,570	5,008,513
Additions	-	27,408	-	6,554	-	33,962
Transfers	81,425	-	-	22,623	(104,048)	-
Disposals	-	-	-	-	-	-
At 31 March 2014	3,804,029	973,595	4,545	251,784	8,522	5,042,475
Depreciation -						
At 1 April 2012	1,744,207	517,007	1,397	55,892	-	2,318,503
Charge for the year	183,211	53,998	817	21,382	-	259,408
At 31 March 2013	1,927,418	571,005	2,214	77,274	-	2,577,911
Charge for the year	184,919	54,219	808	20,653	-	260,599
At 31 March 2014	2,112,337	625,224	3,022	97,927	-	2,838,510
Net Book Value -						
31 March 2014	1,691,692	348,371	1,523	153,857	8,522	2,203,965
31 March 2013	1,795,186	375,182	2,331	145,333	112,570	2,430,602

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

Property, plant and equipment include assets totaling \$3,090,899,000 (2013 - \$3,090,899,000) acquired under the Airport Reform and Improvement Programme which is being funded by loans from the Inter-American Development Bank, Export-Import Bank of Japan, Bank of Tokyo-Mitsubishi Limited and the Government of Jamaica.

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 12. Intangible Assets

#### Computer Software

	<b>The Group</b>	<b>The Authority</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost -		
At 1 April 2012	17,722	250
Additions	13,214	-
Translation adjustment	3,296	-
At 31 March 2013	34,232	250
Additions	1,135	10
Translation adjustment	3,653	-
At 31 March 2014	39,020	260
Amortisation -		
At 1 April 2012	8,667	235
Charge for the year	1,192	15
Translation adjustment	1,164	-
At 31 March 2013	11,023	250
Charge for the year	103	10
Translation adjustment	1,081	-
At 31 March 2014	12,207	260
Net Book Value -		
31 March 2014	26,813	-
31 March 2013	23,209	-

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Investments

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Unquoted equity securities at cost	-	100	-	100
Held to maturity Government of Jamaica securities	270,600	66,669	234,935	31,902
	<u>270,600</u>	<u>66,769</u>	<u>234,935</u>	<u>32,002</u>

On 12 February 2013, the Government of Jamaica (GOJ) announced a public invitation to participate in its National Debt Exchange (NDX) programme in respect of specific domestic debt instruments. The NDX involved the voluntary exchange of the majority of the GOJ's existing domestic debt instruments for new debt instruments having longer maturities and lower coupon interest rates.

The programme introduced the new Fixed Rate Accreting Notes ("FRANs") which are issued with J\$80 of principal value for every J\$100 of principal value of Old Notes, whereby such principal will accrete to J\$100 of principal value by the maturity date in 2028. While the new FRANs were available as an election option to all eligible investors holding J\$ fixed and variable rate Old Notes, they were designed primarily for certain state-owned entities focusing on full long-term principal recovery, and less concerned with accounting and yield in the short-term.

The Group agreed to participate in the programme and exchanged its existing domestic instruments for the new FRANs.

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Investments (Continued)

The NDX had limited impact on the expected future cash flows from the Group's and the Authority's investment portfolio as at 31 March 2013. The table below summarises the impact on coupon rates and maturities of the instruments that were exchanged

	<b>The Group</b>	
	<b>Pre NDX</b>	<b>Post NDX</b>
Jamaican dollar denominated instruments:		
Total face value J\$89,528,000 exchanged for J\$71,622,000 in initial principal value of FRANs	89,528,000	71,622,000
Weighted average coupon rate	12%	10%
Weighted average tenor to maturity	1 year (2014 bonds)	15 years (2028 bonds)

	<b>The Authority</b>	
	<b>Pre NDX</b>	<b>Post NDX</b>
Jamaican dollar denominated instruments:		
Total face value J\$44,494,000 exchanged for J\$35,595,000 in initial principal value of FRANs	44,494,000	35,595,000
Weighted average coupon rate	12%	10%
Weighted average tenor to maturity	1 year (2014 bonds)	15 years (2028 bonds)

The financial impact of the exchange on shareholders' equity as at 31 March 2013 was a loss of \$19,063,000 for the Group and \$9,891,000 for the Authority.

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 14. Related Party Transactions and Balances

The following transactions were carried out with related parties:

#### (a) Key management compensation

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	55,468	54,753	19,593	18,878
Payroll taxes – employer's portion	4,696	4,493	1,221	1,066
	<u>60,164</u>	<u>59,246</u>	<u>20,814</u>	<u>19,944</u>
Directors' emoluments -				
Management remuneration	11,789	13,169	11,789	13,169
Fees	<u>1,425</u>	<u>1,036</u>	<u>1,425</u>	<u>1,036</u>

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

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-current portion	15,866,424	13,591,793
Current portion	<u>79,237</u>	<u>23,396</u>
	<u>15,945,661</u>	<u>13,615,189</u>
Shares, at cost	305,377	305,377
Advances –		
At start of year	13,309,812	11,575,952
Issued during the year	<u>2,330,472</u>	<u>1,733,860</u>
At end of year	<u>15,640,284</u>	<u>13,309,812</u>
	<u>15,945,661</u>	<u>13,615,189</u>

The Authority earned concession and other fees amounting to \$227,943,000 (2013 – \$183,352,000), and interest and other income as detailed in Note 5, from the subsidiary during the year.



# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 15. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25% (2013 - 30%).

	<b>The Group and The Authority</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	811,987	838,893
Charged to profit or loss during the year (Note 9)	(162,445)	(47,344)
(Charged)/credited to other comprehensive income (Note 9)	(85,481)	20,438
At end of year	<u>564,061</u>	<u>811,987</u>

Deferred tax liabilities/(assets) were due to the following:

	<b>The Group and The Authority</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest payable	242,400	224,263
Accelerated depreciation and amortisation	457,218	509,681
Capital grants	60,245	77,994
Post-employment benefits	42,002	117,121
Accrued vacation	2,807	3,171
Foreign exchange losses	86,070	75,950
Investment in subsidiary	(319,839)	(192,856)
Interest receivable	(6,842)	(3,337)
	<u>564,061</u>	<u>811,987</u>

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

	<b>The Group and The Authority</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets to be recovered after more than 12 months	559,465	704,796
Deferred tax liabilities to be settled after more than 12 months	<u>319,839</u>	<u>192,856</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 16. Inventories

This represents spare parts and supplies.

### 17. Receivables

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade	1,123,162	1,334,187	489,579	390,677
Less: Provision for impairment	(400,492)	(501,942)	(293,083)	(295,493)
	<u>722,670</u>	<u>832,245</u>	<u>196,496</u>	<u>95,184</u>
Mobilization payment	153,516	66,596	-	-
Prepayments	62,819	75,072	46,905	50,196
Withholding tax recoverable	125,487	89,470	91,842	67,239
Advances	72,932	42,780	8,407	9,776
GCT recoverable	31,999	48,683	3,550	6,865
Other	12,523	50,925	652	18,508
	<u>1,181,946</u>	<u>1,205,771</u>	<u>347,852</u>	<u>247,768</u>

### 18. Cash and Cash Equivalents

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

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	337,052	199,152	36,392	84,861
Short term deposits	3,080,581	1,947,119	2,218,762	1,440,402
	<u>3,417,633</u>	<u>2,146,271</u>	<u>2,255,154</u>	<u>1,525,263</u>
Bank overdraft (Note 20)	-	(4,281)	-	(1,413)
	<u>3,417,633</u>	<u>2,141,990</u>	<u>2,255,154</u>	<u>1,523,850</u>

Included in short term deposits is interest receivable of \$31,222,000 (2013 – \$18,174,000) for the Group and \$27,369,000 (2013 - \$11,123,000) for the Authority. Short term deposits have original maturity of ninety (90) days or less.

The weighted average interest rate on short term deposits denominated in Jamaican dollars was 7.03% (2013 –5.96%) and on short term deposits denominated in United States dollars was 3.28% (2013 – 3.61%), and these securities mature in 30 days.

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 19. Payables

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	111,507	56,631	26,368	44,369
Accruals	144,354	144,114	39,491	32,768
Airport Improvement Fund	5,457	50,927	-	-
Other	72,208	100,416	3,115	3,210
	<u>333,526</u>	<u>352,088</u>	<u>68,974</u>	<u>80,347</u>

### 20. Borrowings

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current -				
Bank overdraft (Note 18)	-	4,281	-	1,413
Current portion of long term loans	<u>360,917</u>	<u>360,237</u>	<u>360,917</u>	<u>360,237</u>
	<u>360,917</u>	<u>364,518</u>	<u>360,917</u>	<u>361,650</u>
Non-Current -				
Long term loans	11,399,282	9,526,989	11,399,282	9,526,989
Accrued interest	<u>1,139,352</u>	<u>843,922</u>	<u>1,139,352</u>	<u>843,922</u>
	<u>12,538,634</u>	<u>10,370,911</u>	<u>12,538,634</u>	<u>10,370,911</u>
	<u>12,899,551</u>	<u>10,735,429</u>	<u>12,899,551</u>	<u>10,732,561</u>

#### **Bank overdraft**

The Authority has an overdraft facility totalled \$3,000,000 which attracts interest at 5%.

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### 20. Borrowings (Continued)

#### (a) Long term loans

	The Group		The Authority	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Facilities acquired with the Government of Jamaica as an intermediary:				
(a) Inter-American Development Bank	2,113,358	1,788,913	2,113,358	1,788,913
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	745,154	675,185	745,154	675,185
(c) Nordic Development Fund	366,352	322,857	366,352	322,857
(d) European Investment Bank	4,382,977	3,955,460	4,382,977	3,955,460
(e) Caribbean Development Bank	2,191,488	1,977,730	2,191,488	1,977,730
Other facilities				
(f) Government of Jamaica/ SIA Airports Limited	31,206	31,206	31,206	31,206
(g) Government of Jamaica	47,348	91,415	47,348	91,415
(h) Petrocaribe Development Fund	2,830,837	1,820,857	2,830,837	1,820,857
(i) Other	190,831	67,525	190,831	67,525
	<u>12,899,551</u>	<u>10,731,148</u>	<u>12,899,551</u>	<u>10,731,148</u>
Less Current Portion:				
Government of Jamaica/SIA Airports Limited	(31,206)	(31,206)	(31,206)	(31,206)
Government of Jamaica	(47,348)	(47,348)	(47,348)	(47,348)
Petrocaribe Development Fund	(159,060)	(143,546)	(159,060)	(143,546)
Accrued interest	(123,303)	(138,137)	(123,303)	(138,137)
	<u>(360,917)</u>	<u>(360,237)</u>	<u>(360,917)</u>	<u>(360,237)</u>
	<u>12,538,634</u>	<u>10,370,911</u>	<u>12,538,634</u>	<u>10,370,911</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### 20. Borrowings (Continued)

The following tables show the maturity profile for loans.

	The Group & The Authority			
	2014			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
(a) Inter-American Development Bank	-	-	2,113,358	2,113,358
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	-	745,154	-	745,154
(c) Nordic Development Fund	-	366,352	-	366,352
(d) European Investment Bank	-	730,497	3,652,480	4,382,977
(e) Caribbean Development Bank	-	511,347	1,680,141	2,191,488
(f) Government of Jamaica/ SIA Airports Limited	31,206	-	-	31,206
(g) Government of Jamaica	47,348	-	-	47,348
(h) Petrocaribe Development Fund	159,060	790,339	1,881,438	2,830,837
(i) Other	123,303	-	67,528	190,831
	<u>360,917</u>	<u>3,143,689</u>	<u>9,394,945</u>	<u>12,899,551</u>
	The Group & The Authority			
	2013			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
(a) Inter-American Development Bank	-	-	1,788,913	1,788,913
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	-	675,185	-	675,185
(c) Nordic Development Fund	-	322,857	-	322,857
(d) European Investment Bank	-	3,955,460	-	3,955,460
(e) Caribbean Development Bank	-	1,977,730	-	1,977,730
(f) Government of Jamaica/ SIA Airports Limited	31,206	-	-	31,206
(g) Government of Jamaica	158,941	-	-	158,941
(h) Petrocaribe Development Fund	143,545	1,677,311	-	1,820,856
	<u>333,692</u>	<u>8,608,543</u>	<u>1,788,913</u>	<u>10,731,148</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

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### 20. Borrowings (Continued)

- (a) This represents proceeds drawn down to date of loan contract #887/OC-JA between the Government of Jamaica and the Inter-American Development Bank, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire twenty years from the disbursement date. This facility is unsecured and bears interest at 6.25% per annum.
- (b) This represents proceeds drawn down to date of loan contract #041844 between the Government of Jamaica and the Export-Import Bank of Japan and the Bank of Tokyo-Mitsubishi Limited, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire eighteen years from the disbursement date. This facility is unsecured and bears interest at 2.5% per annum.
- (c) This represented proceeds drawn down to date of loan contract #165 between the Government of Jamaica and the Nordic Development Fund, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire thirty years from the disbursement date. This facility is unsecured and bears interest at 1.5% per annum.
- (d) This represents a US\$40 million loan between the European Investment Bank and the Airports Authority of Jamaica which was on-lent to the subsidiary to fund the Norman Manley International Airport expansion project and repay existing loans. The loan is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement. The loan was disbursed in February 2010.
- (e) This represents a US\$20 million loan between the Caribbean Development Bank and the Airports Authority of Jamaica which was on-lent to the subsidiary to fund the Norman Manley International Airport expansion project and repay existing loans. The loan is unsecured and is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement. The facility was disbursed in July 2009 and bears interest at 3.83% per annum.
- (f) This represents a loan from the Government of Jamaica, which was used to fund construction work at the Sangster International Airport. There is no interest rate stated and the terms of repayment have not yet been determined.
- (g) This represents an advance from the Government of Jamaica, which was used to repay interest and principal in respect of loans (a) to (c) above. The advance is unsecured. There is no interest rate stated and the terms of repayment have not yet been determined.
- (h) This loan represents US\$44.5 million dollar loan from the Petrocaribe Development Fund to provide interim financing for the Norman Manley International Airport expansion project. The loan was disbursed in January 2010 for a period of 15 years and attracts interest at 6% per annum. This loan is unsecured.
- (i) This relates to accrued interest on loans that becomes due on demand.



# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 21. Share Capital

	2014 \$'000	2013 \$'000
Authorised - 30,000 ordinary shares		
Issued and fully paid - 20,091 ordinary shares	<u>20,091</u>	<u>20,091</u>

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

### 22. Unissued Capital

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

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

### 23. Grants

#### ***Airport Improvement Grant***

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

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

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

#### ***Capital Grant***

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

The movement in grants during the year was as follows:

	<b>The Group</b>		<b>The Authority</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At start of year	1,435,939	1,643,043	259,981	278,980
Additions	425,064	359,887	-	-
Transfer to the statement of comprehensive income -				
Amortisation of grants (Note 5)	(460,950)	(442,090)	(19,000)	(18,999)
Amortisation of grants (Note 8)	(274,822)	(275,705)	-	-
Translation adjustment	109,907	150,804	-	-
At end of year	<u>1,235,138</u>	<u>1,435,939</u>	<u>240,981</u>	<u>259,981</u>

# Airports Authority of Jamaica

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 24. Post-Employment Benefits

	<b>The Group &amp; The Authority</b>	
	<b>2014 \$'000</b>	<b>Restated 2013 \$'000</b>
Liability recognised in the balance sheet –		
Pension	23,112	329,002
Medical benefits	144,894	120,920
	<u>168,006</u>	<u>449,922</u>
Amounts recognised in arriving at the profit or loss account (Note 7)		
Pension scheme	59,899	35,747
Medical benefits	15,667	12,840
Amounts recognised in arriving at the Other Comprehensive Income		
Pension scheme	355,358	(54,369)
Medical benefits	(13,440)	(13,751)
	<u>341,918</u>	<u>(68,120)</u>

### ***Pension scheme benefits***

The Group participates in a defined benefit scheme, which is open to all permanent employees who have satisfied certain minimum service requirements.

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

	<b>The Group &amp; The Authority</b>	
	<b>2014 \$'000</b>	<b>Restated 2013 \$'000</b>
Fair value of plan assets	699,909	644,880
Present value of obligations	(723,021)	(973,882)
	<u>(23,112)</u>	<u>(329,002)</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

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

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

	<b>The Group &amp; The Authority</b>	
	<b>2014 \$'000</b>	<b>Restated 2013 \$'000</b>
At beginning of year	644,880	597,416
Interest Income	81,997	85,903
Re-measurement of the plan assets		
Return on plan assets, excluding amounts included in interest income	(7,759)	(23,560)
Employer contributions	10,431	9,339
Employee contributions	15,894	15,438
Benefits paid	(43,253)	(36,938)
Administrative Expenses	(2,281)	(2,718)
At end of year	<u>699,909</u>	<u>644,880</u>

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

	<b>The Group &amp; The Authority</b>	
	<b>2014 \$'000</b>	<b>Restated 2013 \$'000</b>
At beginning of year	973,882	845,642
Current service cost	25,227	11,114
Employee's Contributions	15,894	15,438
Interest cost	114,388	107,819
Benefits paid	(43,253)	(36,940)
Re-measurements -		
Experience gains	(47,736)	(56,611)
Loss from change in demographic assumptions	-	30,262
Gain from change in financial assumptions	(315,381)	57,158
At end of year	<u>723,021</u>	<u>973,882</u>

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### *Pension scheme benefits (continued)*

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

	<b>The Group &amp; The Authority</b>	
	<b>2014</b>	<b>Restated</b>
	<b>\$'000</b>	<b>2013</b>
		<b>\$'000</b>
Current service cost, net of employee contributions	(25,227)	(11,114)
Interest cost	(114,388)	(107,819)
Interest income on plan assets	81,997	85,903
Net actuarial losses recognised during the year	(2,281)	(2,718)
Total included in staff costs (Note 7)	<u>(59,899)</u>	<u>(35,748)</u>

Component of Other Comprehensive Income (OCI) are as follows:

	<b>The Group &amp; The Authority</b>	
	<b>2014</b>	<b>Restated</b>
	<b>\$'000</b>	<b>2013</b>
		<b>\$'000</b>
Re-measurement (gain)/loss on Obligation	(363,117)	30,809
Re-measurement gain/(loss) on Plan Assets	7,759	23,560
Components of Defined Benefit Cost recorded in OCI	<u>(355,358)</u>	<u>54,369</u>

The actual return on plan assets was a net gain of \$71,657,000 (2013 – \$59,625,000).

The distribution of the obligations was as follows:

	<b>The Group &amp; The Authority</b>	
		<b>Restated</b>
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
At start of year	329,002	248,226
Pension expense	59,899	35,748
Re-measurements in OCI	(355,358)	54,369
Employer's Contributions	(10,431)	(9,341)
At end of year	<u>23,112</u>	<u>329,002</u>

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

## 24. Post-Employment Benefits (Continued)

### *Pension scheme benefits (continued)*

The distribution of plan assets was as follows:

	The Group & The Authority			
	2014		2013	
	\$'000	%	\$'000	%
Fixed Income Fund	461,174	66	487,298	76
Real Estate Fund	69,506	10	-	-
Equity Fund	169,229	24	157,582	24
	<u>699,909</u>		<u>644,880</u>	

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

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

	The Group & The Authority				
	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Fair value of plan assets	699,909	644,880	597,416	648,117	581,013
Defined benefit obligation	(723,021)	(973,882)	(845,642)	(794,537)	(765,683)
(Deficit)/surplus	<u>(23,112)</u>	<u>(329,002)</u>	<u>(248,226)</u>	<u>(146,420)</u>	<u>(184,670)</u>
Experience adjustments – gains/(losses)					
Fair value of plan assets	7,759	1,166	35,044	13,702	58,901
Defined benefit obligation	<u>(47,736)</u>	<u>(56,611)</u>	<u>22,181</u>	<u>(16,675)</u>	<u>104,885</u>



# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

## 24. Post-Employment Benefits (Continued)

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

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

The Group & The Authority			
2013			
Impact on Post-employment obligations			
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(55,927)	64,676
Future pension increase	1%	127,106	(108,932)

	Increase Assumption by One Year \$'000
Life expectancy	11,000

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

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

#### *Medical benefits*

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

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

	<b>The Group &amp; The Authority</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Present value of obligations	144,894	120,920

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

	<b>The Group &amp; The Authority</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	120,920	99,043
Current service cost	3,718	3,078
Interest cost	11,949	9,762
Re-measurements -		
Experience loss/(gains)	13,685	(4,410)
Loss from change in demographic assumptions	-	6,477
(Gain)/Loss from change in financial assumptions	(245)	9,819
Benefits paid	(5,133)	(2,849)
At end of year	144,894	120,920

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

	<b>The Group &amp; The Authority</b>	
	<b>2014</b>	<b>Restated 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	-	-
Interest Income	5,133	4,715
Re-measurement of the plan assets		
Return on plan assets, excluding amounts included in interest income	-	(1,865)
Benefits paid	(5,133)	(2,850)
At end of year	-	-

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

## 24. Post-Employment Benefits (Continued)

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

	<b>The Group &amp; The Authority</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Current service cost	3,718	3,078
Interest cost	11,949	9,762
Total included in staff costs (Note 7)	15,667	12,840

Component of Other Comprehensive Income (OCI) are as follows:

	<b>The Group &amp; The Authority</b>	
	<b>2014</b>	<b>Restated 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Re-measurement loss on Obligation	13,440	11,886
Re-measurement loss on plan assets	-	1,865
Components of defined benefit cost recorded in OCI	13,440	13,751

The distribution of the obligations was as follows:

	<b>The Group &amp; The Authority</b>	
		<b>Restated</b>
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
At start of year	120,920	99,043
Pension expense	15,667	12,840
Re-measurements in OCI	13,440	13,751
Employer's contributions	(5,133)	(4,714)
At end of year	144,894	120,920

# Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

## 24. Post-Employment Benefits (Continued)

### *Medical benefits (continued)*

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

The Group & The Authority			
2014			
Impact on Medical benefit obligations			
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(19,895)	25,465
Health Inflation Rate	1%	26,985	(21,163)

The Group & The Authority			
2013			
Impact on Medical benefit obligations			
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(16,604)	21,274
Health Inflation Rate	1%	23,058	(17,979)

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

The Group & The Authority					
	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Defined benefit obligation	144,894	120,920	99,043	133,937	100,426
Experience adjustments	13,685	(4,410)	(24,839)	34,051	9,881

	Increase Assumption by One Year \$'000
Life expectancy	3,000

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

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

#### *Medical benefits (continued)*

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

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

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

	<b>The Group &amp; The Authority</b>	
	<b>2014</b>	<b>2013</b>
Discount rate	9.50%	10.00%
Expected return on plan assets	9.50%	10.00%
Future salary increases	5.50%	5.00%
Future pension increases	2.75%	6.00%
Long term inflation rate (CPI)	5.50%	6.00%
Health Inflation above (CPI)	1.50%	1.50%

The average expected remaining service life of the employees of the pension scheme is 17.8 years (2013 – 19.9 years), for the medical scheme is 16.2 years (2013 – 16.3 years).

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

### 25. Contingent Liabilities

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

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

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Capital Commitments

At 31 March 2013, the Group had authorised capital expenditure amounting to \$2,787,347,000 (2013 – \$2,554,838,000), of which \$530,130,000 (2013 – \$424,279,000) has been contracted for.

### 27. Restatement

Restatement of prior year balances relate to the following:

- a) The impact of the adoption of IAS 19 (Revised) and consequential adjustments to deferred tax. The amendment eliminates the corridor approach to recognition of actuarial gains and losses arising from IAS 19 pension valuations and results in the recognition of all actuarial gains and losses in other comprehensive income (OCI) as they occur. Additionally, all past service costs are immediately recognised and interest cost and expected return on plan assets are replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.

The effect of these revisions on 2013 statement of comprehensive income was the immediate recognition of actuarial losses of \$272 million for the group and the company on other retirement obligations, the reduction of net profit of \$8 million and re-measurement of post-employment benefits, net of taxes of \$48 million.

The effect of these revisions on 2012 statement of comprehensive income was the immediate recognition in other comprehensive income of actuarial losses of \$198 million for the group and the company. In addition amounts reflected as annuities within the pension plan assets and retirement benefit obligations have been adjusted for. The pension plan does not have an obligation related to the annuities and no matching assets. The adjustment for this has a nil impact on the statement of financial position

- b) The impact of the reclassification of the current portion of interest in subsidiary of \$23 million and \$57 million for the year ended 31 March 2013 and 2012, respectively.



# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Restatement

The table below reflects the effect of the above restatement on the consolidated statement of comprehensive income for the year ended 31 March 2013:

	<b>As Previously stated 2013 \$'000</b>	<b>IAS 19 Adjustment \$'000</b>	<b>Restated 2013 \$'000</b>
<b>Gross Profit</b>	383,459	-	383,459
Other operating income	647,444	-	647,444
Administration expenses	(195,429)	(5,546)	(200,975)
Privatisation costs	(180)	-	(180)
Finance income	321,858	-	321,858
<b>Profit before Taxation</b>	1,157,152	(5,546)	1,151,606
Taxation	(298,618)	(2,552)	(301,170)
<b>Net Profit</b>	858,534	(8,098)	850,436
<b>Other Comprehensive Income -</b>			
<b>Item that will not be reclassified to profit or loss</b>			
Re-measurement of post-employment benefits, net of taxes	-	(47,682)	(47,682)
<b>Item that may be subsequently reclassified to profit or loss</b>			
Foreign currency translation adjustments	(202,720)	-	(202,720)
Total other comprehensive income	(202,720)	(47,682)	(250,402)
<b>Total Comprehensive Income</b>	655,814	(55,780)	600,034

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Restatement

The table below reflects the effect of the above restatement on the consolidated statement of financial position for the year ended 31 March 2013:

	As Previously stated 2013 \$'000	IAS 19 Adjustment \$'000	Restated 2013 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	14,078,125	-	14,078,125
Intangible assets	23,209	-	23,209
Investments	66,769	-	66,769
Deferred income tax asset	748,199	63,788	811,987
	<u>14,916,302</u>	<u>63,788</u>	<u>14,980,090</u>
<b>Net Current Assets</b>	<u>2,419,763</u>	<u>-</u>	<u>2,419,763</u>
	<u>17,336,065</u>	<u>63,788</u>	<u>17,399,853</u>
<b>Shareholders' Equity</b>			
Share capital	20,091	-	20,091
Unissued capital	55,607	-	55,607
Retained earnings	5,552,740	(208,361)	5,344,379
Other reserves	(276,996)	-	(276,996)
	<u>5,351,442</u>	<u>(208,361)</u>	<u>5,143,081</u>
<b>Non-Current Liabilities</b>			
Borrowings	10,370,911	-	10,370,911
Grants	1,435,939	-	1,435,939
Post employment benefit obligations	177,773	272,149	449,922
	<u>11,984,623</u>	<u>272,149</u>	<u>12,256,772</u>
	<u>17,336,065</u>	<u>63,788</u>	<u>17,399,853</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Restatement

The table below reflects the effect of the above restatement on the consolidated statement of financial position for the year ended 31 March 2012:

	As Previously stated 2012 \$'000	IAS 19 Adjustment \$'000	Restated 2012 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	13,144,119	-	13,144,119
Intangible assets	9,055	-	9,055
Investments	100	-	100
Deferred income tax asset	792,990	45,903	838,893
	<u>13,946,264</u>	<u>45,903</u>	<u>13,992,167</u>
<b>Net Current Assets</b>	<u>1,929,306</u>	<u>-</u>	<u>1,929,306</u>
	<u>15,875,570</u>	<u>45,903</u>	<u>15,921,473</u>
<b>Shareholders' Equity</b>			
Share capital	20,091	-	20,091
Unissued capital	55,607	-	55,607
Retained earnings	4,913,268	(152,580)	4,760,688
Other reserves	(74,276)	-	(74,276)
	<u>4,914,690</u>	<u>(152,580)</u>	<u>4,762,110</u>
<b>Non-Current Liabilities</b>			
Borrowings	9,169,051	-	9,169,051
Grants	1,643,043	-	1,643,043
Post employment benefit obligations	148,786	198,483	347,269
	<u>10,960,880</u>	<u>198,483</u>	<u>11,159,363</u>
	<u>15,875,570</u>	<u>45,903</u>	<u>15,921,473</u>

# Airports Authority of Jamaica

## Notes to the Financial Statements

**31 March 2014**

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Restatement

The table below reflects the effect of the above restatement on the authority statement of comprehensive income for the year ended 31 March 2013:

	<b>As Previously stated 2013 \$'000</b>	<b>IAS 19 Adjustment \$'000</b>	<b>Restated 2013 \$'000</b>
<b>Gross Profit</b>	621,659	-	621,659
Other operating income	630,452	-	630,452
Administration expenses	(195,428)	(5,546)	(200,974)
Privatisation costs	(180)	-	(180)
Finance income	60,330	-	60,330
<b>Profit before Taxation</b>	1,116,833	(5,546)	1,111,287
Taxation	(298,618)	(2,552)	(301,170)
<b>Net Profit</b>	818,215	(8,098)	810,117
<b>Other Comprehensive Income</b>			
<b>Item that will not be reclassified to profit or loss</b>			
Re-measurement of post-employment benefits, net of taxes	-	(47,682)	(47,682)
<b>Total Comprehensive Income</b>	818,215	(55,780)	762,435

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Restatement

The table below reflects the effect of the above restatement on the authority statement of financial position for the year ended 31 March 2013:

	As Previously stated 2013 \$'000	IAS 19 Adjustment \$'000	Reclassification of current portion \$'000	Restated 2013 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	2,430,602	-	-	2,430,602
Investments	32,002	-	-	32,002
Interest in subsidiary	13,615,189	-	(23,396)	13,591,793
Deferred income tax asset	748,198	63,789	-	811,987
	16,825,990	63,789	(23,396)	16,866,384
<b>Current Assets</b>				
Receivables	247,768	-	-	247,768
Due from related party	-	-	23,396	23,396
Cash and short term deposits	1,525,263	-	-	1,525,263
	1,773,031	-	23,396	1,796,427
<b>Current Liabilities</b>				
Payables	80,347	-	-	80,347
Borrowings	361,650	-	-	361,650
Taxation payable	246,621	-	-	246,621
	688,618	-	-	688,618
<b>Net Current Assets</b>	1,084,413	-	23,396	1,107,809
	17,910,404	63,789	-	17,974,193
<b>Shareholders' Equity</b>				
Share capital	20,091	-	-	20,091
Unissued capital	55,607	-	-	55,607
Retained earnings	7,026,041	(208,360)	-	6,817,681
	7,101,739	(208,360)	-	6,893,379
<b>Non-Current Liabilities</b>				
Borrowings	10,370,911	-	-	10,370,911
Grants	259,981	-	-	259,981
Post employment benefit obligations	177,773	272,149	-	449,922
	10,808,665	272,149	-	11,080,814
	17,910,404	63,789	-	17,974,193

# Airports Authority of Jamaica

## Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Restatement

The table below reflects the effect of the above restatement on the authority statement of financial position for the year ended 31 March 2012:

	As Previously stated 2012 \$'000	IAS 19 Adjustment \$'000	Reclassification of current portion \$'000	Restated 2012 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	2,654,491	-	-	2,654,491
Intangible assets	15	-	-	15
Investments	100	-	-	100
Interest in subsidiary	11,575,952	-	(57,280)	11,518,672
Deferred income tax asset	792,990	45,903	-	838,893
	15,023,548	45,903	(57,280)	15,012,171
<b>Current Assets</b>				
Receivables	303,470	-	-	303,470
Due from related party		-	57,280	57,280
Cash and short term deposits	1,436,741	-	-	1,436,741
	1,740,211	-	57,280	1,797,491
<b>Current Liabilities</b>				
Payables	149,738	-	-	149,738
Borrowings	381,934	-	-	381,934
Taxation payable	141,855	-	-	141,855
	673,527	-	-	673,527
<b>Net Current Assets</b>	1,066,684	-	57,280	1,123,964
	16,090,232	45,903	-	16,136,135
<b>Shareholders' Equity</b>				
Share capital	20,091	-	-	20,091
Unissued capital	55,607	-	-	55,607
Retained earnings	6,417,717	(152,580)	-	6,265,137
	6,493,415	(152,580)	-	6,340,835
<b>Non-Current Liabilities</b>				
Borrowings	9,169,051	-	-	9,169,051
Grants	278,980	-	-	278,980
Post employment benefit obligations	148,786	198,483	-	347,269
	9,596,817	198,483	-	9,795,300
	16,090,232	45,903	-	16,136,135



## AIRPORTS AUTHORITY OF JAMAICA

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Norman Manley International Airport  
Palisadoes, Kingston

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E-mail: [aaj@aaj.com.jm](mailto:aaj@aaj.com.jm)  
Website: [www.airportsauthorityjamaica.aero](http://www.airportsauthorityjamaica.aero)

## NORMAN MANLEY INTERNATIONAL AIRPORT

Palisadoes, Kingston  
Telephone: (876) 924-8452-6  
Fax: (876) 924-8566  
Toll Free: **1-888-AIRPORT** (247-7678)  
E-mail: [nmial@aaj.com.jm](mailto:nmial@aaj.com.jm)  
Website: [www.nmia.aero](http://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**

## TINSON PEN AERODROME

Marcus Garvey Drive, Kingston  
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## NEGRIL AERODROME

Negril, Hanover  
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