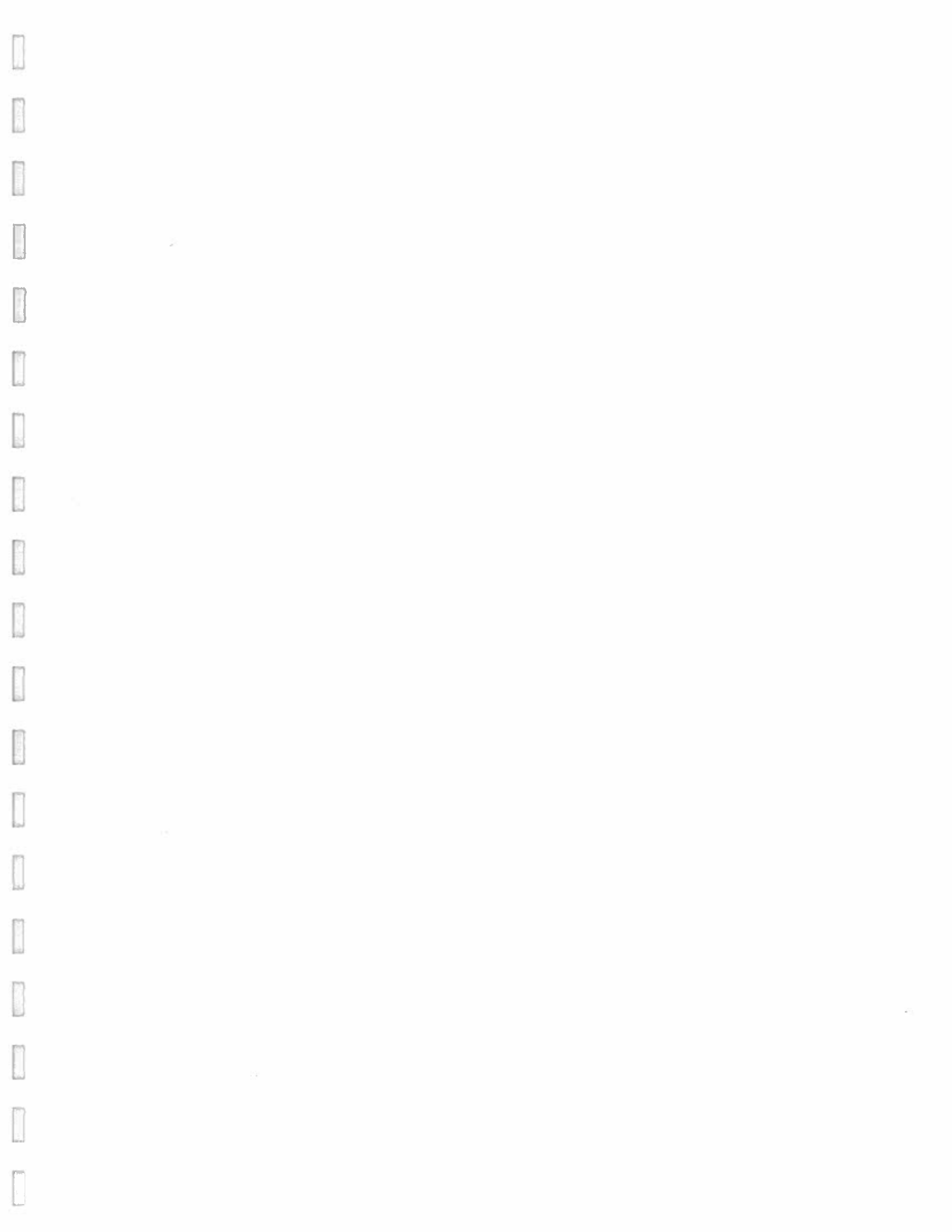


Financial Statements of

**CARIBBEAN AIRCRAFT HANDLING
COMPANY LIMITED**

March 31, 2018





Caribbean Aircraft Handling Company Limited

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Caribbean Aircraft Handling Company Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Caribbean Aircraft Handling Company Limited (the "Company"), which comprise the statement of financial position as of March 31, 2018, the statements of changes in shareholders' deficiency, comprehensive loss and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significant matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We were unable to satisfy ourselves concerning the cash and inventory due to no audit evidence being provided. Additionally, sufficient appropriate audit evidence could not be obtained to verify the revenue. As at the date of our report, management was still in the process of reconciling the bank account. An inventory list at March 31, 2018 could not be provided. A significant variance in our revenue testing was identified which could not be resolved by management.

As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded cash, inventory, and revenue and payroll expenses, and the elements making up the statements of comprehensive loss, changes in shareholder's deficiency and cash flows.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Caribbean Aircraft Handling Company Limited (continued)

Report on the Audit of the Financial Statements (continued)

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicates that at March 31, 2018, the Company's total liabilities exceeded its total assets by \$908,356. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to note 2 to the financial statements which describes that the Company elected to transition to the IFRS for SMEs on April 1, 2016. The standard was applied retrospectively by management, however there was no impact on the amounts previously reported. Consequently, the comparative information in the accompanying financial statements has not been restated.

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

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

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

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Caribbean Aircraft Handling Company Limited (continued)

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

A further description of the auditors' responsibilities for the audit of the financial statements is located at the Institute of Chartered Accountants of Barbados' website at: <http://www.icab.bb/about-icab/auditing>. This description forms part of our auditors' report.

Other Matter

This report is made solely to the Company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

A handwritten signature in black ink, appearing to be 'KPMG' with a stylized flourish.

Chartered Accountants
Bridgetown, Barbados
July 11, 2019

Caribbean Aircraft Handling Company Limited

Statement of Financial Position

As at March 31, 2018

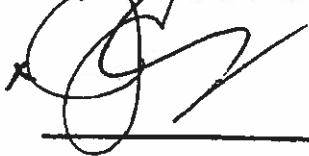
With comparative figures for 2017

(Expressed in Barbados dollars)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Assets			
Current assets:			
Cash		\$ 133,192	104,566
Accounts receivable		3,465,765	3,598,378
Inventory		522,445	390,236
Prepaid expenses		<u>113,782</u>	<u>89,052</u>
Total current assets		<u>4,255,184</u>	<u>4,192,232</u>
Non-Current asset:			
Plant, property and equipment	5	<u>3,556,773</u>	<u>2,140,540</u>
Total Assets		<u>\$ 7,811,957</u>	<u>6,332,772</u>
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Bank overdraft		\$ 719,525	610,269
Accounts payable and accrued liabilities		6,801,086	5,542,779
Current portion of long-term debt – GAIA	6	<u>242,549</u>	<u>89,445</u>
Total current liabilities		<u>7,563,140</u>	<u>6,242,493</u>
Non-Current liabilities:			
Long-term debt – GAIA	6	889,347	-
Long-term debt -- Finance Lease	6	-	-
Due to parent		<u>267,826</u>	<u>222,722</u>
Total non-current liabilities		<u>1,157,173</u>	<u>222,722</u>
Total Liabilities		<u>8,720,313</u>	<u>6,465,215</u>
Shareholders' deficiency:			
Share capital	7	7,281,402	7,281,402
Accumulated deficit		<u>(8,189,758)</u>	<u>(7,413,845)</u>
Total shareholders' deficiency		<u>(908,356)</u>	<u>(132,443)</u>
Total Liabilities and Shareholders' Deficiency		<u>\$ 7,811,957</u>	<u>6,332,772</u>

See accompanying notes to the financial statements.

Approved on behalf of the Board:



Director

x 

Director

Caribbean Aircraft Handling Company Limited

Statement of Changes in Shareholders' Deficiency

For the year ended March 31, 2018

With comparative figures for 2017

(Expressed in Barbados dollars)

		<u>Share Capital</u>	<u>Deficit</u>	<u>Total</u>
Balance at April 1, 2016	\$	7,281,402	(7,855,405)	(574,003)
Comprehensive income for the year		<u>-</u>	<u>441,560</u>	<u>441,560</u>
Balance at March 31, 2017	\$	<u>7,281,402</u>	<u>(7,413,845)</u>	<u>(132,443)</u>
Balance at April 1, 2017		7,281,402	(7,413,845)	(132,443)
Comprehensive loss for the year		<u>-</u>	<u>(775,913)</u>	<u>(775,913)</u>
Balance at March 31, 2018	\$	<u>7,281,402</u>	<u>(8,189,758)</u>	<u>(908,356)</u>

See accompanying notes to the financial statements.

Caribbean Aircraft Handling Company Limited

Statement of Comprehensive Loss

For the year ended March 31, 2018
With comparative figures for 2017

(Expressed in Barbados dollars)

	<u>2018</u>	<u>2017</u>
Revenue:		
Aircraft handling	\$ 14,621,738	14,057,986
Cargo handling	822,159	936,363
Equipment rental	414,525	326,174
Other	<u>155,472</u>	<u>129,704</u>
Total revenue	<u>16,013,894</u>	<u>15,450,227</u>
Expenses:		
Operating (schedule 1)	14,900,469	13,504,926
General and administrative (schedule 2)	1,889,338	1,498,404
Interest expense	<u>-</u>	<u>5,337</u>
Total expenses	<u>16,789,807</u>	<u>15,008,667</u>
Net (loss) income, being comprehensive income (loss) for the year	\$ <u>(775,913)</u>	<u>441,560</u>

See accompanying notes to the financial statements.

Caribbean Aircraft Handling Company Limited

Statement of Cash Flows

For the year ended March 31, 2018

With comparative figures for 2017

(Expressed in Barbados dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net (loss) income for year	\$ (775,913)	441,560
Adjustments for:		
Depreciation	588,777	545,916
Bad debt	-	8,623
Loan interest expense	-	5,337
	<u> </u>	<u> </u>
Operating (loss) income before working capital changes	(187,136)	1,001,436
Decrease (increase) in accounts receivable	112,613	(1,145,417)
Increase in inventory	(132,209)	(131,128)
Increase in prepaid expenses	(14,730)	(33,375)
Increase in accounts payable and accrued liabilities	1,058,287	723,102
	<u> </u>	<u> </u>
Cash from operations	836,825	414,618
Interest paid	-	(5,337)
	<u> </u>	<u> </u>
Net cash from operating activities	<u>836,825</u>	<u>409,281</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(2,005,010)</u>	<u>(192,140)</u>
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(2,005,010)</u>	<u>(192,140)</u>
Cash flows from financing activities:		
Repayment of long-term debt – Bank Loan	-	(241,757)
Repayment of long-term debt – Finance lease	(89,445)	(137,778)
Due to parent	45,104	102,363
Proceeds of long-term debt - GAIA	1,212,745	-
Repayment of long-term debt - GAIA	<u>(80,849)</u>	<u> </u>
	<u> </u>	<u> </u>
Net cash from (used in) financing activities	<u>1,087,555</u>	<u>(277,172)</u>
Decrease in cash and cash equivalent during the year	(80,630)	(60,031)
Cash and cash equivalent, beginning of year	<u>(505,703)</u>	<u>(445,672)</u>
	<u> </u>	<u> </u>
Cash and cash equivalent, end of year	\$ <u>(586,333)</u>	\$ <u>(505,703)</u>
Cash and cash equivalent comprises:		
Cash	\$ 133,192	104,566
Bank overdraft	<u>(719,525)</u>	<u>(610,269)</u>
	<u> </u>	<u> </u>
	\$ <u>(586,333)</u>	\$ <u>(505,703)</u>

See accompanying notes to the financial statements.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements

For the year ended March 31, 2018

(Expressed in Barbados dollars)

1. Reporting Entity

Caribbean Aircraft Handling Company Limited (the "Company") is primarily an airport services company, providing aircraft handling services at the Grantley Adams International Airport. Caribbean Aircraft Handling Company Limited is a subsidiary of Caribbean International Airways Limited.

The registered office is located at Terminal 1, Grantley Adams International Airport, Christ Church.

The financial statements were approved by the Board of Directors on July 11, 2019.

2. Going Concern

These financial statements have been prepared on a going concern basis. At March 31, 2018 the Company's total liabilities exceeded its total assets by \$908,356. The ability of the Company to remain as a going concern is dependent upon the continued financial support of its parent company. The parent company has communicated to management its commitment to continue funding the activities of the Company into the foreseeable future.

3. Basis of Preparation

(a) *Statement of compliance:*

These financial statements have been prepared to satisfy local statutory requirements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") and its interpretations adopted by the International Accounting Standards Board ("IASB").

The Company elected to transition from International Financial Reporting Standards (IFRS) to the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) for the financial year beginning April 1, 2017. The transition from IFRS to IFRS for SMEs was applied retrospectively from April 1, 2016 and there was no impact on the Company's previously reported Statement of Financial Position, Statement of Income and Statement of Cash Flows for the financial year ended March 31, 2018.

(b) *Basis of measurement:*

These financial statements are presented in Barbados dollars, which is the Company's functional currency. They are prepared on the historical cost basis.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

3. Basis of Preparation

(c) *Use of estimates and judgments:*

The preparation of financial statements in conformity with IFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Plant, Property and Equipment:*

Plant, property and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided at the following annual rates:

Furniture, fixtures and equipment	-	10% straight line
Office equipment	-	10% to 33% straight line
Maintenance building	-	2½% to 10% straight line
Motor vehicles	-	20% straight line
Leasehold improvements	-	2½% to 20% straight line
Ramp equipment	-	10% to 33½% straight line

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(b) *Revenue Recognition:*

In relation to the rendering of services, revenue is recognized when the service has been completed.

(c) *Foreign Currencies:*

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Barbados dollars at the rates of exchange prevailing at the reporting date.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

4. Significant Accounting Policies, continued

(c) *Foreign Currencies, continued:*

Transactions in foreign currencies are translated at rates of exchange approximating those in effect on the dates of the transactions. All exchange differences on monetary items have been reflected in current operations.

(d) *Taxation:*

The Company follows the asset and liability method of accounting for income taxes, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses and tax credits carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

The Company reviews the valuation of the deferred tax assets on an ongoing basis and adjusts the amount as necessary to reflect the realizable amount of the future income tax assets.

Deferred tax assets are only recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized.

(e) *Impairment of Assets:*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

5. Plant, Property and Equipment

Plant, Property and equipment comprise the following:

		Furniture Fixtures & Equipment	Motor Vehicles	Ran Equipme
Cost				
Balance at April 1, 2016	\$	563,969	139,461	8,381,12
Additions		7,663	1,000	154,47
Disposals		-	(40,088)	
Balance at March 31, 2016	\$	<u>571,632</u>	<u>100,373</u>	<u>8,535,59</u>
Balance April 1, 2017		571,632	100,373	8,535,59
Additions		16,364	46,810	1,866,51
Disposals		-	-	
Balance at March 31, 2018	\$	<u>587,996</u>	<u>147,183</u>	<u>10,402,11</u>
Accumulated Depreciation				
Balance at April 1, 2016	\$	536,939	125,889	6,742,87
Charge for the year		12,731	13,673	405,09
Disposals		-	(40,088)	
Balance at March 31, 2016	\$	<u>549,670</u>	<u>99,474</u>	<u>7,147,97</u>
Balance April 1, 2017		549,670	99,474	7,147,97
Charge for the year		7,339	980	461,98
Disposals		-	-	
Balance at March 31, 2018	\$	<u>557,009</u>	<u>100,454</u>	<u>7,609,95</u>

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

5. Plant Property and Equipment, continued

Plant, Property and equipment comprise the following, continued:

Net Book Value	Furniture Fixtures & Equipment	Motor Vehicles	Ramp Equipment
At March 31, 2017	\$ <u>21,962</u>	<u>899</u>	<u>1,387,625</u>
At March 31, 2018	\$ <u>30,987</u>	<u>46,729</u>	<u>2,792,163</u>

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

6. Long-Term Debt

Balance comprises:

	<u>2018</u>	<u>2017</u>
Equipment Loan due to GAIA	\$ 1,131,896	-
Less: current portion	<u>242,549</u>	<u>-</u>
	<u>889,347</u>	<u>-</u>
Finance leases	-	-
Less: current portion	<u>-</u>	<u>89,445</u>
	<u>-</u>	<u>89,445</u>
	<u>\$ 889,347</u>	<u>89,445</u>

During 2018, a new loan was negotiated with the Grantley Adams International Airport Inc. (GAIA) in the amount of \$1,212,745 for the sole purpose of purchasing new equipment for the company. The loan is repayable over a term of 5 years with monthly instalments of \$20,212.

During 2011, a finance lease was negotiated in the amount of \$939,169. The lease is repayable in monthly instalments of \$11,181 per month for seven years. The lease was fully repaid during the year.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

7. Share Capital

Authorized:

The Company is authorized to issue an unlimited number of common shares of no par value.

	<u>2018</u>	<u>2017</u>
<i>Issued:</i>		
7,281,402 common shares (2017: 7,281,402) - stated value	\$ <u>7,281,402</u>	<u>7,281,402</u>

8. Taxation

The Company has tax losses to be carried forward of \$1,058,110. These losses have not been confirmed by the Barbados Revenue Authority to date but are not in dispute. The losses and their expiry dates are as follows:

Income Year	Amount Brought Forward	(Utilised)/ Increase	Expired	Amount Carried Forward	Expiry Date
2009	68,269	-	(68,269)	-	2018
2010	142,787	-	-	142,787	2019
2016	200,642	-	-	200,642	2019
2018	<u> </u>	<u>714,681</u>	<u> </u>	<u>714,681</u>	
	\$ <u>411,698</u>	<u>741,681</u>	<u>(68,269)</u>	<u>1,058,110</u>	

The tax benefit of these losses has not been recognised in these financial statements as there is no convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised by the Company.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

9. Related Party Balances and Transactions

Parties are considered to be related parties if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

A number of related party transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions and at market rates.

The Company entered into the following transactions with related parties.

	<u>2018</u>	<u>2017</u>
Management fees expenses	\$ <u>540,000</u>	<u>470,000</u>

Transactions with Key Management Personnel

Directors

The Board of Directors of the Company is a policy Board. The Directors are not shareholders of the Company and they do not possess voting shares.

Key Management Personnel Compensation

Transactions relate primarily to compensation for services rendered by a related party as disclosed above.

Key management personnel compensation is comprised of:

	<u>2018</u>	<u>2017</u>
Directors fees	\$ 29,400	25,200
Management salaries and allowances	<u>759,138</u>	<u>767,824</u>
	\$ <u>788,538</u>	<u>793,000</u>

Other

Members of the Board of Directors of the Company also hold positions within the Board of Directors of its related party, Caribbean International Airways Limited.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

10. Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through the implementation of constructive controls together with training, standards and procedures, aims to develop a disciplined environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 90% of the Company's revenue is attributable to sales transactions with five companies. However, geographically there is no concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The liquidity position is monitored on a regular basis to ensure that cash flows are maintained within the budgeted requirements.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

10. Financial Risk Management, continued

(c) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i. *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. At March 31, 2018, the Company had no significant exposure to such risks. Cash is denominated in Barbados dollars and is held with reputable financial institutions.

ii. *Interest rate risk*

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no interest bearing assets that are tied to changing market interest rates.

iii. *Capital management*

The Board's policy is to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which is defined as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares and minority interests.

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

The Company is not subject to any externally imposed capital requirements.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

11. Financial Instruments

(a) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>2018</u>	<u>2017</u>
Cash	\$ 133,192	104,566
Accounts receivable	<u>3,485,765</u>	<u>3,598,378</u>
	<u>\$ 3,618,957</u>	<u>3,702,944</u>

Impairment losses

The aging of trade accounts receivable at the reporting date was:

	<u>2018</u>	<u>2017</u>
Not past due	\$ 1,902,735	1,865,387
1 - 30 Days	218,437	139,381
31 - 60 Days	1,123,721	1,156,921
61 - 90 Days	137,545	328,581
Over 90 Days	<u>103,327</u>	<u>108,108</u>
	<u>\$ 3,485,765</u>	<u>3,598,378</u>

An allowance for impairment in respect of accounts receivable of \$27,503 (2017: \$27,503) was recorded during the year.

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

11. Financial Instruments, continued

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

March 31, 2018

	Carrying Amounts	Contractual Cash Flows	0 – 12 Months	1 – 2 Years	More than 2 Years
Accounts payable and accrued liabilities	\$ 6,601,066	6,601,066	6,601,066	-	-
Bank overdraft	719,525	719,525	719,525	-	-
Long-term debt - GAIA	1,131,896	1,131,896	242,549	485,097	404,250
Due to parent	\$ <u>267,826</u>	<u>267,826</u>	<u>267,826</u>	-	-
Total	\$ <u>8,720,313</u>	<u>8,720,313</u>	<u>7,830,966</u>	<u>485,097</u>	<u>404,250</u>

March 31, 2017

	Carrying Amounts	Contractual Cash Flows	0 – 12 Months	1 – 2 Years	More than 2 Years
Accounts payable and accrued liabilities	\$ 5,542,779	5,542,779	5,542,779	-	-
Bank overdraft	610,269	610,269	610,269	-	-
Due to parent	222,722	222,722	222,722	-	-
Finance lease	\$ <u>89,445</u>	<u>89,445</u>	<u>89,445</u>	-	-
Total	\$ <u>6,465,215</u>	<u>6,465,215</u>	<u>6,465,215</u>	-	-

Caribbean Aircraft Handling Company Limited

Notes to the Financial Statements (continued)

For the year ended March 31, 2018

(Expressed in Barbados dollars)

11. Financial Instruments, continued

(c) Interest rate risk

At the reporting date, the Company held no interest bearing financial assets.

Fair Values

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2018		2017	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Accounts receivable	\$ 3,485,765	3,485,765	3,598,378	3,598,378
Cash	133,192	133,192	104,566	104,566
Accounts payable and accrued liabilities	(6,601,066)	(6,601,066)	(5,542,779)	(5,542,779)
Bank overdraft	(719,525)	(719,525)	(610,269)	(610,269)
Long-term debt – Bank Loan	(1,131,896)	(1,131,896)	-	-
Long term debt – Finance Lease	-	-	(89,445)	(89,445)
Due to parent	(267,826)	(267,826)	(222,722)	(222,722)
	\$ <u>(5,101,356)</u>	<u>(5,101,356)</u>	<u>(2,762,271)</u>	<u>(2,762,271)</u>

Caribbean Aircraft Handling Company Limited

Schedule 1 - Operating Expenses

For the year ended March 31, 2018
With comparative figures for 2017

(Expressed in Barbados dollars)

	<u>2018</u>	<u>2017</u>
Salaries and national insurance	\$ 12,274,522	11,029,301
Depreciation	581,704	521,346
Insurance	163,812	165,227
Fuel	246,975	212,029
Repairs and maintenance	424,607	400,854
Rent	320,912	319,322
Staff training	77,804	34,034
Printing and stationery	36,576	21,318
Cleaning and disposal	106,815	95,292
Uniforms	114,327	114,550
Utilities	204,860	189,165
Travel and entertainment	33,580	76,098
Office	59,106	50,014
Miscellaneous	106,735	111,144
Motor vehicle expenses	45,843	35,467
Medical Insurance	71,615	74,043
Exchange gains	(32,527)	(33,005)
Bad debts	-	480
Vehicle lease	36,189	35,636
Recruitment expenses	9,150	17,542
Advertising fees	9,163	5,139
Professional fees	<u>8,701</u>	<u>29,930</u>
Total operating expenses	\$ <u>14,900,469</u>	<u>13,504,926</u>

Caribbean Aircraft Handling Company Limited

Schedule 2 – General and Administrative Expenses

For the year ended March 31, 2018

With comparative figures for 2017

(Expressed in Barbados dollars)

	<u>2018</u>	<u>2017</u>
Salaries and national insurance	\$ 464,805	475,712
Legal and professional fees	653,111	546,961
Land lease	33,865	33,865
Director's fees	29,400	25,200
Advertising	552	278
Utilities	21,138	16,913
Office	15,343	27,239
Miscellaneous	25,203	55,113
Insurance	3,285	3,442
Bank charges and interest	61,695	47,409
Repairs and maintenance	12,751	21,764
Rent	82,954	79,005
Vehicle and travel	14,286	10,478
Depreciation and amortization	7,073	24,570
Medical insurance	2,869	173
Stationery and printing	20,582	28,285
Staff training	788	8,674
Uniforms	6,675	7,888
Entertainment	4,329	3,941
Vehicle lease	6,391	6,391
Bad debt	-	8,143
Claims	10,202	78,881
Write off	(11,180)	(12,196)
Recruitment expenses	-	275
Anniversary Celebrations	103,610	-
VAT Penalty & Interest	305,173	-
Foreign Exchange Tax	14,438	-
Total general and administrative expenses	\$ <u>1,889,338</u>	<u>1,498,404</u>

