



Annual Report 2018 • The Wheels of Change



# ANNUAL REPORT **2018**



## Contents

4	Vision and Mission Statement
5	Board of Directors
6	Executive Management Team
7	CEO's Report
8	Operating Activity
11	Engineering Projects
12	Commercial Activity
13	Human Resources
15	Financial Highlights
23	Index to Financial Statements
24	Auditor's Report
27	Statement of Financial Position
28	Statement of Comprehensive Income
29	Statement of Changes in Equity
30	Statement of Cash Flows
31	Notes to the Financial Statements

## Our Vision

To make Grantley Adams International Airport the best airport of its size anywhere in the world.

## Our Mission

To be a world-class provider and facilitator of air transport and related aviation services.

## Our Commitment

- To ensure shareholder's confidence
- Maintain a sustainable growth rate of return on investment
- Exceed the service expectation of all current and potential users of GAIA facilities
- Establish and maintain a reputation as an ethical and responsible corporate citizen
- Meet all our statutory and international obligations
- Provide an enabling environment for achieving excellence and growth for all employees, and
  - Maintain a safe and environmentally-friendly facility.

## Our Corporate Motto

"Rising Higher"

## Board of Directors



Mr. Adrian King  
Chairman



Dr. Richard Ishmael  
Deputy Chairman



Mr. Charles Smith



Mr. Paul Bernstein



Mr. Irvine Best



Mr. Norman Barrow



Mr. Stanton Millington



Mr. Desmond Sabir



Mrs. Kay Robertson



Mrs. Erica Luke



Ms. Octavia Forde



Mr. Michael Holder



Mr. William Griffith



Mrs. Donna Cadogan

## Executive Management



Mr. David Barrow  
Chief Executive Officer



Mr. Neville Boxill  
Deputy Chief Executive Officer



Mr. Joseph Johnson  
Chief Operating Officer



Ms. Karen Walkes  
Director of Engineering



Ms. Sondra Willett-Elcock  
Director of Human Resources



Mrs. Flo Jean-Marie  
Director of Finance



Mr. Rovel Morris  
Commercial Director





## CEO's Report

GAIA Inc. continued a path of growth during the financial year ending March 2018 which saw positive increases in traffic growth as well as in the company's financial position. With traffic growing by 4% for the financial year, GAIA lagged national tourism growth by 1.1%, reflecting the importance of local travel and regional passengers connecting to international services through Grantley Adams International Airport. Continued growth in visitor traffic as well as local and regional connecting traffic, is critical to the continued growth in the airport's total traffic which in the 2018 Financial Year grew to 2.2 million.

As such management remained closely focused on progressing a number of expansion projects such as the terminal expansion project and the Regional Lounge expansion both of which were at preliminary design phase at the start of the year. During the course of the year, a decision was taken to separate the terminal expansion from the necessary pavement rehabilitation project. As a result, it became necessary for the management of GAIA Inc. to commence a process of identifying possible sources of financing for the pavement rehabilitation.

The Pavement Rehabilitation project would encompass the complete resurfacing of the runway and all taxiways, as well as the creation of a southern ramp area intended to permit GAIA Inc. to expand its business opportunities into the area of FBOs and MROs in the future, as well as provide greater space for the parking of private jets. This project was viewed as more critical to the operations of the airport than the terminal expansion hence the decision to separate the two projects.

At the same time, we were able to also progress the Automated Passport Control (APC) project which was temporarily hampered by administrative and legislative obstacles within the Immigration Department. GAIA Inc. however, continues to work with the Immigration Department to bring this project to a successful conclusion. The full implementation of the APC kiosks will significantly improve security and improve passenger processing through the Immigration Hall.

The company continued to give equal weight to development of the staff alongside development of the physical plant. In that regard, we were pleased to launch the ACI Airport Management Professional Accreditation Programme (AMPAP), which is intended to ensure that middle management is trained in multiple airport disciplines to international standards. This was viewed as a critical strategic move to position the staff to meet the needs of GAIA Inc. into the future.

The 2018 Financial Year also saw the advent of new leadership into the organization as Mr. David Barrow retired on April 30, 2017 after seven (7) years. Mr. Barrow led the organization through some difficult times achieving significant profitability over the period, leaving behind a stable and progressive organization. Mr. Neville Boxill, who held the position of Deputy CEO from February 1, 2017, succeeded him on promotion on May 1, 2017.

Expressions of thanks go to management, staff and workers' representatives, our aviation and tourism partners as well as the Ministry of Tourism & International Transport, for their continued commitment and support.

**Neville R. C. Boxill**  
*Chief Executive Officer*

## Operating Activity

During the financial year April 2017 to March 2018 the Grantley Adams International Airport reported a 4.0% increase in passenger traffic over the previous financial year, to end the year at 2,192,837 passengers, some 85,339 more than the previous year. Overall there were increases of 4.3%, 4.7%, 4.1% respectively in departing, arriving and transferring passengers, however, transiting passengers showed a decrease of -18.9%.

### Summary of Traffic - Financial Year April 2017 to March 2018

Month	Embarked	Dis-embarked	Transit	Transfers	Total Passengers	Change 17/18	% Change 17/18
April 2017	87,907	91,158	3,226	7,038	<b>189,329</b>	39,960	26.8
May	68,034	71,827	2,874	5,670	<b>148,405</b>	7,880	5.6
June	63,521	68,758	1,738	6,598	<b>140,615</b>	4,288	3.1
July	69,892	86,275	1,773	9,540	<b>167,480</b>	-1,046	-0.6
August	80,627	81,335	1,715	8,232	<b>171,909</b>	6,583	4.0
September	52,990	58,071	885	5,105	<b>117,051</b>	-6,505	-5.3
October	58,595	68,217	1,502	5,760	<b>134,074</b>	-633	-0.5
November	88,503	96,752	2,602	5,730	<b>193,587</b>	1,319	0.7
December	107,888	124,253	3,683	7,252	<b>243,076</b>	12,436	5.4
January 2018	109,499	116,406	3,663	6,735	<b>236,303</b>	2,936	1.3
February	101,696	109,604	4,029	6,791	<b>222,120</b>	9,684	4.6
March 2018	107,629	109,823	4,420	7,016	<b>228,888</b>	8,437	3.8
<b>TOTAL</b>	<b>996,781</b>	<b>1,082,479</b>	<b>32,110</b>	<b>81,467</b>	<b>2,192,837</b>	<b>85,339</b>	<b>4.0</b>

During the year, some thirteen (13) scheduled passenger airlines, two scheduled all-cargo airlines and a number of non-scheduled (charter) airlines, operated into the Grantley Adams International Airport. Among the scheduled airlines, FlyAllways, a Surinamese carrier which commenced operations from August 2016 out of Paramaribo, suspended operations, as well as Avianca out of Bogota because of border disputes with Venezuela and Delta out of Atlanta.

The scheduled passenger airlines were: American Airlines out of Miami and Charlotte; jetBlue Airways operating on the JFK New York, Fort Lauderdale, Boston and Newark routes; Delta Airlines from Atlanta; British Airways out of Gatwick; Virgin Atlantic on the Gatwick and Manchester route; Air Canada operating out of Toronto and Montreal; Westjet from Toronto; Condor flying from Frankfurt and Munich; Avianca from Bogota; FlyAllways out of Paramaribo and Georgetown; Caribbean Airlines from Port of Spain; LIAT with operations out of all Caribbean points and Georgetown and Air Antilles from Fort-de-France and Pointe-à-Pitre.

## Operating Activity *(continued)*

There were a number of non-scheduled (charter) passenger airlines, the larger of which were Air Berlin (Dusseldorf), Eurowings (Cologne) and Condor (Frankfurt, Munich) all out of Germany, and Thomas Cook Airlines (Gatwick, Manchester) and Thomson Airways (Gatwick, Manchester, Birmingham) out of the United Kingdom. Condor operated both scheduled and non-scheduled services, with all of these charter operators transporting air-to-sea passengers in the main. Regionally, Grenadines Airways, St. Vincent and Grenadines (SVG) Air and Mustique Airways continued to be the main commuter non-scheduled operators and there was also a significant number of International General Aviation (IGA) or private aircraft operators, including locally based ones.

### Market Share

The USA markets continued to show strong growth during the year, with extra services, especially by jetBlue Airways. There was also very positive growth in the region mainly through the LIAT operations, whilst the United Kingdom and Canadian markets maintained their share. LIAT would have transported the majority of traffic, followed by JetBlue, Virgin Atlantic, American Airlines, British Airways, and Air Canada in that order.

### Cargo/Freight & Mail

Cargo during the year was primarily moved in four (4) all-cargo airlines transporting either bulk cargo or providing courier services. Some of these cargo airlines operate scheduled services, namely Amerijet and Caribbean Airlines, both out of Miami, whilst others operate charter (non-scheduled services) namely Ameriflight (Puerto Rico) and DHL (Trinidad and Venezuela). A significant portion of cargo into the UK is also being carried in the belly of the larger aircraft used by Virgin Atlantic and British Airways, with other carriers such as American Airlines, Air Canada, LIAT and Caribbean Airlines transporting a lesser amount to and from their destinations. Cargo traffic continued to decline, and in the year under review there were 3,486,886 kilos loaded and 7,495,709 unloaded, as well as 291,956 kilos of mail loaded and 369,985 unloaded, for a total cargo and mail of 11,644,536 kilos or 10.6 percent below the previous financial year.



## Operating Activity *(continued)*

### Aircraft Movements

Aircraft movements increased, recording a total of 33,214 aircraft movements for the year, an increase of 8.4% over the previous financial year or an additional 2,586 movements. As usual, the winter period from December to March recorded very high aircraft movements especially given the air-to-sea operations.

Month	Cargo Loaded	Cargo Unloaded	Total Cargo	Mail Loaded	Mail Unloaded	Total Mail	Total Cargo & Mail	Aircraft Movements
April 2017	241,927	559,936	<b>801,863</b>	16,307	30,375	<b>46,682</b>	<b>848,545</b>	2,704
May	318,360	597,161	<b>915,521</b>	25,360	31,852	<b>57,212</b>	<b>972,733</b>	2,422
June	276,860	615,685	<b>892,545</b>	34,779	33,058	<b>67,837</b>	<b>960,382</b>	2,302
July	236,907	549,778	<b>786,685</b>	25,977	35,187	<b>61,164</b>	<b>847,849</b>	2,592
August	245,479	531,005	<b>776,484</b>	20,747	26,821	<b>47,568</b>	<b>824,052</b>	2,648
September	293,873	494,407	<b>788,280</b>	22,911	31,859	<b>54,770</b>	<b>843,050</b>	2,356
October	317,240	659,607	<b>976,847</b>	28,606	41,790	<b>70,396</b>	<b>1,047,243</b>	2,496
November	329,502	719,683	<b>1,049,185</b>	25,492	29,687	<b>55,179</b>	<b>1,104,364</b>	2,660
December	333,271	862,402	<b>1,195,673</b>	23,090	34,771	<b>57,861</b>	<b>1,253,534</b>	3,238
January 2018	279,814	587,305	<b>867,119</b>	30,746	32,139	<b>62,885</b>	<b>930,004</b>	3,400
February	300,056	641,704	<b>941,760</b>	18,871	21,455	<b>40,326</b>	<b>982,086</b>	3,062
March	313,597	677,036	<b>990,633</b>	19,070	20,991	<b>40,061</b>	<b>1,030,694</b>	3,334
<b>TOTAL</b>	<b>3,486,886</b>	<b>7,495,709</b>	<b>10,982,595</b>	<b>291,956</b>	<b>369,985</b>	<b>661,941</b>	<b>11,644,536</b>	<b>33,214</b>

### Service Quality

In collaboration with the Human Resources Department, focus was again given to improving the passenger experience at the airport. GAIA Inc., again participated in the Airport Service Quality (ASQ) programme of the Airports Council International (ACI) where its service standards were evaluated and bench-marked by industry experts and the Airport's achievements recognized within the international airport community.

The Overall Satisfaction at the Grantley Adams International Airport for the 2017-18 Financial Year as measured through the ACI passenger satisfaction survey, and seen in the ASQ scores, was 3.96 out of a possible score of 5.0. This compares reasonably favourably with the Latin American and Caribbean region's average of 4.07, and against the previous year's score of 4.05. Again, the Airport Custodial Services Section performed admirably in ensuring that the airport is kept clean to the satisfaction of passengers and airport users.

## Engineering Projects

### Multilateration/ADS-B Aircraft Surveillance System

Installation of the new \$4.7 million Multilateration/ADS-B aircraft surveillance system and replacement surveillance display system continued during the year. Multilateration is the next generation Air Traffic System for the control of aircraft and is an initial step towards an Automated Dependant Surveillance-Broadcast (ADS-B) system recommended for this region by the International Civil Aviation Organisation (ICAO). It would replace the present Radar System at the Grantley Adams International Airport.

Some training of the Air Traffic Controllers in the use of the system was initiated and further training is to be undertaken before acceptance of the system from the manufacturers. The current proposal is to provide a 'Train the Trainers' course for ATC Instructors. The Civil Aviation Department is also required to modify its current procedures to allow for use of the system.

### Terminal Works

During the month of January 2018, the third of four air-conditioning chillers was replaced in the replacement programme at Terminal I.

The upgrading of the Airport's surveillance system continued with the replacement of CCTV cameras and the recording system.

Some walls in the Customs Section of the Arrivals Terminal were removed and remedial works undertaken in the Customs Ramp Office.

In the Immigration Area of the Arrivals Terminal, work was undertaken to the detention cells. Modification was also undertaken to an area in the Arrivals Terminal to create space for use by the Red Cap Concession.

### Other Works

Repairs and rehabilitation works were undertaken to the Air Traffic Control (ATC) Tower Complex and the Airport Fire Station. In the airfield, painting was completed on the new 'wing-tip' clearance line along aircraft parking positions 4 to 10, repainting of the runway pavement markings was completed, as well as re-cabling of Airfield Approach lights.

### Development Works

Considerable work was undertaken with regard to design of, and preparation of Request for Proposals for the Pavement works contract, as well as the financing thereof. Pavement works include the runway, taxiways, parking aprons and other associated roads and pavement areas at the airport. This project, currently estimated at BDS\$80 million, will include the resurfacing of the runway and some taxiways, construction of Category 'F' aircraft parking position and the development of the southern side of the runway for Fixed-Based Operations. Design works were also progressed for the Regional Lounge expansion, the Photovoltaic (PV) Facility - GAIA Solar Farm, and the Engineering PV System.

## Commercial Activity

During the year, focus was placed on increasing non-aeronautical revenue as a percentage of overall revenue (currently 25%) and land development formed part of the initial effort. The lease of hangar space, though not fully operational yielded rental revenues for financial year 2018. Significant progress was also made on negotiating the relocation of the SOL petrol station to a larger site thereby increasing opportunities for revenue growth. We expect to complete this lease in financial year 2019.

The commercial space is currently 89% occupied by thirty-six concessionaires who offer retail, food and beverage and services. New proposals are constantly evaluated and additional opportunities created where space is available. We parted ways with one of our food concessionaires Kevyn Investments Inc. and are pursuing splitting the space to allow for two concessionaires instead of one thereby expanding the food options available. We are working with a new concessionaire Green Monkey Chocolatier to work through the issues prior to the build out of space at Terminal 1. Apart from concessions other revenue sources included Box Office services, the rental of space for entertainment shows as well as advertising. Significant focus was allocated to the renewal of leases as many of the leases for concessionaires from the 2006 inception of GAIA Inc. have now expired and they are on a month to month arrangement with GAIA Inc.

Significant emphasis was given to updating existing advertising media to more current models and we have entered into an agreement with Screen Play Inc. to provide digital advertising in the arrivals hall. In addition, active consideration was given to the possibility of monetizing a Wi-Fi system. This would not only provide a revenue stream but as a reliable Wi-Fi system is one of the elements on which the airport is rated it would also lead to higher levels of passenger satisfaction and higher scores in the ASQ surveys. This project is still underway.



## Human Resources

### Training and Development

Effective recruitment, development and the utilization of globally competitive human resources are the most important issues for Grantley Adams International Airport Inc. to survive the ever-changing business environment and achieve sustainable growth. Our continued focus is to ensure that each of our employees - our most important assets - achieve their full potential in line with the business strategy of their respective departments.

For this reason, employees company-wide are trained and developed on a continuous basis. A combination of on-the-job and classroom training styles are adopted, both locally and overseas, to promote effective development of our human resources.

To-date, many employees have successfully completed training or pursued higher education to assist in advancing their job knowledge or further their careers. Employees have been encouraged to pursue the Airport Management Professional Accreditation Programme (AMPAP) and three (3) employees were enrolled in the programme, one of whom graduated in March 2018.

The Company seeks to attract human resources with a clear vision and strong sense of commitment, as well as demonstrate leadership at their respective levels of the organization. We also seek professionals who would take responsibility, display a broad spectrum of knowledge and high-level expertise in any area, and achieve superior performance.

### Employee Relations

In creating and embracing a culture of camaraderie, activities are planned to bring our staff together. To this end, GAIA Inc. continued to show appreciation and recognised its employees' children on their success in the Common Entrance Examination as they transition from primary to secondary school. Each child was presented with a monetary gift.

The GAIA Inc. Corporate Family Fun Day was led by a staff committee for employees and their families at the Deighton Griffith Secondary School in August 2017 and attracted over 300 people. Staff were divided into four (4) House teams prior to the event and participated in numerous games. The Blue House team captured the Challenge trophy. In addition, staff and families attended a picnic in September 2017, held at Farley Hill National Park. Staff also participated in the Tourism Week street parade in September 2017, copping the prize for the largest group. During celebrations of the yuletide season, staff was treated to a Christmas party, which was well attended and enjoyed by staff and their families. In March 2018, staff was celebrated and awarded in categories such as perfect attendance and 5-, 10- and 15-year service awards.

### Industrial Relations

The industrial climate remained stable during the year. Discussions held with the workers' representative the National Union of Public Workers, were all cordial resulting in mutually satisfactory outcomes.

## Human Resources *(continued)*

### Corporate Responsibility

During the Financial Year under review the company undertook a number of activities as part of its Corporate Social Responsibility programme. These were both internal and external and received strong participation from both employees and the wider airport community.

The annual summer internship programme continued with students from various learning institutions who worked during their summer holiday at the Grantley Adams International Airport Inc. Students of the Barbados Community College were given the opportunity to engage in a work attachment programme in Information Technology for a period of three (3) months.

The annual Airport Week highlighted the first commercial operation on October 19, 1938 and was a key highpoint of the calendar during this financial year as the activities created were used as opportunities to build airport employee cohesion, one such being the GAIA T20 Night Cricket competition.

During the year, the company also introduced its “OneBGI” Helping Hands charity programme which collected thousands of dollars in food items from the airport community that were shipped to Dominica following the passage of Hurricane Maria in September 2017. On this occasion, GAIA Inc. worked with the Barbados and Dominica Red Cross Societies, as well as aviation partner, Executive Air Limited, to deliver the donations.

Under the OneBGI banner, GAIA Inc. also introduced its Christmas Community programme where staff delivered food hampers much to the delight of fourteen (14) families living in communities around the airport. The Company also continued its sponsorship of and support to a number of worthwhile causes including National Breast Cancer Foundation and Barbados Hotel and Tourism Association.





## Financial Highlights

### Revenue

The Company achieved strong financial performance as it continued to focus on improving customer experience and efficient operations.

Revenue is categorized into two main groupings - aeronautical and non-aeronautical revenue (Table 1). Aeronautical revenue consists of Passenger Charges which are the charges collected in respect of use of the passenger terminal and other passenger-processing facilities, the Direct Charges to Airlines made up of aircraft landing and parking fees based on the aircraft's Maximum Takeoff Weight, and the aircraft fuel surcharge which is levied on the volumes of fuel delivered to aircraft. No change was made to these rates during the year. Non-aeronautical revenue is comprised of Concessions and Rentals, Car Park and Other Income, which includes Space Rentals, Lease of Lands and Utilities Recovery.

Revenue generated of \$79.1 million surpassed the previous year's, by \$5.1 million or 6.9%, increasing from \$74.0 million in 2017. This growth was predominantly in aeronautical revenue due to growth in passengers (up 6.9%). Comparative figures are seen in Table 1 below.

Table 1. Revenue Categories

	2017	2018	Change	Change %
	\$	\$	\$	
<b>Aeronautical revenue</b>				
Passenger service charges	49,745,482	51,868,695	2,123,213	4.3%
Direct charges to airlines	6,134,244	6,854,271	720,027	11.7%
	55,879,726	58,722,966	2,843,240	5.1%
<b>Non-aeronautical revenue</b>				
Concessions and rentals	13,971,064	14,493,039	521,975	3.7%
Car park revenue	842,631	888,415	45,784	5.4%
Other income	3,312,304	5,002,333	1,690,029	51.0%
	18,125,999	20,383,787	2,257,788	12.5%
<b>Total Revenue</b>	<b>74,005,725</b>	<b>79,106,753</b>	<b>5,101,028</b>	<b>6.9%</b>
Aeronautical revenue as % total revenue	75.5%	74.2%		
Non-aeronautical revenue as % total revenue	24.5%	25.8%		

Aeronautical revenue grew by 5.1% or \$2.8 million to end the year at \$58.7 million (2017: \$55.9 million). Non-aeronautical revenue earned was \$20.4 million, which was 12.5% above 2017 (\$18.1 million). As a percentage of total revenue, aeronautical revenue was 74.2% and non-aeronautical revenue represented 25.8%.

## Financial Highlights *(continued)*

### Revenue *(continued)*

Table 2. Accounts as a % of Revenue

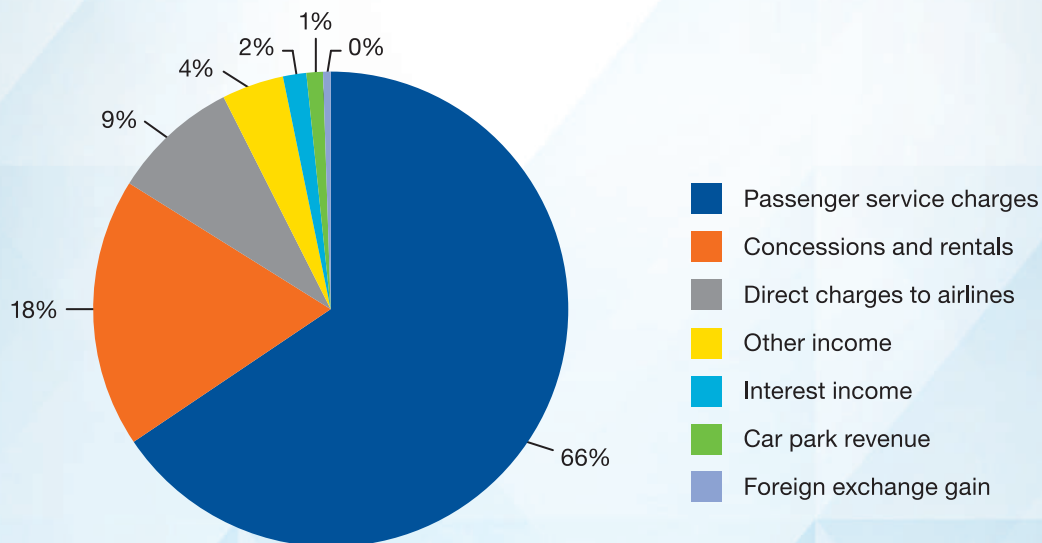
<b>\$'000</b>	2017	2018	2017	2018	Variance
<b>Revenue</b>					
Passenger service charges	49,745	51,869	67.2%	65.6%	-2.5%
Direct charges to airlines	6,134	6,854	8.3%	8.7%	4.5%
Aeronautical revenue	55,880	58,723	75.5%	74.3%	-1.6%
Concessions and rentals	13,971	14,493	18.9%	18.3%	-3.0%
Car park revenue	843	888	1.14%	1.12%	-1.4%
Other income	1,479	3,337	2.0%	4.2%	111.0%
Interest income	1,369	1,255	1.9%	1.6%	-18.6%
Foreign exchange gain	464	411	0.6%	0.5%	-17.2%
Non-aeronautical revenue	18,126	20,384	24.5%	25.7%	4.8%
<b>Total Revenue</b>	<b>74,006</b>	<b>79,107</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>57,747</b>	<b>62,177</b>	<b>78.0%</b>	<b>78.6%</b>	<b>0.7%</b>
Income before taxation	16,259	16,929	22.0%	21.4%	-2.6%
Taxation	-6,232	-7,486	-8.4%	-9.5%	12.4%
<b>Net income</b>	<b>10,027</b>	<b>9,443</b>	<b>13.5%</b>	<b>11.9%</b>	<b>-11.9%</b>

As highlighted in Table 2, aeronautical revenue as a percentage of total revenue was 74.2%; the revenue from passenger service charges was 65.6% compared to the 67.2% earned in 2017. Revenue generated by non-aeronautical activity was 25.8% of total revenue, with concessions and rentals being 18.3%, some 3% below the previous year's performance of 19.0% of total revenue. Other income recorded a nonrecurrent increase relative to total revenue. Total expenses before income taxes ended the year at 78.6% of total revenue slightly higher than 2017. Revenue components as a percentage of total revenue earned during 2018 are depicted in Figure 1 overleaf.

## Financial Highlights *(continued)*

### Revenue *(continued)*

Figure 1: Revenue



Revenue passengers for the Financial Year are seen in Table 3 (12 months April to March each year). Passenger numbers increased by 4.5% or 92,891 to 2,160,794 passengers, over the passengers recorded in 2017. The data is also depicted in Figure 3.

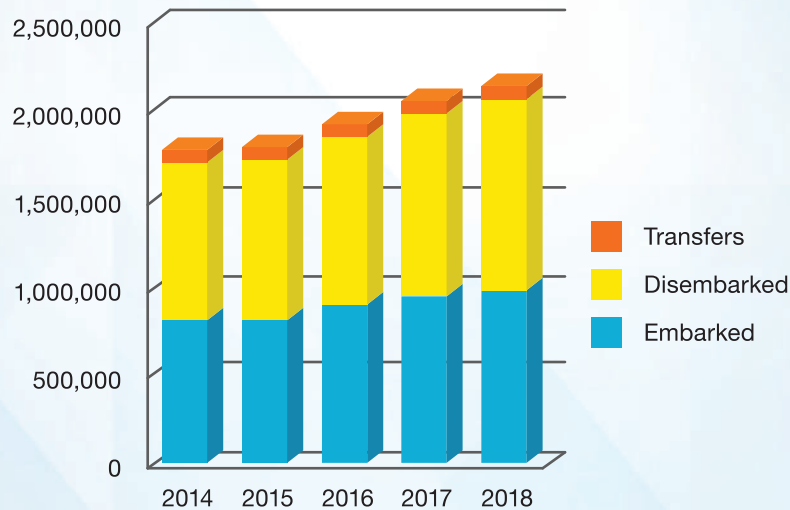
Table 3. Revenue Passengers (April - March)

	2014	2015	2016	2017	2018
Embarked	822,044	830,091	899,887	955,615	996,813
Disembarked	891,902	902,023	968,375	1,034,034	1,082,514
Transfers	78,246	74,792	66,789	78,254	81,467
Total	1,792,192	1,806,906	1,935,051	2,067,903	2,160,794
Change in passengers	17,944	14,714	128,145	132,852	92,891
% Change	1.0%	0.8%	7.1%	6.9%	4.5%

## Financial Highlights *(continued)*

### Revenue *(continued)*

Figure 2. Revenue Passengers (April - March)



Revenue per passenger and revenue per aircraft movement over the past five years is set out below in Table 4. Total operating revenue per passenger recorded a 2.3% increase over 2017, \$36.61 compared to \$35.79. Both aeronautical and non-aeronautical revenue recorded growth per passenger however the growth in passenger numbers did not translate into passenger spending at the same level.

Table 4. Key Results Indicators

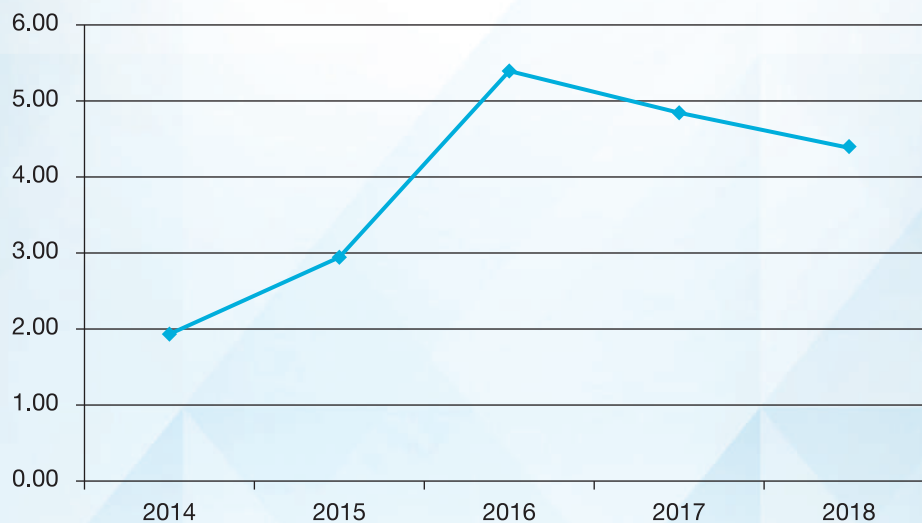
	2014 9 mths	2015	2016	2017	2018
<b>No. of Revenue Passengers</b>	<b>1,792,192</b>	<b>1,806,906</b>	<b>1,935,051</b>	<b>2,067,903</b>	<b>2,160,794</b>
Total operating revenue per passenger	\$28.52	\$37.48	\$36.28	\$35.79	<b>\$36.61</b>
Aeronautical revenue per passenger	\$21.01	\$27.26	\$26.89	\$27.02	<b>\$27.18</b>
Concessions and rentals	\$5.37	\$7.29	\$6.99	\$6.76	<b>\$6.71</b>
Car park & other income	\$2.13	\$2.92	\$2.40	\$2.01	<b>\$2.73</b>
Total non-aeronautical revenue per passenger	\$7.51	\$10.21	\$9.39	\$8.77	<b>\$9.43</b>
Operating expenses before taxation per passenger	\$25.32	\$32.56	\$28.72	\$27.93	<b>\$28.78</b>
Net income per passenger	\$1.93	\$2.94	\$5.38	\$4.85	<b>\$4.37</b>
<b>Aircraft Movements</b>	<b>31,762</b>	<b>24,030</b>	<b>30,045</b>	<b>30,508</b>	<b>33,214</b>
Operating revenue per aircraft movement	\$1,609	\$2,818	\$2,337	\$2,426	<b>\$2,382</b>
Operating expenses before taxation per aircraft movement	\$1,429	\$2,448	\$1,850	\$1,893	<b>\$1,872</b>

## Financial Highlights *(continued)*

### Revenue *(continued)*

Net income declined by 5.8% being a combination of a 6.9% increase in total revenue, offset by a 7.7% increase in expenditure and a 20.1% increase in taxation, resulting in a reduction in Net Income per passenger by 9.9% from \$4.85 to \$4.37.

Figure 3. Net Income per Passenger



Concessions and rentals which earned \$14.5 million or 18.3% of total revenue remained the major earner of non-aeronautical revenue. The comparative earnings in 2017 were \$14.0 million and 18.9% of total revenue. There is 27,417 square feet of concession space of which 88% was occupied at the end of March 2018. Concessions revenue earned was \$12.1 million, which represented an average of \$498 per square foot in 2018, compared with \$11.8 million and \$487 per square foot earned in 2017, an increase of about 2.2%.

### Expenditure

Total expenses for Financial Year ended 31 March 2018 were \$62.2 million approximately \$4.4 million (7.7%) higher than expenditure incurred in 2017 (\$57.7 million).

Employment expenses were \$20.9 million, remaining the largest single expense and represented 26.4% of total revenue, compared to the previous year of \$19.9 million and 26.8% of total revenue. Utility costs of \$5.1 million recorded an increase of 9.8% when compared to 2017 (\$4.7 million) and were approximately 6.5% of total revenue compared with 6.3% in 2017. The fuel cost adjustment rose over the year as well as the kWh used. The Company incurred reduced finance costs of \$2.1 million during the year as a consequence of the decreasing loan balances. Security screening costs of \$5.1 million were on par with the previous year and measured 6.5% of total revenue. Net bad debt recoveries served to reduce expenditure by \$1.1 million (2017: \$1.1 million). Total expenses as a percentage of total revenue were 78.6% compared with 78.0% in 2017, a marginal increase of less than 1%.

## Financial Highlights *(continued)*

### Expenditure *(continued)*

Income before tax increased to \$16.9 million or 21.4% of total revenue, up over last year by approximately \$0.7 million when at \$16.3 million, it was 22.0% of total revenue. The Company's net income at the end of the year of \$9.4 million was 11.9% of total revenue (2017: \$10.0 million; 13.5% of total revenue).

### Statement of Financial Position

Current assets were \$65.6 million up from \$59.0 million as at 31 March 2017 due mainly to increases in cash resources. The current assets consisted primarily of cash, short-term investments and accounts receivable. Short-term investments were \$19.9 million or 7.8% of total assets compared to 6.7% at March 2017. Net accounts receivable increased by \$2.8 million to \$19.2 million, approximately 7.6% of total assets compared to \$16.4 million, an increase of 17.2% year on year. The increase in the net receivables resulted mainly from increased airline business and passenger revenue. The management of collections remained in focus, along with consistent recovery of debt, which also resulted in a reduced provision during the year. The net bad debt recovery of \$1.1 million is reflected as a reduction in expenses in the Statement of Comprehensive Income. Approximately 63% or \$13.8 million of the accounts receivable related to IATA, the collection of which is not at risk.



## Financial Highlights *(continued)*

### Statement of Financial Position *(continued)*

The year ended with total assets of \$253.7 million. Capital assets net of accumulated depreciation were \$172.3 million. The major asset balances include terminal buildings, runways, taxiways, motor vehicles, furniture and equipment, security equipment and common-use equipment. Capital spending was \$7.0 million, the major categories being: computer equipment \$1.4 million; security equipment \$1.2 (cameras, security fence); pavements \$1.4 million; and leasehold improvements \$1.5 million.

Long-term loans were \$28.4 million, ending the year at 11.2% of total liabilities and shareholder's equity in comparison with \$36.9 million or 14.7% in 2017. Shareholder's equity was \$196.6 million or 77.5% of total liabilities and shareholder's equity, increasing from 74.4% in 2017 as a result of the increase in retained earnings due to improved net income.

The Company recorded another robust year of financial performance. The liquidity performance continued to improve, while the profitability ratios dipped below the previous year. The debt ratios declined slightly but remained strong and Debt Service Coverage Ratio improved reflecting the Company's ability to adequately service its debt.

Financial ratios for three years are seen here in Table 5.

Table 5. Financial Ratios

	2016	2017	2018
<b>Net Income</b>	10,411,950	10,027,143	9,443,355
<b>Profitability Ratios:</b>			
Net income % of revenue	14.8%	13.5%	11.9%
Return on assets	4.1%	4.0%	3.7%
Return on equity	6.1%	5.5%	4.9%
<b>Liquidity Ratios:</b>			
Current ratio	2.01	2.52	2.76
Working capital \$'M	\$22.5	\$35.6	\$41.8
<b>Efficiency Ratios:</b>			
AR days (DSO)	94	82	90
AR Turnover Ratio	4.1	4.3	4.4
<b>Solvency Ratios:</b>			
Debt ratio	0.30	0.26	0.23
Debt-equity ratio	0.43	0.34	0.29
Long term Debt to Total Capitalization	0.22	0.16	0.13
Net Debt to EBITDA	1.72	0.92	0.59
<b>Coverage Ratios:</b>			
Debt service coverage ratio	1.96	1.93	3.02
Debt service coverage ratio (after Tax)	1.50	1.38	2.11

# FINANCIAL STATEMENTS

**For the year ended 31 March 2018**  
*(Expressed in Barbados Dollars)*



## **Index to Financial Statements** For the year ended 31 March 2018

	<b>Page</b>
Independent Auditor's Report	<b>24</b>
Statement of Financial Position	<b>27</b>
Statement of Comprehensive Income	<b>28</b>
Statement of Changes in Equity	<b>29</b>
Statement of Cash Flows	<b>30</b>
Notes to the Financial Statements	<b>31-44</b>



Ernst & Young Ltd  
P.O. Box 261  
Bridgetown, BB11000  
Barbados, W.I.

Tel: 246 430 3900  
Fax: 246 426 9551  
246 430 3879  
246 430 1352  
www.ey.com

Street Address  
One Welches  
Welches  
St. Thomas, BB22025  
Barbados, W.I.

## **INDEPENDENT AUDITOR’S REPORT**

### **To the Shareholder of Grantley Adams International Airport Inc.**

#### **Qualified Opinion**

We have audited the financial statements of Grantley Adams International Airport Inc. (“the Company”), which comprise the statement of financial position as of 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the basis for the qualified section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Qualified Opinion**

As at 31 March 2018, the Company had a receivable balance of \$3,250,734 from the Barbados Revenue Authority related to income tax refundable. Management has indicated that the full receipt of the balance owed is expected, however, management has been unable to determine the period over which the outstanding amount will be collected. Based on our audit procedures we have been unable to satisfy ourselves of the extent of the amount recoverable and the extent of any provision that may be required against this balance at year end. Had a provision been made against this balance, there would have been adjustments to the current balance due by the Barbados Revenue Authority, retained earnings and the elements making up the statement of comprehensive income, changes in equity and cash flows.

As at 31 March 2018, the Company had treasury notes amounting to \$15,000,000 and treasury bills amounting to \$9,875,500 (\$10,000,000 face value). Subsequent to the year end, treasury notes and treasury bills amounting to \$10,000,000 and \$5,000,000 respectively, matured and were redeemed. A treasury bill for \$5,000,000 which was due for redemption in August 2018 was automatically rolled over and is due for redemption in February 2019.

At 1 June 2018, the Government of Barbados indicated that it would suspend payment to external creditors and seek to restructure Government debt, including treasury notes. It further indicated that interest maturities falling due on Barbados dollar-denominated instruments will continue to be paid, pending the conclusion of the restructuring agreements with affected creditors. Principal maturities will be automatically rolled over as they fall due.

## **INDEPENDENT AUDITOR’S REPORT (CONT’D)**

### **Basis for Qualified Opinion (CONT’D)**

The Company was unable to complete an impairment assessment for the \$5,000,000 treasury note and treasury bill amounting to \$5,000,000 and in the absence of such an assessment we have been unable to satisfy ourselves of the extent of the amount recoverable and the extent of any provision that might be required against these balances at year end. Had a provision been made against these balances, there would have been adjustments to the statement of financial position and the related elements making up the statement of comprehensive income, changes in equity and cash flows.

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Responsibilities of Management and the Board of Directors for the Financial Statements**

The Board of Directors is responsible for overseeing the company’s financial reporting process. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the 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.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

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

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

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

## **INDEPENDENT AUDITOR'S REPORT (CONT'D)**

### **Auditor's Responsibilities for the Audit of the Financial Statements (CONT'D)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Other Matter**

This report is made solely to the Company's shareholder, 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 shareholder those matters we are required to state 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 shareholder, for our audit work, for this report, or for the opinion we have formed.



Barbados  
28 November 2018

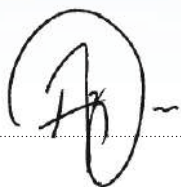
**Statement of Financial Position**

As of 31 March 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash	4	18,019,963	16,758,239
Short-term investments	5	19,875,500	16,941,800
Accounts receivable	6	19,194,527	16,372,631
Current portion of loan receivable	7	242,549	111,138
Interest receivable		443,458	444,500
Prepayments		4,566,399	5,218,186
Income tax refundable		3,250,734	3,202,210
		65,593,130	59,048,704
<b>Loan receivable</b>	7	889,347	-
<b>Treasury notes</b>	8	15,000,000	15,000,000
<b>Property, plant and equipment</b>	9	172,261,253	177,313,416
<b>Total assets</b>		253,743,730	251,362,120
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	10	6,815,984	7,402,777
Taxation payable		8,447,250	7,504,352
Current portion of long-term loans	11	8,500,000	8,500,000
		23,763,234	23,407,129
<b>Long-term loans</b>	11	28,438,973	36,938,973
<b>Retentions payable</b>	12	115,116	175,780
<b>Deferred tax liability</b>	13	4,862,822	3,720,008
<b>Total liabilities</b>		57,180,145	64,241,890
<b>Shareholder's equity</b>			
Share capital	14	100	100
Capital contributions	15	149,451,257	149,451,257
Retained earnings		47,112,228	37,668,873
		196,563,585	187,120,230
<b>Total liabilities and shareholder's equity</b>		253,743,730	251,362,120

The accompanying notes form part of these financial statements.

Approved by the Board of Directors on **28 November 2018** and signed on its behalf by:



Director



Director

**Statement of Comprehensive Income***For the year ended 31 March 2018*

	Note	2018 \$	2017 \$
<b>Revenue</b>			
Passenger service charges		51,868,695	49,745,482
Concessions and rentals		14,493,039	13,971,064
Direct charges to airlines		6,854,271	6,134,244
Other income		3,336,987	1,479,337
Interest income		1,254,846	1,368,971
Car park revenue		888,415	842,631
Foreign exchange gain		410,500	463,996
		79,106,753	74,005,725
<b>Expenses</b>			
Employment costs		20,858,642	19,860,370
Depreciation	9	13,051,861	12,203,806
Utilities		5,145,139	4,686,608
Finance costs		2,140,819	2,562,334
Repairs and maintenance		5,436,411	3,906,470
Security screening charge		5,121,889	4,823,224
Bad debt expense (net of recoveries)		(1,062,529)	(1,062,804)
Office and general expenses		4,500,150	3,739,008
Insurance		1,584,727	1,744,790
Property tax		3,157,611	3,158,811
Professional fees		849,939	731,534
Lease maintenance expenses		1,242,128	1,242,128
Directors' fees and expenses		150,544	150,693
		62,177,331	57,746,972
<b>Income before taxation</b>		16,929,422	16,258,753
Taxation	13	7,486,067	6,231,610
<b>Net income and total comprehensive income for the year</b>		9,443,355	10,027,143

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity***For the year ended 31 March 2018*

	<b>Share capital</b> \$	<b>Capital contributions</b> \$	<b>Retained earnings</b> \$	<b>Total</b> \$
<b>Balance as of 31 March 2016</b>	100	149,451,257	27,641,730	177,093,087
Total comprehensive income for the year	-	-	10,027,143	10,027,143
<b>Balance as of 31 March 2017</b>	100	149,451,257	37,668,873	187,120,230
Total comprehensive income for the year	-	-	9,443,355	9,443,355
<b>Balance as of 31 March 2018</b>	<b>100</b>	<b>149,451,257</b>	<b>47,112,228</b>	<b>196,563,585</b>

The accompanying notes form part of these financial statements.

**Statement of Cash Flows***For the year ended 31 March 2018*

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Income before taxation	16,929,422	16,258,753
<b>Adjustments for:</b>		
Depreciation	13,051,861	12,203,806
Finance costs	2,140,819	2,562,334
Loss on disposal of plant and equipment	184,932	678,187
Interest income	(1,254,846)	(1,368,971)
Operating profit before working capital changes	31,052,188	30,334,109
(Increase) decrease in accounts receivable	(2,821,896)	1,433,509
Decrease (increase) in prepayments	651,787	(757,170)
(Decrease) increase in accounts payable	(586,793)	862,342
Decrease in retentions payable	(60,664)	(106,844)
Cash from operating activities	28,234,622	31,765,946
Corporation tax paid	(5,400,355)	(5,031,369)
Withholding tax paid	(48,524)	(48,685)
<b>Net cash from operating activities</b>	<b>22,785,743</b>	<b>26,685,892</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(8,275,706)	(7,010,985)
Interest received	1,255,888	1,705,051
Proceeds from disposal of property plant and equipment	91,076	-
Redemption of call deposits	6,941,800	10,000,000
Purchase of treasury bills	(9,875,500)	(6,941,800)
Decrease in loan receivable	(1,020,758)	134,167
<b>Net cash used in investing activities</b>	<b>(10,883,200)</b>	<b>(2,113,567)</b>
<b>Cash flows from financing activities</b>		
Loan repayments	(8,500,000)	(13,500,000)
Interest paid	(2,140,819)	(2,635,569)
Restricted cash	-	872,211
<b>Net cash used in financing activities</b>	<b>(10,640,819)</b>	<b>(15,263,358)</b>
Net increase (decrease) in cash for the year	1,261,724	9,308,967
<b>Cash - beginning of the year</b>	<b>16,758,239</b>	<b>7,449,272</b>
<b>Cash - end of the year</b>	<b>18,019,963</b>	<b>16,758,239</b>

The accompanying notes form part of these financial statements.



## Notes to the Financial Statements

For the year ended 31 March 2018

### 1. Incorporation and principal activity

Grantley Adams International Airport Inc. ("GAIA Inc." or "the Company") was incorporated in Barbados on 13 October 1998. The Government of Barbados is the sole shareholder of the Company whose registered office is located at Grantley Adams International Airport, Seawell, Christ Church.

The Company is fully responsible for the commercial operations and management of the Airport in accordance with the Grantley Adams International Airport, (Transfer of Management and Vesting of Assets) Act (Act 2003-3). As a result, all assets and liabilities of the Airport with the exception of land and buildings are vested in the Company. The land and buildings are the subject of a lease between the Company and the Government of Barbados (Note 18).

### 2. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards.

The most significant accounting policies are summarized below:

#### a] Basis of accounting and financial preparation

These financial statements are prepared under the historical cost convention.

#### b] Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. There were no new standards which became effective during the current year which had a significant impact on the Company.

#### c] Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements that are relevant to the Company's activities are disclosed below:

- IFRS 9, *Financial Instruments* - Effective for periods beginning on or after 1 January 2018
- IFRS 15, *Revenue from Contracts with Customers* - Effective for periods beginning on or after 1 January 2018
- IFRS 16, *Leases* - Effective for periods beginning on or after 1 January 2019
- Annual Improvements to *IFRSs 2015 - 2017 Cycle* - Effective for periods beginning on or after 1 January 2019
- IFRIC Interpretation 23, *Uncertainty over income tax treatments* - Effective for annual periods beginning on or after 1 January 2019

The Company will evaluate the impact that these standards and interpretations will have on the financial statements.

#### d] Revenue

Interest income is recognized using the effective interest method. All other revenue is recognized when earned.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 2. Significant accounting policies *(continued)*

#### e] Taxation

The taxation charge is determined on the basis of tax effect accounting, using the liability method whereby the future tax liability resulting from temporary differences is provided for at the estimated future corporation tax rate that is expected to apply to the period when the liability is settled.

Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized.

#### f] Currency

These financial statements are expressed in Barbados dollars which is also the functional currency. Monetary assets and liabilities denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities and transactions denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains or losses are included in comprehensive income.

#### g] Held-to-maturity financial assets

Financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Held-to-maturity financial assets which comprise Government treasury notes are subsequently measured at amortized cost less any provision for impairment. Amortized cost is calculated using the effective interest method and by taking into account any discount or premium on acquisition, over the period to maturity.

Gains and losses are recognized in comprehensive income.

#### h] Impairment of financial assets

The Company assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognized in income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in income.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of loans and receivables is reduced through use of an allowance account.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 2. Significant accounting policies (continued)

#### i] Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Depreciation of plant and equipment is charged using the straight-line method over the useful lives of the assets which are estimated as follows:

Common use terminal and security equipment	5 years
Computer equipment	3 years
Furniture and equipment	8-10 years
Leasehold improvements - buildings	50 years
Leasehold improvements - other	10-20 years
Motor vehicles	5-10 years
Navigation equipment	3-15 years
Runways, taxiways and pavements	15-20 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### j] Leased assets

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is carried at the present value of the future minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and payments are recognized as an operating expense in the statement of comprehensive income.

#### k] Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in income when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

#### l] Pension costs

The Company has provided a defined contribution pension scheme for its eligible employees, providing for fixed rates of contribution based on the level of employees' remuneration. Contributions are charged to comprehensive income in the year to which they relate. The Company provides no other post-retirement benefits.

#### m] Derivatives

Derivative financial instruments used to hedge interest rate risk do not meet accounting hedge criteria and are classified as trading (See Note 17).

## Notes to the Financial Statements

For the year ended 31 March 2018

### 3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires that management make judgments, estimates and assumptions that affect the amounts reported of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

#### Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

#### Impairment of non-financial assets

The Company determines whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

#### Impairment of financial assets

When the fair value declines or when there is objective evidence of impairment, management makes assumptions about the declines in value to determine whether it is an impairment that should be recognized in the statement of income.

### 4. Cash

Balance at bank amounting to \$12,256,812 bears interest at 0.25% per annum, the remainder is non-interest bearing.

### 5. Short-term investments

The short-term investments are comprised of the following:

Deposits on call of \$10,000,000 (2017 - \$10,000,000) with interest rates between 3.50% and 3.75% (2017 - 3.75%) per annum. These deposits mature in May 2018 and March 2019.

Government of Barbados Treasury Bills of \$9,875,500 (2017 - \$6,941,800) with interest rates of 3.36% per annum and maturing in June and August 2018.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 6. Accounts receivable

	2018 \$	2017 \$
Trade receivables	21,690,134	19,927,322
Less: provision for doubtful accounts	(2,495,607)	(3,558,136)
	<hr/>	<hr/>
Other receivables	19,194,527	16,369,186
Less: provision for doubtful accounts	125,903	129,348
	(125,903)	(125,903)
	<hr/>	<hr/>
	19,194,527	16,372,631
	<hr/>	<hr/>

Trade receivables are non-interest bearing and are generally on terms ranging from 30 to 90 days. Included in the trade receivables is \$3,183,894 (2017 - \$2,075,522) owed by related parties, for which a provision of \$2,473,932 (2017 - \$1,832,822) has been recorded.

Movements in the provision for impairment of receivables were as follows:

	2018 \$	2017 \$
Balance at beginning of year	3,684,039	4,821,846
Write off	-	(75,003)
Charge for the year	276,343	608,273
Recoveries	(1,338,872)	(1,671,077)
	<hr/>	<hr/>
Balance at end of year	2,621,510	3,684,039
	<hr/>	<hr/>

At 31 March 2018, the ageing analysis of trade receivables is as follows:

	Total \$	Neither past due nor impaired \$	Past due but not impaired		
			31-60 days \$	61-90 days \$	>90 days \$
2018	19,194,527	4,223,683	12,436,124	991,290	1,543,430
2017	16,369,186	8,641,956	6,424,625	969,021	333,584

**Notes to the Financial Statements***For the year ended 31 March 2018***7. Loan receivable**

This represents an interest-free loan to a related party. It is secured by certain equipment and is repayable in monthly installments totaling \$20,212 over 60 months.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Caribbean Aircraft Handling Co. Ltd.	1,131,896	111,138
Less: Current portion	(242,549)	(111,138)
	<hr/>	<hr/>
Long-term portion	889,347	-
	<hr/> <hr/>	<hr/> <hr/>

**8. Treasury notes**

This balance represents the following Government of Barbados treasury notes:

\$10,000,000 Treasury note which bears interest of 4.0% per annum; the maturity date is 30 April 2018.

\$5,000,000 Treasury note which bears interest of 4.25% per annum; the maturity date is 30 September 2019.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 9. Property, plant and equipment

	Leasehold improvements	Runways taxiways & pavements	Furniture & equipment	Motor vehicles	Security equipment	Navigation equipment	Computer equipment	Common use equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 31 March 2016</b>	198,880,720	35,061,736	20,426,369	11,802,999	10,933,221	5,548,263	9,179,344	3,556,202	295,388,854
Additions	1,514,891	1,421,930	805,298	670,967	1,176,705	-	1,421,194	-	7,010,985
Disposals	(1,356,374)	-	-	-	-	-	-	-	(1,356,374)
<b>At 31 March 2017</b>	199,039,237	36,483,666	21,231,667	12,473,966	12,109,926	5,548,263	10,600,538	3,556,202	301,043,465
Additions	1,491,286	431,681	914,574	2,631,278	417,387	-	2,389,500	-	8,275,706
Disposals	(541,372)	-	(90,326)	(329,895)	-	(28,360)	(404,638)	-	(1,394,591)
<b>At 31 March 2018</b>	199,989,151	36,915,347	22,055,915	14,775,349	12,527,313	5,519,903	12,585,400	3,556,202	307,924,580
<b>Accumulated depreciation</b>									
<b>At 31 March 2016</b>	44,239,181	17,172,350	15,683,143	10,291,074	8,953,331	5,502,941	8,939,928	1,422,481	112,204,429
Depreciation	5,354,190	2,300,209	1,414,110	733,180	885,128	45,322	760,427	711,241	12,203,807
Disposals	(678,187)	-	-	-	-	-	-	-	(678,187)
<b>At 31 March 2017</b>	48,915,184	19,472,559	17,097,253	11,024,254	9,838,459	5,548,263	9,700,355	2,133,722	123,730,049
Depreciation	5,417,877	2,453,970	1,287,188	1,051,168	848,389	-	1,282,028	711,241	13,051,861
Disposals	(297,754)	-	(88,574)	(299,257)	-	(28,360)	(404,638)	-	(1,118,583)
<b>At 31 March 2018</b>	54,035,307	21,926,529	18,295,867	11,776,165	10,686,848	5,519,903	10,577,745	2,844,963	135,663,327
<b>Net book value</b>									
At 31 March 2018	145,953,844	14,988,818	3,760,048	2,999,184	1,840,465	-	2,007,655	711,239	172,261,253
At 31 March 2017	150,124,053	17,011,107	4,134,414	1,449,712	2,271,467	-	900,183	1,422,480	177,313,416

## Notes to the Financial Statements

For the year ended 31 March 2018

### 9. Property, plant and equipment *(continued)*

Included in runways, taxiways and pavements is work in progress of \$0 (2017- \$1,874,081). Depreciation will commence when the asset is available for use upon completion of works.

### 10. Accounts payable

	2018 \$	2017 \$
Trade payables	4,695,545	5,276,283
Other payables	1,902,938	1,968,920
Deposits	217,501	157,574
	6,815,984	7,402,777

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
- Other payables are non-interest bearing and have an average term of two months.

### 11. Long-term loans

	2018 \$	2017 \$
National Insurance Board (NIB) - a related party	5,063,973	5,063,973
CIBC-FCIB	31,875,000	40,375,000
	36,938,973	45,438,973
Less: Current portion		
CIBC-FCIB	(8,500,000)	(8,500,000)
	(8,500,000)	(8,500,000)
Long-term portion	28,438,973	36,938,973

The NIB loan bears interest at the rate of 6.5% (2017 - 6.5%) per annum with interest payments due semi-annually. The loan is secured by a guarantee from the Government of Barbados and is repayable by 17 September 2019.

The FCIB loan is in the amount of US\$42,500,000 and is being repaid in blended principal and interest installments. Interest is being charged at the floating rate of 3-month LIBOR plus 3.5% currently 5.645% with principal of US\$1,062,500 payable in quarterly installments over a period of 10 years ending November 2020. The loan is secured by a registered first fixed and floating charge over all assets of GAIA Inc., excluding the Terminal Building and other assets owned by the Government of Barbados, and the assignment of passenger service charges and airline charges due to the GAIA Inc.



## Notes to the Financial Statements

For the year ended 31 March 2018

### 12. Retentions payable

These represent amounts due to certain contractors upon successful completion of works under the terms of the respective contracts.

### 13. Taxation

	2018 \$	2017 \$
<b>Statement of income</b>		
Current tax charge	6,343,253	5,493,588
Deferred tax charge	1,142,814	738,022
	7,486,067	6,231,610

The tax on the Company's income before taxation differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2018 \$	2017 \$
Income before taxation	16,929,422	16,258,753
Corporation tax at 30% (2017 - 25%)	5,078,827	4,064,688
Effect of depreciation on assets not subject to wear and tear	1,508,491	1,249,858
Prior year under provision of deferred tax	44,547	728,786
Effect of other amounts not allowed for tax purposes	24,957	18,731
Effect of rate change on opening deferred tax liability	752,910	-
Other	1,650	-
Loss on assets not subject to wear and tear	74,685	169,547
Tax charge	7,486,067	6,231,610

	2018 \$	2017 \$
<b>Deferred tax liability</b>		
Balance - beginning of year	3,720,008	2,981,986
Effect of rate change on opening deferred tax liability	752,910	-
Prior year under provision of deferred tax liability	44,547	-
Deferred tax charge for the year	345,357	738,022
Balance - end of year	4,862,822	3,720,008

The deferred tax liability is made up as follows:

	2018 \$	2017 \$
Accelerated capital allowances	4,729,784	3,608,883
Accrued interest receivable	133,038	111,125
	4,862,822	3,720,008

## Notes to the Financial Statements

For the year ended 31 March 2018

### 14. Share capital

The Company is authorized to issue an unlimited number of common shares without nominal or par value. The Company's issued share capital comprises:

	2018 \$	2017 \$
100 common shares	100	100

### 15. Capital contributions

These represent cash advances and equity contributions by the Government of Barbados to the Company, net of payments made on its behalf.

### 16. Related party transactions

The following transactions were carried out with related parties during the year:

	2018 \$	2017 \$
<b>(a) State-controlled entities</b>		
<u>Revenue</u>		
Caribbean ARI Inc.	2,380,643	2,339,955
Caribbean Aircraft Handling Company Limited	539,805	759,890
BADMC	248,091	581,473
Ministry of International Transport	-	75,898
<u>Payments</u>		
Director of National Insurance	3,585,479	8,724,566
Barbados Revenue Authority	6,740,956	6,085,990
Commissioner of Land Tax	3,157,611	3,157,611
Caribbean Aircraft Handling Company Limited	30,181	17,977

### **(b) Compensation**

Key management comprises directors and management of the Company.

Compensation of these individuals was as follows:

	2018 \$	2017 \$
Salaries and other short-term employee benefits	1,195,902	915,729
Post-employment benefits	66,378	46,065
	<u>1,262,280</u>	<u>961,794</u>

## Notes to the Financial Statements

For the year ended 31 March 2018

### 17. Financial risk management objectives and policies

The Company's principal financial liabilities are accounts payable and long-term loans. The Company has various financial assets such as cash and short-term deposits, treasury bills, treasury notes, loan receivable and accounts receivable.

The main risks arising from the Company's financial instruments are credit risk, foreign currency, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these which are summarized below.

#### Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Company. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

#### Concentration of credit risk

Concentrations of credit risk may arise from exposures to a single debtor or group of debtors having a common characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

The Company is subject to credit risk on its accounts receivable from customers primarily in Barbados and the Eastern Caribbean. The Company believes that this risk is mitigated by the ongoing performance of credit evaluations and reviews of accounts receivable.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure is the carrying amount as disclosed in Note 7. For transactions that do not occur in the country of the relevant operating unit, the Company does not offer credit terms without the approval of management.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash, short-term deposits and treasury notes, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The credit quality of each individual security is internally assessed based on the financial strength, reputation and ability of the counterparty to honour its obligations.

#### Foreign currency risk

Certain of the Company's transactions are denominated in United States dollars but as the Barbados dollar is fixed to the United States dollar, there is no significant currency risk exposure. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 17. Financial risk management objectives and policies (continued)

#### Liquidity credit risk

The Company monitors its liquidity risk by considering the maturity of its financial assets and projected cash flows from operations.

Where possible, the Company utilizes surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Company also utilizes available credit facilities such as overdrafts and other financing options where required.

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March based on contractual undiscounted payments.

#### 31 March 2018

	Less than 3 months \$	3 months - 1 year \$	2 - 5 years \$	> 5 years \$	Total \$
Trade payables	4,364,409	331,136	-	-	4,695,545
Long-term loans	2,125,000	6,375,000	28,438,973	-	36,938,973

#### 31 March 2017

	Less than 3 months \$	3 months - 1 year \$	2 - 5 years \$	> 5 years \$	Total \$
Trade payables	3,905,520	1,370,763	-	-	5,276,283
Long-term loans	2,125,000	6,375,000	36,938,973	-	45,438,973

#### Interest rate risk

The Company is exposed to interest rate risk. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The occurrence of an adverse change in interest rates may result in a financial loss to the Company.

The Company manages its interest rate risk by a number of measures, including where feasible, the selection of assets which best match the maturity of liabilities, fixed rate debt instruments and by the regular review of the Company's cash flow and banking requirements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with other variables held constant of the Company's income before taxation. There is no impact on the Company's equity.

	Increase/decrease in basic points	2018 Effect on profit before tax	2017 Effect on profit before tax
	+/-50	\$186,734	\$213,944

## Notes to the Financial Statements

For the year ended 31 March 2018

### 17. Financial risk management objectives and policies (continued)

#### Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 31 March 2017.

#### Fair values

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

#### Financial assets and liabilities

The carrying value of short-term financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise cash, short-term deposits, treasury bills, current portion of loan receivable and accounts receivable. Short-term financial liabilities comprise current portion of long-term loans and accounts payable.

The fair value of treasury notes is deemed not significantly different from carrying value as the Company intends to hold these to maturity. The fair value of variable rate debt approximates carrying value. The fair value of fixed rate debt is determined using discounted cash flow models.

Set out below is a comparison by category of carrying values and fair values of all of the Company's financial instruments, that are carried in the financial statements.

	Carrying value		Fair value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash	18,019,963	16,758,239	18,019,963	16,758,239
Short-term deposits	19,875,500	16,941,800	20,000,000	17,000,000
Trade receivables	19,194,527	16,369,186	19,194,527	16,369,186
Treasury notes	15,000,000	15,000,000	15,000,000	15,000,000

	Carrying value		Fair value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial liabilities</b>				
Trade payables	4,695,545	5,276,283	4,695,545	5,276,283
Long-term loans	36,938,973	45,438,973	29,807,654	36,730,826

**Notes to the Financial Statements***For the year ended 31 March 2018***18. Commitments and contingencies**

The Company entered into an operating lease with the Government of Barbados effective 22 January 2008 for the rental of the land and buildings from which GAIA Inc. operates. The lease is for a term of 75 years at an annual rental charge of \$1,200.

At 31 March 2018, the Company has contracted for certain capital expenditure in the amount of \$2,676,248 (2017 - \$3,977,549).

There are claims pending against the Company and the Company is also the plaintiff in certain legal actions and other claims. It is the opinion of the directors, based on the advice of the Company's attorneys-at-law that any liability arising out of these claims and actions is not likely to be material. In relation to claims brought by the Company the outcomes at this stage are uncertain and hence there is no recognition of any contingent assets.

## Notes

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## Notes



Terminal 1  
Grantley Adams International Airport  
Seawell, Christ Church  
Barbados, West Indies  
BB16000  
Tel.: (246) 536-1300  
Fax: (246) 536-1356  
E-mail: [office@gaiainc.bb](mailto:office@gaiainc.bb)

Website: [www.barbadosairport.com](http://www.barbadosairport.com)