



**ANNUAL
REPORT
2021**

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Welcome to

BARBADOS

www.visitbarbados.org





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OUR VISION

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

VISION

"Rising Higher"

CORPORATE MOTTO

MISSION

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

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

BOARD OF DIRECTORS



Mr. Victor Fernandes
Chairman
June 2018 - Jan 2021



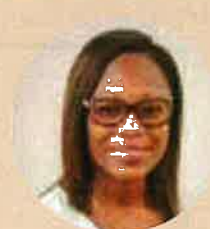
The Hon. Dr. Jerry Ematge
Chairman
Jan 2021



Mrs. Karen Perreira
Deputy Chairman
June 2018 - Oct 2020



Ms. Erica Luke
June 2018 - Nov 2020



Ms. Niska Best



Ms. Meryl Stoute
June 2018 - July 2020



Mr. Jefferson Payne



Mr. Mervin Stevenson



Ms. Donna Cadogan



Mr. Robert Chase



Major Lubin Maxwell
June 2018 - Aug 2020



Mrs. Selena McDonald
June 2018 - Sep 2020



Sen. Rudy Grant



Ms. Winifred Harewood
May 2020



Mr. Michael Holder



Ms. Connie Smith
Jan 2021



Ms. Petra Roach
Jan 2021



Mr. Christian Kendahl Rock
Jan 2021

EXECUTIVE MANAGEMENT TEAM



Mr. Hadley Bourne
Chief Executive Officer
June 2020



Mr. Terry Layne
Acting Chief Executive Officer
Oct 2019 - May 2020
Deputy Chief Executive Officer
February 2019 - July 2021



Mr. Joseph Johnson
Chief Operating Officer
January 2006 - May 2020



Mrs. Flo Jean-Marie
Director of Finance



Ms. Karen Walkes
Director of Engineering

A year's overview

EXECUTIVE SUMMARY

In March 2020, The World Health Organization (WHO) declared the outbreak of the “severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)”, a pandemic. This resulted in a significant reduction in traffic and was declared a pandemic in March 2020, reaching Barbados in mid-March 2020. The pandemic forced the temporary suspension of commercial flights. As a result, for the Fiscal year ending 31st March, 2021, unprecedented challenges were experienced by the Grantley Adams International Airport Inc. (GAIA Inc). Throughout the cessation of commercial flights, Barbados became the regional center for the humanitarian efforts in the repatriation of cruise passengers whose holidays were interrupted abruptly as vessels were denied docking at various ports along their itineraries.

During the onslaught of the pandemic, safety and sanitization remained our key priority. As a result of the constant changes in the mitigation and management of the crisis by our Health officials, we were amending our pandemic response measures to safeguard passengers, stakeholders and staff of the GAIA. The team worked closely with the Ministry of Health and Wellness and the airport community to enforce quarantine and testing requirements which resulted in the transformation of a portion of our departure area into a temporary landing and testing facility for passengers. Within this facility, we were able to conduct free COVID-19 tests to airport staff.

The Grantley Adams International Airport Public Private Partnership (GAIA PPP) process was impacted severely due to the uncertainties posed by the pandemic and the probability of passenger and commercial activity returning to pre-pandemic levels. This level of uncertainty subsequently led to the revision of the Transaction Structure and forecasted numbers which were presented to potential bidders.

A year's overview continued

This resulted in most of the timelines associated with the process needing to be revised and further delays were anticipated based on the changing dynamics of the pandemic across the world.

The Runway Rehabilitation and Expansion Project began in November 2019 and was on schedule until the onset of the COVID 19 pandemic. The project was granted exemption status by the Attorney General, the Honorable Dale Marshall, QC, MP, on March 28th 2020 to ensure the continuation of works. However, there were other delays due to the slow clearance of materials at the Bridgetown Port along with the associated travel restrictions in Canada, which caused the delays in the arrival of critical materials.

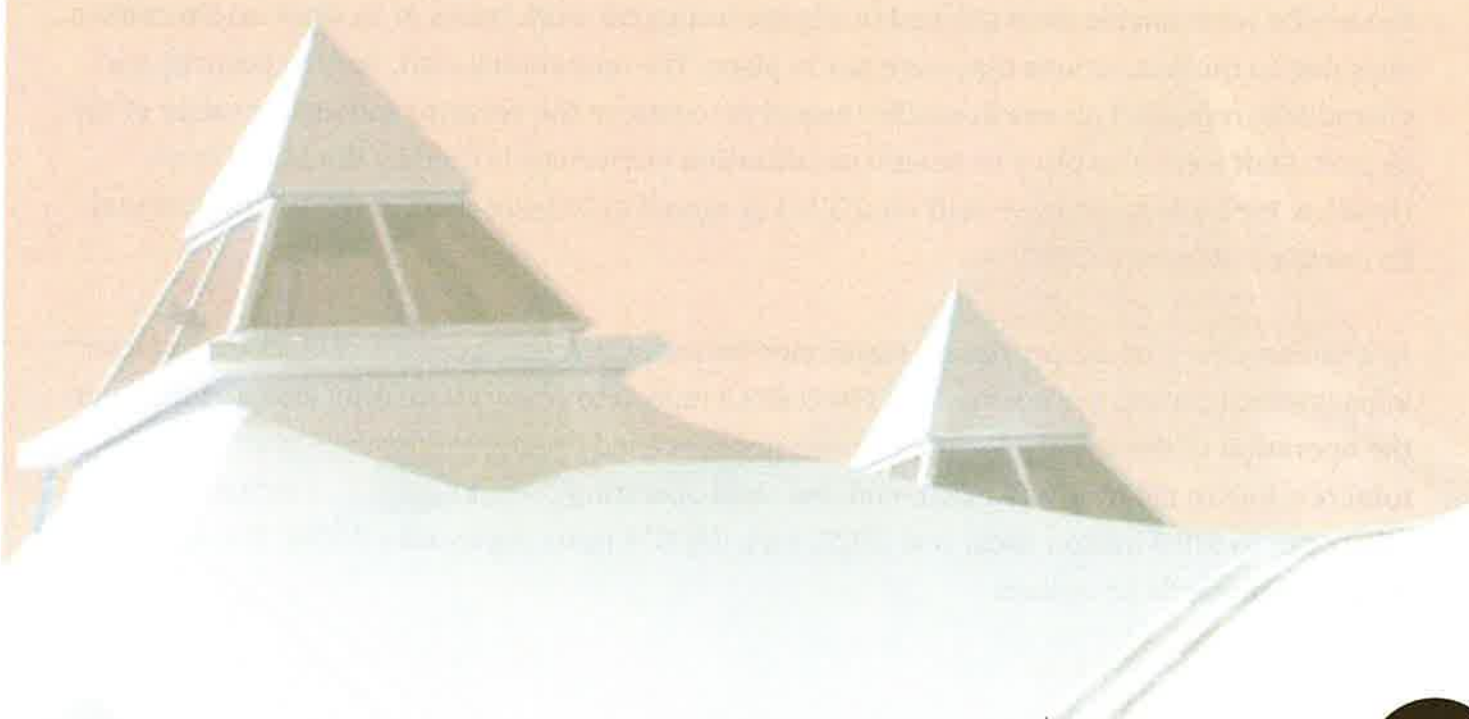
The concessionaires at GAIA also endured tremendous losses in revenue with the cessation of passenger traffic. GAIA Inc. then proposed to waive the minimum annual guarantee (MAG) rents for the year and concessionaires were asked to pay a percentage of their earnings; this was monitored on a month-by-month basis. Companies renting offices at the airport received a discount of 50% on their rental rates, whilst the rents for the taxi associations were waived. However, during this period, GAIA Inc. still managed to sign several new leases, such as SOL (Barbados) Ltd., Cake and Pastry Factory t/a Crumbz and Duty Free Caribbean Ltd, which helped to retain business at the airport. Unfortunately, there were two concessions who ceased operation at the airport during this time.

During this period, the various departments that were able to work from home did as such and those who were unable were allowed to engage in shorter work hours or to work on alternative days due to the restrictions that were put in place. The operational staff, such as security and custodians, remained on site in smaller numbers to ensure the security and maintenance of the airport. Staff were also privy to several sensitization workshops hosted by the Ministry of Health & Wellness to educate staff on COVID 19 as well as to train them in the use of Personal Protective Equipment (PPE).

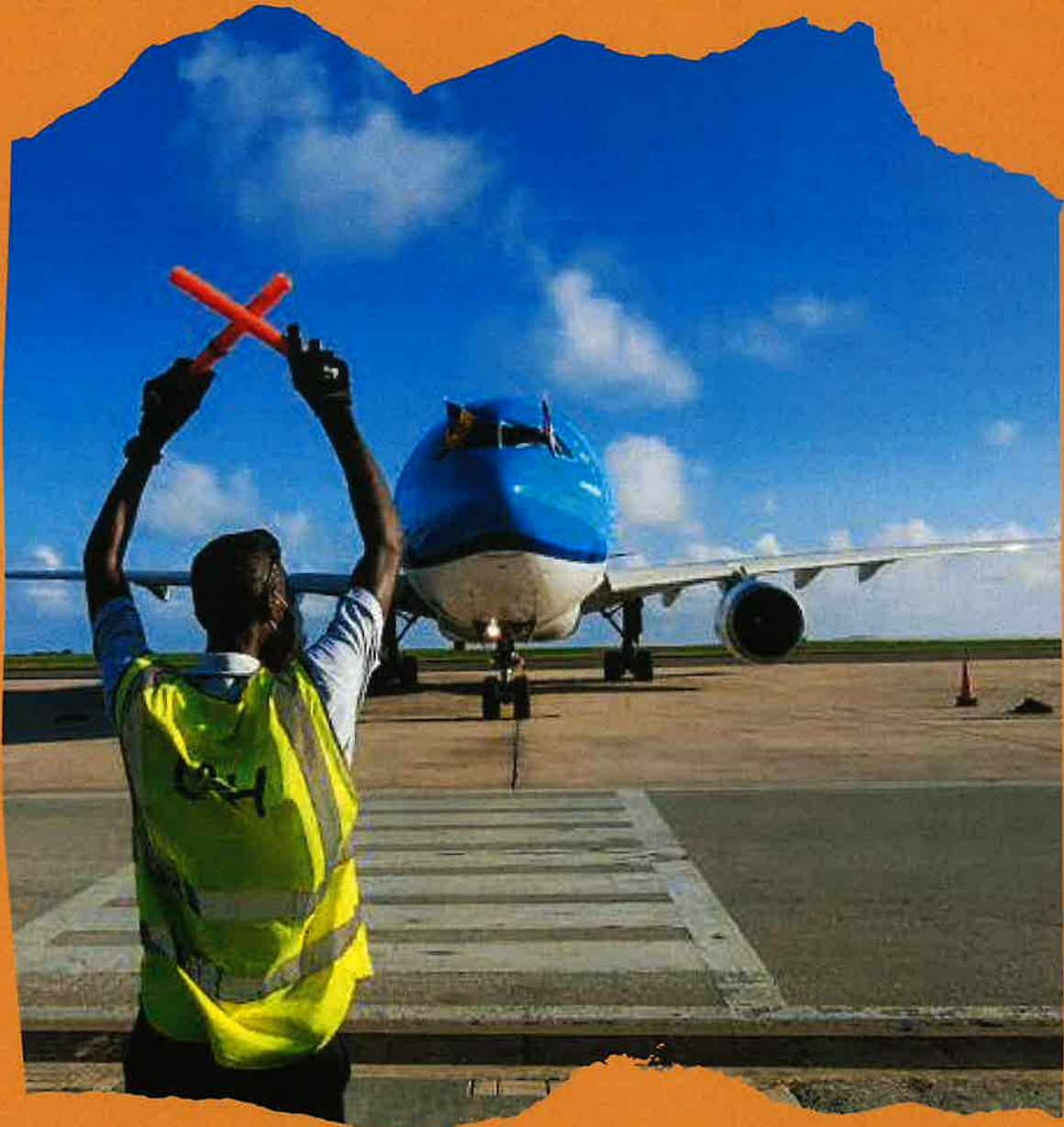
As a consequence of the previously mentioned factors, GAIA Inc. faced a tremendous financial impact which caused the borrowing of BBD \$65.2 million to repay an existing loan and maintain the operation of the airport. Revenue passengers declined by approximately 92% causing the total revenue to fall by 81%. At year-end, the total operating revenue was \$15.2 million, compared to \$79.8 million fiscal year 2020, with EBITDA reducing by over 200%. The net loss for the year was \$43.5 million.

A year's overview continued

The company faced many challenges which could not have been overcome without the continued support and commitment of our many partners. Appreciation is therefore expressed to the Honorable Prime Minister of Barbados, the Ministry of Finance, Economic Affairs & Investment, the Ministry of Tourism & International Transport, the Ministry of Health & Wellness, our several aviation and tourism partners, the management and staff of GAIA Inc., as well as the National Union of Public Workers.



Operating Activity



OPERATING ACTIVITY

The COVID-19 pandemic had a devastating impact on the operational performance of the Grantley Adams International Airport for the year in review. The Barbados airspace was suspended for commercial flights for the period May to July 12, 2020, however most airlines voluntarily reduced their flying from late March. During the airspace closure, cargo flights, as well as repatriation flights were the only aircraft movements present at the airport. These repatriation flights accounted for approximately 11% of all passenger traffic for the year. From July onwards, some airlines resumed limited flying, and this continued through the remainder of the financial year.

Major source markets such the United States, Canada and the United Kingdom implemented varying levels of travel restrictions for their respective countries during the financial year.

Additionally, the cruise sector remained closed due to the spread of COVID-19. The confluence of these two conditions were the primary factors driving the significant reduction in passenger numbers. While Barbados would have also gone through a “national pause” with various levels of restrictions from January to March 2021, this did not result in any airline capacity adjustments.

During the year, LIAT(1974) Ltd. ceased operations and re-emerged under administration. To help fill this gap, InterCaribbean Airways commenced flight into Barbados. Additionally, Caribbean Airlines were provided with 7th freedom rights to establish Barbados as a temporary base while Trinidad remained closed to commercial traffic. Panama-based carrier Copa Airlines exited the Barbados market during the year, driven primarily by travel restrictions in Panama and a restructuring of the airline.

Aircraft Movements

Aircraft movements were down 71.4% over the previous year. This was driven by the airspace closure, travel restrictions and an overall reduction in travel confidence which affected the global travel market. Several airlines serving Barbados would have also experienced financial difficulties, and this would have also led to capacity reductions.

Below is a summary of passenger statistics for the year April 2020 to March 2021.

Summary of Traffic - Financial Year April 2020 - March 2021

MONTH	Embarked	Disembarked	Transit	Transfers	Total Passengers	% Change 19/20	Aircraft Movements
April	1,760	377	0	0	2,137	-98.9%	258
May	6,426	1,128	29	9	7,592	-94.9%	308
June	10,687	1,347	160	105	12,299	-91.8%	358
July	3,328	1,522	67	89	5,006	-97.2%	422
August	7,286	6,961	99	160	14,506	-91.7%	780
September	7,296	7,384	33	193	14,906	-88.2%	828
October	8,956	11,783	67	223	21,029	-85.0%	1,002
November	8,993	10,048	28	266	19,335	-90.7%	904
December	12,569	21,395	1,510	494	35,968	-85.3%	1,414
January	15,616	9,557	265	417	25,855	-89.6%	1,282
February	6,450	3,957	48	289	10,744	-95.5%	758
March	5,537	4,350	80	348	10,315	-93.1%	890
TOTAL	94,904	79,809	2,386	2,593	179,692	-91.9%	9,204
Change	(913,605)	(1,001,357)	(17,757)	(92,425)	(2,025,144)		(22,950)
% Change	-90.6%	-92.6%	-88.2%	-97.3%	-91.9%		-71.4%

Figure 1

Below is this year's performance compared to the preceding five years. As indicated, movements for the 2020 to 2021 period fell drastically, by 2,025,144, due to the COVID-19 pandemic and the disruption of air travel.

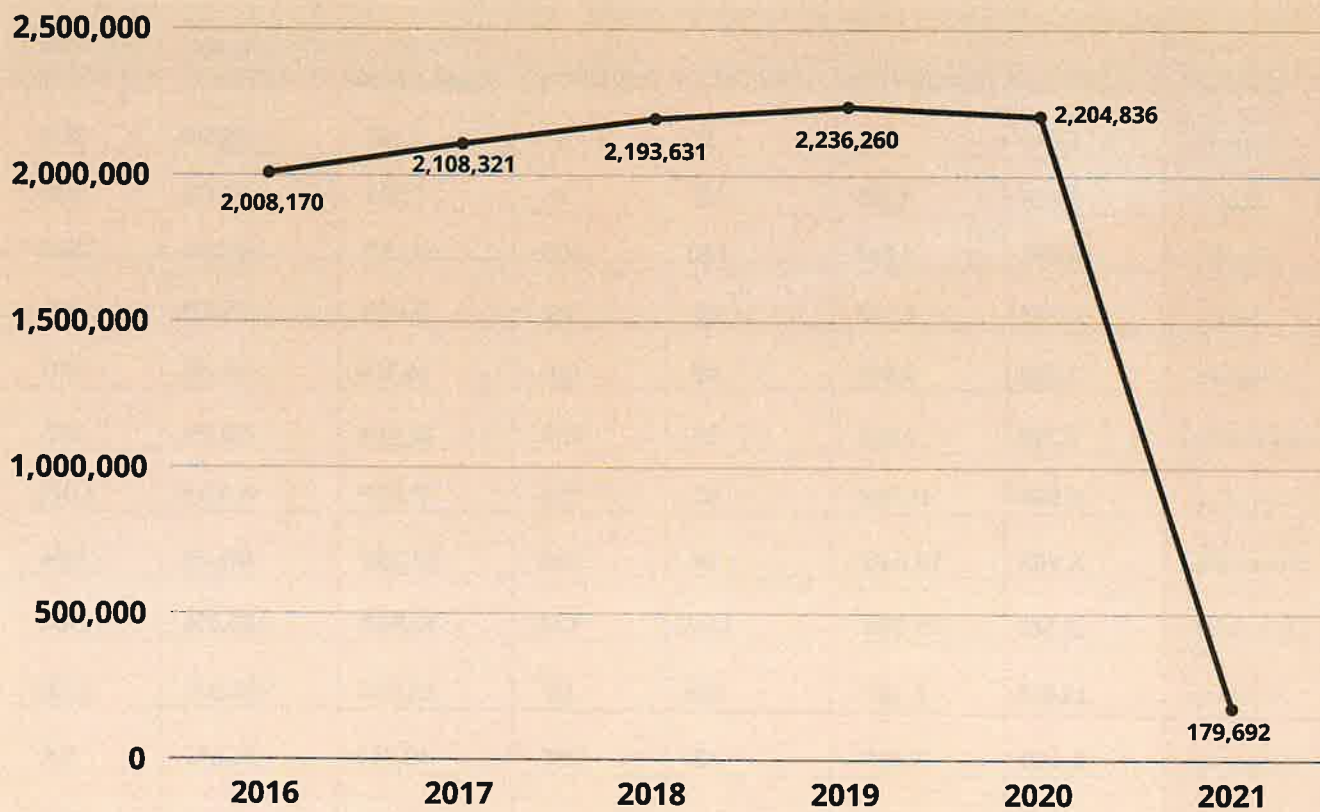


Figure 2


Scheduled Airlines Serving GAIA


Canada

 **AIR CANADA** Toronto & Montreal


 **WESTJET** Toronto

Caribbean & Central America

 **airantilles** Fort-de-France & Pointe-a-Pitre

 **Caribbean Airlines** Port of Spain


 **interCaribbean** Dominica, Grenada, St. Lucia, St. Vincent


 **liat** Entire Caribbean & Georgetown

Germany

 **Condor** Frankfurt & Munich

United Kingdom

 **BRITISH AIRWAYS** London/Gatwick

 **virgin atlantic** London/Gatwick & Manchester

United States

 **American Airlines** Charlotte & Miami

 **jetBlue** Boston, Newark & New York/JKF

Unscheduled Airlines Serving GAIA

Caribbean & Central America



Germany



United Kingdom



Figure 3

Market Share

For the year ending March 2021, the United Kingdom once again represented the largest region for passenger traffic. The remaining traffic ratios remained relatively the same, except for the USA, which saw market share drop by 9% year over year. This year a segment was dedicated to highlight the impact repatriation flights had on the traffic activity for Barbados in the past year.

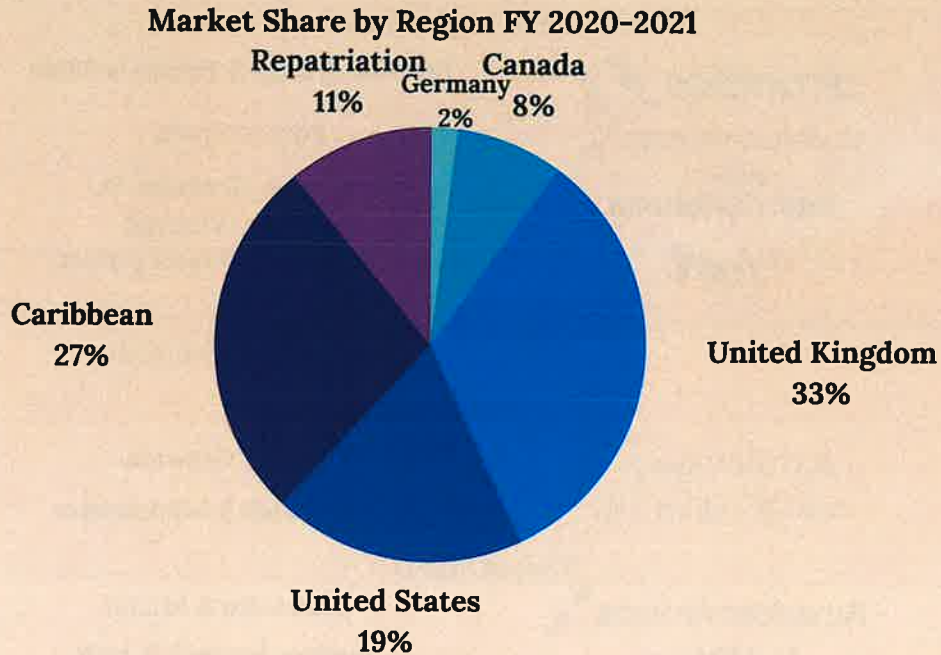


Figure 4

Airlines' Market Share

For the year in review, British Airways, Caribbean Airlines and American Airlines carried the majority of passengers to and from Barbados. Caribbean Aircraft Handling is included as a placeholder for the numerous carriers who operated cruise ship repatriation flights between 2020 and 2021. New entrant InterCaribbean carried 6% of total traffic. Missing is LIAT, which ceased operations mid-2020 and re-emerged late 2020 under administration with a significantly reduced flying schedule.

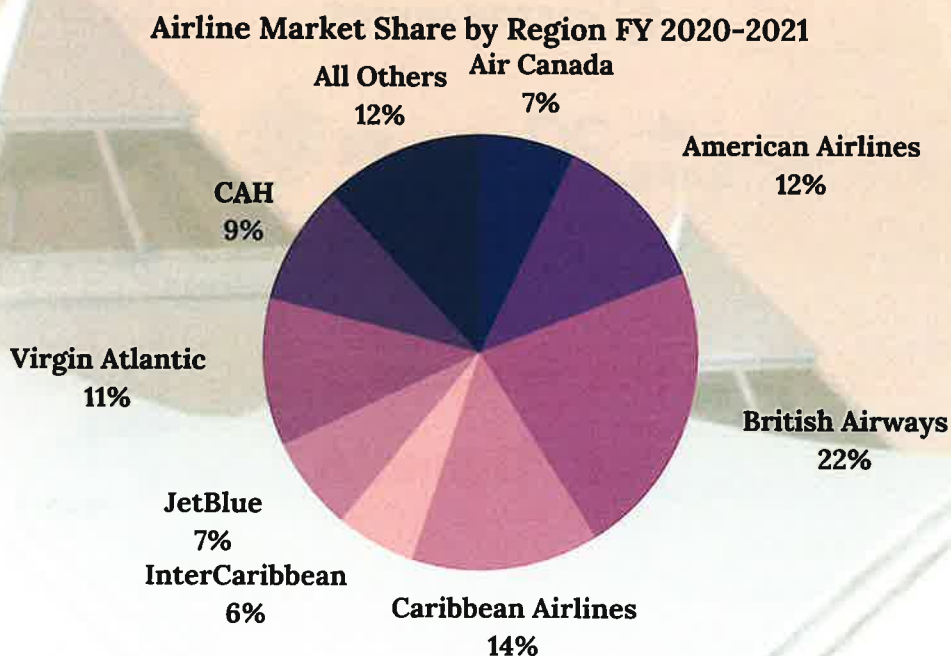


Figure 5

Cargo/Freight & Mail

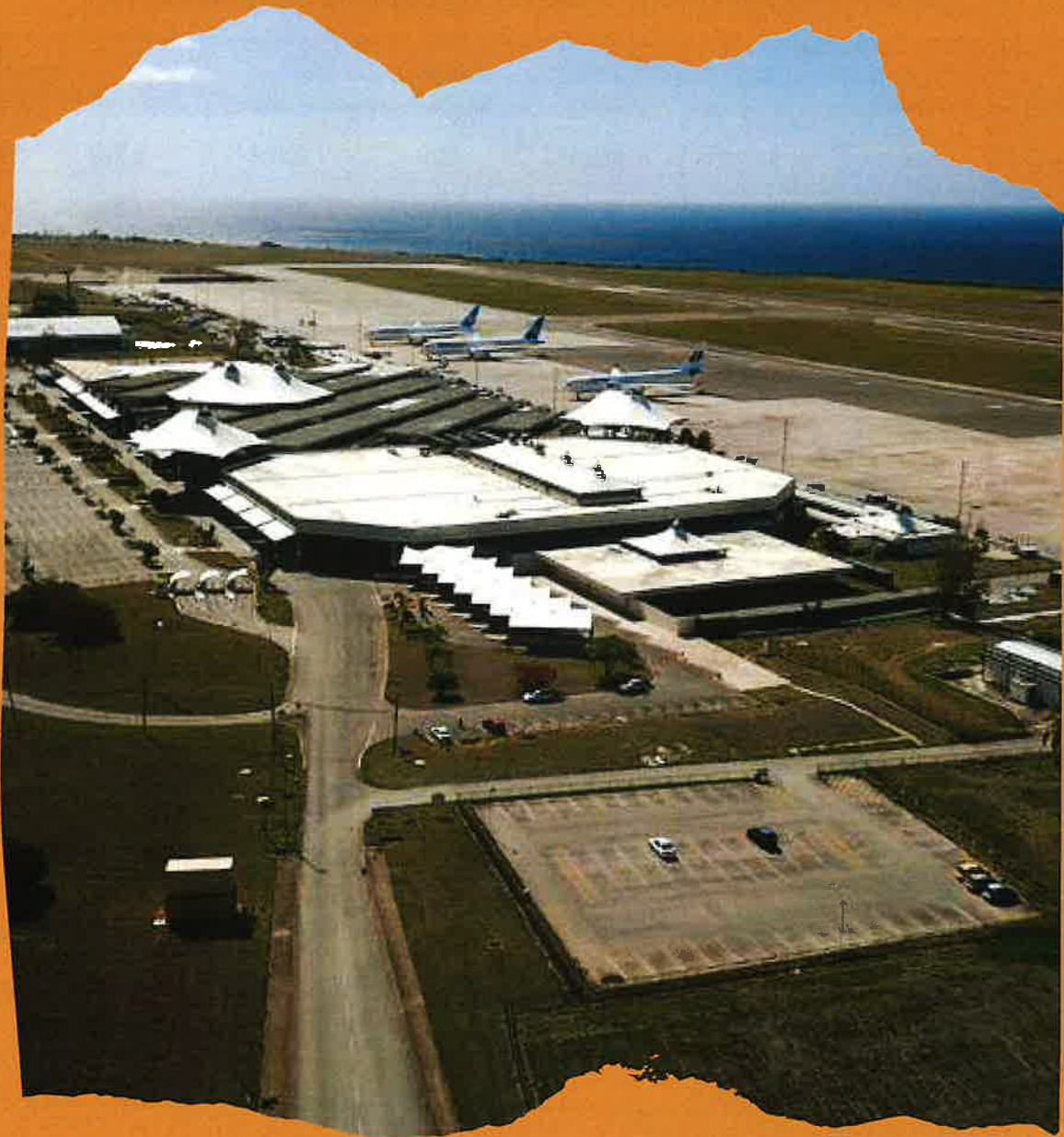
For the financial year 2020/21, there were 7,362 tonnes of cargo handled, and 166 tonnes of mail, giving a total of 7,528 tonnes of cargo and mail transported. The figures would show that cargo transported was 2,637 tonnes or 26.4% less, mail was 120 tonnes or 42.1% less, and the overall cargo and mail was 2,758 tonnes or 26.8% less than in the previous financial year.

Summary of Cargo (Kgs) - Financial Year April 2020 - March 2021

MONTH	Cargo Loaded	Cargo Unloaded	Total Cargo	Mail Loaded	Mail Unloaded	Total Mail	Total Cargo & Mail
April	45,177	180,358	225,535	378	3,189	3,567	229,102
May	136,648	376,288	512,936	749	3,937	4,686	517,622
June	122,144	323,978	446,122	150	5,657	5,807	451,929
July	333,912	1,014,912	1,348,824	2,411	32,406	34,817	1,383,641
August	107,152	252,573	359,725	1,933	9,653	11,586	371,311
September	145,011	474,289	619,300	1,248	13,791	15,039	634,339
October	178,528	463,691	642,219	1,042	10,961	12,003	654,222
November	132,260	460,314	592,574	2,215	11,569	13,784	606,358
December	246,538	579,697	826,235	1,700	20,109	21,809	848,044
January	193,047	401,601	594,648	3,701	14,089	17,790	612,438
February	178,274	315,871	494,145	1,109	9,858	10,967	505,112
March	252,068	448,205	700,273	1,711	12,879	14,590	714,863
TOTAL	2,070,759	5,291,777	7,362,536	18,347	148,098	166,445	7,528,981
Change	(1,041,669)	(1,595,776)	(2,637,445)	(116,423)	(4,415)	(120,838)	2,758,283)
% Change	-33.5%	-23.2%	-26.4%	-86.4%	-2.9%	-42.1%	-26.8%

Figure 6

Engineering Projects



ENGINEERING PROJECTS

Improvement of Terminal Facilities

A complete review of the Terminal Building Management System was undertaken with view to implement a phased upgrade and expansion of the system which controls the air-conditioning equipment and lighting systems at the main terminal buildings.

A contract was awarded to Arthur Construction Inc. on the 21st of August, 2020, for civil works to repair the roof of the departures terminal; the contractor mobilized on site on the 3rd October. This project was to be completed on the 22nd of January, 2021, however, this project was delayed due to COVID-19 related issues. A request for extension of time based on weather delays in October and November and COVID work restrictions in January 2021 was submitted by the contractor and was approved.

Aerodrome Development

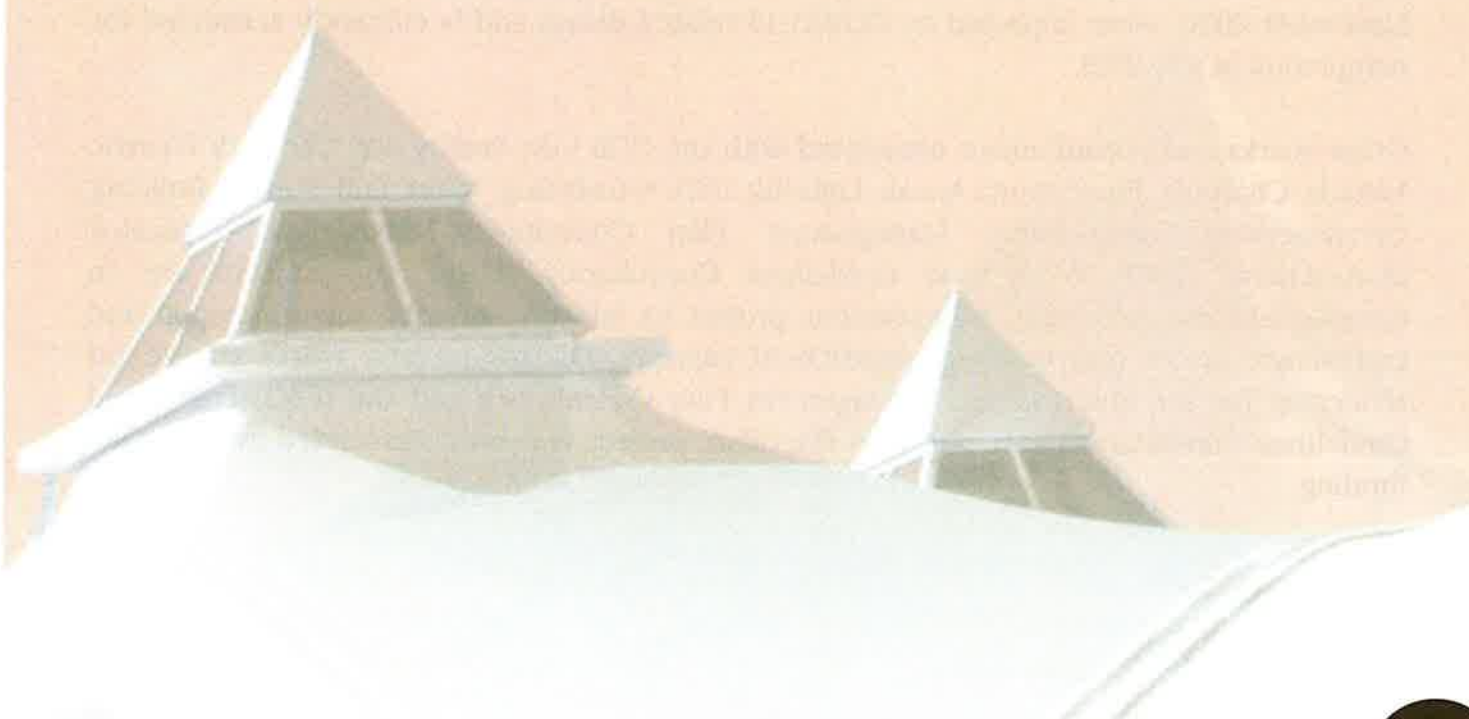
In August 2019, GAIA Inc. entered into a contract for the replacement of 20,600 linear feet of fencing along the airport boundary to maintain the integrity of the airport's perimeter security fence. These works were substantially completed in September 2020.

In November 2019 following an international bidding process, GAIA Inc. entered into contract with a joint venture between Dexter Construction Company Limited (Canada) and Jada Builders Inc. (Barbados) for the rehabilitation and expansion of pavements at the airport. The Project, which is funded in part by the Caribbean Development Bank includes the following works: overlay of the pavement of the entire runway; rehabilitation and expansion of pavement of taxiways and parking aprons; construction of southern apron area; construction of A380 apron position; rehabilitation of landside roads. These works substantially upgrade the aircraft movement areas at the Airport and the expansion of parking capacity and facilities to accommodate both large category F aircraft and provide FBO apron facilities for business jets and regional aircraft. The project works, originally scheduled for completion in November 2020, were impacted by COVID-19 related delays and is currently scheduled for completion in July 2021.

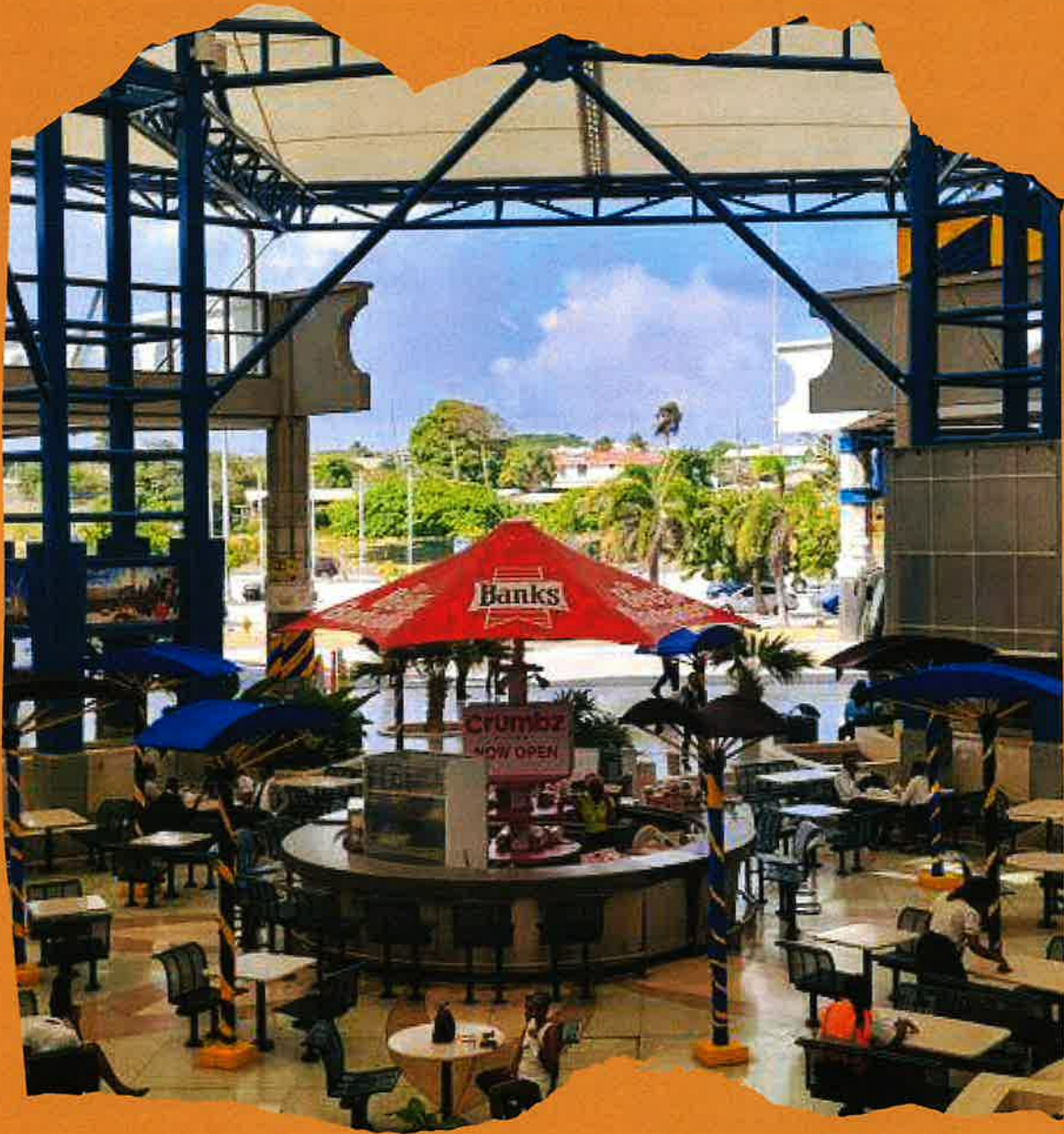
Other works and consultancies associated with the CDB loan facility are: Car Park Electric Vehicle Charging Equipment; Apron Lighting LED retrofitting; West Sub-Station Building Construction; Sustainability Management Plan Consultancy; Fixed-Base Operator Management (FBO) Policy and Guidelines Consultancy. These sub-projects are to complement the pavement enhancement project to address security, environmental and compliance issues and building institutional capacity. Of this project, works started on tendering for the Sustainability Management Plan Consultancy and the (FBO) Policy and Guidelines Consultancy; with work on the other project currently suspended awaiting full funding.

Environmental Programme

In July 2019 preliminary design work on a proposed 5-8 MW ground based photovoltaic system was completed. The Facility which can be expanded to 12 MW is proposed to be situated on 20 acres of lands north-east of the Airport's runway. Discussions commenced with the Ministry of Energy and Water Resources, Barbados Light & Power Company Limited and the Town and Country Development Planning Office towards obtaining approvals for the development. This project is still being pursued as a priority for the company but has been delayed due to COVID-19 related restrictions and funding issues.



Commercial Activity



COMMERCIAL ACTIVITY

The COVID-19 pandemic resulted in drastic declines in both passenger traffic and non-aeronautical revenues to GAIA Inc. of some 95%. This situation has encouraged GAIA Inc. to explore to greater degrees of opportunities for non-traffic sources of revenues. Among the activities that were undertaken were:

- Hosting of the GAIA Inc. Vendors' Extravaganza during the months of November and December 2020.
- Medicinal marijuana – research, cultivation, processing, storage, transport and export, as well as provision of security services/consultancies for medicinal marijuana projects. Discussions with Invest Barbados surrounding the use of vacant lands around the Airport for these purposes commenced in October 2020 and a site visit to the available lands took place in November.
- The development of a food truck village highlighting local and regional cuisine. A request for proposals for this opportunity was issued in October 2020. Given the overwhelming interest, GAIA Inc. is reviewing the location with a view to offering more spaces for this initiative.

Other projects that were under consideration include the following:

- Renewable energy generation, in particular solar farms.
- The pursuit of a variety of agricultural activities including the creation of greenhouses and the supporting hydroponic irrigation.
- Provision of airport and aviation consultancy services.
- Hosting of cultural and sporting events.

GAIA Inc. saw some changes to its concession programme. Del Sol, which offers a variety of colour changing apparel and accessories, terminated its contract due to declining passenger numbers and revenues. The Republic Bank ceased their banking and foreign exchange services effective the 1st of October, 2020. There were however some positives; GCS Limited T/A Ganzee opened a new and larger store post security in September. In October, GAIA Inc. Inc. executed a contract with RCA Caribbean Inc. for digital advertising on a giant screen on exiting the Airport. SAP Limited opened a convenience store and deli pre-security in the month of November 2020, whilst Subway commenced trade post security and Crumbz Bakery commenced trade pre-security in December.

In addition, the Sol Service station relocated to a larger facility which opened its doors in July 2020. Further, GAIA Inc. signed a lease with Hangar Services Limited for a portion of land to extend their fixed base operation (FBO).

Human Resources Report



HUMAN RESOURCES

During the year under review the Human Resources department continued to provide a range of support services as well as guidance on all HR related areas.

COVID-19 Response

The operations at the Grantley Adams International Airport were significantly impacted during this financial year primarily as a result of changes in flight schedules as the major carriers suspended flights to Barbados, due to some form of travel restriction because of the COVID-19 pandemic.

Additionally, with the introduction of a national curfew, staffing was reduced to essential services to support the operations at the Airport. While there were no lay-offs, non-essential persons were allowed to remain at home. Provision was also made for managers and support staff to work from home as required.

During the year, the HR team continued to work diligently with departmental heads to provide the necessary support to staff by ensuring that our internal protocols were periodically reviewed and redistributed to staff in line with updated directives as issued by the Ministry of Health and Wellness.

As we saw increased numbers of positive cases, which mirrored what was happening across the country, the HR department worked closely with the officials at the Ministry of Health & Wellness to quickly identify primary contacts and to implement the protocols to manage COVID-19 in the workplace especially as it relates to the cleaning and sanitization of the workspaces. Arrangements were also made with the health officials for GAIA Inc. employees to be voluntarily tested at the airport; an offer which was readily accepted by staff.

Training & Development

GAIA Inc. demonstrated its commitment towards the development of the organization through the provision of essential training and learning opportunities for its staff; some of which were focused on how we manage in a Covid-19 environment.

Some of the training initiatives conducted during the period are highlighted below:

- The Barbados Tourism Marketing Inc. (BTMI) facilitated an 'Industry Protocols Sensitization' Workshop for frontline employees of GAIA Inc during the month of July 2020. The session was conducted by Mr Ronald Chapman, Director of the COVID-19 Monitoring Unit.
- COVID-19 Sensitization workshops for Airport Workers by the Ministry of Health & Wellness
- Airport Wildlife Hazard Management Training forms part of the annual training for the members of the Wildlife/Safety team.
- Barbados Together/ Customer Service training for frontline employees of GAIA Inc. The 3-day workshop was conducted by Barbados Tourism Marketing Inc. and focused on how to operate in "the new normal" due to Covid-19 Protocols while still administering exceptional Customer service, disability sensitivity, environmental awareness, and tourism awareness.

HUMAN RESOURCES

Feedback from the employees was positive and all participants now referred to as Barbados Ambassadors were presented with a Certificate of Completion at the end of the workshop.



- Developmental Training – GAIA Inc partnered with the Labour Department to facilitate training for employees on Safety & Health in the Workplace and Industrial Relations.
- Screeners Certification Course - This forms part of the annual training for Security Officers.
- Weapons & Ammunition Identification Training Workshop 2020 – Members of our security team attended this workshop which was facilitated by the Barbados Defence Force in collaboration with the Royal Barbados Police Force.
- Genie Lift Training – Members of the Engineering department and the Custodial Services section of the Operations department completed Genie Lift training and Re-certification during the month of October 2020.

HUMAN RESOURCES

Online Training/Webinars -

- Members of the HR team participated in webinars hosted by the Barbados Employers Confederation (BEC) and the Human Resources Management Association of Barbados (HRMAB) on topics pertaining to Managing during the COVID-19 pandemic and Unemployment and Short-time Calculations.
- Members of the Duty Management team participated in a Webinar hosted by Airports Council International (ACI) on the topic “Airside Safety and Operations during COVID-19”
- Public Sector Conference 2020 - Three members of the Finance department participated in this annual conference which was held for the first time via Zoom. Topics covered included obligations under the Public Finance Management Act, 2019 and Corporate Governance - Its relevance to the public sector and public interest entities.
- BEC Seminar - Unpacking Recent Employment Rights Tribunal (ERT) Judgements - The HR Manager participated in this webinar on 8th October, 2020
- Trustee Training Seminars - Trustees and Members of the Pension Committee participated in workshops during the month of October and November 2020.
- ICAB Conference - Members of the Finance department participated in a virtual conference on the topic “Embracing Disruption, Building Resilience”. The conference which is held annually formed part of the activities in support of Accountants Week 2020 and provided an insight for participants into the challenges being faced by organizations at this time and the efforts being taken to maintain and sustain organizational continuity.

Informational Sessions -

- Managing your Finances within the Covid-19 Environment which focused on the Importance of Income & Educational Savings, Estate & Will Planning and Retirement & Savings
- COVID App Training (BIMSafe) - The BIM Safe App is a location and symptoms monitoring mobile app developed by the Ministry of Health & Wellness to assist in the management of COVID-19 in Barbados. Information on the App was shared with the Operations team in an informational session and provided them with an overview of how the Application will work and their role in the process.

HUMAN RESOURCES

Corporate Responsibility

Common Entrance Initiative 2020

Our annual presentation, now in its 9th year, was held on the 11th of September, 2020, for children of employees of GAIA Inc. who recently completed the Common Entrance Examination. This year, 17 students were presented with a monetary donation to assist with the purchase of school supplies and tokens of appreciation.



Recipients of GAIA Inc.'s Common Entrance Award 2020 with Mr Hadley Bourne, CEO

Annual Internship Programme

Due to the protocols in effect the programme was not held during this period.

Awards Recognition

Our annual Staff Awards Ceremony for 2020 was held in the GAIA Inc Conference Room on 11th September, 2020. Seventeen (17) persons were awarded for 5 years of service, ten (10) persons for 10 years of service, eight (8) persons for 15 years of service and sixty-one (61) persons were awarded for perfect attendance. Due to COVID-19 protocols, there was no formal ceremony. However, Awardees were presented with their awards during a small presentation ceremony.

HUMAN RESOURCES

Below is snapshot of some of the Awardees.



Service Award - 5 Years



Service Award - 15 Years



Service Award - 10 Years



Mr Wayne Forde receiving his award for perfect attendance from Duty Manager Ms Gaynell Corbin



Mr Tony Whitehall receiving his award for perfect attendance from HR Assistant Ms Nadia Brathwaite

HUMAN RESOURCES

Employee Relations

During the period under review, we saw the following changes within our management team:

- The retirement of Mr Joseph Johnson as Chief Operating Officer on 1st May, 2020
- The recruitment of Mr Hadley Bourne as Chief Executive Officer on 1st June, 2020.

Support was provided for staff during the year as they experienced the loss of two members of the Operations department who passed away after brief illnesses - Ms Dianne Howell who joined GAIA Inc. on February 6, 2006 as a Custodian and up to the time of her passing, was a Customer Service Representative and Mr Lyndon Callendar who joined the company on March 15, 2015 as a Monitoring Officer.

Both employees were lauded by their colleagues for their contribution to the company.

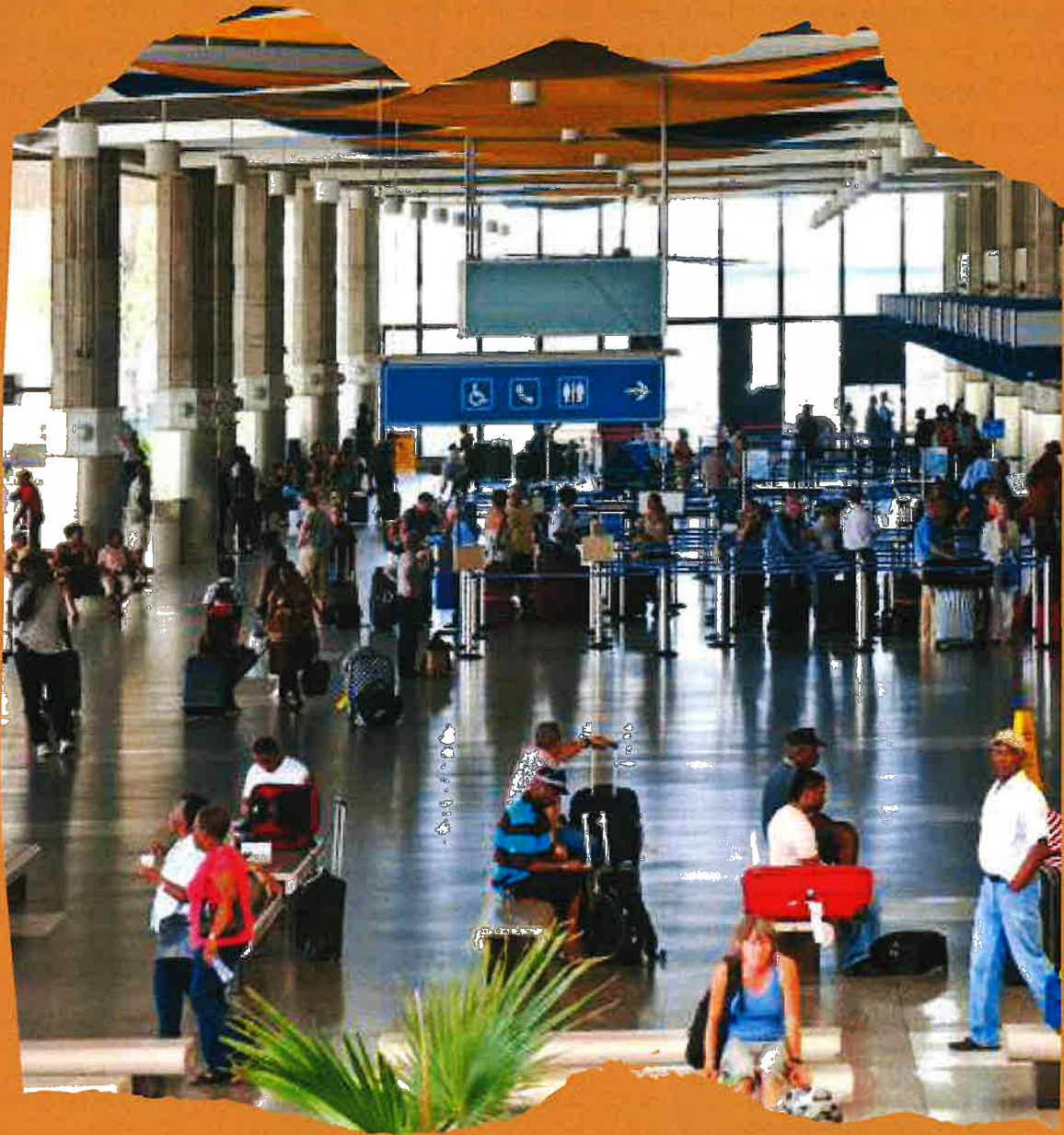


Ms. Dianne Howell



Mr. Lyndon Callendar

Finance & Accounting Report



FINANCIAL HIGHLIGHTS

Annual Plan

The impact of the COVID-19 pandemic served to decimate the aviation industry and the operations of the Company. The outbreak occurred in December 2019 and was declared a pandemic in March 2020, reaching Barbados in mid-March 2020. With the cessation of commercial flights, all revenue sources dried up since they are all reliant on passenger traffic. The preparation of the Annual Plan took account of this event and reflected the best estimate at the time.

Passenger volumes fell short of the Annual Plan by some 17,000 passengers resulting in a shortfall in operating revenue by about \$500K when compared with the Plan. The fiscal year produced a major pre-tax loss of \$44 million compared with a projected loss of \$55 million, the net result being some \$11 million better than Plan. Generally, the outcomes for the year are negative reflecting the COVID-19 impact and should be excluded from trends and performance measurements. The main results are seen in the Table below.

	Audited Period Ending 31-Mar-21	Annual Plan Period Ending 31-Mar-21	Variance Actual vs Plan 31-Mar-21
Revenue Passengers	177,095	194,135	(17,040)
Operating Revenue	\$11,767,265	\$12,224,504	(\$457,239)
Operating Expenses	\$40,701,685	\$49,697,687	\$8,996,002
Pre-Tax Profit/(Loss)	(\$44,024,806)	(\$55,440,207)	\$11,415,401
Aeronautical Revenue	\$6,401,419	\$6,579,637	(\$178,218)
Non-aeronautical revenue	\$5,365,846	\$5,644,867	(\$279,021)
EBITDA	(\$28,719,412)	(\$37,473,183)	\$8,753,771
Debt Service	\$16,086,358	\$3,284,640	(\$12,801,718)
Long-term debt	\$73,191,279	\$100,302,108	(\$27,110,829)

Table 1

Dividend Payable to the Government

A cash dividend of \$30 million was paid to the shareholder in March 2020. As a result of the devastating impact of COVID-19 on operations coupled with the ongoing runway rehabilitation and pavements works, the Company was in a cash deficit position at year-end. No dividend was therefore declared at March 2021.

Remuneration paid to Board of Directors and Management (including all benefits)

The following table contains the remuneration paid including all benefits, to the Directors and Executive Management during the financial year ended March 2021. It is to be noted that Directors served for various stints across the year. The number of Directors sitting at the end of the year was nine (9).

Position	Count	Remuneration	Months Served
Chairman (Apr. to Dec. 2020)	1	\$ 22,500.00	9
Chairman (Jan. to Mar. 2021)	1	\$ -	3
Directors	16	\$ 101,001.00	
Executive Management	4	\$ 807,456.00	

Table 2

Report on Fiscal Risks

Fiscal risks are factors that may cause actual outcomes to deviate from expectations or forecasts. The review of the fiscal risks of the Company for the year ended March 2021 are highlighted below.

Impact of COVID-19

The COVID-19 pandemic is the depiction of catastrophic risk which could not have been anticipated. The impact on the Company's operations was unpredictable and uncontrollable.

Economic

As a result of the pandemic and the closure of the many seaports to cruise vessels globally, Barbados provided a harbour to these vessels and Grantley Adams International Airport facilitated the repatriation of cruise passengers and vessel crew, free of charges.

It became necessary to borrow B\$65.2 million to repay an existing US dollar loan and provide working capital support. Given the interdependency of the concessions and passenger volumes, the several businesses remained closed for most of the year. GAIA Inc., giving due consideration to the circumstances and the delayed recovery, suspended the minimum annual guarantee (MAG) rents for the year and discounted office rentals by 50% of fixed contract amounts.

Critical plant maintenance continued to be performed while the facility was underutilized however other capex projects had to be shelved due to lack of cash. The work on the rehabilitation of the runway and pavements proceeded as permitted by the various COVID restrictions.

Health

GAIA Inc. supported the Government of Barbados and the Ministry of Health and Wellness in all efforts by outfitting an appropriate space to facilitate the COVID testing of passengers. The company also contributed to the development of protocols in preparation for welcoming passengers again.

Employment

Despite the economic challenges, employment was maintained at the pre-COVID levels in support of the Government's policies relative to maintaining employment levels to minimize the pressure on the national social security system.

The workers' representative supported the company's efforts in the development and implementation of the safety protocols for staff and no issues were identified.

Credit risk

Credit risk arises from the possibility that customers may not make timely payments or may default on their obligations to the Company. With the reduction in revenue generation, the levels of receivable were minimized and some customers were able to bring accounts current. Concessionaires were also given a waiver of MAG rents for the year and office rentals were discounted by 50% of fixed contract amounts.

Foreign Currency

Some transactions were denominated in United States dollars, but the foreign currency risk remained low as the Barbados dollar is pegged to the United States dollar. The foreign currency loan which existed at March 2021 will be fully settled by the new borrowing in local dollars and a small exchange loss is expected to be reported on the transaction. New borrowing in Barbados dollars will eliminate currency risk on loans.

The loan from Caribbean Development Bank (CDB) is denominated in United States dollars and the currency risk is minimized as the earnings used in servicing the debt are also denominated in United States dollars.

Liquidity Risk

The pandemic crippled the earning capacity of the GAIA which consequentially, disabled the company's cash flow resources. Much of an airport's expenses is fixed and requires a relatively high level of cash to maintain operations. The company was forced to utilize the cash from all maturing short-term instruments. During the year an overdraft facility was utilized as negotiations progressed towards finalizing a loan facility.

Interest Rate Risk

The company was exposed to interest rate risk through its debt with FirstCaribbean International Bank which interest is pegged to LIBOR, which for many years was used in the global financial industry as the benchmark for setting rates charged on adjustable-rate loans. LIBOR is therefore impacted by global activity and over time has increased/reduced in accordance with the market. This risk will be eliminated on the liquidation of the loan balance on reaching financial close of the new facility.

The new borrowing, which was still under negotiation at year-end, was denominated in Barbados dollars and carries a fixed interest rate for 10 years. This eliminates the risk associated with changes in interest rates and that associated with debt servicing. It also provides certainty with respect to budgeting and forecasting.

Capital Management

No changes were made to the company's capital structure.

Financial Highlights

Overall Performance

The fiscal year 2020/21 has been one of challenges. The COVID-19 pandemic resulted in border closures and the collapse of global air travel which crippled the aviation industry world-wide. The Government of Barbados temporarily implemented various levels and periods of shutdown under the Emergency Management Act since the onset of the pandemic in March 2020 to protect the country's health and economy. The temporary suspension of commercial flights and the standstill of economic activity delivered a severe blow to the company's revenue and profitability. The results of this year reflected the unusual and unpredictable operations experienced.

At March 2021, the company recognized inventory of spares and supplies and the financial position as at 31 March 2020 was therefore restated. In addition, the borrowing costs associated with the construction and rehabilitation of the runway and pavements during the year ended March 2020 was capitalized.

Revenue passengers declined by approximately 92%, total revenue dropped by 81% [-\$64.7 million] and as at 31 March 2021, the Company recorded a net loss of \$43.5 million compared with a profitable position in 2020, when earnings were \$8.0 million for the year ended 31 March 2020. EBITDA was a negative \$25.5 million. The net operating results are summarized in Table 1.

	2021	Restated 2020
Revenues	15,188,668	79,845,181
Expenses	40,703,117	56,449,562
Earnings (loss) before interest, taxes and depreciation	(25,514,449)	23,395,619
Depreciation	17,917,779	14,024,923
Finance costs	592,578	962,677
Tax (credit) charge	(542,144)	399,900
Net earnings (loss)	(43,482,662)	8,008,119
Total Assets	261,495,321	266,834,668

Table 3

Revenue

Passenger volumes for the fiscal year are seen in Table 4. Air travel globally was decimated as a result of the COVID-19 pandemic and passenger numbers dropped precipitously by some 92% from 2,151,056 passengers in 2020 to a mere 177,095 passengers in 2021. Many of the flights in 2021 were in response to humanitarian needs and repatriation of crew from cruise ships, as vacations were unceremoniously terminated as safety and health took precedent. The recovery forecast remains uncertain, however as travel and government restrictions are relaxed in time, combined with the implementation of vaccination programmes globally, it is anticipated that passenger confidence will return resulting in a return to commercial traffic and increased passenger volumes.

Table 4. Revenue Passengers (Fiscal Year)

	2020	2021
Embarked	983,016	77,382
Disembarked	1,073,031	79,707
Transfers	95,009	2,593
Charters	-	17,413
Total	2,151,056	177,095
Change in passengers	-56,902	-1,973,461
% change	-2.6%	-91.8%

Table 4

At year-end, total operating revenue was \$15.2 million, compared to \$79.8 million fiscal year 2020, with EBITDA reducing by over 200%. Net Loss for the year was \$43.5 million. The decline was across all categories of revenue; comparative figures are seen in Table 5 below.

Table 5. Revenue Categories

	Restated		Change	Change %
	2020	2021		
	\$	\$	\$	
<u>Aeronautical revenue</u>				
Passenger service charges	51,609,397	4,638,906	-46,970,491	-91.0%
Direct charges to airlines	6,624,973	1,762,513	-4,862,460	-73.4%
	58,234,370	6,401,419	-51,832,951	-89.0%
<u>Non-aeronautical revenue</u>				
Concessions and rentals	15,656,924	2,514,741	-13,142,183	-83.9%
Services charged	1,350,213	629,132	-721,081	-53.4%
Lease of lands	1,430,038	1,416,155	-13,883	-1.0%
Car park revenue	1,236,544	96,670	-1,139,874	-92.2%
Gain on derecognition of investments	6,456	3,206,395	3,199,939	na
Other income	1,930,636	924,156	-1,006,480	-52.1%
	21,610,811	8,787,249	-12,823,562	-59.3%
Total Revenue	79,845,181	15,188,668	-64,656,513	-81.0%
Aeronautical revenue as % total revenue	72.9%	42.1%		
Non-aeronautical revenue as % total revenue	27.1%	57.9%		

Table 5

Aeronautical revenue declined by 89% against 2020 fiscal as a direct result of the pandemic.

Non-aeronautical revenue also declined some 59% as the majority of concessionaires could not re-open since April 2020 and concessionaires were given rent relief for the fiscal period as a consequence. This revenue was augmented by \$3.2 million being a gain on derecognition of investments on the redemption of the Government Bonds.

Concessions and rentals earned \$2.5 million or 16.6% of total revenue compared with earnings in 2020 of \$15.9 million and 19.9% of total revenue. This massive decline of \$13.1 million was attributable to the adverse impact of the COVID-19 pandemic and the direct reduction in passenger numbers resulting in the reduction in passenger spend. As a result, all concessionaires were given a waiver of minimum annual guarantee (MAG) rents for the year and office rentals were discounted by 50% of contract amounts. This relief will be extended until consistent commercial activity resumes.

Table 6. Accounts as a percentage of Total Revenue

\$'000	Restated		C	
	2020	2021	2020	2021
Revenue				
Passenger service charges	51,609	4,639	64.6%	30.5%
Direct charges to airlines	6,625	1,763	8.3%	11.6%
Aeronautical revenue	58,234	6,401	72.9%	42.1%
Concessions and rentals	15,853	2,515	19.9%	15.6%
Services charged	1,350	629	1.7%	4.1%
Lease of lands	1,430	1,416	1.8%	9.3%
Car park revenue	1,237	97	1.5%	0.6%
Gain on derecognition of investments	6	3,706	0.0%	21.1%
Other income	1,735	924	2.2%	6.1%
Non-aeronautical revenue	21,611	8,787	27.1%	57.9%
Total Revenue	79,845	15,189	100.0%	100.0%
Total Expenses	71,437	59,213	89.5%	389.9%
Income (loss) before taxation	8,408	-41,025	10.5%	-289.9%
Taxation	400	-542	0.5%	-3.6%
Net income (Loss)	8,008	-43,483	10.0%	-286.3%

Table 6

As the year was severely impacted by the COVID-19 pandemic and was anomalous in all ways, the common sizing presented in Table 6 is for statistical purposes only.

Figure 7 - Revenue

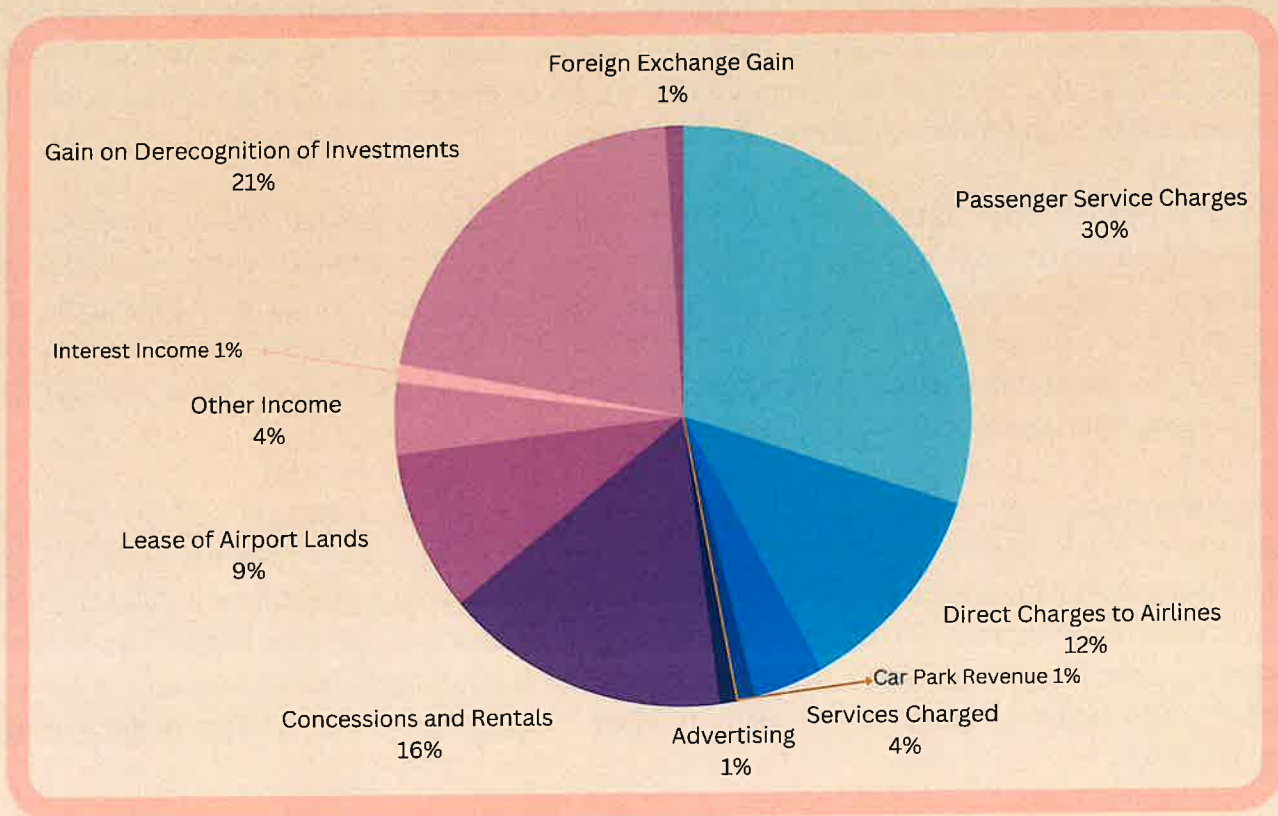


Figure 7

Expenditure

Total expenses were \$59.2 million, approximately \$12.2 million (17.1%) lower than expenditure incurred in 2020 (\$71.4 million).

Employment expenses were \$23.4 million remaining the largest single expense compared with the previous year of \$24.9 million. The level of employment and the costs were maintained despite the harsh impact of the COVID-19 pandemic. This was a policy decision of the shareholder as the Barbados economy suffered several job losses across the many economic sectors and the Government sought to maintain employment and stability where possible.

Other operating costs including utility costs and security screening costs decreased over the previous year by about \$14.6 million as a result of the reduced commercial activity.

At year-end, depreciation of \$17.9 million was \$3.9 million higher than in 2020 attributable to the capital projects completed mainly major components of the runway and pavements.

Statement of Financial Position

Current assets were \$36.8 million down from \$58.5 million as at 31 March 2020 due mainly to a depletion in cash resources. The current assets consisted primarily of cash, accounts receivables and VAT refundable. The short-term investments of \$5.0 million were utilized during the year and net accounts receivable decreased by \$13.7 million, balances having been impacted by lower revenues due to the COVID-19 pandemic. The VAT refundable increased by \$9.7 million as a result of the major capital works on the runway. The company is looking forward to receiving these refunds in the new year.

The year ended with total assets of \$261.5 million. Capital assets net of accumulated depreciation were \$224.5 million. The major asset balances include terminal buildings, runways, taxiways, motor vehicles, furniture and equipment, security equipment and common-use equipment. Capital spending was limited to the rehabilitation works on the runway and pavements. Work-in-Progress at March 2021 was \$4.5 million, after the transfer of the completed pavement works to the asset account.

Given the devastating impact of COVID-19, at March 2021, the company had an overdraft balance of \$10.2 million under a facility with FirstCaribbean International Bank (FCIB). Accounts payable increased by \$14.0 million to \$24.7 million as at year-end reflecting the cash constraints experienced during the year as a direct impact of the pandemic. The current portion of the long-term loan was \$15.5 million representing the balance due for settlement under a new facility negotiated with FCIB to repay the long-term loan and to provide working capital support.

Long-term loans were \$57.7 million up from \$54.1 million at March last year. The retained earnings were depleted over this financial year moving from \$40.4 million at March 2020 to a deficit position of \$3.1 million at March 2021. This reduction in earnings was the result of the significant decline in revenues and profitability due to the impact of the COVID-19 pandemic.

Financial ratios

As operations generated a loss, the profitability ratios were all negative. All cash resources were used up during the year and an overdraft facility was utilized to sustain operations. The liquidity position being eroded, at year-end there was a working capital deficit of \$13.9 million, with a current ratio of less than 1.0. The previous year recorded working capital of \$37.8 million and a working capital ratio of 2.82.

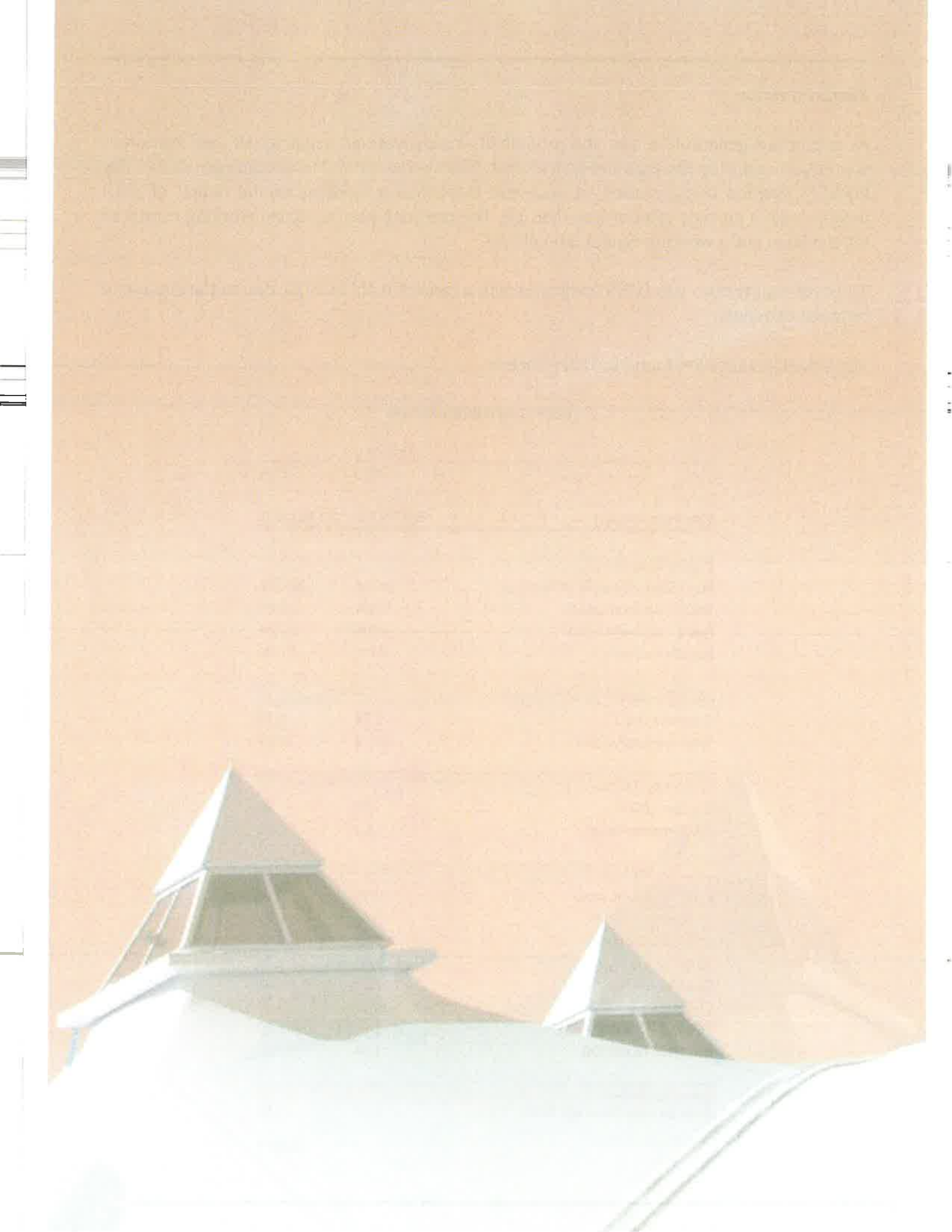
The debt-equity ratio was 0.79:1 compared with a ratio of 0.41:1 in 2020, due to the erosion of retained earnings.

The Financial ratios are found in Table 7 below.

Table 7. Financial Ratios

	Restated	
	2020	2021
Net Income(Loss)	8,008,119	(43,482,662)
Profitability Ratios:		
Net Income(Loss) % of Revenue	10.0%	-286.3%
Return on total assets	3.0%	-16.5%
Return on fixed assets	4.2%	-20.1%
Return on Equity	4.0%	-25.9%
Liquidity Ratios:		
Current ratio	2.82	0.73
Working Capital \$'M	\$37.8	-\$13.9
Efficiency Ratios:		
AR days (DSO)	78	77
AR Turnover Ratio	4.4	1.5
Solvency Ratios:		
Debt-to-Assets ratio	0.29	0.44
Debt-equity ratio	0.41	0.79
Debt-Capital ratio	0.29	0.44
Asset-to-Equity ratio	1.41	1.79
Debt-to-EBITDA ratio	3.29	-4.51
LT Debt-Capital ratio	0.22	0.28
Funded Debt to EBITDA	2.67	-2.87
Net Debt to EBITDA	1.24	-2.05
Coverage Ratios:		
Debt Service Coverage Ratio	2.47	-1.59

Table 7



Grantley Adams International Airport Inc.

Financial Statements

For the year ended 31 March 2021
(Expressed in Barbados Dollars)

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

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For the year ended 31 March 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Grantley Adams International Airport Inc. ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive (loss)/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 effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

Non-compliance with IAS 1 (revised)

At 31 March 2021, the Company was in breach of the financial covenants under a loan agreement with one of its financial institutions. As a result of the breach, under IAS 1 (revised): "*Presentation of Financial Statements*", the Company is required to reclassify the loan balance from long-term loans to the current portion of loans as it does not have an unconditional right to defer its settlement for at least twelve months after that date. However, the Company has not reclassified the loan balance from its long-term classification in the statement of financial position and is therefore reporting understated current liabilities of \$57,697,499 (2020: \$47,697,499) as at year end. This is not in accordance with the requirements of IAS 1 (revised). The Company was also in breach as at 31 March 2020 under the same loan agreement, and the prior year auditor's report was qualified in a similar manner.

Scope limitation – existence of inventory

The Company restated the statement of financial position as at 31 March 2020 to record inventory of \$1,523,624. We were unable to determine if the inventory existed as at that date, as we did not observe a physical count of the inventory as at 31 March 2020 and could not gather sufficient appropriate audit evidence using alternative procedures. In addition, the Company did not quantify the impact of recording the inventory as at 31 March 2019 as is required under retrospective treatment in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Consequently, we were unable to determine whether any adjustments to the statement of comprehensive (loss)/income for the year 31 March 2020 were necessary and we were unable to determine a value for inventory as at 31 March 2019.

Except as described in the scope limitation above, 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 of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Report on the Audit of the Financial Statements (Continued)

Basis for Qualified Opinion (Continued)

Scope limitation – existence of inventory (Continued)

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 a] in the financial statements, which indicates that due to the continuing impact of the global pandemic, the Company suffered net losses of \$43,482,662 for the year ended 31 March 2021 and had an accumulated deficit position as at 31 March 2021 of \$3,070,402. During the financial year, the Board of Directors approved and instructed management to enter into a new loan arrangement with FirstCaribbean International Bank (FCIB) for \$65,000,000, to refinance an existing loan for \$15,000,000 and to provide working capital of \$50,000,000. As negotiations progressed, the principal sum was amended to \$65,204,609, the commitment letter for which was signed in January 2021. As stated in Note 2 a], these events or conditions, along with the uncertainty of the duration of the global pandemic, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.
- 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 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 qualified opinion we have formed.

Ernst & Young Ltd

Barbados
26 October 2021

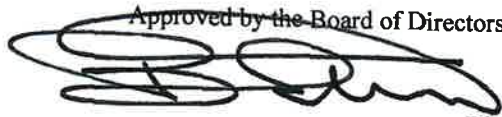
GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Financial Position
As of 31 March 2021

	Notes	2021 \$	RESTATED 2020 \$
Assets			
Cash	4	20,780,208	33,551,883
Short-term investments	5	-	5,000,000
Accounts receivable	6	3,180,563	16,847,251
Interest receivable		-	115,421
Prepayments		307,337	312,733
VAT refundable		10,792,669	1,108,891
Inventory	7	1,752,835	1,523,624
Income tax refundable		17,156	66,206
		<u>36,830,768</u>	<u>58,526,009</u>
Long term investments	8	-	6,834,646
Property, plant and equipment	9	219,977,340	160,188,203
Work-in-progress	10	4,521,173	41,264,969
Deferred tax asset	16	145,439	-
Right-of-use asset	17	20,601	20,841
		<u>261,495,321</u>	<u>266,834,668</u>
Total assets			
Liabilities			
Current liabilities			
Bank overdraft	4	10,210,396	-
Accounts payable and accrued liabilities	11	24,711,308	10,696,875
Airport service charge fees payable (net)	12	263,971	999,092
Taxation payable		94,509	537,783
Current portion of long-term loans	13	15,493,780	8,500,000
		<u>50,773,964</u>	<u>20,733,750</u>
Long-term loans	13	57,697,499	54,072,499
Retentions payable	14	4,698,888	1,747,023
Deferred income	15	1,922,949	-
Deferred tax liability	16	-	396,705
Lease liability	17	21,066	21,074
		<u>115,114,366</u>	<u>76,971,051</u>
Total liabilities			
Shareholder's equity			
Share capital	18	100	100
Capital contributions	19	149,451,257	149,451,257
(Deficit) retained earnings		(3,070,402)	40,412,260
		<u>146,380,955</u>	<u>189,863,617</u>
Total liabilities and shareholder's equity			
		<u>261,495,321</u>	<u>266,834,668</u>

The accompanying notes form part of these financial statements.

Approved by the Board of Directors on 25 October 2021 and signed on its behalf by:


.....Director


.....Director

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Comprehensive (Loss)/Income
For the year ended 31 March 2021

	Notes	2021 \$	RESTATED 2020 \$
Income			
Revenue from contracts with customers	21	7,285,268	61,285,270
Gain on derecognition of investments	8	3,206,395	6,456
Revenue for lease contracts	22	3,830,028	17,086,962
Other income	23	651,969	815,134
Interest income		120,878	358,735
Foreign exchange gain		94,130	292,624
		<u>15,188,668</u>	<u>79,845,181</u>
Expenses			
Employment costs		23,375,512	24,906,905
Depreciation	9	17,917,779	14,024,923
Utilities		4,317,255	6,226,364
Finance costs		592,578	962,677
Repairs and maintenance		2,371,611	3,519,106
Security screening charge		3,459,305	5,648,099
Bad debt expense (net of recoveries)		866,857	2,424,797
Office and general expenses		2,459,672	4,003,081
Insurance		2,029,991	1,901,067
Property tax		-	4,522,543
Professional fees		609,654	1,871,710
Contract maintenance expenses		1,070,157	1,248,729
Directors' fees and expenses		141,671	175,728
Interest in lease liability	17	1,192	1,193
Depreciation on ROU asset	17	240	240
		<u>59,213,474</u>	<u>71,437,162</u>
(Loss) income before taxation		(44,024,806)	8,408,019
Taxation	16	(542,144)	399,900
Net (loss) income and total comprehensive (loss) income for the year		<u>(43,482,662)</u>	<u>8,008,119</u>

The accompanying notes form part of these financial statements.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Changes in Equity
For the year ended 31 March 2021

	Share capital \$	Capital contributions \$	Retained Earnings (deficit) \$	Total \$
Balance as of 31 March 2019	100	149,451,257	62,404,141	211,855,498
Total comprehensive income for the year (restated)	-	-	8,008,119	8,008,119
Dividends paid (Note 28)	-	-	(30,000,000)	(30,000,000)
Balance as of 31 March 2020, restated	100	149,451,257	40,412,260	189,863,617
Balance as of 31 March 2020, previously stated	100	149,451,257	37,362,037	186,813,394
Prior period adjustment (Note 27(a))	-	-	1,551,417	1,551,417
Prior period adjustment (Note 27(b))	-	-	1,498,806	1,498,806
Balance as of 31 March 2020, restated	100	149,451,257	40,412,260	189,863,617
Total comprehensive loss for the year	-	-	(43,482,662)	(43,482,662)
Balance as of 31 March 2021	100	149,451,257	(3,070,402)	146,380,955

The accompanying notes form part of these financial statements.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Cash Flows
For the year ended 31 March 2021

	2021	RESTATED 2020
	\$	\$
Cash flows from operating activities		
(Loss) income before taxation	(44,024,806)	8,408,019
Adjustments for:		
Depreciation (Note 9)	17,917,779	14,024,923
Depreciation on ROU asset (Note 17)	240	240
Finance costs	592,578	962,677
Interest on lease liability (Note 17)	1,192	1,193
Loss (gain) on disposal of plant and equipment (Note 23)	37,811	(255,944)
Interest income	(120,878)	(358,735)
Gain on derecognition of investments (Note 8)	(3,206,395)	(6,456)
Operating (loss) profit before working capital changes	(28,802,479)	22,775,917
Decrease in accounts receivable	13,666,698	2,391,505
Decrease (increase) in prepayments	5,397	(6,038)
Increase in VAT refundable	(9,683,778)	(1,108,891)
Increase in inventory	(229,211)	(1,523,624)
Increase in accounts payable and accrued liabilities	13,971,397	4,205,565
Increase in retentions payable	2,951,864	1,604,155
Cash (used in) from operating activities	(8,120,112)	28,338,589
Corporation tax paid	(377,068)	(497,718)
Withholding tax paid	(17,156)	(66,206)
Net cash (used in) from operating activities	(8,514,336)	27,774,665
Cash flows from investing activities		
Additions to property, plant and equipment (Note 9)	(927,013)	(5,627,124)
Additions to work-in-progress (Note 10)	(37,934,756)	(39,572,749)
Interest received	236,298	580,987
Proceeds from disposal of property plant and equipment	-	264,540
Redemption of short-term securities (Note 5)	5,000,000	5,000,000
Redemption of bonds (Note 8)	10,041,041	-
Net cash used in investing activities	(23,584,430)	(39,354,346)

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Cash Flows (cont'd)
For the year ended 31 March 2021

	2021	RESTATED
	\$	2020
		\$
Cash flows from financing activities		
Loan repayments	(1,350,000)	(13,563,973)
Long term loan proceeds	10,000,000	47,697,499
Short term loan proceeds	1,350,000	-
Capitalization of interest on loans (Note 13)	618,780	-
Interest paid	(2,690,079)	(2,189,895)
Dividend paid (Note 27)	-	(30,000,000)
Grant funds received (Note 15)	2,400,000	-
Deferred income (Note 15)	(477,051)	-
Principal repayment on lease contract	(8)	(7)
Net cash from financing activities	<u>9,851,640</u>	<u>1,943,624</u>
Net decrease in cash for the year	(22,247,124)	(9,636,057)
Cash and cash equivalents – beginning of the year	<u>32,553,490</u>	<u>42,189,547</u>
Cash and cash equivalents– end of the year (Note 4)	<u><u>10,306,366</u></u>	<u><u>32,553,490</u></u>

The accompanying notes form part of these financial statements.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

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 are vested in the Company. The land is the subject of a lease between the Company and the Government of Barbados (Note 17).

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

The financial statements have been prepared on a historical cost basis. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Since 31 March 2020, the consequences of the COVID-19 have materially and adversely affected the operations of the Company, resulting in a reduction in all categories of revenue. The Company suffered net losses of \$43,482,662 for the year ended 31 March 2021 and had an accumulated deficit position at 31 March 2021 of \$3,070,402.

During the financial year, the Board of Directors approved and instructed management to enter into a new loan arrangement with FirstCaribbean International Bank (FCIB) for \$65,000,000, to refinance an existing loan for \$15,000,000 and to provide working capital of \$50,000,000. As negotiations progressed, the principal sum was amended to \$65,204,609, the commitment letter for which was signed in January 2021.

It is uncertain whether, and when, the Company will return to profitability and positive cash flows from operations. These uncertainties cast significant doubt on the Company’s ability to continue as a going concern.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b) New accounting policies/improvements adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 March 2020. The following interpretations and standards became effective and were adopted in the current year.

The Company applied *Amendments to IFRS 16 Covid Related Rent Concessions* for the first time in 2021. The nature and effect of changes as a result of the adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Company. These are also described in more detail below. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 3: Definition of a Business (effective 1 January 2020)

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition.

This amendment resulted in no material change to the financial statements.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b) New accounting policies/improvements adopted (cont'd)

Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”.

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments must be applied prospectively. Early adoption is permitted and must be disclosed.

Since the Company’s current practice is in line with these amendments, they had no impact on the financial statements of the Company.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (effective 1 January 2020)

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to Reference in the Conceptual Framework in Financial reporting (effective 1 January 2020)

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the financial statements of the Company as no new accounting policies were developed during the year.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b] New accounting policies/improvements adopted (cont'd)

Amendments to IFRS 16 Covid-19 Related Rent Concessions (effective 1 June 2020)

On 28 May 2020, the IASB issued Covid-19 Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendments do not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021);
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021)

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic.

In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b) New accounting policies/improvements adopted (cont'd)

Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021) (cont'd)

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Company's financial statements. These standards and interpretations may be applicable to the Company at a future date and will be adopted when they become effective. The Company is currently assessing the impact of adopting these standards and interpretations.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 (effective 1 January 2021)

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (“IBOR”) is replaced with an alternative nearly risk-free interest rate (“RFR”).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (“EIR”) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss. The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b) New accounting policies/improvements adopted (cont'd)

Standards in issue not yet effective (cont'd)

Amendments to IFRS 3 - Reference to the Conceptual Framework (effective 1 January 2022)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (effective 1 January 2022)

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b) New accounting policies/improvements adopted (cont'd)

Standards in issue not yet effective (cont'd)

IFRS 17 Insurance Contracts (effective 1 January 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (“IFRS 17”), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Company adopted IFRS 9 and 15 for the first time in the year ended 30 September 2019 and intends to adopt IFRS 17 when it becomes effective.

Amendments to IAS 1 – Classification of Liabilities as Current and Non-current (effective 1 January 2023)

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b) New accounting policies/improvements adopted (cont'd)

Standards in issue not yet effective (cont'd)

Amendments to IAS 1 – Classification of Liabilities as Current and Non-current (effective 1 January 2023) (cont'd)

Many entities will find themselves already in compliance with the amendments. However, entities need to consider whether some of the amendments may impact their current practice.

Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

Amendments to IAS 8 – Definition of Accounting Estimates (effective 1 January 2023)

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

Many entities will find themselves already in compliance with the amendments. However, entities need to consider whether some of the amendments may impact their current practice.

Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b) New accounting policies/improvements adopted (cont'd)

Standards in issue not yet effective (cont'd)

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023)

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed.

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

b] New accounting policies/improvements adopted (cont'd)

Standards in issue not yet effective (cont'd)

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023) (cont'd)

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Financial statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

Improvements to International Financial Reporting Standards

The annual improvements process for the IASB deals with non-urgent but necessary clarifications and amendments to IFRS.

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 – Subject of Amendment

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

IAS 41 Agriculture – Taxation in fair value measurements.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

d] Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the good or service before transferring them to the customer.

Rendering for lease contracts

Revenue from lease contracts is recognized based on the terms of the lease contract, which is made of fixed and variable charges. The fixed charges are recognized at the end of each month the concessionaire occupies the rental space. The variable charges are recognized when the underlying data used for the charges is readily determinable.

Interest income

Interest income is recognized using the effective interest method.

Other income

Other income is recognized on an accrual basis.

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 profit and loss within the Statement of Comprehensive Income.

g] Investments

Prior to 1 April 2018 investments 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. From 1 April 2018 these investments were classified at amortised cost.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

g) Investments (cont'd)

Amortised cost is used if both of the following conditions are met:

- The financial asset is held within the business model with the objective to hold financial assets in order to collect
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

h) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 conditions.

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) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

j] Impairment of financial assets (cont'd)

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. On this basis, the receivables are grouped according to the characteristics of shared credit risk and the days of default presented by the balances. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due.

Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired initial recognition. POCI assets are recorded at fair value at the initial and interest income is subsequently recognized based on a credit adjustment. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

k] Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	87 years
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The right-of-use assets are also subject to impairment. Refer to the accounting policy 2h] *Impairment of non-financial assets*.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

k] Leases (cont'd)

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

2. Significant accounting policies (cont'd)

l) 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.

m) 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.

n) Inventory

Inventory is valued at the lower of cost or net realizable value, all related costs are included in the valuation of the item. Inventory consists of consumables and supplies for use in the operating activities.

o) Government Grants

The Grant is being recognized as income on a systematic basis over the periods that the related costs for which the grant is intended to compensate, are expensed.

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 estimating 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.

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

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

3. Significant accounting judgements, estimates and assumptions (cont'd)

Impairment of financial assets (cont'd)

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

4. Cash

	2021	2020
	\$	\$
Cash in banks	20,780,208	33,551,883
Bank overdraft (c)	<u>(10,210,396)</u>	<u>-</u>
Balance at 31 March	10,569,812	33,551,883
Restricted cash (a)	<u>(263,446)</u>	<u>(998,393)</u>
Balance as disclosed in statement of cash flows (b)	<u>10,306,366</u>	<u>32,553,490</u>

Balance at bank amounting to \$31,644 (2020 - \$919,177) bears interest at 0.01% per annum, the remainder is non-interest bearing.

- (a) Included in cash balances is \$263,446 (2020 - \$998,393) being held on account and payable to the Government of Barbados for funds received for the Airport Service Charge fee.
- (b) Included in cash balances is \$3,284,854 (2020 - \$2,394,316) representing a refundable fee held by the Caribbean Development Bank (CDB) and \$9,918,516 (2020 - \$16,727,463) which represents the remaining funds from the loan disbursement from CDB (Refer to Note 13). Included in cash balances is \$2,175,376 (2020 - \$nil) representing the balance of grant funds received for interest support on CDB loan interest. (Refer to Note 15).
- (c) The Company has an overdraft facility with FirstCaribbean International Bank with a limit of \$12,000,000. Interest was charged at a rate of 5.75% per annum. Refer to Note 13 for the details of the security related to the bank overdraft.

5. Short-term investments

The short-term investments in 2020 comprised of \$5,000,000 interest rates between 2.25% and 3.50% per annum. This deposit matured on 23 May 2020 and was not reinvested.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

6. Accounts receivable

	2021	2020
	\$	\$
Trade receivables	6,091,637	20,879,641
Less: allowance for expected credit losses	<u>(3,880,986)</u>	<u>(4,100,882)</u>
Net trade receivables	2,210,651	16,778,759
Other receivables	1,095,815	194,395
Less: allowance for expected credit losses	<u>(125,903)</u>	<u>(125,903)</u>
	<u>3,180,563</u>	<u>16,847,251</u>

Trade receivables are non-interest bearing are generally on terms ranging from 15 to 60 days. Included in the trade receivables is \$687,653 (2020 - \$555,308) owed by related parties, for which a provision of \$588,722 (2020 - \$68,444) has been recorded.

Movements in the provision for expected credit losses of receivables were as follows:

	2021	2020
	\$	\$
Balance at beginning of year	4,226,785	1,801,988
Charge for the year	1,471,692	3,165,750
Recoveries	<u>(1,691,588)</u>	<u>(740,953)</u>
Balance at end of year	<u>4,006,889</u>	<u>4,226,785</u>

At 31 March 2021, the ageing analysis of net trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days	> 90 days
	\$	\$	\$	\$	\$
2021	2,210,651	615,553	891,576	372,041	331,481
2020	16,778,759	7,499,699	8,399,652	774,626	104,782

7. Inventory

	2021	RESTATED
	\$	2020
		\$
Spare parts and supplies	<u>1,752,835</u>	<u>1,523,624</u>

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

8. Long term investments

	2021	2020
	\$	\$
Balance at 1 April	6,834,646	6,828,190
Gain on derecognition	3,206,395	6,456
Redemption of Bonds	<u>(10,041,041)</u>	<u>-</u>
Balance at 31 March	<u>-</u>	<u>6,834,646</u>

Series D Government of Barbados Bonds of \$5,106,250 converted from a Treasury Note of \$5,000,000 plus accrued interest of \$106,250 in September 2018. These bonds had a maturity period of 35 years and carried interest rates of 1.5% in years 1-5, 4.25% in years 6-10, 6.0% in years 11-15 and 7.5% from year 16 to maturity on 31 August 2053.

Interest payments were made quarterly beginning 30 November 2018. The principal repayments for each of the 20 strips were repaid in four equally quarterly installments in the final year prior to maturity commencing 30 November 2033 with the exception of the final strip, which was scheduled to be repaid in three installments, with a final payment in August 2053.

Series B Government of Barbados Bonds of \$4,934,791 converted from a Treasury Bill of \$4,914,000 plus accrued interest of \$20,791 in September 2018. These bonds had a maturity period of 15 years and carried interest rates of 1.0% in years 1-3, 2.5% in year 4, and 3.75% from year 5 to maturity on 30 September 2033.

The principal of each strip was scheduled to be repaid in four equal quarterly installments beginning one year prior to the final maturity of that strip.

On 5 October 2018 the Company accepted the Debt Restructuring Offer from the Government of Barbados (GoB) which converted the treasury bill and the treasury note held to GoB Bonds. The initial carrying value equal to the estimated fair value of the bonds amounted to \$3,276,710 for the series D bonds and \$3,551,480 for the series B bonds.

The Company redeemed the long-term investments in January 2021.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

9. Property, plant and equipment

	Leasehold improvements	Runways, Taxiways and pavements	Furniture and equipment	Motor vehicles	Security equipment	Navigation equipment	Computer equipment	Common use equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
At 31 March 2019	201,407,416	36,945,024	27,699,334	15,608,355	13,322,022	5,519,903	13,848,029	3,556,202	317,906,285
Additions	343,527	-	929,283	63,454	1,107,331	-	3,183,529	-	5,627,124
Disposals	-	(324,117)	(3,303)	(836,911)	(336,447)	-	(2,000)	-	(1,502,778)
At 31 March 2020	201,750,943	36,620,907	28,625,314	14,834,898	14,092,906	5,519,903	17,029,558	3,556,202	322,030,631
Transfers (Note 10)	-	76,817,714	-	-	-	-	-	-	76,817,714
Additions	17,541	-	68,521	62,804	753,008	-	25,139	-	927,013
Disposals	-	-	(10,258)	(92,829)	-	-	(37,461)	-	(140,548)
At 31 March 2021	201,768,484	113,428,621	28,683,577	14,804,873	14,845,914	5,519,903	17,017,236	3,556,202	399,634,810
Accumulated depreciation									
At 31 March 2019	59,607,837	24,382,996	19,970,690	12,085,218	11,636,778	5,519,903	12,202,551	3,556,202	148,962,175
Depreciation	5,678,044	2,389,287	1,595,499	1,047,096	990,245	-	2,324,752	-	14,024,923
Disposals	-	-	(3,303)	(804,920)	(336,447)	-	-	-	(1,144,670)
At 31 March 2020	65,285,881	26,772,283	21,562,886	12,327,394	12,290,576	5,519,903	14,527,303	3,556,202	161,842,428
Depreciation	5,675,172	7,404,463	1,471,218	1,040,549	872,123	-	1,454,254	-	17,917,779
Disposals	-	-	(9,579)	(55,697)	-	-	(37,461)	-	(102,737)
At 31 March 2021	70,961,053	34,176,746	23,024,525	13,312,246	13,162,699	5,519,903	15,944,096	3,556,202	179,657,470
Net book value									
At 31 March 2021	130,807,431	79,261,875	5,659,052	1,492,627	1,683,215	-	1,073,140	-	219,977,340
At 31 March 2020	136,465,062	9,848,624	7,062,428	2,507,504	1,802,330	-	2,502,255	-	160,188,203

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

10. Work-in-progress

	2021	RESTATED 2020
	\$	\$
Balance at 1 April	41,264,969	115,984
Additions	37,934,756	39,572,749
Borrowing costs capitalized	2,139,162	1,576,236
Transfers to Property Plant & Equipment (Note 9)	(76,817,714)	-
	<hr/>	<hr/>
Balance at 31 March	4,521,173	41,264,969

Work-in-progress at 31 March is related to \$4,116,392 (2020 - \$41,239,664) for the Pavement Rehabilitation and \$404,781 (2020 - \$25,305) for other leasehold improvements. Work-in-progress is transferred to Property, Plant & Equipment based on the issuance of completion of works statements by contracted engineers and experts. During the year \$76,817,714 in respect to the runway redevelopment costs were completed and transferred to Property Plant & Equipment (Note 9).

11. Accounts payable and accrued liabilities

	2021	2020
	\$	\$
Trade payables	22,978,011	7,737,821
Other payables and accruals	1,456,951	2,668,633
Deposits	276,346	290,421
	<hr/>	<hr/>
Accounts payable and accrued liabilities	24,711,308	10,696,875

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled generally on terms ranging from 30 to 60 days. Included in the trade payables is \$110,209 (2020 - \$0) due to related parties. (See Note 20).

Other payables are non-interest bearing and have an average term of two months.

12. Airport Service Charge Fees Payable (net)

The balance represents airport service charge levied on departing passengers and being collected by GAIA Inc on behalf of the Government of Barbados. At 31 March 2021, the net amount due to the Government of Barbados was \$263,971 (2020 - \$999,092).

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

13. Long-term loans	2021	2020
	\$	\$
CIBC-FCIB	15,493,780	14,875,000
Caribbean Development Bank	57,697,499	47,697,499
	<u>73,191,279</u>	<u>62,572,499</u>
Less: Current portion		
CIBC-FCIB	<u>(15,493,780)</u>	<u>(8,500,000)</u>
Long-term portion	<u>57,697,499</u>	<u>54,072,499</u>

The CIBC FCIB loan is in the original 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 7.1895% with principal of US\$1,062,500 payable in quarterly installments over a period of 10 years ending November 2021. The loan and bank overdraft (refer to Note 4(c)) are 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.

The Company has been granted a moratorium on payment for the period April – December 2020 and interest capitalised on the loan at 31 March 2021 was \$618,780.

On 31 December 2018, the Company signed a loan agreement with the Caribbean Development Bank (CDB) for a sum of US\$40,388,800, consisting of a Special Funds Resources (SFR) Portion and the Ordinary Capital Resources (OCR) Portion. The SFR Portion will not exceed the equivalent of US\$6,000,000 and the OCR Portion will not exceed the equivalent of US\$34,388,800. The loan is for the rehabilitation and expansion of runways, aprons, taxiways and pavement surfaces.

The loan is secured by a legal mortgage over the leasehold property excluding buildings, plant and machinery; a fixed charge on other fixed assets, both present and future; and a floating charge on other property and assets, both present and future. The Security is ranked for payment on a *pari passu* basis.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

13. Long-term loans (cont'd)

At 31 March 2021 and 2020, the Company was in breach of the financial covenants under the CDB loan agreement. As a result of the breach, under IAS 1 (revised): "*Presentation of Financial Statements*", the Company is required to reclassify the loan balance from long-term loans to the current portion of loans as it does not have an unconditional right to defer its settlement for at least twelve months after that date. However, the Company has not reclassified the loan balance from its long-term classification in the statement of financial position and is therefore reporting understated current liabilities of \$57,697,499 (2020: \$47,97,499) as at year end.

A Commitment Fee, accruing 60 days after the date of the Loan Agreement, is charged at 1% per annum on the amount of the OCR Portion undrawn, and is payable quarterly.

The interest rate on the OCR Portion is variable and is currently set at a rate of 4.25% per annum calculated on the outstanding amount and is payable quarterly. The rate will be reviewed quarterly and may be adjusted (+/-) on 1 January, 1 April, 1 July and 1 October of each year.

The interest rate on the SFR Portion is fixed at a rate of 2.5% per annum and is also calculated on the outstanding amount and payable quarterly.

The loan (both SFR and OCR Portions) is to be repaid over 48 equal quarterly installments which commence after the expiration of the five-year moratorium from the date of the Loan Agreement of 31 December 2018.

The total amount disbursed at the reporting date was \$57,697,499 (2020 – \$47,697,499).

14. Retentions payable

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

15. Deferred income

	2021	2020
	\$	\$
Income from Grants during the year	2,400,000	-
Grant revenue for the year	(477,051)	-
	<hr/>	<hr/>
Balance – end of year	1,922,949	-

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

15. Deferred income (cont'd)

The Government of Barbados (GoB) has provided grant funding for 50% of the interest cost on the CDB Loan for three years (Note 13). The interest cost was estimated at US\$3,600,000 over the three-year period. The funds will be released for the sole purpose of paying interest on the CDB Loan. The first payment of US\$1,200,000 was received from the GoB on 20 November 2020 and BDS\$477,051 has been recognized as grant income for the current financial year, and is presented within Other Income within the Statement of Comprehensive Income.

16. Taxation

	2021	RESTATED 2020
	\$	\$
Statement of income		
Current tax charge	-	537,783
Change in tax rates	144,789	(246,136)
Deferred tax credit	(717,618)	(95,640)
Under accrual of prior year taxes	30,685	203,893
	<u>(542,144)</u>	<u>399,900</u>
Balance – end of year	<u>(542,144)</u>	<u>399,900</u>

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

	2021	RESTATED 2020
	\$	\$
(Loss) income before taxation	<u>(44,024,806)</u>	<u>8,408,019</u>
Corporation tax at 5.5% (2020 – 5.5%)	(2,421,364)	462,441
Effect of depreciation on assets not subject to wear and tear	278,929	262,004
Effect of other amounts not allowed for tax purposes	13,196	76,592
Effect of rate change on opening deferred tax liability	144,789	(246,136)
Effect of items not subject to tax	(176,352)	(456)
Deferred tax asset not recognized	1,587,973	-
Other	-	43,882
Effect of sliding scale rates	-	(402,320)
Under accrual of prior year taxes	30,685	203,893
	<u>(542,144)</u>	<u>399,900</u>
Tax (credit) charge	<u>(542,144)</u>	<u>399,900</u>

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Notes to the Financial Statements
For the year ended 31 March 2021

16. Taxation (cont'd)

	2021	RESTATED
	\$	2020
		\$
Deferred tax (asset) liability		
Balance – beginning of year	396,705	738,481
Effect of rate change on opening deferred tax liability	144,789	(246,136)
Over accrual of prior year taxes	30,685	-
Deferred tax credit for the year	(717,618)	(95,640)
	<u>(145,439)</u>	<u>396,705</u>
Balance – end of year	<u>(145,439)</u>	<u>396,705</u>

The deferred tax (asset) liability is made up as follows:

	2021	RESTATED
	\$	2020
		\$
Accelerated capital allowances	(133,533)	386,200
Accrued interest receivable	-	4,271
Expected credit losses	(11,906)	6,234
	<u>(145,439)</u>	<u>396,705</u>

17. Leases

a) Company as lessor

The Company sub-leases plots of land to third parties as well as leases space within the Airport property to concessionaires. The lease amount consists of a fixed monthly fee and a variable component based on the level of activity by the concessionaire.

Future minimum rentals receivable are as follows:

	2021	2020
	\$	\$
Within one year	11,082,140	6,915,838

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

17. Leases (cont'd)

b) Company as lessee

The Company entered into a land lease with the Ministry of Housing and Lands for a period initially of seventy-five years, with an option to renew for a further twenty-five years.

Set out below are the carrying amount of right of use recognized and the movements during the period:

	2021	2020
	\$	\$
<i>Right of use asset</i>		
Balance – 1 April	20,841	21,081
Depreciation	(240)	(240)
	<u>20,601</u>	<u>20,841</u>
Balance – 31 March	<u>20,601</u>	<u>20,841</u>

Set out below is the carrying amount of the lease liability and the movements during the period:

	2021	2020
	\$	\$
<i>Lease liability</i>		
Balance – 1 April	21,074	21,081
Accretion of interest	1,192	1,193
Payments	(1,200)	(1,200)
	<u>21,066</u>	<u>21,074</u>
Balance – 31 March	<u>21,066</u>	<u>21,074</u>

The following are the amounts recognized in profit or loss:

	2021	2020
	\$	\$
Depreciation of right of use assets	240	240
Interest expense on lease liabilities	1,192	1,193
	<u>1,432</u>	<u>1,433</u>
Total amount recognized in profit or loss	<u>1,432</u>	<u>1,433</u>

18. 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:

	2021	2020
	\$	\$
100 (2020 - 100) common shares	<u>100</u>	<u>100</u>

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2021

19. Capital contributions

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

20. Related party transactions

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

	2021	2020
	\$	\$
a) State-controlled entities		
<u>Revenue</u>		
Caribbean ARI Inc.	478,668	2,952,840
Caribbean Aircraft Handling Company Limited	340,584	635,504
BADMC	159,964	676,908
<u>Payments</u>		
Director of National Insurance	4,334,270	9,313,831
Barbados Revenue Authority	1,675,966	1,558,736
Commissioner of Land Tax	-	4,522,543
Caribbean Aircraft Handling Company Limited	29,891	51,331

b) Compensation

Key management comprises directors and management of the Company.

Compensation of these individuals was as follows:

	2021	2020
	\$	\$
Salaries and other short-term employee benefits	781,194	1,158,843
Post-employment benefits	26,262	39,046
Directors' fees and expenses	141,671	175,728
	<u>949,127</u>	<u>1,373,617</u>

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Notes to the Financial Statements
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21. Revenue for contracts with customers

Segments

	2021	2020
	\$	\$
Passenger service charges	4,638,906	51,609,397
Direct charges to airlines	1,762,513	6,624,973
Service charges	629,132	1,350,213
Carpark revenue	96,670	1,236,544
Permits and passes	57,179	268,482
Advertising	100,868	195,661
	<u>7,285,268</u>	<u>61,285,270</u>

Timing of revenue recognition

	2021	2020
	\$	\$
Services transferred at a point in time	7,127,221	60,969,035
Services transferred over time	158,047	316,235
	<u>7,285,268</u>	<u>61,285,270</u>

Performance obligations

The performance obligation is satisfied over time and payment is generally made upon completion of the service and acceptance by the customer. The terms of payment are determined prior to approval and can be cash or credit for a period of 15 - 60 days.

22. Revenue from lease contracts

	2021	2020
	\$	\$
Concessions and rentals	2,413,873	15,656,924
Lease of airport lands	1,416,155	1,430,038
	<u>3,830,028</u>	<u>17,086,962</u>

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23. Other income

	2021	2020
	\$	\$
(Loss) gain on disposal of property, plant and equipment	(37,811)	255,944
Other miscellaneous income	689,780	559,190
	<u>651,969</u>	<u>815,134</u>

24. 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 Company 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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customers with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions.

The Company is subject to credit risk on its accounts receivable from customers who are based throughout the world. The Company believes that this risk is mitigated first by the due diligence procedures executed by the Ministry of Tourism and International Transport regarding the financial and reputational risk of a new airline landing in Barbados. Management also performs credit evaluations and regular reviews of accounts receivable.

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Notes to the Financial Statements
For the year ended 31 March 2021

24. Financial risk management objectives and policies (cont'd)

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 6. 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 investments, 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 and approved by the Finance Committee, which is in accordance with internal policy guidelines.

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.

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 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 2021

	Less than 3 months \$	3 months – 1 year \$	2-5 Years \$	>5 years \$	Total \$
Trade payables	17,935,040	5,042,971	-	-	22,978,011
Long-term loans	-	15,493,780	7,164,333	50,533,166	73,191,279

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Notes to the Financial Statements
For the year ended 31 March 2021

24. Financial risk management objectives and policies (cont'd)

31 March 2020

	Less than 3 months \$	3 months – 1 year \$	2-5 Years \$	>5 years \$	Total \$
Trade payables	7,499,379	238,442	-	-	7,737,821
Long-term loans	-	8,500,000	7,807,869	46,264,630	62,572,499

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, debt service 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 basis points	2021 Effect on profit before tax	2020 Effect on profit before tax
+50	+370,547	+\$167,750

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.

In March 2020 the company paid a cash dividend of \$30 million to the shareholder. No other changes were made in the objectives, policies or processes during the years ended 31 March 2021 and 31 March 2020.

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Notes to the Financial Statements
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24. Financial risk management objectives and policies (cont'd)

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 and accounts receivable. Short-term financial liabilities comprise current portion of long-term loans and accounts payable.

The fair value of investments 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.

	2021 \$	2020 \$	2021 \$	2020 \$
Cash	20,780,208	35,551,883	20,780,208	33,551,883
Short-term investments	-	5,000,000	-	5,000,000
Accounts receivable	3,180,563	16,847,251	3,180,563	16,847,251
Other receivables	10,792,669	1,224,312	10,792,669	1,224,312
Long term investments	-	6,834,646	-	6,834,646

	Carrying value		Fair value	
	2021 \$	2020 \$	2021 \$	2020 \$
Financial liabilities				
Bank overdraft	10,210,396	-	10,210,396	-
Accounts payable	24,711,308	10,696,875	24,711,308	10,696,875
Long-term loans	73,191,279	62,572,499	73,191,279	62,572,499

25. Pensions

During the year, the contributions made to the defined contribution plan by the Company amounted to \$585,247 (2020 - \$638,524). These amounts are disclosed in "Employment Costs" in the Statement of Comprehensive Income.

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Notes to the Financial Statements
For the year ended 31 March 2021

26. Commitments and contingencies

At 31 March 2021, the Company has contracted for certain capital expenditure in the amount of \$23,944,580 (2020 - \$52,266,745).

Under the Financial Advisory Services Agreement with International Finance Corporation (IFC), the following commitments are noted:

- i. On completion of the Request for Proposal (RFP), which includes preparation of draft legal documentation, a payment of US\$175,000 is due;
- ii. If the Project is not closed successfully in 12 months from the date of the launch of the RFP, a monthly retainer of US\$20,000 will be charged until closure of the transaction;
- iii. Within 20 days of the PPP Transaction Closing Date, a Success Fee of US\$1,080,000 is payable to IFC by the Company, if not collected from the winning bidder.

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.

27. Prior period adjustments (restatement)

(a) *Borrowing costs*

The Company expensed the borrowing costs associated with the construction and rehabilitation of the runways during the year ended 31 March 2020, which was not in accordance with IAS 23 *Borrowing Costs*. As a result, the Company restated the carrying value of the work-in-progress at 31 March 2020 by increasing it by \$1,576,236, tax payable increased by \$47,432, deferred tax liability decreased by \$22,997, while finance costs decreased by \$1,576,236, and the tax expense increased by \$24,819 for the year ended 31 March 2020.

(b) *Inventory*

At 31 March 2021 and 2020, the Company recognized inventory on the Statement of Financial Position in accordance with IAS 2. Prior to 2020, the Company either expensed all purchases of spare parts and supplies or they were capitalized as part of construction costs of property, plant & equipment. The Company was unable to determine the amount necessary to restate the opening retained earnings at 1 April 2019 as required by IAS 8, but restated the opening retained earnings at 1 April 2020 by \$1,523,624, repairs and maintenance expenses decreased by \$1,523,624 and, the tax expense increased by \$24,818 for the year ended 31 March 2020. Deferred tax liability decreased by \$22,997, tax payable increased by \$47,432 and the inventory balance at 31 March 2020 increased by \$1,523,624 at 31 March 2020.

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Notes to the Financial Statements
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28. Dividends

At 31 March 2021, no dividends were declared. In 2020, a dividend of \$30,000,000 was declared and paid to the sole shareholder.

29. Subsequent events

a) COVID-19

The spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, physical distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. As a result, airlines have reduced flights and severed significant numbers of their employees. In addition, the Government of Barbados introduced a declaration of a Public Health Emergency on 27 March 2020 in Barbados. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and Central Bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

b) Status of public private partnership

The Government of Barbados (GOB) agreed that Grantley Adams International Airport Inc. should take measures to enhance the operations of its commercial activities and to enter into a public private partnership (PPP) arrangement with an experienced airport operator. It also agreed to engage the International Finance Corporation (IFC) as Lead Advisor in the designing and structuring of the Proposal for a PPP. Due to the impact of COVID-19 a decision was made to restructure the transaction to ensure that it was still attractive to both bidders and GAIA Inc./GOB. The process is continuing with a view to finalizing in the shortest possible time. On 20 May 2021, the Cabinet introduced the enabling legislation into Parliament, and it was passed in the Lower House of Parliament on 8 June 2021.

c) Issuance of new loans

During the financial year ended 31 March 2020 the Board of Directors approved and instructed management to enter into a new loan arrangement with FirstCaribbean International Bank (FCIB) for \$65,000,000, to refinance the existing loan for \$15,000,000 and to provide working capital of \$50,000,000. As negotiations progressed, the principal sum was amended to \$65,204,609, the commitment letter for which was signed in January 2021. Subsequent to the year end, the legal documentation was completed and the transaction closed on 11 August 2021.