

Grantley Adams International Airport Inc.

Financial Statements

For the year ended 31 March 2024
(Expressed in Barbados Dollars)



GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

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For the year ended 31 March 2024

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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 2024, and the statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects of the matter 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 2024 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 2024, the Company was in breach of the financial covenants under the loan agreements with two of its lenders. As a result of the breach, under IAS 1 (revised): "*Presentation of Financial Statements*", the Company is required to reclassify its 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, for one of its loan arrangements, the Company has not reclassified the long-term portion of the loan balances from its long-term classification in the statement of financial position and is therefore reporting understated current liabilities of \$72,363,269 (2023: \$80,777,600) 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 2023 under the same loan agreement, and the prior year auditor's report was qualified in a similar manner.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' ("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. 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 the Company realized a marginal profit of \$245,435 (2023 – loss of \$5,185,431) for the year ended 31 March 2024 and had an accumulated deficit position as at 31 March 2024 of \$35,654,993 (2023 - \$35,900,428). As stated in Note 2 a], these events or conditions, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Report on the Audit of the Financial Statements (Continued)

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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

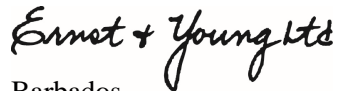
Report on the Audit of the Financial Statements (Continued)

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

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.



Barbados
12 July 2024

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Financial Position As of 31 March 2024

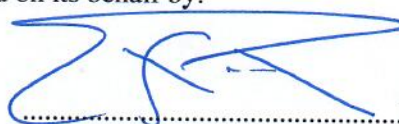
	Notes	2024 \$	2023 \$
Assets			
Current assets			
Cash	4	11,985,968	11,509,681
Restricted cash	4	8,580,098	2,842,633
Accounts receivable	5	19,184,768	15,361,282
Prepayments		2,265,345	793,386
VAT refundable		1,575,844	1,183,979
Inventory	6	3,450,530	2,319,444
Goods-in-transit	7	186,791	-
Income tax refundable		109	17,189
		<u>47,229,453</u>	<u>34,027,594</u>
Non-current assets			
Other restricted cash – debt service reserves	4	14,646,399	13,755,861
Property, plant and equipment	8	213,508,707	221,101,047
Work-in-progress	9	126,741	34,640
Deferred tax asset	15	1,418,139	949,712
Right-of-use asset	16	19,881	20,121
		<u>276,949,320</u>	<u>269,888,975</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	20,339,744	7,658,906
Airport service charge fees payable (net)	11	417,130	870,145
Taxation payable		201,852	167,805
Current portion of long-term loans	12	67,589,099	65,204,609
		<u>88,547,825</u>	<u>73,901,465</u>
Non-current liabilities			
Long-term loans	12	72,363,269	80,777,600
Retentions payable	13	189,849	181,476
Deferred income	14	2,030,971	1,456,455
Lease liability	16	21,042	21,050
		<u>163,152,956</u>	<u>156,338,046</u>
Shareholder's equity			
Share capital	17	100	100
Capital contributions	18	149,451,257	149,451,257
Accumulated deficit		(35,654,993)	(35,900,428)
		<u>113,796,364</u>	<u>113,550,929</u>
Total liabilities and shareholder's equity		<u>276,949,320</u>	<u>269,888,975</u>

The accompanying notes form part of these financial statements.

Approved by the Board of Directors on 10 July 2024 and signed on its behalf by:



.....Director



.....Director

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Comprehensive Income (Loss) For the year ended 31 March 2024

	Notes	2024 \$	2023 \$
Income			
Revenue from contracts with customers	20	60,755,209	50,487,691
Revenue for lease contracts	21	17,245,346	15,816,569
Other income	22	2,229,948	4,528,066
Interest income		506	217
Foreign exchange gain		307,499	167,999
		<u>80,538,508</u>	<u>71,000,542</u>
Expenses			
Employment costs		24,650,706	23,161,654
Depreciation	8	17,299,313	16,914,854
Utilities		7,154,336	7,384,223
Repairs and maintenance		5,224,270	4,577,705
Finance costs		7,279,830	7,155,660
Security screening charge		5,354,585	5,088,542
Office and general expenses		3,433,350	3,017,974
Insurance		2,765,323	2,459,285
Professional fees - non audit		2,031,186	4,437,032
Professional fees - audit		101,381	94,306
Land tax		4,284,514	-
Bad debt expense (net of recoveries)		(347,642)	472,226
Contract maintenance expenses		1,216,275	1,216,275
Directors' fees and expenses		121,663	125,505
Other expense inventory write-off/cost		20,603	17,889
Interest in lease liabilities	16	1,192	1,192
Depreciation on right-of-use assets	16	240	240
Other expense – impairment of assets		63,339	-
		<u>80,654,464</u>	<u>76,124,562</u>
Loss before taxation		(115,956)	(5,124,020)
Taxation (credit) charge	15	(361,391)	61,411
Net income (loss) and total comprehensive income (loss) for the year		<u>245,435</u>	<u>(5,185,431)</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 2024

	Share capital \$	Capital contributions \$	Accumulated deficit \$	Total \$
Balance as of 31 March 2022	100	149,451,257	(30,714,997)	118,736,360
Total comprehensive loss for the year	-	-	(5,185,431)	(5,185,431)
Balance as of 31 March 2023	100	149,451,257	(35,900,428)	113,550,929
Total comprehensive income for the year	-	-	245,435	245,435
Balance as of 31 March 2024	100	149,451,257	(35,654,993)	113,796,364

The accompanying notes form part of these financial statements.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Cash Flows
For the year ended 31 March 2024

	2024	2023
	\$	\$
Cash flows from operating activities		
Loss before taxation	(115,956)	(5,124,020)
Adjustments for:		
Depreciation (Note 8)	17,299,313	16,914,854
Depreciation on ROU asset (Note 16)	240	240
Finance costs	7,279,830	7,155,660
Grant income (Note 14)	(1,825,484)	(4,230,599)
Interest on lease liability (Note 16)	1,192	1,192
(Gain) loss on disposal of property, plant and equipment (Note 22)	(178,691)	4,618
Interest income	(506)	(217)
Loss on impairment of fixed assets	63,338	-
	<hr/>	<hr/>
Operating profit before working capital changes	22,523,276	14,721,728
Increase in accounts receivable	(3,823,486)	(3,767,592)
(Increase) decrease in prepayments	(1,471,959)	636,859
(Increase) decrease in VAT refundable	(391,865)	1,961,893
Increase in inventory	(1,131,086)	(364,431)
Increase in goods-in-transit	(186,791)	-
Increase (decrease) in accounts payable and accrued liabilities	12,851,964	(7,963,206)
Increase (decrease) in retentions payable	8,373	(951,852)
	<hr/>	<hr/>
Cash generated from operating activities	28,378,426	4,273,399
Withholding tax paid	17,081	(32)
Corporation tax paid	(72,988)	-
Interest paid	(7,448,032)	(6,757,382)
	<hr/>	<hr/>
Net cash from (used) in operating activities	20,874,487	(2,484,015)
	<hr/>	<hr/>
Cash flows from investing activities		
Additions to property, plant and equipment (Note 8)	(9,770,792)	(5,955,147)
Additions to work-in-progress (Note 9)	(92,101)	-
Proceeds from disposal of fixed assets	178,963	-
Interest received	506	217
	<hr/>	<hr/>
Net cash used in investing activities	(9,683,424)	(5,954,930)

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Statement of Cash Flows (Continued)
For the year ended 31 March 2024

	2024	2023
	\$	\$
Cash flows from financing activities		
Loan repayments	(6,029,841)	-
Grant funds received (Note 14)	2,400,000	4,937,402
Principal repayment on lease contract	(8)	(8)
	<hr/>	<hr/>
Net cash (used in) from financing activities	(3,629,849)	4,937,394
	<hr/>	<hr/>
Net increase (decrease) in cash for the year	7,561,214	(3,501,551)
Additional (restriction) release of cash during the year	(7,084,927)	6,014,885
	<hr/>	<hr/>
Cash and cash equivalents – beginning of the year	11,509,681	8,996,346
	<hr/>	<hr/>
Cash and cash equivalents – end of the year (Note 4)	11,985,968	11,509,681
	<hr/> <hr/>	<hr/> <hr/>

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 2024

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 16).

2. Material accounting policies

The most material 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 COVID-19 have materially and adversely affected the operations of the Company. The Company realized a marginal profit of \$245,435 (2023 loss of \$5,185,431) for the year ended 31 March 2024 and had an accumulated deficit position as at 31 March 2024 of \$35,654,993 (2023 - \$35,900,428).

The Company is making steady progress toward its return to profitability and positive cash flows from operations.

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 2023. The following interpretations and standards became effective and were adopted in the current year.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

b] New accounting policies/improvements adopted (Continued)

Amendments to 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.

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

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; and
- 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.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

b] New accounting policies/improvements adopted (Continued)

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

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.

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

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

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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

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 recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

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 2024

2. Material accounting policies (Continued)

b] New accounting policies/improvements adopted (Continued)

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 finalized 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.

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

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules (effective 1 January 2023)

In May 2023, the Board issued amendments to IAS 12, which introduced a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities relate to Pillar Two income taxes. it introduces a new definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. Key requirements In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

b] New accounting policies/improvements adopted (Continued)

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules (effective 1 January 2023) (Continued)

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

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

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 IAS 1 – Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants (effective 1 January 2024)

In January 2020, and October 2022, 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; and
- 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 2024

2. Material accounting policies (Continued)

b] New accounting policies/improvements adopted (Continued)

Standards in issue not yet effective (Continued)

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants (effective 1 January 2024) (Continued)

The amendments must be applied prospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

The combined impact of the 2020 amendments and the 2022 amendments will have implications for practice. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements. In this context, it is important to highlight that the amendments must be applied retrospectively.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective 1 January 2024)

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

b] New accounting policies/improvements adopted (Continued)

Standards in issue not yet effective (Continued)

Amendments to IFRS 7 and IAS 7 – Supplier Finance Arrangements (effective 1 January 2024)

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

Early adoption is permitted, but will need to be disclosed.

Amendments to IAS 21 – Lack of Exchangeability (effective 1 January 2025)

In August 2023, the Board issued amendments to IAS 21 Lack of Exchangeability.

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

b] New accounting policies/improvements adopted (Continued)

Standards in issue not yet effective (Continued)

Amendments to IAS 21 – Lack of Exchangeability (effective 1 January 2025) (Continued)

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2025)

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalized 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 Consolidated 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. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgmental and entities need to consider the definition carefully in such transactions.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

b] New accounting policies/improvements adopted (Continued)

Improvements to International Financial Reporting Standards

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

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.

c] Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized 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.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

d] **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.

e] **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 (loss).

f] **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.

g] **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Depreciation of property, 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	8-15 years
Leasehold improvements – buildings	20-50 years
Leasehold improvements – other	8-20 years
Motor vehicles	5-10 years
Navigation equipment	3-15 years
Runways, taxiways and pavements	15-20 years

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

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

h] **Impairment of financial assets**

The Company recognizes 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.

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 recognizes 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 on initial recognition. POCI assets are recorded at fair value at the initial recognition 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 ECLs.

i] **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 recognizes 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 recognizes 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

i] Leases (Continued)

(i) Right-of-use assets (Continued)

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

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes 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 recognized 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 recognized as an expense on a straight-line basis over the lease term.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

2. Material accounting policies (Continued)

i] Leases (Continued)

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 comprehensive income (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 recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

j] 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.

k] 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 the statement of comprehensive income (loss) in the year to which they relate. The Company provides no other post-retirement benefits.

l] 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.

m] Government Grants

The Government 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 judgements, 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.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

3. Significant accounting judgements, estimates and assumptions (Continued)

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.

The Company recognizes 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.

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 recognizes 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

	2024	2023
	\$	\$
Cash in banks	35,212,465	28,108,175
Restricted cash	(23,226,497)	(16,598,494)
Cash and cash equivalents as disclosed in statement of cash flows	<u>11,985,968</u>	<u>11,509,681</u>

Balance at bank amounting to \$1,595,259 (2023 - \$914,812) bears interest at 0.005% (2023 - 0.005%) per annum, the remainder is non-interest bearing.

Restricted cash balances are comprised as follows:

- (a) \$418,908 (2023 - \$875,832) being held on account and payable to the Government of Barbados for funds received for the Airport Service Charge fee.
- (b) \$8,096,239 (2023 - \$8,096,239) representing Debt Service Charge on FCIB Loan (Refer to Note 12).
- (c) \$6,550,160 (2023 - \$5,659,622) representing a refundable fee held by the CDB and Nil (2023 - \$8,098,211) representing loan funds to be utilized for pavement works project (Refer to Note 12).
- (d) \$2,480,166 (2023 - \$1,966,801) representing the balance of grant funds received for interest support on CDB loan interest (Refer to Note 14).
- (e) \$5,681,024 (2023 - Nil) representing the balance of funds received from the Government of Barbados for the procurement of equipment on behalf of the Civil Aviation Authority and professional fees payable to Pangiam Inc for the establishment of a Pre-clearance facility at the Grantley Adams International Airport (Refer to Note 10).

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

5. Accounts receivable

	2024	2023
	\$	\$
Trade receivables	23,028,575	19,838,271
Less: allowance for expected credit losses	<u>(3,864,878)</u>	<u>(4,495,375)</u>
Net trade receivables	19,163,697	15,342,896
Other receivables	23,190	25,505
Less: allowance for expected credit losses	<u>(2,119)</u>	<u>(7,119)</u>
	<u>19,184,768</u>	<u>15,361,282</u>

Trade receivables are non-interest bearing and generally on terms ranging from 15 to 60 days. Included in the trade receivables is \$2,335,058 (2023 - \$1,382,316) owed from related parties, for which a provision of \$613,401 (2023 - \$606,840) has been recorded.

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

	2024	2023
	\$	\$
Balance at beginning of year	4,502,494	4,029,765
Charge for the year	493,077	1,371,708
Recoveries and write offs	<u>(1,128,574)</u>	<u>(898,979)</u>
Balance at end of year	<u>3,866,997</u>	<u>4,502,494</u>

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

	Total	0-30 days	31-60 days	61-90 days	> 90 days
	\$	\$	\$	\$	\$
2024	19,163,697	9,771,968	7,632,635	827,407	931,687
2023	15,342,896	7,979,154	6,202,236	753,488	408,018

6. Inventory

	2024	2023
	\$	\$
Spare parts and supplies	<u>3,450,530</u>	<u>2,319,444</u>

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

7. Goods-in-transit

	2024	2023
	\$	\$
Goods-in-transit	<u>186,791</u>	<u>-</u>

Goods-in-transit represent supplies which have been paid for at the end of the financial year and not yet received into inventory by the Company.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

8. 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 2022	201,768,484	144,258,380	29,018,624	14,804,873	14,857,873	5,519,903	17,039,909	3,556,202	430,824,248
Additions	941,223	1,510,254	467,929	-	190,070	-	228,636	2,617,035	5,955,147
Disposals	-	-	(76,568)	-	-	-	(1,969)	(754,349)	(832,886)
At 31 March 2023	202,709,707	145,768,634	29,409,985	14,804,873	15,047,943	5,519,903	17,266,576	5,418,888	435,946,509
Transfers	(86,956)	-	110,411	-	(28,315)	-	4,860	-	-
At 31 March 2023 adjusted	202,622,751	145,768,634	29,520,396	14,804,873	15,019,628	5,519,903	17,271,436	5,418,888	435,946,509
Additions	1,130,629	2,767,177	1,793,546	188,022	3,243,027	-	648,391	-	9,770,792
Disposals	(316,561)	-	(91,325)	(587,870)	-	-	(4,582,774)	-	(5,578,530)
At 31 March 2024	203,436,819	148,535,811	31,222,617	14,405,025	18,262,655	5,519,903	13,337,053	5,418,888	440,138,771
Accumulated depreciation									
At 31 March 2022	76,565,577	43,790,538	24,398,695	14,133,023	13,778,553	5,519,903	17,016,387	3,556,202	198,758,878
Depreciation	5,668,825	8,527,290	1,223,071	302,347	577,315	-	92,730	523,276	16,914,854
Disposals	-	-	(71,952)	-	-	-	(1,969)	(754,349)	(828,270)
At 31 March 2023	82,234,402	52,317,828	25,549,814	14,435,370	14,355,868	5,519,903	17,107,148	3,325,129	214,845,462
Transfers	(77,348)	-	100,803	-	(28,315)	-	4,860	-	-
At 31 March 2023 adjusted	82,157,054	52,317,828	25,650,617	14,435,370	14,327,553	5,519,903	17,112,008	3,325,129	214,845,462
Depreciation	5,662,316	8,245,035	1,332,256	173,423	1,058,795	-	304,081	523,407	17,299,313
Disposals	(253,221)	-	(90,846)	(587,870)	-	-	(4,582,774)	-	(5,514,711)
At 31 March 2024	87,566,149	60,562,863	26,892,027	14,020,923	15,386,348	5,519,903	12,833,315	3,848,536	226,630,064
Net book value									
At 31 March 2024	115,870,670	87,972,948	4,330,590	384,102	2,876,307	-	503,738	1,570,352	213,508,707
At 31 March 2023 adjusted	120,465,697	93,450,806	3,869,779	369,503	692,075	-	159,428	2,093,759	221,101,047

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

9. Work-in-progress

	2024	2023
	\$	\$
Balance at 1 April	34,640	34,640
Additions	92,101	-
	<hr/>	<hr/>
Balance at 31 March	<u>126,741</u>	<u>34,640</u>

Work-in-progress at 31 March 2024 is \$126,741 (2023 - \$34,640), which relates to other leasehold improvements.

10. Accounts payable and accrued liabilities

	2024	2023
	\$	\$
Trade payables	8,265,163	1,558,436
Other payables and accruals	4,915,306	5,695,441
Deposits	1,478,251	405,029
Commitments – Government of Barbados	5,681,024	-
	<hr/>	<hr/>
Accounts payable and accrued liabilities	<u>20,339,744</u>	<u>7,658,906</u>

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 \$169,909 (2023 - \$33,164) due to related parties (See Note 19).

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

Commitments to Government of Barbados represent the balance of funds received from the Government of Barbados for the procurement of equipment on behalf of the Civil Aviation Authority and professional fees payable to Pangiam Inc for the establishment of a Pre-clearance facility at the Grantley Adams International Airport (Refer to Note 4).

11. 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 2024, the net amount due to the Government of Barbados was \$417,130 (2023 - \$870,145).

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

12. Long-term loans

	2024	2023
	\$	\$
CIBC-FCIB	60,857,635	65,204,609
Caribbean Development Bank	79,094,733	80,777,600
	<u>139,952,368</u>	<u>145,982,209</u>
Less: Current portion		
CIBC-FCIB	(60,857,635)	(65,204,609)
Caribbean Development Bank	(6,731,464)	-
	<u>(67,589,099)</u>	<u>(65,204,609)</u>
Long-term portion	<u>72,363,269</u>	<u>80,777,600</u>

FirstCaribbean International Bank

On 11 August 2021, the Company closed a new loan facility with FCIB for \$65,204,609 necessitated by the impact of COVID-19 on the business.

The loan is for a period of 10 years and is to be repaid in equal quarterly installments based on a 15-year amortization schedule following a moratorium on principal repayment of 6 quarters. The outstanding balance at the end of the repayment period is due on maturity. Interest is being charged at a rate of 5.75% fixed for 10 years and is payable quarterly.

The loan is secured by a first fixed and floating charge over all assets excluding Terminal Buildings assets owned or pledged to the Government of Barbados, the assignment of Passenger Service Charges and Airline Charges due to the Borrower through the IATA agreement and a registered charge over the Debt Service Reserve Account in the amount of \$8,096,239. The Security is ranked for payment on a *pari passu* basis with Caribbean Development Bank.

At 31 March 2024 and 2023, the Company was in breach of the financial covenants under the loan agreement with CIBC FCIB. 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. The Company has reclassified the loan balance of \$60,857,635 from its long-term to current classification in the statement of financial position.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

12. Long-term loans (Continued)

Caribbean Development Bank

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.

At 31 March 2024, 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 \$72,363,269 (2023 - \$80,777,600) of the long-term portion of the loan balances from its long-term classification in the statement of financial position.

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 4.90% per annum (2022 - 5.5%) 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 2.50% 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 loan amount was disbursed at the reporting date: \$80,777,600 (2023 - \$80,777,600).

13. Retentions payable

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

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

14. Deferred income

	2024	2023
	\$	\$
Balance – beginning of year	1,456,455	749,652
Grant receipts during the year	2,400,000	4,937,402
Grant income for the year (Note 22)	<u>(1,825,484)</u>	<u>(4,230,599)</u>
Balance – end of year	<u>2,030,971</u>	<u>1,456,455</u>

The Government of Barbados (GoB) has provided grant funding for 50% of the interest cost on the CDB Loan for three years (Note 12). 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. Three payments of US\$1,200,000 each were received from the GoB in November 2020, July 2022 and, August 2023 respectively. Interest in the amount of \$1,825,484 (2023 - \$1,693,197) has been recognized as grant income for the current financial year and is presented within other income within the statement of comprehensive income (loss).

The Government of Barbados has provided grant funding in the amount of nil (2023 - \$2,537,402) which represented contract termination fees paid to the International Finance Corporation.

15. Taxation

	2024	2023
	\$	\$
Statement of income (loss)		
Corporation tax charge	107,036	73,296
Deferred tax credit	<u>(468,427)</u>	<u>(11,885)</u>
Balance – end of year	<u>(361,391)</u>	<u>61,411</u>

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

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

15. Taxation (Continued)

	2024	2023
	\$	\$
Loss before taxation	(115,956)	(5,124,020)
Corporation tax at 9.0% (2023 – 5.5%)	(10,436)	(281,821)
Effect of depreciation on assets not subject to wear and tear	453,204	277,923
Effect of other amounts not allowed for tax purposes	91,419	169,381
Deferred tax asset not recognized	(201,852)	(88,487)
Effect of sliding scale rates	-	(15,254)
Effect of tax rate change on opening deferred tax	(33,240)	-
Effect of tax rate change on deferred tax	(565,593)	-
Over accrual of prior year taxes	(94,893)	(331)
Tax (credit) charge	(361,391)	61,411

	2024	2023
	\$	\$
Deferred tax (asset) liability		
Balance – beginning of year	(949,712)	(937,827)
Deferred tax credit for the year	(468,427)	(11,885)
Balance – end of year	(1,418,139)	(949,712)

The deferred tax asset is made up as follows:

	2024	2023
	\$	\$
Accelerated capital allowances	(1,317,051)	(875,761)
Expected credit losses	(101,088)	(73,951)
	(1,418,139)	(949,712)

Tax losses

The tax losses which were available for set off in the future against otherwise taxable income for corporation tax purposes were as follows:

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Notes to the Financial Statements
For the year ended 31 March 2024

15. Taxation (Continued)

Tax losses (Continued)

Income year	B/fwd \$	Incurred \$	Utilized \$	C/fwd \$	Expiry date
2021	28,872,234	-	-	28,872,234	2028
2022	8,880,640	-	-	8,880,640	2029
2023	-	-	(1,608,856)	(1,608,856)	N/A
2024	-	-	(2,242,800)	(2,242,800)	N/A
	<u>37,752,874</u>	<u>-</u>	<u>(3,851,656)</u>	<u>33,901,218</u>	

The tax losses were as computed by the Company in its corporation tax returns and had as yet neither been confirmed nor disputed by the Barbados Revenue Authority. As at 31 March 2024, the Company has tax losses of \$33,901,218 (2023 - \$36,144,018) available to be carried forward and applied against future taxable income within seven years from when losses were incurred. A deferred tax asset of \$1,786,069 (2023 - \$1,987,921) has not been recognized as there is no future certainty that taxable income will be available against which the temporary differences can be utilized.

16. 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:

	2024 \$	2023 \$
Within one year	<u>17,870,736</u>	<u>14,868,950</u>

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.

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Notes to the Financial Statements
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16. Leases (Continued)

b] Company as lessee (Continued)

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

	2024	2023
	\$	\$
<i>Right-of-use asset</i>		
Balance – 1 April	20,121	20,361
Depreciation	(240)	(240)
	<hr/>	<hr/>
Balance – 31 March	19,881	20,121

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

	2024	2023
	\$	\$
<i>Lease liability</i>		
Balance – 1 April	21,050	21,058
Accretion of interest	1,192	1,192
Payments	(1,200)	(1,200)
	<hr/>	<hr/>
Balance – 31 March	21,042	21,050

The following are the amounts recognized in profit or loss:

	2024	2023
	\$	\$
Depreciation on right-of-use assets	240	240
Interest expense on lease liabilities	1,192	1,192
	<hr/>	<hr/>
Total amount recognized in profit or loss	1,432	1,432

17. 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:

	2024	2023
	\$	\$
100 (2023 - 100) common shares	100	100

18. Capital contributions

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

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Notes to the Financial Statements
For the year ended 31 March 2024

19. Related party transactions and balances

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

	2024	2023
	\$	\$
a] State-controlled entities		
<u>Revenue</u>		
Caribbean ARI Inc.	2,277,858	1,886,102
Caribbean Aircraft Handling Company Limited	308,878	295,244
BADMC	635,951	675,887
Caribbean International Airways Limited	143,221	145,242
Caribbean Airways	-	2,079
<u>Payments</u>		
Director of National Insurance	4,372,739	3,970,265
Barbados Revenue Authority	1,357,283	1,139,772
Caribbean Aircraft Handling Company Limited	90,712	81,885
Barbados Water Authority	1,183,396	1,127,105
Transport Board	328,608	328,384
National Petroleum Corporation	116,701	108,048
National Conservation Commission	81,897	44,386

Included within Note 5 are balances due from related parties whilst Note 10 and 11 disclose balances due to related parties and the GoB. Additionally, grant funding received from the GoB is presented within Note 14.

b] Compensation

Key management comprises directors and management of the Company.

Compensation of these individuals was as follows:

	2024	2023
	\$	\$
Salaries and other short-term employee benefits	975,944	994,013
Post-employment benefits	60,433	54,687
Directors' fees and expenses	121,663	125,505
	<u>1,158,040</u>	<u>1,174,205</u>

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Notes to the Financial Statements
For the year ended 31 March 2024

20. Revenue for contracts with customers

Segments

	2024	2023
	\$	\$
Passenger service charges	50,956,725	42,217,132
Direct charges to airlines	6,900,591	5,801,273
Service charges	1,339,733	1,196,328
Carpark revenue	1,081,502	811,058
Permits and passes	205,637	211,609
Advertising	271,021	250,291
	<u>60,755,209</u>	<u>50,487,691</u>

Timing of revenue recognition

	2024	2023
	\$	\$
Services transferred at a point in time	60,278,551	50,025,791
Services transferred over time	476,658	461,900
	<u>60,755,209</u>	<u>50,487,691</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.

21. Revenue from lease contracts

	2024	2023
	\$	\$
Concessions and rentals	15,726,227	14,038,182
Lease of airport lands	1,519,119	1,778,387
	<u>17,245,346</u>	<u>15,816,569</u>

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Notes to the Financial Statements
For the year ended 31 March 2024

22. Other income

	2024	2023
	\$	\$
Gain (loss) on disposal of property, plant and equipment	178,691	(4,618)
Grant income	1,825,484	4,230,599
Other miscellaneous income	225,773	302,085
	<u>2,229,948</u>	<u>4,528,066</u>

Grant income consists of:

- a) interest support on CDB loan of \$1,825,484 (2023 - \$1,693,197); and
- b) contract termination fees of Nil (2023 - \$2,537,402)

23. 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 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.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

23. Financial risk management objectives and policies (Continued)

Concentration of credit risk (Continued)

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 5. 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 and short-term deposits, 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 2024

	Less than 3 months – 1 3 months \$	year \$	2-5 Years \$	>5 years \$	Total \$
Trade payables	2,434,698	5,830,465	-	-	8,265,163
Long-term loans	2,769,630	8,308,891	44,314,080	84,559,767	139,952,368
Interest on long-term loans	1,778,841	5,124,876	20,471,261	18,801,923	46,176,901

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Notes to the Financial Statements
For the year ended 31 March 2024

23. Financial risk management objectives and policies (Continued)

31 March 2023

	Less than 3 months – 1 3 months \$	year \$	2-5 Years \$	>5 years \$	Total \$
Trade payables	959,897	598,539	-	-	1,558,436
Long-term loans	1,086,743	3,260,230	44,313,764	97,321,472	145,982,209
Interest on long-term loans	1,843,543	5,438,240	23,767,082	15,870,037	46,918,902

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	2024 Effect on profit before tax	2023 Effect on profit before tax
+/-50	+/-398,256	+/-396,916

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.

GRANTLEY ADAMS INTERNATIONAL AIRPORT INC.

Notes to the Financial Statements
For the year ended 31 March 2024

23. Financial risk management objectives and policies (Continued)

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 the 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.

	Carrying value		Fair value	
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial assets				
Cash	11,985,968	12,020,027	11,985,968	12,020,027
Restricted cash	8,580,098	2,332,287	8,580,098	2,332,287
Accounts receivable	19,184,768	15,361,282	19,184,768	15,361,282
Other receivables	1,575,844	1,183,979	1,575,844	1,183,979

	Carrying value		Fair value	
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial liabilities				
Accounts payable	20,339,744	7,658,906	20,399,744	7,658,906
Long-term loans	139,952,368	145,982,209	139,952,368	145,982,209

24. Pensions

During the year, the contributions made to the defined contribution plan by the Company amounted to \$577,674 (2023 - \$539,259). These amounts are disclosed in employment costs in the statement of comprehensive income (loss).

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Notes to the Financial Statements
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25. Commitments and contingencies

At 31 March 2024, the Company has contracted for certain expenditure in the amount of \$8,319,579 (2023 - \$8,129,435).

26. Subsequent events

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. The enabling legislation was passed in both Houses of Parliament in 2021. Negotiations are continuing with the selected party and the draft Concession Agreement is under review as the process is continuing towards finalizing an arrangement within the shortest possible timeframe.