



**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE AIRPORTS AUTHORITY OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED 31 DECEMBER 2019**

**OPINION**

The financial statements of the Airports Authority of Trinidad and Tobago for the year ended 31 December 2019 have been audited. The statements as set out on pages 1 to 35 comprise a Statement of Financial Position, as at 31 December, 2019 and the Statement of Profit or Loss and Other Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year then ended 31 December 2019, and Notes to the Financial Statements numbered 1 to 23, including a summary of significant accounting policies.

2. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

**BASIS OF OPINION**

3. The audit was conducted in accordance with the principles and concepts of International Standards of Supreme Audit Institutions (ISSAIs). The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Authority in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above opinion.

**RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

4. Management of the Authority is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS 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.

5. In preparing the financial statements, management is responsible for assessing ability of the Authority 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 Authority or to cease operations, or has no realistic alternative but to do so.

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

7. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 20 (1) of the Airports Authority of Trinidad and Tobago Act, Chapter 49:02.

8. The Auditor General's 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 audit report that includes her opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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.

9. As part of an audit in accordance with the principles and concepts of ISSAIs, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.
- Obtains 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 internal control of the Authority.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 ability of the Authority to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in her audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of her audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluates 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.

10. The Auditor General communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit.

**SUBMISSION OF REPORT**

11. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.



**26<sup>TH</sup> JUNE 2023  
PORT OF SPAIN**

  
**LORELLY PUJADAS  
AUDITOR GENERAL**



**Airports Authority of Trinidad and Tobago**

**Financial Statements**

**31 December 2019**

*(Presented in Thousands of Trinidad and Tobago Dollars)*



**Airports Authority of Trinidad and Tobago**

Financial Statements

31 December 2019

*(Presented in Thousands of Trinidad and Tobago Dollars)*





# **Airports Authority of Trinidad and Tobago**

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**Airports  
Authority**  
OF TRINIDAD AND TOBAGO

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PIARCO INTERNATIONAL AIRPORT  
GOLDEN GROVE ROAD  
PIARCO

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## Airports Authority of Trinidad and Tobago

### Statement of Management Responsibilities

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Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Airport Authority of Trinidad and Tobago (The Authority), which comprise the statement of financial position as at 31 December 2019, the statements of profit or loss or other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that The Authority keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of The Authority's assets, detection/prevention of fraud, and the achievement of Authority operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Airports Authority of Trinidad and Tobago Act Chap. 49:02; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that The Authority will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

  
General Manager  
Date: 24 June 2022

  
Financial Controller  
Date: 24 June 2022

# Airports Authority of Trinidad and Tobago

## Statement of Financial Position

(Presented in Thousands of Trinidad and Tobago Dollars)

	Notes	As at 31 December	
		2019 \$'000	2018 \$'000
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	5, 6	1,350,591	1,436,604
Deferred taxation asset	7	<u>134,058</u>	<u>148,550</u>
		<u>1,484,649</u>	<u>1,585,154</u>
<i>Current assets</i>			
Inventories		12,184	11,803
Trade and other receivables	8	74,917	87,612
Taxation refundable		548	540
Restricted cash	9	56,371	56,313
Cash and cash equivalents		<u>280,903</u>	<u>290,876</u>
		<u>424,923</u>	<u>447,144</u>
<b>Total assets</b>		<u>1,909,572</u>	<u>2,032,298</u>
<b>Equity and liabilities</b>			
<i>Capital and reserves</i>			
Capital fund	10	5,253,857	5,151,049
Accumulated deficit		<u>(3,978,333)</u>	<u>(3,849,970)</u>
<b>Total equity</b>		<u>1,275,524</u>	<u>1,301,079</u>
<i>Non-current liabilities</i>			
Borrowings	11	6,622	41,604
Lease liabilities	6	1,067	--
Deferred taxation liability	7	134,058	148,550
Deferred liability	12	11,000	11,000
Retirement benefit obligation	13	<u>101,180</u>	<u>129,523</u>
		<u>253,927</u>	<u>330,677</u>
<i>Current liabilities</i>			
Trade and other payables	14	227,865	201,741
Lease liabilities	6	5,012	--
Taxation payable		1,953	1,943
Provisions for other liabilities	15	110,309	104,064
Borrowings	11	<u>34,982</u>	<u>92,794</u>
		<u>380,121</u>	<u>400,542</u>
<b>Total liabilities</b>		<u>634,048</u>	<u>731,219</u>
<b>Total equity and liabilities</b>		<u>1,909,572</u>	<u>2,032,298</u>



The notes on pages 7 to 35 are an integral part of these financial statements.

On 24 June 2022, the Board Members of Airports Authority of Trinidad and Tobago authorised these financial statements for issue.



Board Member



Board Member

# Airports Authority of Trinidad and Tobago

## Statement of Profit or Loss and Other Comprehensive Income

(Presented in Thousands of Trinidad and Tobago Dollars)

	Notes	Year ended 31 December	
		2019 \$'000	2018 \$'000
<b>Revenue</b>			
Aerodrome	16	272,551	263,336
Rental	16	86,542	79,281
Parking	16	22,440	19,823
Other	16	10,214	8,076
Interest	16	<u>2,929</u>	<u>27,691</u>
		<u>394,676</u>	<u>398,207</u>
<b>Expenses</b>			
Operating	17	(272,536)	(228,297)
Administrative	17	(138,521)	(151,275)
Depreciation	17	(126,876)	(138,290)
Finance costs	17	<u>(5,173)</u>	<u>(51,023)</u>
		<u>(543,106)</u>	<u>(568,885)</u>
<b>Loss before taxation</b>		(148,430)	(170,678)
<b>Taxation</b>	19	<u>4,181</u>	<u>(5,182)</u>
<b>Loss for the year</b>		<u>(144,249)</u>	<u>(175,860)</u>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gain/(loss) on retirement benefit obligation	13	25,543	(509)
Taxation on actuarial gain/(loss)	7	<u>(7,663)</u>	<u>153</u>
<b>Other comprehensive income/(loss) for the year, net of taxation</b>		<u>17,880</u>	<u>(356)</u>
<b>Total comprehensive loss for the year</b>		<u>(126,369)</u>	<u>(176,216)</u>

The notes on pages 7 to 35 are an integral part of these financial statements.

# Airports Authority of Trinidad and Tobago

## Statement of Changes in Equity

(Presented in Thousands of Trinidad and Tobago Dollars)

	Capital fund \$'000	Accumulated deficit \$'000	Total equity \$'000
<b>Balance as at 1 January 2018</b>	4,973,666	(3,673,754)	1,299,912
Capital contributions			
Government subventions	177,383	--	177,383
Total comprehensive loss for the year	--	(176,216)	(176,216)
<b>Balance as at 31 December 2018</b>	<u>5,151,049</u>	<u>(3,849,970)</u>	<u>1,301,079</u>
<b>Balance as at 1 January 2019</b>			
-- as previously reported	5,151,049	(3,849,970)	1,301,079
Adjustment on adoption of IFRS 16	--	(1,994)	(1,994)
<b>Balance at 1 January 2019 – restated</b>	<u>5,151,049</u>	<u>(3,851,964)</u>	<u>1,299,085</u>
Capital contributions			
Government subventions	102,808	--	102,808
Total comprehensive loss for the year	--	(126,369)	(126,369)
<b>Balance as at 31 December 2019</b>	<u>5,253,857</u>	<u>(3,978,333)</u>	<u>1,275,524</u>

The notes on pages 7 to 35 are an integral part of these financial statements.

# Airports Authority of Trinidad and Tobago

## Statement of Cash Flows

(Presented in Thousands of Trinidad and Tobago Dollar)

	Year ended 31 December	
	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>		
Loss for the year before taxation	(148,430)	(170,678)
Adjustments for non-cash items:		
Depreciation	126,876	138,290
Gain on disposal of property, plant and equipment	(127)	--
Non-cash adjustment to property, plant and equipment	13,920	--
Non-cash retirement benefit (income)/expense	(2,800)	10,860
Finance costs	5,173	51,023
Finance income	(2,929)	(27,691)
Operating (loss)/profit before working capital changes	(8,317)	1,804
Increase in inventories	(380)	(2,332)
Decrease in trade and other receivables	12,695	13,153
Increase in trade and other payables	32,369	9,691
Increase in provisions for other liabilities	--	14,823
Cash generated from operations	36,367	37,139
Taxation paid	(3,482)	(3,626)
Interest received	2,929	2,244
Interest paid	(5,173)	(51,023)
<b>Cash generated from/(used in) operating activities</b>	<b>30,641</b>	<b>(18,149)</b>
<b>Cash flows from investing activities</b>		
Increase in restricted cash	(58)	(55)
Proceeds on maturity of held-to-maturity investment	--	300,000
Proceeds on disposal of property, plant and equipment	1	--
Purchase of property, plant and equipment	(54,656)	(39,180)
<b>Cash (used in)/provided by investing activities</b>	<b>(54,713)</b>	<b>260,765</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(88,709)	(423,051)
Capital contributions	102,808	177,383
<b>Cash provided by/(used in) financing activities</b>	<b>14,099</b>	<b>(245,668)</b>
Net decrease in cash and cash equivalents	(9,973)	(3,052)
Cash and cash equivalents at beginning of year	290,876	293,928
Cash and cash equivalents at end of year	280,903	290,876
<b>Represented by:</b>		
Cash at bank and on hand	39,923	18,294
Short term deposits	240,980	272,582
	280,903	290,876

The notes on pages 7 to 35 are an integral part of these financial statements.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 1 Incorporation and principal activity

Airports Authority of Trinidad and Tobago (The Authority) was incorporated in the Republic of Trinidad and Tobago under the Airports Authority of Trinidad and Tobago Act No. 49 of 1979. By Act No. 26 of 1987, the name of The Authority was changed from Airports Authority to Airports Authority of Trinidad and Tobago. By Act No. 28 of 1993, the role and functions were expanded. The Act was further amended by Act #30 of 2007.

The registered office of The Authority is located at North Bank Road, Piarco. The principal activity of The Authority is to develop and manage the business of the airports of the Republic of Trinidad and Tobago, including the development, maintenance and/or improvement of the facilities in a cost-effective manner, so as to ensure the availability of efficient, secure and safe aviation services to the public at all times, as well as to ensure commercial viability.

Act No. 28 of 1993 also gave The Authority powers to form and to hold shares in companies and joint ventures "for the purpose of facilitating the proper discharge of its functions".

Currently, The Authority manages the Piarco International Airport and the Arthur Napoleon Raymond Robinson Airport (formerly Crown Point International Airport).

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a. *Basis of preparation*

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying The Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### b. *Going concern*

At 31 December 2019, The Authority incurred a loss for the year and had a significant accumulated deficit.

The Government of the Republic of Trinidad and Tobago (GORTT) has guaranteed all of The Authority's borrowings (Note 11) and provides financial support to The Authority by way of annual budgetary allocations and transfers of funds to The Authority for repayments of guaranteed loans. These amounts are not repaid by The Authority to GORTT.



# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### b. *Going concern (continued)*

For the year ended 31 December 2019, GORTT has indicated that they will not call upon The Authority to repay any amounts transferred to them in the current or prior years. These amounts have been reflected as the Capital Fund of The Authority. GORTT has also confirmed that they will continue to transfer funds to The Authority as the loan repayment obligations fall due.

GORTT recently presented its National Budget for the 2021 financial year and reconfirmed its commitment to continue supporting The Authority via transfer of funds for payment of the guaranteed loans as noted above.

On the basis of the continued support from GORTT, management is satisfied with the preparation of these financial statements on the going concern basis.

#### c. *Changes in accounting policy and disclosures*

##### (i) *New standards, amendments and interpretations adopted by The Authority*

The Authority has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16, 'Leases'

In the current year, the Authority applied IFRS 16 Leases, which supersedes IAS 17, 'Leases' and related interpretations, including IFRIC 4, 'Determining whether an Arrangement contains a Lease'. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. The date of initial application for the Authority is 1 January 2019.

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model, eliminating the distinction between operating and finance leases. Leases in which the Authority is a lessee are subject to significant adjustments.

Lessor accounting under IFRS 16 remains substantially unchanged from IAS 17 except for a requirement to provide enhanced disclosures and for the reassessment of subleases by an intermediate lessor. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17, whereas intermediate lessors are required to reassess subleases that were classified as operating leases applying IAS 17 and are ongoing at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date in terms of the transitional provisions of IFRS 16. The Authority has determined that such leases continue to be classified as operating leases. Hence, IFRS 16 did not have a material impact for leases where the Authority is a lessor.

Therefore, the remaining part of this note is in relation to leases in which the Authority acts as a lessee.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 2 Summary of significant accounting policies (continued)

#### c. Changes in accounting policy and disclosures (continued)

##### (i) New standards, amendments and interpretations adopted by The Authority (continued)

- IFRS 16, 'Leases' (continued)

#### *Transition approach in accordance with the transitional provisions of IFRS 16*

The Authority adopted IFRS 16 using the cumulative catch-up retrospective application with the cumulative effect of initially applying the standard recognised at the date of initial application. Consequently, the Authority has not restated the comparative information, which continues to be presented under IAS 17 and IFRIC 4.

For leases previously classified as operating leases in terms of IAS 17, the Authority has chosen to measure the right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before the date of initial application. The Authority applied IAS 36 to the right-of-use asset at the date of initial application and determined that there is no objective evidence of impairment at that date.

The Authority did not apply the practical expedient not to reassess whether a contract is, or contains, a lease at the date of initial application. The new definition of a lease in IFRS 16 has not changed the scope of contracts that meet the definition of a lease for the Authority.

#### *Impact on the Financial Statements*

Where the Authority acts as a lessee, the nature of the lease contracts identified under IFRS 16 are primarily in relation to equipment and motor vehicle leases. The lease terms under IFRS 16 remain unchanged from IAS 17 and do not involve significant judgment as there are no extension, termination or purchase options from the perspective of the Authority beyond the non-cancellable and enforceable period, with clauses for remote contingencies that are customary for the type of lease in place. The lease terms range from 2 years to 5 years.

The effect on the Authority's financial statements as at the date of initial application of IFRS 16 is as follows:

	31 December 2018 As previously reported	IFRS 16 Adjustments	1 January 2019 Restated
Property, plant and equipment	1,436,604	6,978	1,443,582
Lease liabilities	--	8,972	8,972
Accumulated deficit	3,849,970	1,994	3,851,964

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in lease as of 1 January 2019. These ranged from 0.08% - 6.55%.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### c. Changes in accounting policy and disclosures (continued)

##### (i) New standards, amendments and interpretations adopted by The Authority (continued)

- IFRS 16, 'Leases' (continued)

##### *Impact on the Financial Statements (continued)*

Lease liabilities are classified as non-current in the Statement of Financial Position as over the next 12 months interest will exceed the contractual cash payments.

Right-of-use assets at 1 January 2019 are allocated in the Statement of Financial Position under property, plant and equipment (Note 5).

For leases of low value assets, the Authority has applied the optional recognition exemptions to not recognise right-of-use assets as at the date of initial application of the standard.

##### **Statement of Comprehensive Income**

The impact on the income statement in the reporting period is a net increase in expenses of \$2.0m based on a reduction of other operating expenses and increases of depreciation and interest expense.

There were no other new standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2018 which are material to The Authority.

##### (ii) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of The Authority, except the following set out below:

- IAS 1 and IAS 8 Amendment – Definition of Material

This amendment was issued in October 2018 and is applicable for annual periods beginning on or after 1 January 2020. The Amendment clarifies the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendment ensures that the definition of material is consistent across all IFRS Standards.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on The Authority.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### d. Foreign currency translation

##### (i) Functional and presentation currency

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

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income within 'Operating expenses'.

#### e. Property, plant and equipment

Items of property, plant and equipment are measured initially at cost. Property, plant and equipment contributed to The Authority by GORTT are measured initially at cost by reference to fair market values at the date of acquisition based on valuations conducted by independent professional valuers. Subsequently, all property, plant and equipment are stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to The Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income within 'Operating expenses' during the financial period in which they are incurred.

Construction-in-progress represents work of a capital nature carried out on land and buildings, the construction of which had not yet been completed as at year-end.

Land and construction-in-progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	- 5%	Runways/aprons/pavements	- 4%
Car parks	- 20%	Plant and machinery	- 15%
Roads	- 7%	Office furniture and fixtures	- 15%
Fencing	- 10%	Computer/Office equipment	- 25%
Motor vehicles	- 25%	Specialty equipment	- 11%

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2 f.).

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'Other revenue' in the Statement of Profit or Loss and Other Comprehensive Income.

#### f. *Impairment of non-financial assets*

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

#### g. *Financial assets*

##### (i) *Classification and measurement*

On initial recognition, a financial asset is classified as measured at either amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on the business model in which a financial asset is managed and its contractual cash flow characteristics:

- A financial asset is measured at AC if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its cash flows are solely payments of principal and interest on the principal outstanding and it is not designated FVTPL (fair value option).
- A debt investment is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its cash flows are solely payments of principal and interest on the principal outstanding and it is not designated FVTPL (fair value option).
- An equity investment that is not held for trading may be irrevocably elected for its subsequent changes in its fair value to be presented in OCI. This election is made on an investment-by-investment basis. Otherwise, it is measured at FVTPL.
- All financial assets not classified as measured at AC or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at AC or at FVOCI to be measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### g. Financial assets (continued)

##### (i) Classification and measurement (continued)

The following accounting policies apply to the subsequent measurement of financial assets:

- Financial Assets at FVTPL - These assets are subsequently measured at FV and net gains and losses are recognised in profit or loss.

The Authority does not have any financial assets classified within this category.

- Financial Assets at AC – These assets are subsequently measured at AC using the effective interest method. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Trade receivables which do not have a significant financing component are initially measured at their transaction price and are subsequently stated at their nominal value less any loss allowance for expected credit losses.

The following financial assets of the Authority are classified within this category – trade and other receivables, restricted cash and cash and cash equivalents.

- Debt Investments at FVOCI - These assets are subsequently measured at FV. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The Authority does not have any financial assets classified within this category.

- Equity Investments at FVOCI - These assets are subsequently measured at FV. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The Authority does not have any financial assets classified within this category.

##### (ii) Impairment

IFRS 9 uses an expected credit loss (ECL) model and applies to financial assets measured at amortised cost, debt investments at FVOCI, lease receivables and contract assets, but not to investments in equity instruments. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

ECLs are probability-weighted estimates of credit losses with the respective risks of a default occurring as the weights. Credit losses are measured at the present value of all expected cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### g. Financial assets (continued)

##### (ii) Impairment (continued)

IFRS 9 outlines a three-stage model for impairment based on changes in credit risk since initial recognition:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECLs (12-M-ECLs) are recognised. 12-M ECLs are the expected credit losses that result from default events that are possible within 12 months after the reporting date.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition - unless they have low credit risk at the reporting date - but that do not have objective evidence of impairment. For these assets, lifetime ECLs (LT-ECLs) are recognised. LT-ECLs are the expected credit losses that result from all possible default events over the expected life of a financial asset.
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, LT-ECLs are recognised. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Authority measures loss allowances according to the above outlined three-stage model except for trade receivables and contract assets for which the Authority applies the simplified approach and recognises LT-ECLs.

#### *Definition of default*

For internal credit risk management purposes the Authority considers the following events as constituting an event of default as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable: significant financial difficulty of the issuer or the borrower, a breach of contract, such as a default or delinquency in interest or principal payments, the probability to enter bankruptcy or other financial reorganisation.

#### *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (that is, the magnitude of the loss if there is a default) and the exposure at default.

#### *Impairment of Trade and other receivables*

As disclosed above, the Authority applies the simplified approach for trade receivables and contract assets that do not contain a significant financing component.

For Stage 3 financial assets, LT-ECLs are generally measured on an individual instrument basis since in such instances, the Authority generally has reasonable and supportable information that is available without undue cost or effort.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### g. Financial assets (continued)

##### (ii) Impairment (continued)

###### *Impairment of Trade and other receivables (continued)*

Where the Authority does not have reasonable and supportable information that is available without undue cost or effort to measure LT-ECLs on an individual instrument basis and in order to ensure that LT-ECLs are recognised before an asset becomes credit-impaired or an actual default occurs, LT-ECLs on the remaining financial assets are measured on a collective basis. In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the LT-ECLs are estimated using a provision matrix based on actual credit loss experience over past years, which is adjusted by scalar factors to reflect current conditions and the Authority's view of economic conditions over the expected lives of the receivables. Scalar factors are based on economic and industry indicators such as GDP, unemployment rates and/or industry projections.

The Authority's trade receivables are of a short-term nature as they are based on credit terms of below one year and, thus, do not include a significant financing component.

###### *Impairment of cash at bank and restricted cash balances*

The Authority applies a 1-day probability of default (1-D-PD) based on the respective internal or external ratings of the counterparty banks and an adequate loss given default (LGD) rate to the carrying amount at the measurement date.

Currently the Authority holds its cash at bank and restricted cash balances with reputable and investment grade rated banking institutions and accordingly, the resulting ECLs in terms of IFRS 9 were not considered to be material.

#### h. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

#### i. Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 2 g.(ii)).



# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

j. *Cash and cash equivalents*

In the Statement of Cash Flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

k. *Restricted cash*

Restricted cash includes deposits at banks which are restricted in such a manner that they are not available to meet short-term cash commitments. These funds are not included as 'Cash and cash equivalents' in the Statement of Cash Flows.

l. *Capital fund*

Contributions from GORTT which are non-reciprocal in nature are included in the capital fund.

m. *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

n. *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

o. *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

p. *Current and deferred income taxes*

The taxation expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the country where The Authority operates and generates taxable income – Trinidad and Tobago. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or where there is an intention to settle the balances on a net basis.

q. *Employee benefits*

(i) *Retirement benefit obligations*

The Authority operates a defined benefit pension plan 'The Airports Authority Pension Fund Plan' (the Plan), the assets of which are held in separate trustee-administered funds. The Plan is funded by payments from employees and by The Authority, taking account of the recommendations of independent qualified actuaries.

The Authority's net obligation in respect of the Plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets are deducted.

The discount rate is the yield at the reporting date on GORTT bonds that have maturity dates approximating the terms of The Authority's obligations and that denominated in the same currency in which the benefits are expected to be paid.

A full valuation is performed every three years by a qualified Actuary using the projected unit credit method. In the intervening period the Actuary extrapolates the calculation to the end of each reporting period. The last full valuation of the plan was conducted as at 31 December 2017 which revealed a past service deficit of \$66.5m. The next valuation report is due as at 31 December 2020.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### q. *Employee benefits (continued)*

##### (i) *Retirement benefit obligations (continued)*

The current service cost of the Plan, recognised in the Statement of Profit or Loss and Other Comprehensive Income within 'Administrative expenses', except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the Statement of Profit or Loss and Other Comprehensive Income within 'Administrative expenses'.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to 'Other Comprehensive Income' in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

##### (ii) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating vacation leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within 'Trade and other payables' in the Statement of Financial Position.

#### r. *Provisions*

Provisions are recognised when The Authority has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### s. *Revenue from contracts with customers*

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Authority recognises revenue when (or as) it satisfies a performance obligation by transferring control of a promised good or service to the customer.

##### (i) *Aerodrome revenue*

These fees are charged to airlines and aircraft operators for the use of the airport infrastructure and include passenger service charges as well as landing, parking, ground handling and security fees.

The Authority's performance obligation is to make the airport available as and when each airline makes use of it. The transaction price follows a set fee structure and is based on a variety of underlying metrics, such as the number of departing passengers, and the maximum take-off weight, which metrics become known by the time the services are provided and thus no significant estimates are required in this respect.

The performance obligation in relation to regulated revenue is satisfied over time. A receivable is recognised by the Authority as the services are provided and included in the line item "Trade and other receivables" until the actual payment is made by the respective customers.

##### (ii) *Parking revenue*

Car parking income primarily represents revenue generated through the provision of car parking spaces at the car parks within the airport perimeter. The Authority's performance obligation is to provide and maintain car parking space for the duration of the stay. The transaction price follows a pre-determined fee structure that is based on parking time and that is payable immediately upon use. The performance obligation is satisfied over time.

##### (iii) *Other income*

Other income comprises recharges to customers for utilities as well as other ad-hoc services provided by the Authority such as the issuance of security passes.

#### t. *Leases*

##### (i) *The Authority is the lessor*

The Authority has entered into leases of property, plant and equipment and has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases. Lease income from operating leases is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. The respective leased assets are included in 'Property, plant and equipment' on the Statement of Financial Position.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### t. *Leases (continued)*

##### (ii) *The Authority is the lessee*

The Authority adopted IFRS 16 from 1 January 2019. Refer to Note 2 c.(i). Prior to adoption, leases in which a significant portion of the risks and rewards of ownership are not transferred to The Authority as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

#### u. *Finance income and costs*

Finance income comprises interest income on The Authority's financial assets. Interest income is recognised as it accrues in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

Finance costs comprise interest expense on The Authority's financial liabilities. Interest expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

#### v. *Fair value hierarchy*

Judgements and estimates are made in determining the fair values for items measured at fair value in the financial statements. The valuation methods used by management were classified into the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 3 Financial risk management

#### a. Financial risk factors

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. There is no significant concentration of market risk arising from cash flow interest rate risk and price risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on The Authority's financial performance. Management is responsible for risk management. Unless otherwise stated, there have been no changes to policies and procedures in managing the financial risk factors described below.

#### (i) Market risk

##### *Currency risk*

The Authority is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2019, if the TT dollar had weakened/strengthened by 10%, with all other variables held constant, the loss for the year would have been \$18.5m (2018: \$21.1m) higher/lower as a result of foreign exchange losses/gains on cash and cash equivalents, restricted cash and borrowings denominated in US dollars.

##### *Fair value interest rate risk*

The Authority's interest rate risk arises from its long-term borrowings. Borrowings issued at fixed rates expose The Authority to fair value interest rate risk. During 2019 and 2018, all of The Authority's borrowings were fixed rate instruments.

#### (ii) Credit risk

Credit risk is the risk of financial loss to The Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from The Authority's cash and cash equivalents, restricted cash as well as credit exposures to customers, including outstanding trade receivables and committed transactions. For banks and financial institutions, only reputable financial institutions are accepted. For sales transactions, the credit quality of the customer is assessed, taking into account its financial position, past experience and other factors.

The Authority's trade receivables from the provision of services are subject to the expected credit loss model.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### a. Financial risk factors (continued)

##### (ii) Credit risk (continued)

##### Trade receivables

The Authority applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a given period of before 31 December 2019 and 31 December 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for trade receivables

31 December 2019	Up to 30 days \$'000	Up to 60 days \$'000	Over 60 days \$'000	Over 90 days \$'000	Total \$'000
Expected loss rate	8%	12%	100%	100%	19%
Gross carrying amount - Trade receivables	49,675	1,331	1,626	5,830	58,462
Loss allowance	3,776	160	1,626	5,830	11,392
31 December 2018	Up to 30 days \$'000	Up to 60 days \$'000	Over 60 days \$'000	Over 90 days \$'000	Total \$'000
Expected loss rate	18%	5%	88%	100%	28%
Gross carrying amount - Trade receivables	46,371	4,343	1,519	6,196	58,429
Loss allowance	8,426	217	1,338	6,196	16,177

The closing loss allowance for trade receivables as at 31 December 2018 reconcile to the opening loss allowance as follows:

	2019 \$'000	2018 \$'000
At 1 January	16,177	38,958
Movement in loss allowance recognised in profit or loss during the year	(4,785)	(3,833)
Receivables written off during the year as uncollectible	—	(18,948)
At 31 December	<u>11,392</u>	<u>16,177</u>

Trade receivables are written off when there is no reasonable expectation of recovery and approval has been obtained from the Minister of Finance.

Impairment losses on trade receivables are presented within "Operating expenses" within the Statement of Profit or Loss and Other Comprehensive Income. Subsequent recoveries of amounts previously written off are credited against the same line item.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### a. Financial risk factors (continued)

##### (iii) Liquidity risk

Liquidity risk is the risk that The Authority will not be able to meet its financial obligations as they fall due. On an annual basis, cash flow forecasting is performed by management of The Authority. Management monitors rolling forecasts of The Authority's liquidity requirements to ensure it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to The Authority's reputation. Such forecasting takes into consideration the expected capital contributions from GORTT as guarantor of all of The Authority's borrowings.

Surplus cash held by The Authority over and above balance required for working capital management is invested in accordance with The Authority's internal policies, choosing financial instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses The Authority's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2019	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
Borrowings	37,329	7,108	--
Trade and other payables (excluding statutory payables)	228,372	--	--
At 31 December 2018	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
Borrowings	101,284	44,440	--
Trade and other payables (excluding statutory payables)	194,691	--	--

#### b. Capital risk management

The Authority is not subject to externally imposed capital requirements. Notwithstanding, this management's policy is to maintain a strong capital base so as to sustain future development of the business. Government guarantees and support are secured to maintain investors' and creditors' confidence. The capital structure of the Authority consists of capital contributions by GORTT which comprises capital fund, and accumulated deficit.

The Authority monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'Total equity' as shown in the Statement of Financial Position plus net debt.



# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### b. Capital risk management (continued)

The gearing ratios at 31 December 2019 and 2018 were as follows:

	2019 \$'000	2018 \$'000
Total borrowings (Note 11)	41,604	134,398
Less: cash and cash equivalents	<u>(280,903)</u>	<u>(290,876)</u>
Net debt	(239,299)	(156,478)
Total equity	<u>1,275,524</u>	<u>1,301,079</u>
Total capital	<u>1,036,225</u>	<u>1,144,600</u>
Gearing ratio	<u>--%</u>	<u>--%</u>

There were no changes in the policies and procedures for capital risk management compared with prior year.

#### c. Fair value estimation

The carrying value of short-term financial assets and liabilities comprising trade and other receivables, cash and cash equivalents, restricted cash, short-term portion of borrowings and trade and other payables are a reasonable estimate of their fair values since the interest payable is either close to current market rates or the instruments are of a short-term nature.

### 4 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Authority makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### a. Retirement benefit obligations

The cost of the Plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Additional information on key assumptions is disclosed in Note 13.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

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### 4 Critical accounting estimates and judgments (continued)

b. *Legal contingencies*

The Authority is party to litigations related to several legal matters. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of The Authority. Management regularly analyses current information about these matters and provides provisions for probable cash outflows, including the estimate of legal expenses to resolve the matters. Internal and external lawyers are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against The Authority or the disclosure of any such suit or assertion, does not automatically indicate that a provision may be appropriate.

c. *Impairment of financial assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Authority uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Authority's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

d. *Uncertain tax positions*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. As such, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxation already recorded. The Authority establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations.

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

e. *Useful lives of property, plant and equipment*

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit or Loss and Other Comprehensive Income.

The useful lives of The Authority's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

5	Property, plant and equipment	Land \$'000	Buildings \$'000	Car parks \$'000	Roads \$'000	Fencing \$'000	Runways and aprons pavements \$'000	Plant and machinery and specialty equipment \$'000	Office furniture, fixtures and computer equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
<b>At 31 December 2019</b>												
Cost		250,296	1,194,926	25,828	190,880	7,905	1,517,378	358,228	86,643	712	94,526	3,727,322
As at 1 January 2018		—	—	4	—	—	—	21,631	27,029	6,032	48,639	103,335
Additions		—	—	—	—	—	—	—	—	—	—	—
Transfers, disposals and adjustments		—	—	—	1	—	(9)	(4)	(5,554)	(1)	(43,913)	(49,480)
Accumulated depreciation		250,296	1,194,926	25,832	190,881	7,905	1,517,369	379,855	108,118	6,743	99,252	3,781,177
As at 1 January 2018		—	(914,142)	(24,295)	(103,101)	(5,668)	(841,779)	(339,478)	(61,544)	(711)	—	(2,290,718)
Charge for the year		—	(53,046)	(20)	(10,676)	(517)	(42,196)	(4,947)	(6,184)	—	—	(117,586)
Transfers, disposals and adjustments		—	(1,434)	(1)	1	(138)	10	931	(19,204)	(2,447)	—	(22,282)
Net book value		—	(968,622)	(24,316)	(113,776)	(6,323)	(883,965)	(343,494)	(86,932)	(3,158)	—	(2,430,586)
Net book value		250,296	226,304	1,516	77,105	1,582	633,404	36,361	21,186	3,585	99,252	1,350,591
<b>At 31 December 2018</b>												
Cost		250,296	1,194,788	25,796	190,880	7,905	1,517,378	344,609	86,660	712	69,118	3,688,142
As at 1 January 2018		—	138	32	—	—	—	13,619	4,602	—	54,924	73,315
Additions		—	—	—	—	—	—	—	(4,619)	—	(29,516)	(34,135)
Transfers and adjustments		—	—	—	—	—	—	—	—	—	—	—
Accumulated depreciation		250,296	1,194,926	25,828	190,880	7,905	1,517,378	358,228	86,643	712	94,526	3,727,322
As at 1 January 2018		—	(860,193)	(24,277)	(92,425)	(5,014)	(784,255)	(330,302)	(55,256)	(706)	—	(2,152,428)
Charge for the year		—	(53,949)	(18)	(10,676)	(654)	(57,524)	(9,176)	(6,336)	(5)	—	(138,338)
Transfers and adjustments		—	—	—	—	—	—	—	48	—	—	48
Net book value		—	(914,142)	(24,295)	(103,101)	(5,668)	(841,779)	(339,478)	(61,544)	(711)	—	(2,290,718)
Net book value		250,296	280,784	1,533	87,779	2,237	675,599	18,750	25,099	1	94,526	1,436,604
<b>At 31 December 2017</b>												
Cost		250,296	1,194,788	25,796	190,880	7,905	1,517,378	344,609	86,660	712	69,118	3,688,142
As at 1 January 2017		—	(860,193)	(24,277)	(92,425)	(5,014)	(784,255)	(330,302)	(55,256)	(706)	—	(2,152,428)
Accumulated depreciation		—	(860,193)	(24,277)	(92,425)	(5,014)	(784,255)	(330,302)	(55,256)	(706)	—	(2,152,428)
Net book value		250,296	334,595	1,519	98,455	2,891	733,123	14,307	31,404	6	69,118	1,535,714

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 6 Leases

The Authority initially applied IFRS 16, 'Leases' in the current reporting period. The impact upon transition to the new standard and the related disclosures are outlined in Note 2 c.(i).

- (i) The Authority's Statement of Financial Position shows the following amounts relating to leases where the Authority is a lessee:

	2019 \$'000	2018 \$'000
<b>Right-of-use assets</b>		
Right-of-use assets classified as property, plant and equipment (Note 5) are disclosed below:		
Office furniture, fixtures and computer equipment	25,495	--
Motor vehicles	<u>6,032</u>	<u>--</u>
	<u>31,527</u>	<u>--</u>
<b>Lease liabilities</b>		
Non-current	1,067	--
Current	<u>5,012</u>	<u>--</u>
	<u>6,079</u>	<u>--</u>

- (ii) The following amounts were recognised in the Authority's Statement of Comprehensive Income relating to leases where the Authority is a lessee:

Depreciation of right-of-use assets	7,597	--
Interest expense (included within Finance costs)	<u>2,134</u>	<u>--</u>
	<u>9,731</u>	<u>--</u>

### 7 Deferred taxation

	2018 \$'000	Charge to other comprehensive income \$'000	(Charge)/ credit to profit or loss \$'000	2019 \$'000
<i>Deferred taxation liability</i>				
Accelerated tax depreciation	(148,550)	--	22,126	(126,424)
Leases	--	--	(7,634)	(7,634)
	<u>(148,550)</u>	<u>--</u>	<u>14,492</u>	<u>(134,058)</u>
<i>Deferred taxation asset</i>				
Retirement benefit obligation	38,858	(7,663)	(840)	30,355
Other temporary difference – accrued employee benefits	21,837	--	(925)	20,912
Expected credit losses – trade receivables	4,853	--	(1,435)	3,418
Tax losses	<u>83,002</u>	<u>--</u>	<u>(3,629)</u>	<u>79,373</u>
	<u>148,550</u>	<u>(7,663)</u>	<u>(6,829)</u>	<u>134,058</u>
<i>Net deferred taxation asset</i>	<u>--</u>	<u>(7,663)</u>	<u>7,663</u>	<u>--</u>

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 7 Deferred taxation (continued)

	2017 \$'000	Charge to other comprehensive income \$'000	(Charge)/ credit to profit or loss \$'000	2018 \$'000
<i>Deferred taxation liability</i>				
Accelerated tax depreciation	(140,665)	--	(7,885)	(148,550)
<i>Deferred taxation asset</i>				
Retirement benefit obligation	29,539	153	9,166	38,858
Other temporary difference – accrued employee benefits	21,081	--	756	21,837
Expected credit losses – trade receivables	--	--	4,853	4,853
Tax losses	90,045	--	(7,043)	83,002
	<u>140,665</u>	<u>153</u>	<u>7,732</u>	<u>148,550</u>
<i>Net deferred taxation asset</i>	<u>--</u>	<u>153</u>	<u>(153)</u>	<u>--</u>

Deferred taxation assets are recognised to the extent of existing taxable temporary differences that are likely to negate the effects of any deductible temporary differences or unused tax losses. The Authority did not recognise deferred taxation assets of \$261.4m (2018: \$190.0m) in respect of losses amounting to \$873.5m (2018: \$759.8m) that can be carried forward against future taxable income. Losses do not expire.

### 8 Trade and other receivables

	2019 \$'000	2018 \$'000
Trade receivables	58,462	58,429
Less: Loss allowance	<u>(11,392)</u>	<u>(16,177)</u>
Trade receivables – net	47,070	42,252
Other receivables	9	9
Prepayments	1,918	14,836
Statutory receivables	17,444	21,067
Employee receivables	<u>8,476</u>	<u>9,448</u>
	<u>74,917</u>	<u>87,612</u>

Information about the impairment of trade receivables and the Authority's exposure to credit risk, can be found in Note 3 a.(ii).

### 9 Restricted cash

First Citizens Bank Limited	1,382	1,380
Central Bank of Trinidad and Tobago	<u>54,989</u>	<u>54,933</u>
	<u>56,371</u>	<u>56,313</u>

Proceeds from borrowings with Trinidad and Tobago Unit Trust Corporation (Note 11) were deposited with the Central Bank of Trinidad and Tobago and drawdowns from the Central Bank of Trinidad and Tobago were deposited with First Citizens Bank Limited. Funds from these two accounts were restricted to be used for financing the construction of the New Terminal Building at the Piarco International Airport.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

10 Capital fund	2019 \$'000	2018 \$'000
Balance as at 1 January	5,151,049	4,973,666
Capital contributions	<u>102,808</u>	<u>177,383</u>
Balance as at 31 December	<u>5,253,857</u>	<u>5,151,049</u>
<p>Capital contributions are amounts received by The Authority from GORTT's Public Sector Investment Programme (PSIP) for capital expenditure as well as funds transferred to The Authority for the repayment of borrowings guaranteed by GORTT (Note 11).</p>		
11 Borrowings		
Republic Finance and Merchant Bank Limited – Loan	--	20,000
Republic Finance and Merchant Bank Limited – Bonds	5,928	11,855
Trinidad and Tobago Unit Trust Corporation – Bond	13,243	19,865
First Citizens Bank Limited – Loan	6,433	19,300
ANSA Merchant Bank Limited – Bond	--	15,378
Scotia Trust and Merchant Bank of Trinidad and Tobago Limited – Loan	<u>16,000</u>	<u>48,000</u>
	<u>41,604</u>	<u>134,398</u>
Disclosed as:		
Current	34,982	92,794
Non-current	<u>6,622</u>	<u>41,604</u>
	<u>41,604</u>	<u>134,398</u>

All of The Authority's borrowings are guaranteed by GORTT in addition to other securities disclosed below:

### *Republic Finance and Merchant Bank Limited – Loan*

This long-term debt represents the proceeds of a loan in favour of the Authority by Republic Finance and Merchant Bank Limited dated 17 December 1999. Interest is fixed at 11.5% per annum payable semi-annually in arrears. The principal amount is repayable by thirty equal semi-annual instalments of \$10m which commenced on 17 June 2005. The final instalment was repaid on 17 December 2019. The loan financed the construction of the New Terminal Building at the Piarco International Airport.

### *Republic Finance and Merchant Bank Limited – Bonds*

This long-term debt represents the proceeds of a three series bond issue in favour of the Authority by Republic Finance and Merchant Bank Limited dated 18 October 2000. These bonds financed the construction of the New Terminal Building at the Piarco International Airport.

Bond A – Fully repaid.

Bond B – Fully repaid.

Bond C – Interest is fixed at a rate of 12.25% and is payable semi-annually in arrears. The principal amount, which is repayable by eighteen equal semi-annual instalments commenced on 4 June 2012 and ended on 4 December 2020. Interest accruing during the moratorium period of the first eighteen months will be capitalised and thereafter will be paid in eighteen (18) semi-annually in arrears.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 11 Borrowings (continued)

#### *Trinidad and Tobago Unit Trust Corporation – Bond*

This long-term debt represents the proceeds of a bond in favour of The Authority by the Trinidad and Tobago Unit Trust Corporation. Interest is fixed at a rate of 9.8% per annum and principal and interest are payable semi-annually commencing 7 December 2002 and ending 7 December 2021.

#### *First Citizens Bank Limited – Loan*

This long-term debt represents a loan granted by First Citizens Bank Limited in the amount of TT\$193m to refinance an existing bond. Interest is fixed at a rate of 5.75% per annum and principal and interest are payable in thirty (30) semi-annual payments commencing 25 July 2005. The loan was fully repaid on 31 January 2020.

#### *ANSA Merchant Bank Limited – Bond*

The long-term debt represents a loan granted by ANSA Merchant Bank Limited in the amount of US\$45.3 million to finance the Airport Improvement Works 2009 on 22 April 2009. Interest is fixed at a rate of 7.00% per annum and principal and interest are repayable in forty (40) quarterly payments commencing 22 July 2009. The bond was fully repaid on 22 April 2019.

#### *Scotia Trust and Merchant Bank of Trinidad and Tobago Limited – Loan*

The long-term debt represents a loan granted by Scotia Trust and Merchant Bank of Trinidad and Tobago Limited in the amount of TT\$320m to finance the Infrastructural works at Piarco and Crown Point International Airports. Interest is fixed at a rate of 5.85% per annum and principal and interest are repayable in twenty (20) semi-annual payments which commenced on 25 November 2010 and ended on 24 May 2020.

### 12 Deferred liability

This relates to a deferred payment to GORTT of \$11m (2018: \$11m) for acquisition of the Northern Area of the Aerodrome property at the Piarco International Airport.

### 13 Retirement benefit obligation

	2019 \$'000	2018 \$'000
<i>Net liability in statement of financial position</i>		
Defined benefit obligation	515,227	477,997
Fair value of plan assets	<u>(414,047)</u>	<u>(348,474)</u>
Net defined benefit liability	<u>101,180</u>	<u>129,523</u>
<i>Movement in present value of defined benefit obligation</i>		
Defined benefit obligation at start of year	477,997	444,158
Service cost	19,175	22,137
Interest cost	25,994	24,197
Members' contributions	8,487	6,528
Benefits paid	(10,903)	(8,491)
Actuarial losses from changes in demographic assumptions	6,687	--
Experience adjustments	<u>(12,210)</u>	<u>(10,532)</u>
Defined benefit obligations at end of year	<u>515,227</u>	<u>477,997</u>

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 13 Retirement benefit obligation (continued)

	2019 \$'000	2018 \$'000
<i>Movement in fair value of plan assets</i>		
Fair value of plan assets at start of year	348,474	326,004
Interest income	19,863	18,341
Return on plan assets (excluding interest income)	20,020	(11,041)
Authority's contributions	29,384	18,457
Members' contributions	8,487	6,528
Benefits paid	(10,903)	(8,491)
Expenses paid	(1,278)	(1,324)
Fair value of plan assets at end of year	<u>414,047</u>	<u>348,474</u>
<i>Items included in profit or loss within 'Administrative expenses'</i>		
Current service cost	19,175	22,137
Net interest on defined benefit obligation	6,131	5,856
Administration expenses	1,278	1,324
	<u>26,584</u>	<u>29,317</u>
<i>Reconciliation of net liability in statement of financial position</i>		
Net defined benefit liability at start of year	129,523	118,154
Net pension cost	26,584	29,317
Remeasurements recognised in other comprehensive income	(25,543)	509
Authority's contributions paid	(29,384)	(18,457)
Net defined benefit liability at end of year	<u>101,180</u>	<u>129,523</u>
<i>Remeasurement recognised in other comprehensive income</i>		
Experience (gains)/losses	<u>(25,543)</u>	<u>509</u>
<i>Asset allocation</i>		
Locally listed equities	111,227	99,518
Foreign equities	77,610	54,390
Government issued bonds	181,857	153,497
Corporate bonds	28,874	32,294
Cash and cash equivalents	14,479	8,775
Fair value of plan assets	<u>414,047</u>	<u>348,474</u>

All asset values were taken from the Plan's year-end unaudited financial statements provided by the Plan's Trustee (First Citizens Trustee Services Limited). Foreign equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager (First Citizens Asset Management Limited) calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

The majority of the Plan's bonds were either issued or guaranteed by GORTT.

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad & Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.



# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 13 Retirement benefit obligation (continued)

#### Allocation of defined benefit obligation

The defined benefit obligation is allocated between the Plan's members as follows.

	2019	2018
Active	83%	83%
Deferred members	2%	2%
Pensioners	15%	15%
Weighted average duration of the defined benefit obligation in years	18.8	18.8
Percentage of benefits for active members that are vested	99%	99%
Percentage of defined benefit obligations for active members that is conditional on future salary increases	39%	39%

#### Summary of principal assumptions

Discount rate	5.5%	5.5%
Salary increases	5.0%	5.0%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation at the year-ends are as follows.

Life expectancy at age 60 for current pensioner in years

Male	21.7	21.0
Female	26.0	25.1

Life expectancy at age 60 for current members age 40 in years

Male	22.6	21.4
Female	26.9	25.4

#### Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at 31 December 2019 and 31 December 2018 would have changed as a result of a change in the assumptions used.

	1% pa increase \$'000	1% pa decrease \$'000
<b>31 December 2019</b>		
Discount rate	(80,576)	105,046
Future salary increases	51,363	(43,716)
<b>31 December 2018</b>	<b>\$'000</b>	<b>\$'000</b>
Discount rate	(74,753)	97,455
Future salary increases	47,652	(40,577)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 December 2019 by \$7.7m (2018: \$7.1m). These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 13 Retirement benefit obligation (continued)

#### Funding

The Authority meets the balance of the cost of funding the defined benefit Pension Plan and The Authority must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Authority paid \$19.1m to the Pension Plan during 2020.

14 Trade and other payables	2019 \$'000	2018 \$'000
Accrued employee benefits	98,955	98,066
Due to GORTT – departure taxes	44,763	44,763
Accrued expenses	66,174	37,732
Other payables	7,072	7,331
Statutory payables	1,850	7,050
Deferred Revenue – Grant from European Union for Solar Park Project	7,398	--
Accrued loan interest	390	5,827
Trade payables	1,857	1,571
Staff clearing account	(594)	(599)
	<u>227,865</u>	<u>201,741</u>

### 15 Provisions for other liabilities

The amounts represent a provision for certain legal claims brought against The Authority. The provision charge is recognised in the Statement of Profit or Loss and Other Comprehensive Income within 'Administrative expenses'. In management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2019.

Balance at 1 January	104,064	89,241
Amounts accrued during the year	14,179	14,823
Amounts utilised during the year	7,934	--
	<u>110,309</u>	<u>104,064</u>

### 16 Revenue

In the following table, revenue is disaggregated by revenue category.

Revenue from services provided over time		
Aerodrome	272,551	263,336
Parking	22,440	19,823
Other	10,214	8,076
Revenue from contracts with customers	305,205	291,235
Revenue from leases		
Rental	86,542	79,281
Interest income	2,929	27,691
Total Revenue	<u>394,676</u>	<u>398,207</u>

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

17 Expenses	2019 \$'000	2018 \$'000
Employee benefit expenses (Note 18)	243,543	240,031
Depreciation (Note 5)	126,876	138,290
Other	114,066	72,007
Finance costs	5,173	53,906
Loss allowance – trade receivables (Note 3 a.(ii))	(4,785)	22,781
Repairs and maintenance	25,309	21,710
Insurance	11,860	11,863
Utilities	20,149	9,637
Advertising and promotion	915	1,543
	<u>543,106</u>	<u>571,768</u>
18 Employee benefit expenses		
Salaries, wages and other short-term benefits	205,884	199,722
National insurance contributions	11,075	10,992
Pension costs – defined benefit plan (Note 13)	26,584	29,317
	<u>243,543</u>	<u>240,031</u>
19 Taxation		
Green fund levy	2,321	2,385
Business levy	1,161	1,240
Prior year under provision	--	1,404
Deferred taxation (credit)/charge	(7,663)	153
	<u>(4,181)</u>	<u>5,182</u>
The taxation on The Authority's loss before taxation differs from the theoretical amount that would arise using the basic rate of tax as follows:		
Loss before taxation	<u>(148,430)</u>	<u>(173,561)</u>
Taxation at rate of 30%	(44,529)	(52,068)
Expenses not allowable for tax	3,668	69,720
Exempt income and allowances not subjected to tax	(1)	(3)
Taxation losses previously generated, now recognised	--	(48,107)
Taxation losses utilised	--	37,142
Taxation losses previously recognised, now derecognised	3,412	--
Taxation losses generated, not recognised	30,703	--
Business levy	2,321	2,385
Green fund levy	1,161	1,240
Prior year under provision	--	1,404
Other difference	(916)	(6,531)
	<u>(4,181)</u>	<u>5,182</u>
20 Related parties		

### Government-related entities

The Authority was established by GORTT under Act No. 49 of 1979. Accordingly, The Authority has related party relationships with GORTT, GORTT agencies and ministries and with its executive officers and board members. Significant transactions and balances with GORTT related entities include capital contributions, banking relationships, statutory payables and receivables and customer/supplier receivables/payables.

# Airports Authority of Trinidad and Tobago

## Notes to the Financial Statements (continued)

31 December 2019

(Presented in Thousands of Trinidad and Tobago Dollars)

### 20 Related parties (continued)

#### *Key management compensation*

Key management includes executive officers and board members. The compensation paid to key management is shown below and is included within 'Employee benefit expenses' (Note 18):

	2019 \$'000	2018 \$'000
Executive salaries and other short-term employee benefits	18,929	16,863
Board members' fees	561	575
Post-employment benefits	<u>716</u>	<u>601</u>
	<u>20,206</u>	<u>18,039</u>

### 21 Contingent liabilities

At 31 December 2019 there were a number of pending claims against The Authority. Claims for which provisions have been made are reflected in Note 15. For other claims, no provision has been recognised in these financial statements, as legal advice indicates that it is not probable that a significant liability will arise.

#### *Commission of enquiry*

In April 2002, GORTT established a Commission of Enquiry into the "Piarco Airport Development Project". The terms of reference of the Commission were to enquire into the Piarco Airport Development Project and to make such observations and recommendations arising out of its deliberations as the Commission may deem appropriate. The Commission of Enquiry came to an end on 4 July 2003 but the final report has not been made public. No provision has been made in these financial statements in respect of any adjustments which may arise as a result of the recommendations of the Commission.

### 22 Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred amounted to \$42.4m at 31 December 2019 (2018: \$69.2m).

### 23 Subsequent events

Since the outbreak of COVID-19 in the first quarter of 2020, global financial markets have experienced, and may continue to experience significant volatility and there are significant consequences for the global and local economies from travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on the global and local economies and the sectors in which The Authority and its customers and suppliers operate is uncertain at this time, but it has the potential to adversely affect the operations of The Authority. As of the date of authorisation of these financial statements, management was not aware of any significant adverse effects on the financial statements for the year ended 31 December 2019 as a result of COVID-19. Management will continue to monitor the situation and the impact on The Authority.

