



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 2020

OPINION

The Financial Statements of the Airports Authority of Trinidad and Tobago (the Authority) for the year ended 31 December 2020 have been audited. The statements as set out on pages 3 to 36 comprise a Statement of Financial Position, as at 31 December 2020 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 ended 31 December 2020, and Notes to the Financial Statements numbered 1 to 25, 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 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR 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 conducted 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 her 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. Section 8 (2) of the Airports Authority of Trinidad and Tobago Act, Chapter 49:02 states that:

"An annual salary in a sum equal to or in excess of one hundred and thirty thousand dollars, shall not be assigned to any post in the Authority without the approval of the Minister".

11.1 The annual salaries of five managers at the Authority exceeded the stipulated threshold of one hundred and thirty thousand dollars during the period under review. However, there was no evidence that approval of the Minister was granted in accordance with the requirement of the Act.

SUBMISSION OF REPORT

12. 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.



30TH SEPTEMBER 2024
PORT OF SPAIN

Jaiwantie Ramdass
JAIWANTIE RAMDASS
AUDITOR GENERAL

Airports Authority of Trinidad and Tobago

Financial Statements

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

Airports Authority of Trinidad and Tobago

Contents	Page
Statement of Management's Responsibilities	2
Statement of Financial Position	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 36



**Airports
Authority**
OF TRINIDAD AND TOBAGO

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GOLDEN GROVE ROAD
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Airports Authority of Trinidad and Tobago

Statement of Management Responsibilities

Management is responsible for the following:

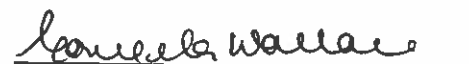
- Preparing and fairly presenting the accompanying financial statements of Airport Authority of Trinidad and Tobago (The Authority), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss or other comprehensive income, changes in equity and cash flows 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: 14 December 2022


Financial Controller
Date: 14 December 2022

Mr. Christopher Alcazar (Chairman), Mr. James Philbert (Deputy Chairman), Ms. Adana Bain, Ms. Savitree Seepersad, Mr. Mark Romany, Ms. Dhanmattee Ramdath, Dr. Jamil Sulaimani, Mr. Séan Quong Sing

Airports Authority of Trinidad and Tobago

Statement of Financial Position

(Presented in Thousands of Trinidad and Tobago Dollars)

	Notes	2020 \$'000	As at 31 December 2019 \$'000 RESTATED	2018 \$'000
Assets				
<i>Non-current assets</i>				
Property, plant and equipment	5, 6	1,239,187	1,350,591	1,436,604
Deferred taxation asset	7	104,371	134,058	148,550
		<u>1,343,558</u>	<u>1,484,649</u>	<u>1,585,154</u>
<i>Current assets</i>				
Inventories		10,913	12,184	11,803
Trade and other receivables	8	40,354	74,917	87,612
Taxation refundable		583	548	540
Deferred Charges		12,646	-	-
Restricted cash	9	56,421	56,371	56,313
Cash and cash equivalents	10	119,756	280,903	290,876
		<u>240,638</u>	<u>424,923</u>	<u>447,144</u>
Total assets		<u>1,584,231</u>	<u>1,909,572</u>	<u>2,032,298</u>
Equity and liabilities				
<i>Capital and reserves</i>				
Capital fund				
Accumulated deficit	11	5,324,871	5,253,857	5,151,049
Total equity		<u>(4,327,109)</u>	<u>(3,968,337)</u>	<u>(3,849,970)</u>
		<u>997,762</u>	<u>1,285,520</u>	<u>1,301,079</u>
<i>Non-current liabilities</i>				
Borrowings	12	-	6,622	41,604
Lease liabilities	6	-	1,067	-
Deferred taxation liability	7	104,371	134,058	148,550
Deferred liability	13	11,000	11,000	11,000
Retirement benefit obligation	14	95,206	101,180	129,523
		<u>210,577</u>	<u>253,927</u>	<u>330,677</u>
<i>Current liabilities</i>				
Trade and other payables	15	191,495	227,865	201,741
Lease liabilities	6	1,067	5,012	-
Taxation payable		1,942	1,953	1,943
Provisions for other liabilities	16	174,766	100,313	104,064
Borrowings	12	6,622	34,982	92,794
		<u>375,892</u>	<u>370,125</u>	<u>400,542</u>
Total liabilities		<u>586,469</u>	<u>624,052</u>	<u>731,219</u>
Total equity and liabilities		<u>1,584,231</u>	<u>1,909,572</u>	<u>2,032,298</u>



The notes on pages 7 to 36 are an integral part of these financial statements.

On 14 DEC 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 2020 \$'000	2019 \$'000 RESTATED
Revenue			
Aerodrome	17	66,485	272,551
Rental	17	29,998	86,542
Parking	17	8,855	22,440
Other	17	5,190	10,214
Interest	17	<u>3,621</u>	<u>2,929</u>
		<u>114,149</u>	<u>394,676</u>
Expenses			
Operating	18	(209,540)	(272,536)
Administrative	18	(145,891)	(128,525)
Depreciation	18	(129,752)	(126,876)
Finance costs	18	<u>(3,146)</u>	<u>(5,173)</u>
		<u>(488,329)</u>	<u>(533,110)</u>
Loss before taxation		(374,180)	(138,434)
Taxation	20	<u>3,902</u>	<u>4,181</u>
Loss for the year		<u>(370,278)</u>	<u>(134,253)</u>
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gain/(loss) on retirement benefit obligation	14	16,437	25,543
Taxation on actuarial gain/(loss)	7	<u>(4,931)</u>	<u>(7,663)</u>
Other comprehensive income/(loss) for the year, net of taxation		<u>11,506</u>	<u>17,880</u>
Total comprehensive loss for the year		<u>(358,772)</u>	<u>(116,373)</u>

The notes on pages 7 to 36 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
Balance at 1 January 2018	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)
Balance as at 31 December 2018	<u>5,151,049</u>	<u>(3,849,970)</u>	<u>1,301,079</u>
Balance as at 1 January 2019			
-- as previously reported	5,151,049	(3,849,970)	1,301,079
Adjustment on adoption of IFRS 16	--	(1,994)	(1,994)
Balance at 1 January 2019 -- restated	5,151,049	(3,851,964)	1,299,085
Capital contributions			
Government subventions	102,808	--	102,808
Total comprehensive loss for the year	--	(126,369)	(126,369)
Balance as at 31 December 2019	<u>5,253,857</u>	<u>(3,978,333)</u>	<u>1,275,524</u>
- As previously reported			
Balance as at 31 December 2019	<u>5,253,857</u>	<u>(3,968,337)</u>	<u>1,285,520</u>
- Restated (Note 24)			
Balance at 1 January 2020	5,253,857	(3,968,337)	1,285,520
Capital contributions			
Government subventions	71,014	--	71,014
Total comprehensive loss for the year	--	(358,772)	(358,772)
	71,014	(358,772)	(287,758)
Balance as at 31 December 2020	<u>5,324,871</u>	<u>(4,327,109)</u>	<u>(997,762)</u>

The notes on pages 7 to 36 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	
	2020 \$'000	2019 \$'000 RESTATED
Cash flows from operating activities		
Loss for the year before taxation	(374,180)	(138,434)
Adjustments for non-cash items:		
Depreciation	129,752	126,876
Loss on retirement of property, plant and equipment	8	—
Loss on removal of asset from fixed asset register	36,895	(127)
Non-cash adjustment to property, plant and equipment	—	13,920
Non-cash retirement benefit expense	2,939	(2,800)
Finance costs	3,146	5,173
Finance income	(3,621)	(2,929)
Operating loss before working capital changes	(205,061)	(1,679)
Net change in inventories	1,271	(381)
Net change in trade and other receivables	34,563	12,695
Net change in trade and other payables	(36,370)	26,124
Net change in provisions for other liabilities	74,453	(3,751)
Cash generated from operations	(131,144)	36,366
Taxation paid	(1,071)	(3,482)
Bank interest received	3,621	2,929
Loan interest paid	(3,146)	(5,173)
Cash generated from operating activities	(131,740)	30,640
Cash flows from investing activities		
Net change in restricted cash	(50)	(58)
Proceeds on disposal of property, plant and equipment	—	1
Purchase of property, plant and equipment	(65,389)	(54,656)
Cash used in investing activities	(65,439)	(54,713)
Cash flows from financing activities		
Repayment of loans	(34,982)	(88,708)
Capital contributions	71,014	102,808
Cash provided by financing activities	36,032	14,100
Net change in cash resources	(161,147)	(9,973)
Cash resources, beginning of year	280,903	290,876
Cash resources, end of year	119,756	280,903
Represented by:		
Cash and short-term deposits	119,756	280,903
Cash	45,036	39,923
Fixed Deposits	74,720	240,980
	119,756	280,903

The notes on pages 7 to 36 are an integral part of these financial statements.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

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

Since the outbreak of COVID-19 in the first quarter of 2020, global financial markets have experienced, and may continue to experience significant volatility as 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 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. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus have negatively affected the results of global and local economies. The currently known impacts of COVID-19 on The Authority are:

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

b. *Going concern (continued)*

- A decline in revenues for the year ended 31 December 2020 compared with the same period in 2019 of 71% due to the restriction in international passenger movements from 23 March, 2020 to stem the spread of COVID-19.
- An increase in expected credit losses for the year ended 31 December 2020 (\$23.1M) compared with the same period in 2019 (\$11.4M) by \$11.7M.
- A Loss before taxation of \$374.2M and an operating cash flow deficit of \$131.0M for the period.

The impact of COVID-19 creates considerable uncertainty for the aviation industry. Traffic forecasts indicate recovery globally by 2024, while recovery locally is expected by 2025. Nevertheless, Management considers that The Authority can maintain sufficient liquidity over the next 12 months as:

- i. Cash and Cash Equivalents stand at \$119.8M.
- ii. The Authority's international enplane (departing) passenger movement recovery rate has increased to 54% by the 3rd Quarter 2022 compared to an original projection of 35% as the restriction on international passenger movements were lifted from 17 July 2021.
- iii. The Government of the Republic of Trinidad and Tobago (GORTT) approved the variation of the purpose of the restricted cash held in the Central Bank of Trinidad and Tobago Account for the Piarco Development to be utilised for recurrent expenditure in March 2021, totalling \$56.4M.
- iv. The GORTT guaranteed a TT\$80M loan from the T&T Unit Trust Corporation, which was received in November 2021 to supplement cashflows to cover expenditure to April 2022.
- v. The GORTT approved subvention for recurrent expenditure in May 2022 amounting to \$66.7M to cover expenses to September 2022.

The 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. 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 presented its National Budget for the 2022 fiscal year and reconfirmed its commitment to continue supporting The Authority via transfer of funds for payment of the guaranteed loans as noted above.

The ability to maintain liquidity and on the basis of the continued support from GORTT, Management is satisfied with the preparation of these financial statements on the going concern basis and as such The Authority deems it accordingly appropriate to adopt a going concern basis for the preparation of these financial statements.

c. *Changes in accounting policy and disclosures*

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

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

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

c. *Changes in accounting policy and disclosures*

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.

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

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

e. Property, plant and equipment (continued)

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%

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.

IFRS 16, 'Leases'

The Authority has applied IFRS 16 Leases, which supersedes IAS 17, 'Leases' and related interpretations, including IFRIC 4, 'Determining whether an Arrangement contains a Lease'.

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.

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.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

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

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.

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%.

Right-of-use assets at 31 December 2020 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.

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.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

g. Financial assets (continued)

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

(i) Classification and measurement (continued)

at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 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.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

g. Financial assets (continued)

(ii) Impairment (continued)

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.

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.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

g. Financial assets (continued)

(ii) Impairment (continued)

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.

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 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

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 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

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 2020 which revealed a past service deficit of \$58.0m. The next valuation report is due as at 31 December 2023.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

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 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

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 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

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 e. 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 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

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 2020, if the TT dollar had weakened/strengthened by 10%, with all other variables held constant, the loss for the year would have been \$10.6M (2019: \$18.5M) 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 2020 and 2019, 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 2020

(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 2020 and 31 December 2019 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 2020 and 31 December 2019 was determined as follows for trade receivables

31 December 2020	Up to 30 days \$'000	Up to 60 days \$'000	Over 60 days \$'000	Over 90 days \$'000	Total \$'000
Expected loss rate	16%	5%	88%	92%	84%
Gross carrying amount - Trade receivables	4,262	-1,191	3,243	21,327	27,642
Loss allowance	691	-60	2,854	19,596	23,082
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

The closing loss allowance for trade receivables as at 31 December 2020 reconcile to the opening loss allowance as follows:

	2020 \$'000	2019 \$'000
At 1 January	11,392	16,177
Movement in loss allowance recognised in profit or loss during the year	11,690	(4,785)
Receivables written off during the year as uncollectible	—	—
At 31 December	<u>23,082</u>	<u>11,392</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 2020

(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 2020	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
Borrowings	7,108	--	--
Trade and other payables (excluding statutory payables)	191,495	--	--
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)	227,865	--	--

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 2020

(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 2020 were as follows:

	2020 \$'000	2019 \$'000
Total borrowings (Note 12)	6,622	41,604
Less: cash and cash equivalents	(119,756)	(280,903)
Net debt	(113,134)	(239,299)
Total equity	997,717	1,285,520
Total capital	884,583	1,046,221
Gearing ratio	--%	--%

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 14.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

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 2020

(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 aprons and 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
At 31 December 2020											
Cost											
As at 1 January 2020	250,296	1,194,926	25,831	190,881	7,905	1,517,369	379,855	108,118	6,744	99,252	3,781,177
Additions	--	--	--	--	17,865	44,029	2,157	25,158	--	54,767	143,832
Transfers, disposals and adjustments	--	--	--	--	(1,440)	(52,079)	(483)	(29,243)	--	(78,348)	(161,630)
	250,296	1,194,926	25,831	190,881	24,150	1,509,319	381,529	104,033	6,744	75,671	3,763,379
Accumulated depreciation											
As at 1 January 2020	--	(968,622)	(24,316)	(113,776)	(6,323)	(883,965)	(343,494)	(86,932)	(3,158)	--	(2,430,586)
Charge for the year	--	(86,163)	(16)	(9,851)	(470)	(14,979)	(5,698)	(9,560)	(3,016)	--	(129,752)
Transfers, disposals and adjustments	--	28,938	--	(825)	(509)	(15,724)	(192)	24,458	0	--	36,146
	--	(1,025,847)	(24,332)	(124,452)	(7,302)	(914,668)	(349,984)	(72,034)	(6,174)	--	(2,524,192)
Net book value	250,296	169,079	1,499	66,429	16,848	594,651	32,145	31,999	570	75,671	1,239,187
At 31 December 2019											
Cost											
As at 1 January 2019	250,296	1,194,926	25,828	190,880	7,905	1,517,378	358,228	86,643	712	94,526	3,727,322
Additions	--	--	4	--	--	--	21,631	27,029	6,032	48,639	103,335
Transfers, disposals and adjustments	--	--	--	1	--	(9)	(4)	(5,554)	(1)	(43,913)	(49,480)
	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
Accumulated depreciation											
As at 1 January 2019	--	(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)
	--	(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
At 31 December 2018											
Cost											
As at 1 January 2018	250,296	1,194,926	25,828	190,880	7,905	1,517,378	358,228	86,643	712	94,526	3,727,322
Accumulated depreciation	--	(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

(25)

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(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:

	2020 \$'000	2019 \$'000
Right-of-use assets		
Right-of-use assets classified as property, plant and equipment (Note 5) are disclosed below:		
Office furniture, fixtures and computer equipment	255	25,495
Motor vehicles	<u>570</u>	<u>6,032</u>
	<u>825</u>	<u>31,527</u>
Lease liabilities		
Non-current	--	1,067
Current	<u>1,067</u>	<u>5,012</u>
	<u>1,067</u>	<u>6,079</u>

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

	2020 \$'000	2019 \$'000
Depreciation of right-of-use assets	9,390	7,597
Interest expense (included within Finance costs)	<u>1,153</u>	<u>2,134</u>
	<u>10,543</u>	<u>9,731</u>

7 Deferred taxation

	2019 \$'000	Charge to other comprehensive income \$'000	(Charge)/ credit to profit or loss \$'000	2020 \$'000
<i>Deferred taxation liability</i>				
Accelerated tax depreciation	(126,424)	--	22,052	(104,372)
Leases	<u>(7,634)</u>	--	<u>7,634</u>	<u>0</u>
	<u>(134,058)</u>	--	<u>29,686</u>	<u>(104,372)</u>
<i>Deferred taxation asset</i>				
Leases			73	73
Retirement benefit obligation	30,355	(4,931)	3,139	28,563
Other temporary difference – accrued employee benefits	20,912	--	1,007	21,919
Expected credit losses – trade receivables	3,418	--	1,633	5,051
Tax losses	<u>79,373</u>	--	<u>(30,607)</u>	<u>48,766</u>
	<u>134,058</u>	<u>(4,931)</u>	<u>(24,755)</u>	<u>104,372</u>
<i>Net deferred taxation asset</i>	<u>--</u>	<u>(4,931)</u>	<u>4,931</u>	<u>--</u>

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

7 Deferred taxation (continued)

	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>

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 \$370.1m (2019: \$261.4m) in respect of losses amounting to \$1,233.7m (2019: \$873.5m) that can be carried forward against future taxable income. Losses do not expire.

8 Trade and other receivables

	2020 \$'000	2019 \$'000
Trade receivables	27,642	58,462
Less: Loss allowance	<u>(23,082)</u>	<u>(11,392)</u>
Trade receivables – net	4,560	47,070
Other receivables	7	9
Prepayments	743	1,918
Statutory receivables	27,929	17,444
Employee receivables	<u>7,115</u>	<u>8,476</u>
	<u>40,354</u>	<u>74,917</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

	2020 \$'000	2019 \$'000
First Citizens Bank Limited	1,378	1,382
Central Bank of Trinidad and Tobago	<u>55,043</u>	<u>54,989</u>
	<u>56,421</u>	<u>56,371</u>

Proceeds from borrowings with Trinidad and Tobago Unit Trust Corporation (Note 12) were deposited with the Central Bank of Trinidad and Tobago and drawdowns from the Central Bank of

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

9 Restricted cash (continued)

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.

10 Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash	45,036	39,924
Short-term bank deposits	2,456	2,398
Money market funds and other cash equivalents	<u>72,264</u>	<u>238,581</u>
	<u>119,756</u>	<u>280,903</u>

11 Capital fund

	2020 \$'000	2019 \$'000
Balance as at 1 January	5,253,857	5,151,049
Capital contributions	<u>71,014</u>	<u>102,808</u>
Balance as at 31 December	<u>5,324,871</u>	<u>5,253,857</u>

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 12).

12 Borrowings

	2020 \$'000	2019 \$'000
Republic Finance and Merchant Bank Limited – Bonds	--	5,928
Trinidad and Tobago Unit Trust Corporation – Bond	6,622	13,243
First Citizens Bank Limited – Loan	--	6,433
Scotia Trust and Merchant Bank of Trinidad and Tobago Limited – Loan	<u>--</u>	<u>16,000</u>
	<u>6,622</u>	<u>41,604</u>
Disclosed as:		
Current	6,622	34,982
Non-current	<u>--</u>	<u>6,622</u>
	<u>6,622</u>	<u>41,604</u>

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

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.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

12 Borrowings (continued)

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. Fully repaid in 2020.

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. Fully repaid in 2020.

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. Fully repaid in 2020.

13 Deferred liability

This relates to a deferred payment to GORTT of \$11m (2019: \$11m) for acquisition of the Northern Area of the Aerodrome property at the Piarco International Airport.

14 Retirement benefit obligation

Net liability in statement of financial position

	2020 \$'000	2019 \$'000
Defined benefit obligation	540,262	515,227
Fair value of plan assets	(445,056)	(414,047)
Net defined benefit liability	<u>95,206</u>	<u>101,180</u>

Movement in present value of defined benefit obligation

Defined benefit obligation at start of year	515,227	477,997
Service cost	23,258	19,175
Interest cost	27,931	25,994
Members' contributions	6,666	8,487
Benefits paid	(14,974)	(10,903)
Actuarial losses from changes in demographic assumptions	–	6,687
Experience adjustments	(17,846)	(12,210)
Defined benefit obligations at end of year	<u>540,262</u>	<u>515,227</u>

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

14 Retirement benefit obligation (continued)

	2020 \$'000	2019 \$'000
<i>Movement in fair value of plan assets</i>		
Fair value of plan assets at start of year	414,047	348,474
Interest income	23,027	19,863
Return on plan assets (excluding interest income)	(1,409)	20,020
Authority's contributions	19,060	29,384
Members' contributions	6,666	8,487
Benefits paid	(14,974)	(10,903)
Expenses paid	(1,361)	(1,278)
Fair value of plan assets at end of year	<u>445,056</u>	<u>414,047</u>
<i>Items included in profit or loss within 'Administrative expenses'</i>		
Current service cost	23,258	19,175
Net interest on defined benefit obligation	4,904	6,131
Administration expenses	<u>1,361</u>	<u>1,278</u>
	<u>29,523</u>	<u>26,584</u>
<i>Reconciliation of net liability in statement of financial position</i>		
Net defined benefit liability at start of year	101,180	129,523
Net pension cost	29,523	26,584
Remeasurements recognised in other comprehensive income	(16,437)	(25,543)
Authority's contributions paid	<u>(19,060)</u>	<u>(29,384)</u>
Net defined benefit liability at end of year	<u>95,206</u>	<u>101,180</u>
<i>Remeasurement recognised in other comprehensive income</i>		
Experience (gains)/losses	<u>(16,437)</u>	<u>(25,583)</u>
<i>Asset allocation</i>		
Locally listed equities	111,381	111,227
Foreign equities	86,896	77,610
Government issued bonds	191,386	181,857
Corporate bonds	36,048	28,874
Cash and cash equivalents	<u>19,345</u>	<u>14,479</u>
Fair value of plan assets	<u>445,056</u>	<u>414,047</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 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

14 Retirement benefit obligation (continued)

Allocation of defined benefit obligation

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

	2020	2019
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	21.7
Female	26.0	26.0

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

Male	22.6	22.6
Female	26.9	26.9

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 2020 would have changed as a result of a change in the assumptions used.

31 December 2020	1% pa increase \$'000	1% pa decrease \$'000
Discount rate	(84,491)	110,150
Future salary increases	53,859	(45,840)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 December 2020 by \$8.078m. 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 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

14 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 expects to pay \$23.5m to the Pension Plan during 2021.

15 Trade and other payables

	2020 \$'000	2019 \$'000
Accrued employee benefits	100,631	98,955
Due to GORTT – departure taxes	44,763	44,763
Accrued expenses	8,166	66,174
Other payables	7,582	7,072
Statutory payables	(312)	1,850
Deferred Revenue – Grant from European Union for Solar Park Project	7,398	7,398
Accrued loan interest	43	390
Trade payables	23,786	1,857
Staff clearing account	(562)	(594)
	<u>191,495</u>	<u>227,865</u>

16 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 2020.

	2020 \$'000	2019 \$'000
Balance at 1 January	100,313	104,064
Amounts accrued during the year	78,632	4,183
Amounts utilised during the year	4,179	7,934
	<u>174,766</u>	<u>100,313</u>

17 Revenue

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

	2020 \$'000	2019 \$'000
Revenue from services provided over time		
Aerodrome	66,485	272,551
Parking	8,855	22,440
Other	5,190	10,214
Revenue from contracts with customers	80,530	305,205
Revenue from leases		
Rental	29,998	86,542
Interest income	3,621	2,929
Total Revenue	<u>114,149</u>	<u>394,676</u>

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

18	Expenses	2020 \$'000	2019 \$'000 RESTATED
	Employee benefit expenses (Note 19)	198,710	243,543
	Depreciation (Note 5)	129,752	126,876
	Other	101,465	114,066
	Finance costs	3,147	5,173
	Loss allowance – trade receivables (Note 3 a.(ii))	11,690	(4,785)
	Repairs and maintenance	19,850	25,309
	Insurance	14,533	11,860
	Utilities	8,645	10,153
	Advertising and promotion	537	915
		<u>488,329</u>	<u>533,110</u>
19	Employee benefit expenses	2020 \$'000	2019 \$'000
	Salaries, wages and other short-term benefits	158,712	205,884
	National insurance contributions	10,475	11,075
	Pension costs – defined benefit plan (Note 13)	<u>29,523</u>	<u>26,584</u>
		<u>198,710</u>	<u>243,543</u>
20	Taxation	2020 \$'000	2019 \$'000
	Green fund levy	342	1,161
	Business levy	685	2,321
	Prior year under provision	2	–
	Deferred taxation (credit)/charge	<u>(4,931)</u>	<u>(7,663)</u>
		<u>(3,902)</u>	<u>(4,181)</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>(374,180)</u>	<u>(138,434)</u>
	Taxation at rate of 30%	(112,254)	(41,530)
	Expenses not allowable for tax	1,027	3,668
	Exempt income and allowances not subjected to tax	(1)	(1)
	Taxation losses previously generated, now recognised	–	–
	Taxation losses utilised	–	–
	Taxation losses previously recognised, now derecognised	30,607	3,412
	Taxation losses generated, not recognised	78,114	27,704
	Business levy	685	2,321
	Green fund levy	342	1,161
	Prior year under provision	2	–
	Other difference	<u>(2,424)</u>	<u>(916)</u>
		<u>(3,902)</u>	<u>(4,181)</u>

21 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

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

21 Related parties (continued)

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.

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):

	2020 \$'000	2019 \$'000
Executive salaries and other short-term employee benefits	18,972	18,929
Board members' fees	496	561
Post-employment benefits	669	716
	<u>20,137</u>	<u>20,206</u>

22 Contingent liabilities

At 31 December 2020 there were a number of pending claims against The Authority. Claims for which provisions have been made are reflected in Note 15 and 16. 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.

23 Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred amounted to \$27.4m at 31 December 2020 (2019: \$42.4m).

24 Restatement of comparative information

Restatement of figures reported in the 2019 issued financial statements have been made as a result of the correction of prior period errors in accordance with the IAS 8 – 'Accounting policies, changes in accounting estimates and errors' resulting from the reversal of the accrual for Property Tax in 2019 through the retained earnings. The affected financial statement line items for the period is revised as follows in the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows as noted in extracts below. The Statement of Financial Position for the year ended 31 December 2018 is shown for comparative purposes, adjustments were not required to these financial statements.

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

	As previously reported	2018 Adjustment	Restated	As previously reported	2019 Adjustment	Restated
Statement of Financial Position						
Accumulated Deficit	(3,849,970)	N/A	N/A	(3,978,333)	9,996	(3,968,337)
Provisions for Other Liabilities	104,064	N/A	N/A	110,309	9,996	100,313
Statement of Changes in Equity -- Balance as at 31 December 2019	1,301,079	N/A	N/A	1,275,524	9,996	1,285,520
Statement of Profit or Loss and Other Comprehensive Income						
Expenses -- Administrative	(151,275)	N/A	N/A	(138,521)	9,996	(128,525)
Expenses -- Total	(568,885)	N/A	N/A	(543,106)	9,996	(533,110)
Loss Before Taxation	(170,678)	N/A	N/A	(148,430)	9,996	(138,434)
Loss for year	(175,860)	N/A	N/A	(144,249)	9,996	(134,253)
Total comprehensive (loss) for the year	(176,216)	N/A	N/A	(126,369)	9,996	(116,373)
Statement of Cash Flows						
Loss for the year before taxation	(170,678)	N/A	N/A	(148,430)	9,996	(138,434)
Operating (loss)/profit before working capital changes	1,804	N/A	N/A	(8,317)	9,996	1,679
Net change in trade and other payables	9,691	N/A	N/A	32,369	(6,245)	26,124
Net change in provisions for other liabilities	14,823	N/A	N/A	0	(3,751)	(3,751)

Airports Authority of Trinidad and Tobago

Notes to the Financial Statements (continued)

31 December 2020

(Presented in Thousands of Trinidad and Tobago Dollars)

25 Subsequent events

The Measures taken by various governments to contain the COVID-19 virus have affected economic activity both globally and locally. The effect on The Authority being a reduction in international enplane passenger movement of 79% with the resultant reduction in revenues by 71% compared to 2019. Losses increasing to \$370.3M from \$134.3M in 2019. Liquidity has been negatively impacted, resulting in a depletion of the US\$ funds. The GORTT approved the use of the funds held in restricted cash Central Bank of Trinidad and Tobago Account (\$56.4M) for recurrent expenditure, guaranteed a TT\$80M loan from the T&T Unit Trust Corporation to assist with recurrent expenditure to April 2022, and, also approved subvention for recurrent expenditure amounting to \$66.7M to cover expenses to September 2022. Depending on the duration of the COVID-19 crisis and the continued negative impact on economic activity, The Authority may experience further negative results, and liquidity restraints. The Authority continues to assess the implications and will work with the GORTT to ensure continuity into the future. Reference should be made to the Going Concern note.