

The Port Authority of Jamaica

ANNUAL REPORT 2020-2021

Celebrating
OUR MARITIME HEROES

Celebrating



Heroes are ordinary people
who make themselves
extraordinary

-Gerard Way

OUR MARITIME HEROES





65LT

65LT

65LT



What's INSIDE

- 2 Vision, Mission & Core Values
- 4 Prime Minister's Message



CORPORATE

- 9 PAJ Major Milestones
- 11 Corporate Profile
- 12 Our Business in Brief
- 16 Our Maritime Facilities
- 18 The PAJ Group



BUSINESS PERFORMANCE

- 21 Summary of 5-Year Performance
- 22 Chairman's Statement
- 26 President & CEO's Statement
- 30 A Look Back at Business Highlights



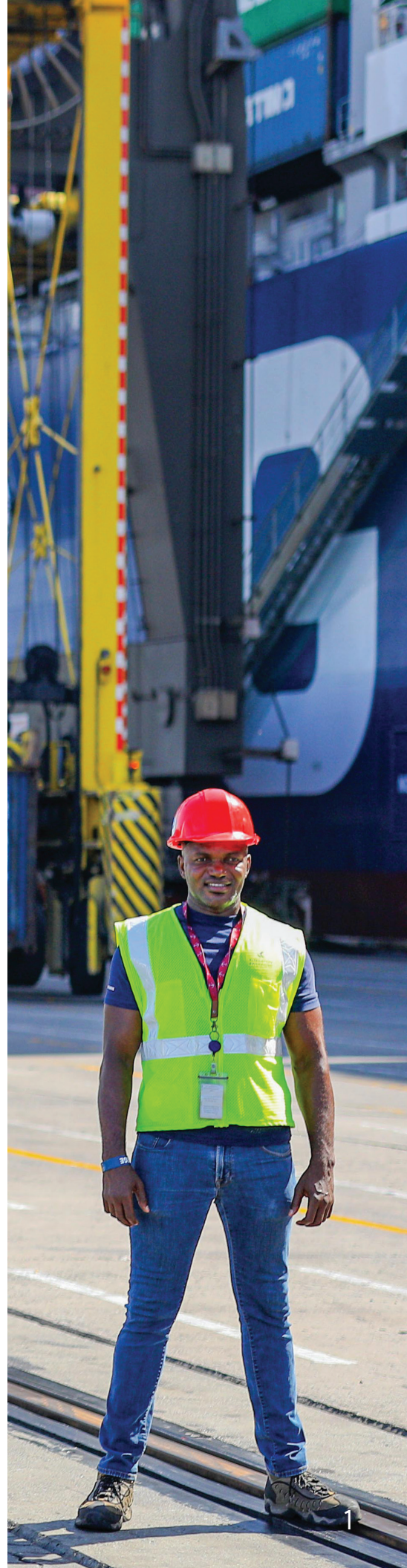
ACCOUNTABILITY

- 36 Board of Directors
- 39 Directors & Corporate Data
- 40 Corporate Governance
- 48 Executive Organizational Structure
- 50 Senior Executive Management Team
- 52 Management Team
- 54 Management Discussion & Analysis
- 62 Our Employees
- 66 PAJ COVID-19 Response
- 68 Corporate Social Responsibility



FINANCIAL

- 71 Group Financial Review
- 78 Directors' Compensation
- 79 Executive Emoluments
- 80 Subsidiaries Performance Highlights
- 84 Financial Statements



VISION

The Western Hemisphere's Beacon of Maritime Excellence



MISSION

Developers and Regulators of world class facilities and services that ensure sustainable growth of Jamaica's Maritime Industry and maximum satisfaction to all stakeholders



VALUES

The Port Authority of Jamaica is committed to the pursuit of its Vision and Mission within a framework characterized by:

 A motivated and competent workforce

 Excellence


 Fairness and equity

 Integrity and trust

 Open communication

 Commitment

 Accountability

 Wholesome physical environment with which to endow future generations







MESSAGE FROM THE MOST HON. ANDREW HOLNESS, ON, PC, MP PRIME MINISTER

The Port Authority of Jamaica traversed difficult waters during the financial year but their unwavering commitment to the development of Jamaica’s Maritime Industry remained clear. With guidance from the Ministry of Economic Growth and Job Creation, the Authority executed several projects that are aligned with the Government of Jamaica’s strategic focus of economic growth and job creation.

I must commend the PAJ and the stakeholders in the maritime industry for ensuring the continuation of cargo operations during the heights of the COVID-19 pandemic. As the negative effects of the pandemic reverberated throughout our economy, essential cargo was able to flow uninterrupted across our borders to meet the needs of all Jamaicans.

My Administration further lauds the PAJ on its ability to remain focused and committed to the completion of several infrastructure projects during the financial year which will contribute to our collective objectives of economic growth and job creation.

I note that the past year has been challenging for the PAJ, especially with the inactivity of the Cruise Industry due to

the pandemic. These are unprecedented times as all five cruise ports have been closed since March 2020. However, there is optimism that Cruise shipping will resume in Jamaica in the near future, with the extensive vaccination programme being pursued by the United States - the country from which most passengers and cruise vessels that visit Jamaica originate.

On a positive note, Jamaica was awarded the title of the “World Leading Cruise Destination” at the 2020 World Travel Awards. As such, the PAJ continued infrastructure projects to further cement this status and to improve its cruise product offerings.

I am pleased with the successful completion of the newly constructed Cruise Terminal at the Historic Naval Dockyard in Port Royal which was a significant milestone that brought Cruise Tourism to Jamaica’s south coast. This facility welcomed three cruise vessels prior to the closure of all cruise ports. The terminal facility also facilitated the Government of Jamaica’s Controlled Entry Programme for the repatriation of Jamaican ship workers and crew during the year.

“...essential cargo was able to flow uninterrupted across our borders to meet the needs of all Jamaicans”

The development of Hampden Wharf Artisan Village in Trelawny will enhance the Falmouth experience for both visitors and residents by improving the attractiveness and ambience of the Terminal and the Town. The PAJ undertook this project in partnership with and funding from the Tourism Enhancement Fund (TEF). This will support the desired increase in visitor throughput, while bringing the community into beneficial contact with the cruise passengers. Furthermore, the planned development of a new town centre on 50 acres of lands owned by PAJ adjacent to the port further solidifies the PAJ's commitment to Cruise Tourism in the town of Falmouth. This development will combine the conveniences and aesthetics of a modern town with elements of the existing Georgian architecture.

The reconstruction of Reynolds Pier in Ocho Rios created a second berthing facility capable of accommodating the largest classes of cruise vessels. In addition, a new promenade has been built which connects the Reynolds Pier to the Ocho Rios Fishing Village and the town of Ocho Rios.

The Kingston Logistics Park is being developed by the PAJ as the proof of concept towards the development of premier Logistics Park in Jamaica. The multi-phased development involves the construction of a 200,000 square-foot Logistics facility as well as a modern border protection centre as

part of Jamaica's commitment to enhancing safe and secure cargo transportation in a globalised environment. It is anticipated that this development will further improve cargo throughput volumes at the Port of Kingston.

The PAJ continues to monitor the 30-year Concession Agreement (CA) which came into effect on July 1, 2016, between the PAJ and Kingston Freeport Terminal Limited (KFTL). The CA enabled KFTL to make the necessary investments to expand and develop the Terminal to increase its capacity and ensure its sustained competitiveness.

During the financial year, the PAJ continued construction at the Portmore Informatics Park (PIP). The project consists of four, 3-storey buildings with a combined area of 157,000 square foot of building space. The PIP development caters to investors in the Business Process Outsourcing (BPO) sector which continues to thrive in Jamaica and remains a major source of employment. When fully occupied, the buildings will provide approximately 4,000 new jobs for the people of Jamaica.

My best wishes for another successful year.

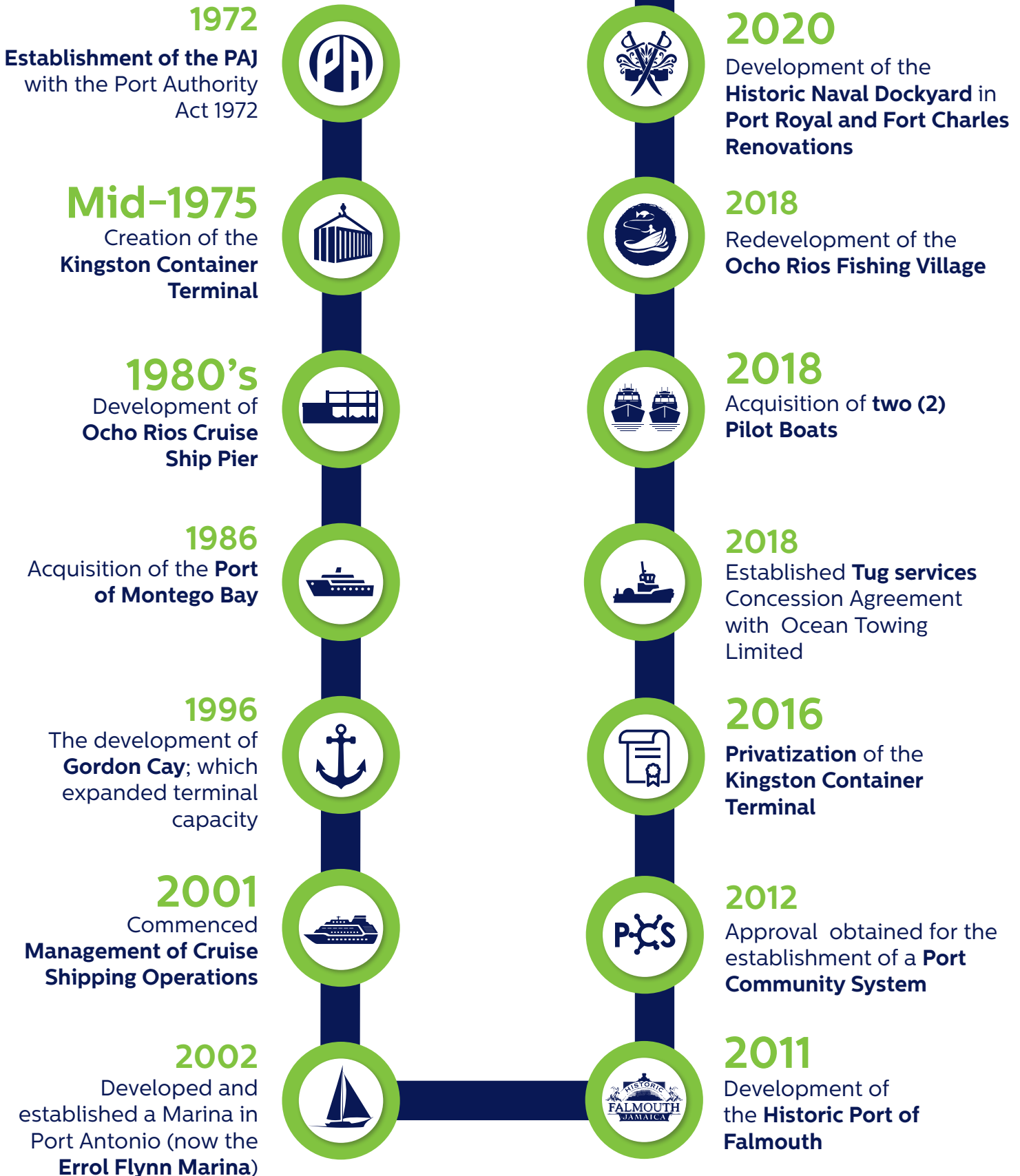
**The Most Hon. Andrew Holness, ON, PC, MP
Prime Minister**

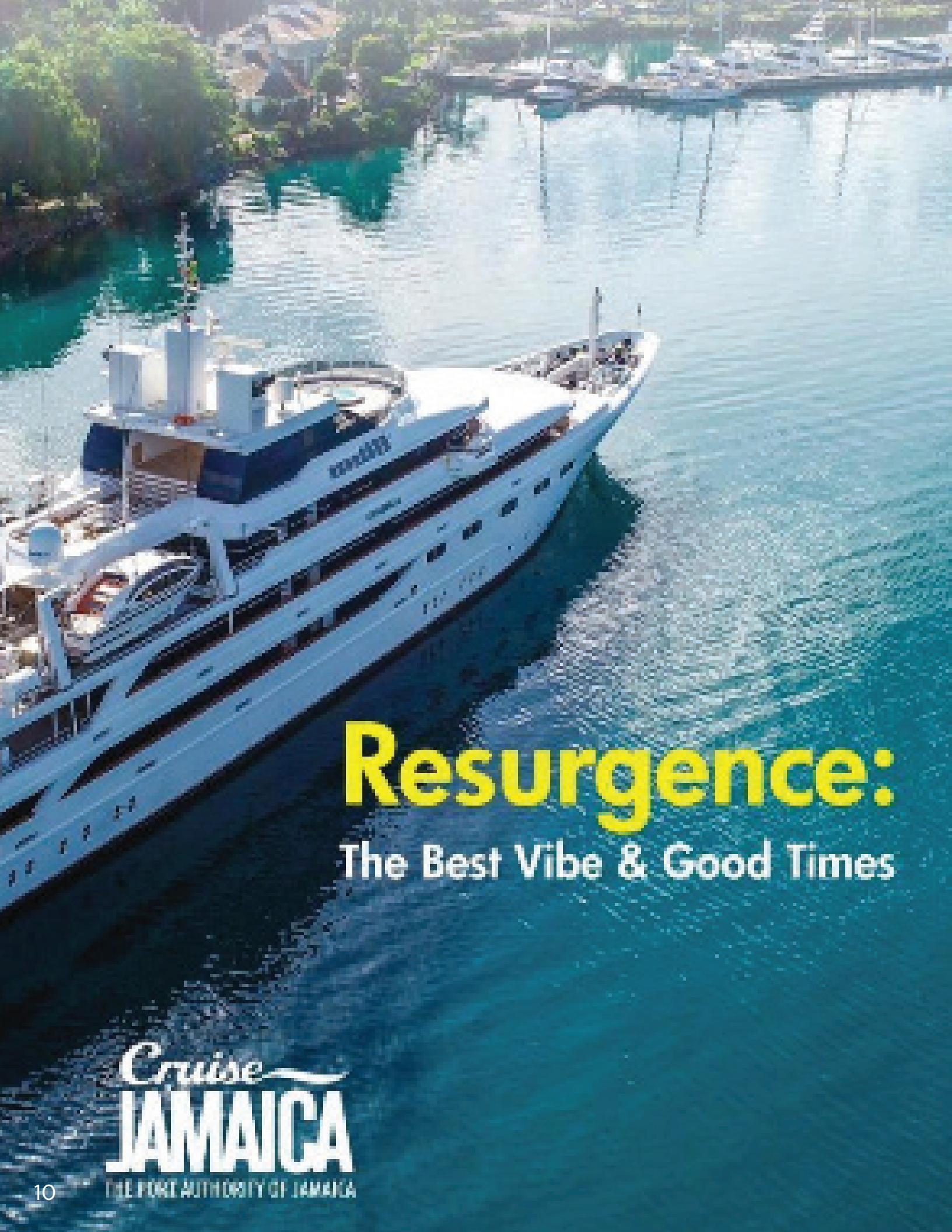




CORPORATE

PAJ MAJOR MILESTONES OVER 49 YEARS





Resurgence:

The Best Vibe & Good Times

Cruise
JAMAICA

THE PORT AUTHORITY OF JAMAICA



CORPORATE PROFILE

WHO WE ARE

The Port Authority of Jamaica (The Authority or PAJ) is a statutory corporation established by the Port Authority Act of 1972. It is Jamaica's principal maritime agency responsible for the development and regulation of Jamaica's seaports. The PAJ reports directly to the Ministry of Economic Growth & Job Creation (MEGJC). In its development role, the PAJ develops and facilitates investment in seaports and supporting infrastructure required for growth in Jamaica's International Trade and Commerce, Cruise Tourism and related Industries.

WHAT WE DO

As the regulatory Authority, PAJ monitors and regulates the navigation of all vessels entering and leaving Jamaica's seaports and harbours to ensure safety and order. The Authority also set tariffs on goods that pass through the public wharves. In executing these responsibilities, the PAJ:

- Administers and regulates Jamaica's pilotage service which is compulsory for all ships navigating Jamaica's seaports, by providing assistance with navigation and berthing
- Charts safe access to Jamaica's ports and harbours by maintaining the ship channels to ensure that the depths are sufficient for the vessels that use the ports
- Provides and maintains navigational aids, such as buoys, beacons and lighthouses
- Offers commercial tug services in the Port of Kingston
- Serves as a tribunal for establishing wharfage tariffs, through a process of public hearing

As developers, the PAJ undertakes projects that support the expansion of maritime and supporting infrastructure.



OUR BUSINESS

The Port Authority operates and generates revenues from numerous business segments. The Authority remains committed to assisting the Government of Jamaica (GO) in achieving its Vision 2030 goals and as such PAJ's operations are tailored to bring economic growth and development across all areas.

Cargo



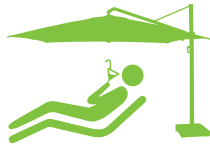
Cargo activities remain the essential segment of PAJ's operations; this reality has become more evident with the challenges created by the current pandemic. Over the last fiscal year, cargo operations generated approximately 38% of total revenues. The Authority regulates the operations of 14 private ports that handles bulk and liquid cargo such as bauxite, petroleum/fuel, aggregates, steel, cement and other raw materials. Additionally, PAJ regulates three public ports that focus on domestic and transshipment cargo.

The Kingston Container Terminal (KCT) which is owned by the PAJ is operated by Kingston Freeport Terminal Limited (KFTL), a subsidiary of the CMA CGM Group, by way of a Build Operate Transfer (BOT) Concession Agreement (CA) since July 1, 2016. Based on the CA, PAJ earns revenue from the annual concession fees which has a fixed portion and a variable portion based on the gross revenues earned by KFTL.

The Port of Montego Bay which is owned by the Port Authority, is a multi-use port that handles both cargo and cruise activities.

The port is managed by Port Handlers Limited (PHL) through a management agreement. The PAJ maintains responsibility for the development and investments in equipment and systems while PHL manages the daily operations. PHL is paid a management fee in accordance with the management agreement.

Cruise



The development and maintenance of cruise ports across the island is the responsibility of the PAJ. Jamaica's cruise port facilities include: Port of Montego Bay, Historic Port of Falmouth, Port of Ocho Rios, Ken Wright Pier and the adjoining Errol Flynn Marina and the newly constructed Historic Naval Dockyard in Port Royal. The Historic Port of Falmouth, Errol Flynn Marina and the Historic Naval Dockyard are managed by the Authority. The Port of Montego Bay and Port of Ocho Rios, are operated by PHL and Lannaman and Morris respectively by way of management agreements. Marketing initiatives for cruise shipping is undertaken by the Port Authority of Jamaica under its "Cruise Jamaica" brand.





Harbours and Marine Services



The Harbour Master, who is head of the Harbours and Marine Services Department is responsible for ensuring the safe passage and navigation of all vessels in and out of Jamaica's waters. The services provided by the department include:

- the maintenance of the harbour and navigational aids such as buoys and beacons
- the maintenance of lighthouses
- management of the provision of tug services which is currently undertaken by a private entity through a 10-year Concession Agreement
- the management of marine pilot services.

These operations are extended islandwide at Jamaica's 22 port facilities comprising: 5 cruise ports, 14 private cargo ports (sufferance wharves) and three public cargo ports.

Investment in Logistics



Increasing cargo throughput at Jamaica's seaports remains integral to the strategy of the Authority. Through port-centric logistics development, this is possible along with the creation of low skilled and high skilled jobs. The logistics industry will boost economic activities and lead to economic growth and development for Jamaica and increase throughput for the Port of Kingston. PAJ has completed the build-out of a modern 200,000 square feet warehouse facility on lands it owns adjacent to the KCT which is available for lease, and discussions are advanced with a potential occupant. In addition, the PAJ has earmarked approximately 80 hectares of land conveniently

located in close proximity to KCT that are eminently suitable for providing a wide range of logistics activities for local and offshore markets. PAJ is actively pursuing partnerships with private sector companies to foster the development of logistic activities and operations at this facility.

Security



As the Designated Authority of seaports under the International Maritime Organization/ International Ship and Port Facility Security (IMO/ISPS) Code, the Authority, is mandated to ensure that the standards, procedures, and security systems at Jamaica's ports comply with the IMO/ISPS Code and best practices.

Real Estate Investment



The PAJ is involved in the development of Special Economic Zones (SEZ) where our activities are complementary to that of the Jamaica Special Economic Zone Authority (JSEZA). The PAJ owns approximately 1.6 million sq. ft. of building space across Jamaica which is managed by three SEZ subsidiaries (licensed under the JSEZA) which have been transitioned as Developers whilst the PAJ is designated as Sponsor. One of the subsidiaries is the Montego Bay Free Zone (MBFZ) which manages 238,000 sq. ft. of building space on behalf of the Factories Corporation of Jamaica Ltd. The subsidiaries lease the properties to clients who are primarily involved in the Business Process Outsourcing (BPO) sector and provide management services to the clients. The BPO industry remains a major source of employment and income for many Jamaicans. Through investment in this sector, PAJ plays an integral part in fulfilling the GOJ's job creation and economic growth agenda.



OUR MARITIME FACILITIES

Ocho Rios

Falmouth

Rose Hall Lighthouse

Montego Bay

Negril Lighthouse

Lovers Leap Lighthouse

Pedro Cays Lighthouse



Galina Point Lighthouse

Folly Point Lighthouse

Port Antonio

Morant Point Lighthouse

Plumb Point Lighthouse

Kingston

Port Royal

Morant Cays Lighthouse

Portland Point Lighthouse

KEY



Cruise Ports



Cargo Ports



Lighthouses

THE PAJ GROUP SUBSIDIARIES & ASSOCIATES



“Decide. Commit. Succeed.”

-Anonymous








Gregory Hamilton
Welder,
Harbours Department



BUSINESS PERFORMANCE

SUMMARY OF 5-YEAR PERFORMANCE

		2020/21	2019/20	2018/19	2017/18	2016/17
OPERATING REVENUES (J\$M)						
	Cargo	3,610	3,540	3,412	3,488	4,764
	Cruise	-	2,790	3,618	3,614	3,181
	Wharfage	700	844	795	862	831
	Marine	1,090	1,330	1,620	1,914	1,955
	Land, Building & Equipment Lease	1,250	1,360	1,273	1,151	1,054
	Port Antonio Marina	-	-	-	125	92
	Security Fees	2,730	2,930	2,787	2,559	2,315
	Other	214	266	230	201	398
	Total	9,594	13,060	13,735	13,914	14,590
2020/21 2019/20 2018/19 2017/18 2016/17						
CARGO VOLUMES BY MAJOR PORTS OF CALL (METRIC TONNES)						
	Port of Kingston - Transshipment	12,191,692	11,444,579	12,994,433	10,303,515	8,174,532
	Port of Kingston - Domestic	5,561,791	6,149,184	6,263,930	5,784,269	5,881,033
	Port of Montego Bay	575,365	821,393	820,254	766,549	742,642
	Other Outports	7,125,203	7,934,589	10,550,183	8,357,492	7,588,109
	Total	25,454,051	26,349,745	30,628,800	25,211,825	22,386,316
CONTAINER TRAFFIC (MOVES)						
	Transshipment	875,060	816,315	897,328	874,832	740,249
	Domestic	173,285	195,692	197,016	187,700	107,753
	Other	19,669	16,888	23,208	20,923	14,201
	Total	1,068,014	1,028,895	1,117,552	1,083,455	862,203
CRUISE PASSENGER ARRIVALS						
	Ocho Rios	nil	599,911	595,152	544,644	473,166
	Falmouth	nil	457,945	675,236	891,397	721,501
	Montego Bay	nil	270,734	498,189	507,206	447,916
	Port Antonio & Kingston	nil	5,353	1,725	3,715	3,815
	Total	nil (Note 1)	1,333,943	1,770,302	1,946,962	1,646,398
VESSEL CALLS						
	Cruise Vessels	nil (Note 1)	411	525	587	518
	Cargo Vessels		2,694	2,913	2,755	2,996
	Other Vessels		159	251	262	209
	Total	3,009	3,264	3,689	3,604	3,723

Note 1: There were no cruise passenger arrivals due to the COVID-19 pandemic which resulted in the closure of all cruise ports in March 2020.

CHAIRMAN'S STATEMENT

“ The Authority focused on reducing operating expenses and positioning key business segments for success once the effects of the pandemic have subsided.”



The past year has been very challenging for everyone, having to navigate the uncertainties surrounding the COVID-19 pandemic. Since being appointed in October 2020, the Board has committed to the delivery of high governance standards to ensure regulatory compliance, transparency and accountability, enhanced stakeholder value, corporate social responsibility and sustained financial performance.

The PAJ Group made significant strides in respect of its strategic objectives in the fiscal year ended March 31, 2021. The Group ended the financial year March 31, 2021, with Total Assets and Total Equity and Liabilities of \$83.61 billion, an increase of \$5.22 billion (2020: \$78.08 billion). Net Current Assets for the year ending March 31, 2021 was \$4.23 billion, an increase of \$2.95 billion compared (2020: \$1.28 billion).

The COVID-19 pandemic continued to negatively impact our operations, specifically with the estimated \$3.5 billion (35%) loss in revenue from cruise and related activities, which is PAJ's second largest business segment. The Authority focused on improving efficiency, reducing operating expenses and positioning key business segments for success when the effects of the pandemic have subsided.

The PAJ's businesses are susceptible to changes in the international business environment. Therefore, the proper management of our human, financial and operating resources remain crucial to combat the effects of the pandemic. In this regard, we continued the implementation of the Enterprise Risk Management (ERM) Framework which commenced in the prior year. Throughout the year, the ERM implementation facilitated the training of staff, the Boards and Committees as well as assessment of the risks of the Group.

**Approximately
200,000 sq. ft.
added at the
Kingston
Logistics Park...**



The construction of a modern warehouse facility which spans approximately 200,000 sq. ft. at the Kingston Logistics Park was completed during the year. This development is in support of the GOJ's objective to develop Jamaica's Logistics Industry. Intense marketing of this facility is ongoing, and it is expected that once occupied this will further stimulate the throughput at our cargo ports.

Through the expansion of the Portmore Informatics Park (PIP) to further add approximately 157,000 sq. ft. of building spaced for the BPO industry. The expansion was completed during the final quarter of the financial year and it is expected that approximately 4,000 jobs should be created as a result.

Outlook

The International Monetary Fund (IMF) projects global growth will rebound to 6% in 2021 due to the strong fiscal support in advanced economies and the support given to vaccination programmes. We continue to monitor the pandemic and the containment efforts by governments worldwide. In the medium term, the PAJ Group will maintain its strategic focus on investment in infrastructure, technology and equipment to capitalize on growth opportunities across our business segments.

The organization will continue its drive to improve operational efficiency by integrating modern technological solutions into its business processes and the development and training of staff to create greater business value. We look forward to partnering and sharing the responsibility with our stakeholders to further develop Jamaica's maritime sector to world-class standards.

I am grateful to my Board Members for their support, and Professor Gordon Shirley and his Team for the strong leadership in responding to this crisis, while also positioning the Group for continued success.

We look forward to the new year to capitalize on opportunities and deliver growth whilst supporting the GOJ's commitment for infrastructural development and economic growth.

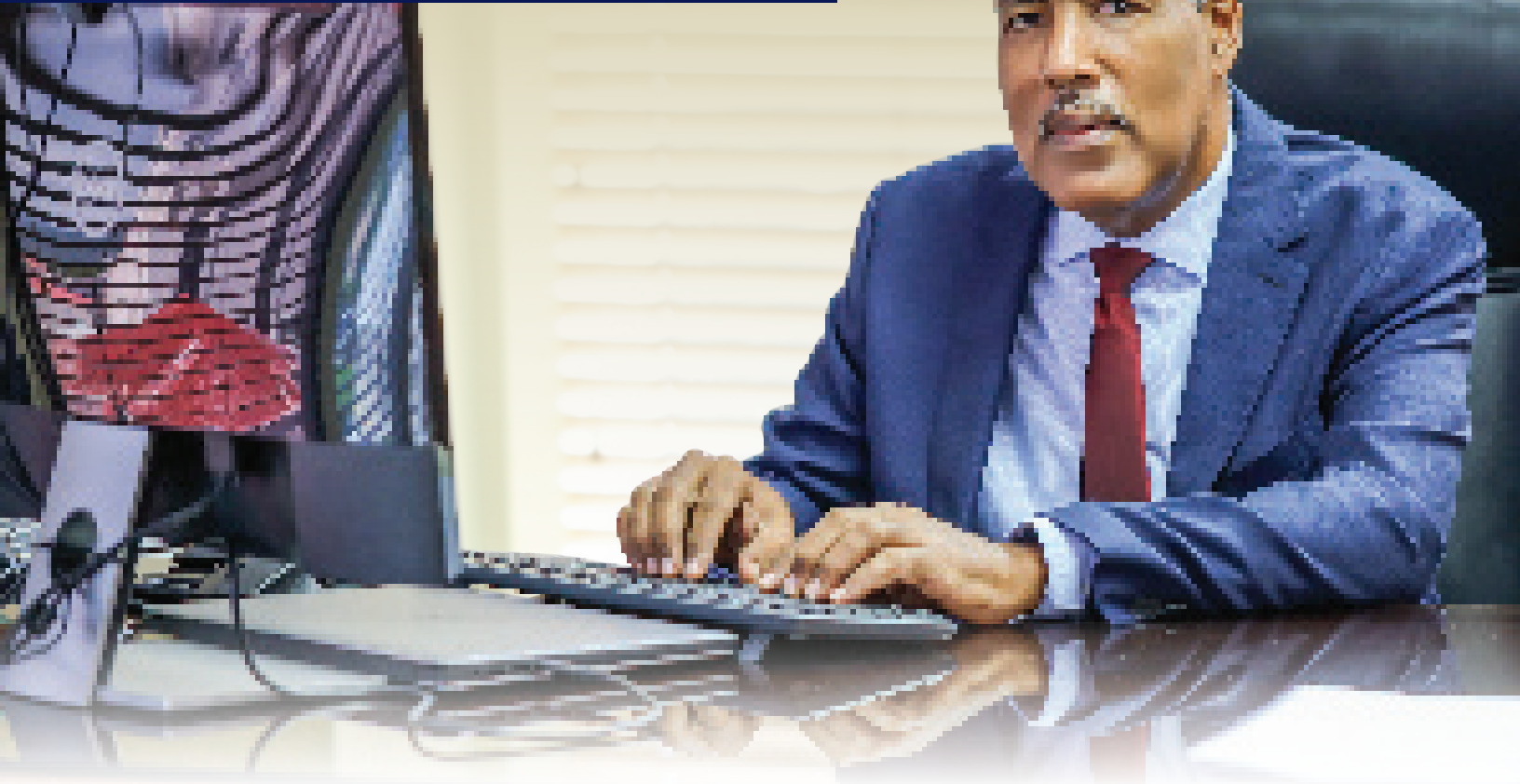
Alok Jain
Chairman



The
strong
will
continue.

-Unknown

PRESIDENT & CEO's STATEMENT



Response to COVID-19



The COVID-19 pandemic has changed the world as we knew it. Fortunately, it has brought to the fore that to remain competitive and sustainable, organizations must become more innovative and quickly adapt to new business processes. For us at the Authority, these principles have been deeply embedded in the culture of the organization since inception in 1972. Uncertainties and disruptions in our business environments have been evident because of the COVID-19 pandemic. We have all been impacted by this virus in some form. Despite the daily challenges, we are all facing, this is also a time that is bringing out the best in many people and that can be said of the Board, Management and Staff of the PAJ.

Safeguarding Our People



Our number one priority has always been the safety and protection of our employees. During this time of increased risk and uncertainty, appropriate measures were implemented to keep our employees safe. This includes full compliance with the Ministry of Health and the Disaster Risk Management Protocols to include screening, temperature checks, and maintaining social distancing. Where possible, employees are working

from home through the use of enabling technology solutions and flexible work arrangements. I am incredibly proud of the efforts of our frontline maritime workers, especially from the Marine Services Division to include the Harbours, Pilot Dispatchers, Marine Pilots, Port Safety & Security Teams and all our Port Workers. They continue working daily to maintain efficient and reliable services, which allows the safe passage and handling of cargo vessels throughout Jamaican waters. This has been crucial for the flow of goods in and out of our country to support the economy goods and services, during this unprecedented time. Unfortunately, we have all been negatively impacted by COVID-19 and some employees were directly affected. We have lost members of our team and although they are gone, they will never be forgotten.

Financial Performance



Net Profit for the year of \$5.23 billion before taxation of \$205.08 million, was (\$1.45 billion) above the \$3.75 billion earned in 2020. Revenue \$9.59 billion for the year was \$3.41 billion or 26.54% less than 2020 (\$13.06 billion) and \$800 million or 7.69% less than the budgeted \$10.39 billion for March 31, 2021. The reduction in revenue was due to the continued negative impact of COVID-19 on global economies, specifically the total shut down of the Cruise and related industries, with no cruise activity for the year. The outlook for the Cruise Industry is uncertain, given the unpredictable spread of the virus. However, the PAJ remains optimistic that cruise activity will return to our shores within the short term. We continue to work with the cruise lines and our partners in Government and the industry to ready our operations for the return of cruise activities. Cargo revenues earned for the year of \$3.61 billion, was marginally above 2020: \$3.54 billion. The outlook for cargo activities continues to be positive and trending upwards. Total expenses of \$7.29 billion decreased by \$280 million (3.7%) compared to 2020: \$7.57 billion.

Continuing Operations



Despite the challenges for the year, brought about by the pandemic, we were able to achieve our strategic objectives outlined in the 2020/2021 Corporate Plan and Budget; approved by the Ministry of Finance & the Public Service (MOFPS) and Parliament. We successfully completed key projects that commenced in the previous year. Areas of focus were the development projects across the cruise and cargo business segments, as well as real estate investment projects in the Logistics and BPO sectors.

Notwithstanding the fact that the Cruise Industry is being adversely impacted by the global pandemic, resulting in the closure of all our cruise ports, the Authority focused on the completion of various projects across our cruise segments to include Hampden Wharf Artisan Village and Reynolds Pier to consolidate our position as the “World’s Leading Cruise Destination.” Jamaica has the best cruise product in the region and this enables the consistent performance of our cruise shipping business and allows us to deliver a world-class cruise passenger experience, regardless of the circumstances. A summary of the performance based on targets established for the financial year is provided in Management Discussion and Analysis on page 55.

Future Projects



The focus of the organization over the short to medium term will be the completion of capital projects and operationalizing these facilities to improve operating efficiency. There are additional long-term development projects being contemplated, but these are at the concept stage. The PAJ has identified projects for which technical and financial due diligence and evaluation will be carried out during the financial year 2021/22 to determine the priority in respect to implementation. These projects will be undertaken through partnerships with public and private participation. The projects identified are as follows:

Falmouth East Masterplan in Trelawny: The proposed development includes the construction of a commercial building, civic and residential buildings, green space (inclusive of recreational facilities) with urban open spaces on 50 acres of land adjacent to the Falmouth Port. This is intended to facilitate the historic restoration of the core of Falmouth to an authentic Georgian style and enhance the experience of both local and foreign visitors to the town.

Commercial Complex at the Montego Bay Free Zone in St. James: The Port Authority is proposing to develop 12-acres of land at the Montego Bay Free Zone into a commercial and logistics complex.

Commercial Office Development Construction of a New building Old Sardine Factory, Newport East, Kingston: The PAJ intends to develop office and commercial buildings on 6.1 acres of lands at Newport East, contiguous to the sea to house both the Operational & Maintenance Units of the Harbours Department. The facility will also provide storage for the boats and offices. In addition, commercial office space will be included.

Westlands Development in Kingston: The PAJ is proposing the development of 100 acres of industrial lands in Kingston for commercial activities. This project will facilitate logistics operations adjacent to the Kingston Container Terminal and enable the development of supporting infrastructure including roads, drainage, and an improved telecommunications framework.

Portmore BPO Phase 2 Development in St. Catherine: The PAJ has substantially completed approximately 157,000 sq. ft. of aesthetically appealing campus of three-storey corporate type buildings at the Portmore Informatics Park. The Port Authority will initiate the development of 6.1 acres, which is contiguous to the this development.

Outlook



Looking ahead we will seek to capitalize on opportunities that have emerged as a result of the pandemic by embracing the use of technological solutions throughout our business segments. The strategic emphasis of the organization will be geared towards operational efficiency and effective management of our resources. We will continue to support our employees through training and development programmes to be their best and deliver great performance. As it relates to our future development programmes and initiative, these will improve and strengthen PAJ financial capacity and provide more flexibility and risk management, through more diversified revenue streams.

Gratitude



The fulfilment of our mandate as regulators and developers of ports and port facilities across Jamaica would not have been possible without the tremendous support our Staff. The resilience and spirit shown during the period were unparalleled and deserve special commendation. Additionally, we are grateful for the support and guidance given by the Board of Directors, the MOFPS and our parent ministry - the Ministry of Economic Growth and Job Creation and our minister - The Most Honourable Prime Minister Andrew Holness.

A handwritten signature in blue ink, appearing to read 'Gordon Shirley'.

Prof. Gordon Shirley

A LOOK BACK... BUSINESS HIGHLIGHTS



Historic CMA-CGM Vessel Call at KFTL

A historic moment was realized at Kingston Freeport Terminal Limited when the CMA CGM T. Roosevelt; with a carrying capacity of 14, 414 TEUs docked at the Port of Kingston.

Port of Montego Bay Upgrades

Upgrade & expansion of Berth 1 to handle fuel cargo & Berth 2 to meet demand for homeporting.

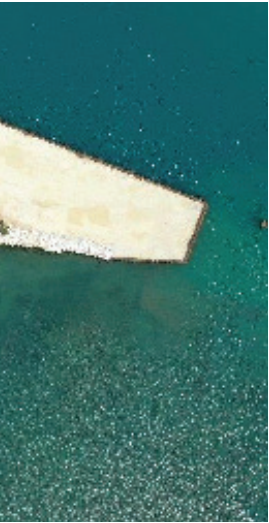


Repatriation Call

On June 20, 2020, Royal's Caribbean's Rhapsody of the Seas docked at the Port Royal Cruise Port. The vessel was the first of two ships being facilitated at the port today in support of the Government of Jamaica's Controlled Entry Programme for the repatriation of Jamaican ship workers and crew.

Kingston Logistics Park

The Port Authority has constructed a 200,000 square-foot Logistics facility on a section of land immediately adjacent the main entrance of the Kingston Container Terminal.



Reynolds Pier

A section of the Reynolds Pier in Ocho Rios has been reconstructed to create a second berthing facility capable of accommodating the largest classes of cruise vessels in response to an increase in demand for berthing capacity. It also includes passenger processing facilities and customs and quarantine buildings.

Prof. Shirley appointed as Chair for the COVID-19 Cruise Jamaica Recovery Programme.

Prof. Shirley also served as a member of a high-level 21-member COVID-19 Economic Recovery Task Force – April 2020, to devise plans for the gradual reopening of Jamaica's economy in light of the COVID-19 pandemic.



Hampden Wharf Completion

The Hampden Wharf Project which comprises an Artisan Arcade, Performing Arts facility and a Food Arcade was completed on September 23, 2020 and handed over to TEF in February 2021. The Port Authority of Jamaica implemented this project, which was funded by TEF. The Project is developed on PAJ's property with the rehabilitation and conversion of two historic wharf buildings which are contiguous to the Historic Falmouth Cruise Ship Port.



OUR AWARDS

WINNERS



WIN



'DIS HAVE A BUZZ'



Jamaica is the 2020 World's Leading Cruise Destination:

A testament to the indomitable spirit of Jamaica, dynamic marketing initiatives executed by the Port Authority of Jamaica and the strength of the Cruise Jamaica brand, enhanced in 2020 by the addition of a new cruise port in Port Royal at the Historic Naval Dockyard.

Cruise Shipping | Marine & Port Services | Cargo Operations | Business Process Outsourcing | Port Community System | Logistics
Website: www.portjam.com | Email: paj@portjam.com



PORT ROYAL CRUISE PORT 'HISTORIC NAVAL DOCKYARD'

WINS JE

Project of the Year!



The Port Authority of Jamaica (PAJ) developed the Historic Naval Dockyard, Jamaica's 5th cruise port of call which is located in Port Royal. This new cruise port development was awarded the 2020 Engineering Project of the Year by the Jamaica Institution of Engineers (JIE). Technical planning for this state-of-the-art facility commenced in November 2017 and was completed in April 2020.

The main objectives in developing this facility were to: develop a port and port facilities to create economic and social benefits whilst collaborating with other Government of Jamaica agencies; enhance the unique historical assets of Port Royal for the benefit of Jamaicans and visitors and create a gateway to Kingston, the 'cultural capital' of the Caribbean in an environmentally sustainable manner.

Costs Estimating | Marine-LLP/Construction | Heavy Operations | Business Process Re-engineering | Fuel Management System | Logistics
WWW.PAJ.JM | Email: info@paj.jm





ACCOUNTABILITY

WE WILL RISE

FORT CHARLES RENOVATION

The PAJ assumed management of Fort Charles and redeveloped it to deliver a new Fort Charles experience. The renovation project is complete and it features the 17th century history and mystique of Port Royal, a historic museum, the Victoria Battery, a new Giddy House offering, a guided tour, storytelling and a souvenir shop. The upgrade of Fort Charles has diversified Jamaica's cruise product offerings.



BOARD OF DIRECTORS

Appointed October 12, 2020



Mr. Alok Jain - Chairman

Former partner of Pricewaterhouse Coopers (PwC) where he held a number of leadership roles, most recently as leader of PwC's Advisory practice in the Caribbean. He previously served as leader of PwC's Assurance practice in Jamaica. Alok currently serves as a Consultant at the Office of the Prime Minister. He is an Adjunct Lecturer at the Mona School of Business and Management at the University of the West Indies. He is also a director of TransJamaican Highway Limited. Alok is a Chartered Accountant, Certified Information Systems Auditor as well as a CFA Charter holder. He has extensive experience in accounting, auditing as well as in corporate finance - privatization and public private partnerships (PPP), valuations of companies, due diligence investigations, "going public" and listing shares on the stock exchange, capital restructuring, and acquisitions and mergers.



Prof. Gordon Shirley, OJ

Chief Position: President & CEO, PAJ. Served as Chairman of the PAJ's Board of Directors from November 2013 to April 2016. Formerly Pro Vice Chancellor and Principal of the University of the West Indies (UWI) from August 2007 to August 2013 and previously served as Executive Chairman of the Jamaica Public Service Company Limited. In 2001, he was seconded to the Government of Jamaica as Jamaica's Ambassador to the USA and Permanent Representative to the OAS. A graduate of the UWI, St. Augustine with a BSc in Engineering, he also holds a MBA in Operations and Finance and Doctorate in Business Administration from Harvard University.



Dr. Kathy-Ann Brown

Formerly served as Jamaica's Permanent Representative to the International Seabed Authority; Chief Technical Adviser to the Prime Minister; and Deputy Solicitor General, International Affairs, Attorney General's Chambers. She has worked with various regional and international organizations in London, Brussels and Geneva and previously lectured at the Faculty of Law, Cave Hill Campus, University of the West Indies, and more recently at its Mona Campus as an adjunct lecturer teaching Advanced International Law (L.L.M). She was elected as a member of the International Tribunal for the Law of the Sea as of October 2020.



Mr. Jerome Smalling

Chief Position: CEO, JMMB Merchant Bank. Boasting an esteemed 24-year career in banking, his experience includes tenures as Branch Manager at Scotiabank Jamaica, Vice President, Personal Banking at RBC Caribbean and Manager, Branch Sales Strategy Initiatives, Royal Bank's National Office, Toronto Canada. As a business and sales leadership coach, he uses his business development skills to grow assets and profitability, while driving customer value at the financial institutions at which he was based. He holds an MBA and a Bachelor's degree in Business and Professional Management from the H. Wayne Huizenga Business School, Nova South-Eastern University and completed executive training at The University of Pennsylvania's Wharton Business School.



Mr. Edward Gabbidon

Chief Position: CEO, Syncon Technologies Limited. He has many years of corporate experience in the public and private sector working in the banking, energy and ICT (Information and Communications Technology) industries. He is passionate about capacity development and training and currently serves as the chairman of Heart Trust/NTA. He spent a considerable amount of his professional career in the ICT sector serving in various executive positions including General Manager at Jamaica Digiport and Vice President, Corporate and SME Sales at LIME. He has a diploma in Project Management Practices and Principles from the University of New Orleans and a EMBA from the University of the West Indies, Mona. Mr Gabbidon is also a FAA certified commercial Pilot.



Mr. Mark Hart, JP

Chief Position: Executive Chairman of Caribbean Producers Jamaica Limited. He brings to the position years of experience in the private and public sector. He is currently Chairman of Cargo Handlers Limited and Montego Bay Ice, both listed companies. He serves as Chairman and Board Member of many leading private and public entities including airports, financial institutions, insurance companies as well as many charitable organizations. Mr Hart is a graduate of the University of Miami where he gained a Bachelor's degree in History and Motion Picture Film, and pursued executive training in Accounting and Planning at the Columbia University of New York.



Mrs. Velma Ricketts Walker, JP

Chief Position: CEO/ Commissioner of Customs. She has over 19 years of experience in Customs Administration, Trade Facilitation, Risk Analysis, Strategic Planning, International Trade, Security, Compliance and Enforcement. She contributed significantly to Regional Customs Administrations, where as a Revenue Administration Advisor to the International Monetary Fund (IMF), she assisted regional Customs Administrations with the development and strengthening of their risk management programmes and organizational strategic reform. She is dedicated to improving Jamaica's image in the ease of doing business, logistics and competitive performance. Mrs. Walker currently serves as a Director on the Board of the Jamaica Special Economic Zone Authority (JSEZA) and holds the position of Chairperson for the World Customs Organization's Capacity Building Committee.



Mr. Lyttleton Shirley, CD, JP

Lyttleton 'Tanny' Shirley, has over 42 years of involvement in Jamaica's private and public sectors. Driven by his Engineering background and entrepreneurial spirit, Mr. Shirley is highly regarded by his colleagues as being a visionary in the field of business. In October 2017, he was recognised for his work in the public and private sectors with the Order of Distinction Commander Class. In 2005, he was also nominated for the Jamaica Observer Business Leader Award. His patriotism has resulted in him serving on a number of Boards. He now serves as Chairman of the Kingston Free Zone, Vice Chairman of the Health for Life and Wellness Foundation, Ministry of Health and is a Director of the Port Authority of Jamaica. Mr. Shirley is the former Chairman of the South East Regional Health Authority (SERHA), a position he held for over eight years.

BOARD OF DIRECTORS

Continued



Mr. Alston Douglas, OD, JP Mr. Wayne McKenzie, OD

He brings to the job years of experience serving in various executive management positions. Although he is a retired industrial engineer he also serves as a director on other private and public companies' Boards in the transportation and construction sector as well as the Jamaica Bauxite Institute.

He has over 25 years of experience in the energy sector with extensive knowledge of project development and management. Wayne holds an MBA and BSc in Electrical Engineering (Hons.) and has also completed several executive courses with Kellogg School of Management and Harvard Business School. Wayne joined JEP in 1996 as the Chief Project Engineer. In March 2000, Wayne was appointed General Manager making him the youngest national to lead an electric company in Jamaica. Wayne's invaluable service to Jamaica's energy sector and the local community spans over 25 years. Under his stewardship, JEP's operating asset Doctor Bird Power Station transitioned from being managed by a foreign-owned entity to self-operation in September 2002.

External Committee Members

(Audit Committee)

(Finance Committee)

(Audit Committee)



Mr. Donald Patterson

Ms. Roxann Linton

Mr. Mark Tracey

A UK-trained Chartered Accountant with Master of Business Administration and over 30 years of senior management, executive and international experience in auditing, administration, systems development, overseas business development, marketing, credit, finance, treasury and general management. Experience in Jamaica spans auditing, quasi-government operations and two (2) multinational entities - with head offices in the UK and Jamaica - that are involved in manufacturing and financial services (housing finance and development, fund management, remittance services, micro-credit, general insurance, information technology solutions) respectively.

Chief Position: CEO – First Heritage Co-Operative Credit Union Ltd. A seasoned financial services professional, Mrs Linton has worked with international financial institutions in progressively senior roles, locally, regionally and internationally. She has extensive experience in various areas, including Retail & Commercial Banking, Compliance and Risk Management. She is a CFA Charterholder and a Certified Public Accountant and earned her Bachelor and Master of Science Degrees in Accounting from the University of the West Indies. Roxann is passionate and committed to improving the lives of less fortunate women and children and has served as the Chairperson of the Operational Board of Junior Achievement of Jamaica and on the Grants Committee of the Canadian Women's Foundation.

Mr. Mark Tracey is currently on secondment from the Jamaica Money Market Brokers (JMMB) to the Office of the Prime Minister as a Jamaica House Fellow where he is the Senior Economic Advisor to Minister of Finance. His main focus is the monitoring of the Precautionary Standby Arrangement Jamaica has with the IMF. He holds an M.Sc. in Economics from the University of the West Indies, with special focus on Financial Economics and Risk Management. Mark also holds a certification in Financial Programming and Policies from the renowned IMF Institute in Vienna, Austria. He is a member of two committees, the acting chair for the PIOJ's Audit and Finance Committee Operation Restoration that operates a youth programme in Trench Town. He is also a Justice of the Peace for the parish of Kingston.



DIRECTORS & CORPORATE DATA

DIRECTORS

Mr. Alok Jain (Chairman)
Prof. The Hon. Gordon Shirley, OJ
Dr. Kathy-Ann Brown
Mr. Alston Douglas, OD, JP
Mr. Edward Gabbidon
Mr. Mark Hart, JP
Mr. Wayne McKenzie, OD
Mr. Lyttleton Shirley, CD, JP
Mr. Jerome Smalling
Mrs. Velma Ricketts Walker, JP

AUDITORS

KPMG

CORPORATE SECRETARY

Dr. Carrol Pickersgill, OD, JP
15 -17 Duke Street, Kingston

REGISTERED OFFICE

15 -17 Duke Street, Kingston
Tel: 876-922-0290-8
Fax: 876-924-9437
Email: paj@portjam.com
Website: www.portjam.com

CORPORATE HEAD OFFICE

Prof. Gordon Shirley
President & Chief Executive Officer

Dr. Carrol Pickersgill
SVP, Legal, Regulatory & Corporate Affairs

Mrs. Elva Williams-Richards
SVP, Finance, Corporate Planning, Information
Services and Materials Management

Mr. Mervis Edghill
SVP, Engineering & Port Development

SUBSIDIARIES

KCT Services Limited

Chairman: Mr. Lyttleton Shirley, CD, JP

Kingston Free Zone Company Limited

Chairman: Mr. Lyttleton Shirley, CD, JP
Operations & Customer Relations Manager: Ms. Glenice Leachman

Jamaica International Free Zone Development Limited

Chairman: Mr. Lyttleton Shirley, CD, JP
Operations & Customer Relations Manager: Ms. Glenice Leachman

Montego Bay Free Zone Company Limited

Chairman: Mr. Mark Hart, JP
Manager: Ms. Gloria Henry, AVP Operations

Ports Management and Security Limited

Chairman: Mr. Alston Douglas, OD, JP
Chief Operating Officer: Capt. Sydney Innis

PAJ Marina Development Limited

Chairman: Mr. Mark Hart, JP

CORPORATE GOVERNANCE

In accordance with the Port Authority Act, 1972, the Board of the Port Authority is the principal policymaker of the entity and is collectively responsible for establishing purpose, values and strategy to promote sustainable success.

Members of the Board are appointed by the Minister who is responsible for economic growth and job creation, i.e., the Prime Minister, and approved by Cabinet. The current Board was appointed on October 12, 2020, for a period of three (3) years, following expiration of the tenure of the previous board on October 18, 2019.

COMPOSITION OF THE BOARD

The Board which consisted of ten (10) members, being the maximum number stipulated by the Port Authority Act, 1972, provided oversight for five (5) months of the period under review.

The membership provided an appropriate balance of skills, knowledge and experience as set out in the Port Authority Act and the Public Sector Competency Profile, to deliver the Authority’s mandate.

The members of the Board and their skillsets are provided below:

Board Members Skills and Expertise	General Management	Finance & Audit	Commerce, Law & Marketing	International Relations	Port Security Operations	Government Policy	Port Operations	Engineering
Mr. Alok Jain Chairman	●	●	○	○	○	○	○	○
Dr. Kathy-Ann Brown	○	○	●	●	○	●	○	○
Mr. Alston Douglas	○	○	○	○	○	○	○	●
Mr. Edward Gabbidon	●	○	○	○	○	○	○	○
Mr. Mark Hart	●	●	○	○	○	○	○	○
Mr. Wayne McKenzie	●	●	○	○	○	○	○	●
Mrs. Velma Ricketts Walker	●	●	○	●	●	●	○	○
Prof. Gordon Shirley	●	●	○	●	○	●	●	●
Mr. Lyttleton Shirley	●	○	●	●	○	○	○	●
Mr. Jerome Smalling	●	●	●	○	○	○	○	○

GENDER BREAKDOWN

Board of Directors

8 males and 2 females



ACTIVITIES OF THE BOARD

During the year, the Board undertook certain major activities in keeping with the GOJ Corporate Governance Framework.

Education and Training

Training of members of the Board of the Port Authority and directors of its subsidiaries in risk management was organized by the Secretariat. The training took the form of a seminar hosted by Mr. David Hall, Risk Consultant.

The Authority is expected to conclude the implementation of an Enterprise Risk Management System by the end of first quarter of the next financial year. It is anticipated that a Chief Risk Officer will be appointed who will coordinate the functions of the Board's Risk Committee.

The training of board members in the GOJ's procurement legislation and procedures was rescheduled to Q2 of FY 2021/22.

PAJ's Policies and Procedures

The Board reviewed and approved the Port Authority's Retirement Policy.

The Board also reviewed policies being

drafted to develop and/or introduce new policies that are necessary to align with Government policies, best practices and or legal requirements. The documentations comprise approximately fifty (50) policies including:

- Code of Ethics and Professional Conduct;
- Sexual Harassment; and
- Whistleblowing.

Contract Signing mandate

Pursuant to the Port Authority Act, a new contract signing mandate was implemented to facilitate review of contracts prior to signing.

Legislation

The Board reviewed the Port Authority Bill which was last updated in 2013 by the Office of the Parliamentary Counsel. The review centered on clarifying issues relating to the powers and functions of the Port Authority. The Board gave approval for the formal review of the Port Authority Bill in its entirety to be undertaken following further consultations with stakeholders and in the interim for the existing Port Authority Act to be amended in the following respect:

- (i) To clarify the powers and functions of the Port Authority to facilitate the implementation of major development projects without any reputational or legal risks;
- (ii) To clarify provisions to enable the Port Authority to enter in arrangement with the private sector in keeping with the GOJ Public Private Partnership Framework.

Following promulgation of the amendment, consultations will commence on a proposed submission to Cabinet on the Port Authority Bill with a view to repealing the Port Authority Act and promulgating a new Port Authority Act.

BOARD MEETING ATTENDANCE

During the period October 2020 to March 2021, the Board had five (5) regular monthly meetings and one special meeting. The Committees met monthly/quarterly, responded to matters within their Terms of Reference and reported to the Board at its meetings.

BOARD ATTENDANCE

MEMBERS	NUMBER OF MEETINGS ATTENDED
Mr. Alok Jain, Chairman	● ● ● ● ● ●
Dr. Kathy-Ann Brown	● ● ● ● ● ●
Mr. Alston Douglas	● ● ● ● ● ●
Mr. Edward Gabbidon	● ● ● ● ● ●
Mr. Mark Hart	● ● ● ● ○ ○
Mr. Wayne McKenzie	● ● ● ● ○ ○
Mrs. Velma Ricketts-Walker	● ● ● ● ○ ○
Professor Gordon Shirley	● ● ● ● ● ●
Mr. Lyttleton Shirley	● ● ● ● ○ ○
Mr. Jerome Smalling	● ● ● ● ○ ○

BOARD REMUNERATION

Directors are remunerated in accordance with Ministry of Finance & Public Service Circulars in effect.

Office	Rate/Meeting (J\$)
Board Chairman	26,500
Board Member	15,900
Committee Chairman	13,300
Committee Member	8,000

Reimbursable traveling allowance is paid at a rate of \$63/km

PROJECTS COMMITTEE

Meeting Frequency: **Monthly**

Major Responsibilities:

Monitoring the progress in the implementation of projects

- Examining from time to time the development of project proposals and make recommendations to the Board on the implementation of such proposals
- Keeping under review on an ongoing basis the in-house procedural framework related to the implementation of contracts and make recommendations on adjustment mechanisms to facilitate speedier and smoother implementation of projects
- Developing of strategies to address delays in the implementation of projects
- Reviewing development projects of a commercial nature which are part of the Authority's efforts to diversify its revenue base
- Making such recommendations as relevant with a view to enhancing the operations and performance of the Engineering and Port Development Departments and the Port Authority in general.



Mr. Lyttleton Shirley
Chairman



Mr. Edward Gabbidon
Member



Mr. Alston Douglas
Member



Wayne McKenzie
Member

Attendance:
(4 Meetings held)



PILOTAGE COMMITTEE

Meeting Frequency: **Quarterly**

Major Responsibilities:

- Examining the disciplinary procedures as established in The Pilotage Act and to make recommendations on changes, if any, that are required to harmonize with conventional industrial relations practices (employer/employee relationship);
- Evaluating the administration of the Pilotage Service in relation to recruitment, training, certification, system of remuneration, dispatching procedures with a view to making recommendations on improvements which are necessary to assist the operations of the service;
- Reviewing any other areas relating to the provision of Pilotage services which are considered critical to the provision of an efficient service.
- Examining reports of incidents/accidents involving ships under Pilotage charge and advise on whether an enquiry should be scheduled in accordance with the Pilotage Act.



Mr. Alston Douglas
Chairman



Dr. Kathy-Ann Brown
Member

Attendance:
(1 Meeting held)



CORPORATE GOVERNANCE COMMITTEE

Meeting Frequency: As required*

Major Responsibilities:

- The Corporate Governance Committee exercises an independent review function to assist the Board in fulfilling its oversight responsibilities. The Committee evaluates and monitors the adequacy of and compliance with all governance matters pursuant to the Board's Policies. Its purpose is to:
- Monitor compliance with applicable laws and regulations.
- Oversee the performance evaluation of the Board.
- Develop and recommend amendments to the Board's corporate governance policies and principles.
- Review the organization and operational performance of the Board's Committees.
- Review and recommend short development programmes related to new standards or regulatory related developments, including but not limited to, corporate governance and accounting standards, which can assist directors to properly discharge their role and function.
- Monitor the conduct of the PAJ's operations to ensure adherence to PAJ's Code of Ethics and principles of good corporate citizenship and that all operations are in line with the Public Sector Corporate Governance Framework.



Dr. Kathy-Ann Brown
Chairman



Mr. Edward Gabbidon
Member



Wayne McKenzie
Member

There were no meetings held as the committee is newly formed.

*Governance has been made a standing item on the agenda of monthly Board meetings.

ENTERPRISE RISK MANAGEMENT



ERM Consultant, Mr. David Hall (2nd row, 3rd left) flanked by PAJ Staff at the launch of the ERM Implementation Project.

The Port Authority of Jamaica and subsidiaries made the decision to improve the Corporate Governance mandate by implementing an Enterprise Risk Management Framework to improve the organization's probability of achieving its Strategic and Operational objectives.

The GOJ Procurement process was utilised and DC Consultants & Associates was selected as the preferred bidder with the contract signed in September 2019. Project completion is expected by the first quarter of the next financial year.

The primary activities completed by the Consultant under the project during the year were as follows:

- Draft GAP report submitted which entailed a review of all stages of the COSO Risk Management framework in order to identify any risks related gaps in the processes listed below:
 - Strategic Planning
 - Corporate Objective Setting
 - Board Responsibilities
 - Executive Management

The Report also included an assessment of the roles & responsibilities of:

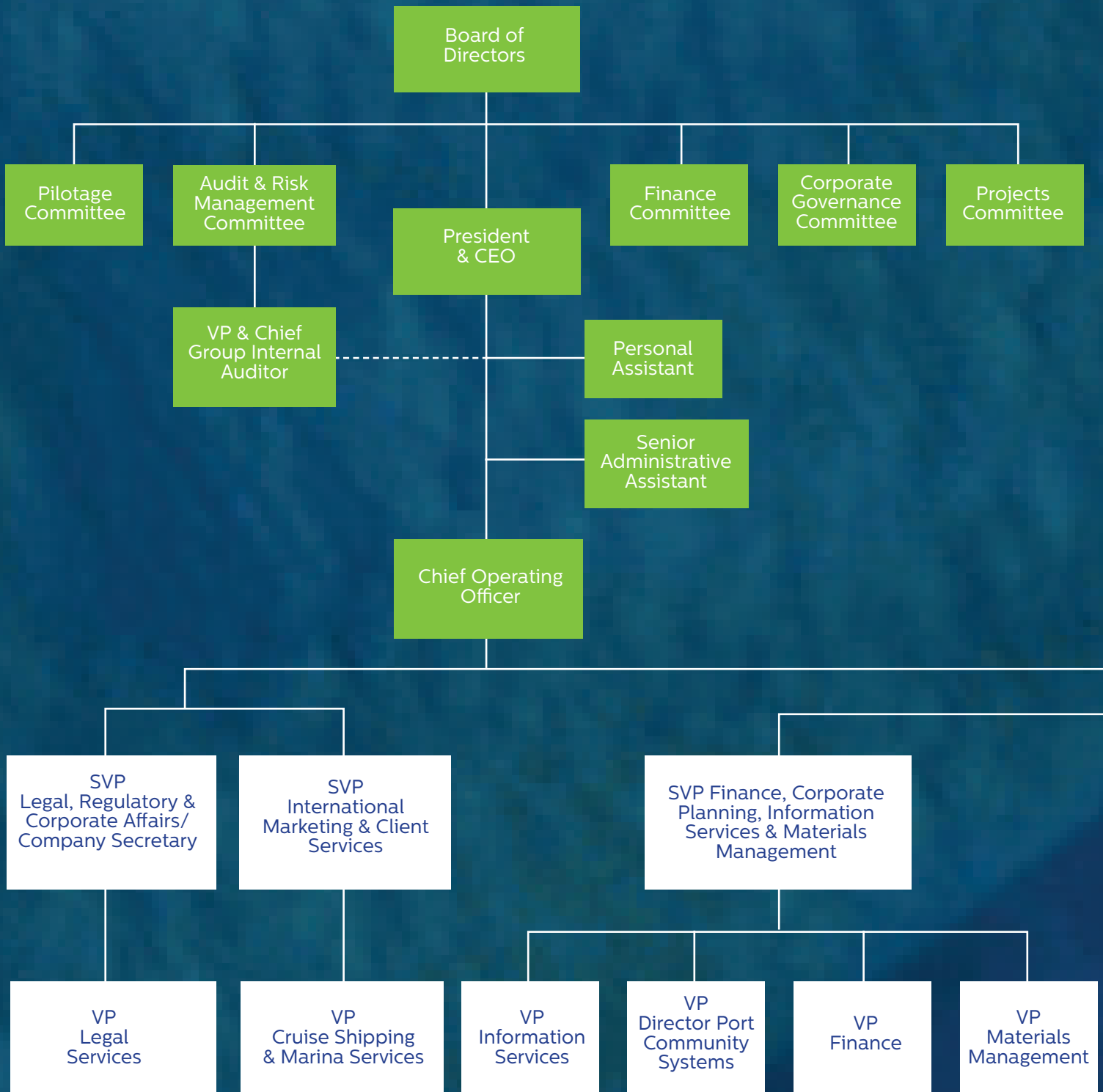
- Risk Committee
- Risk Maturity Model
- Risk Governance
- Risk Definitions
- Risk Strategy
- Risk Infrastructure

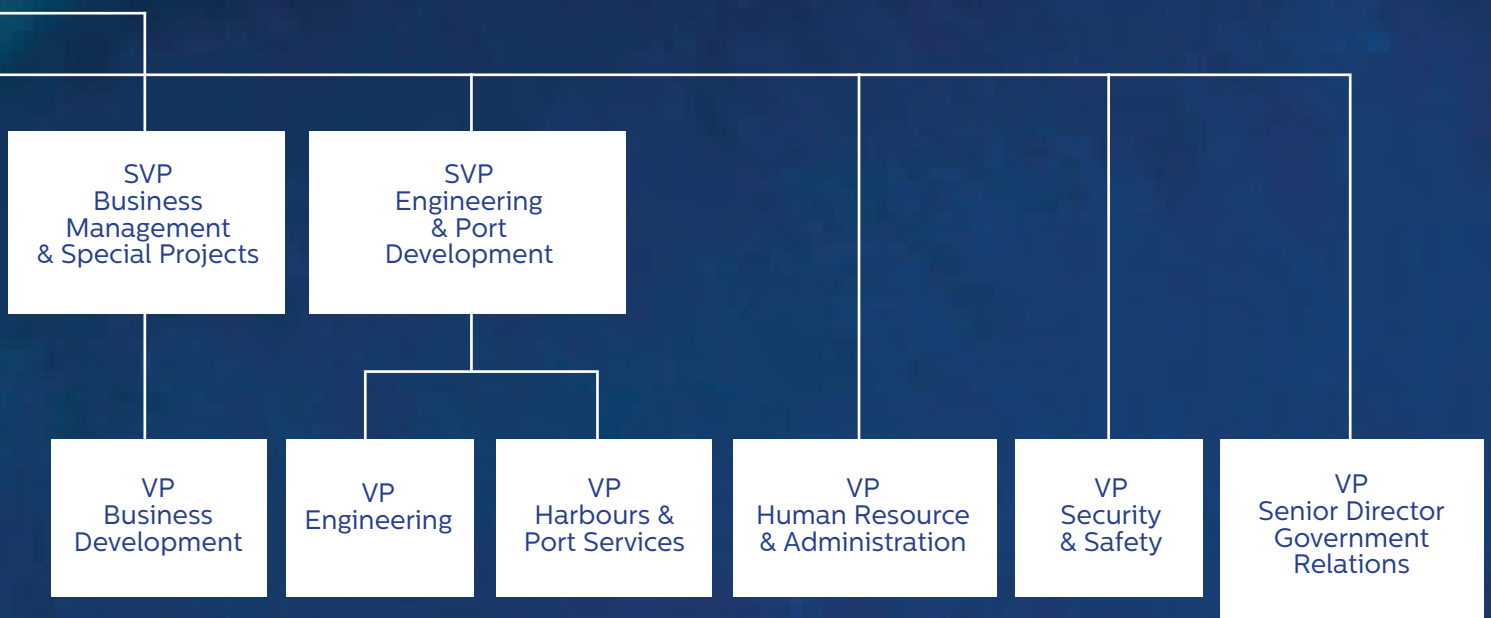
- Risk Assessment & Control
 - Risk Registers
 - Risk Reporting
 - Risk Culture
- Formal training sessions were conducted with all Departments, process owners and staff in the ERM Methodology. Prior to the training sessions, a total of 18 departments attended online awareness sessions including Executive Management, Senior Managers, process owners and their teams.
 - Report on the assessment of risks across the functional areas of the business within the Governance structure and scope of the assignment submitted and reviewed by Management.

COMPLIANCE AND DISCLOSURE REPORT

Report Name	Details	Entity submitted to
Annual Report	Requirement under the Public Bodies Management and Accountability Act	MOFPS Ministry of Economic Growth and Job Creation
Corporate Plan	Requirement under the Public Bodies Management and Accountability Act	MOFPS Ministry of Economic Growth and Job Creation
Quarterly Performance Reports	Requirement under the Public Bodies Management and Accountability Act	Ministry of Economic Growth and Job Creation
Monthly Financial Reports	Provides information on the performance of the organization.	MOFPS
Quarterly Contracts Award Report	Lists the particulars of all contracts awarded by PAJ during the quarter	Integrity Commission
Employers Annual Return (Income Tax)	Shows the statutory taken from individuals employed to the PAJ during the calendar year	Inland Revenue Department
Access to Information Quarterly Report.	Provides information on applications to PAJ under the Access to Information Act	The Access to Information Unit in the Office of the Prime Minister

EXECUTIVE ORGANIZATIONAL STRUCTURE





SENIOR EXECUTIVE MANAGEMENT TEAM



Prof. Gordon Shirley, OJ
President & Chief Executive Officer

Prof. Shirley served as Chairman of the PAJ's Board of Directors from November 2013 to April 2016. Formerly he served as Pro Vice Chancellor and Principal of the University of the West Indies (UWI) from August 2007 to August 2013. In 2001, he was seconded to the Government of Jamaica as Jamaica's Ambassador to the USA and Permanent Representative to the OAS. Prior to that he served as Executive Chairman at the Jamaica Public Service Company Limited.



Dr. Carrol Pickersgill, OD, JP
SVP, Legal, Regulatory & Corporate Affairs

Dr. Carrol Pickersgill is responsible for providing the Authority and its subsidiaries with general advice and direction on all legal, regulatory and corporate secretarial matters. Her role also encompasses participation in negotiations in relation to financing contracts with international shipping lines. She has a Bachelor of Laws Degree from the UWI and also holds a Master of Science Degree in Maritime Administration from the World Maritime University in Sweden. She is a graduate of Nova Southern University with a Doctor of Business Administration in International Management.



Mr. Mervis Edghill

SVP, Engineering & Port Development

Mr. Edghill is responsible for the planning and development required to fulfill the organization's objective in the implementation of all maritime and engineering projects undertaken by the PAJ. He is a graduate of the University of Manchester Institute of Science & Technology in the United Kingdom and the University of the West Indies with a Masters and Bachelor of Science in Engineering respectively. He is also a member of the Jamaica Institute of Engineers.



Mrs. Elva Williams-Richards

SVP, Finance, Corporate Planning, Information Services & Materials Management

Mrs. Williams-Richards has a wealth of senior management experience which spans both the public and private sectors. Her areas of expertise include among others, management and financial accounting, audit, operations management, strategic and corporate planning. She holds a Master of Business Administration from the University of Liverpool as well as several accounting designations including ACCA, CPA and CGA.

MANAGEMENT TEAM

VICE PRESIDENTS



Capt. (N) Sydney Innis
VP Safety & Security



Flora Garth
VP Materials Management



Capt. Hopeton Delisser
VP Harbours & Port Services



Dwain Powell
Director Port Community System (PCS)



Ishamel Leon
VP Finance



Norman Lindo
VP Information Services



David Powell
Chief Group Internal Auditor



Belinda Ward
VP, Human Resource & Administration



Gary Lawrence
VP Engineering



William Tatham
VP, Cruise Shipping & Marina Operations

ASSISTANT VICE PRESIDENTS



Nadine Gordon
AVP- Human Resources



Francine Williams
AVP - Internal Audit, Risk & Compliance



Hugh Clarke
Port Manager, Ocho Rios Cruise Ship Terminal



Hortense Innerarity
Superintendent of Pilotage



Karla Huie
AVP - Business Management & Special Projects



Candice Banjoko
AVP - Management Accounting



Lt. Col. Kirk Johnson
AVP - Security



Donna Samuda
AVP - Marina Manager Errol Flynn Marina



Keisha Holness-Feanny
AVP - Corporate Planning



Robin Reid
Project Manger, Falmouth



Gloria Henry
AVP - Operations & Customer Relations



Libya Andrade
AVP - Financial Accounting



Grace Miller
Performance Services Manager



Andrew Sewell
AVP -Subsidiaries



Una Vanriel
AVP - Compliance & Company Secretary-Subsidiaries



Nikane Peck
Operations Manager, Port Community System



Kimberley Stiff
AVP - Marketing Communications



Brian Bernal
AVP - Planning & Design



Christopher Hamilton
Project Manager



Raquel Forbes
AVP-Legal, Regulatory & Corporate Affairs



Mark Hylton
Port Manager, Falmouth



Shawn Smith
AVP - Structural & Design Engineer



Lois Pinnock
Senior Manager - Property Services



Sonia Murray
PA to President & CEO

The following employees separated from PAJ's Management Team during the year:

Retirement: **Edmond Marsh** VP Business Development | Resignation: **Dwane Whittaker**, Operations Manager, PCS
Deceased: **Ewart Henry**, AVP - Network & Operations

Jamaica's Newest Cruise Ship Terminal...



**HISTORIC NAVAL
DOCKYARD**
P O R T R O Y A L

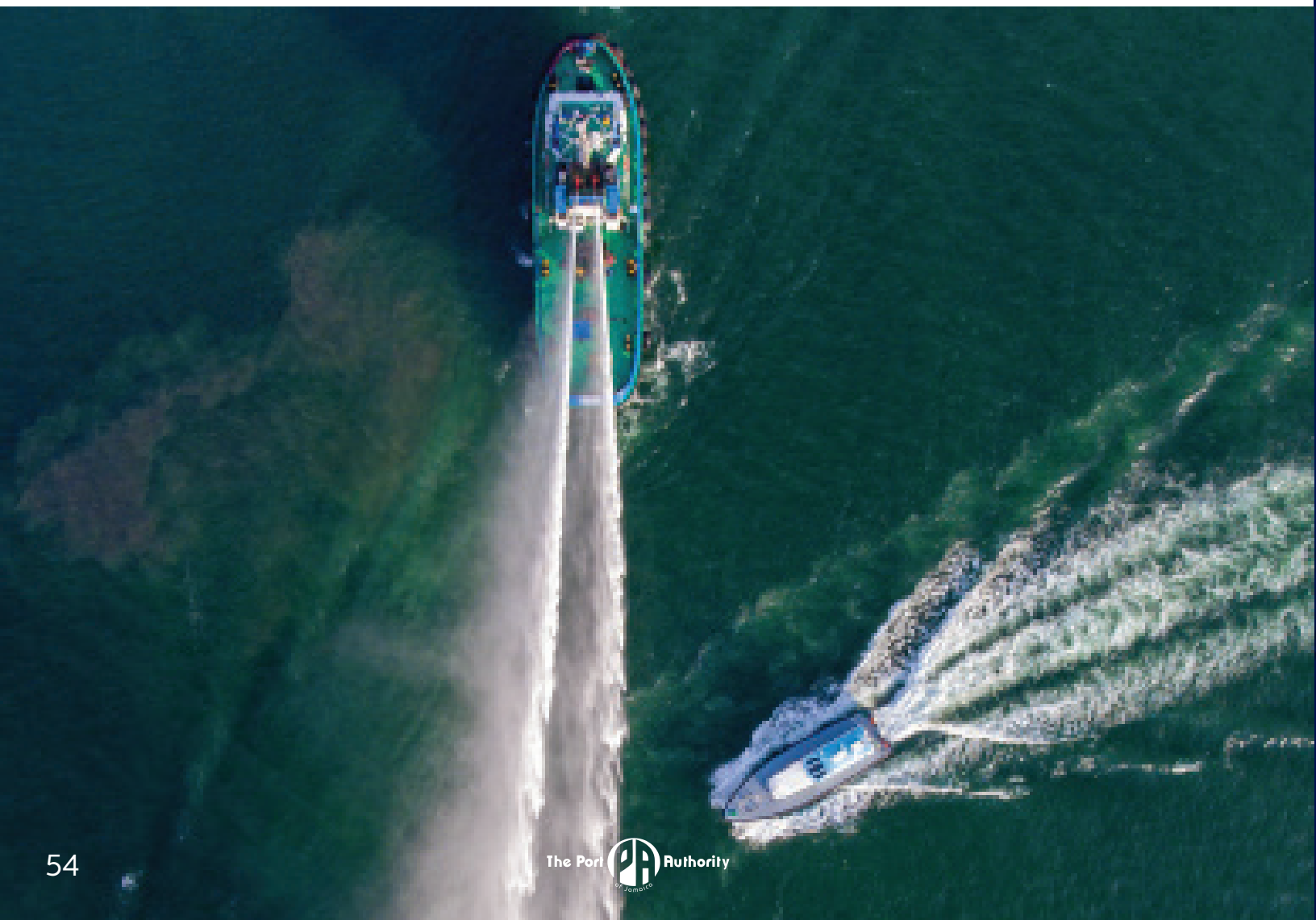
MANAGEMENT DISCUSSION & ANALYSIS

Introduction

The Management Discussion & Analysis highlights the important achievements and developments across PAJ's business segments. These underlines the operational and financial performance of the Authority for the year ended March 31, 2021. In addition, it provides an outlook on the strategic direction and alignment with the GOJ's mandate.

The pandemic continues to adversely impact the operations of the Authority, but we remain committed to our mandate as we navigate these challenging times.

The table overleaf gives a summary of the developmental projects and programmes undertaken by the Authority during the year.



Performance Targets 2020-2021

Focus Area	2020/21 Targets	Achievement of Targets
Cruise		
Historic Naval Dockyard Cruise Port Development at Port Royal.	<ul style="list-style-type: none"> Complete Fort Charles restorations/renovations as a visitor attraction Complete Sewage Treatment Plant 	<ul style="list-style-type: none"> Fort Charles renovations were completed during the financial year Sewage Treatment plant completed in March 2021.
	<ul style="list-style-type: none"> Commence phase II constructions which entails the building of a Museum 	<ul style="list-style-type: none"> Phase II constructions began in March 2021.
Montego Bay Cruise Ship Terminal - Upgrade Terminal and Berths.	<ul style="list-style-type: none"> Upgrade of Berths 	<ul style="list-style-type: none"> Berth 2 was extended and a new Berth 1 constructed.
Falmouth Cruise Ship Terminal Project - Hampden Wharf Development.	<ul style="list-style-type: none"> Complete Hampden Wharf project 	<ul style="list-style-type: none"> Project completed in September 2020.
Ocho Rios Cruise Ship Terminal - Reynolds Pier Developments Land Side.	<ul style="list-style-type: none"> Development of Bus Staging Area 	<ul style="list-style-type: none"> Project completed during the fourth quarter of the financial year. Monitoring throughout the defects liability period.
	<ul style="list-style-type: none"> Construct Reception Building 	<ul style="list-style-type: none"> Reception Building completed with paving works at the front of the building and storm shutter installations completed in January 2021.
Investments in Real Estate Development Projects		
Development of West Terminal lands in Kingston designated for the development of a Class A Logistics Park.	<ul style="list-style-type: none"> Complete 18,000 sq.m Warehouse Facility 	<ul style="list-style-type: none"> Warehouse construction substantially completed during the final quarter of the financial year.
Construction of 157,000 sq. ft. of building space across 4 buildings.	<ul style="list-style-type: none"> Complete construction of all four buildings and commence marketing 	<ul style="list-style-type: none"> All buildings were substantially completed during the financial year and one building (60,000 sq.ft) is leased.
Port Community System Project		
Development of a Port Community System.	<ul style="list-style-type: none"> Full implementation of the Import and Export Modules at all ports 	<ul style="list-style-type: none"> Import and Export Modules implemented in Kingston. Modules to be fully implemented at the outports.

KEY: ● Achieved ● In Progress

Cargo PERFORMANCE

The demand for container shipping has grown by 4% during the pandemic, bouncing back quickly from an initial slowdown according to a report from United Nations Conference on Trade and Development (UNCTAD).



During the past year, the cargo segment of our business was impacted by the COVID-19 pandemic. The industry performance during the first quarter of the financial year contracted globally as countries grappled with the effects of the novel coronavirus. The severe disruptions to supply chains globally continued well into the first half of the financial year. The crisis in China, the dominant player in global supply chains and the “world’s factory,” resulted in major disruptions to supply chains worldwide.

The trend was reversed and there was greater demand for cargo in the latter half of the financial year as the global economy rebounded. As a result, there has been a substantial increase in freight rates as global demand improved. Locally, the Port of Kingston performed creditably with total moves of approximately 1,068,014 for the financial year ended March 2021. This resulted in an increase of approximately 39,000 moves or 4 per cent when compared with FY 2020 1,028,895.



Cargo volumes as measured in metric tonnes passing through our ports was approximately 25.5 million for the financial year. This represented a marginal decline of approximately 4 per cent when compared to previous year (26.3 million metric tonnes).

HISTORIC MOMENT

LARGEST VESSEL TO VISIT JAMAICA



A historic moment was realized at Kingston Freeport Terminal Limited when the CMA CGM Theodore Roosevelt made its maiden call at the Port of Kingston the Saturday May 2, 2020. The 14,414 TEU vessel as the largest Post Panamax Vessel to ever visit Jamaica. The arrival of this vessel represents an achievement of one of the objectives of the Concession Agreement (CA) between the PAJ and CMA CGM. Investment and capital works conducted under the concession agreement increased the capacity of the port and improves its competitiveness.

Looking ahead, it is almost impossible to predict how capacity will be affected in 2021 because the industry had seen severe fluctuations since the outbreak of the pandemic according to the founder and CEO of consulting group Sea-Intelligence and reported by Port Technology International. It is likely that once the pandemic abates and vaccines are rolled out, consumer spending and the corresponding demand will increase, and the global container industry will continue to rebound.



Cruise PERFORMANCE

Jamaica saw a suspension to a decade-old streak of welcoming over 1 million cruise passengers per annum. Initial projections were for the realization of approximately 1.5 million passengers for the year ended March 31, 2021. However, due to the impact of the COVID-19 pandemic and subsequent “No Sail and Conditional Sailing Orders” by the Centres of Disease Control and Prevention (CDC) there were no passenger arrivals at any of our five cruise ports this year.

As the world continues to tackle the challenges regarding COVID-19, the top priority for the entire cruise community comprising cruise lines, ports and destinations, travel agents, suppliers and beyond, continues to be the health and safety of passengers, crew, and the communities in the places visited.

With the vaccine rollout gaining momentum, the PAJ is optimistic that the public health

situation will continue to improve, and we remain committed to have our ports ready for the resumption of cruise activities. The industry’s successful resumption in Europe and parts of Asia are promising examples that a responsible return to cruising is possible with the right health measures in place. We continue to monitor the situation as cruise operations try to meet the guidelines recommended by the CDC.

Despite the circumstances, Jamaica was successful at the ‘World’s Travel Awards’ for 2020 and was voted the World’s Leading Cruise Destination.

Encouraged by this performance, the PAJ continued the aesthetics and developmental projects which commenced in the previous year to increase Jamaica’s competitiveness and maintain its position as the World’s Leading Cruise Destination. These projects were completed in preparation for the resumption of cruise activities:



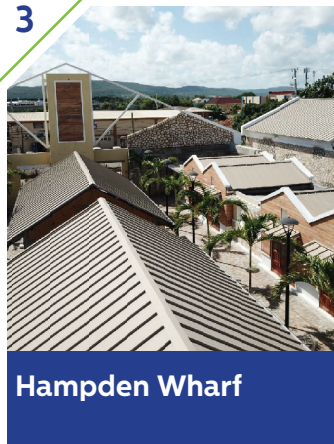
Cruise Port at the Historic Naval Dockyard

Port Royal Development and Fort Charles Renovations



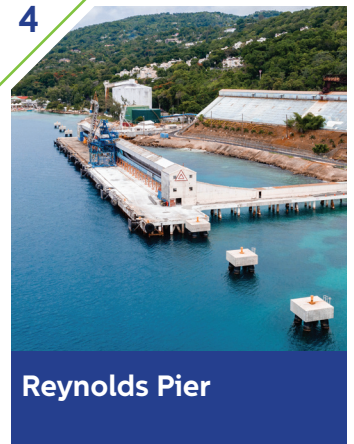
Montego Bay Cruise Terminal

Upgrade Terminal and Berths 5 & 6



Hampden Wharf

Development of Artisan Village



Reynolds Pier

Land Side Developments

In terms of ongoing cruise projects, the final phase of the Port Royal Development has commenced and includes the development of a museum, an artifact garden and a maintenance building with overall completion set for financial year 2021/22.

Management of Real Estate Facilities

Logistics

The Kingston Logistics Park (KLP) is being developed by the PAJ as the proof of concept towards the development of a premier Logistics Park in Jamaica and the wider Caribbean. The KLP has been identified as an infrastructural opportunity to help stimulate economic development, attract Foreign Direct Investment, encourage technological innovation, and allow manufacturers to drive greater value for goods trans-shipped through Jamaica.

The PAJ has available over 80 hectares of lands immediately adjacent to the transshipment container terminal at the Port of Kingston to be developed as a port-centric logistics park.

The first aspect of the multi-phased development was completed during the financial year. It involved the construction of the facilities on 4.3 hectares of port lands, formerly known as the Container Freight Station, as follows:

- A modern 18,000m² warehouse facility which is expected to cater to import and export logistics and value-added activities.
- A modern 1,580m² Border Protection Centre which, replaces an old facility that was being used to accommodate the Jamaica Customs Agency, the US Department of Energy Megaports Initiative and US Customs and Border Protection. Together, the activities undertaken are part of Jamaica's commitment to enhancing safe and secure cargo transportation in a globalized environment.

Marketing efforts are ongoing to attract clients to the new logistics facility. With the development of modern warehouses, Jamaica will be providing a new stimulus towards offering a modern logistics platform to truly leverage its central location in the global value chains.





Port COMMUNITY SYSTEM

The Port Community System which is being implemented by the PAJ has been revolutionizing maritime trade. The realities of Covid-19 have made the processing of transactions electronically of the utmost importance to the Port Community. The Authority works with stakeholders including JCA to use the PCS to reduce the need for physical interaction within the

Port Community. Covid-19 has also had an impact on the private sector and their ability to implement required changes due to financial constraints. As such, the PAJ continues to monitor the risks to the implementation schedule.

The next step for the PCS Project is the implementation of a PCS Tariff fee within FY 2021/22. The financial model is being finalized along with the requisite marketing and public engagement plan.

PCS Achievements 2020/21

- ✓ Implementation of the Maritime Export Module at all ports
- ✓ Implementation of a Truck Appointment System (TAS) to reduce congestion at ports. System refinements still ongoing to achieve optimal business processes to support Transport Sector within the Port Community
- ✓ Work continues with the various Airlines to gather the requirements of the Air Industry to implement the modules (Import/Export) within Q2 2021/22.
- ✓ Monthly training sessions with stakeholders and how to use the PCS System efficiently
- ✓ PCS Manifests are also being delivered to and used by the Container Terminals and three major Warehouse Operators.

Harbours and MARINE SERVICES

A critical aspect of our business that is carried out by this division is the provision of navigational aids, dredging and maintenance of ship channels as well as pilotage and towing services. The efficient delivery of these services ensures safe passage of vessels in and out of Jamaica's seaports daily.

Vessel calls decreased by approximately 8 per cent to 3009 from 3264. This decline can be attributed to the closure of cruise ports throughout the financial year. The primary effects of the COVID-19 pandemic which resulted in lockdowns, supply chain disruptions, and a declining global economy and shutdown of the cruise

industry, hence, no vessel calls at the ports. However, as countries reopened their borders and production increased cargo vessel calls improved towards the end of the financial year.

Acquisition of Buoy Tender

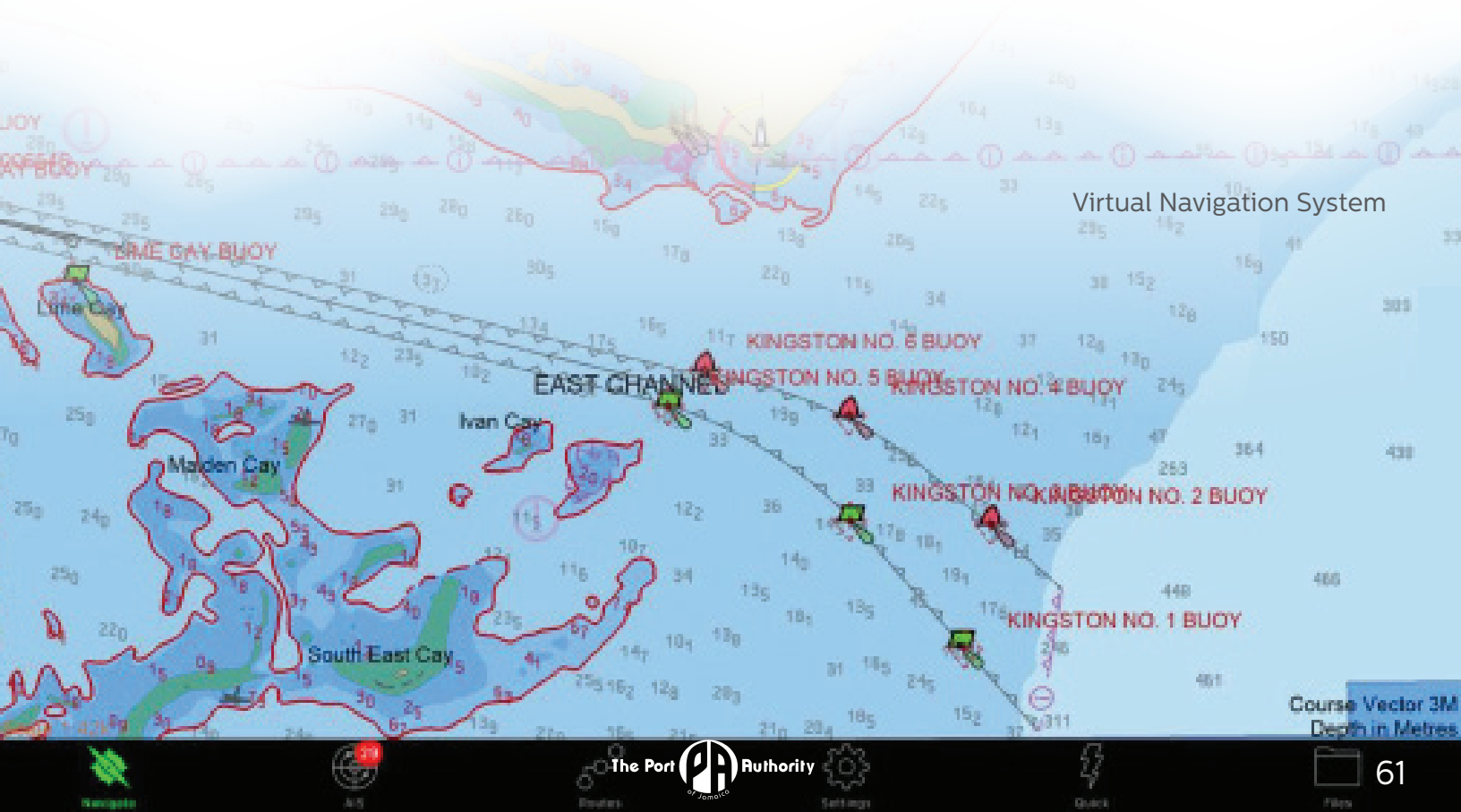
The PAJ has acquired a new buoy tender to enhance the delivery of efficient services. The construction of new buoy tender, M/V Jamaica III, is being finalized at Damen Shipyard in the Netherlands. It is expected to be delivered and commissioned in June 2021.

Remote Monitoring and Control System for Aids to Navigation

The PAJ has embarked on a project to install a remote monitoring and control system for the aids to marine navigation. Phase 1 of the project is now complete, it is now

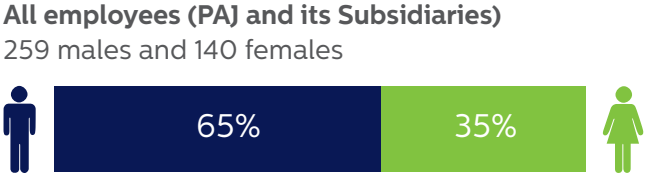
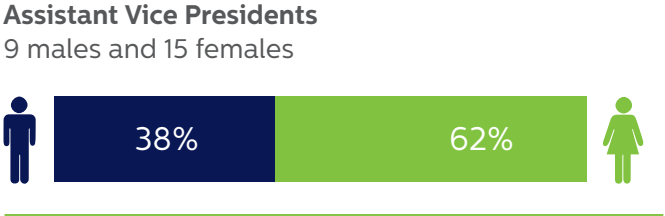
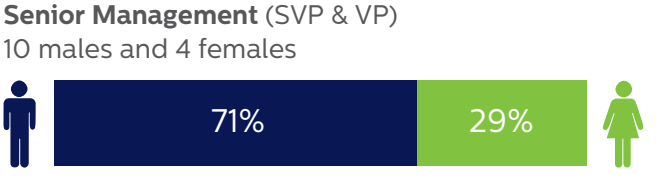
possible to remotely monitor the floating aids to navigation in the ports of Falmouth and Montego Bay. Aids to navigation LED lanterns with remote monitoring and control capabilities were installed on the navigational buoys at these ports. This significantly reduces physical monitoring by the maintenance team. Below are some of the items which can be checked remotely using any smartphone, desktop computer, tablet or laptop:

- The position of the buoys
- The status of the navigational aid lights
- The voltage of the battery
- A history of the charging and discharging of the battery
- The time the light was switched on/off for a particular day.



OUR EMPLOYEES

STAFF BY GENDER



TRAINING AND DEVELOPMENT

A wide cross section of staff at various levels were exposed to various training sessions during the year. Due to the restrictions of COVID-19, most sessions were held virtually.

Name of Training	Institution/Body
Port and Shipping Management	The Secretariat of the Inter-American Committee on Ports (S/CIP) of the Organization of American States (OAS)/Peru National Port Authority (APN)
IFRS Workshops	ICAJ, KMPG & PWC
Port Security Management online training “Effective Techniques for Security Operations Improvement”	The Secretariat of the Inter-American Committee on Ports (S/CIP) of the Organization of American States (OAS)/ Peru National Port Authority (APN) and the United States Coast Guard (USCG)
Effective Report Writing & Time Management	Management Institute for National Development (MIND) & HR Dynamics
Caribbean Sustainable Cities Conference	UWI, Western Campus
Human Element, Leadership Management	Caribbean Maritime University (CMU)
Real World Technology Training & Solutions	Customer Service

HEALTH & WELLNESS PROGRAMME

The 2020 Health and Wellness Programme was held under the theme “Understanding the Importance of Maintaining Good Health” and was carried out over the period November 17 to December 7, 2020. This included medical and laboratory services by doctors and nurses on PAJ premises, focus on lifestyle illnesses and preventative measures as well as groups and individual counselling sessions.

The PAJ along with KCT/KTO retirees also participated and were treated with medical and laboratory services. As is customary, the company partnered with Oxford Medical Centre, the Heart Foundation of Jamaica and Central Medical Laboratories, who provided medical services, electrocardiogram (ECG) screening, and laboratory tests, respectively. While Essential Medical Services and Jamaica Mental Health Advocacy Network offered psychological support to staff. The programme featured:

- increased availability of Health Care Services
- facilitation of Heart Screening (ECG) and Labs Tests
- availability of Psychologist Services
- health education on disease prevention, anxiety during the pandemic, work at home ergonomics, among others.

General Practitioners from Oxford Medical were brought in to provide consultation

services and assist staff in deciding on the type of medical tests that they required, prior to the commencement of the screening.

The Heart Foundation of Jamaica and Central Medical Laboratories provided heart screening and laboratory tests respectively. Employees had laboratory tests administered based on recommendation from the doctors, as well as other optional tests offered by Central Medical.

Psychologists from Essential Medical Services and Jamaica Mental Health Advocacy Network provided face-to-face and virtual sessions to persons who required counselling. During the programme, virtual health education sessions were provided.

To conclude the activities, the General Practitioners returned to discuss the results from the screening and laboratory tests, as well as offered further consultation services to staff as required.

In conclusion, a workplace wellness programme is an effective way of promoting healthy lifestyle in an organisation. It is therefore essential to support healthy behaviours at work, by conducting ongoing health education sessions, coaching, weight management programmes, medical screening and on-site fitness activities. These will significantly improve health outcomes and overall productivity among staff.

STAFF SCHOLARSHIPS

For the 2020/21 academic year, the Port Authority assisted children of employees to pursue educational opportunities through the award of scholarships tenable at approved secondary schools and tertiary institutions.

An Evaluation Committee comprising of a representative from Human Resource, the Employees' Bargaining Unit or Union and the Internal Audit department reviewed the applications to determine the recipients. In accordance with the respective guidelines, the committee recommended seven awards as follows:

Department	Institution
Tertiary Scholarships	
Finance	CMU
Harbours	UTECH
Secondary Scholarships	
Corporate Planning and Research	Wolmer's Girls
Materials Management	Wolmer's Boys
Falmouth Cruise Ship Terminal	Montego Bay High
Harbours	St. Hugh's High
Corporate Planning and Research	Jamaica College

Note: Secondary Scholarship: \$60,000 (maximum)
Tertiary Scholarship: \$250,000 (maximum)

STAFF MOVEMENT

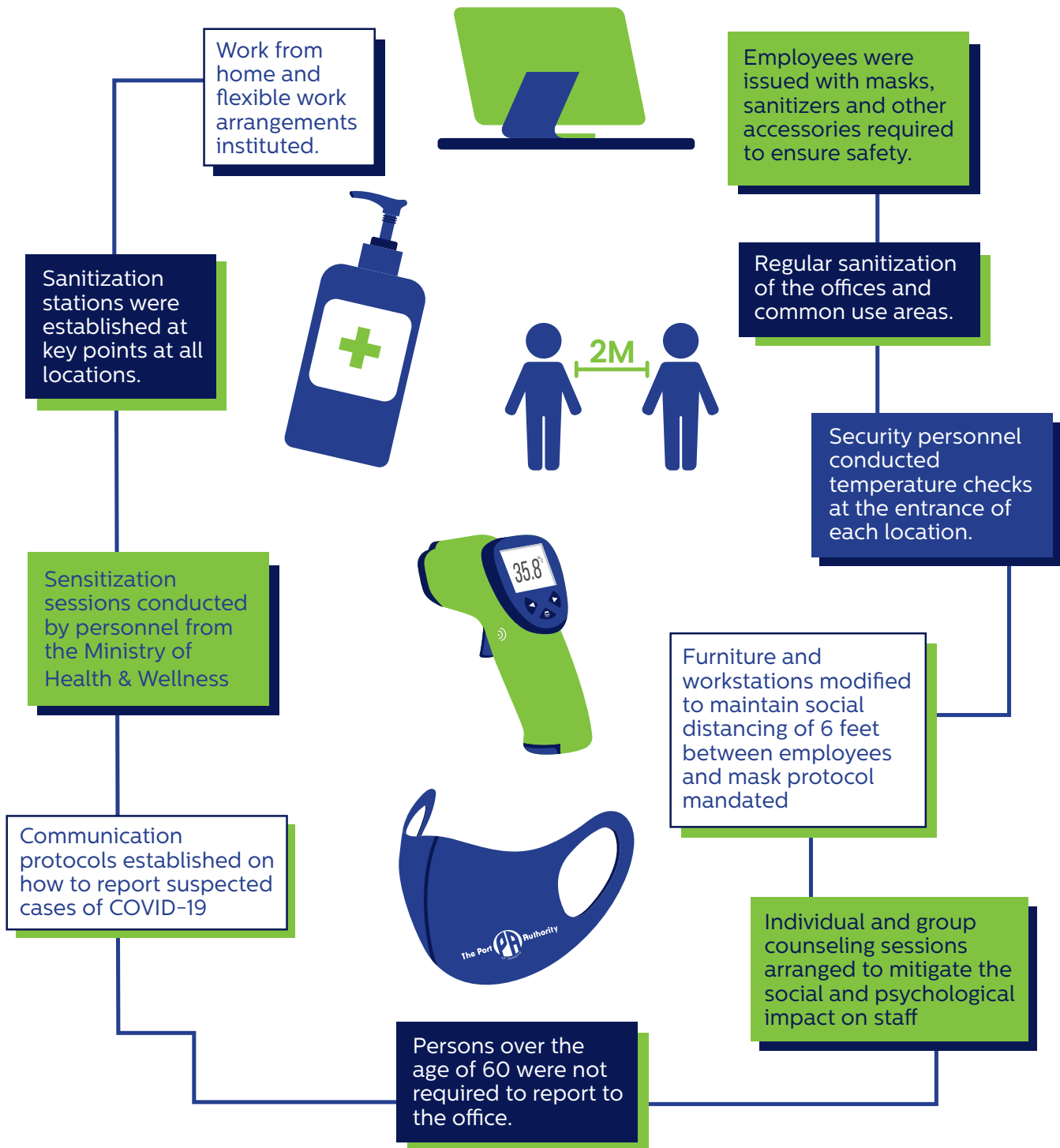
There were four new hires during the year and 21 employees separated from the company, by way of resignations (4), retirement (8), end of contracts (5) and deaths (4). We continue to mourn the passing of four members of staff and celebrate their lives and contribution to the PAJ.

TRIBUTE TO LATE STAFF MEMBERS



PAJ COVID-19 RESPONSE

The PAJ recognises that employees are the most valuable resource and in an effort to safeguard the safety and well-being of all employees, the PAJ implemented the following measures to protect employees whilst mitigating the spread of COVID-19:



If you do what you love, you'll never work a day in your life.

-Marc Anthony



Elicia Roberts
Supervisor, PAJ/PMSL



CORPORATE

It was difficult to coordinate and execute programmes or activities due to the GOJ'S COVID-19 measures inclusive of mandatory curfews and lockdowns. As a result, several initiatives were postponed across the period.

However, the COVID-19 pandemic also facilitated a rise in online communications and several workshops, meetings and conferences were hosted virtually. One such example, was the Jamaica Institution of Engineers Conference held September 2020 in which the PAJ showcased the engineering, environmental considerations and technology which went into the construction of its newest and most innovative cruise terminal at Old Coal Wharf, Port Royal.

Despite the challenges, the PAJ also facilitated the UWI Rotaract Club in their Adopt-A-Beach Programme with a beach clean-up in Port Henderson.

OTHER PROJECTS

Port Royal Sewage Plant

The PAJ partnered with the National Water Commission for the creation of a sewage system to accommodate the town and the Terminal's sewage. The PAJ sewage system was completed in March 2021 and it is to be energized and commissioned in the first quarter of FY 2021/22.



Duke Street Mural, Kingston

SOCIAL RESPONSIBILITY

Duke Street Mural

The Port Authority of Jamaica collaborated with the Duke Street Refurbishing Project, the Kingston Restoration Company and Kingston Creative to support the development of a Creative City and Art District in Downtown Kingston.

DONATIONS

The following donations were made during the financial year:

Date	Name	Description	Amount J\$
October 20, 2020	St. Andrew Justice of the Peace Association of Jamaica	Donation towards the St. Andrew Justice of the Peace Association of Jamaica Fish Fry fundraising event.	30,000
October 20, 2020	Cathedral of St. Jago De La Vega	Donation towards the Cathedral of St. Jago De La Vega Church's Painting Project.	15,000
December 1, 2020	New Testament Church of God Trench Town	Contribution towards the Trench Town New Testament Church of God Annual fundraising Barbecue.	25,000
December 2020	Laura Basic School, Duhaney Park	A 1,000 gallon water tank was purchased for the school at the request of the Rotary Club of Kingston. Labour and material contributed by PAJ Harbours and Maintenance Department as well as the construction of the base for the tank.	90,000
TOTAL			160,000



FINANCIAL REVIEW

GROUP FINANCIAL REVIEW

YEAR ENDED MARCH 31, 2021

Financial HIGHLIGHTS

1. Consolidated Statement of Financial Position (Page 5 of Financial Statement)

The Port Authority of Jamaica Group (PAJ) ended the financial year March 31, 2021, with Total Assets and Total Equity and Liabilities of \$83.61 billion, an increase of \$5.22 billion (2020: \$78.08 billion).

i. Non Current Assets of \$75.57 billion increased by \$4.39 billion (2020: \$71.18 billion), due mainly to the increase of \$9.02 billion in Investment Properties (Note 6).

ii. Current Assets of \$8.04 billion, increased by \$1.13 billion (2020: \$6.90 billion) due mainly to increase in cash and cash equivalents (Note 15).

iii. Equities and Liabilities of \$46.19 billion increased by \$5.19 billion over (2020: \$40.99 billion), due to Total Comprehensive Income of \$5.23 billion for the year ended March 31, 2021.

iv. Non Current Liabilities of \$33.60 billion increased by \$2.13 billion, (2020: \$31.47 billion) due to net increase in long term liability, arising from unrealized exchange loss on USD loans (Note 19).

v. Current Liabilities of \$3.80 billion decreased by \$1.80 billion, (2020: \$5.61 million) due to reduction in current portion of long term loans, with 2 years moratorium on the GOJ loans (Note 19).

vi. Net Current Assets for the year ended March 31, 2021 was \$4.23 billion, an increase of \$2.95 billion compared to (2020: \$1.28 billion).

2. Consolidated Statement of Profit & Loss and other Comprehensive Income (Page 6 of Financial Statements)

i. Total Revenue of \$9.59 billion decreased by \$3.46 billion or 26.54% compared to (2020: \$13.06 billion) due mainly to fallout in total earnings from cruise shipping and related activities.

ii. Direct operating expenses of \$4.63 billion, is marginally below by \$120.24 million (2020: \$4.75 billion). This cost includes depreciation and amortization \$1.64 billion or 35.33%, security cost of \$1.15 billion or 25% of total cost.

iii. Administrative cost of \$2.65 billion is \$160.14 million (5.68%), below the cost of \$2.81 billion for 2020. Main cost items are personnel emoluments and staff cost of \$1.54 billion or 58.10%.

iv. Other Gains (Note 25) - \$4.97 billion
Other gains for the year of net \$4.97 billion was \$4.60 billion increase over (2020: \$371 million). This includes fair value gain of \$5.8 billion on investment properties and unrealized exchange loss of \$1.41 billion on foreign currency loans.

3. Profit Before Taxation [Note 26 (a) \$5.23 billion]

Net Profit of \$5.23 billion before taxation of \$205.08 million, was \$1.45 billion above the \$3.75 billion earned in 2020.

i. REVIEW OF THE CONSOLIDATED PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME.

a. REVENUE (Note 23)

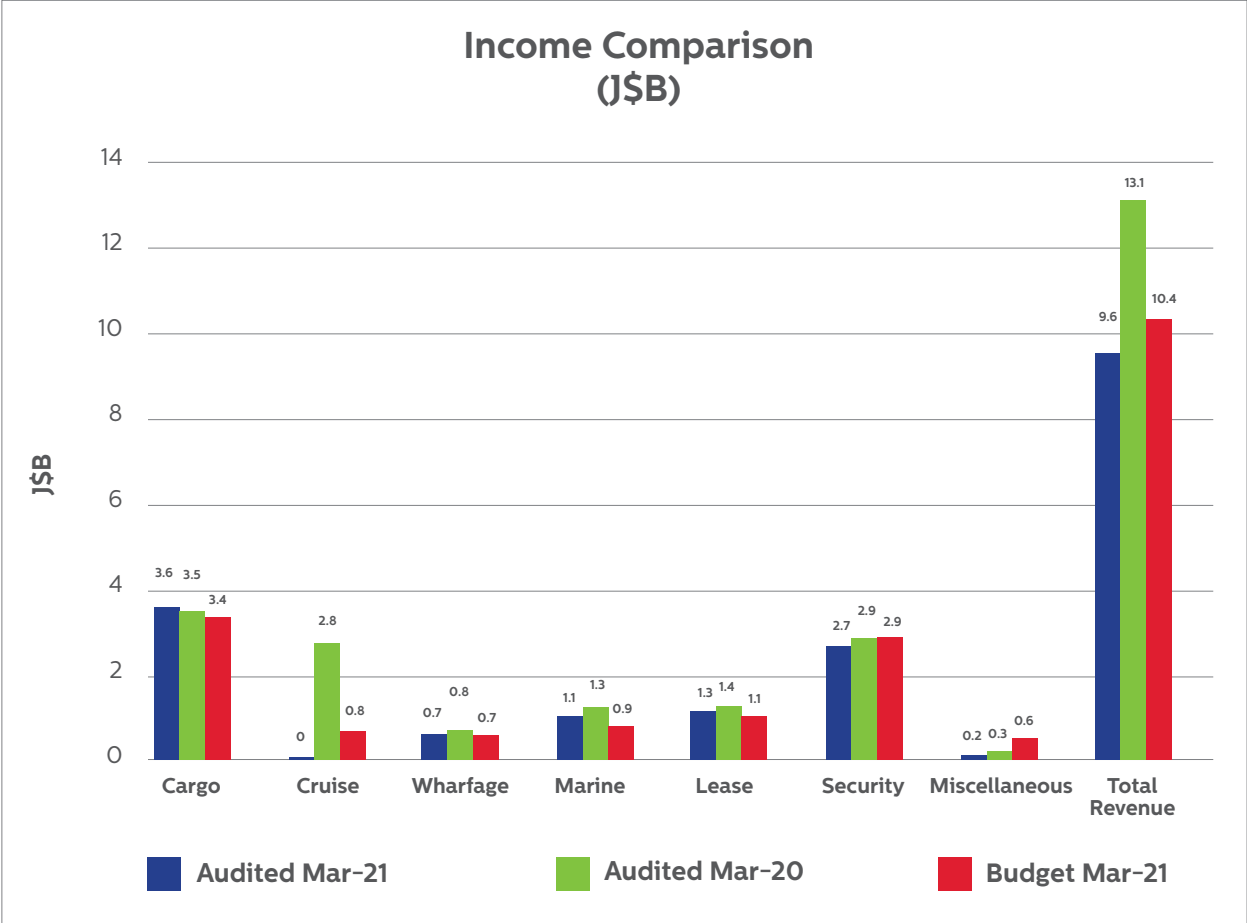
Revenue for the year ended March 31, 2021 of \$9.59 billion was \$3.41 billion or 26.54% less than (2020: \$13.06 billion). This was \$800 million or 7.69% less than the budgeted \$10.39 billion for March 31, 2021.

The reduction in revenue was due mainly to the continued negative impact of COVID-19 on global economies, and specifically the total shut down of the Cruise and related industries, with no vessel calls for the year.

Cargo revenue earned for the year of \$3.61 billion, was marginally above (2020: \$3.54 billion), continues to be the main source of revenue, representing 37.64% of total revenue. The outlook for cargo activities continues to be positive. Other main sources of revenue are: Security fees of \$2.7 billion or (28.47%), lease income \$1.25 billion or (13.03%) and Marine of \$1.09 billion or 11.37%. See Table below with Income Comparison:

Table 1: Income Comparison

REVENUE	Audited		Budget	Increase/ (Decrease)		Income Type
	March 2021	March 2020	March 2021	Audited March 2021 vs March 2020		Percentage of Total 2021 Revenue
Segments	\$B	\$B	\$B	\$B	Percentage (%)	Percentage (%)
Cargo	3.61	3.54	3.41	0.07	1.98	37.64
Cruise	Nil	2.79	0.83	(2.79)	Nil	Nil
Wharfage	0.7	0.84	0.67	(0.14)	(17.06)	7.30
Marine	1.09	1.33	0.87	(0.24)	(18.05)	11.37
Lease	1.25	1.36	1.07	(0.11)	(8.09)	13.03
Security	2.73	2.93	2.93	(0.20)	(6.83)	28.47
Miscellaneous	0.21	0.26	0.62	(0.05)	(19.85)	2.19
Total Revenue	9.59	13.06	10.39	(3.47)	(26.55)	100



b. EXPENSES Notes 24(a) \$4.63 billion and 24(b) \$2.65 billion

Total expenses of \$7.29 billion, which includes depreciation cost of \$1.89 billion, decreased by \$280.39 million or 3.6% compared to (2020: \$7.57 billion). Operating cost of \$5.4 billion decreased by \$460 million or 7.8% compared to (2020: \$5.85 billion). The main cost items with reductions are:

i. Salaries and wages of \$2.11 billion or 39.07% of total operating cost decreased by \$220 million or 9.4% (2020: 2.33 billion), due to cost reduction strategies to include freeze on new hire.

ii. Administrative Expenses of \$433 million or 8% of total operating cost, \$220 million decrease resulted from a reduction in utilities, cleaning & office supplies due to staff working from home, as well as the impact of COVID-19 on operating activities.

iii. Insurance cost increased by \$155 million due to premium rate increase, and cost for insuring major capital projects including buildings and facilities, which were completed.

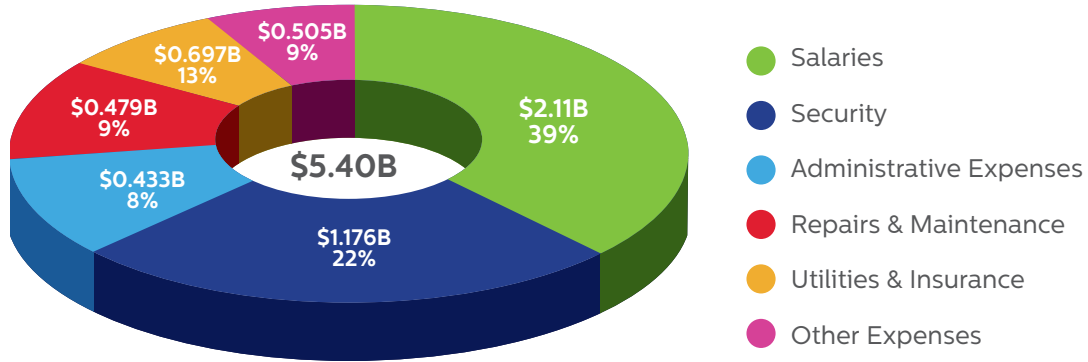
Table (2) overleaf provides an analysis of the main operating expenses compared to 2020 and the percentage and value increase (decrease).

Table 2: Expense Comparison

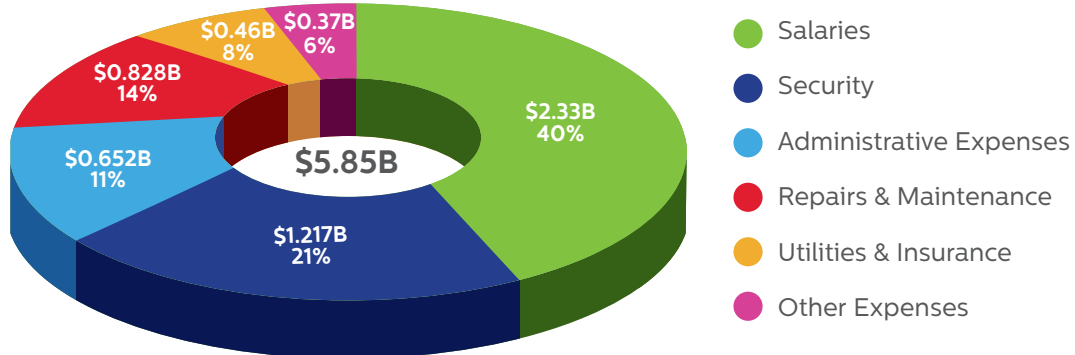
EXPENSE	Audited		Increase/(Decrease)		Percentage of Expense (%)	
	March 2021	March 2020	Audited March 2021 vs March 2020		2021	2020
TYPES	\$B	\$B	\$B	Percentage (%)	2021	2020
Salaries	2.110	2.330	(0.22)	(9.4)	39.07	39.78
Security	1.176	1.217	(0.04)	(3.4)	21.78	20.78
Administrative Expenses	0.433	0.652	(0.22)	(33.6)	8.02	11.13
Repairs & Maintenance	0.479	0.828	(0.35)	(42.1)	8.87	14.14
Utilities & Insurance	0.697	0.460	0.24	51.5	12.91	7.85
Other Expenses	0.505	0.370	0.14	36.5	9.35	6.32
Total Operating Cost	5.400	5.857	(0.46)	(7.8)	100	100
Depreciation	1.895	1.714	0.18	10.6	100	100
Total Expenses	7.295	7.571	(0.28)	(3.6)	-	-

The charts overleaf provide comparison between 2020-21 and 2019-20 of expenses as a percentage of total operating costs. Salaries and other staff costs continue to be the major cost representing 39.07%, followed by security 21.78%, together representing \$3.28 billion or 60.85% of the total of \$5.40 billion.

Value and Percent of Operating Costs Audited March 2020/21



Value and Percent of Operating Costs Audited March 2019/20



OTHER GAINS \$4.97 billion (Note 25)

Other Gains of \$4.97 billion increased by \$4.60 billion compared to (2020: \$371.35 million). This comprises \$5.80 billion fair value gain on Investment Properties (2020: \$1.59 billion), and unrealized foreign exchange losses of \$1.41 billion on USD denominated loans (2020: \$1.57 billion) and net gain of \$593.89 million on USD denominated assets and liabilities i.e. cash investments, receivables and payables.

Investment properties comprise commercial, offices and buildings and lands, held for long-term rental and are not occupied by the Group (**Note 9**).

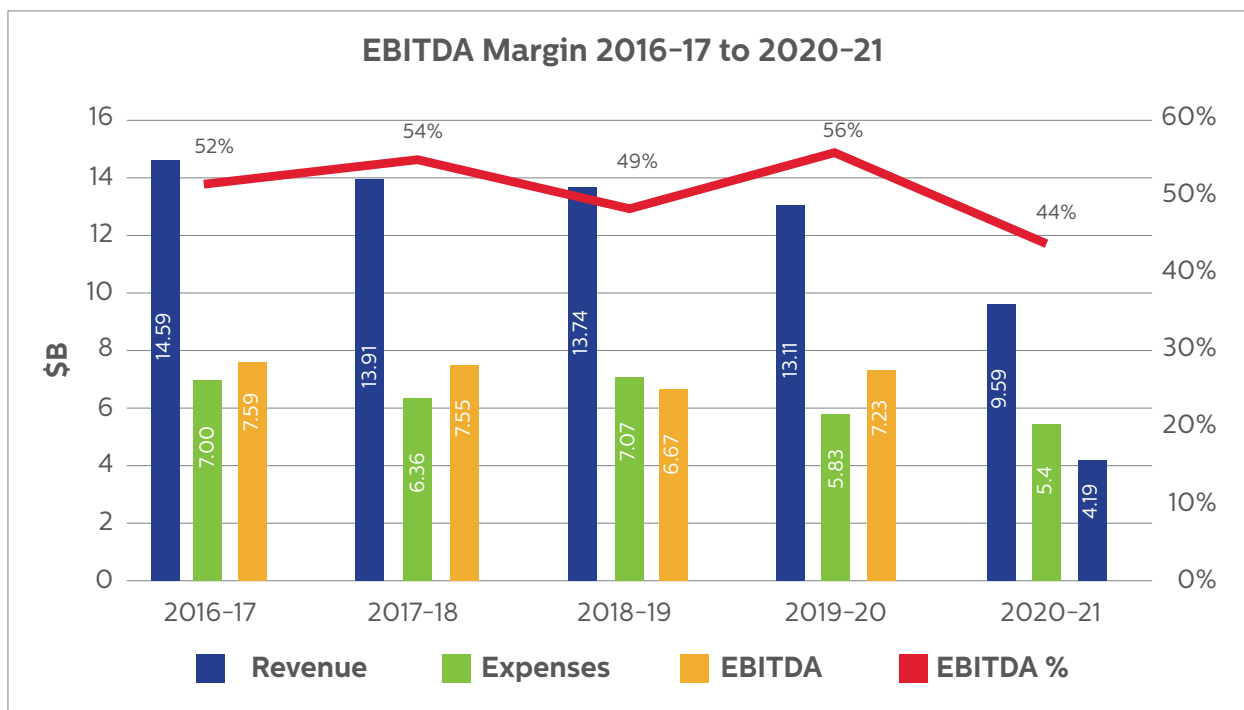
The MOFPS approved the conversion of USD loan of US\$117.7 million to JMD effective April 1, 2021. The loan will be payable in JMD and eliminate the unrealized exchange losses going forward.

PROFIT BEFORE TAXATION

Profit of \$5.23 billion before taxation of \$205.08 million, increased by \$1.45 billion (2020: \$3.75 billion). Taxation for the year of \$205.08 million, increased by \$23.26 million over (2020: \$181.81 million).

TOTAL COMPREHENSIVE INCOME

Total Comprehensive Income (TCI) for the year was \$5.19 billion, increased by of \$1.64 billion compared to (2020: \$3.55 billion). Of the \$5.19 billion, \$808.02 million is attributable to the subsidiaries, an increase of \$467.44 million compared to (2020: \$340 million).



EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

Comparative financial performance of the Group for the last five (5) years ended March 31, 2021 based on EBITDA (Adjusted for depreciation) is illustrated in the graph above.

EBITDA MARGIN

The EBITDA margin fluctuated over the past 5 years, with 52% in 2016/17 to high of 56% in 2019/20, and reduced to a low of 44% at March 31, 2021, the lowest in the past 5 years. The financial performance of the Group for year to March 31, 2021, was negatively impacted by the COVID-19 pandemic, with the total loss of the Cruise and related revenues, which averages 35% of the total annual revenues.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

Total Assets of the Group at March 2021 was \$83.61 billion, an increase of \$5.52 billion (7.06 %), (2020: \$78.08 billion). The following summarizes the main assets and changes for the year.

i. Non Current Assets of \$75.57 billion represents 90% of Total Assets and increased by \$4.39 billion over (2020: \$71.18 billion).

a. Property Plant and Equipment (PPE) of \$38.09 billion or 50.40%, (2020: \$41.95 billion), had a net reduction of \$3.86 billion or 9.20%. The reduction was due to reclassification of \$3.2 billion of PPE assets to Investment Properties, addition of \$1.95 billion major project expenditure, and offset by depreciation of \$1.95 billion.

b. Investment Properties (IP) of \$35.24 billion (46.63%), increased by \$9.02 billion reclassification of \$3.2 billion in PPE and fair value gain of \$5.8 billion of investment properties.

c. Other Investments of \$651.37 million decreased by \$849.95 million with the encashment of European Investment Bank (EIB) US\$6M which was used to secure a loan. Loan was fully paid during the year.

ii. Current Assets of \$8.04 billion increased by \$1.13 billion over (2020: \$6.90 billion).

a. Cash and equivalent represents 83.06% of the total value and increased by \$1.99

billion or 42.56% (2020: \$4.68 billion) due to encashment of funds that were held as security for loans paid out during the year, as well as net cash flow generated from profits.

b. Trade and other receivables of \$1.28 billion decreased by \$844 million due to settlement of receivables and provision of bad debt \$93 million.

TOTAL EQUITY & LIABILITIES

Total Equities and Liabilities of the Group at March 2021 was \$83.61 billion, an increase of \$5.52 billion or 7.06%, (2020: \$78.08 billion). The following summarizes the main assets and changes for the year.

i. Non-Current Liabilities

Non current Liabilities of \$32.46 billion, decreased by \$2.13 billion (2020: \$31.47 million).

ii. Current Liabilities

Current liabilities of \$3.90 billion, decreased by \$1.86 billion, (2020: \$5.61 billion). The reduction is due to the decrease of \$1.77 billion in current portion long term loan from \$2.65 billion in 2020 to \$877 million at March 2021. The is due to moratorium of 2 years on the PetroCaribe loan effective March 2020, granted by the MOFPS. Trade and other payables is for normal operating expenses.

iii. Equity

Shareholders equity of \$46.19 billion at March 31, 2021, increased by \$5.19 billion or 12.67% (2020: \$40.99 billion). The increase is due to the profit of \$5.19

DIRECTORS' COMPENSATION

APRIL 2020 - MARCH 2021

Name	Position	Board Fees \$	Committee Fees \$	Honoraria \$	All Other Compensation including Non-Cash Benefit \$	Motor Vehicle Upkeep, Traveling or Value of Assignment of Motor Vehicle \$	TOTAL \$
Alok Jain	Chairman	79,500	nil	nil	nil	nil	79,500
Gordon Shirley ^(Note 1)	CEO	nil	nil	nil	nil	nil	nil
Kathy-Ann Brown	Director	47,700	nil	nil	nil	nil	47,700
Alston Douglas	Director	47,700	8,000	nil	nil	nil	55,700
Edward Gabbidon	Director	47,700	8,000	nil	nil	nil	55,700
Mark Hart	Director	31,800	16,000	nil	nil	nil	47,800
Wayne McKenzie	Director	31,800	nil	nil	nil	nil	31,800
Velma Ricketts-Walker	Director	47,700	nil	nil	nil	nil	47,700
Lyttleton Shirley	Director	31,800	13,300	nil	nil	nil	45,100
Jerome Smalling	Director	47,700	26,600	nil	nil	nil	74,300
Roxann Linton ^(Note 2)	External Committee Member	nil	16,000	nil	nil	nil	16,000
Mark Tracey ^(Note 2)	External Committee Member	nil	nil	nil	nil	nil	nil
Donald Patterson ^(Notes 2, 3)	External Committee Member	nil	nil	nil	nil	nil	nil
Total		413,400	87,900	nil	nil	nil	501,300

Compensation reflects payments processed during the year and may not reflect full remuneration based on attendance schedule.

Note 1: Professor Gordon Shirley is an employee of the PAJ and as such does not earn Board Fees.

Note 2: External Committee Members.

Note 3: Compensated as a Consultant to PAJ.

EXECUTIVE EMOLUMENTS

APRIL 2020 – MARCH 2021

Name and Position of Senior Executive \$	Basic Pay \$	Seniority \$	Travelling Allowance or Value of Motor Vehicle Assigned \$	Gratuity Receivable \$	Pension \$	Retroactive Salary, Seniority & Gratuity \$	Utilities \$	Vacation Leave \$	Other \$	Non-Cash Benefits \$	Total \$
Gordon Shirley President & CEO	23,616,301.20	1,026,795.72	2,464,280.41	Nil	Nil	Nil	1,277,914.95	Nil	Nil	Nil	28,385,291.28
Elva Williams-Richards SVP Finance & Information Services	13,451,024.40	482,594.04	4,264,001.28	3,362,755.76	Nil	Nil	Nil	Nil	680,284.32	Nil	22,240,659.80
Dr. Carrol Pickersgill SVP Legal, Regulatory & Corporate Affairs	13,451,024.40	482,594.04	4,264,001.28	3,673,164.17	Nil	Nil	Nil	1,241,633.96	680,284.32	Nil	23,792,701.17
Mervis Edghill SVP Engineering & Port Development	13,451,024.40	965,188.96	4,264,001.28	3,362,755.76	Nil	Nil	Nil	Nil	702,264.32	Nil	22,745,233.72
David Powell Chief Group Internal Auditor, Assurance & Risk Management Services	11,038,053.48	2,180,984.76	4,264,001.28	2,759,513.44	Nil	Nil	Nil	Nil	680,284.32	Nil	20,922,837.28
Capt. Hopeton Delisser VP Harbours & Port Services	11,038,053.48	1,789,844.28	3,443,753.78	2,759,513.54	Nil	466,234.64	Nil	Nil	535,354.20	Nil	20,032,753.92
Capt. Sydney Innis VP Security & Safety	11,038,053.48	Nil	3,443,753.78	Nil	Nil	Nil	Nil	Nil	Nil	Nil	14,481,807.26
Belinda Ward VP Human Resource & Administration	11,038,053.48	932,469.36	3,443,753.78	Nil	1,398,414.00	Nil	Nil	Nil	Nil	Nil	16,812,690.62
William Tatham VP Cruise Shipping & Marina Operations	11,038,053.48	932,469.36	3,443,753.78	3,310,260.99	Nil	Nil	Nil	2,165,156.71	503,404.20	Nil	21,393,097.52
Ishmael Leon VP Finance	11,038,053.48	816,919.75	3,542,632.91	3,290,189.55	Nil	Nil	Nil	2,122,702.65	747,937.04	Nil	21,558,435.38
Gary Lawrence VP Engineering	11,038,053.48	1,398,703.92	3,443,753.78	3,481,232.79	Nil	466,234.64	Nil	2,886,875.61	508,729.20	Nil	23,223,583.42
Flora Garth VP Materials Management	10,571,818.92	Nil	3,443,753.78	Nil	1,258,543.68	Nil	Nil	Nil	Nil	Nil	15,274,116.38
Dwain Powell Director, Port Community Systems	10,222,143.15	Nil	3,443,753.78	2,526,396.17	Nil	815,910.62	Nil	Nil	Nil	Nil	17,008,203.72
Norman Lindo VP Information Systems	9,173,115.24	Nil	3,443,753.76	Nil	Nil	Nil	Nil	Nil	Nil	Nil	12,616,869.00
Edmond Marsh* VP Business Development	6,920,684.32	1,122,204.95	2,159,815.43	3,364,483.81	22,076,107.60	Nil	Nil	2,419,881.03	315,626.44	Nil	38,378,802.58
TOTAL	178,123,510.39	12,130,767.14	52,772,764.09	31,890,265.98	24,733,065.28	1,748,379.90	1,277,913.95	10,836,248.96	5,354,168.36	Nil	318,867,083.05

Note: * Employee retired on November 16, 2020

SUBSIDIARIES PERFORMANCE HIGHLIGHTS

KINGSTON FREE ZONE COMPANY LIMITED



CLIENT-BASE
remained **stable & diverse**

Demand for rental space is strong
Additional 156,200 sq ft is underway



15 Clients
Occupants Status



20 Clients Zone
User Status



OCCUPANCY LEVELS
KFZ - 95%
PIP - 29%

NET PROFIT
realized an increase of
357% year-over-year to
J\$556M



REVENUE GREW
year-over-year by
23.96% to J\$384M

PORTS MANAGEMENT & SECURITY LIMITED

NON-INTRUSIVE INSPECTION PROGRAMME ACTIVITY 2019/20 TO 2020/21



	2020/21	2019/20	% change
Total Scans Conducted	558,752	587,586	-4.9
Total Pieces Referred	2,553	1,907	33.87

REVENUE Sources	Audited		Budget	Increase (Decrease)		Income Type
	Mar-21 \$M	Mar-20 \$M	Mar-21 \$M	Audited March 2021 vs March 2020 \$M	Audited March 2021 vs March 2020 Percentage	Percentage of total Revenue
Security Fees	2,258.05	2,475.00	2,528.28	(216.95)	-8.8%	78.54%
Shipping Cess	442.48	398.00	406.37	44.48	11.2%	15.39%
Other Income	79.25	78.17	102.96	1.08	1.4%	2.76%
Foreign Exchange Gain	95.32	39.30	16.53	78.80	200.5%	3.32%
Total Revenue	2,875.10	2,990.47	3,054.13	(115.36)	-3.9%	100.00%

MONTEGO BAY FREE ZONE COMPANY LIMITED



**OCCUPANCY
LEVELS MBFZ
90%**



CLIENT-BASE
remained **stable
& diverse**

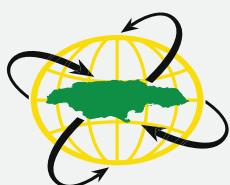


**NET PROFIT
\$146M USD**
generated during the
financial year

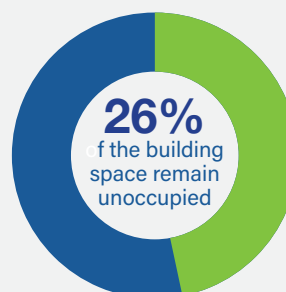
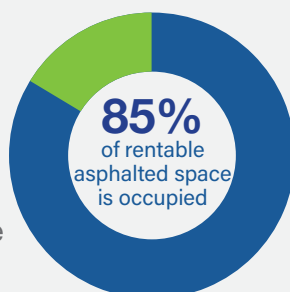


**Over 9,000
Persons Employed**

JAMAICA INTERNATIONAL FREE ZONE DEVELOPMENT LIMITED



Status of client-base



ITEM	2020/2021	2019/2020
Revenue (J\$M)	160.82	88
Net Profit (J\$M)	101.17	162
Facility Leased (sq. ft)		
Building	76,841 (74%)	54,903 (53%)
Open Area	294,680 (85%)	292,995 (85%)
No. of Clients	3	2
Employment Generated	79	90
F/X Generated (US\$M)	0.68	1.66
Container Movement (No.)		
Imports	3,071	5,551
Exports	2,898	5,193

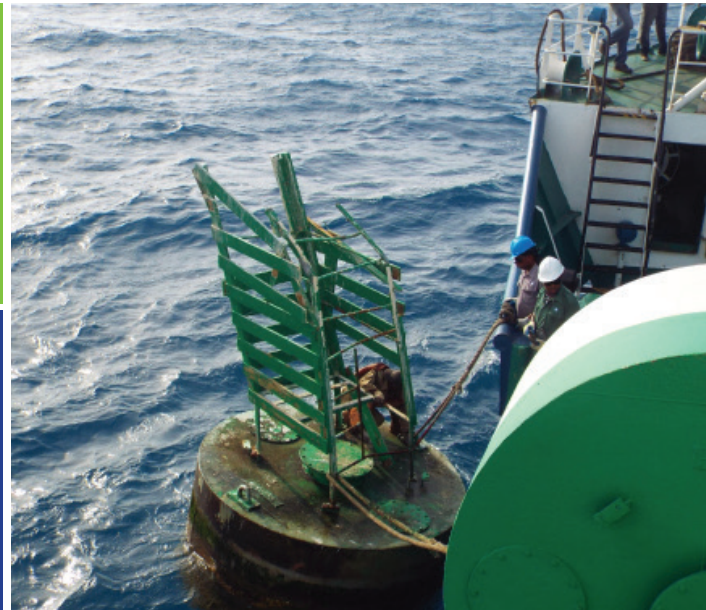
Free Zone Operations: Available Space and Occupancy Levels as at 31 March 2021

	Available Space (Sq. Ft.)					Used Space (Sq. Ft.)					Occupancy (%)	
	BPO	Other Offices	Factory, Warehousing & Distribution	Paved Area	Total	BPO	Other Offices	Factory, Warehousing & Distribution	Paved Area	Total	31-Mar-21	31-Mar-20
Montego Bay Free Zone	461,931	-	204,000	-	665,931	390,233	-	204,000	-	594,233	89.2	95.1
Kingston Free Zone/ Portmore Informatics	165,227	9,000	305,264	-	479,491	60,000	9,000	291,514	-	360,514	75.2	100.0
Jamaica International Free Zone	-	68,791	34,801	348,803	452,395	-	68,791	34,801	292,229	395,821	87.5	79.9
Total	627,158	77,791	544,065	348,803	1,597,817	450,233	77,791	530,315	292,229	1,350,568	-	-

Free Zone Operations: Operators, Employment and Foreign Exchange Earnings as at 31 March 2021

Entity	BPO	Other	31-Mar-21	31-Mar-20	% Change
Number of Operators/Lessees					
Montego Bay Free Zone	21	24	45	45	-
Kingston Free Zone/ Portmore Informatics	1	34	35	32	9.38
Jamaica International Free Zone	-	2	2	3	-33.33
Total	22	60	82	80	2.5
Employment					
Montego Bay Free Zone	8,732	285	9,017	8,837	2.04
Kingston Free Zone/ Portmore Informatics	576	345	921	1,200	-23.25
Jamaica International Free Zone	-	113	113	54	109.26
Total	9,308	743	10,051	10,091	-0.4
Foreign Exchange Earnings (US\$MN)					
Montego Bay Free Zone	135.5	10	145.5	120	21.25
Kingston Free Zone/ Portmore Informatics	6.9	296	302.9	200	51.45
Jamaica International Free Zone	6.9	80	86.9	58	49.83
Total	149.3	386	535.3	378	41.61

OUR MARITIME HEROES





Financial STATEMENTS

CONTENTS

1-4	Independent Auditor's Report
5	Consolidated Statement of Financial Position
6	Consolidated Statement of Profit and Loss and Other Comprehensive Income
7	Consolidated Statement of Changes in Equity
8-9	Consolidated Statement of Cash Flows
10	Separate Statement of Financial Position
11	Separate Statement of Profit and Loss and Other Comprehensive Income
12	Separate Statement of Changes in Equity
13-14	Separate Statement of Cash Flows
15-113	Notes to the Financial Statements



KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922-6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITOR'S REPORT

To the Directors of
THE PORT AUTHORITY

Opinion

We have audited the financial statements of The Port Authority ("the Authority") comprising the separate financial statements of the Authority and the consolidated financial statements of the Authority and its subsidiaries ("the Group"), set out on pages 5 to 113, which comprise the Group's and the Authority's statement of financial position as at March 31, 2021, the Group's and the Authority's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Authority as at March 31, 2021, and of the Group's and the Authority's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford

Nigel R. Chambers
Nyssa A. Johnson
W. Gihan C. De Mel

Wilbert A. Spence
Rochelle N. Stephenson
Sandra A. Edwards



Page 2

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Directors of
THE PORT AUTHORITY

Emphasis of Matter - comparative information

We draw attention to note 36 to the financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2020 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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.

In preparing the financial statements, management is responsible for assessing the Group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Directors of
THE PORT AUTHORITY

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



Page 4

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Directors of
THE PORT AUTHORITY

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate 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 we identify during our audit.

KPMG

Chartered Accountants
Kingston, Jamaica

August 6, 2021



THE PORT AUTHORITY AND ITS SUBSIDIARIES


Consolidated Statement of Financial Position
March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2021 \$'000	Restated* 2020 \$'000	Restated* 2019 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4	38,094,570	41,956,356	40,199,717
Right-of-use assets	5	140,661	190,503	-
Investment properties	6	35,249,442	26,229,700	23,442,300
Intangible assets	7	976,587	952,620	9,215
Investment in associates	8(a)	299,752	256,837	215,837
Other investments	9	651,378	1,501,320	1,556,951
Long-term receivables	10	44,713	31,148	26,915
Retirement benefit asset	11	95,794	11,498	51,100
Deferred tax assets	12	18,755	52,382	24,660
		<u>75,571,652</u>	<u>71,182,364</u>	<u>65,526,695</u>
CURRENT ASSETS				
Inventories	13	78,447	91,478	79,469
Trade and other receivables	14	1,284,077	2,128,685	2,762,039
Cash and cash equivalents	15	<u>6,680,326</u>	<u>4,685,719</u>	<u>7,299,582</u>
		<u>8,042,850</u>	<u>6,905,882</u>	<u>10,141,090</u>
TOTAL ASSETS		<u>83,614,502</u>	<u>78,088,246</u>	<u>75,667,785</u>
EQUITY AND LIABILITIES				
Equity				
Reserves	16	6,570,831	6,481,080	6,798,821
Retained earnings	17	<u>36,631,704</u>	<u>31,496,955</u>	<u>27,916,625</u>
		43,202,535	37,978,035	34,715,446
Non-controlling interests	18	<u>2,993,683</u>	<u>3,020,491</u>	<u>2,728,106</u>
		<u>46,196,218</u>	<u>40,998,526</u>	<u>37,443,552</u>
NON-CURRENT LIABILITIES				
Retirement benefit liabilities	11	697,324	754,034	773,560
Long-term liabilities	19	32,469,658	29,401,938	28,559,815
Lease liabilities	5	90,595	143,996	-
Deferred income	20	351,469	1,164,345	806,440
Deferred tax liabilities	12	52	8,059	2,445
		<u>33,609,098</u>	<u>31,472,372</u>	<u>30,142,260</u>
CURRENT LIABILITIES				
Provisions	21	170,009	153,827	126,815
Current portion of long-term liabilities	19	877,976	2,655,245	4,039,449
Current portion of lease liabilities	5	79,726	63,929	-
Trade and other payables	22	2,681,056	2,743,547	3,915,387
Bank overdrafts (unsecured)		419	800	322
		<u>3,809,186</u>	<u>5,617,348</u>	<u>8,081,973</u>
TOTAL EQUITY AND LIABILITIES		<u>83,614,502</u>	<u>78,088,246</u>	<u>75,667,785</u>

The financial statements, on pages 5 to 113 were approved for issue by the Board of Directors on July 30, 2021 and signed on their behalf by:


 _____ Director


 _____ President

(*See note 36)

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Profit and Loss and Other Comprehensive Income
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

	<u>Notes</u>	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000
Revenue	23	9,593,642	13,060,381
Expenses:			
Direct operating	24(a)	(4,637,303)	(4,757,546)
Administrative	24(b)	(2,657,902)	(2,818,055)
		<u>(7,295,205)</u>	<u>(7,575,601)</u>
		2,298,437	5,484,780
Share of associated companies' results	8(a)	42,915	41,000
Interest income	27(a)	153,565	123,633
Other income	20	47,902	47,902
Other gains	25	4,977,023	371,359
Impairment (losses)/gains on investments	31(b)	(9,691)	3,754
Impairment reversal/(losses) on trade receivables	14	96,664	(263,410)
Interest expense on lease liabilities	5(c)	(16,905)	(18,981)
Finance charges and interest on loans	24(c)	(2,356,549)	(2,032,237)
PROFIT BEFORE TAXATION		5,233,361	3,757,800
Taxation	26(a)	(205,082)	(181,819)
NET PROFIT FOR THE YEAR		5,028,279	3,575,981
Items that will not be reclassified to profit or loss			
Remeasurement losses on retirement benefit plans, net of related tax being other comprehensive loss for the year	11(d),12	<u>169,413</u>	<u>(21,007)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,197,692</u>	<u>3,554,974</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
The Authority		4,256,330	2,950,586
Subsidiaries		798,757	333,010
Non-controlling interests	18	(26,808)	292,385
		<u>5,028,279</u>	<u>3,575,981</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
The Authority		4,416,480	2,922,015
Subsidiaries		808,020	340,574
Non-controlling interests	18	(26,808)	292,385
		<u>5,197,692</u>	<u>3,554,974</u>

(*See note 36)

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	Fixed Assets							Total	Retained	Non-Controlling			
		General	Capital	Development	Equalisation	Stabilisation	Replacement	Insurance	Wharfage	Reserves	Earnings	Total	Interests	Total
		16(a)	16(b)	16(c)	16(d)	16(e)	16(f)	16(g)	16(h)	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at March 31, 2019:														
As previously reported		359,450	5,089,330	305,150	1,630	32	705,579	151,766	185,884	6,798,821	25,056,088	31,854,909	2,390,146	34,245,055
Prior year adjustment (Note 36)		-	-	-	-	-	-	-	-	-	2,860,537	2,860,537	337,960	3,198,497
Balances at March 31, 2019, as restated		359,450	5,089,330	305,150	1,630	32	705,579	151,766	185,884	6,798,821	27,916,625	34,715,446	2,728,106	37,443,552
Net profit for the year as restated														
(Note 36)		-	-	-	-	-	-	-	-	-	3,283,596	3,288,596	292,385	3,575,981
Other comprehensive loss net of related tax, as restated (Note 36)	11(d),12	-	-	-	-	-	-	-	-	-	(21,007)	(21,007)	-	(21,007)
Total comprehensive income, as restated		-	-	-	-	-	-	-	-	-	3,262,589	3,262,589	292,385	3,554,974
Transfers to reserves of managed operations														
		-	-	-	-	-	71,262	-	4,988	76,250	(76,250)	-	-	-
Reserves utilised														
		-	-	-	-	-	(114,803)	(114,266)	(164,922)	(393,991)	393,991	-	-	-
Balances at March 31, 2020, as restated		359,450	5,089,330	305,150	1,630	32	662,038	37,500	25,950	6,481,080	31,496,955	37,978,035	3,020,491	40,998,526
Net profit for the year														
		-	-	-	-	-	-	-	-	-	4,711,726	4,711,726	316,553	5,028,279
Other comprehensive income net of related tax, as restated	11(d),12	-	-	-	-	-	-	-	-	-	169,413	169,413	-	169,413
Total comprehensive income, as restated		-	-	-	-	-	-	-	-	-	4,881,139	4,881,139	316,553	5,197,692
Transfer from NCI														
	18	-	-	-	-	-	-	-	-	-	343,361	343,361	(343,361)	-
Total movement in NCI														
		-	-	-	-	-	-	-	-	-	5,224,500	5,224,500	(26,808)	5,197,692
Transfers to reserves of managed operations														
		-	-	-	-	-	82,559	-	7,192	89,751	(89,751)	-	-	-
Balances at March 31, 2021		<u>359,450</u>	<u>5,089,330</u>	<u>305,150</u>	<u>1,630</u>	<u>32</u>	<u>744,597</u>	<u>37,500</u>	<u>33,142</u>	<u>6,570,831</u>	<u>36,631,704</u>	<u>43,202,535</u>	<u>2,993,683</u>	<u>46,196,218</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

	<u>Notes</u>	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year:		5,028,279	3,575,981
Adjustments for:			
Depreciation	4	1,726,778	1,640,133
Amortisation	7	118,500	24,570
Depreciation on right-of-use assets	24(a)	49,842	49,732
Adjustment to property, plant and equipment	4	11,506	(1,237)
Write-off of property, plant and equipment	4	45,789	-
Loss on disposal of property, plant and equipment	25	-	20,153
Increase in fair value of investment properties	6	(5,801,504)	(1,599,143)
Inventory provision	13	-	8,259
Interest income	27	(153,565)	(123,633)
Foreign exchange losses (net)		1,499,041	1,681,755
Retirement benefit expense	11(d)	82,650	84,956
Provision charge	21	117,286	112,813
Amortisation of deferred income	20	(47,902)	(47,902)
Impairment loss recognised on trade receivables (net)	14	93,664	263,410
Loan fees amortised		2,914	(21,404)
Taxation charge	26	205,082	181,819
Share of associates' results	8	(42,915)	(41,000)
Finance charge – Interest on lease liability	5(c)	16,905	18,981
Finance charges and interest on loans	24	<u>2,356,549</u>	<u>2,032,237</u>
		5,308,899	7,860,480
(Increase)/decrease in operating assets:			
Trade and other receivables		810,298	361,877
Inventories		13,031	(20,269)
Increase/(decrease) in operating liabilities:			
Trade and other payables		(128,180)	(1,093,339)
Retirement benefit contributions	11(c)	(51,155)	(83,265)
Increase in deferred income	20	-	405,807
Provisions utilised	21	<u>(101,104)</u>	<u>(85,801)</u>
Cash generated by operations		5,851,789	7,345,390
Income taxes paid		(220,667)	(284,949)
Interest paid		<u>(1,246,545)</u>	<u>(1,922,189)</u>
Net cash provided by operating activities		<u>4,384,577</u>	<u>5,138,252</u>

(*See note 36)

The accompanying notes on form an integral part of these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows (Continued)
 Year ended March 31, 2021
 (Expressed in Jamaica dollars unless otherwise indicated)

	<u>Notes</u>	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		148,362	125,050
Acquisition of property, plant and equipment	4	(1,947,755)	(5,755,800)
Net proceeds on disposal of property, plant and equipment		-	183,880
Other investments (net)		855,145	54,214
Decrease in long-term receivables		<u>(15,083)</u>	<u>(7,309)</u>
Net cash used in investing activities		<u>(959,331)</u>	<u>(5,399,965)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of long-term loans		348,167	5,053,000
Repayment of long-term loans		(1,589,485)	(7,261,711)
Payment of lease liabilities	5(d)	(71,414)	(68,411)
Decrease in prepaid credit insurance		<u>480</u>	<u>6,093</u>
Net cash used in financing activities		<u>(1,312,255)</u>	<u>(2,271,029)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,112,994	(2,532,742)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,684,919	7,299,260
Effect of foreign exchange rate changes		<u>(118,006)</u>	<u>(81,599)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>6,679,907</u>	<u>4,684,919</u>
Cash and cash equivalents comprise:			
Cash and short-term deposits	15	6,680,326	4,685,719
Bank overdrafts (unsecured)		<u>(419)</u>	<u>(800)</u>
		<u>6,679,907</u>	<u>4,684,919</u>


(*See note 36)

The accompanying notes on form an integral part of these financial statements.


THE PORT AUTHORITYSeparate Statement of Financial Position
as at March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000	Restated* <u>2019</u> \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	37,157,895	41,556,236	39,819,991
Investment properties	6	31,879,442	22,750,000	19,643,900
Intangible assets	7	976,357	952,311	8,827
Investments in subsidiaries and associated companies	8(b)	30,508	30,508	30,508
Other investments	9	645,958	1,486,696	1,543,083
Long-term receivables	10	120,939	107,374	103,141
Retirement benefit asset	11(b)	<u>95,794</u>	<u>11,498</u>	<u>51,100</u>
		<u>70,906,893</u>	<u>66,894,623</u>	<u>61,200,550</u>
Current assets				
Inventories	13	78,447	91,478	79,469
Trade and other receivables	14	460,881	725,820	1,195,308
Cash and cash equivalents	15	<u>2,116,242</u>	<u>1,250,973</u>	<u>4,862,985</u>
		<u>2,655,570</u>	<u>2,068,271</u>	<u>6,137,762</u>
Total assets		<u>73,562,463</u>	<u>68,962,894</u>	<u>67,338,312</u>
EQUITY AND LIABILITIES				
Equity				
Reserves	16	6,564,838	6,475,087	6,792,828
Retained earnings	17	<u>30,632,729</u>	<u>26,306,000</u>	<u>23,066,244</u>
		<u>37,197,567</u>	<u>32,781,087</u>	<u>29,859,072</u>
Non-current liabilities				
Retirement benefit liabilities	11(c)	643,239	694,712	711,783
Long-term liabilities	19	32,462,489	29,360,025	28,487,747
Deferred income	20	<u>351,469</u>	<u>1,164,345</u>	<u>806,440</u>
		<u>33,457,197</u>	<u>31,219,082</u>	<u>30,005,970</u>
Current liabilities				
Provisions	21	141,323	128,287	107,323
Current portion of long-term liabilities	19	840,355	2,620,500	3,997,185
Trade payables and accruals	22	1,925,602	2,213,138	3,368,762
Bank overdrafts (unsecured)		<u>419</u>	<u>800</u>	<u>-</u>
		<u>2,907,699</u>	<u>4,962,725</u>	<u>7,473,270</u>
Total equity and liabilities		<u>73,562,463</u>	<u>68,962,894</u>	<u>67,338,312</u>

The financial statements, on pages 5 to 113 were approved for issue by the Board of Directors on July 30, 2021 and signed on their behalf by



Jerome Smalling Director



Professor Gordon Shirley President

(*See note 36)

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITYSeparate Statement of Profit and Loss and Other Comprehensive Income
Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000
Revenue	23	6,589,033	9,753,993
Interest income	27(a)	36,775	44,853
Other income	20	47,902	47,902
Expenses:			
Direct operating	24(a)	(3,130,689)	(3,301,478)
Administrative	24(b)	(1,912,950)	(1,998,953)
Impairment adjustment on investments	31(b)	(5,551)	11,849
Impairment reversal/ (losses) on trade receivables	14	70,367	(168,263)
Finance charges and interest on loans	24(c)	<u>(2,353,979)</u>	<u>(2,026,827)</u>
		(659,092)	2,363,076
Other gains	25	<u>4,915,422</u>	<u>587,510</u>
NET PROFIT FOR THE YEAR	27	4,256,330	2,950,586
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains/(losses) on retirement benefit plans	11(d)	<u>160,150</u>	<u>(28,571)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	28	<u>4,416,480</u>	<u>2,922,015</u>

(*See note 36)

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY

Separate Statement of Changes in Equity

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

	General	Capital	Development	Equalisation	Stabilisation Fund	Fixed Assets Replacement	Insurance	Wharfage	Total Reserves	Accumulated Surplus	Total
Notes	16(a)	16(b)	16(c)	16(d)	16(e)	16(f)	16(g)	16(h)	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at March 31, 2019:											
As previously reported	359,450	5,083,337	305,150	1,630	32	705,579	151,766	185,884	6,792,828	21,074,747	27,867,575
Prior year adjustment (Note 36)	-	-	-	-	-	-	-	-	-	1,991,497	1,991,497
Balances at March 31, 2019, as restated *	359,450	5,083,337	305,150	1,630	32	705,579	151,766	185,884	6,792,828	23,066,244	29,859,072
Net profit for the year, as restated *	-	-	-	-	-	-	-	-	-	2,950,586	2,950,586
Other comprehensive loss, as restated* 11(d)	-	-	-	-	-	-	-	-	-	(28,571)	(28,571)
Total comprehensive income	-	-	-	-	-	-	-	-	-	2,922,015	2,922,015
Reserves utilised	-	-	-	-	-	(114,803)	(114,266)	(164,922)	(393,991)	393,991	-
Transfers to reserves of managed operations	-	-	-	-	-	71,262	-	4,988	76,250	(76,250)	-
Balances at March 31, 2020, as restated*	359,450	5,083,337	305,150	1,630	32	662,038	37,500	25,950	6,475,087	26,306,000	32,781,087
Net profit for the year	-	-	-	-	-	-	-	-	-	4,256,330	4,256,330
Other comprehensive income 11(d)	-	-	-	-	-	-	-	-	-	160,150	160,150
Total comprehensive income	-	-	-	-	-	-	-	-	-	4,416,480	4,416,480
Transfers to reserves of managed operations	-	-	-	-	-	82,559	-	7,192	89,751	(89,751)	-
Balances at March 31, 2021	<u>359,450</u>	<u>5,083,337</u>	<u>305,150</u>	<u>1,630</u>	<u>32</u>	<u>744,597</u>	<u>37,500</u>	<u>33,142</u>	<u>6,564,838</u>	<u>30,632,729</u>	<u>37,197,567</u>

(*See note 36)

THE PORT AUTHORITY

Separate Statement of Cash Flows

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

	<u>Notes</u>	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		4,256,330	2,950,586
Adjustments for:			
Interest income	27	(36,775)	(44,853)
Foreign exchange losses (net)		1,314,199	1,494,408
Finance charges and interest on loans	24 (c)	2,353,979	2,026,827
Impairment loss recognised on trade receivables (net)	14	(70,367)	168,263
Increase in fair value of investment properties	6	(5,911,204)	(1,917,843)
Depreciation	4	1,587,168	1,509,218
Amortization	7	118,421	24,491
Loss on disposal of property, plant and equipment	25	-	20,153
Provision for loss on inventory	13	-	8,259
Adjustment to property, plant and equipment	4	45,789	(1,237)
Provision charge	21	92,638	88,010
Amortisation of deferred income	20	(47,902)	(47,902)
Retirement benefit expense	11(d)	75,536	77,325
Loan fees amortised		<u>2,914</u>	<u>(21,474)</u>
		3,780,726	6,334,231
(Increase)/decrease in operating assets:			
Trade and other receivables		336,824	304,301
Inventories		13,031	(20,268)
Increase/(decrease) in operating liabilities:			
Trade payables and accruals		(387,747)	(1,155,624)
Increase in deferred income		-	405,807
Provisions utilised	21	(79,602)	(67,045)
Retirement benefit contributions	11(c)	<u>(51,155)</u>	<u>(83,365)</u>
Cash generated by operations		3,612,077	5,718,037
Interest paid		<u>(1,244,045)</u>	<u>(1,915,096)</u>
Net cash provided by operating activities		<u>2,368,032</u>	<u>3,802,941</u>

(*See note 36)

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY

Separate Statement of Cash Flows (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		31,569	46,270
Decrease in long-term receivables		(15,083)	(7,309)
Other investments (net)		845,944	54,971
Acquisition of property, plant and equipment	4	(1,271,590)	(5,604,491)
Net proceeds on disposal of property, plant and equipment		<u> -</u>	<u>183,880</u>
Net cash used in investing activities		<u>(409,160)</u>	<u>(5,326,679)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of long-term loans		348,167	5,053,000
Repayment of long-term loans		(1,552,716)	(7,219,256)
Decrease in prepaid credit insurance		<u> 480</u>	<u> 6,092</u>
Net cash used in financing activities		<u>(1,204,069)</u>	<u>(2,160,164)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		754,803	(3,683,902)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,250,173	4,862,985
Effect of foreign exchange rate changes		<u>110,847</u>	<u>71,090</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>2,115,823</u>	<u>1,250,173</u>
Cash and cash equivalents comprise:			
Cash and short-term deposits	15	2,116,242	1,250,973
Bank overdraft(unsecured)		<u>(419)</u>	<u>(800)</u>
		<u>2,115,823</u>	<u>1,250,173</u>

(*See note 36)

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

1. Group identification

- (a) The Port Authority (“the Authority” or “PAJ”) is a statutory body, incorporated and domiciled in Jamaica by the Port Authority Act. Its principal objectives are to provide and regulate all port facilities in Jamaica. The registered office of the Authority is 15-17 Duke Street, Kingston.

The Authority’s subsidiary companies and their principal activities are as follows:

<u>Subsidiaries</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interests</u>	<u>Proportion of voting rights</u>	<u>Principal activity</u>
Kingston Free Zone Company Limited (KFZ)	Jamaica	72%	72%	Rental of warehouses and property management.
Montego Bay Free Zone Company Limited (MBFZ)	Jamaica	100%*	100%	Rental of offices and factory space located in the Montego Bay Export Free Zone area.
Ports Management and Security Limited (PMS)	Jamaica	51%	51%	Provision of security services at ports.
Jamaica International Free Zone Development Limited (JIFZ)	Jamaica	75%	75%	Acquiring, developing and leasing property for the purpose of logistics and distribution activities.
Port Authority Management Services Limited	Jamaica	100%	100%	Dormant
KCT Services Limited	Jamaica	100%	100%	Provision of personnel services as well as the management of Kingston Container Terminal.

* See note 18

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

1. Group identification (continued)

(a) (Continued)

The Authority's associated companies and their principal activities are as follows:

<u>Associates</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interests</u>	<u>Proportion of voting rights</u>	<u>Principal activity</u>
Security Administrators Limited	Jamaica	33.33%	33.33%	Provision of security at Port Bustamante
Montego Cold Storage Limited	Jamaica	33.33%	33.33%	Rental of refrigerated warehouse

The Authority and its subsidiary companies and associated companies are collectively referred to in the financial statements as "The Group".

(b) Accounting period

The Authority and its subsidiaries have prepared financial statements for the year ended March 31, 2021 (2020: March 31, 2020). The associated companies have prepared financial statements for the year ended December 31, 2020 (2020: December 31, 2019).

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations issued by the International Accounting Standards Board.

The financial statements on pages 5 to 113 were approved for issue by the Board of Directors on July 30, 2021 and it was agreed that the Board of Directors approve the final issue of these financial statements, which occurred on August 6, 2021.

New and amended standards that came into effect during the current financial year:

Certain new and amended standards and interpretations came into effect during the current financial year, none of which had any significant impact on these financial statements.

New and amended standards and interpretations that are not yet effective:

At the date of authorisation of the consolidated financial statements, there were certain new amendments to standards and interpretations in issue but had not yet come into effect. They were not early adopted by the Group and therefore have not been taken into account in preparing these financial statements. Those which management considered may be relevant to the Group are set out below:

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet effective (continued)

- Amendment to IFRS 16 *Leases* is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration.
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases*, is effective for annual accounting periods beginning on or after January 1, 2021, and address issues relating to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications.

A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis.

A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet effective (continued)

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance contracts and IFRS 16 Leases (continued)

The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

- Amendment to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The Group is assessing the impact, if any, that the above amendments, interpretations and new standards may have on its future financial statements when they become effective.

(b) Basis of preparation

These financial statements have been prepared under the historical cost basis, except for the revaluation of investment properties and financial instruments measured at fair value through profit or loss.

(c) Functional and presentation currency

The financial statements are presented in Jamaica dollars, which is the functional currency of the Authority and its subsidiaries. The values presented in the financial statements have been rounded to the nearest thousands (\$'000) unless otherwise stated.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgement:

The preparation of the financial statements to conform to IFRS requires management to make estimates and judgements that affect the selection of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income, expenses, gains and losses for the period then ended. Actual amounts could differ from those estimates. The estimates and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements made in applying accounting policies and the key areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements, and or that have a significant risk of material adjustment in the next financial period, are as follows:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

(1) Allowance for impairment losses:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainly inherent in such estimates.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgement (continued):

(ii) Key assumptions concerning the future and other sources of estimation uncertainty (continued):

(2) Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. The Group engaged an external valuation specialist to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the asset, the Group uses market observation data to the extent it is available. Information about the valuation technique and inputs used in determining the fair value of the investment properties are disclosed at note 6.

(3) Retirement benefit assets and post-employment benefit obligations:

The amounts recognised in the statements of financial position and profit or loss and other comprehensive income for retirement benefits and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the retirement benefits and other post-employment obligations.

The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Group's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenure security on the market. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

3. Significant accounting policies

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method from the date on which control is transferred to the Group. Control is the power to govern the relevant financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations

The Group measures goodwill at the acquisition date as (continued):

- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets from the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the change in the carrying value of non-controlling interest and the fair value of consideration paid or received is recognised directly in equity.

(iii) Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements include the financial statements of all subsidiaries made up to March 31, 2021.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in a former subsidiary, then such interest is measured at fair value at the date that control is lost.

(v) Interests in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

(vi) Transactions eliminated on consolidation.

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(c) Property, plant and equipment

All property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are measured in the statement of financial position at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes cost of replacing part of the property, plant and equipment and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy [see borrowing costs at note 3(r) if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Assets in the course of construction for operations or administrative purposes, are carried at cost less any recognised impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised to write off the cost of assets (other than freehold land and properties under construction), less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any change in estimate being accounted for on a prospective basis. No depreciation is provided on land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following depreciation rates are used:

Right-of-use assets	-	Over lease term
Buildings	-	20 – 40 years
Leasehold improvements	-	5 & 40 years
Tugs, cranes, trailers, straddle carriers and other equipment	-	10 – 25 years
Lighting, docks and berths	-	20 – 40 years
Furniture and office equipment	-	5 – 10 years
Motor vehicles	-	5 & 10 years
Infrastructure and dredging	-	15 – 20 years
Computers	-	3 – 10 years
Equipment spares	-	10 – 20 years

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(d) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), are measured initially at cost including transaction costs. Subsequent to initial recognition investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(e) Intangible assets – purchased

These represent application software acquired and are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is for a period between seven to ten years. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

(f) Impairment:

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(f) Impairment (continued):

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

The Group considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
 Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(f) Impairment (continued):

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. 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. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(g) Cash and cash equivalents:

Cash and cash equivalents are measured at amortised cost and comprise cash and bank balances.

(h) Trade and other receivables

Trade and other receivable and prepayments are measured at amortised cost less impairment losses [see note 3 (f)].

(i) Trade and other payable:

Trade and other payables are measured at amortised cost.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(j) Provisions:

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(k) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan established for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(l) Taxation:

Taxation on the profit for the year comprises current and deferred tax. Taxation is recognised in the profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, and associates, except to the extent that the Authority and its subsidiaries are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Inventories

Inventories are measured at the lower of cost, determined on a first-in, first-out basis, and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to completion and costs necessary to make the sale.

(n) Reserves

At the discretion of the Board of Directors, transfers are made from the retained earnings to reserves to provide for the expansion and/or improvement in port facilities and to provide future insurance coverage for the Group's assets as well as for future claims against employer's liability insurance.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(o) Employee benefits

a) Pension plans

The Group operates two pension plans:

(i) Defined contribution plan

This plan provides post-retirement benefits that are based on the value of accumulated contributions and interest earned. The plan is funded by contributions from employees and employer with employees contributing 5% of annual salary (with the option of increasing this up to 10%) and the employer contributing 10% of annual salary. These costs are charged as expenses as they fall due. The Group bears no obligation for the provision of benefits beyond the terms of the plan except as indicated under 3(p)(ii) below.

(ii) Defined benefit plan

The Group has established a defined benefit pension scheme for its employees (employed from July 31, 2007, to August 16, 2012) that is administered by Trustees and managed by Guardian Life Limited. The Scheme's assets are separately held, and the Scheme is funded by employee contributions of 5% of pensionable salaries (with the option of contributing an additional 5%) and the employer's contributions as recommended by external actuaries.

Under the rules of this plan, members of the defined contribution plan between the period April 1, 1968, and July 31, 2007, referred to above, are entitled to a supplemental pension under certain circumstances.

Such supplementary pension (if any) shall top up the pension which can be provided from the member's Scheme account to an amount equivalent to 2% of the member's pensionable service up to the date of retirement times the final pensionable emoluments.

The cost of providing benefits is determined using the Projected Unit Credit Method with external actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Authority recognises restructuring-related costs

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(o) Employee benefits (continued)

a) Pension plans (continued)

(ii) Defined benefit plan (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under ‘administration expenses’ in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

b) Other post-retirement obligations

The Group also provides retiree medical and Group life benefits to certain retired employees of the Group that previously managed one of its operations. In addition, the Group provides ex-gratia benefits which is part of the terms of contractual employment for certain senior executives upon retirement. The cost of providing these benefits is determined using the Projected Unit Credit Method with independent actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation and other post-employment benefits are recognised in the statement of financial position represents the present value of the defined benefit obligation.

c) Termination obligations

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to present value.

d) Leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave for services rendered by employees up to the end of the reporting period and is classified as current or non-current when the payment is expected to be made.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(p) Deferred income – Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a Government loan at a below-market rate of interest is treated as a Government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(q) Revenue recognition:

Revenue from services is measured at fair value of the consideration received or receivable, net of sales taxes.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(q) Revenue recognition (continued):

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

<i>Type of service</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms.</i>	<i>Revenue recognition under IFRS 15</i>
------------------------	---	--

Rental	The Authority provides property rental services. Rent is charged monthly and are based on fixed rates agreed.	Revenue from rentals are recognised over time as the services are provided.
--------	---	---

Invoices are issued according to contract terms given to specific customers and are payable within the contract terms.

Cargo and Marine	The Authority provides cargo and marine services at the Ports. This comprises of services such as pilotage, tugging and harbor fees. The fees are charged based on the utilisation of service by customers when service is performed. Each service type is costed and billed separately.	Revenue from cargo and marine are recognised at a point in time as soon as the performance obligation is met with the exception of concession revenues, which are recognised over the life of the concession agreement.
------------------	--	---

Included in the cargo & marine revenue are concession fees charged to third party operators of the Tugging service as well as the Container Terminal operations. This comes in the form of both fixed and variable concessionary income.

Revenue from pilotage and harbor fees are recognised at the point in time when the services are provided.

Revenues from concession fees are recognised over the life of the concession agreement.

Fixed amounts are invoiced quarterly. Variable fees are billed monthly, based on the actual results of the prior year variable fee audit, any adjustments being made in the current year.

Security services	The Authority provides security services at the Ports. Fees are calculated based on terms of the contract.	Revenue from the provision of security services are recognised at the point in time when the services are provided.
-------------------	--	---

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(q) Revenue recognition (continued):

<i>Type of Service</i>	<i>Nature, timing and satisfaction of performance obligations, including significant payment terms</i>	<i>Revenue Recognition under IFRS 15</i>
Wharfage	Customers are charged wharfage when their container passes through the terminal. Revenue is recognised on a monthly basis based on the monthly advice from third party collectors of wharfage charges.	Wharfage is recognised at the point in time when the container/shipment passes through the Port Operator Terminal.
Cruise	The Authority generates harbour fees and facility fees from cruise line activities. Harbour fees refer to fees charged to vessels for the allowance to dock at a particular Port or harbour. Facility Fees is a head tax per in-transit passenger charge to cruise lines. Invoices for facility fees are issued according to contract terms and harbour fees are collected in accordance with the Harbour Fees Act.	Revenue from facility fee and harbour fees are recognised when the vessel arrives in port.
Cargo Inspection	The Authority provides cargo inspection services. Inspection is charged on a monthly basis and are based on fixed rates agreed. Invoices for inspection are issued according to contract terms and are payable within the contract terms.	Revenue from cargo inspection is recognised when the services are provided at the point in time.

(r) Borrowing costs

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
 Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(s) Foreign currencies

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. The Group's monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaica dollars at the rates of exchange ruling at that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(t) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise cash and cash equivalents (including restricted cash), other investments, long term receivables and trade and other receivables. Financial liabilities comprise trade and other payables, lease liabilities, loan from bank and other payables.

(i) *Recognition and initial measurement*

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The group initially recognises accounts receivable on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the Group measures a financial asset or financial liability at its fair value, *plus or minus*; in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

(ii) *Classification and subsequent measurement*

On initial recognition, the Group classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- a) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI').

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(t) Financial instruments (continued):

(ii) *Classification and subsequent measurement (continued)*

All other financial assets of the Group are measured at FVTPL.

The classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables
- Other investments
- Long-term receivable

Due to their short-term nature, the Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

Business model assessment

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as “Held to collect” and measured at amortised cost.

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVTPL.

Factors considered by the Group in determining the business model for a group of assets include:

1. How the asset’s performance is evaluated and reported to key management personnel;
2. How risks are assessed and managed; and
3. How managers are compensated.

The Group has determined that it has one business model.

Held-to-collect business model: This comprise cash and cash equivalents, trade and other receivables, other investments and long-term receivable. These financial assets are held to collect contractual cash flows.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(t) Financial instruments (continued):

(ii) *Classification and subsequent measurement (continued)*

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, ‘principal’ is defined as the fair value of financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(t) Financial instruments (continued):

(ii) *Classification and subsequent measurement (continued)*

Impairment of financial assets

Impairment losses of financial assets not measured at FVTPL, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of borrowing, plus directly attributable transaction costs. The Group's financial liabilities, which include trade and other payables, lease liabilities, loan from bank and other payables which are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(t) Financial instruments (continued):

(ii) *Classification and subsequent measurement (continued)*

Offsetting

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from similar transactions such as in the Group's trading activity.

(u) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

(v) Leases:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(v) Leases (continued):

As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group presents right-of-use assets and lease liabilities separately in the statement of financial position.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

3. Significant accounting policies (continued)

(v) Leases (continued):

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

4. Property, plant and equipment

	The Group											
	Freehold Land	Freehold Buildings	Leasehold Improvements	Tugs, Cranes, Trailers, Straddle Carriers, and Other Equipment	Lighting Berths Berths 10 & 11, Pavements	Furniture and Office Equipment	Motor Vehicles/ Motor Cycles	Infrastructure	Dredging	Computers	Capital Works-in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At cost or deemed cost												
March 31, 2019	6,291,722	2,048,685	54,734	3,589,391	11,598,129	365,327	165,690	6,406,195	5,056,241	415,358	18,409,144	54,400,616
Additions	11,506	17,917	3,290	13,905	-	30,024	6,388	45,730	-	82,303	5,544,737	5,755,800
Disposals	-	-	-	(224,445)	-	-	(13,885)	-	-	(254)	-	(238,584)
Transfer from works-in progress (net)	74,370	3,040,966	-	416,576	-	34,028	-	4,893,561	5,727,884	358,190	(14,545,575)	-
Transfer to investment properties (note 6)	-	(1,099,497)	-	(34,487)	-	-	-	(31,660)	-	-	(22,613)	(1,188,257)
Transfer to intangible assets (note 7)	-	-	-	-	-	-	-	-	-	(91,788)	(876,187)	(967,975)
Adjustments/Reclassifications	<u>225,298</u>	<u>(225,298)</u>	-	-	-	-	-	-	-	-	<u>1,237</u>	<u>1,237</u>
March 31, 2020	6,602,896	3,782,773	58,024	3,760,940	11,598,129	429,379	158,193	11,313,826	10,784,125	763,809	8,510,743	57,762,837
Additions	-	17,656	-	-	-	10,886	-	-	-	1,250	1,917,963	1,947,755
Transfer from works-in progress (net)	-	618,474	-	2,140,139	2,573,927	10,604	-	(17,957)	(4,811,109)	-	(514,078)	-
Transfer to investment properties (note 6)	(133,396)	-	-	-	-	-	-	-	-	-	(3,084,842)	(3,218,238)
Transfer to intangible assets (note 7)	-	-	-	-	-	-	-	-	-	-	(142,467)	(142,467)
Impairment	-	-	-	-	-	-	-	-	-	-	(45,789)	(45,789)
Reversal of Hampden Wharf project Costs (note 20)	-	-	-	-	-	-	-	-	-	-	(664,763)	(664,763)
Adjustments	<u>(11,506)</u>	-	-	-	-	-	-	-	-	-	-	<u>(11,506)</u>
March 31, 2021	<u>6,457,994</u>	<u>4,418,903</u>	<u>58,024</u>	<u>5,901,079</u>	<u>14,172,056</u>	<u>450,869</u>	<u>158,193</u>	<u>11,295,869</u>	<u>5,973,016</u>	<u>765,059</u>	<u>5,976,767</u>	<u>55,627,829</u>
Depreciation												
March 31, 2019	-	744,793	20,167	2,861,421	3,849,443	174,868	86,653	3,653,138	2,479,725	330,691	-	14,200,899
Charge for year	-	97,279	6,395	134,287	290,213	33,770	25,842	589,204	322,745	140,398	-	1,640,133
Eliminated on disposals	-	-	-	(20,574)	-	-	(13,885)	-	-	(92)	-	(34,551)
Reclassifications	-	<u>136</u>	-	<u>(136)</u>	-	-	-	-	-	-	-	-
March 31, 2020	-	842,208	26,562	2,974,998	4,139,656	208,638	98,610	4,242,342	2,802,470	470,997	-	15,806,481
Charge for year	-	<u>154,438</u>	<u>6,478</u>	<u>242,160</u>	<u>370,649</u>	<u>35,895</u>	<u>20,194</u>	<u>532,655</u>	<u>221,291</u>	<u>143,018</u>	-	<u>1,726,778</u>
March 31, 2021	-	<u>996,646</u>	<u>33,040</u>	<u>3,217,158</u>	<u>4,510,305</u>	<u>244,533</u>	<u>118,804</u>	<u>4,774,997</u>	<u>3,023,761</u>	<u>614,015</u>	-	<u>17,533,259</u>
Net book value												
March 31, 2021	<u>6,457,994</u>	<u>3,422,257</u>	<u>24,984</u>	<u>2,683,921</u>	<u>4,661,751</u>	<u>206,336</u>	<u>39,389</u>	<u>6,520,872</u>	<u>2,949,255</u>	<u>151,044</u>	<u>5,976,767</u>	<u>38,094,570</u>
March 31, 2020	<u>6,602,896</u>	<u>2,940,565</u>	<u>31,462</u>	<u>785,942</u>	<u>7,458,473</u>	<u>220,741</u>	<u>59,583</u>	<u>7,071,484</u>	<u>7,981,655</u>	<u>292,812</u>	<u>8,510,743</u>	<u>41,956,356</u>
March 31, 2019	<u>6,291,722</u>	<u>1,303,892</u>	<u>34,567</u>	<u>727,970</u>	<u>7,748,686</u>	<u>190,459</u>	<u>79,037</u>	<u>2,753,057</u>	<u>2,576,516</u>	<u>84,667</u>	<u>18,409,144</u>	<u>40,199,717</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

4. Property, plant and equipment (continued)

	The Authority										
	Freehold Land	Freehold Buildings	Tugs, Cranes,	Lighting, Docks, Berths 10 and 11	Infrastructure	Dredging	Furniture and Office Equipment	Computers	Motor Vehicles	Capital Works-in-Progress	Total
			Trailers, Straddle Carriers, Vessels and Other Equipment								
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At cost or deemed cost											
March 31, 2019	6,291,722	2,048,685	3,589,391	11,598,129	6,403,729	5,056,241	284,190	405,263	135,972	18,140,971	53,954,293
Additions	11,506	17,917	13,905	-	478	-	3,749	12,987	-	5,543,949	5,604,491
Disposals	-	-	(224,445)	-	-	-	-	(254)	(13,885)	-	(238,584)
Work-in-progress reclassified to project expenses	-	-	-	-	-	-	-	-	-	1,237	1,237
Transfer from works-in-progress	74,370	3,040,966	416,576	-	4,893,561	5,727,884	33,556	94,541	-	(14,281,454)	-
Transfer to investment properties (note 6)	-	(1,099,497)	(34,487)	-	(31,660)	-	-	-	-	(22,613)	(1,188,257)
Transfer to intangible asset (note 7)	-	-	-	-	-	-	-	(91,788)	-	(876,187)	(967,975)
Adjustments/Reclassification	<u>225,298</u>	<u>(225,298)</u>	-	-	-	-	-	-	-	-	-
March 31, 2020	6,602,896	3,782,773	3,760,940	11,598,129	11,266,108	10,784,125	321,495	420,749	122,087	8,505,903	57,165,205
Additions	-	17,656	-	-	-	-	-	-	-	1,253,935	1,271,591
Work-in-progress reclassified to project expenses	-	-	-	-	-	-	-	-	-	(45,789)	(45,789)
Transfer from works-in-progress	-	618,474	2,140,139	2,573,927	(22,797)	(4,811,109)	9,203	-	-	(507,837)	-
Transfer to investment properties (note 6)	(133,396)	-	-	-	-	-	-	-	-	(3,084,842)	(3,218,238)
Transfer to intangible asset (note 7)	-	-	-	-	-	-	-	-	-	(142,467)	(142,467)
Reclassification (note 20)	-	-	-	-	-	-	-	-	-	(664,763)	(664,763)
Adjustments	<u>(11,506)</u>	-	-	-	-	-	-	-	-	-	<u>(11,506)</u>
March 31, 2021	<u>6,457,994</u>	<u>4,418,903</u>	<u>5,901,079</u>	<u>14,172,056</u>	<u>11,243,311</u>	<u>5,973,016</u>	<u>330,698</u>	<u>420,749</u>	<u>122,087</u>	<u>5,314,140</u>	<u>54,354,033</u>
Depreciation											
March 31, 2019	-	744,793	2,861,421	3,849,443	3,651,674	2,479,725	143,402	324,847	78,997	-	14,134,302
Charge for year	-	97,279	134,287	290,213	586,699	322,745	25,560	32,596	19,839	-	1,509,218
Eliminated on disposals	-	-	(20,574)	-	-	-	-	(92)	(13,884)	-	(34,550)
Adjustment	-	136	(136)	-	-	-	-	-	-	-	-
March 31, 2020	-	842,208	2,974,998	4,139,656	4,238,373	2,802,470	168,962	357,351	84,952	-	15,608,970
Charge for year	-	<u>154,438</u>	<u>242,160</u>	<u>370,649</u>	<u>528,510</u>	<u>221,291</u>	<u>25,503</u>	<u>30,958</u>	<u>13,659</u>	-	<u>1,587,168</u>
March 31, 2021	-	<u>996,646</u>	<u>3,217,158</u>	<u>4,510,305</u>	<u>4,766,883</u>	<u>3,023,761</u>	<u>194,465</u>	<u>388,309</u>	<u>98,611</u>	-	<u>17,196,138</u>
Net book value											
March 31, 2021	<u>6,457,994</u>	<u>3,422,257</u>	<u>2,683,921</u>	<u>9,661,751</u>	<u>6,476,428</u>	<u>2,949,255</u>	<u>136,233</u>	<u>32,440</u>	<u>23,477</u>	<u>5,314,140</u>	<u>37,157,895</u>
March 31, 2020	<u>6,602,896</u>	<u>2,940,565</u>	<u>785,942</u>	<u>7,458,473</u>	<u>7,027,735</u>	<u>7,981,655</u>	<u>152,533</u>	<u>63,398</u>	<u>37,136</u>	<u>8,505,903</u>	<u>41,556,236</u>
March 31, 2019	<u>6,291,722</u>	<u>1,303,892</u>	<u>727,970</u>	<u>7,748,686</u>	<u>2,752,055</u>	<u>2,576,516</u>	<u>140,788</u>	<u>80,416</u>	<u>56,975</u>	<u>18,140,971</u>	<u>39,819,991</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

4. Property, plant and equipment (continued)

- (a) The Authority has pledged certain lands with a carrying value of \$2.493 million (2020: \$2.493 million) as security for certain long-term liabilities. [note 19(h)(v)].
- (b) Included in property, plant and equipment are motor vehicles with a carrying value of approximately \$5.427 million (2020: \$8.141 million) for which the Group does not hold a registered title as the legal formalities in this regard have not yet been completed.

5. Leases

The Group leases certain equipment. The term of the leases run for the period of 3 to 6 years. Information about leases for which the Group is a lessee is presented below.

i. Leases as lessee

(a) Right-of-use assets

	\$'000
Cost:	
March 31, 2020 and 2021	<u>240,235</u>
Depreciation:	
March 31, 2020	(49,732)
Depreciation charge for the year	(49,842)
	<u>99,574</u>
Carrying amounts:	
March 31, 2021	<u>140,661</u>
March 31, 2020	<u>190,503</u>

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Less than one year	67,927	63,929
One to five years	120,054	113,370
Over 5 years	<u>7,586</u>	<u>66,471</u>
Total undiscounted lease liabilities	195,567	243,770
Less: future interest expense	(25,246)	(35,845)
Carrying amount of lease liabilities at March 31	<u>170,321</u>	<u>207,925</u>
Lease liabilities are classified as follows:		
Current	79,726	63,929
Non-current	<u>90,595</u>	<u>143,996</u>
	<u>170,321</u>	<u>207,925</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

5. Leases (continued)

(c) Amount recognised in profit or loss

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Interest on lease liabilities	16,905	18,981
Depreciation	<u>49,842</u>	<u>47,732</u>

(d) Amounts recognised in the statement of cash flows

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Total cash outflow for leases	<u>71,414</u>	<u>68,411</u>

ii. Leases as lessor

The Group leases out its investment properties consisting of its owned commercial properties. All leases are classified as operating leases from a lessor perspective, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets. Note 6 sets out information about the operating leases of investment properties.

The following table sets out a maturity analysis of the lease payments, showing the undiscounted lease payments to be received after the reporting date.

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Less than one year	1,289,018	1,026,392	472,396	277,991
One to two years	1,884,850	1,478,998	672,767	472,396
Two to three years	1,981,200	1,712,274	727,990	672,767
Three to four years	2,083,710	1,801,594	787,901	727,990
Four to five years	<u>2,191,032</u>	<u>1,896,841</u>	<u>851,096</u>	<u>787,901</u>
Total	<u>9,429,810</u>	<u>7,916,099</u>	<u>3,512,150</u>	<u>2,939,045</u>

6. Investment properties

	<u>The Group</u>		
	Land	Buildings	Restated* Total
	\$'000	\$'000	\$'000
Fair value, March 31, 2019	13,501,320	9,940,980	23,442,300
Increase in fair value (note 25)	1,036,551	562,592	1,599,143
Reclassification from property, plant, and equipment (note 4)	<u>-</u>	<u>1,188,257</u>	<u>1,188,257</u>
Fair value, March 31, 2020	14,537,871	11,691,829	26,229,700
Increase in fair value (note 25)	1,760,620	4,040,884	5,801,504
Reclassification from property, plant, and equipment (note 4)	<u>133,396</u>	<u>3,084,842</u>	<u>3,218,238</u>
Fair value, March 31, 2021	<u>16,431,887</u>	<u>18,817,555</u>	<u>35,249,442</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

6. Investment properties (continued)

	The Authority		
	Land	Buildings	Restated* Total
	\$'000	\$'000	\$'000
Fair value, March 31, 2019	12,318,320	7,325,580	19,643,900
Increase in fair value (Note 25)	918,851	998,992	1,917,843
Reclassification from property, plant, and equipment (Note 4)	<u>-</u>	<u>1,188,257</u>	<u>1,188,257</u>
Fair value, March 31, 2020	13,237,171	9,512,829	22,750,000
Increase in fair value (Note 25)	2,019,507	3,891,697	5,911,204
Reclassification from property, plant, and equipment (Note 4)	<u>133,396</u>	<u>3,084,842</u>	<u>3,218,238</u>
Fair value, March 31, 2021	<u>15,390,074</u>	<u>16,489,368</u>	<u>31,879,442</u>

(*See note 36)

(a) Investment properties

Land:

Comprise mainly land retained for future development.

Buildings:

Investment properties comprise commercial, office and residential buildings held for long-term rental and are not occupied by the Group. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained and are executed by tender process every three years. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

6. Investment properties (continued)

(a) Investment properties (continued)

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Market based approach (lands):</i> The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution.</p> <p>The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past.</p> <p>However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.</p> <p><i>Income approach (buildings):</i> This is an approach whereby the estimated or actual future cash benefits or income stream is calculated in perpetuity and discounted to present value. The approach applies the use of valuation tables derived for professional valuation purposes.</p>	<ul style="list-style-type: none"> • Details of the sales of comparable properties • Conditions influencing the sale of the comparable properties. • Comparability adjustment. • Discount rate 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • Sale value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower). <p>Discount rate is higher/lower</p>

(b) Fair value of investment properties

The fair value of the Group's investment properties at the end of the reporting period has been arrived at on the basis of valuations between April 2021 to July 2021 by Allison Pitter & Company (2020: December 2019 and June 2020 by Allison Pitter & Company and C.D. Alexander Realty Company Limited), who possess the requisite qualifications and experience in the valuation of similar properties.

The fair values of the Group's commercial/industrial investment properties comprising land valued at \$17.075 billion (2020: \$14.751 billion) and buildings valued at \$18.174 billion (2020: \$7.437 billion).

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued) Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

6. Investment properties (continued)

(b) Fair value of investment properties (Continued)

The property rental income earned by the Group from some of its investment properties which are leased under operating leases amounted to \$984.100 million (2020: \$719.723 million). Direct operating expenses arising from the investment properties that generated rental income during the year amounted to \$135.207 million (2020: \$93.194 million).

Each of these leases contains an initial period of 3 years. Subsequent renewals are negotiated with the lessors and historically, the average renewal period is 3 years. Further information about these leases is included in note 5(ii).

(c) Certain charges in respect of a subsidiary long-term loan have been registered on land and building valued at \$1.675 billion (2020: \$1.675 billion) at the end of the reporting period [see note 19(f)].

7. Intangible assets

Intangible assets consist primarily of software purchased and developed.

	The Group			The Authority		
	Software \$'000	Projects in Progress \$'000	Total \$'000	Software \$'000	Projects in Progress \$'000	Total \$'000
Cost:						
Balance, March 31, 2019	73,877	-	73,877	73,326	-	73,326
Reclassification from property, plant and equipment (note 4)	<u>91,788</u>	<u>876,187</u>	<u>967,975</u>	<u>91,788</u>	<u>876,187</u>	<u>967,975</u>
Balance, March 31, 2020	165,665	876,187	1,041,852	165,114	876,187	1,041,301
Transfer from Construction in progress	1,018,654	(1,018,654)	-	1,018,654	(1,018,654)	-
Reclassification from property, plant and equipment (note 4)	<u>-</u>	<u>142,467</u>	<u>142,467</u>	<u>-</u>	<u>142,467</u>	<u>142,467</u>
Balance, March 31, 2021	<u>1,184,319</u>	<u>-</u>	<u>1,184,319</u>	<u>1,183,768</u>	<u>-</u>	<u>1,183,768</u>
Amortisation:						
March 31, 2019	64,662	-	64,662	64,499	-	64,499
Charge for the year	<u>24,570</u>	<u>-</u>	<u>24,570</u>	<u>24,491</u>	<u>-</u>	<u>24,491</u>
March 31, 2020	89,232	-	89,232	88,990	-	88,990
Charge for the year	<u>118,500</u>	<u>-</u>	<u>118,500</u>	<u>118,421</u>	<u>-</u>	<u>118,421</u>
March 31, 2021	<u>207,732</u>	<u>-</u>	<u>207,732</u>	<u>207,411</u>	<u>-</u>	<u>207,411</u>
Carrying values:						
Balance, March 31, 2021	<u>976,587</u>	<u>-</u>	<u>976,587</u>	<u>976,357</u>	<u>-</u>	<u>976,357</u>
Balance, March 31, 2020	<u>76,433</u>	<u>876,187</u>	<u>952,620</u>	<u>76,124</u>	<u>876,187</u>	<u>952,311</u>

8. Investments in subsidiaries and associated companies

(a) Investments in associates

	The Group	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Shares at cost		
Security Administrators Limited	7,353	7,353
Montego Cold Storage Limited	20	20
Reserves		
Share of reserves at acquisition	12,331	12,331
Dividend received	(7,000)	(7,000)
Share of post-acquisition profits	<u>287,048</u>	<u>244,133</u>
	<u>299,752</u>	<u>256,837</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
 Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

8. Investments in subsidiaries and associated companies (continued)

(a) Investments in associated companies (continued)

Summarised financial information in respect of the Group's associated companies is as follows:

	<u>The Group</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Current assets		
Non - current assets		
Total assets	850,105	727,591
Current liabilities		
Non – current liabilities		
Total liabilities	(95,963)	(100,075)
Net assets	<u>754,142</u>	<u>627,516</u>
Group's share of associates' net assets (33.3%)	<u>251,381</u>	<u>209,172</u>
Revenue	<u>904,376</u>	<u>915,930</u>
Profit for the year	<u>128,747</u>	<u>123,001</u>
Group's share of associates' profit for the year (33.3%)	<u>42,915</u>	<u>41,000</u>

The summarised financial information above for the associated companies above are unaudited.

(b) Investments in subsidiaries and associates

	<u>The Authority</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Shares at cost		
<i>Subsidiary companies</i>		
Kingston Free Zone Co. Ltd. (KFZ)	12,410	12,410
Montego Bay Free Zone Co. Ltd. (MBFZ)	-	- *
Ports Management and Security Ltd. (PMS)	-	- **
Jamaica International Free Zone Development Ltd. (JIFZ)	10,725	10,725***
Port Authority Management Services Ltd. (PAMS)	-	- ****
KCT Services Limited (KCT)	-	- *****
	<u>23,135</u>	<u>23,135</u>
<i>Associated companies</i>		
Security Administrators Ltd.	7,353	7,353
Montego Cold Storage Limited	<u>20</u>	<u>20</u>
	<u>7,373</u>	<u>7,373</u>
Total investments in subsidiaries and associate	<u>30,508</u>	<u>30,508</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

8. Investments in subsidiaries and associates (continued)

(b) Investments in subsidiaries and associates (continued)

- * Denotes 2 (2020: \$1) ordinary shares. During the year, the Accountant General transferred its 50% share to the Authority at cost. Thus, the company became a wholly owned subsidiary of the Group and the Authority (see note 18).
 - ** Denotes 51 ordinary shares
 - *** Denotes 10,725,075 ordinary shares
 - **** Denotes 500 ordinary shares
 - ***** Denotes 200 ordinary shares
- KCT Services Limited is wholly owned subsidiary of the Authority established to manage the operations of Kingston Container Terminal. The operation of Kingston Container Terminal was privatised effective July 1, 2016 under a 30-year concession Agreement with the Kingston Freeport Terminal Limited (KFTL). The Authority has taken the decision not to wind-up KCT Services Limited as it intends to use the company to manage other port related business as they are developed. At year-end 2019, the residual assets and liabilities were offset against the opening retained earnings of the company.

9. Other investments

	The Group		The Authority	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Amortised cost:				
Deposits [See 9(a) below]	610,981	1,461,812	610,981	1,452,489
Staff mortgage deposits [See 9(b) below]	<u>40,397</u>	<u>39,508</u>	<u>34,977</u>	<u>34,207</u>
	<u>651,378</u>	<u>1,501,320</u>	<u>645,958</u>	<u>1,486,696</u>

(a) This amount includes:

- i) The Authority maintained a United States dollar bank trust account with the European Investment Bank (EIB) which has investments amounting to Nil [(2020: US\$6,342,700 (J\$840,578,000)]. The deposit was made in accordance with the EIB loan agreement 20.729, Articles 1.04A (e) and (c), which stipulate a specific ratio in respect of the aggregate principal on loan outstanding and the balance in the trust account. The EIB 20.729 loan facility was fully repaid as at March 31, 2021. At March 31, 2021, interest receivable amounted to nil (2020: \$1.609 million) for the Group and the Authority.
- ii) The Authority maintained hypothecated sums of Nil in respect of the FirstCaribbean International Bank US\$15 million loan facility up until full repayment during the financial year 2020/2021 [note 19(f)] [2020: US\$1.240 million (J\$164 million)]. At March 31, 2021, interest receivable amounted to Nil (2020: \$0.132 million) for the Group and the Authority.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

9. Other investments (continued)

(a) This amount includes (continued):

- iii) A fixed deposit of US\$1.5 million (J\$211 million) and J\$144.07 million [2020: US\$1.5 million (J\$194 million)] in a debt service reserve and sinking fund account, respectively. These are in respect of the NCB Insurance Company Limited and Sagicor Life Jamaica Limited Loan of J\$2.5 billion disbursed on March 31, 2014 and is repayable by 2054 [note 19(h)(v)]. At March 31, 2021 interest receivable amounted to J\$3.15 million and J\$2.70 million respectively (2020: J\$0.21 million and J\$0.05 million) for the Group and the Authority.
- iv) A fixed deposit of J\$105.582 million (2020: \$77.2 million) in a sinking fund account as outlined in Article 8 (8.3) of NCB Capital Markets Jamaica Limited J\$3.7 billion agreement. This loan was disbursed on January 25, 2019 with a maturity date of January 2044 [Note 19(c)(ii)]. At March 31, 2021 interest receivable amounted to J\$0.24 million (2020: J\$0.324 million) for the Group and the Authority.
- v) A fixed deposit of J\$142.29 million (2020: J\$100.51 million) in a sinking fund account in respect of NCB Capital Market Jamaica Limited loan of J\$5.053 billion which was disbursed on December 6, 2019 for a period of 25 years. This is in accordance with Article 2, section 2.9 of Trust Deed [Note 19(h)(vi)]. At March 31, 2021, interest receivable amounted to \$0.50 million (2020: \$0.19 million) for the Group and the Authority.
- vi) A fixed deposit of US\$70,405 (J\$10.221 million) [2020: US\$70,351 (J\$9.323 million)] hypothecated to secure a long-term loan by a subsidiary company [See note 19(d)] and held at an interest rate of 0.18% (2020: 0.125%). At March 31, 2021, interest receivable amounted to Nil (2020: \$0.003 million) for the Group.

(b) This represents savings account balances held at The Victoria Mutual Building Society at a rate of approximately 0.03% - 3% per annum (2020: 0.03% - 3.4%) for the Group and approximately 0.03% - 3% per annum (2020: 0.03% - 3.40%) for the Authority. At March 31, 2021, interest receivable amounted to \$0.22 million (2020: \$0.222 million) for the Group and \$0.194 million (2020: \$0.192 million) for the Authority.

10. Long-term receivables

	The Group		The Authority	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Staff housing assistance fund [note 10(a)]	12,602	8,863	12,602	8,863
Motor car staff loans [note 10(b)]	31,436	17,932	31,436	17,932
Deposit – Jamaica Public Service Co. Ltd.	5,475	5,475	5,475	5,475
Advances to related companies (net) [note 10(c)]	-	-	76,226	76,226
Other	<u>5,343</u>	<u>7,503</u>	<u>5,343</u>	<u>7,503</u>
	<u>54,856</u>	<u>39,773</u>	<u>131,082</u>	<u>115,999</u>
Current portion included in trade and other receivables (note 14)	(10,143)	(8,625)	(10,143)	(8,625)
	<u>44,713</u>	<u>31,148</u>	<u>120,939</u>	<u>107,374</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

10. Long-term receivables (continued)

(a) Staff housing assistance fund

This represents the outstanding amount under a revolving fund used to provide housing benefits to staff members of the Authority. The loan ranges between \$650,000 and \$1,250,000 with repayment term of 8 years via salary deductions. Loans are granted at an interest rate of 3% per annum.

(b) Motor car staff loan facility

The balance relates to amounts outstanding under motor car lease agreements between the Authority and its staff. It is recoverable via salary deduction over a period of 8 years and bears interest at 3% per annum calculated on the reducing balance basis. The loans are secured by bills of sale over the motor cars.

(c) Advances to related companies (net)

These comprise the following:

	<u>The Authority</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Montego Bay Free Zone Company Limited	(4,500)	(4,500)
Jamaica International Free Zone Development Limited	<u>80,726</u>	<u>80,726</u>
	<u>76,226</u>	<u>76,226</u>

These amounts are unsecured, non-interest bearing and there are no stipulated repayment terms.

11. Post-employment benefits

Defined benefit pension plans

The Group has established a defined benefit plan for its employees (in its employ between July 31, 2007 and August 16, 2012). The Plan is administered by Trustees and managed by Guardian Life Insurance Company Limited. The Board of Trustees includes representatives from the employer and members of the plan.

Each year, the Board of Trustees reviews the level of funding. Such review includes the asset liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of 75% of the total asset portfolio in the Deposit Administration Fund and 25% in the Pooled Pension Fund of Guardian Life Insurance Company Limited.

The plan is exposed to inflation, interest rate risk and changes in the life expectancy for pensioners. As the plan assets include investments in quoted equities, the plan is exposed to market risk.

The plan is funded by contributions from the employees and the Authority. The employees contribute at a rate of 5% of annual pensionable salaries and may also elect to pay additional voluntary contributions of 5% of pensionable salaries in order to secure additional benefits on retirement or otherwise.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

Defined benefit pension plans (continued)

Pension benefits are determined on a prescribed basis and are payable at a rate of 2% of the employee's average earnings over the three years prior to retirement from the fund multiplied by the number of years of pensionable service. Normal retirement is 65 years. The Group meets the balance of the cost of the Plan's benefits and administrative expense as determined by the external actuary. As at March 31, 2021, the Authority contributed at a rate of 10 % (2020: 10%) of pensionable salaries.

The most recent actuarial valuation of the plan's assets and the present value of the defined benefit obligations were carried out on June 9, 2021 (2020: June 11, 2020) by Duggan Consulting Limited, Fellow of the Institute of Actuaries. This valuation was in respect of extrapolated balances at March 31, 2021 (2020: March 31, 2020). The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

Retiree medical and group life plan

The Group provides health benefits to certain retired employees of the Group that previously managed one of its operations.

The most recent actuarial valuation of the retiree medical plan assets and the present values of the obligations were carried out at April 1, 2021 by Eckler Partners Limited (Consulting Actuaries) in respect of extrapolated obligations as at March 31, 2021. The present value of the obligation and the related current service costs and, past service cost, were measured using the projected unit credit method.

(a) Key assumptions used:

	The Group and The Authority	
	<u>2021</u>	<u>2020</u>
	%	%
Discount rate	8.5	6.5
Future salary increases	5.5	3.0
Future pension increases	Nil	Nil
Health cost inflation	5.5	3.0

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

(b) Amounts included in the statement of financial position in respect of these plans are as follows:

	The Group							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	2021	Restated*	2021	Restated*
\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Present value of obligation	(185,637)	(268,537)	(582,103)	(623,770)	(212,380)	(218,772)	(794,483)	(842,542)
Fair value of plan assets	<u>281,431</u>	<u>280,035</u>	-	-	<u>97,159</u>	<u>88,508</u>	<u>97,159</u>	<u>88,508</u>
Net asset (liability) recognised in statement of financial position	<u>95,794</u>	<u>11,498</u>	<u>(582,103)</u>	<u>(623,770)</u>	<u>(115,221)</u>	<u>(130,264)</u>	<u>(697,324)</u>	<u>(754,034)</u>

	The Authority							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	2021	Restated*	2021	Restated*
\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Present value of obligation	(185,637)	(268,537)	(528,018)	(564,448)	(212,380)	(218,772)	(740,398)	(783,220)
Fair value of plan assets	<u>281,431</u>	<u>280,035</u>	-	-	<u>97,159</u>	<u>88,508</u>	<u>97,159</u>	<u>88,508</u>
Net asset (liability) recognised in statement of financial position	<u>95,794</u>	<u>11,498</u>	<u>(528,018)</u>	<u>(564,448)</u>	<u>(115,221)</u>	<u>(130,264)</u>	<u>(643,239)</u>	<u>(694,712)</u>

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

(c) Movements in the net liability (asset) in the year were as follows:

	The Group							
	Retirement benefit asset				Retirement benefit liabilities			
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	2021	2020	2021	2020
					Restated*		Restated*	
	\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance, beginning of the period	11,498	51,100	(623,770)	(610,979)	(130,264)	(162,581)	(754,034)	(773,560)
Net expense to profit and loss	(10,586)	(7,250)	(56,812)	(59,598)	(15,252)	(18,108)	(72,064)	(77,706)
Total re-measurement to other comprehensive income	81,416	(45,011)	82,866	31,394	8,219	(4,868)	91,085	26,526
Contributions by employer:								
- regular	13,466	12,659	15,613	15,413	22,076	55,293	37,689	70,706
Balance, end of the year	95,794	11,498	(582,103)	(623,770)	(115,221)	(130,264)	(697,324)	(754,034)

	The Authority							
	Retirement benefit asset				Retirement benefit liabilities			
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	2021	2020	2021	2020
					Restated*		Restated*	
	\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance, beginning of the period	11,498	51,100	(564,448)	(549,202)	(130,264)	(162,581)	(694,712)	(711,783)
Net expense to profit and loss	(10,586)	(7,250)	(49,698)	(51,967)	(15,252)	(18,108)	(64,950)	(70,075)
Total re-measurement to other comprehensive income	81,416	(45,011)	70,515	21,308	8,219	(4,868)	78,734	16,440
Contributions by employer:								
- regular	13,466	12,659	15,613	15,413	22,076	55,293	37,689	70,706
Balance, end of the year	95,794	11,498	(528,018)	(564,448)	(115,221)	(130,264)	(643,239)	(694,712)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

(d) Amounts recognised in the statement of profit and loss and other comprehensive income in respect of the plans are as follows:

	The Group							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	Restated*		Restated*	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Current service cost	(10,002)	(7,912)	(16,802)	(17,345)	(7,044)	(8,096)	(23,846)	(25,441)
Interest obligation	(17,495)	(15,005)	(40,010)	(42,253)	(13,961)	(16,636)	(53,971)	(58,889)
Interest income on plan asset	17,802	18,182	-	-	5,753	6,624	5,753	6,624
Administrative expenses	(891)	(2,515)	-	-	-	-	-	-
Net costs for year included in profit and loss	(10,586)	(7,250)	(56,812)	(59,598)	(15,252)	(18,108)	(72,064)	(77,706)
Items in other comprehensive income:								
Remeasurement gain/(loss) on obligation	85,491	(39,782)	82,866	31,394	5,321	(4,834)	88,187	26,560
Remeasurement gain/(loss) on assets	(4,075)	(5,229)	-	-	2,898	(34)	(2,898)	(34)
Total remeasurement for other comprehensive income	81,416	(45,011)	82,866	31,394	8,219	(4,868)	91,085	26,526
Total	70,830	(52,261)	26,054	(28,204)	(7,033)	(22,976)	19,021	(51,180)

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

(d) (Continued):

	The Authority							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	2021	Restated* 2020	2021	Restated* 2020
\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Current service cost	(10,002)	(7,912)	(13,540)	(14,034)	(7,044)	(8,096)	(20,584)	(22,130)
Interest obligation	(17,495)	(15,005)	(36,158)	(37,933)	(13,961)	(16,636)	(50,119)	(54,569)
Interest income on plan asset	17,802	18,182	-	-	5,753	6,624	5,753	6,624
Administrative expenses	(891)	(2,515)	-	-	-	-	-	-
Net costs for year included in profit and loss	(10,586)	(7,250)	(49,698)	(51,967)	(15,252)	(18,108)	(64,950)	(70,075)
Items in other comprehensive income:								
Remeasurement gain/(loss) on obligation	85,491	(39,782)	70,515	21,308	5,321	(4,834)	75,836	16,474
Remeasurement gain/(loss) on assets	(4,075)	(5,229)	-	-	2,898	(34)	2,898	(34)
Total remeasurement for other comprehensive income	81,416	(45,011)	70,515	21,308	8,219	(4,868)	78,734	16,474
Total	70,830	(52,261)	20,817	(30,659)	(7,033)	(22,976)	13,784	(53,635)

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

(e) Changes in the present value of the defined benefit obligation were as follows:

	The Group							
	Retirement benefit asset		Retirement benefit liabilities				Total obligations	
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Restated*	
	2021	2020	2021	2020	2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening defined benefit obligation	(268,537)	(201,308)	(623,770)	(610,979)	(218,772)	(269,911)	(842,542)	880,890
Current service cost	(10,002)	(7,912)	(16,802)	(17,345)	(7,044)	(8,096)	(23,846)	(25,441)
Interest cost	(17,495)	(15,005)	(40,010)	(42,253)	(13,961)	(16,636)	(53,971)	(58,889)
Contributions from plan participants								
- compulsory	(6,123)	(5,736)	-	-	-	-	-	-
- voluntary	(4,621)	(4,447)	-	-	-	-	-	-
Benefits paid	35,650	5,653	15,613	15,413	22,076	80,705	37,689	96,118
Remeasurement (loss)gain on obligation for other comprehensive income	<u>85,491</u>	<u>(39,782)</u>	<u>82,866</u>	<u>31,394</u>	<u>5,321</u>	<u>(4,834)</u>	<u>88,187</u>	<u>25,560</u>
Closing defined benefit obligation	<u>(185,637)</u>	<u>(268,537)</u>	<u>(582,103)</u>	<u>(623,770)</u>	<u>(212,380)</u>	<u>(218,772)</u>	<u>(794,483)</u>	<u>(842,542)</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

(e) (Continued):

	The Authority							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening defined benefit obligation	(268,537)	(201,308)	(564,448)	(549,202)	(218,772)	(269,911)	(783,220)	(819,113)
Current service cost	(10,002)	(7,912)	(13,540)	(14,034)	(7,044)	(8,096)	(20,584)	(22,130)
Interest cost	(17,495)	(15,005)	(36,158)	(37,933)	(13,961)	(16,636)	(50,119)	(54,569)
Contributions from plan participants								
- compulsory	(6,123)	(5,736)	-	-	-	-	-	-
- voluntary	(4,621)	(4,447)	-	-	-	-	-	-
Benefits paid	35,650	5,653	15,613	15,413	22,076	80,705	37,689	96,118
Remeasurement (loss)/gain on obligation for other comprehensive income	<u>85,491</u>	<u>(39,782)</u>	<u>70,515</u>	<u>21,308</u>	<u>5,321</u>	<u>(4,834)</u>	<u>75,836</u>	<u>16,474</u>
Closing defined benefit obligation	<u>(185,637)</u>	<u>(268,537)</u>	<u>(528,018)</u>	<u>(564,448)</u>	<u>(212,380)</u>	<u>(218,772)</u>	<u>(740,398)</u>	<u>(783,220)</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

(e) Changes in the present value of the defined benefit obligation were as follows (continued):

The remeasurement loss comprises:

	The Group							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	Restated*		Restated*	
\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
- changes in financial assumptions	69,022	(36,290)	54,675	43,391	2,898	(34)	57,573	43,357
- change in demographic assumptions	-	-	22,533	(12,402)	-	-	22,533	(12,402)
- experience adjustment	16,469	(3,492)	5,658	405	5,321	(4,834)	10,979	(4,429)
	<u>85,491</u>	<u>(39,782)</u>	<u>82,866</u>	<u>31,394</u>	<u>8,219</u>	<u>(4,868)</u>	<u>91,085</u>	<u>26,526</u>
	The Authority							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	Restated*		Restated*	
	\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- changes in financial assumptions	69,022	(36,290)	49,460	37,630	2,898	(34)	52,358	37,596
- change in demographic assumptions	-	-	19,864	(10,413)	-	-	19,864	(10,413)
- experience adjustment	16,469	(3,492)	1,191	(5,909)	5,321	(4,834)	6,572	(10,743)
	<u>85,491</u>	<u>(39,782)</u>	<u>70,515</u>	<u>21,308</u>	<u>8,219</u>	<u>(4,868)</u>	<u>78,734</u>	<u>16,440</u>

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

(f) Movement in the present value of the plan assets in the current period were as follows:

	The Authority							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
	2021	2020	2021	2020	Restated ^{1*}		Restated ^{1*}	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening fair value of plan assets	280,035	252,408	-	-	88,508	107,330	88,508	107,330
Interest income on plan assets	17,802	18,182	-	-	5,753	6,624	7,753	6,624
Contributions (employer and employees)	24,210	22,842	-	-	22,076	55,293	22,076	55,293
Benefits paid	(35,650)	(5,653)	-	-	(22,076)	(80,705)	(22,076)	(80,705)
Administrative expenses	(891)	(2,515)	-	-	-	-	-	-
Remeasurement loss on obligation for other comprehensive income	(4,075)	(5,229)	-	-	2,898	(34)	2,898	(34)
Closing fair value of the plan assets	<u>281,431</u>	<u>280,035</u>	<u>-</u>	<u>-</u>	<u>97,159</u>	<u>88,508</u>	<u>97,159</u>	<u>88,508</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. **Post-employment benefits (continued)**

(g) The major categories of plan assets at the end of the reporting period:

	The Group and The Authority	
	<u>2021</u>	*Restated <u>2020</u>
	\$'000	\$'000
Deposit Administrator Fund	240,428	244,246
Pooled Investment Fund	14,948	12,629
Pooled Money Market Fund	26,055	23,160
Repurchase agreements (Authority administered)	<u>97,159</u>	<u>88,508</u>
	<u>378,590</u>	<u>368,543</u>

(h) Quantitative sensitivity analyses for significant assumptions at the end of the reporting period are shown below:

<u>Assumptions</u>	2021			
	The Group and The Authority			
	Sensitivity level	Impact on defined benefits obligation \$'000	Sensitivity level	Impact on defined benefits obligations \$'000
<i>Financial</i>				
Discount rate	+0.5%	169,668	-0.5%	208,914
Future salary increases	+0.5%	193,178	-0.5%	179,606
<i>Demographic</i>				
Life expectancy of pensioners	+ 1 year	188,681	-1 year	182,844
<u>Assumptions</u>	2020			
	The Group and The Authority			
	Sensitivity level	Impact on defined benefits obligation \$'000	Sensitivity level	Impact on defined benefits obligations \$'000
<i>Financial</i>				
Discount rate	+0.5%	232,247	-0.5%	319,450
Future salary increases	+0.5%	283,077	-0.5%	257,193
<i>Demographic</i>				
Life expectancy of pensioners	+ 1 year	276,689	-1 year	260,243

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

11. Post-employment benefits (continued)

- (i) The Authority expects to contribute \$72.67 million (2020: \$75.47 million) to the health benefit scheme and Nil (2020: Nil) to the defined benefit plan during the next financial year.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 18 years (2020: 19 years). The average liability duration of the retiree medical plan was 16.6 years (2020: 17.2 years).

Defined Contribution Plan

The Group participates in a defined contribution pension scheme administered by the Trustees and managed by Guardian Life Insurance Company Limited. The Scheme is funded by eligible employees' contribution of five percent (5%) plus an optional contribution of five percent (5%). The Authority contributes at a rate of ten percent (10%) of pensionable salaries. The contributions by the Group and the Authority as at March 31, 2021 amounted to \$70.68 million and \$59.86 million (2020: \$67.638 million and \$53.746 million) respectively. Of this amount, contributions by the Group and the Authority to defined contribution pension scheme for key management personnel amounted to \$2.66 million (2020: 2.66 million).

12. Deferred tax assets/(liabilities)

The Group

Deferred taxation assets/(liabilities) are attributable to the following:

	Asset		Deferred tax Liability		Net	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	23,701	12,254	(4,590)	(1,977)	19,111	10,277
Foreign exchange losses	16,411	6,408	(6,655)	(5,856)	9,756	552
Interest receivable	(2,970)	(2,563)	(433)	(346)	(3,403)	(2,909)
Un-used vacation	5,233	4,779	610	511	5,843	5,290
Retirement benefits liability	10,434	12,308	-	-	10,434	12,308
Accounts receivable	(1,576)	18,711	1,546	(991)	(30)	17,720
Securities under re-sale agreement	615	1,344	-	-	615	1,344
Deposits	(76)	(108)	342	476	266	368
Foreign exchange gains	(40,289)	(2,929)	555	(429)	(39,734)	(3,358)
Leases, net	4,211	2,178	5,603	-	9,814	2,178
Tax losses	<u>3,061</u>	<u>-</u>	<u>2,970</u>	<u>553</u>	<u>6,031</u>	<u>553</u>
	<u>18,755</u>	<u>52,382</u>	<u>(52)</u>	<u>(8,059)</u>	<u>18,703</u>	<u>44,323</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

12. Deferred tax assets/(liabilities) (continued)

The Group (continued)

Movement in temporary differences during the year are as follows:

Deferred tax assets

	March 31, 2019 \$'000	Recognised in equity \$'000	Recognised in income \$'000 (note 26)	March 31, 2020 \$'000	Recognised in equity \$'000	Recognised in income \$'000 (note 26)	March 31, 2021 \$'000
Property, plant and equipment	(1,598)	-	13,852	12,254	-	11,447	23,701
Foreign exchange losses	3,695	-	2,713	6,408	-	10,003	16,411
Interest receivable	(688)	-	(1,875)	(2,563)	-	(407)	(2,970)
Un-used vacation	3,852	-	927	4,779	-	454	5,233
Retirement benefits liability	15,444	(2,522)	(614)	12,308	(3,088)	1,214	10,434
Accounts receivable	3,705	-	15,006	18,711	-	(20,287)	(1,576)
Securities under re-sale agreements	769	-	575	1,344	-	(729)	615
Deposit	-	-	(108)	(108)	-	32	(76)
Leases, net	-	-	2,178	2,178	-	2,033	4,211
Foreign exchange gains	(702)	-	(2,227)	(2,929)	-	(37,360)	(40,289)
Tax losses	183	-	(183)	-	-	3,061	3,061
	<u>24,660</u>	<u>(2,522)</u>	<u>30,244</u>	<u>52,382</u>	<u>(3,088)</u>	<u>(30,539)</u>	<u>18,755</u>

Deferred tax liabilities

	March 31, 2019 \$'000	Recognised in equity \$'000	Recognised in income \$'000 (note 26)	March 31, 2020 \$'000	Recognised in equity \$'000	Recognised in income \$'000 (note 26)	March 31, 2021 \$'000
Property, plant and equipment	(3,808)	-	1,831	(1,977)	-	(2,613)	(4,590)
Foreign exchange losses	3,095	-	(8,951)	(5,856)	-	(799)	(6,655)
Interest receivable	(3,126)	-	2,780	(346)	-	(87)	(433)
Un-used vacation	356	-	155	511	-	99	610
Accounts receivable	224	-	(1,215)	(991)	-	2,537	1,546
Deposits	199	-	277	476	-	(134)	342
Foreign exchange gains	(2,679)	-	2,250	(429)	-	984	555
Interest payable	210	-	(210)	-	-	-	-
Leases (net)	-	-	-	-	-	5,603	5,603
Tax losses	3,084	-	(2,531)	553	-	2,417	2,970
	<u>(2,445)</u>	<u>-</u>	<u>(5,614)</u>	<u>(8,059)</u>	<u>-</u>	<u>8,007</u>	<u>(52)</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*13. Inventories

	<u>The Group and The Authority</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Spares	62,534	70,725
Fuel	16,382	18,341
Other	<u>7,790</u>	<u>10,671</u>
	86,706	99,737
Provision for obsolescence	<u>(8,259)</u>	<u>(8,259)</u>
	<u>78,447</u>	<u>91,478</u>

The cost of inventories recognised as an expense during the year was \$121.04 million (2020: \$148.87 million).

14. Trade and other receivables

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000
Trade	1,277,093	2,066,994	276,091	595,849
Less: Impairment losses for expected credit loss [Note 31(b)]	<u>(519,042)</u>	<u>(612,108)</u>	<u>(176,966)</u>	<u>(247,333)</u>
	758,051	1,454,886	99,125	348,516
Deposits and prepayments	157,911	294,687	64,318	53,584
Staff receivables	56,635	21,605	55,856	20,524
GCT recoverable	6,182	6,096	-	-
Advances to subsidiaries, net (see below)	-	-	24,189	42,310
Current portion of long-term receivables (note 10)	10,143	8,625	10,143	8,625
Sundry receivables	<u>295,155</u>	<u>342,786</u>	<u>227,250</u>	<u>252,261</u>
	<u>1,284,077</u>	<u>2,128,685</u>	<u>460,881</u>	<u>725,820</u>

The average credit period on services rendered is 30 days.

It is the policy of the Group to minimise credit and the associated risks of non-collection. The management of credit risk is therefore given priority. Therefore, despite the majority of the Group's major debtors being entities within the maritime industry which have developed long-standing relationships with the Group, the Group has established a credit quality review process, and has credit policies and procedures which require regular analysis of the ability of debtors to meet their obligations.

The credit policy requires that each customer must be analysed individually for creditworthiness prior to the Group offering them a credit facility. Management also has the option to strengthen the credit terms for individual accounts if it is felt that the customer's financial strength has declined.

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

14. Trade and other receivables (continued)

The credit evaluation process includes *inter alia*, reviewing the number of years that the customer has been in business, the volume of business conducted with the Group, reviewing financial statements and obtaining bank references for the customer. In certain instances, an irrevocable bank guarantee is required prior to granting credit. The credit policy also addresses specific actions that will be taken when receivables are outstanding for periods in excess of the credit periods granted.

Allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss (“ECL”) of the trade accounts receivable and are recognised over their term.

Under this ECL model, the Group uses its accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. The average ECL rate used as at March 31, 2021 to apply against the accounts receivable balance less 365 days is as disclosed in [note 31(b)].

	The Group		The Authority	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the year	612,108	347,047	247,333	79,070
Impairment losses recognised in profit or loss	29,407	263,410	1,595	168,263
Impairment losses reversed	(123,071)	-	(71,962)	-
Amount written off during the year	-	825	-	-
Foreign exchange adjustment	598	826	-	-
Balance at end of the year	<u>519,042</u>	<u>612,108</u>	<u>176,966</u>	<u>247,333</u>

Included in trade and other receivable of the Authority are advances to subsidiaries detailed as follows:

	The Authority	
	2021	2020
	\$'000	\$'000
Kingston Free Zone Company Limited	6,944	6,633
Montego Bay Free Zone Company Limited	5,258	29,792
Ports Management and Security Limited	7,522	3,841
Jamaica International Free Zone Development Company Limited	3,847	1,605
Port Authority Management Services Limited	127,501	127,322
	151,072	169,193
Less: Impairment for expected credit loss [note 31(b)]	(126,883)	(126,883)
	<u>24,189</u>	<u>42,310</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*14. Trade and other receivables (continued)

There was no movement in the allowance for expected credit loss during the year.

15. Cash and cash equivalents

		The Group			
		2021		2020	
		US\$'000	J\$'000	US\$'000	J\$'000
Cash	- J\$	-	467,076	-	435,341
	- US\$	6,811	975,251	6,732	892,024
Short-term deposits net	- J\$	-	1,642,724	-	1,075,975
	- US\$	<u>25,111</u>	<u>3,595,275</u>	<u>17,350</u>	<u>2,282,379</u>
		<u>31,922</u>	<u>6,680,326</u>	<u>24,082</u>	<u>4,685,719</u>
		The Authority			
		2021		2020	
		US\$'000	J\$'000	US\$'000	J\$'000
Cash	- J\$	-	230,951	-	234,121
	- US\$	5,302	759,121	5,331	706,467
Short-term deposits net	- J\$	-	1,581	-	7,039
	- US\$	<u>7,855</u>	<u>1,124,589</u>	<u>7,337</u>	<u>303,346</u>
		<u>13,157</u>	<u>2,116,242</u>	<u>12,668</u>	<u>1,250,973</u>

Short-term deposits have an original maturity of three (3) months or less from the date of placement and are being held to meet short-term cash needs. Included in this balance are amounts totaling \$365.315 million (2020: \$303.346 million) designated in respect of the partial funding of fixed assets replacement [Note 16(f)], and for partial funding of wharfage development and expenditure totaling \$31.21 billion (2020: \$28.37 billion) [Note 16(h)]. The Jamaica dollar deposits are at interest rates ranging from 0.125% - 4.50% per annum (2020: 0.05% - 4.65%) for the Group and 1.35% - 3% per annum (2020: 0.05% - 3.4%) for the Authority. The United States dollar deposits are at interest rates ranging from 0.15% - 4.25% per annum (2020: 0.15% - 4.00%) for the Group and 0.15% - 3.20% per annum (2020: 0.01% - 0.15%) for the Authority.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

15. Cash and cash equivalents (continued)

Included in short term deposits are impairment for expected credit loss as follows:

	The Group		The Authority	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Short term deposits:				
Amortised cost	5,261,104	3,371,768	1,131,721	310,385
Less: impairment for expected credit loss	(23,105)	(13,414)	(5,551)	-
Short term deposits, net	<u>5,237,999</u>	<u>3,358,354</u>	<u>1,126,170</u>	<u>310,385</u>

16. Reserves

	The Group		The Authority	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
General [note 16(a)]	359,450	359,450	359,450	359,450
Capital [note 16(b)]	5,089,330	5,089,330	5,083,337	5,083,337
Development [note 16(c)]	305,150	305,150	305,150	305,150
Equalisation [note 16(d)]	1,630	1,630	1,630	1,630
Stabilisation [note 16(e)]	32	32	32	32
Fixed assets replacement [note 16(f)]	744,597	662,038	744,597	662,038
Insurance [note 16(g)]	37,500	37,500	37,500	37,500
Wharfage [note 16(h)]	<u>33,142</u>	<u>25,950</u>	<u>33,142</u>	<u>25,950</u>
	<u>6,570,831</u>	<u>6,481,080</u>	<u>6,564,838</u>	<u>6,475,087</u>

(a) General

This represents transfers from retained earnings at the discretion of the directors.

(b) Capital

This represents the unrealised surplus on the revaluation of property, plant and equipment, upon first-time adoption of IFRS. The revalued amounts were determined by independent valuers on an open market valuation basis. The revalued amounts were deemed to be the cost of the asset at the adoption date.

(c) Development

This represents transfers from the retained earnings at the discretion of the directors to provide for the expansion and/or improvement of the port facilities.

(d) Equalisation

This represents profits realised from the hiring of motor vessels by the Pilotage Department transferred from retained earnings.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*16. Reserves (continued)

(e) Stabilisation

This represents profits from the operation of a tug service on behalf of the Authority transferred from retained earnings.

(f) Fixed assets replacement

This represents transfers from retained earnings to offset the cost of replacing fixed assets. It is partially funded by bank deposits totaling \$365.315 million (2020: \$275.372 million) (Note 15).

This comprises:

	<u>The Group and The Authority</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Transfer from retained earnings	1,063,927	981,368
Amounts received from wharf operators from the Special Wharfage Fund as reimbursement to the Authority for certain capital expenditure	4,996	4,996
Amounts used to effect repairs to wharves	(31,330)	(31,330)
Amounts used to acquire assets	<u>(292,996)</u>	<u>(292,996)</u>
	<u>744,597</u>	<u>662,038</u>

This reserve is used to fund the operations at the Authority as well as the Container Terminal and Montego Bay Operations.

(g) Insurance reserve

This includes amounts transferred from retained earnings for a partially unfunded reserve to provide for future insurance coverage of the Authority's assets.

(h) Wharfage fund reserve

This represents a percentage of gross wharfage revenue that is transferred annually to a reserve fund for any port development and expenditure. The percentage transferred for the year represents 16% (2020: 16%) of total direct gross wharfage revenue. It is partially funded by bank deposits totaling \$31.216 million (2020: \$28.375 million) (Note 15).

This comprises:

	<u>The Group and The Authority</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Transfers from retained earnings	342,272	335,080
Amount drawn down for capital expenditure	<u>(309,130)</u>	<u>(309,130)</u>
	<u>33,142</u>	<u>25,950</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*17. Retained earnings

This comprises accumulated surplus as follows:

	The Group	
	<u>2021</u>	Restated* <u>2020</u>
	\$'000	\$'000
The Authority	30,632,792	26,306,000
Its Subsidiaries	5,711,864	4,946,822
Its Associates [note 8(a)]	<u>287,048</u>	<u>244,133</u>
	<u>36,631,704</u>	<u>31,496,955</u>

(*See note 36)

18. Non-controlling interest in subsidiary companies

Non-controlling interests are in respect of shares in the following subsidiary companies:

	The Group	
	<u>2021</u>	*Restated <u>2020</u>
	\$'000	\$'000
Ordinary shares in:		
Kingston Free Zone Company Limited	5,965	5,965
Montego Bay Free Zone Company Limited*	-	-
Ports Management and Security Limited ** [note 18(a)]	128,600	128,600
Jamaica International Free Zone Development Limited	<u>3,575</u>	<u>3,575</u>
	<u>138,140</u>	<u>138,140</u>
Share of profits in subsidiary companies attributable to non-controlling interests:		
Opening balance	2,878,763	2,586,378
Movement for the year	(26,808)	<u>292,385</u>
Closing balance	<u>2,851,955</u>	<u>2,878,763</u>
	2,990,095	3,016,903
Share of capital reserve	2,331	2,331
Share of pre-acquisition profits	<u>1,257</u>	<u>1,257</u>
	<u>2,993,683</u>	<u>3,020,491</u>

* Denotes 1 ordinary share totaling Nil (2020: \$1.00).

** Denotes 49 ordinary shares totaling \$49 and 23 non-redeemable preference shares totaling \$128.6 million.

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*18. Non-controlling interest in subsidiary companies (continued)

a) The 23 preference shares valued at \$128.6 million issued to the Shipping Association of Jamaica (SAJ):

- (i) do not confer any right to preferential dividend;
- (ii) do not confer the right to any participation in the profits or assets of the Company;
- (iii) do not entitle SAJ to participate in annual audited profits/loss or interest or dividends;
- (iv) do not entitle the holders to receive notice of or attend or vote at any general meeting; and
- (v) will not be redeemed in any manner subject to the relevant provisions of the statutes.

The preference shares shall not on a winding up, entitle the holders of such preference shares to have any of the assets or liabilities of the subsidiary available for distribution.

Effective April 1, 2020, the share structure for the MBFZ was revised, with the Authority assuming a 100% ownership. Financial information of subsidiaries for which the Authority has material non-controlling interests are provided below:

Percentage	28%	49%	25%	The Group	
				2021	Restated*
	<u>KFZ</u>	<u>PMS</u>	<u>JIFZ</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current Assets	1,866,776	865,737	1,801,542	4,534,055	4,100,852
Current Assets	<u>872,393</u>	<u>3,446,926</u>	<u>50,727</u>	<u>4,370,046</u>	<u>5,002,338</u>
Total assets	2,739,169	4,312,663	1,852,269	8,904,101	9,103,190
Non-current Liabilities	(136,728)	(54,085)	(109,521)	(300,334)	(705,578)
Current Liabilities	<u>(372,274)</u>	<u>(270,763)</u>	<u>(81,920)</u>	<u>(724,957)</u>	<u>(1,189,895)</u>
Net assets	<u>2,230,167</u>	<u>3,987,815</u>	<u>1,660,828</u>	<u>7,878,810</u>	<u>7,207,717</u>
Net asset attributable to non-controlling interests net assets	<u>624,447</u>	<u>1,954,029</u>	<u>415,207</u>	<u>2,993,683</u>	<u>3,020,491</u>
Revenue	<u>391,337</u>	<u>2,721,310</u>	<u>78,751</u>	<u>3,191,398</u>	<u>4,072,997</u>
(Loss)/profit for the year, being total comprehensive income	<u>(147,757)</u>	<u>660,575</u>	<u>136,613</u>	<u>649,431</u>	<u>881,502</u>
(Loss)/profit allocated to non-controlling interest	<u>(41,372)</u>	<u>323,772</u>	<u>34,153</u>	<u>316,553</u>	<u>630,345</u>
Cash flow - operating	252,090	1,409,119	27,855	1,689,064	1,514,966
Cash flow - investing	(126,198)	(1,326,680)	(919)	(1,453,797)	(1,303,476)
Cash flow - financing	<u>(140,067)</u>	<u>-</u>	<u>(41,839)</u>	<u>(181,906)</u>	<u>(468,967)</u>
Net (decrease)/increase & cash equivalents	<u>(14,175)</u>	<u>82,439</u>	<u>(14,903)</u>	<u>(53,361)</u>	<u>(257,477)</u>

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities

These comprise:	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(a) Non-government loans				
Foreign currency loans [note 19(c)(i)]	614,912	1,693,734	577,220	1,624,104
Local currency loan [note 19(c)(ii)]	<u>11,272,228</u>	<u>11,272,981</u>	<u>11,272,228</u>	<u>11,272,981</u>
	<u>11,887,140</u>	<u>12,966,715</u>	<u>11,849,448</u>	<u>12,897,085</u>
(b) Government loans [note 19(g)]				
Foreign currency loans	17,261,033	14,983,806	17,261,033	14,983,806
Local currency loans	<u>4,041,035</u>	<u>3,754,796</u>	<u>4,033,866</u>	<u>3,747,627</u>
	<u>21,302,068</u>	<u>18,738,602</u>	<u>21,294,899</u>	<u>18,731,433</u>
Loan interest payable	33,189,208	31,705,317	33,144,347	31,628,518
Prepaid credit insurance [note 19(k)]	265,990	462,894	265,990	462,894
Loan fees	(194)	(674)	(194)	(674)
	<u>(107,370)</u>	<u>(110,354)</u>	<u>(107,299)</u>	<u>(110,213)</u>
	<u>33,347,634</u>	<u>32,057,183</u>	<u>33,302,844</u>	<u>31,980,525</u>
Current portion:				
Long-term liabilities	(881,213)	(2,658,709)	(843,521)	(2,623,894)
Prepaid credit insurance	194	480	194	480
Amortised loan fees	<u>3,043</u>	<u>2,984</u>	<u>2,972</u>	<u>2,914</u>
Current portion of long-term liabilities	<u>(877,976)</u>	<u>(2,655,245)</u>	<u>(840,355)</u>	<u>(2,620,500)</u>
	<u>32,469,658</u>	<u>29,401,938</u>	<u>32,462,489</u>	<u>29,360,025</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities (continued)

(c) Non-government loans

(i) Foreign currency loans

Interest Rate	Lender	Repayment Instalments		The Group			
				2021		2020	
				Foreign Currency \$'000	JMD \$'000	Foreign Currency \$'000	JMD \$'000
3.00	European Investment Bank Loan #20.729 (KCT 3 Western Expansion) [note 19(d)]	Annually until 2020/2021	EURO	-	-	974	147,341
8.75	Bank of Nova Scotia – (US\$44M) refinanced [note 19(h)(i)]*	Quarterly until 2020/2021	US\$	-	-	2,152	291,039
8.95	Bank of Nova Scotia – (US\$39.4M) refinanced [note 19(h)(ii)]*	Quarterly until 2021/2022	US\$	3,938	577,220	7,880	1,065,890
LIBOR+3.50	FirstCaribbean International Bank [note 19(e)]	Quarterly until 2020/2021	US\$	-	-	885	119,834
LIBOR+2.62	FirstCaribbean International Bank [note 19(f)]	Quarterly until 2020/2021	US\$	257	<u>37,692</u>	514	<u>69,630</u>
					<u>614,912</u>		<u>1,693,734</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities (continued)

(c) Non-government loans (continued)

(i) Foreign currency loans (continued)

Interest Rate %	Lender	Repayment Instalments	The Authority				
			2021		2020		
			Foreign Currency \$'000	JMD \$'000	Foreign Currency \$'000	JMD \$'000	
3.00	European Investment Bank Loan #20.729 (KCT 3 Western Expansion) [note 19(d)]	Annually until 2020/2021	EURO	-	-	974	147,341
8.75	Bank of Nova Scotia – (US\$44M) refinanced [note 19(h)(i)]*	Quarterly until 2020/2021	US\$	-	-	2,152	291,039
8.95	Bank of Nova Scotia – (US\$39.4M) refinanced [note 19(h)(ii)]*	Quarterly until 2021/2022	US\$	3,938	577,220	7,880	1,065,890
LIBOR + 3.50	FirstCaribbean International Bank [note 19(e)]	Quarterly until 2021/2022	US\$	-	-	885	119,834
				<u>577,220</u>			<u>1,624,104</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities (continued)

(c) Non-government loans (continued)

(ii) Local currency loans

Interest Rate	Lender	Repayment Instalments	The Group	
			2021	2020
%			JMD \$'000	JMD \$'000
8.35	NCB Capital Markets	In full January 2044	3,718,332	3,719,560
8.25	NCB Capital Markets Limited [note 19(h)(vi)]	Semi-annually effective June 2022	5,052,984	5,053,000
14.50	NCB Insurance Company Limited (\$2B) & Sagicor Life Jamaica Limited (\$500M) [note 19(h)(v)]	In full March 2054	<u>2,500,912</u>	<u>2,500,422</u>
			<u>11,272,228</u>	<u>11,272,980</u>
	TOTAL		<u>11,887,140</u>	<u>12,966,715</u>
	Secured			
	Guaranteed by the Government of Jamaica		577,220	1,504,270
	Charge on property, plant & equipment [note 5]		2,500,912	2,500,422
	Unsecured - (including loans evidenced by promissory notes)		37,692	189,463
	Unsecured		<u>8,771,316</u>	<u>8,772,560</u>
			<u>11,887,140</u>	<u>12,966,715</u>

Three months LIBOR at March 31, 2021 was 0.19425% (2020: 1.45050%)

* These loans were restructured in 2008/2009 resulting in an extension of the repayment period [note 19(h)].

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities (continued)

(c) Non-government loans (continued)

(ii) Local currency loans (continued)

Interest Rate	Lender	Repayment Instalments	The Authority	
			2021	2020
%			JMD \$'000	JMD \$'000
8.25	NCB Capital Markets Limited [note 19(h)(vii)]	Semi Annually effective June 2022	5,052,984	5,053,000
8.35	NCB Capital Markets	In full March 2044	3,718,332	3,719,560
14.50	NCB Insurance Company Limited (\$2B) & Sagicor Life Jamaica Limited (\$500M) [note 19(h)(v)]	In full March 2054	<u>2,500,912</u>	<u>2,500,421</u>
			<u>11,272,228</u>	<u>11,272,981</u>
TOTAL			<u>11,849,448</u>	<u>12,897,085</u>
Secured				
Guaranteed by the Government of Jamaica			577,220	1,504,270
Charge on the assets [note 4(a)]			2,500,912	2,500,420
Unsecured			8,771,316	8,772,560
Unsecured - (including loans evidenced by promissory notes)			-	<u>119,835</u>
			<u>11,849,448</u>	<u>12,897,085</u>

Three months LIBOR at March 31, 2021 was 0.19425% (2020: 1.45050%)

* These loans were restructured in 2008/2009 resulting in an extension of the repayment period [note 19(h)].

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities (continued)

- (d) In the prior year, in accordance with the loan agreements, a deposit was maintained in a bank trust account to cover a specific ratio in respect of the aggregate principal on loans outstanding. The loan was fully repaid at March 31, 2021.
- (e) The loan from FirstCaribbean International Bank Limited was disbursed on September 1, 2011. The loan is for a period of 10 years and principal is repayable in 39 equal quarterly installments which commenced December 2011. Interest is charged at a rate of LIBOR plus 3.5% per annum [note 10(a)(ii)]. The loan is secured by a US dollar Promissory Note for US\$15,000,000.
- (f) On March 22, 2007, a subsidiary entered into a 15-year loan facility with FirstCaribbean International Bank (the Bank), inclusive of 12 months moratorium on principal payable, by way of a promissory note for US\$3,600,000 for contribution towards the purchase price of commercial real estate. Up to December 31, 2011, interest was charged based on the US dollar six months LIBOR plus a spread of 2.62% or such other rate as declared by the Bank every five years. Effective January 1, 2012, the rate was changed by the Bank to a set percentage for a period of six months, after which it would be subject to change by the Bank periodically. At March 31, 2021 the rate was 5.42% (2019: 6.37%) per annum.

During the 12-month moratorium on principal, interest was paid quarterly, commencing 90 days from initial disbursement date. After the moratorium period the loan is being amortised over 14 years by fifty-six (56) quarterly payments of US\$64,286 towards principal plus interest payable separately on the reducing balance each quarter in arrears.

The loan is secured as follows:

- a) Promissory note for US\$3,600,000.
- b) US\$3,600,000 first mortgage charge over commercial real estate being 15.944 acres commercial real estate, inclusive of buildings located at Newport West, registered at Vol. 1180 Folio 336 [note 6(c)].
- c) Fire & Peril Insurance over subject properties with Bank's interest noted.
- d) Hypothecation of fixed deposits in the amount of US\$70,405 (2020: US\$70,351) (excluding interest receivable with the Bank [note 9(a)(iv)] with 10-day top up (cure) feature, failing which unconditional guarantees, joint and several of partners are required (i.e. minority interest 100% and the Authority 100%). In the event that only one party provides its guarantee then that party must be the Authority with 100% cover.

At the end of the reporting period, the subsidiary complied with the covenants of the loan facility.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities (continued)

(g) Government of Jamaica (GOJ) - Loans

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(i) Development of Montego Bay Free Zone Company Limited	<u>7,169</u>	<u>7,169</u>	<u>-</u>	<u>-</u>
(ii) Ministry of Finance Fixed Interest Rate at 7.5% repayable quarterly until 2036 [note 19 (h)(iv)]	<u>4,033,866</u>	<u>3,747,627</u>	<u>4,033,866</u>	<u>3,747,627</u>
(iii) Foreign currency loans: GOJ Petrocaribe 5% payable semi-annually in arrears 2012 - 2037 (US\$126.513 million) (evidenced by promissory notes [note 19(h)(iii)])	<u>17,261,033</u>	<u>14,983,806</u>	<u>17,261,033</u>	<u>14,983,806</u>
	<u>21,302,068</u>	<u>18,738,602</u>	<u>21,294,899</u>	<u>18,731,433</u>

(h) Loans with moratorium on repayment

- i) Bank of Nova Scotia (US\$44 million) – the principal amount is repayable in 34 equal quarterly instalments which commenced May 15, 2012.
- ii) Bank of Nova Scotia (US\$39.4 million) – the principal is repayable in 44 equal quarterly instalments which commenced May 15, 2012.
- iii) Effective June 30, 2012, the Petrocaribe Loans [see note 19(g)(iii)] were merged to form a consolidated loan of US\$126.513 million. The loan is for a period of 25 years inclusive of a five-year moratorium on principal and is repayable semi-annually beginning December 31, 2017. During the financial year 2020/2021, the Ministry of Finance and the Public Service, by way of letter dated January 13, 2021 approved the following:
 - a) Moratorium on principal repayments due during the period January 1, 2020 – December 31, 2021;
 - b) Deferral of interest payment due during the period January 1, 2020 – March 31, 2021;
 - c) Accrued interest deferred for the period January 1, 2020 – March 31, 2021 to be capitalized and the revised principal balance to be paid over the remaining tenure of the loan.
 - d) Subsequent to March 31, 2021, interest is paid on the revised principal balance (including capitalized interest). Effective April 1, 2021, the PetroCaribe Loans were converted to Jamaican dollar loans.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities (continued)

(h) (Continued)

- iv) Ministry of Finance loan facility totaling US\$30 million, disbursed in tranches in Jamaican dollars, totaling \$3.826 billion. The loan is for a period of 20 years at fixed interest rate of 7.5% inclusive of a two-year moratorium on principal and is repayable quarterly effective November 2019. This loan is secured by a Promissory Note dated November 1, 2016. During the financial year 2020/2021, the Ministry of Finance and the Public Service by way of letter dated January 13, 2021 approved the following:
 - a) Moratorium on principal repayments due during the period May 2020 – February 2022;
 - b) Deferral of interest payment due during the period February 2020 – January 31, 2021;
 - c) Accrued interest deferred for the period February 1, 2020 – January 31, 2021 to be capitalized and the revised principal balance to be paid over the remaining tenure of the loan.
 - d) Subsequent to January 31, 2021, interest is paid on the revised principal balance (including capitalized interest).
- v) National Commercial Bank Insurance Company Limited and Sagicor Life Jamaica Limited loan of \$2.5 billion is for a period of 40 years with full repayment on March 31, 2054. Interest is payable quarterly and commenced June 2014 at a fixed rate of 14.5% per annum. Loan security includes hypothecation of fixed deposit of US\$1.5 million [note 9(a)(iii)].
- vi) NCB Capital Markets Limited loan of J\$5.053 billion is for a period of 25 years, payable semiannually commencing June 2022. Interest is due semi-annually at a fixed rate of 8.25% per annum.

(i) The loans from the GOJ, including the Petrocaribe loans, are unsecured.

(j) Prepaid credit insurance

This represents credit insurance on certain long-term loans. This amount is being amortised over the respective lives (5-11 years) of these loans.

(k) Breach of loan agreements

As at March 31, 2021, the Authority did not meet the debt service covenant ratio for National Commercial Bank bonds and Petrocaribe loan facilities. Based on the loan agreement, this breach did not result in the loan becoming callable by the lender.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
 Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

20. Deferred income

	<u>The Group and The Authority</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Balance at the beginning of the year	<u>1,164,345</u>	<u>806,440</u>
Additions during the year [note 20(a)(3)]	-	405,807
Amortised during the year	(47,902)	(47,902)
Reclassification to payable	(100,211)	-
Reversal of sums - Hampden Wharf project [Notes 4 and 20(a)(4)]	(<u>664,763</u>)	<u>-</u>
Balance at the end of the year	<u>351,469</u>	<u>1,164,345</u>
Comprising:		
Government grants [note 20(a)]	38,958	405,807
Assets transferred [note 20 (b)]	<u>312,511</u>	<u>758,538</u>
	<u>351,469</u>	<u>1,164,345</u>

(a) This represents:

- 1) Two grants that were received during 2010/2011 from the Netherlands Government in respect of:
 - (i) Construction of a tug;
 - (ii) Dredging of ship's channel at Kingston Harbour.
 The two grants are being amortised over 20 years.
- 2) Additions during 2015/2016 of \$38.958 million represent amounts received from the Shipping Association of Jamaica (SAJ) and the Jamaica Customs, for the establishment of the Port Community System (PCS), which have been recognised as a grant following termination of an arrangement between parties on March 31, 2015.
- 3) Additions during the year 2019/2020 of \$405.807 million represents amounts received from Tourism Enhancement Fund (TEF) for the aesthetical and structural improvement of the outskirts of the Ocho Rios and Falmouth Cruise Ship Terminal.
- 4) The amount of \$664.763 million represents sums received via a Memorandum of Understanding (MOU) dated March 28, 2014 between the Port Authority (PAJ) and the Tourism Enhancement Fund (TEF) for the development of the Hampden Wharf property. The MOU provided for TEF to finance the capital expenditure and for PAJ to provide the real estate and project management services for the development. Therefore, amounts received from TEF were initially accounted for as a grant received and recorded as Deferred Income, while the capital expenditure was treated as Capital Work in Progress. The Hampden Wharf development was completed in 2020/2021 and the parties agreed to set aside the original MOU and a draft Memorandum of Agreement (MOA) was established wherein the property (land) is now leased to TEF by the PAJ for 30 years with all leasehold improvements for TEF's account. As a result, amounts previously treated as Deferred Income and Capital Work in Progress were reversed during the year (see note 4), and the Hampden Wharf property transferred to Investment Property.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

20. Deferred income (continued)

(b) This represents:

- (i) The transfer of lighthouses and associated buildings to the Authority by the Government of Jamaica. The grant is being amortised over 40 years, the estimated lives of the respective assets.
- (ii) Transfer of land valued at \$19.5 million in 2009/2010 to the Authority by the Government of Jamaica. The grant is being amortised over 40 years which is the period equivalent to the life of the building on the property.
- (iii) Transfer of Boundbrook land and building valued at \$198.5 million and Boundbrook land (Marina section) valued at \$79.2 million to the Authority during 2010/2011 by the Government of Jamaica for development of the Port Antonio Marina. The grants are being amortised over the lives of the buildings of 20 years and 33 years, respectively.
- (iv) Building valued at \$25.796 million was received in December 2012 from Royal Caribbean Cruise Line. The grant is being amortised over 40 years.
- (v) X-ray machine valued at \$303.192 million was received in September 2012 from the Chinese Government. The grant is being amortised over 10 years.

21. Provisions

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
At April 1	153,827	126,815	128,287	107,323
Provision for the year	117,286	112,813	92,638	88,010
Utilised during the year	(101,104)	(85,801)	(79,602)	(67,046)
At March 31	<u>170,009</u>	<u>153,827</u>	<u>141,323</u>	<u>128,287</u>

This represents amounts provided for in respect of annual vacation leave entitlement for employees.

22. Trade and other payables

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u>	Restated* <u>2020</u>	<u>2021</u>	Restated* <u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Trade	926,653	1,014,984	843,626	985,419
Amounts to be disbursed in respect of specific projects	494,839	619,569	494,839	619,569
Accruals	427,168	319,882	287,580	223,676
Rental deposits	393,659	335,469	-	-
Related company [note 22(a)]	28,795	28,795	-	-
Advances from subsidiaries [note 22(b)]	-	-	29,541	112,833
Income tax payable	23,880	66,339	-	-
Others	<u>386,062</u>	<u>358,509</u>	<u>270,016</u>	<u>271,641</u>
	<u>2,681,056</u>	<u>2,743,547</u>	<u>1,925,602</u>	<u>2,213,138</u>

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

22. Trade and other payables (continued)

(a) This represents amounts owed by a subsidiary to its minority shareholder, ZIM International Shipping Services Limited. Amounts are unsecured, interest free and repayable on demand.

(b) Advances from subsidiary companies

	<u>The Authority</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Montego Bay Free Zone Company Limited [note 22(b)(i)]	-	89,704
Kingston Free Zone Company Limited [(note 22 (b) (ii)]	5,760	2,794
Ports Management & Security Limited [note 22(b)(ii)]	<u>23,781</u>	<u>20,335</u>
	<u>29,541</u>	<u>112,833</u>

(i) Effective April 1, 2014, interest was charged at a rate of 5% per annum until December 2018, when the decision was taken by the Board to capitalise the accumulated interest to November 2018. The unsecured loan was fully repaid during the year.

(ii) These amounts are unsecured, interest free and repayable on demand.

23. Revenue

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000	<u>2021</u> \$'000	<u>2020</u> \$'000
Cargo	3,610,167	3,539,974	3,610,167	3,539,974
Cruise	-	2,790,945	-	2,790,945
Wharfage	703,465	843,956	703,465	843,956
Marine	1,085,386	1,329,218	1,085,386	1,329,218
Land, building and equipment lease	1,251,798	1,364,256	1,029,830	1,045,158
Port Antonio Marina	50,425	124,524	50,425	124,524
Security services	2,730,255	2,928,566	8,945	9,442
Other	<u>162,146</u>	<u>138,942</u>	<u>100,815</u>	<u>70,776</u>
	<u>9,593,642</u>	<u>13,060,381</u>	<u>6,589,033</u>	<u>9,753,993</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

24. Expenses

a) Direct operating

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000	<u>2021</u> \$'000	<u>2020</u> \$'000
Bad debt recognised/(reversed)	1,693	-	1,693	-
Claims	20,974	18,871	20,974	18,871
Collection fees	112,657	116,130	-	-
Covid – 19 expenses	4,703	-	4,703	-
Cruise expenses	907	(16,320)	907	(16,320)
Depreciation and amortisation				
– (Notes 4 and 7)	1,638,764	1,473,617	1,638,764	1,473,617
– Right of use asset	49,842	49,732	-	-
Equipment rental	1,711	399	-	-
Electricity, water and telephone	216,434	217,362	164,836	178,343
Fuel	72,688	77,375	72,688	77,375
Garbage disposal	9,515	16,798	1,248	959
Insurance	279,867	152,775	190,520	101,984
Janitorial expense	9,918	17,144	4,990	12,371
Legal and professional fees	18,086	31,750	18,086	31,750
Management fees	19,182	29,072	19,182	29,072
Marina, Falmouth and Port Handlers costs	34,258	172,347	34,258	172,347
Materials and supply	8,072	7,936	8,072	7,936
Miscellaneous	23,375	93,599	23,375	93,599
Office and general	10,647	26,358	10,647	26,358
Permit and certification	3,800	3,252	3,800	3,252
Personnel emoluments and allowances (including contracted services)	539,895	590,834	539,895	590,834
Project expenses - non-capital	14,075	17,853	14,075	17,853
Public relations and promotions	11,960	87,791	11,960	87,791
Repairs and maintenance	199,132	282,577	109,591	195,155
Security	1,159,453	1,196,706	60,730	104,743
Subscriptions and periodicals	2,592	3,423	2,592	3,423
Special economic zone fees	119,458	-	119,458	-
Taxes – property and asset	23,264	23,851	23,264	23,851
Training and staff welfare	10,943	21,341	10,943	21,341
Travelling	19,438	44,973	19,438	44,973
	<u>4,637,303</u>	<u>4,757,546</u>	<u>3,130,689</u>	<u>3,301,478</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

24. Expenses (continued)

b) Administrative

	The Group		The Authority	
	Restated*		Restated*	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Annual report	1,530	2,076	-	-
Audit fees	14,355	15,975	10,571	11,685
Bad debts (including direct write offs)	-	825	-	-
Bank charges and amortisation	2,732	2,191	-	-
Board fees and expenses	1,828	7,231	648	2,992
Computer expense	147,309	161,396	125,645	146,515
Covid-19 expense	8,084	-	5,767	-
Depreciation and amortisation – (Notes 4 and 7)	206,514	191,086	66,825	60,092
Donation and subscriptions	367	291	-	-
Electricity and telephone	53,552	37,485	42,335	32,128
Foreign travel	80	10,794	80	9,754
Health Scheme - Employer	117,405	117,531	85,570	86,854
Identification Cards	1,058	1,607	-	1,191
Insurance	75,159	46,856	67,896	42,433
Legal and professional fees	29,745	47,329	23,337	42,935
Local travel and motor vehicle expense	7,446	10,015	3,938	7,469
Miscellaneous	38,139	40,750	37,250	47,229
Non-capitalised fixed assets	1,963	1,199	1,963	548
Office and general	45,607	76,522	43,035	73,370
Personnel emoluments and allowances	1,188,980	1,313,504	827,336	920,695
Penalties & interest and with-holdings	10,181	33,407	9,670	9,427
Pension contributions employer	59,630	54,578	40,470	34,678
Preliminary expenses	-	16,310	-	16,310
Printing and stationery	8,713	12,965	5,584	9,653
Project expenses- non-capital	87,913	17,295	87,913	17,295
Property taxes	35,985	36,074	35,199	35,288
Public relations and promotions	10,846	26,511	8,867	24,935
Repairs and maintenance	280,626	236,517	277,612	232,049
Sanitation	2,573	2,977	-	-
Security expenses	17,355	20,664	17,141	20,434
Statutory deductions	113,611	124,654	75,504	83,858
Special economic zone fees	19,877	45,564	-	14
Training and staff welfare	64,744	100,161	11,063	26,086
Water charges	3,995	5,715	1,731	3,036
	<u>2,657,902</u>	<u>2,818,055</u>	<u>1,912,950</u>	<u>1,998,953</u>

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

24. Expenses (continued)

c) Finance charges and interest on loans

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Interest on long-term liabilities	2,336,140	1,983,659	2,333,570	1,978,249
Interest on overdrafts and other	23,593	18,173	23,593	18,173
Amortised cost on loans	(3,184)	30,405	(3,184)	30,405
	<u>2,356,549</u>	<u>2,032,237</u>	<u>2,353,979</u>	<u>2,026,827</u>

25. Other gains and losses

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u>	<u>Restated*</u> <u>2020</u>	<u>2021</u>	<u>Restated*</u> <u>2020</u>
	\$'000	\$'000	\$'000	\$'000
- Foreign exchange losses				
on loans	(1,418,371)	(1,571,894)	(1,413,539)	(1,565,499)
- on other	593,890	364,263	417,757	255,319
Investment properties fair value adjustment [note 6(b)]	5,801,504	1,599,143	5,911,204	1,917,843
Loss on disposal of property, plant and equipment	-	(20,153)	-	(20,153)
	<u>6,395,394</u>	<u>1,943,253</u>	<u>6,328,961</u>	<u>2,153,009</u>
	<u>4,977,023</u>	<u>371,359</u>	<u>4,915,422</u>	<u>587,510</u>

(*See note 36)

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

26. Taxation

Current and deferred tax have been calculated using the tax rate of 25% (2020: 25%), except for three of the subsidiary company (MBFZ, KFZ and JIFZ), which acquired Special Economic Zone status under the Special Economic Zone Act, 2016. Under this Act taxable income (excluding revenues from rentals of properties in the zone) is subject to a tax rate of 12.5% and 25%.

(a) The total charge for the year in respect of tax on profits of subsidiary companies is as follows:

	The Group	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Current taxation	184,113	216,160
Prior year taxation	2,257	(3,572)
Employee tax credit	(3,820)	(6,139)
Deferred tax adjustments (note 12)	<u>22,532</u>	<u>(24,630)</u>
	<u>205,082</u>	<u>181,819</u>

(b) The tax charge for the year is reconciled to the profit as per the consolidated statement of profit and loss and other comprehensive income as follows:

	The Group	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Profit before taxation	<u>5,233,361</u>	<u>3,757,981</u>
Tax at the domestic income tax rate of 25%	1,308,340	939,493
Tax effect of expenses not deductible for tax purposes	51,205	7,614
Tax effect of income not subject to tax	(1,009,330)	(701,695)
Tax effect of unused tax losses	(3,061)	2,766
Tax effect of income not subject to tax under the Special Economic Zone Act, 2016	(29,037)	(732)
Tax effect of employment tax credit	(44,169)	(43,876)
Tax effect of expenses deductible for tax purposes	(12,039)	(3,881)
Tax effect of other adjustments	(47,831)	7,447
Tax effect of leases (net)	(11,253)	(21,745)
Prior year tax adjustments	<u>2,257</u>	<u>(3,572)</u>
	<u>205,082</u>	<u>181,819</u>

(c) Subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses of subsidiary companies aggregating approximately \$135.267 million (2020: \$157.517 million) are available to be set off against future taxable profits of those companies. Tax losses may be carried forward indefinitely; however, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in one year. At March 31, 2021 and 2020, no deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future taxable profits for the respective subsidiaries.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

27. Profit after taxation

Profit after taxation is stated after taking into account the following items:

	The Group		The Authority	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(a) Revenue (expense) on:				
Interest income				
Interest income on long-term receivables	618	1,645	618	1,645
Income from short-term deposits	<u>152,947</u>	<u>121,988</u>	<u>36,157</u>	<u>43,208</u>
	<u>153,565</u>	<u>123,633</u>	<u>36,775</u>	<u>44,853</u>
Impairment expense				
- Trade receivables	(96,664)	(263,410)	(70,367)	(168,263)
Finance charges and interest on loans at amortised cost	<u>(2,356,549)</u>	<u>(2,032,237)</u>	<u>(2,353,979)</u>	<u>(2,026,827)</u>
(b) (Losses)/gains				
Net foreign exchange (losses) gains on financial instruments at amortised costs				
- Foreign currency loans	(1,418,371)	(1,571,894)	(1,413,539)	(1,565,499)
- Short-term deposits and other investments	<u>593,890</u>	<u>364,263</u>	<u>417,757</u>	<u>255,319</u>
(c) Other				
Audit fees - current year	14,355	14,510	10,571	10,750
- prior year	-	1,825	-	935
Cost of inventories recognised in expenses	121,040	148,870	121,040	148,870
Loss on disposal of property, plant and equipment	-	20,153	-	20,153
Provision for inventory	-	8,259	-	8,259
Depreciation on right of use assets	49,842	49,732	-	-
Depreciation	1,726,778	1,640,133	1,587,168	1,509,218
Amortisation	118,500	24,570	118,421	24,491
Adjustment to property, plant and equipment	-	(1,237)	-	(1,237)
Write off of property, plant and equipment	45,789	-	45,789	-
Fair value gain on investment properties*	<u>(5,801,504)</u>	<u>(1,599,143)</u>	<u>(5,911,204)</u>	<u>(1,917,843)</u>

(*See note 36)



THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

28. Comprehensive income

The Group's comprehensive income attributable to the shareholders of the Authority is reflected in the financial statements of the Authority on the equity basis and comprises surplus of:

	The Group	
	<u>2021</u> \$'000	Restated* <u>2020</u> \$'000
The Authority	4,416,480	5,078,661
The subsidiary companies	738,297	1,798,959
The associated companies	<u>42,915</u>	<u>41,000</u>
	<u>5,197,692</u>	<u>6,918,620</u>

(*See note 36)

29. Commitments and contingent liabilities

Capital commitments

At the end of the reporting period, approximately \$3.44 billion (2020: \$6.29 billion) had been committed and contracted by the Group and relates to costs for projects at Port Royal Cruise Terminal, Portmore BPO Complex, Kingston Logistics Park, procurement of Utility Vessel for Harbours Department and other projects. In respect of the prior year, the costs were related to projects at Port Royal Cruise Terminal & Portmore BPO.

Legal contingencies

In the normal course of business, the Group and the Authority may be defendant in certain litigation matters, claims and other legal proceedings. In such instances, provisions will be established for such matters where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

The Group and the Authority remain contingently liable in respect of other litigation matters which, are considered, to be possible but not probable and thus no provision has been made in these financial statements.

Guarantees

The Authority has financial guarantees aggregating to \$10 million maturing on December 31, 2049 with the Bank of Nova Scotia Jamaica Limited. There are no securities held for these guarantees. The facilities have not been utilised since inception.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Nine (9) months ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

30. Related party transactions/balances

Transactions and balances

During the year, the Authority entered into transactions with affiliated entities and key management personnel, including members of the Board of Directors. The following is a summary of the transactions and balances:

	The Authority					
	Lease rental		Other		Balance due from (to)	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Subsidiaries						
Jamaica International Free Zone Development Limited	-	-	5,732	5,337	84,573	82,331
Kingston Free Zone Company Limited	137,367	41,846	3,500	3,500	1,184	3,839
Montego Bay Free Zone Company Limited	328,125	297,010	3,500	3,500	758	(64,412)
Ports Management and Security Limited	356,330	331,539	27,000	27,000	(16,259)	(16,494)
Port Authority Management Services Limited [Note 14]	-	-	-	-	127,501	127,322
	821,822	670,395	39,792	39,337	197,757	132,586
Provision for impairment [note 14]	-	-	-	-	(126,883)	(126,883)
	<u>821,822</u>	<u>670,395</u>	<u>39,792</u>	<u>39,337</u>	<u>70,874</u>	<u>5,703</u>
Included in the following balances:						
Long-term receivables [Note 10(c)]	-	-	-	-	76,226	76,226
Trade and other receivables [Note 14]	-	-	-	-	24,189	42,310
Trade and other payables [Note 22(b)]	-	-	-	-	(29,541)	(112,833)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,874</u>	<u>5,703</u>
Key management personnel	<u>-</u>	<u>-</u>	<u>34,242</u>	<u>37,642</u>	<u>-</u>	<u>-</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

30. Related party transactions/balances (continued)

The remuneration of directors, committee members and other key members of management during the year was as follows:

Key Management Personnel

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Short-term benefits	323,710	356,140	294,134	326,564
Post-employment benefits	<u>29,189</u>	<u>7,119</u>	<u>24,733</u>	<u>2,663</u>
	<u>352,899</u>	<u>363,259</u>	<u>318,867</u>	<u>329,227</u>

The remuneration of the above is determined by the Board of Directors under the guidelines set by the Ministry of Finance, having regards to the performance of individuals and market trends.

Board of Directors and Committee Members

	<u>The Group</u>		<u>The Authority</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Short-term benefits				
- directors fees and expenses	<u>3,768</u>	<u>5,901</u>	<u>501</u>	<u>1,844</u>

31. Financial instruments, financial risks and capital risk management

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instruments are disclosed in Note 3 to the financial statements.

Financial risk management policies and objectives

The Group's activities involve the use of financial instruments.

The Group has exposure to the following risks from its use of its financial instruments: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management objectives

The Group's activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
 Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. Its directives are carried out through the Finance Committee, Audit Committee, Internal Audit Department and Procurement Sector Committee.

Finance Committee

This Management Committee has direct responsibility for the management of statement of financial position and overall financial structure which includes liquidity, interest rate and foreign currency risks management.

Audit Committee

Audit Committee has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

The Internal Audit Department

The Internal Audit Department has responsibility for providing assurance on the effectiveness and adequacy of risk management, internal controls and procedures and conducts both ad hoc and regular reviews. The Internal Audit Department reports the result of all findings to the Audit Committee, which in turn reports the findings, recommendations and management responses to the Board of Directors.

Procurement Sector Committee

The Committee has overall responsibility for the monitoring of procurement activities of the Group, including procurement of contracts, evaluation and monitoring of costs incurred.

There has been no change in the Group's exposure to these financial risks or the manner, in which it manages and measures risk during the year.

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates as well as interest rates as disclosed in note 33(a) below.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

Management of market risk

The Group manages this risk by conducting market research and ensuring that its net exposure is kept to an acceptable level. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risk or the manner, in which it manages and measures the risk.

• Foreign currency risk

The Group undertakes transactions denominated in currencies other than the Jamaican dollar resulting in exposures to exchange rate fluctuation.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group monitors its exposure in this regard by constant monitoring of international foreign exchange markets and factors influencing currency movements and positioning its foreign currency assets and liabilities and by ensuring that the net exposure of such assets and liabilities is kept to an acceptable level. The entity further manages the risk by maximizing foreign currency earnings and holdings in foreign currency balances.

At March 31, 2021, the Group had US\$ denominated balances amounting to US\$33.423 million (2020: US\$31.918 million) of which US\$1.57 million (2020: US\$9.153 million) [note 9(a) is held in respect of funding certain loans amounting to US\$0.257 million (2020: US\$1.399 million), € nil million (2020: €0.974 million) and J\$2.5 billion (2020: J\$2.5 billion [note 19(d), 19(f)] and 19(h)(v) at the end of the reporting period.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	The Group					
	Liabilities		Assets		Net Liabilities	
	2021	2020	2021	2020	2021	2020
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
<u>Currency</u>						
United States						
dollar	19,294,972	18,254,780	5,184,379	5,091,258	14,110,593	13,163,522
EURO	-	147,341	-	-	-	147,341
	The Authority					
	Liabilities		Assets		Net Liabilities	
	2021	2020	2021	2020	2021	2020
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
<u>Currency</u>						
United States						
dollar	18,886,162	17,886,833	2,397,245	2,798,767	16,488,917	15,088,066
EURO	-	147,341	-	-	-	147,341

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
 Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Foreign currency risk (continued)

Foreign currency sensitivity analysis

The Group's most significant currency exposure is to the United States dollar. The following table details the Group's sensitivity to a 2% revaluation and 6% devaluation (2020: 4% revaluation and 6% devaluation) in the Jamaica dollar against the relevant foreign currencies. The above sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analyses include only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for the percentage changes as in foreign currency rates as described above. The sensitivity analysis includes external loans where the loan is denominated in a currency other than the currency of the borrower.

If the Jamaican dollar strengthens by 2% or weakens by 6% against the relevant currencies (2020: strengthens by 4% or weakens by 6%), the income will increase or (decrease) by:

	The Group							
	Revaluation		Devaluation		Revaluation		Devaluation	
	2021				2020			
	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000
<u>Currency</u>								
United States dollar	+2	282,212	-6	(846,636)	+2	262,073	-6	(789,811)
EURO	+2	-	-6	-	+2	2,947	-6	(8,840)

	The Authority							
	Revaluation		Devaluation		Revaluation		Devaluation	
	2021				2020			
	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000
<u>Currency</u>								
United States dollar	+2	329,778	-6	(989,335)	+2	301,761	-6	(905,284)
EURO		-		-	+2	2,947	-6	(8,840)

This is mainly attributable to the exposure outstanding on cash and cash equivalents, receivables, payables and long-term loans in the respective currency at the end of the reporting period.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Foreign currency risk (continued)

The Group's sensitivity to foreign currency has decreased during the period due to the decreased foreign currency loan balances offset by increased investment in bank deposits.

- Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The Group is exposed to significant interest rate risk as it borrows funds at both fixed and floating interest rates.

Management of interest rate risk

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings by monitoring the movements in the market interest rates closely. The Group's exposure to interest rates on financial assets and financial liabilities is detailed below.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk at the end of the reporting period at the earlier of the repricing or maturity date.

	2021				Total \$'000
	The Group				
	Due within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	Non-Interest Bearing \$'000	
Assets					
Other investments	-	639,176	5,390	6,812	651,378
Long-term receivables	-	23,475	10,420	10,818	44,713
Trade and other receivables	-	-	-	1,207,370	1,207,370
Cash and short-term deposits	<u>6,199,827</u>	<u>-</u>	<u>-</u>	<u>480,499</u>	<u>6,680,326</u>
Total assets	<u>6,199,827</u>	<u>662,651</u>	<u>15,810</u>	<u>1,705,499</u>	<u>8,583,787</u>
Liabilities					
Long-term liabilities	611,675	5,476,193	26,986,607	273,159	33,347,634
Lease liabilities	79,726	90,594	-	-	170,320
Trade and other payables	-	-	-	2,217,560	2,217,560
Bank overdraft (unsecured)	<u>-</u>	<u>-</u>	<u>-</u>	<u>419</u>	<u>419</u>
Total liabilities	<u>691,401</u>	<u>5,566,787</u>	<u>26,986,607</u>	<u>2,491,138</u>	<u>35,735,933</u>
Total interest rate sensitivity gap	5,508,426	(4,904,136)	(26,970,797)	(785,639)	(27,152,146)
Cumulative gap	<u>5,508,426</u>	<u>604,290</u>	<u>(26,366,507)</u>	<u>(27,152,146)</u>	

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

	2020				Total
	The Group				
	Due within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	Non-Interest Bearing \$'000	
Assets					
Other investments	-	1,485,120	14,591	1,609	1,501,320
Long-term receivables	-	17,112	2,371	11,665	31,148
Trade and other receivables	-	-	-	1,886,482	1,886,182
Cash and short-term deposits	<u>4,236,764</u>	<u>-</u>	<u>-</u>	<u>448,955</u>	<u>4,685,719</u>
Total assets	<u>4,236,764</u>	<u>1,502,232</u>	<u>16,962</u>	<u>2,348,711</u>	<u>8,104,669</u>
Liabilities					
Long-term liabilities	2,192,043	4,830,905	24,564,172	470,063	32,057,183
Lease liabilities	63,929	143,996	-	-	207,925
Trade and other payables	-	-	-	2,348,999	2,348,999
Bank overdraft (unsecured)	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
Total liabilities	<u>2,255,972</u>	<u>4,974,901</u>	<u>24,564,172</u>	<u>2,819,862</u>	<u>34,614,907</u>
Total interest rate sensitivity gap	1,980,792	(3,472,669)	(24,547,210)	(471,151)	(26,510,238)
Cumulative gap	<u>1,980,792</u>	<u>(1,491,877)</u>	<u>(26,039,087)</u>	<u>(26,510,238)</u>	

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

The table below summarises the Authority's exposure to interest rate risk at the end of the reporting period at the earlier of the repricing or maturity date.

	2021 The Authority					
	Due within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	No Specific Terms of Repayment \$'000	Non-Interest Bearing \$'000	Total \$'000
Assets						
Other investments	-	639,176	-	-	6,782	645,958
Long-term receivables	-	23,475	10,420	-	87,044	120,939
Trade and other receivables	-	-	-	-	483,949	483,949
Cash and short-term deposits	<u>1,884,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,538</u>	<u>2,116,242</u>
Total assets	<u>1,884,704</u>	<u>662,651</u>	<u>10,420</u>	<u>-</u>	<u>809,313</u>	<u>3,367,088</u>
Liabilities						
Long-term liabilities	574,054	5,476,192	26,986,607	-	265,991	33,302,844
Trade and other payables	-	-	-	-	1,919,340	1,919,340
Bank overdraft (unsecured)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>419</u>	<u>419</u>
Total liabilities	<u>574,054</u>	<u>5,476,192</u>	<u>26,976,186</u>	<u>-</u>	<u>2,185,750</u>	<u>35,222,603</u>
Total interest rate sensitivity gap	<u>1,310,650</u>	<u>(4,813,541)</u>	<u>(26,976,186)</u>	<u>-</u>	<u>(1,395,913)</u>	<u>(31,855,515)</u>
Cumulative gap	<u>1,310,650</u>	<u>(3,502,891)</u>	<u>(30,479,078)</u>	<u>(30,479,078)</u>	<u>(31,855,515)</u>	

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

	2020					
	The Authority					
	Due within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	No Specific Terms of Repayment \$'000	Non-Interest Bearing \$'000	Total \$'000
Assets						
Other investments	-	1,485,252	-	-	1,444	1,486,696
Long-term receivables	-	17,112	2,371	-	87,891	107,374
Trade and other receivables	-	-	-	-	730,816	730,816
Cash and short-term deposits	<u>1,016,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,134</u>	<u>1,250,973</u>
Total assets	<u>1,016,839</u>	<u>1,502,364</u>	<u>2,371</u>	<u>-</u>	<u>1,054,285</u>	<u>3,575,859</u>
Liabilities						
Long-term liabilities	2,157,298	4,796,161	24,564,172	-	462,894	31,980,525
Trade and other payables	-	-	-	-	1,982,917	1,982,917
Bank overdraft (unsecured)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
Total liabilities	<u>2,157,298</u>	<u>4,796,161</u>	<u>24,564,172</u>	<u>-</u>	<u>2,446,611</u>	<u>33,964,242</u>
Total interest rate sensitivity gap	<u>(1,140,459)</u>	<u>(3,293,797)</u>	<u>(24,561,801)</u>	<u>-</u>	<u>(1,392,326)</u>	<u>(30,388,383)</u>
Cumulative gap	<u>(1,140,459)</u>	<u>(4,434,256)</u>	<u>(28,996,057)</u>	<u>(28,996,057)</u>	<u>(30,388,383)</u>	

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date is outstanding for the whole year. A 100 basis points increase, and 100 basis points decrease (2020: 100 basis points increase/decrease) for local borrowing and a 100 basis points increase, and 100 basis points decrease (2020: 100 basis points increase and a 100 basis points decrease) is used for foreign currency denominated balances when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower (2020: 100 basis points higher or 100 basis points lower) on its foreign currency borrowings and investments profit for the period would decrease/increase by approximately \$23.602 million (2020: profits for the period would decrease/increase by approximately \$22.799 million). For the local borrowings and investments if interest rates were 100 basis points higher or lower (2020: 100 basis point higher or lower) and all other variables were held constant, the profit for the year would increase/decrease by approximately \$4.356 million (2020: the profit for the year would increase/decrease by approximately \$2.93 million).

The Group's sensitivity to interest rates has decreased during the current period mainly due to a decrease in the variable rate debt instruments.

See also Liquidity Risk Management at 31(c) below.

(b) Credit risk

Credit risk is the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. Financial assets that potentially subject the Group to credit risk primarily consists of trade receivables, investment in associates, other investments, long-term receivables and cash and bank deposits. The maximum exposure to credit risk is the amount of \$8.884 billion (2020: \$8.362 billion) disclosed under 'categories of financial instruments' above and the Group holds no collateral in this regard. The Group manages the risk primarily by reviews of the financial status of each obligator and its investments which are monitored regularly and are held with reputable financial institutions. The Covid 19 pandemic has caused significant market volatility which has increased the Group's credit risk. The increase in inflation rates, interest rates, unemployment rates and decrease in gross domestic products have resulted in an increase in the credit risk of trade receivables.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

Trade receivables

In respect of trade receivables from the operations managed by related companies, the risk is low as customers are pre-approved by the Group and specific credit periods are given in some instances to individual customers. Credit risk is monitored according to the customers' credit characteristics such as whether it is an individual or entity, its geographic location, industry, aging profile, and history of previous financial difficulties.

Expected credit loss assessment as at March 31, 2021

The Group uses an allowance matrix to measure ECLs of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The following table provides information about the Group's and Authority's exposure to credit risk and ECLs for trade receivable as at March 31, 2021.

2021				
The Group				
<u>Age Buckets</u>	<u>Weighted Average loss rates</u>	<u>Gross Carrying Amount \$'000</u>	<u>Impairment loss allowance \$'000</u>	<u>Credit Impaired</u>
Current (not past due)	5.23%	359,612	18,809	No
31-60 days	3.56%	378,364	13,467	No
61-90 days	28.16%	30,529	8,596	No
91-120 days	40.20%	22,252	8,945	No
121-150 days	57.58%	14,044	9,681	No
151-180 days	49.80%	11,214	5,585	No
181-210 days	72.75%	9,760	7,100	No
211-240 days	82.36%	9,752	8,032	No
241-270 days	87.10%	9,996	8,707	No
271-300 days	85.06%	6,344	5,396	No
301-330 days	94.25%	8,522	8,032	No
331-360 days	99.92%	14,852	14,840	No
361 days and over	100.00%	<u>401,852</u>	<u>401,852</u>	Yes
Total		<u>1,277,093</u>	<u>519,042</u>	

THE PORT AUTHORITY AND ITS SUBSIDIARIESNotes to the Consolidated and Authority Financial Statements (Continued)
Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

Trade receivables (continued)

Expected credit loss assessment as at March 31, 2021 (continued)

2020				
The Group				
<u>Age Buckets</u>	<u>Weighted Average loss rates</u>	<u>Gross Carrying Amount \$'000</u>	<u>Impairment loss allowance \$'000</u>	<u>Credit Impaired</u>
Current (not past due)	5.48%	1,341,324	73,549	No
31-60 days	34.81%	176,129	61,318	No
61-90 days	48.88%	49,557	24,222	No
91-120 days	53.16%	37,878	20,136	No
121-150 days	63.38%	41,233	26,135	No
151-180 days	73.83%	26,770	19,764	No
181-210 days	85.67%	20,528	17,587	No
211-240 days	82.15%	11,677	9,593	No
241-270 days	85.95%	13,562	11,657	No
271-300 days	93.16%	2,763	2,574	No
301-330 days	100.00%	1,791	1,791	Yes
331-360 days	100.00%	4,152	4,152	Yes
361days and over	100.00%	<u>339,630</u>	<u>339,630</u>	Yes
		<u>2,066,994</u>	<u>612,108</u>	
2021				
The Authority				
<u>Age Buckets</u>	<u>Weighted Average loss rates</u>	<u>Gross Carrying Amount \$'000</u>	<u>Impairment loss allowance \$'000</u>	<u>Credit Impaired</u>
Current (not past due)	14.81%	88,012	13,036	No
31-60 days	35.52%	20,290	7,206	No
61-90 days	47.26%	13,061	6,173	No
91-120 days	57.65%	10,556	6,086	No
121-150 days	92.21%	8,101	7,470	No
151-180 days	86.86%	1,827	1,587	No
181-210 days	99.15%	2,958	2,933	No
211-240 days	124.94%	2,390	2,986	No
241-270 days	133.63%	1,796	2,400	No
271-300 days	99.63%	1,355	1,350	No
301-330 days	99.76%	2,546	2,540	No
331-360 days	100.00%	1,876	1,876	Yes
361days and over	100.00%	<u>121,323</u>	<u>121,323</u>	Yes
Total		<u>276,091</u>	<u>176,966</u>	

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

Trade receivables (continued)

Expected credit loss assessment as at March 31, 2021 (continued)

Age Buckets	2020			
	The Authority			
	Weighted Average loss rates	Gross Carrying Amount \$'000	Impairment loss allowance \$'000	Credit Impaired
Current (not past due)	17.32%	273,827	47,427	No
31-60 days	37.65%	142,796	53,762	No
61-90 days	50.34%	39,240	19,752	No
91-120 days	62.16%	19,891	12,365	No
121-150 days	76.64%	20,415	15,646	No
151-180 days	88.52%	11,320	10,021	No
181-210 days	100.00%	8,649	8,649	Yes
211-240 days	100.00%	1,391	1,391	Yes
241-270 days	100.00%	1,160	1,160	Yes
271-300 days	100.00%	406	406	Yes
301-330 days	100.00%	984	984	Yes
331-360 days	100.00%	1,666	1,666	Yes
361days and over	100.00%	<u>74,104</u>	<u>74,104</u>	Yes
		<u>595,849</u>	<u>247,333</u>	

Cash and cash equivalents

The risk is managed in line with the Group's policy. Excess funds are invested for short periods of time, depending on the Group's cash flow requirement. These surplus funds are placed with approved financial institutions with no concentration of the funds being at any specific counterparty and thereby mitigating potential financial losses.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

Investment in deposits and securities under re-purchase agreements

The Group seeks to minimise the risk of its investments in deposits and securities under re-purchase agreements in the following ways:

- Investments are only placed with financial institutions stipulated by the Government of Jamaica and the guidelines of the Board of Directors.
- Senior management conducts constant monitoring of the investments to ensure that the agreed terms are adhered to and that the institutions fulfil their financial obligation to the Group as they fall due.
- Management limits the number of investments placed with any institution in accordance with the Board of Directors' guidelines.

Maximum exposure to credit risk

Impairment on cash and cash equivalents (including short-term investments) for the Group and Authority have been measured at 12 - month expected loss basis and reflects the short maturities of the exposures. No impairment allowance was recognised for cash and cash equivalents and there was no change during the period.

For securities purchased under resale agreement and deposits loss allowance are as follows:

	<u>Group</u> \$'000	<u>Authority</u> \$'000
Balance at March 31, 2019	17,168	11,849
Remeasurement during the year recognised in profit or loss	8,095	-
Reversed during the year recognised in profit or loss	<u>(11,849)</u>	<u>(11,849)</u>
Balance at March 31, 2020	13,414	-
Remeasurement during the year recognised in profit or loss	11,162	5,551
Reversed during the year recognised in profit or loss	<u>(1,471)</u>	<u>-</u>
Balance at March 31, 2021	<u>23,105</u>	<u>5,551</u>

Related party balances

The Group assesses each related entity's ability to pay if payment is demanded as at the reporting date. Management reviews recovery scenarios considering given economic conditions and the counterparties liquidity over the expected life of the recoverable. The expected credit losses are calculated on this basis.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2021*(Expressed in Jamaica dollars unless otherwise indicated)*31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(c) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. The Group has contractual arrangements with established local and international lending institutions, which, along with its internally generated cash resources, are sufficient to meet all its current obligations.

The Group aims at maintaining flexibility in funding by keeping lines of funding available with relevant bankers, maintaining a portfolio of marketable assets and optimising cash returns on investments.

Non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for non-derivative financial liabilities with agreed repayment period.

The tables below have been drawn up based on the undiscounted cash flows of the financial liabilities based on contractual maturities on those liabilities except where the Group anticipates that the cash flow will occur in an earlier period.

	<u>The Group</u>				Total
	<u>2021</u>				
	<u>Term to Maturity /Re-Pricing</u>				
	Carrying	Due Within	Over		
	amount	1 Year	1-5 Years	5 Years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial Liabilities</i>					
<i>Interest bearing</i>					
Variable rate loans	37,692	38,505	-	-	38,505
Fixed rate loans	33,309,942	2,856,282	13,838,299	51,343,903	68,038,484
Bank overdrafts	419	419	-	-	419
Lease liabilities	170,321	67,927	120,054	7,586	195,567
<i>Non-interest bearing</i>					
Trade and other payables	2,681,056	2,681,056	-	-	2,681,056
Provisions	<u>170,009</u>	<u>170,009</u>	<u>-</u>	<u>-</u>	<u>170,009</u>
Total	<u>36,369,439</u>	<u>5,814,198</u>	<u>13,958,353</u>	<u>51,351,489</u>	<u>71,124,600</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)
 Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

Non-derivative financial liabilities (continued)

	<u>The Group</u>				
	<u>2020</u>				
	Term to Maturity /Re-Pricing				
Carrying amount \$'000	Due Within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	Total \$'000	
Financial Liabilities					
<i>Interest bearing</i>					
Variable rate loans	189,323	159,401	35,924	-	195,325
Fixed rate loans	31,508,683	4,263,660	12,584,848	49,549,424	66,397,932
Bank overdrafts	800	800	-	-	800
Lease liabilities	207,925	63,929	113,370	66,471	243,770
<i>Non-interest bearing</i>					
Trade and other payables	2,670,663	2,670,663	-	-	2,670,663
Provisions	<u>153,827</u>	<u>153,827</u>	<u>-</u>	<u>-</u>	<u>153,827</u>
Total	<u>34,731,221</u>	<u>7,312,280</u>	<u>12,734,142</u>	<u>49,615,895</u>	<u>69,662,317</u>

	<u>The Authority</u>				
	<u>2021</u>				
	Term to Maturity /Re-Pricing				
Carrying amount \$'000	Due Within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	No Specific Repayment Term \$'000	Total \$'000
Financial Liabilities					
<i>Interest bearing</i>					
Variable rate loans	-	-	-	-	-
Fixed rate loans	33,302,844	2,856,282	13,838,299	51,336,734	68,031,315
Bank Overdraft	419	419	-	-	419
<i>Non-interest bearing</i>					
Trade and other payables	1,925,602	1,896,061	-	-	29,541
Provisions	<u>141,323</u>	<u>141,323</u>	<u>-</u>	<u>-</u>	<u>141,323</u>
Total	<u>35,370,188</u>	<u>4,894,085</u>	<u>13,838,299</u>	<u>51,336,734</u>	<u>70,098,659</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

	<u>The Authority</u>					Total \$'000
	<u>2020</u>					
	Term to Maturity /Re-Pricing					
Carrying amount \$'000	Due Within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	No Specific Repayment Term \$'000		
<i>Financial Liabilities</i>						
<i>Interest bearing</i>						
Variable rate loans	119,834	121,588	-	-	-	121,588
Fixed rate loans	31,508,683	4,263,660	12,584,848	49,542,255	-	66,390,763
Bank Overdraft	800	800	-	-	-	800
<i>Non-interest bearing</i>						
Trade and other payables	2,206,593	2,093,760	-	-	112,833	2,206,593
Provisions	<u>128,287</u>	<u>128,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,287</u>
Total	<u>33,964,197</u>	<u>6,608,095</u>	<u>12,584,848</u>	<u>49,542,255</u>	<u>112,833</u>	<u>68,848,031</u>

(d) Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base to carry out its mandate.

The Group is subject to external capital requirements (as stipulated by lenders) and capital adequacy is monitored by the Group's management on a regular basis.

The gearing ratio at the end of the reporting period is as follows:

	<u>The Group</u>		<u>The Authority</u>	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Debt	33,348,053	32,057,983	33,303,263	31,981,326
Cash and cash equivalents	<u>(6,680,326)</u>	<u>(4,685,719)</u>	<u>(2,116,242)</u>	<u>(1,250,973)</u>
Net debt	<u>26,667,727</u>	<u>27,372,264</u>	<u>31,187,021</u>	<u>30,730,353</u>
Equity	<u>46,196,218</u>	<u>40,998,526</u>	<u>37,197,567</u>	<u>32,781,087</u>
Net debt to equity ratio	<u>58%</u>	<u>67%</u>	<u>84%</u>	<u>94%</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risk management (continued)

(d) Capital risk management (continued)

The Group's strategy remains unchanged from the year ended March 31, 2021.

The capital structure of the Group consists of reserves (Note 16) and accumulated surplus.

32. Fair value of other assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques making use of available input data.

The Group uses observable data as far as possible. Fair values are categorised into different levels in a three-tier fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable.

Fair value hierarchy: The different levels in the hierarchy have been defined as follows:

Level 1: Financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3: Financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following methods and assumptions have been used:

- (i) The carrying amounts of cash and short-term deposits, trade receivables, trade payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturity of these instruments.
- (ii) The carrying amounts of other investments and financial assets included in long-term receivables are assumed to approximate fair value as their applicable interest rates are market determined.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

33. Other disclosures

Staff costs incurred during the year were:

	<u>The Group</u>		<u>The Authority</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Salaries, wages and allowances	1,492,077	1,637,549	1,130,433	1,244,740
Statutory contributions	157,818	173,214	119,711	132,418
Pension contributions	81,795	76,608	62,635	56,708
Health scheme contributions	142,259	142,136	110,424	111,459
Travelling and other	<u>199,192</u>	<u>245,668</u>	<u>145,511</u>	<u>171,594</u>
	<u>2,073,141</u>	<u>2,275,175</u>	<u>1,568,714</u>	<u>1,716,919</u>

34. Transfer to the Government of Jamaica Consolidated fund

In accordance with Regulation 6 of the Public Bodies Regulations, 2015, and the provisions of the enabling Act, the Public Bodies Management and Accountability Act, a payment of a financial distribution of \$Nil (2020: \$Nil) from retained earnings was transferred to the Government of Jamaica Consolidated Fund.

35. Impact of the Covid-19 Pandemic

The World Health Organisation (WHO) in March 2020 declared the novel coronavirus (COVID-19), as a global pandemic. To date, we continue to institute measures at our offices to safeguard our employees and protect our stakeholders. Health and safety protocols and policies have been implemented based on guidelines provided by the Ministry of Health and the information shared on an on-going basis with our employees, business partners and clients. The staff have been equipped with the necessary supplies and protective gears to prevent contagion. We have established protocols which are communicated and managed for persons accessing our premises.

In addition, in accordance with the Government of Jamaica (GOJ) Disaster Risk Management Act, we have implemented a flexi work plan, to minimise the number of employees in our premises whilst enabling a work from home strategy which allowed us to continue our business operations.

We acknowledge the global impact of the pandemic and the adverse impact on the Cruise Shipping segment of the Port Authority's operations. Arising from the pandemic there has been a shut-down of cruise activities globally since March 2020.

However, based on global cruise industry outlook, a re-start of cruise activities is expected to kick off in the 3rd quarter of 2021/22. This is based on following factors:

- In the USA, the Centres for Disease Control and Prevention (CDC) recently issued details of a conditional sail order that presents the opportunity for the American based cruise lines to restart operations.
- The major cruise market for Jamaica is the USA and the statistics show that currently approximately 50% of the USA population have been fully vaccinated, which is one of the key requirements for persons going on cruises.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

35. Impact of the Covid-19 Pandemic (continued)

- c) Discussions between the Port Authority and the Ministry of Health is far advanced in terms of the issuance of Interim Guidelines to facilitate the restart of cruise shipping in Jamaica.
- d) Cruise passenger bookings for the Jamaican cruise ports as per our Vessel Booking System (VBS) for the 3rd quarter is 665,500 passengers and crew.
- e) The cruise assets are deemed fully operational and maintained in line with the scheduled maintenance programs, with no indication of significant deterioration for the period under review.

In view of the factors outlined above, we have assessed that although there have been no activities in the cruise shipping segment since March 2020, the cruise assets are not impaired and hence no impairment provision is considered necessary.

However, we continue to monitor the situation as the pandemic continues to cause economic uncertainty both globally and islandwide.

36. Correction of Errors

- a) Long-term employee benefits:

During 2021, the Authority noted that the results of a judgement handed down on March 29, 2019 for long-term employment benefits for certain executives were not accounted for in the financial statements. The required adjustments have now been accounted for retrospectively at the start of the earliest reporting period being April 1, 2018.

- b) Investment properties

During 2021, the Group and the Authority changed the method used to determine the fair value of investment property for certain properties. The fair value for these properties were previously determined using the replacement cost approach, however, this method was changed to the income approach to align with the requirements of IFRS 13 *Fair Value Measurement*.

These errors have been corrected by restating each of the affected financial statement line items for prior periods. The following table summarises the impacts on the Group's and Authority's financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

36. Correction of Error (continued)

a) Statement of Financial Position at March 31, 2020

	The Group			The Authority				
	Notes	2020	2020	2020	2020	2020		
		As previously reported \$'000	Adjustments \$'000	As restated \$'000	As previously reported \$'000	Adjustments \$'000	As restated \$'000	
ASSETS								
Investment properties	(ii)	22,188,426	4,041,274	26,229,700	(ii)	19,416,926	3,333,074	22,750,000
Total other non-current assets		44,952,664	-	44,952,664		44,144,623	-	44,144,623
Trade and other receivables	(i)	2,187,265	(58,580)	2,128,685	(i)	784,400	(58,580)	725,820
Total other current assets		4,777,197		4,777,197		1,342,451	-	1,342,451
Total assets		74,105,552	3,982,694	78,088,246		65,688,400	3,274,494	68,962,894
EQUITIES AND LIABILITIES								
Reserves		6,481,080	-	6,481,080		6,475,087	-	6,475,087
Retained earnings	(i),(ii)	27,849,366	3,647,589	31,496,955	(i),(ii)	23,168,315	3,137,685	26,306,000
		34,330,446	3,647,589	37,978,035		29,643,402	3,137,685	32,781,087
Non-controlling interests	(ii)	2,822,195	198,296	3,020,491		-	-	-
Total equity		37,152,61	3,845,885	40,998,526		29,643,402	3,137,685	32,781,087
Non-current liabilities								
Retirement benefit liabilities	(i)	623,770	130,264	754,034	(i)	564,448	130,264	694,712
Others		30,718,338	-	30,718,838		30,524,370	-	30,524,370
		31,342,108	130,264	31,472,372		31,088,818	130,264	31,219,082
Trade and other payables	(i)	2,737,002	6,545	2,743,547	(i)	2,206,593	6,545	2,213,138
Total other current liabilities		2,873,801	-	2,873,801		2,749,587	-	2,749,587
		5,610,803	6,545	5,617,348		4,956,180	6,545	4,962,725
Total equity and liabilities		74,105,552	3,982,694	78,088,246		65,688,400	3,274,494	68,962,894

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

36. Correction of Error (continued)

b) Statement of Financial Position at March 31, 2019

	The Group			The Authority				
	Notes	2019 As previously reported \$'000	Adjustments \$'000	2019 As restated \$'000	Notes	2019 As previously reported \$'000	Adjustments \$'000	2019 As restated \$'000
ASSETS								
Investment properties	(ii)	20,078,654	3,363,646	23,442,300	(ii)	17,487,254	2,156,646	19,643,900
Total other non-current assets		42,084,395	-	65,526,695		41,556,650	-	41,556,650
Trade and other receivables	(i)	2,764,607	(2,568)	2,762,039	(i)	1,197,876	(2,568)	1,195,308
Total other current assets		7,379,051	-	7,379,051		4,942,454	-	4,942,454
Total assets		<u>72,306,707</u>	<u>3,361,078</u>	<u>75,667,785</u>		<u>65,184,234</u>	<u>2,154,078</u>	<u>67,338,312</u>
EQUITIES AND LIABILITIES								
Reserves		6,798,821	-	6,798,821		6,792,828	-	6,792,828
Retained earnings	(i),(ii)	25,056,088	3,025,686	27,916,625	(i),(ii)	21,074,747	1,991,497	23,066,244
		31,854,909	3,025,686	34,715,446		27,867,575	1,991,497	29,859,072
Non-controlling interests	(ii)	2,390,146	337,960	2,728,106		-	-	-
Total equity		<u>34,245,055</u>	<u>3,363,646</u>	<u>37,443,552</u>		<u>27,867,575</u>	<u>1,991,497</u>	<u>29,859,072</u>
Non-current liabilities								
Retirement benefit liability	(i)	610,979	162,581	773,560		549,202	162,581	711,783
Others		29,368,700	-	29,368,700		29,294,187	-	29,294,187
		29,979,679	162,581	30,142,260		29,843,389	162,581	30,005,970
Total current liabilities		<u>8,081,973</u>	<u>-</u>	<u>8,081,973</u>		<u>7,473,270</u>	<u>-</u>	<u>7,473,270</u>
Total equity and liabilities		<u>72,306,707</u>	<u>3,361,078</u>	<u>75,667,785</u>		<u>65,184,234</u>	<u>2,154,078</u>	<u>67,338,312</u>

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

36. Correction of Error (continued)

c) Impact of correction of errors on the Statement of Profit and Loss and Other Comprehensive Income for the year ended March 31, 2020

	Notes	The Group			The Authority		
		2020 As previously reported \$'000	Adjustments \$'000	2020 As restated \$'000	2020 As previously reported \$'000	Adjustments \$'000	2020 As restated \$'000
Revenue		13,060,381	-	13,060,381	9,846,748	-	9,846,748
Expenses:							
Direct operating		(4,757,546)	-	(4,757,546)	(3,301,478)	-	(3,301,478)
Administrative	(i)	(2,792,683)	(25,372)	(2,818,055)	(1,973,581)	(25,372)	(1,198,953)
Others		-	-	-	(2,183,241)	-	(2,183,241)
		<u>7,550,229</u>	<u>(25,372)</u>	<u>7,575,601</u>	<u>(7,458,300)</u>	<u>(25,372)</u>	<u>(7,483,672)</u>
Share of associated companies' results		41,000		41,000			
Interest income		123,633		123,633			
Other gains/(losses)	(ii)	(306,269)	677,628	371,359	(588,918)	1,176,428	587,510
Other expenses		(2,262,972)	-	(2,262,972)	-	-	-
PROFIT BEFORE TAXATION	(i)	3,105,544	652,256	3,757,800	1,799,530	1,151,056	2,950,586
Taxation		(181,819)	-	(181,819)	-	-	-
PROFIT AFTER TAXATION		<u>2,923,725</u>	<u>652,256</u>	<u>3,575,981</u>	<u>1,799,530</u>	<u>1,151,056</u>	<u>2,950,586</u>
Items that will not be reclassified to profit or loss							
Remeasurement losses on retirement benefit plans, net of related tax being other comprehensive loss for the year	(i)	(16,139)	(4,868)	(21,007)	(23,703)	(4,868)	(28,571)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,907,586</u>	<u>647,388</u>	<u>3,554,974</u>	<u>1,775,827</u>	<u>1,146,188</u>	<u>2,922,015</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO:							
The Authority	(i)	1,799,530	1,151,056	2,950,586			
Subsidiaries	(i)	692,146	(359,136)	333,010			
Non-controlling interests	(ii)	<u>432,049</u>	<u>(139,664)</u>	<u>292,385</u>			
		<u>2,923,725</u>	<u>652,256</u>	<u>3,575,981</u>			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:							
The Authority	(i)	1,775,827	1,146,188	2,922,015			
Subsidiaries	(i)	699,710	(359,136)	340,574			
Non-controlling interests	(ii)	<u>432,049</u>	<u>(139,664)</u>	<u>292,385</u>			
		<u>2,907,586</u>	<u>647,388</u>	<u>3,554,974</u>			

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

36. Correction of Error (continued)

(d) Effect on statement of cash flow for the year ended March 31, 2020:

	The Group			The Authority			
	Notes	2020	2020	2020	2020	2020	
		As previously reported \$'000	Adjustments \$'000	As restated \$'000	As previously reported \$'000	Adjustments \$'000	As restated \$'000
Cash flows from operating activities:							
Net profit for the year:		2,923,725	652,256	3,575,981	1,799,530	1,151,056	2,950,586
Adjustments for:							
Increase in fair value of investment							
properties	6	(921,515)	(677,628)	(1,599,143)	(741,415)	(1,176,428)	(1,917,843)
Retirement benefit expense	11(d)	66,848	18,108	84,956	59,217	18,108	77,325
(Increase)/decrease in operating							
assets:							
Trade receivables		305,865	56,012	361,877	248,289	56,012	304,301
(Increase)/decrease in operating							
liabilities:							
Trade payable and accruals		(1,099,884)	6,545	(1,093,339)	(1,162,169)	6,545	(1,155,624)
Retirement benefit contributions	11(e)	(28,072)	(55,293)	(83,265)	(28,072)	(55,293)	(83,365)
Others		3,891,285	-	3,891,285	3,627,561	-	3,627,561
Net cash provided by operations		5,138,252	-	5,138,252	3,802,941	-	3,802,941
Net cash used in investing activities		(5,399,965)	-	(5,399,965)	(5,326,679)	-	(5,326,679)
Net cash used in financing activities		(2,271,029)	-	(2,271,029)	(2,160,164)	-	(2,160,164)
Net increase/(decrease) in cash		(2,532,742)	-	(2,532,742)	(3,683,902)	-	(3,683,902)
Cash and cash equivalents at							
beginning of the year		7,299,260	-	7,299,260	4,862,985	-	4,862,985
Effect of foreign exchange rate							
changes		(81,599)	-	(81,599)	71,090	-	71,090
Cash and cash equivalents at							
end of year		4,684,919	-	4,684,919	1,250,173	-	1,250,173

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)

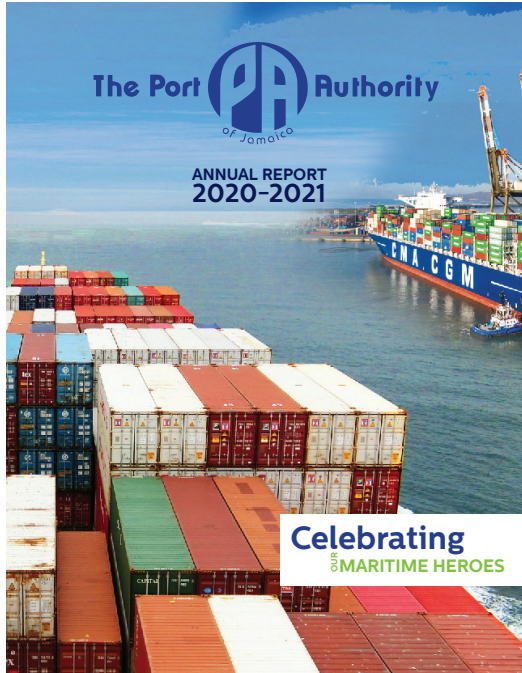
Year ended March 31, 2021

(Expressed in Jamaica dollars unless otherwise indicated)

36. Correction of Error (continued)

Notes

- (i) Adjustments resulting from actuarial remeasurements for other post-retirement benefit liability relating to ex-gratia payments for certain executives of the Authority, now recorded in the Authority and Group.
- (ii) Adjustments were in relation to fair value change attributable to change in method of valuation



Corporate Data

The Port Authority of Jamaica
15 -17 Duke Street, Kingston
Tel: (876) 922-0290
Fax: (876) 948-3575
Email: paj@portjam.com
Website: www.portjam.com

Concept & Creative Direction

The Corporate Planning Department
The Port Authority of Jamaica

Design & Layout

Dzinology
Dzinology.com

Auditors

KPMG



@PortAuthorityJa