



50<sup>th</sup>  
Anniversary  
1972-2022



# 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:



# What's **INSIDE**

## **CORPORATE**

- 6 Corporate Profile
- 7 Our Business in Brief
- 11 The PAJ Group
- 12 Our Maritime Facilities

## **BUSINESS PERFORMANCE**

- 15 Summary of 5-Year Performance
- 16 Chairman's Statement
- 18 President & CEO's Statement





## ACCOUNTABILITY

- 22 Board of Directors
- 25 Directors & Corporate Data
- 26 Corporate Governance
- 38 Executive Organizational Structure
- 40 Senior Executive Management Team
- 42 A Look Back at Business Highlights
- 44 Management Team
- 45 Management Discussion & Analysis
- 56 Human Resources & Administration

## FINANCIAL

- 58 Environmental, Social and Governance
- 63 Group Financial Review
- 69 Directors' Compensation
- 70 Executive Emoluments
- 72 Financial Statements

The Port  Authority

**50<sup>th</sup>**  
*Anniversary*

**50<sup>th</sup>**



# 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 sets wharfage and facility fees for 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 hearings.

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

# Our Business in Brief

The Authority operates and generates revenues from key business segments mainly cargo, cruise, leases from Special Economic Zone and Logistics properties and statutory fees. The Authority is committed to supporting the Government of Jamaica (GOJ) in achieving its Vision 2030 goals and as such PAJ's operations are tailored to bring economic growth and development across all its business segments.

## Cargo

Cargo activity is the main segment of PAJ's operations. Over the last fiscal year, cargo operations generated approximately 29% of total revenues. The Authority regulates the operations of 17 cargo ports across Jamaica, including 14 private ports that handle bulk and liquid cargo such as bauxite, petroleum/ fuel, aggregates, steel, cement, and other raw materials and three public ports that handle domestic and transshipment cargo. Two of these ports are owned by the PAJ:



### 1. The Kingston Container Terminal (KCT)

Since July 1, 2016 KCT is operated by Kingston Freeport Terminal Limited (KFTL), a subsidiary of the CMA CGM Group by way of a 30 year Build Operate Transfer (BOT) Concession Agreement (CA). Based on the CA, PAJ earns revenue from the annual concession fees which have a fixed portion and a variable portion based on the gross revenues earned by KFTL.

### 2. The Port of Montego Bay

A multi-use port that handles cargo including petroleum and Liquefied Natural Gas as well as cruise passengers. It is managed by Port Handlers Limited (PHL) through a management agreement. The PAJ maintains responsibility for the development and investments in equipment and computer systems while PHL manages the daily operations. PHL is paid a management fee in accordance with the management agreement.





## Cruise

PAJ is responsible for the development, operations and maintenance of cruise ports across the island. There are 5 cruise port facilities which include: Port of Montego Bay, Historic Port of Falmouth, Port of Ocho Rios, Ken Wright Pier and the adjoining Errol Flynn Marina in Port Antonio, Portland, and the recently constructed (2020), 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 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 segment is responsible for ensuring the safe passage and navigation of all vessels in and out of Jamaica’s waters. The services provided by this business segment include the maintenance of:

- The harbour and navigational aids such as buoys, beacons and lighthouse.
- Equipment and motor vessels that are used to support the activities of the ports.

Additionally, the segment manages:

- The tug service which is currently operated by a private entity, Ocean J. Towing Limited, by way of a 15-year Concession Agreement.
- The marine pilot services.

These operations are extended island wide at Jamaica’s 22 port facilities comprising: 5 cruise ports, 14 private cargo ports (sufferance wharves) and 3 public cargo ports.

## Special Economic Zone and Logistics Investments

The PAJ is involved in the development and investment in Special Economic Zones (SEZ) and logistics facilities. The PAJ owns approximately 1.8 million sq. ft. of building space across Jamaica which is managed by its 3 SEZ Subsidiaries licensed under the Jamaica Special Economic Zone Act. One of the subsidiaries is the Montego Bay Special Economic Zone (MBSEZ) which manages over 651,000 sq. ft. of building space including 238,000 sq. ft. on behalf of the Factories Corporation of Jamaica Ltd. The subsidiaries lease the properties to clients who are in the Business Process Outsourcing (BPO) sector and provide real estate management services to the clients. The BPO industry remains a major source of employment and income for many Jamaicans. Through investments in this sector, PAJ plays an integral role in fulfilling the GOJ's economic growth agenda and job creation.

Additionally, increasing cargo throughput at Jamaica's seaports remains integral to the strategy of the Authority. The Logistics industry will increase throughput for the Port of Kingston leading to development and economic growth for Jamaica. During the year, the PAJ officially opened the modern 200,000 square feet warehouse facility on land it owns adjacent to the KCT. Furthermore, the Authority has earmarked approximately 80 hectares of land conveniently located beside KCT that are eminently suitable for providing a wide range of logistics activities for local and offshore markets. In addition, the Prime Minister of Jamaica has directed that the PAJ undertake establishment of the Caymanas Special Economic Zone (CSEZ). This initiative will leverage Jamaica's strategic and geographical location to position Jamaica as a global leader in cargo transshipment and logistics services. The CSEZ comprises approximately 650 acres of land which is near the Port of Kingston and linked to the 2 major highways (North and South) in Jamaica.

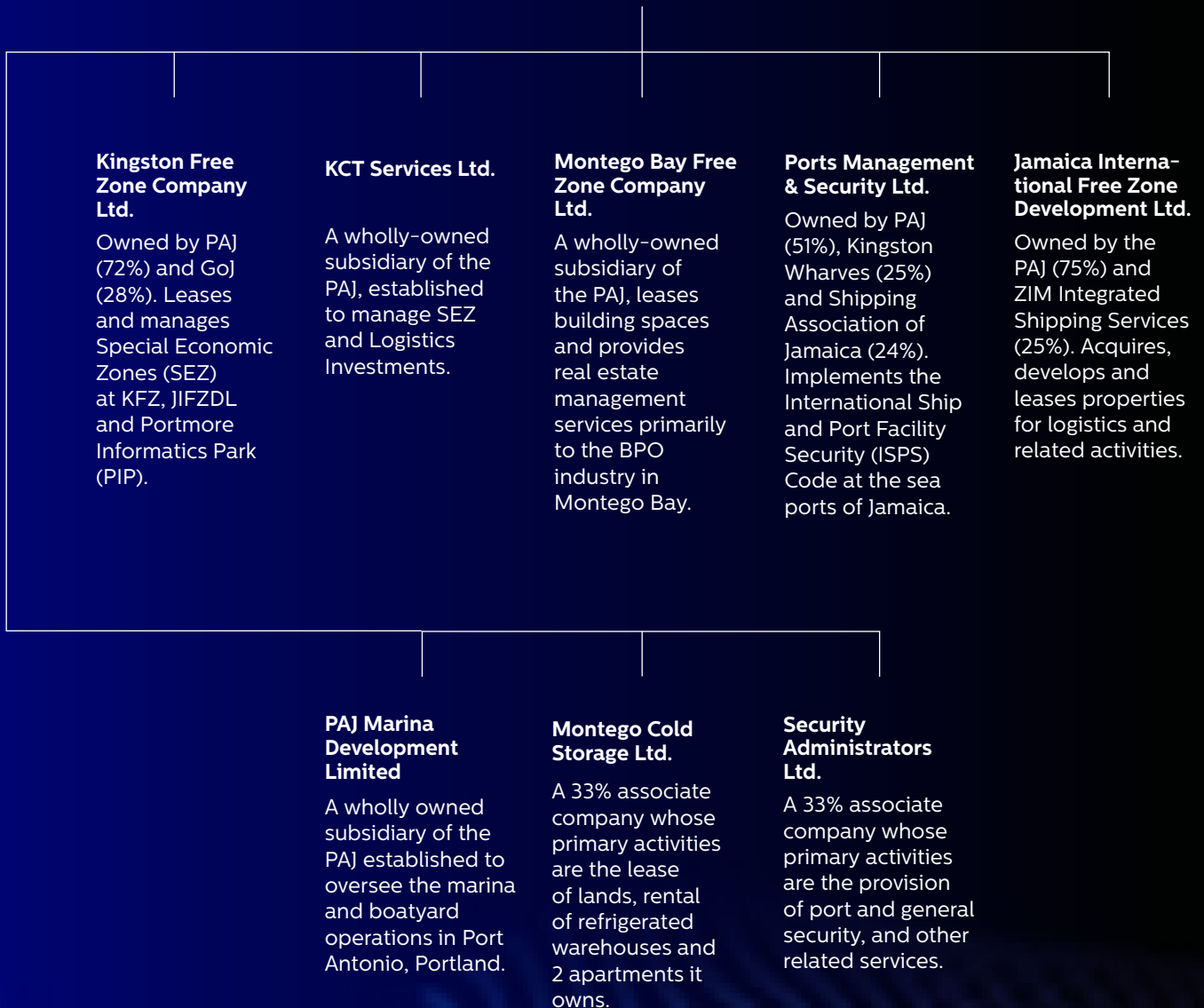




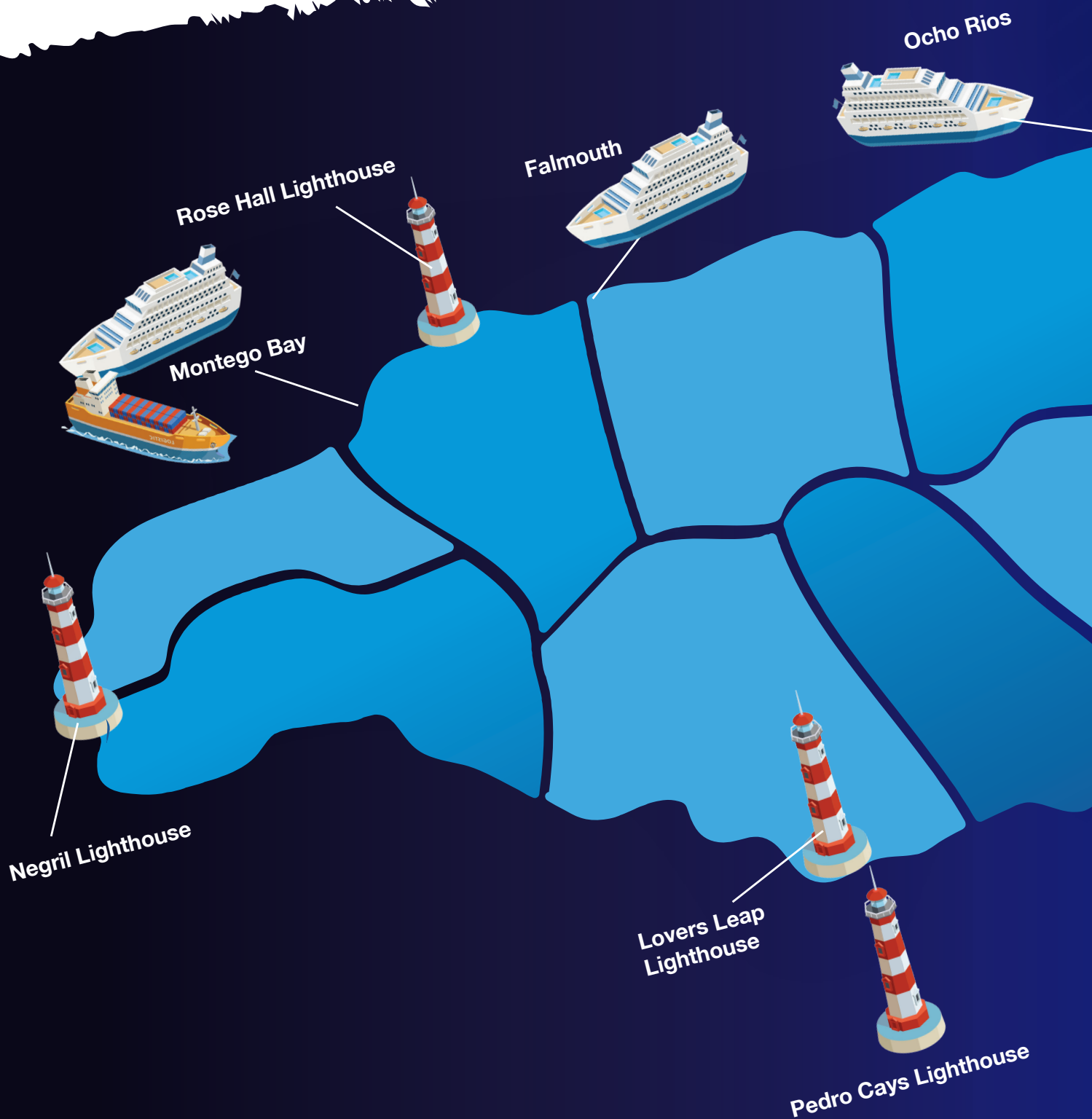
## Security

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.

# The PAJ Group Subsidiaries & Associates



# Our Maritime Facilities





Galina Point Lighthouse

Folly Point Lighthouse

Port Antonio

Morant Point Lighthouse

Plumb Point Lighthouse

Morant Cays Lighthouse

Kingston

Port Royal

Portland Point Lighthouse

**KEY**



**Cruise Ports**

13

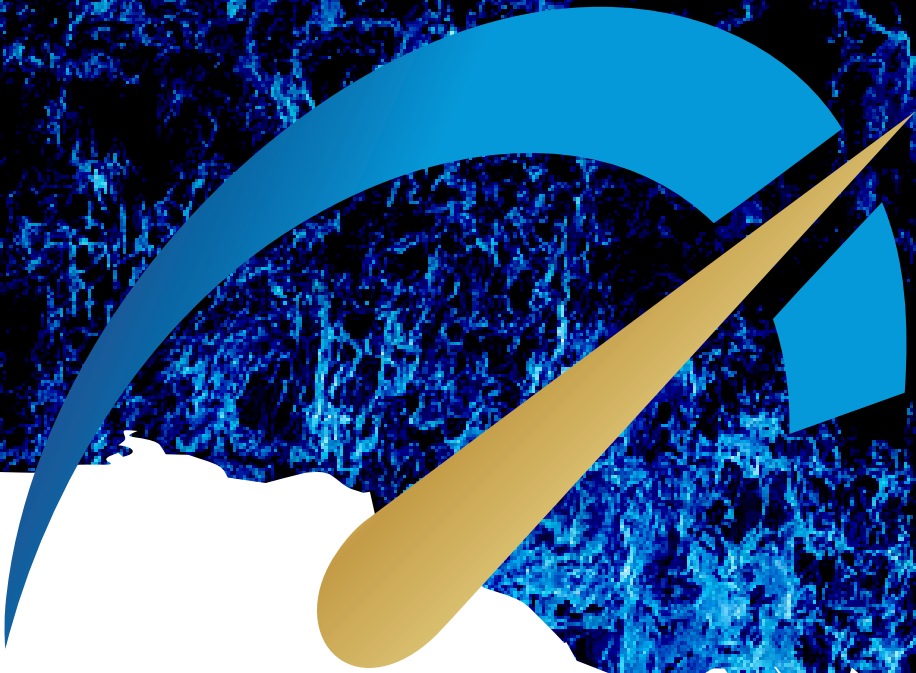


**Cargo Ports**



**Lighthouses**

50<sup>th</sup>



# Business Performance

50<sup>th</sup>

# 5-Year Performance Summary



	2022/23	2021/22	2020/21	2019/20	2018/19
<b>OPERATING REVENUES (J\$M)</b>					
Cargo	4,716	4,408	3,610	3,540	3,412
Cruise	3,032	407	-	2,790	3,618
Wharfage	817	647	700	844	795
Marine	1,547	1,242	1,090	1,330	1,620
Land, Building & Equipment Lease	2,277	1,883	1,250	1,360	1,273
Security Fees	3,369	3,169	2,730	2,930	2,787
Other	650	285	214	266	230
<b>Total</b>	<b>16,408</b>	<b>12,041</b>	<b>9,594</b>	<b>13,060</b>	<b>13,735</b>



<b>CARGO VOLUMES BY MAJOR PORTS OF CALL (METRIC TONNES)</b>					
Port of Kingston - Transshipment	14,957,734	15,226,483	12,191,692	11,444,579	12,994,433
Port of Kingston - Domestic	6,107,634	6,061,415	5,561,791	6,149,184	6,263,930
Port of Montego Bay	913,910	690,613	575,365	821,393	820,254
Other Outports	5,207,125	5,522,886	7,125,203	7,934,589	10,550,183
<b>Total</b>	<b>27,186,403</b>	<b>27,501,397</b>	<b>25,454,051</b>	<b>26,349,745</b>	<b>30,628,800</b>



<b>CONTAINER TRAFFIC (MOVES)</b>					
Transshipment	1,034,219	1,022,054	875,060	816,315	897,328
Domestic	202,523	189,677	173,285	195,692	197,016
Other	27,287	29,571	19,669	16,888	23,208
<b>Total</b>	<b>1,264,029</b>	<b>1,241,302</b>	<b>1,068,014</b>	<b>1,028,895</b>	<b>1,117,552</b>



<b>CRUISE PASSENGER ARRIVALS</b>					
Ocho Rios	450,042	96,451	nil	599,911	595,152
Falmouth	538,412	53,151	nil	457,945	675,236
Montego Bay	201,821	12,871	nil	270,734	498,189
Port Antonio & Kingston	2,731	1720	nil	5,353	1,725
<b>Total</b>	<b>1,193,006</b>	<b>164,193</b>	<b>nil (Note 1)</b>	<b>1,333,943</b>	<b>1,770,302</b>



<b>VESSEL CALLS</b>					
Cruise Vessels	381	116	nil (Note 1)	411	525
Cargo Vessels	2,928	2,952		2,694	2,913
Other Vessels	-	-		159	251
<b>Total</b>	<b>3,309</b>	<b>3,068</b>	<b>3,009</b>	<b>3,264</b>	<b>3,689</b>

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 years 2022 – 2023 are of great importance for the PAJ, especially having surpassed the milestone of 50 + 1 years of operations, as the principal maritime agency of Jamaica. The PAJ Board and Management, past and present, are proud to have contributed to the development of a world-class maritime sector for Jamaica, in supporting and facilitating trade and economic growth in Jamaica's industries.

Jamaica's maritime facilities are best in class and rivaled within the global cruise and cargo port facilities. These achievements are supported by the many cruise awards and recognition received over the years.

In 2020, the United Nations Conference on Trade and Development (UNCTAD) declared that there were 939 container ports in the world that received regular liner shipping services. Most recently in Lloyds 2022 global port listing, Kingston Freeport Terminal Limited (KFTL) was placed 8th in the top 100 ports for recording the highest increases in 2021 throughput, at 22.9% increase, and landed in 93rd position overall.

The continued investments in the port by the Concessionaire, Kingston Freeport Terminal Limited, with the acquisition of new terminal handling equipment valued at \$US20M, has positioned the marine segment for continued growth and expansion in the upcoming year.



The current trajectory is expected to be maintained, and the terminal will have greater improvement in ranking. Further, being 93rd in the Top 100 global Ports will make the Port of Kingston more visible to the global market.

Over the years, the PAJ has been deliberate in supporting the GOJ's economic growth policies. This included investing in real estate with purpose-built facilities in Special Economic Zones and service sectors, in particularly the Business Process Outsourcing sector which contributes to the employment of over 60,000 jobs.

Despite the global economic and political challenges, the PAJ is committed in executing its development mandate, being cognizant of and managing business and market risks. For all its key projects, construction documentation and technical due diligence, are far advanced including engagement of consultants. This includes the Port Antonio Master Plan, Caymans Special Economic Zone, 12 Acre development and the Southern Cross Boulevard in Montego Bay and the Falmouth 50 acres.

A new pilot boat was acquired and commissioned during the year, which will enhance the reliability and safety of the port services. Review and amendment of the PAJ Act and other policies and legal framework advanced through the relevant process and government agencies. The goal is to make them more relevant and in line with the global best practice.

The PAJ Group delivered a strong financial performance for the financial year ended March 31, 2023. The PAJ Group Total Assets was valued at \$96.36 billion, an increase of \$5.17 billion or 5.7 % over the prior year \$91.19 billion.

Total revenue of \$16.40 billion grew by \$4.36 billion or 36.2%. The growth was driven by cargo and cruise segments which generated \$7.74 billion or 47% of total revenues and revaluation gains on investment properties. Net profit for the year after taxes was \$7.63 billion, an increase of \$998.65 million or 15% over 2022 which recorded profits of \$6.64 billion. This result also surpassed the 2022/2023 budgeted profit of \$3.62 billion by \$4.01 billion or 111%.

The achievement of the PAJ over the years and continued success, is only possible, thanks to our management and staff's daily commitment in the execution of the Group's strategy.

Thanks to my fellow board members for their unwavering support and dedication, as we continue to foster nation building and expand Jamaica's maritime and related industries.

  
Alok Jain  
Chairman, CD



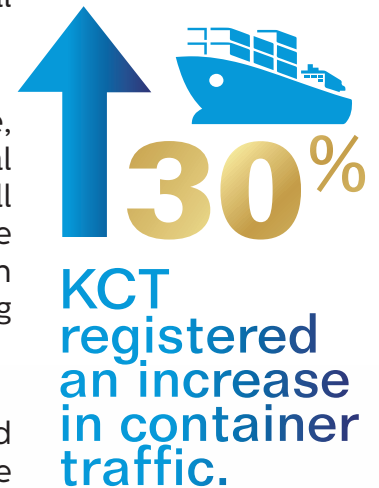
## President & CEO's Statement

Dear valued Stakeholders,

I am honored to address you as the President and CEO of the Port Authority of Jamaica. It is with great pride that I lead an organization that plays a vital role in the economic development of our nation. The Port Authority of Jamaica continues to effectively execute its mandate as developers of the ports by ensuring that they remain efficient and competitive in the global market.

We operate in a constantly changing global business climate, and despite the challenges of the global economic and political conditions, we have continued to achieve success across all business segments. Our staff members have been the backbone of this success, and I want to express my sincere appreciation for their hard work and dedication as we work towards achieving our strategic goals.

Over the last financial year, through investment by our partner and Concessionaire, the Kingston Freeport Terminal Limited, there have been significant strides in improving the infrastructure and operations of the Kingston Container Terminal. With investment in modern equipment and technology to improve operating efficiency, we have implemented new processes and procedures to enhance our customer service.



As a result of these efforts, the port has become more attractive to both local and international investors, and we have seen an increase in cargo traffic, with the port handling \$115,725 containers move, the highest ever in the history of the port. Our cruise ship arrivals and passenger numbers have improved. This has not only translated to increased revenue to PAJ, but economic benefits to Jamaica and created job opportunities for our citizens.

The PAJ is committed to continuous improvement and innovation to ensure that our ports remain at the forefront of the industry. We will continue to explore new partnerships and collaborations to drive growth and development in the sector.

We are strongly committed to sustainable development and environmental stewardship. We recognize that our operations have an impact on the environment, and we have taken steps to minimize this impact by implementing environmentally friendly practices and promoting and supporting sustainable development initiatives.

## Financial Results

Total	2022/23 (J\$)	2021/22 (J\$)	% Change
Revenue	16.4 billion	12.04 billion	36.2
Expenses	9.29 billion	8.41 billion	10.5
Profit	7.63 billion	6.64 billion	15

The main factors that contributed to the outcomes included:

### Cargo

Investments across our cargo ports, through channel dredging, upgrades in infrastructure, technology and the acquisition of new terminal operating equipment have increased operating efficiency and capability to handle the larger vessels and increased cargo throughput.

Despite signs of falling demand globally, Jamaica’s ports processed approximately 27.2 million metric tonnes, which was on par with performance from previous years. The Kingston Container Terminal saw a 30% rise in container traffic over the course of the year.

The recent procurement of 3 pallet scanners has improved our cargo handling efficiency, reducing the time it takes to process shipments and improving our customers’ experience.





**1.2M**  
**Tourists**



## Cruise

Our cruise performance shows strong signs for rebound. Across our five cruise ports, approximately 1.2 million passengers were welcomed. This is an indication that the industry's recovery is far advanced and expected to return to pre-pandemic levels in the upcoming year. We are proud to have received numerous awards recognizing our excellence in this area. The PAJ remains committed to enhancing our cruise offerings and expanding our capacity to ensure that Jamaica remains a top destination for cruise travelers.

## Harbours and Marine Services

The PAJ has invested in modernizing our fleet with new service vessels. The purchase of a new utility vessel, Jamaica III, in the previous financial year was supplemented by the purchase of a new pilot boat during the year. These acquisitions have improved our ability to safely navigate larger vessels arriving in our ports, ensuring a safe and efficient arrival process. We will continue to invest in our fleet and training of our crew members to ensure that we maintain the highest standards of safety and efficiency.

## Special Economic Zones

The PAJ is committed to developing our ports and related industries to support Jamaica's economic growth. The Port Antonio Master Plan and the Caymanas Special Economic Zone Development are two significant capital projects that will create new economic opportunities and support the growth of our local communities. Both projects are in their early stages, but these initiatives are aimed at attracting investments, job creation and promote economic development in Jamaica.

## Outlook

As we look to the future, I am confident that the Port Authority of Jamaica will continue to drive growth and development in our ports. We will continue to invest in our infrastructure, technology, and people to ensure that we remain competitive in the global market.

We are aware of the economic and political climate, but we are committed to overcoming them through collaboration, innovation, and hard work. We will work closely with our stakeholders to ensure that our ports remain efficient, safe, and environmentally sustainable.

Our vision is to be the leading port authority in the Caribbean, and we are well on our way to achieving this goal. We have made significant progress in recent years, and we will continue to build on these achievements to deliver world-class services to our customers.

I would like to take this opportunity to thank the Ministry of Economic Growth and Job Creation, Board Members, employees, customers, partners, and stakeholders for their continued support and dedication to the Port Authority of Jamaica. Together, we will continue to drive growth and development in our ports and contribute to the economic prosperity of our nation.

Sincerely,



Prof. The Hon. Gordon Shirley, OJ  
President and CEO

# Board of Directors



**Alok Jain, <sup>ceo</sup>**

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. The Hon. Gordon Shirley, <sup>o1</sup>**

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. Dr. Brown pursued her undergraduate studies at the UWI Faculty of Law, Cave Hill Barbados and subsequently attended the Norman Manley Law School, Jamaica. She pursued post-graduate studies in International Law at Cambridge University, England and doctoral studies at Osgoode Hall Law School, York University, Canada.

**Mr. Jerome Smalling**

Chief Position: CEO, JMMB (Jamaica) Limited and Group Banking Lead with oversight of banking business across the JMMB Group. 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 an EMBA from the University of the West Indies, Mona. Mr Gabbidon is also a FAA certified commercial Pilot.

**Mr. Mark Hart, CD, 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

# External Committee Members

(Audit and Risk Committee)

(Finance, Audit and Risk Committee)

(Audit and Risk Committee)



**Mr. Alston Douglas, OD, JP**

**Mr. Wayne McKenzie, OD**

**Mr. Donald Patterson**

**Ms. Roxann Linton**

**Mr. Mark Tracey**

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.

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.

## Other Co-opted Members:

(Pilotage Committee)

- Mr. Cyprian Fuller
- Mr. Jomo King
- Mr. Jeremy Delisser

# Directors & Corporate Data

## Directors

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

## Corporate Head Office

Prof. the Hon. Gordon Shirley, OJ  
President & Chief Executive Officer

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

## 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

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

Mr. Gary Lawrence  
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  
Manager: Ms. Glenice Leachman, AVP,  
Operations and Customer Relations

### Jamaica International Free Zone Development Limited

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

### Montego Bay Free Zone Company Limited

Chairman: Mr. Mark Hart, CD, JP  
Manager: Ms. Gloria Henry, VP, BPO & Logistics

### Ports Management and Security Limited

Chairman: Mr. Alston Douglas, OD, JP  
Chief Operating Officer: Lt. Col. Kirk Johnson

### PAJ Marina Development Limited

Chairman: Mr. Mark Hart, CD, JP

# Corporate Governance Report

## Governing Body

In accordance with the Port Authority Act, 1972, the Board is the primary decision-making body of the Port Authority and is responsible to ensure compliance with the Public Bodies Management Accountability Act and other applicable legislation and Government of Jamaica policies. It has collective responsibility for the strategic management and oversight of the Port Authority and serves as the focal point for Corporate Governance.

The Board applies the policies set by the Government of Jamaica and the principles of the Corporate Governance Framework for public bodies. The Corporate Governance Committee exercises a review function in assisting the Board in fulfilling its oversight responsibility. There is a standing item on all agendas which facilitates discussion on corporate governance matters at every board meeting.

The Board also operates in accordance with the Port Authority Act and other applicable laws and regulations.

## COMPOSITION, FUNCTIONS AND STRUCTURE

### Composition

The Board which consisted of ten (10) members, being the maximum number stipulated by the Port Authority Act, 1972, was appointed on October 12, 2020, for a period of three years, by the Minister responsible for economic growth and job creation, i.e., the Most Honourable Prime Minister, and approved by Cabinet.

The Members of the Board are:

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

The roles of the Chairman and the Chief Executive Officer are separated with clear division of responsibilities. Nine (9) Members of the Board, including the Chairman are Non-Executive Members.

The Chairman leads the Board in a manner that ensures the effective involvement and contribution of all members. He facilitates constructive board relations and ensures that board meetings are underpinned by a culture of openness with sufficient time to discuss issues.

## Diversity and Competency

The Port Authority is led by a strong and experienced Board of Directors which brings a depth and diversity of expertise to the leadership of the organization. The Board sets the tone at the top for ethical behaviour and promotes adherence to core value through its attitudes and behaviours within the Boardroom and across the entity. The Board ensures that conflicts of interest are identified and managed transparently and appropriately.

The Board collectively has the right mix of skills, competencies, experience and diversity to enable the entity to achieve its purpose and strategy efficiently and effectively as shown in the table below.

Table 1: Competency Profile of Board Members

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, CD	●	●	○	○	○	○	○	○
Dr. Kathy-Ann Brown	○	○	●	●	○	●	○	○
Mr. Alston Douglas, OD, JP	○	○	○	○	○	○	○	●
Mr. Edward Gabbidon	●	○	○	○	○	○	○	○
Mr. Mark Hart, CD, JP	●	●	○	○	○	○	○	○
Mr. Wayne McKenzie, OD	●	●	○	○	○	○	○	●
Mrs. Velma Ricketts-Walker, JP	●	●	○	●	●	●	○	○
Prof. Gordon Shirley, OJ	●	●	○	●	○	●	●	●
Mr. Lyttleton Shirley, CD, JP	●	○	●	●	○	○	○	●
Mr. Jerome Smalling	●	●	●	○	○	○	○	○

## STRUCTURE

### Board

The Board's main function is to promote the long-term sustainable success of the Authority for the benefit of stakeholders, while also creating value and contributing to the wider society. It focuses on strategic issues, evaluating the strategy's appropriateness in light of the Authority's mission, vision and values and makes adjustments as required.

## Committees

The Board is supported by five (5) active committees to facilitate further oversight assistance to the Board in performing its duties. These are:

1. Audit and Risk Committee
2. Corporate Governance Committee
3. Finance Committee
4. Pilotage Committee
5. Projects Committee

The Board gave approval for the establishment of the Board Procurement Committee. This Committee membership has not yet been named.

Membership of the Committees comprised the following:

COMMITTEE	MEMBERS
Audit and Risk Committee	Mr. Edward Gabbidon, Chairman Mrs. Velma Ricketts-Walker, JP Mr. Alston Douglas, OD, JP Mr. Mark Tracey, JP – Co-opted Member Ms. Roxann Linton – Co-opted Member Mr. Donald Patterson – Co-opted Member
Corporate Governance Committee	Dr. Kathy-Ann Brown, Chairperson Mr. Edward Gabbidon Mr. Wayne McKenzie, OD
Finance Committee	Mr. Jerome Smalling, Chairman Mr. Mark Hart, CD, JP Ms. Roxann Linton – Co-opted Member
Pilotage Committee	Mr. Alston Douglas, OD, JP, Chairman Dr. Kathy-Ann Brown Snr. Pilot Cyprian Fuller – Co-opted Member Snr. Pilot Jeremy Delisser – Co-opted Member Snr. Pilot Jomo King – Co-opted Member
Projects Committee	Mr. Lyttleton Shirley, CD, JP, Chairman Mr. Edward Gabbidon Mr. Alston Douglas, OD, JP Mr. Wayne McKenzie, OD

COMMITTEE	MEMBERS
Procurement Committee	To be determined

Additionally, in accordance with the provisions of the Public Bodies Management and Accountability Act, Mr. Donald Patterson, Public Accountant (retired) was engaged to provide advice to the Audit and Risk Committee. His tenure of engagement came to an end on January 31, 2023.

COMMITTEE	MEETING FREQUENCY
Audit and Risk Committee	Quarterly
Corporate Governance Committee	Quarterly
Finance Committee	Monthly
Pilotage Committee	Quarterly
Projects Committee	Monthly

The committees functioned in accordance with their Terms of Reference which have been established and agreed. The committees meet as follows:

## BOARD EVALUATION

The Board commenced an evaluation exercise in October 2022 which was concluded in December 2022. The Evaluation was conducted by Consultant Mrs. Cecile Watson of ShredWIZ Limited. The final report was presented to the Board in December 2022. The Evaluation Report noted the ten dimensions of good board governance. These are:

1. Board Roles and Relationships;
2. Board Composition;
3. Ethics and Culture;
4. Strategy and Performance;
5. Audit and Internal Controls;
6. Risk and Compliance Management;
7. CEO Appointment and Performance;
8. Financial Governance;
9. Board Provisions;
10. Stakeholder Empowerment.

The results of the surveys completed by Board Members showed that the Board achieved an average score of 95% with respect of these dimensions. The Evaluation Report included a recommended Board Improvement Plan.

## Board Improvement Plan

The Plan contains twenty (20) recommendations and fifty-two (52) action items. The Board Work Plan which was agreed by the Board provided priorities with respect to the action items for the period April 1, 2023 to March 31, 2024 and scheduled timeframes for completion. These include, among others:

- Board retreat to include a meeting with the portfolio Minister;
- Board training;
- Review the diversity profile of the board to increase the number of youth and provide gender diversity balance;
- Sensitizing the Board with respect to the provision of the Public Bodies Management and Accountability (Nomination, Selection and Appointment to Boards) Regulations, 2020;

## Training

The Board Training Calendar 2022/23 provided for training with respect to Corporate Governance Policies and related laws and regulations.

During the period under review, training was conducted as follows:

DATE	TOPIC	PRESENTER
October 11-12, 2022	Strategy and Risk	Caribbean Corporate Governance Institute
October 27, 2022	ESG and Sustainability	Caribbean Corporate Governance Institute
November 2, 2022	Corporate Governance Policies and related laws and regulations	Camille Facey -Attorney-at-Law/Corporate Governance Consultant

Members also participated in the following workshops:

DATE	TOPIC	ORGANIZER
May 18 – 19, 2022	Blue Ports in the Caribbean	Jointly by the World Bank Group and the Port Authority of Jamaica
March 1, 2023	Understanding the Framework of the Securities Industry	Mona School of Business and Management (MSBM) UWI, Mona, in association with the Jamaica Chamber of Commerce and the Private Sector Organisation of Jamaica




# Committees Attendance

\*Consultant- rotated


\*\*Co-opted Members – Ms. Linton joined the Audit and Risk Committee in February 2023, and ceased to be a member of the Finance Committee.

## Finance Committee


**Meeting Frequency: Monthly**



**Mr. Jerome Smalling**  
Chairman



**Mr. Mark Hart**  
Member




**Ms. Roxann Linton**  
Co-opted Member


**Attendance: (7 Meetings held)**

## Audit & Risk Committee


**Meeting Frequency: Quarterly**




**Ms. Roxann Linton**  
Co-opted Member




**Mr. Alston Douglas**  
Member




**Mr. Edward Gabbidon**  
Chairman



**Mrs. Velma Ricketts Walker**  
Member



**Mr. Mark Tracey**  
Co-opted Member




**Mr. Donald Patterson**  
Consultant\*

**Attendance: (5 Meetings held)**


\*Mr. Donald Patterson, Public Accountant (retired), provides advice to the Audit Committee as a Consultant.

## Projects Committee


**Meeting Frequency: Monthly**




**Mr. Lyttleton Shirley**  
Chairman



**Mr. Edward Gabbidon**  
Member



**Mr. Alston Douglas**  
Member



**Wayne McKenzie**  
Member

**Attendance: (8 Meetings held)**



## Code of Ethics

The Board adopted a Code of Ethics Policy in keeping with the guidelines from the Ministry of Finance and the Public Service.

## Declaration of Interest

A Declaration of Interest Register was established. The new Declaration of Interest Form implemented by the Ministry of Finance and the Public Service was circulated to all Board Members.

## HR Policies

These comprise approximately fifty (50) policies of which the following four (4) policies were reviewed by the Corporate Governance Committee in February 2023 and submitted to the Board for approval. These were:

1. The Protected Disclosures Policy (Whistleblowing Policy)
2. Human Resource Strategy and Planning
3. Electronic Business Communication
4. Recruitment and Selection.

Approval of the policies was deferred by the Board. The staff will be sensitized to these policies via the intranet and staff handbook.

The proposal is to complete a Code of Conduct and the other HR Policies, which are to be submitted to the Board during the 2023/2024 fiscal year.

## Review of Policies

Review of the following existing policies commenced during fiscal year 2022/23:

1. Sexual Harassment;
2. Data Protection; and
3. Cyber Security

## Board Charter and Terms of Reference for Committees

The Board Charter and Terms of Reference for Committees are under review in keeping with Corporate Governance Framework.

## Legislation

- The Port Authority (Validation, Indemnity and Amendment) Act 2023 -Cabinet approved drafting instructions for the Port Authority (Validation, Indemnity and Amendment) Act 2023.
- The Harbours Act – Cabinet gave approval by way of Decision No. 27/22 dated August 22, 2022, for amendment to the Harbours Act.

- The Wharfage Act - The Board reviewed the operation of the Wharfage Act. A Legal opinion was obtained with regard to the amendment or repeal of the Act. The Board is to consider appropriate policy directives in this regard.

## Compliance and Disclosure of Information

The Board complied with its statutory obligations under the Public Bodies Management and Accountability Act with respect to the following:

- Development and approval of the Corporate Plan for 2023/24 – 2026/27 and submission of same to the relevant Government ministries within the stipulated timeframe.
- Review and approval of the Annual Report for the fiscal year 2021/22 and the submission of same to the Ministry of Economic Growth and Job Creation within the stipulated timeframe.
- Quarterly reports and submission of same as required to the Minister within the scheduled time.

### Development of Website

Tenders were invited for the development of the Port Authority's Website.

## RISK MEASUREMENT AND INTERNAL CONTROLS

During the period the Board approved the following:

- Enterprise Risk Management Policy
- Risk Appetite Statement; and
- Risk Register.

## BOARD REMUNERATION

Board members and co-opted committee members are remunerated in accordance with Ministry of Finance & Public Service Circulars in effect.



# Enterprise Risk Management

The PAJ and its subsidiaries (PAJ Group) understand that risk management is essential in providing greater assurance that the Group's mandate and objectives will be met, at both the strategic and operational levels.

The PAJ Group has implemented an Enterprise Risk Management (ERM) framework. Its design is based on the COSO ERM framework (2017) and the ISO 31000:2018, which are both internationally recognised standards. The framework is supported by the ERM Policy, ERM Procedures, and Risk Universe. The Risk Appetite Statement has been developed and is expected to be formally approved early in the next financial year.

## Governance

Board oversight has been formalized through approval of amended Terms of Reference for the Audit & Risk Committee, to duly incorporate responsibility for ERM. The Chief Risk Officer (CRO) commenced risk reporting to the Audit & Risk Committee of PAJ during 2022/23.

At the management level, the establishment and operation of the Local Risk Committee, in accordance with its Charter, provides the forum for information sharing and early intervention on risk issues prior to escalation to the Audit & Risk Committee of the Board. Over the last financial year, the Local Risk Committee gave focus to reviewing and giving feedback on ERM Framework documents and Risk Registers.

## Risk Assessments

Using the methodology laid out in the ERM Procedures, the PAJ management team and CRO assessed the risks impacting achievement of initiatives outlined in the Corporate Plan. In addition, risk assessments at the department and subsidiary level were updated, to reflect enhanced control effectiveness by way of completed action plans, as well as new risks.

Emanating from risk assessments are the associated action plans, where the net risk level is deemed to be outside of risk appetite. The CRO conducts quarterly monitoring and reporting of risk action plans. These risk assessments, documented in the various risk registers, are posted on the company's intranet for transparency.

### **PAJ's Top Ten Risks for 2022/23**

Four of PAJ's top ten risks for 2022/23 related to its general operations, with the other six being risks to achievement of strategic initiatives. As at March 2023, two risks have been successfully addressed by the onboarding of a security technology expert, and completing acquisition of the third pilot boat. Actions have been initiated on most of the other risks; these will be carried forward to the 2023/24 PAJ Risk Register for tracking to completion.

### **Training and sensitization**

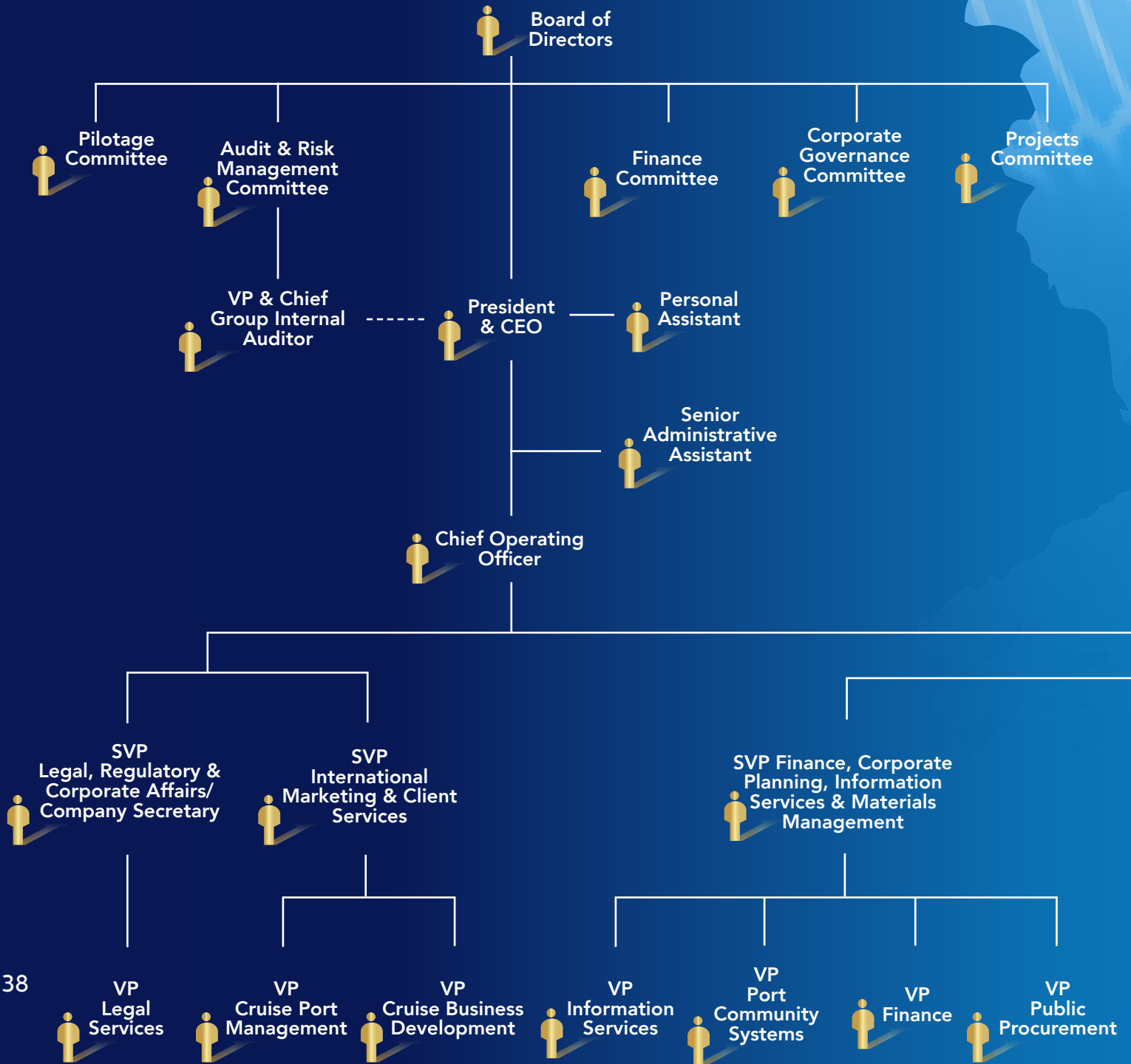
Education on ERM for 2022/23 was mainly geared towards practical implementation and use of the various components of the PAJ Group's ERM Framework. Heads of Departments and risk champions were given training on how to update risk registers and use action plan reporting templates. Board members were sensitized on each component of the ERM framework as part of their consideration for approval. A "risk term of the month" was also shared on the intranet, to expose the wider staff to ERM.

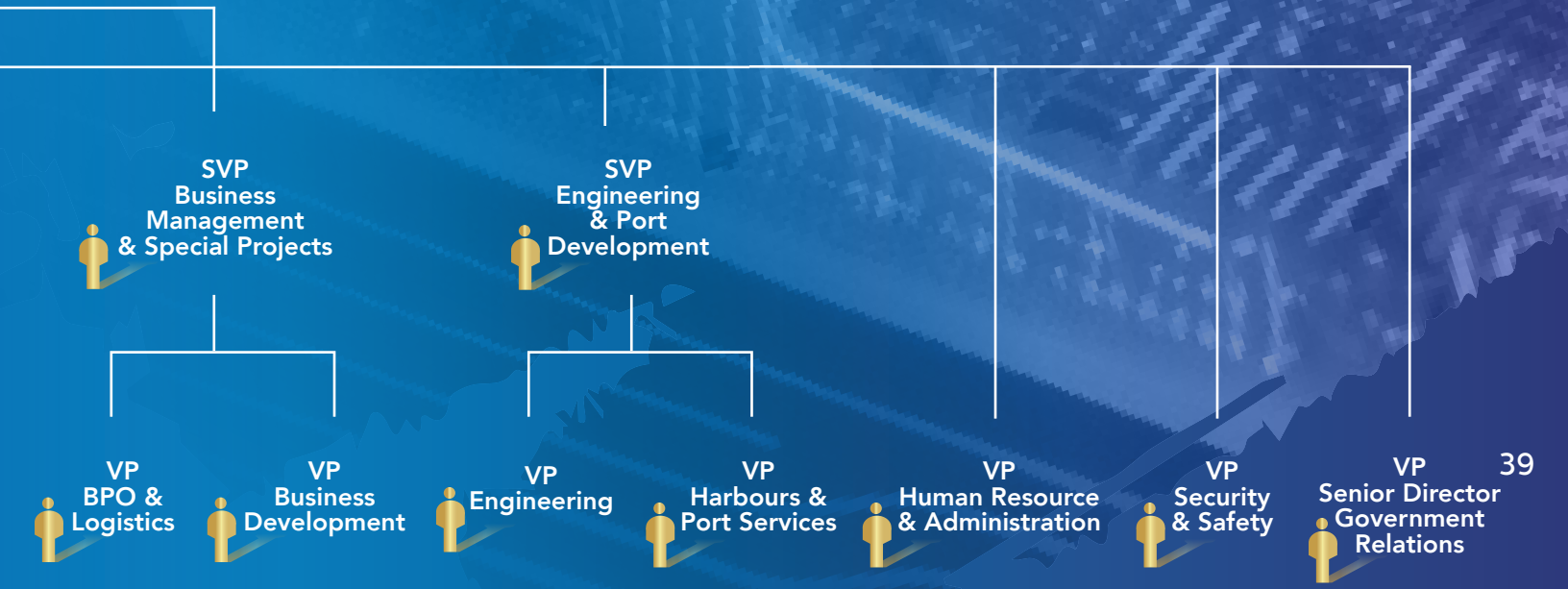
### **Upcoming Activities**

Emphasis will be placed on embedding ERM methodologies and practices throughout the PAJ Group, through training targeted to the general staff in the 2023/24 financial year.

Audit and ERM software acquisition to automate the manual workflows will also be pursued, as part of a collaboration with the Group Internal Audit Department. This should drive efficiencies in sharing information on risk assessments and control effectiveness between the two business units, as well as facilitate responses from the management team on both risk and audit issues.

# 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.



### **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.

### **Mr. Gary Lawrence**

SVP, Engineering & Port Development

Mr. Gary Lawrence has over thirty (30) years experience in the construction industry and has held several senior management positions at various government agencies including the Urban Development Corporation the Office of the Contractor General, with direct responsibility for the National Contracts Commission (NCC) Secretariat. Mr. Lawrence holds a Diploma in Architectural Technology and a Bachelor of Science Degree in Construction Engineering & Management both with honours from the University of Technology (UTECH).



A



B



C



D

# Business Highlights



- A. Members of the PAJ Board and Senior Executive accepting the award for Jamaica as the Caribbean’s Leading Cruise Destination 2022.
- B. Prof. the Hon. Gordon Shirley receives the prestigious Lifetime Achievement Award at the American Chamber of Commerce of Jamaica’s Business & Civic Leadership Awards Gala.
- C. Ms. Gloria Henry, VP BPO and Logistics, was selected as the Montego Bay Chamber of Commerce and Industry’s Wall of Fame Recipient for 2022.

- D. The Prime Minister, The Most Honourable Andrew Holness and members of the PAJ Executive Team at the official opening of the Kingston Logistics Park
- E-H. President and CEO, Professor the Honourable Gordon Shirley, and Chairman of the PAJ’s Board of Directors, Alok Jain on a tour of the KCT to welcome the addition of 19 new straddle carriers to KFTL’s fleet.

# Management Team

## Vice Presidents



Capt. (N) Sydney Innis  
VP - Harbours & Port Services



Flora Garth  
VP - Public Procurement



Lt. Col. Kirk Johnson  
VP - Security & Safety



Dwain Powell  
VP - Port Community System (PCS)



Ishamel Leon  
VP - Finance



Norman Lindo  
VP - Information Services



Keisha Holness-Feanny  
VP & Chief Group Internal Auditor



Belinda Ward  
VP - Human Resource & Administration



Gloria Henry  
VP - BPO & Logistics



Mark Hylton  
VP - Cruise Port Management



Christopher Hamilton  
VP - Engineering

## Assistant Vice Presidents

Shani Bryan  
Raquel Forbes  
Nadine Gordon  
Alexia Boswell  
Rupert James  
Grace Miller  
Keith Mitchell  
Sonia Murray  
Nikane Peck  
Lois Pinnock  
Robin Reid  
Hortense Ross-Innerarity  
Roderick Rowe  
Andrew Sewell  
Kimberley Stiff  
Una Vanriel  
Francine Williams  
Donna Wilson  
Brian Richards  
Cameil Donalds  
Everton Smith  
Donovan Thomas  
Georgeia Robinson  
Jameel Earle  
Leonard Bailey  
Stacey-Ann Dennison-Heron

Chief Risk Officer  
AVP - Legal Services  
AVP - Human Resource & Industrial Relations  
AVP - Financial Accounting  
AVP, Maintenance  
Performance Services Manager  
Senior Advisor- Special Project  
Personal Assistant To The President  
Operations Manager  
Senior Manager - Property Services  
Project Manager  
Superintendent of Pilotage  
AVP-Harbours  
AVP - Subsidiaries  
AVP - Marketing Communications  
AVP/Secretary, Subsidiary Companies  
AVP - Internal Audit, Risk & Compliance  
Marina Manager  
AVP - Corporate Planning  
AVP - Public Procurement  
AVP - Structural Engineering  
AVP- Network & Operations  
AVP - Business Operations  
AVP - Business Systems Support  
Senior Civil Engineer  
AVP - Planning And Design

Nb: Karla Huie (VP, Business Development) retired on August 31, 2022.  
William Tatham (VP, Cruise Business Development) retired December 31, 2022.

# Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) outlines the achievement of key objectives, and the operational and financial performance for the year. It also provides a perspective on the strategic outlook and alignment with the mandate of the GoJ. The strategic objections as outlined in the approved corporate plan and budget for the financial year ended March 31, 2023, and key target for 2023/24 are listed below.

BUSINESS SEGMENT	MAJOR TARGETS	STATUS
<b>Cargo Operations</b>	<p>Continued monitoring of the KFTL Concession Agreement (CA) by ensuring commercial and operating targets are met in line with the CA. Quarterly meetings by the Concession Management Committee</p> <p>Port of Montego Bay: Installation of common user pipeline</p>	<p>Reports submitted and deliverables met under the Concession Agreement. Container moves of 1,880,428 for the year grew by approximately 2.5% relative to the previous year.</p> <p>Three quarterly meetings were held during the year.</p> <p>Massy Gas Products (Massy) completed the installation of the first segment of the pipeline from their Montego Freeport to the Port. The second segment of the pipeline is to be implemented in the next financial year.</p>
<b>Port Community System</b>	<p>Implementation of the Airport Module</p> <p>Finalization of outstanding modules and completion of project</p>	<p>Airport Import Module - Implementation and testing undertaken for major Airlines and submissions were done through the PCS to ASYCUDA World's Production Environment.</p> <p>Training and engagement continues with the Airlines and their ICT providers.</p> <p>Airport Export Module was delivered to the PCS test environment. The PCS team began testing the developed solution.</p> <p>Finalization of outstanding modules inclusive of air and maritime export modules, warehouse module and FAL forms implementation is scheduled for the end of the next financial year.</p>
<b>Cruise</b>	<p>Complete museum construction adjacent to the Port Royal Cruise Terminal</p>	<p>Construction works for the museum are ongoing. The project is expected to be completed by Q3 of FY 2023/24.</p>

BUSINESS SEGMENT	MAJOR TARGETS	STATUS
	<p>Ocho Rios- Reynold’s Pier Upgrade</p> <p>Creation of Promenade</p> <p>Completion of Seawall and Trellis</p>	<p>Promenade development is approximately 60% complete.</p> <p>The Seawall is 90% complete, with the walkway outstanding.</p> <p>The Trellis is 90% complete with the sole outstanding item being the repainting.</p> <p>Overall, the project is anticipated to be completed by the end of Q1 2023/24.</p>
<b>Harbours &amp; Port Services</b>	<p>Complete construction of 4 buoys.</p> <p>Acquisition of a new pilot boat to improve efficiency.</p>	<p>Construction of 4 buoys successfully completed.</p> <p>Contract signed in July 2022. New vessel welcomed in January 2023 and commissioned into service February 2023.</p>
<b>SEZs, Logistics &amp; Capital Projects</b>	<p>Development of Falmouth Master Plan- 50 acres</p>	<p>Consultants completed all field investigations/laboratory works and have submitted the Draft Report. The Report has been reviewed and comments shared with the Consultants for incorporation in the 50 Acre Master Plan.</p>
	<p>Commence development and construction documentation plans for the Commercial Complex – Montego Bay Free Zone, St. James – 11.8 acres</p>	<p>The collection of borehole samples for Montego Bay 12 acre was completed on March 30, 2023, and it is anticipated that the laboratory results and final report will be submitted during Q2 of the upcoming financial year.</p>
	<p>Commence development and construction documentation plans for the Caymanas Special Economic Zone</p>	<p>The Tender Report for the award of a contract for Engineering Design Consultancy Services was submitted to the Public Procurement Commission for its consideration and approved on February 10, 2023.</p> <p>Cabinet approval anticipated in Q2 of the next financial year.</p>

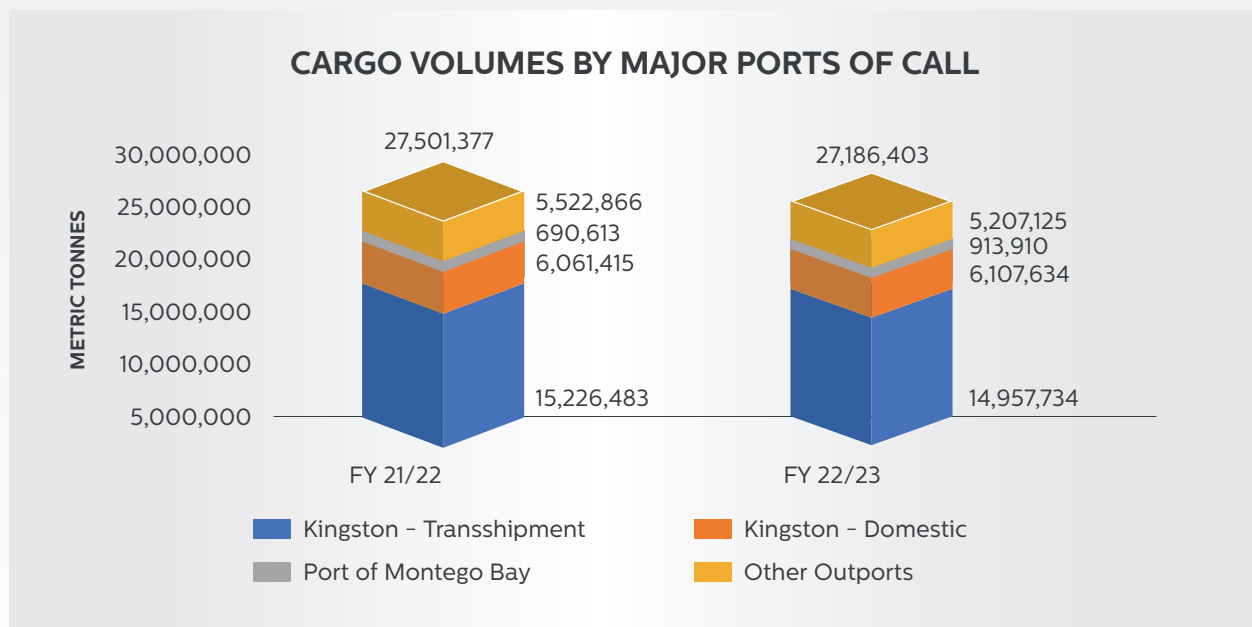
BUSINESS SEGMENT	MAJOR TARGETS	STATUS
	The development of Port Antonio Master Plan	<p>The recommendation for the award of the consultancy contract was supported by the PPC at the end of December 2022. The matter was submitted through MEGJC to Cabinet and approved on March 6, 2023.</p> <p>The consultant received the execution copy of the Consultancy contract on March 30, 2023.</p>
	Monetization PAJ's Real Estate Investment in Special Economic Zones	<p>Draft Cabinet Submission prepared and shared with MEGJC, MOF, AG and DBJ's offices for comment and feedback. Comments received from the AG, MOF and DBJ's Offices. Drafts submissions updated to reflect the recommended changes by the agencies. Amended document with MEGJC for their review and submission to Cabinet. Transaction Team and Enterprise Team named by MEGJC.</p> <p>Next Steps:</p> <ol style="list-style-type: none"> <li>1. Obtain Cabinet Approval in Q1 FY 2023/24.</li> <li>2. Engagement of transaction consultants to include Broker, Legal, and financial advisors</li> <li>3. Draft terms of reference prepared for the engagement of the consultant –awaiting cabinets approval to issue tender for the services via GOJ Procurement guidelines</li> </ol>
<b>Legal &amp; Regulatory</b>	Update and Approval of the proposed amendment to the Port Authority Bill	<p>First Draft Bill received November 2022. The PAJ reviewed the Draft Bill and requested further changes to reflect the current environment.</p> <p>MEGJC referred the matter of the issuance drafting instructions to the Attorney-General's Chambers in January 2023.</p>
<b>Security</b>	Strengthen security and safety mechanisms at seaports and other locations by acquiring pallet scanners	<p>Budget approval obtained and the procurement process commenced to acquire additional security scanning equipment. In addition, the implementation of other operating measures to improve the security of the cargo and cruise port activities.</p>

## CARGO PERFORMANCE

According to the United Nations Trade and Development Agency (UNCTAD), the high uncertainty, high inflation and living costs, negatively impacted consumer spending and the demand for containerized cargo relative to the prior year. Shipments grew by approximately 1.4% in 2022 when compared to a growth of 3.2% in 2021. UNCTAD further projects that global maritime trade will lose steam for the period 2023–2027 with growth expected at 2.1% annually. This projection is slower than the 3.3% average recorded during the past three decades.



Jamaican ports registered a total of 27.19 million metric tonnes during the period. This reflected a marginal decrease of 1.4% or approximately 315,000 metric tonnes when compared to the prior year which handled 27.50 million metric tonnes. The volumes by port were:





The total volumes are marginally (1%) below the prior year and is consistent with the fall off in global economic activities, rising inflation, and reduced consumer spending. The Port of Montego Bay reflected 32% increase in activity, and this is due mainly to the rebound of the tourism (cruise and hotell) activities and the increase in fuel demand/supply to ships and airplanes. Also increase in cargo for food and other supplies to the tourism sector.

Cargo Type/ Location	2022/23 (Metric Tonnes)	2021/22 (Metric Tonnes)	% Change
Port of Kingston (Transshipment)	14.96 million	15.22 million	-2%
Port of Kingston (Domestic)	6.11 million	6.06 million	1%
Outports	5.21 million	5.52 million	-6%
Port of Montego Bay	.91 million	.69 million	32%
<b>Total</b>	<b>27.19 million</b>	<b>27.49 million</b>	<b>-1%</b>

In terms of containerized activity and productivity, the Port of Kingston which handles 99% of the total containers handled registered an improved performance. Total container moves across the island’s ports were approximately 1,264,029 when compared to 1,241,302 in the previous year. This reflected a growth in activity of approximately 2%.



## CRUISE PERFORMANCE

The cruise industry continues to make strides as the demand for cruise activities registered significant growth during the year. The Caribbean remains the dominant region with market share of approximately 38% according to the 2023 Cruise Industry Annual Report. As markets normalize and there is a boom in activities, Jamaica's reputation continues to grow on a global scale. Jamaica maintained its competitiveness as a world leading destination, demonstrated by the following awards:



# WORLD'S BEST!

Winner of 4 World Travel Awards

**Caribbean's Leading Cruise Destination 2022: Jamaica | Caribbean's Leading Cruise Port 2022: Port of Falmouth, Jamaica | Caribbean's Leading Home Port 2022: Port of Montego Bay, Jamaica | Caribbean's Leading Tourism Development Project 2022: Historic Naval Dockyard, Port Royal, Jamaica**

Cruise Shipping | Marine & Port Services | Cargo Operations | Business Process Outsourcing | Port Community System | Logistics  
Website: [www.portjam.com](http://www.portjam.com) | Email: [pa@portjam.com](mailto:pa@portjam.com)

**The Port Authority of Jamaica**

**Cruise JAMAICA**  
THE PORT AUTHORITY OF JAMAICA

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[@portauthorityja](https://www.instagram.com/portauthorityja)

## CRUISE PASSENGER ARRIVALS

	Ocho Rios	Falmouth	Montego Bay	Other	Total
FY 2018/19	595,152	675,236	498,189	1,725	1,770,302
FY 2019/20	599,911	457,945	270,734	5,353	1,333,943
FY 2020/21	-	-	-	-	-
FY 2021/22	96,451	53,151	12,871	1,720	164,193
FY 2022/23	450,042	538,412	201,821	2,731	1,193,006

Note: COVID-19 Pandemic during 2020/21

The total number of passengers visiting Jamaica's ports during the year was approximately 1,193,006 from 388 vessel calls. Despite the improvement registered across the year, the pre-pandemic average passenger count from 2016/17 to 2019/20 was approximately 1.67 million passengers per year. Financial year 2018/19 recorded the highest number of passengers due to a major hurricane affecting Puerto Rico, diverting vessels to Jamaican ports. The volumes recorded in the current financial year were below or approximately 70% of the pre-pandemic average. It is expected that the demand for cruise will continue to grow and that pre-pandemic volumes to return in the short to medium term. The PAJ will continue to invest in the development of the facilities at the island's five cruise ports to maintain Jamaica's competitiveness within the region.

Port	Cruise Vessel Calls	Corresponding Passengers
Ocho Rios	141	450,042
Falmouth	141	538,412
Montego Bay	96	201,821
Other	10	2,731
Total	388	1,193,006

In terms of cruise vessel visits, the Ports of Falmouth and Ocho Rios both received 141 cruise vessels during the year. However, the Port of Falmouth welcomed more passengers as a result of the port berthing larger vessels relative to Ocho Rios.

The PAJ, in collaboration with its stakeholders, will continue to collaborate to improve the port of call offerings and customer experience at the various island attractions, in an effort to attract more passengers and preserve Jamaica’s competitiveness in the cruise industry.

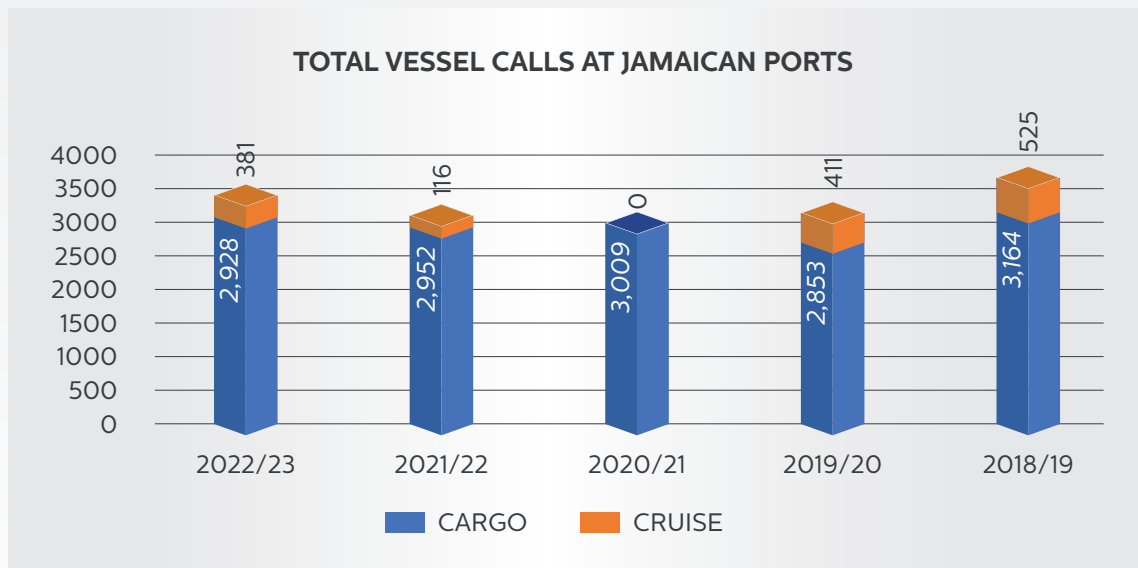
### HARBOURS AND MARINE SERVICES

The Harbours and Marine Services is responsible for the safe navigation of all vessels within and using Jamaica’s seaports. This includes provision of efficient pilotage and towing services, maintenance of the navigation aids, equipment on land and at sea and maintenance dredging of the ship channels.

Total vessel calls for the year was 3,309 which represents an increase of 241 vessels or 8% relative to 2021/22. The increase can be attributed to the growth in the cruise business segment which registered 381 vessels up from 116 vessels in the previous year. Cargo vessels decreased by approximately 1% from 2,952 in the previous year to 2,928 in the current year.



The graphs below summarize vessel call by cargo and cruise over the last five financial years:



The PAJ continues to invest in fleet modernization to enhance the safe berthing of the larger vessels that navigate our waters. During the year, the PAJ acquired a pilot boat to further support and improve the reliability of our pilotage service. This purchase supplements the previous year's purchase of Jamaica III, a buoy tender used mostly for the maintenance of navigational aids. These acquisitions align with the PAJ's push for operational efficiency and infrastructure upgrading to better exploit technology.

## SPECIAL ECONOMIC ZONE AND LOGISTICS INVESTMENTS

The GOJ has given support to the development of Special Economic Zones and Jamaica's Logistics Industry. The PAJ recognizes that it has an integral role to play in assisting the government achieving its objectives in developing the wider port environment.

The official opening ceremony for the Kingston Logistics Park (KLP) was held on May 5, 2022. The KLP provided approximately 200,000 sq.ft of warehouse space adjacent to the Kingston Container Terminal.

The Caymanas Special Economic Zone Project is a high priority under the GOJ's Logistics Hub Initiative and advancement of SEZs. The PAJ has been mandated by the Prime Minister of Jamaica to develop the 650-acre of land within the CSEZ. This initiative will leverage Jamaica's strategic and geographical location to position Jamaica as a global leader in cargo transshipment and logistics services. Further increasing economic growth, through job creation and productivity.



Over the past years, the PAJ has invested in the development of SEZs through special purpose real estate for lease to the Business Process Outsourcing sector, which has been a major source of job creation and economic development. In keeping with the GOJ's mandate and its investment strategy, PAJ is seeking to monetize its investments in the BPO sector and reinvest the proceeds in catalyzing development in other areas that are aligned with the GOJ medium to long term strategies. The project is expected to be finished by the end of the next financial year through a multi-agency coordination.

The tables below detail the lease area, occupancy and employment levels across our subsidiary companies which manage these real estate properties.

FREEZONE OPERATIONS: AVAILABE SPACE & OCCUPANCY LEVELS AT 31 MARCH 2023												
	AVAILABLE SPACE (in sq. ft.)					USED SPACE (in sq. ft.) Occupancy (in %)					31-Mar-23	31-Mar-22
	BPO	Other Office	Factory, Warehousing & Distribution	Paved Area	Total	BPO	Other Office	Factory, Warehousing & Distribution	Paved Area	Total		
Montego Bay Free Zone	512,401	-	153,011	-	665,412	479,501	-	153,011	-	632,512	95.1	95.1
Kingston Free Zone/Portmore Informatics	206,200	9,000	305,264	-	520,464	189,200	9,000	275,264	-	473,464	91.0	88.2
Jamaica International Free Zone	-	68,791	34,801	348,803	452,395	-	68,791	34,801	294,680	398,272	88.0	88
<b>Total</b>	<b>718,601</b>	<b>77,791</b>	<b>493,076</b>	<b>348,803</b>	<b>1,638,271</b>	<b>668,701</b>	<b>77,791</b>	<b>463,076</b>	<b>294,680</b>	<b>1,504,248</b>	<b>91.8</b>	<b>90.9</b>

FREEZONE OPERATIONS: Operators & Employment as at 31 March 2023					
Number of Operators/Lessees	BPO	Other	31-Mar-23	31-Mar-22	% Change
Montego Bay Free Zone	22	24	46	46	-
Kingston Free Zone/Portmore Informatics	5	35	40	38	5
Jamaica International Free Zone	0	3	3	3	-
<b>Total</b>	<b>27</b>	<b>62</b>	<b>89</b>	<b>87</b>	<b>2</b>
Employment					
Montego Bay Free Zone	9 059	325	9 384	9 384	0
Kingston Free Zone/Portmore Informatics	2 305	338	2 643	2 402	10
Jamaica International Free Zone	0	78	78	79	-1
<b>Total</b>	<b>11 364</b>	<b>741</b>	<b>12 105</b>	<b>11 865</b>	<b>2</b>
Foreign Exchange Earnings (US\$MN)					
Montego Bay Free Zone	60.9	71	131.9	154.84	-14.8
Kingston Free Zone/Portmore Informatics	12.01	1.43	13.44	3.44	291
Jamaica International Free Zone	0.00	0.69	0.69	0.58	19
<b>Total</b>	<b>72.91</b>	<b>73.12</b>	<b>146.03</b>	<b>158.86</b>	<b>-8.1</b>



## PORT COMMUNITY SYSTEM

To facilitate international trade and improve the efficiency in cargo trading industry, the Port Authority implemented a Port Community System (PCS) in 2016. The PCS is an electronic platform that automates, manages, and optimizes the port and logistics activities within the seaport and airport communities. The PCS is linked to the Jamaica Customs Automated System for Customs Data (ASYCUDA) to allow for a single data submission for trade-related transactions such as import, export, and transshipment. Since the launch of the PCS, the following modules have been successfully implemented:

- Transshipment Module
- Maritime Import & Export Modules
- Implementation of PCS Gate Out Authorization (Kingston)
- Truck Appointment System to reduce port congestion.

During the year, the following activities across the following modules were achieved:

Module	Status
<b>Air Module (Import)</b>	Several stakeholders have been onboarded and are now utilizing the PCS platform for import declarations. Recently, the team at AJAS Aviation Services was trained to use the PCS. Additionally, arrangements are being made to train Airways International to use the PCS. Submissions are made through the PCS to ASYCUDA World's Production Environment.
<b>Warehouse Module</b>	The PCS team has been engaged in consultations with the public bonded warehouses and Jamaica Customs regarding the different warehouse processes. Development work is under way, and it is expected that the delivery of a re-worked product reflecting the newly engineered processes in the next financial year.
<b>KFTL - PCS Truck Appointment System Interface</b>	The KFTL and PCS teams have been working on the truck appointment interface. This would allow appointments to be created in the PCS and then integrated in KFTL's Terminal Operating System TOS. The integration of the systems will enable the terminal to optimize the planning of container movements and increase efficiency.
<b>FAL Forms</b>	<p>The IMO FAL forms - Phase 1 has been delivered to the PCS test environment and the team is currently engaged in testing activities. Once the testing and validation process is complete, stakeholders will be engaged and look towards implementation. The FAL Forms Module will be introduced in two phases:</p> <ol style="list-style-type: none"> <li>1. The Standard Forms</li> <li>2. The Local Forms. Electronic Bill of Lading</li> </ol> <p>The PCS Operator continues to work with the SAJ to develop business processes for the removal of physical Bill of Lading at the ports. Phase 1 is expected to be completed in Q3 of the following financial year, with the initiation of the removal of the physical Bill of Lading following in Q4.</p>

# Human Resource & Administration

The Human Resource & Administration Department, like all other departments, welcomed the subsiding of the COVID-19 pandemic, which wreaked havoc on the way business processes were conducted, between the years 2020 and 2022. With the ending of the mandatory work-from-home order for the public sector, most staff resumed working from the office. Activities in the Human Resource & Administration Department resumed their normal modes of operation and customary provision of service to the organization and community, albeit with a slightly declining workforce strength as shown below:

## STAFFING as at March 31, 2023

Staff Complement	2022/23	2021/22
PAJ	296	297
Kingston Free Zone	17	17
Montego Bay Free Zone	10	9
Ports Management & Security Limited	70	76
<b>Total</b>	<b>393</b>	<b>399</b>

Employment Status Data	No.
New Hires (includes temporary employees who transitioned to permanent status)	47
Rehires (PMSL and PAJ)	8
Resignation	21
Retirement	18
Deaths	2

There were forty-seven (47) new hires during the period. Forty-one (41) employees separated from the company, by way of resignations (21), retirement (18), and death (2).



## TRAINING AND DEVELOPMENT

The Training and Development unit continued to provide the organization with benefits that should make the cost and time expended, a worthwhile investment. The objective is to ensure that the employee benefits by way of increased job satisfaction and morale, boosting employee motivation, expanding capacity to adopt to new technologies and methods, and greater upward mobility. It is expected that the PAJ ultimately benefits from a proportionate increase in productivity, higher revenues, and greater long term business stability.

During the year, approximately 140 staff at various levels were exposed to training and development programmes. The following are some of the main training that was undertaken:

- Supervisory Management
- Project Management
- Procurement
- Security
- Customer Services
- HR Development
- IT related training
- Sexual Harassment
- CPR Training

## HEALTH & WELLNESS

The 2023 annual health and wellness programme commenced on February 27, 2023 and was expected to be completed early in the next financial year. The retirees, and staff participated in the programmes. This is an actively participated calendar event.

The PAJ continued to demonstrate its philosophy that a workplace wellness programme is an effective way of promoting healthy lifestyles among employees, and supporting healthy behaviours at work. Several health education programmes, weight management, medical screening and on-site fitness programmes to improve health and wellness, and productivity were conducted during the period under review.

As is customary, the organization partnered with Oxford Medical Centre, the Heart Foundation of Jamaica and Central Medical Laboratories, which provided on site medical services, electrocardiogram (ECG) screening, and lab tests respectively. Sensational Skin Care and Day Spa provided facial services. Complete Wellness Jamaica provided foot detox services. The Sagicor Wellness Unit also rendered services to the staff as follows:

- Blood Sugar Test
- Blood Cholesterol
- Height/Weight/Waist (BMI)
- Blood Pressure
- Urine Tests
- Pregnancy Tests
- Vision Testing

The general practitioners discuss the results from the screening and lab tests conducted, as well as offering further consultation services to staff, as required.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

During the year, the PAJ undertook the following initiatives that are aligned with The Sustainable Development Goals (SDG's), particularly Goals 4, 6, 11, 13, 14 and 17. The projects were executed at cost of over \$8.3M.

The Authority, in association with the World Bank, hosted the Blue Ports workshop in Jamaica in May 2022 to present the findings from the regional and country reports regarding resilience, connectivity and sustainability of the maritime port sector. Workshop attendees also benefitted from visits to the cruise and cargo terminals in Kingston as well as Fort Charles.

The Authority continued participation in the development of Jamaica's National Mangrove and Swamp Forest Management Plan which seeks to identify areas for preservation or enhancement of these coastal communities, develop best practices for sustainable use, and identify penalties for the unauthorized destruction and degradation of mangroves.

A series of workshops on the Management Plan highlighted the need for greater efforts in public outreach about the environment and in particular wetlands. PAJ subsequently initiated discussions with the Port Royal Marine Laboratory about their resource needs and has since committed a donation of fans to the Lab. There are plans to continue and expand such initiatives in conjunction with local partners and stakeholders.

**Port Royal  
Marine Labs  
Donations- J\$  
20,500**

Port outreach activities included the staging of the second informative tour of the Port Royal Cruise Ship Terminal Development for Masters-level students of the University of the West Indies coastal management class in October 2022 to showcase the sustainability and coastal management aspects of the port project. The terminal also hosted the Jamaica Institution of Engineers for a technical tour which allowed participants to view the Seawalk (floating pier) system and other aspects in operation.



Figure 1: Presentation to UWI Master of Science (MSc) group at Port Royal Cruise Terminal.





Figure 2: Presentation to JIE group at Port Royal Cruise Terminal (left); Seawalk operator from PAJ Harbours Department (right)

The PAJ continues to invest in the knowledge, performance and sustainability of its teams, through capacity development initiatives. Several staff members participated in training/upskilling programmes across varied disciplines. Notably, employees participated in the International Association of Dredging Companies (IADC) Seminar on Dredging and Reclamation held in Singapore in November 2022 as well as local Project Management training.



Figure 3: PAJ representatives among group at the IADC Dredging & Reclamation Seminar held in Singapore (November 2022).

Employee participation over the year also included the following:

- Speaking engagements at CANCarib Climate Smart Opportunities Summits in July and September 2022.
- Part of Jamaican delegation to the United Nations Ocean Conference in Portugal (June-July 2022)
- MARPOL conference February 2023.
- GloLitter Partnership IMO/FAO on sustainable management of marine resources; National Action Plan on sea-based sources of marine litter.

Climate resilience continues to be a driving concern for the PAJ given the coastal location of most of its key infrastructural assets. This requires increasing understanding and awareness at all levels of staff towards the end goal of a stronger organization responses and management processes that strengthen the ability of the PAJ to mitigate vulnerability to climate-related issues (such as coastal flooding).

Attendance at conferences such as the Ecosystem Adaptation Measures for Kingston Harbour Communities (KHEAM) in November 2022 allowed for greater insight into nature-based solutions (including mangrove rehabilitation and conservation) as a means of defense for low-lying areas against storm surge, flooding and other climate risks. Plans are also in place for attendance at other seminars and conferences geared towards technological trends in environmental protection and integration of green-grey-blue infrastructure. The continued engagement of the National Environment and Planning Agency (NEPA) in the development of future projects is an ongoing process.

### **SCHOOL BREAKFAST FEEDING REPORT - J\$570,000**

The PAJ continued its mission as a good corporate citizen by tackling social issues within communities. Reducing the number of students affected by hunger and poor nutrition on a daily basis, in an initiative designed to make an impact on the lives of the students, their families, their communities, and ultimately the country.

The School Breakfast Feeding program started a few years ago following numerous studies showing that having a nutritious breakfast is essential to children's ability to learn, stay healthy, and excel in school. Like many other outreach programmes, the initiative was halted due to the onset of the Coronavirus pandemic in 2020, and reintroduced in January 2023.

The primary objective of the programme is to ensure students are provided with the best opportunity to make the most of their education and develop healthy eating habits. On a wider scale, the programme is intended to minimize hunger in schools; maximize attendance; and optimise behavioural outcomes, enhance student engagement and positively impact academic performance.

The PAJ's Schools' Breakfast Program provides an average of 80,000 healthy breakfast meals each year to three schools in Jamaica namely, Trench Town Primary; Calabar Infant, Primary & Junior High School; and St. Michael's Primary. The program provides food and preparatory items to these schools free of charge, on a quarterly basis, so they can provide breakfast to all children, but especially for low-income students and those with families that have busy morning schedules which cause students to arrive at school hungry and not ready to learn. Below are a few pictures from the most recent distribution effort:

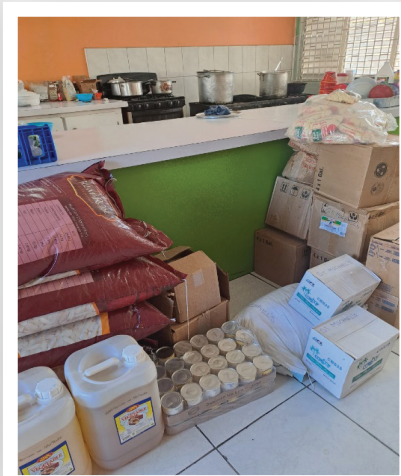




Loyette Williams, Industrial Relations Officer handing over items to the Principal of St. Michaels' Primary



Loyette Williams, Industrial Relations Officer handing over items to the Principal and a Teacher of Trench Town Primary



Loyette Williams, Industrial Relations Officer handing over items to the Principal and a Teacher of Calabar Infant, Primary and High School.



## Other School Related Donations- J\$6.96 Million

In addition to the breakfast feeding programme, the PAJ continues to support the educational development of the nation's youth through the provision of fans, textbooks, and contributions to social events by organized by schools.



Ms. Skeeter Mckenzie (PAJ) handed over ten (10) textbooks to Mr. Kemar McHugh, Vice Principal and Grade 6 class teacher of Chetwood Primary in St. James.

## Other Donations J\$751,000

In addition to the above activities, and in accordance with its CSR/ESG Policy, during year the PAJ made contributions of contribution to Missionaries for the Poor \$150,000 and the Salvation Army \$20,000 towards their social events. Trophies were purchased for Fisherman's Regatta held in August 2022 at Port Royal - J\$206,000. Ticket purchases and other event sponsorships/funding totalled approximately \$375,000 during the year.

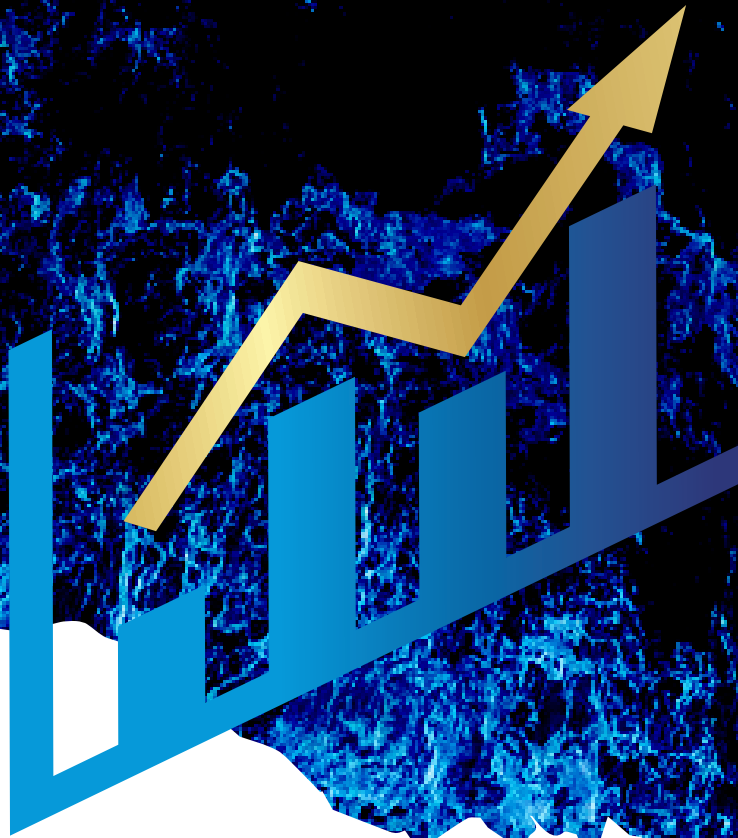
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The year 2022-2023 can be seen largely as a year of recovery and consolidation, and a launching pad for a more comprehensive slate of activities slated for 2023-2024, when hopefully there will be no major disruption of plans as occurred in 2020.

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50<sup>th</sup>



# Financial Review

# FINANCIAL PERFORMANCE PAJ GROUP AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

## 1. OVERVIEW

The PAJ Group earned revenues of \$16.40 billion, an increase of 36.21% or \$4.36 billion over 2022: \$12.04 billion. Net profit for the year of \$7.63 billion increased by 15.04% or \$998.65 million over the prior year (2022: \$6.64 billion). The PAJ Group recorded other gains of \$3.05 billion from the revaluation of investment properties, a reduction of \$1.97 billion compared to the \$5.02 billion in 2022.

Total assets of \$96.36 billion grew by 5.67% or \$5.17 billion over the prior year, (2022: \$91.19 billion), while total liabilities of \$36.01 billion, (Non-Current \$30.15 billion and Current Liabilities \$5.86 billion) declined by 6.5% or \$2.52 billion from \$38.53 billion.

Shareholders' Equity of \$56.31 billion grew by 14.77% or \$7.25 billion over 2022 which was 49.06 billion. This excludes non-controlling interest of \$4.04 billion (\$2022: \$3.59 million) a reduction of \$445.02 million.

## 2. HOW WE EARNED (Note 23 Revenue)

The Group earned revenue from five main segments—cargo, cruise, marine services, security services and lease from its real estate holdings in the Special Economic Zones. Over 93% of its revenue is earned in US\$ and collected in USD and or in JM at prevailing US/JM rate at date collected.

The Group revenue of \$16.40 billion grew by 36.21% or \$4.36 billion, was driven by the cruise segment revenue of \$3.03 billion increased by \$2.62 billion compared to \$406.96 million in 2022. Passenger arrivals for the year were 1.19 million, compared to 1.33 million budgeted, a shortfall of 10.5% or 140k passengers. The segment contributes 18.47% of group revenue and 60% of the \$4.36 billion increase in revenue. The industry is steadily rebounding to the pre-covid 19 levels of activities, even though not all the cruise lines have bounced back from the negative impacts of COVID19 on their business model.

Other key segments contributing to revenue are:

- **The Cargo segment** earned revenue of \$4.71 billion grew by \$308.71 million or 7% over the previous year (2022: \$4.40 billion). Cargo continues to be the largest revenue earner contributing to 29% of the group total revenue.
- **Security Services** for the ports which is managed by subsidiary company Ports Management and Security Limited earned \$3.36 billion for the year. This represents an increase of 6.3% or \$200 million (2022: \$3.16 billion) and contributed 21% of the Group's total revenue.
- **SEZ Lease revenue** of \$2.27 billion grew by 20.9% or \$393 million compared to the (2022: \$1.88 billion) contributing 14% to the group total revenue.
- **Marine Services earned** revenues of \$1.54 billion which grew by 24.51% or \$304.46 million and contributed 9% to total revenue.



- **Other revenues of \$1.46 billion** which includes wharfage \$816.71 million, Port Community Fees \$371.77 million grew by 57.29% or \$534 million (2022: \$932.09 million). The increase is due to \$278 million from PCS fees, which represents a full year's income compared to revenue only for March 2022. The fees were implemented in February 2022.

### 3. OVERVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION page 5

Group Assets \$96.36 billion (2022: 91.19 billion)

The growth of 5.67% or \$5.17 billion in group assets was mainly attributable to \$2.81 billion increase in the value of investment properties arising from the fair value gain of \$3.04 billion based on valuation done at year end and \$1.02 billion capital investment during the year and \$2.34 billion increase in cash and cash equivalents. This was offset by \$1.66 billion depreciation charge on PP&E.

1. **Non-Current Assets (NCA) of \$83.59 billion** grew by 2.99% or \$2.43 billion from \$81.16 billion. Primary balances include:

- **Property, Plant, and Equipment \$35.71 billion** reduced by 2% or \$718 million during the year. Additions of \$1.07 billion was offset by depreciation charge of \$1.66 billion (2022: \$1.75 billion)
- **Investment Property \$45.66 billion** grew by 7.2% or \$3.08 billion from (2022: \$42.58 billion). Investment property comprising of commercial buildings (\$22.97 billion) held for long-term rental and land (\$22.69 billion) held for development. The increase of net \$3.08 billion was based on a valuation undertaken by independent chartered valuator Alison Pitter & Company, using the fair market value approach.

2. **Current Assets \$12.48 billion** (2022: \$10.03 billion) increased by \$2.45 billion. It comprises cash & cash equivalent of \$10.60 billion (85%) and receivables of \$1.74 billion (14%). PAJ cash investment represents \$3.75 billion and subsidiary companies \$8.33 billion. The net increase of \$2.35B is attributable to increased deposits from the PAJ (\$1.5B), and Ports Management & Security Limited (PMSL) \$798M.

**Accounts receivables of \$1.74 billion** increased by \$52 million due mainly to \$180 million prepayment/deposit on acquisition of properties awaiting transfer of titles and \$80M of general receivables including staff loans.

### 4. EQUITY AND LIABILITIES (\$96.36 billion) (2022: \$91.19 billion)

1. **Equity of \$56.31 billion** (excluding non-controlling interest of \$4.04 billion), increased by 14.77% or \$7.25 billion over the prior year's equity of \$49.06 billion, due to an increase in operating profits of 10.0 billion, which grew by 10.07% or \$918 million over (2022: \$9.11 billion).

2. **NON-CURRENT LIABILITIES (\$30.15 billion)** (2022: 31.87 billion)

Non-current liabilities of \$30.15 billion reduced by 5.39% or \$1.72 billion below the \$31.87 billion in 2022. It includes long term loans of \$29.30 billion and retirement benefit liabilities of \$555.41 million. The reduction is due primarily to loan repayment of 1.96 billion including \$1.36 billion for GOJ loans.

Retirement benefit liabilities of \$555 million a 10% or \$61.78 million reduction below the 2022 value of \$617.19 million. The value was arrived at based on an actuarial valuation carried out at year end and includes future obligations for pension and health benefits.

### **3. CURRENT LIABILITIES OF \$5.86 billion.** (2022: \$6.66 billion).

Current Liabilities comprised \$2.1 billion current portion of long-term liability, a marginal reduction \$27million from the \$2.12 billion in 2022. At March 31, 2023, total loan balance was \$31.41 billion a reduction of 5% or \$1.60 billion (2022: \$33.01 billion).

#### **Other Investments** (Note 9) \$835.79 million

This balance represents sums hypothecated in respect of existing debt arrangements. The net increase of \$108.55M is attributable to an additional sum of \$96.43M added to the Sinking Fund reserve,

### **4. FINANCIAL COVENANTS**

The Authority was compliant with all loan covenant requirements and as such there was no need to request a waiver during the year. There were no breaches in respect of late payments for loan installments as all loans were paid on time in line with the loan agreements. This was achieved with increase revenue and improvement in EBITDA and the conversion of US\$20M loans to JMD. This allowed for stability and predictability in the loan balances and eliminated exchange rate risks, avoiding significant exchange losses on loans.

### **5. WORKING CAPITAL**

The group displayed noted improvement in working capital of \$6.7B an increase of \$3.5B (109%) over last year, supported by deposits of \$10.60 billion.

## **18. DETAILS ON STATEMENT OF COMPREHENSIVE INCOME** Financial Performance (Page 6 of Financial Statements)

Total Comprehensive Income (TCI) for the year ended March 31, 2023, amounted to \$7.70B, representing an increase of \$1.08B (16.44%) when compared to the TCI of \$6.61B as at March 31, 2022. Revenue of \$16.41B earned during the period increased by \$4.37B (36%), while total operating expenses of \$9.30B increased by \$888M (11%).



The major contributors to income as at March 31, 2023 are as follows:

Revenue Category	March 2023		March 2022	
	J\$'000	%age of Total income	J\$'000	%age of Total income
Cargo	4,716,327	29%	4,407,608	37%
Security Services	3,369,341	21%	3,169,386	26%
Cruise	3,032,057	18%	406,968	3%
Land, Building & Equipment	2,277,139	14%	1,883,354	16%
Marine	1,546,570	9%	1,242,103	10%
Wharfage	816,711	5%	646,978	5.4%
Port Community Systems	371,773	2%	55,973	0.5%
Port Antonio Marina	121,504	1%	93,190	1%
Other	156,812	1%	135,953	1%
<b>TOTAL</b>	<b>16,408,234</b>	<b>100%</b>	<b>12,041,513</b>	<b>100%</b>

**A) Expenses** (Note 24) \$9.29 billion.

Expenses increased by 16.34% or \$1.3 billion over (2022: \$7.88 billion). The major expense categories impacting the increase are:

- Salaries and wages of \$297M due to accrual for increase in salary retroactive to April 2020 to March 2023 and filling of vacant staff positions.
- Repairs and Maintenance \$1.05B include cost relating to repair building, equipment, air-conditioning etc. in preparation for the resumption of cruise ship activities.
- Expense Category & Contribution to Total Expense:

Expense Category	Mar-23		March 2022	
	J\$'000	Total Income	J\$'000	%age of Total income
Depreciation & Amortisation	1,829,757	20%	1,917,268	24%
Security Cost	1,359,328	15%	1,262,016	16%
Salaries & wages	2,584,835	28%	2,287,738	29%
Repairs & Maintenance	1,049,272	11%	330,496	4%
Marine Expense	101,802	1%	61,854	1%
Collection and other Fees	334,763	4%	221,571	3%
Public Relations	113,066	1%	71,212	1%
Insurance	433,620	5%	424,400	5%
Computer Expenses	169,258	2%	150,640	2%
Utilities & Fuel	596,904	6%	495,827	6%
Other	721,354	7%	765,425	9%
<b>TOTAL</b>	<b>9,293,959</b>	<b>100%</b>	<b>7,988,447</b>	<b>100%</b>

# Directors' Compensation

Name of Director	Position	Board Fees \$	Committee Fees \$	Incidental & Transport	Total
Alok Jain	Chairman	291,500.0	8,000.0	1,108.8	300,608.8
Professor Gordon Shirley <sup>1</sup>	CEO	-	-	-	-
Edward Gabbidon	Director	174,900.0	121,500.0	2,192.2	298,592.2
Jerome Smalling	Director	174,900.0	93,100.0	1,008.0	269,008.0
Kathy-Ann Brown	Director	174,900.0	58,600.0	781.2	234,281.2
Lyttleton Shirley	Director	159,000.0	79,800.0	-	238,800.0
Mark Hart	Director	143,100.0	40,000.0	22,440.0	205,540.0
Velma Rickets- Walker	Director	159,000.0	19,500.0	-	178,500.0
Wayne McKenzie	Director	127,200.0	64,000.0	428.4	191,628.4
Alston Douglas	Director	174,900.0	147,000.0	1,184.4	323,084.4
Roxann Linton <sup>2</sup>	External Committee Member	-	54,500.0	-	54,500.0
Mark Tracey <sup>2</sup>	External Committee Member	-	32,500.0	-	32,500.0
Donald Patterson <sup>3</sup>	External Committee Member	-	-	-	-
Jomo King <sup>4</sup>	Co-opted	-	-	-	-
Cyprian Fuller <sup>4</sup>	Co-opted	-	-	-	-
Jeremy Delisser <sup>4</sup>	Co-opted	-	-	-	-
<b>Total</b>		<b>1,579,400.0</b>	<b>718,500.0</b>	<b>29,143.0</b>	<b>2,327,043.0</b>

Notes:

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

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

2 : External Committee Members.

3 : Compensated as a Consultant to PAJ.

4 : Members are employees of the PAJ as such are not compensated for attending meetings

# Executive Emoluments

EMPLOYEE NAME	BASIC SALARY	SENIORITY	TRAVELLING	PENSION/ GRATUITY	UTILITIES & OTHER	OTHER	RET BENEFIT
Flora Garth- VP Public Procurement	11,556,106	488,117	1,834,833	1,475,645	-	-	-
Christopher Hamilton- VP Engineering	9,540,040	-	1,871,077	1,152,132	-	-	-
Gloria Henry- VP BPO & Logistics	11,479,576	363,663	1,846,752	-	-	-	-
Keisha Holness-Feanny- VP & Chief Internal Auditor	10,024,924	-	1,870,590	1,230,311	-	-	-
Karla Huie <sup>1</sup> - VP Business Development	4,783,157	-	779,412	849,800	-	-	-
Sydney Innis- VP Harbours & Port Services	11,479,576	-	1,834,833	-	-	-	-
Gary Lawrence- SVP Engineering & Port Development	13,989,065	-	2,528,282	-	-	632,071	-
Ishmael Leon- VP Finance	11,479,576	1,370,427	1,871,077	-	-	468,787	-
Norman Lindo- VP Information Services	9,540,040	-	1,834,833	-	-	-	-
Carrol Pickersgill- SVP Legal, Regulatory & Corporate Affairs/ Company Secretary	13,989,065	1,505,693	2,528,282	-	-	632,071	-
Dwain Powell- VP Director- Port Community System	11,479,576	-	1,834,833	-	-	-	-
Gordon Shirley- President & CEO	24,560,953	3,203,603	1,692,848	-	1,834,430	-	-
William Tatham <sup>2</sup> - VP Cruise Business Development	8,609,682	1,090,989	1,510,213	3,959,316	-	377,553	-
Belinda Ward- VP, Human Resources & Administration	11,479,576	969,768	1,834,833	1,428,418	-	-	-
Elva Williams-Richards, SVP- Finance, Corporate Planning, Information Services & Materials Management	13,989,065	1,505,693	2,528,279	-	-	632,071	-
Kirk Johnson - VP Security & Safety	6,036,771	-	1,853,043	819,743	-	-	-
Mark Hylton <sup>3</sup> - VP Cruise Port Management	754,596.29	-	286,979.48	52,078.79	-	11,520	-
<b>Total</b>	<b>184,771,344.29</b>	<b>10,497,953</b>	<b>30,340,999.48</b>	<b>10,967,443.79</b>	<b>1,834,430</b>	<b>2,754,073</b>	

Notes

- 1. Employee retired on August 31, 2022
- 2. Employee retired on December 31, 2022
- 3. Employee promoted on March 1, 2023

Please note that the following positions are vacant:

- 1. Chief Operating Officer
- 2. SVP - International Marketing and Client Services
- 3. SVP - Business Management and Special Projects
- 4. VP - Legal Services
- 5. VP - Senior Director Government Relations
- 6. VP - Cruise Business Development
- 7. VP - Business Development

RETIREMENT BENEFIT	RETROACTIVE SALARY/ SENIORITY	VACATION PAY	ACTING PAY	ACCRUED GRATUITY	(ACCRUAL SALARY INCREASE 21/22 & 22/23)	TOTAL
-	877,394	317,896	-	-	1,226,357	17,776,348
-	-	-	110,201	-	977,854	13,651,303
-	-	-	-	3,164,058	1,213,932	18,067,981
-	407,593	-	-	-	932,470	14,465,887
-	2,935,433	2,194,858	-	-	401,851	11,944,512
-	-	-	-	3,164,058	1,176,657	17,655,124
-	-	-	-	3,855,736	1,433,879	22,439,033
-	-	-	116,240	3,164,058	1,317,125	19,787,291
-	-	-	-	2,629,473	977,854	14,982,200
-	-	-	-	3,855,736	1,588,213	24,099,059
-	-	-	-	3,164,058	1,176,657	17,655,124
-	-	-	-	6,769,613	2,845,867	40,907,314
16,524,518	-	618,131	-	-	994,319	33,684,721
-	-	-	-	-	1,276,058	16,988,653
-	-	-	-	3,855,736	1,588,213	24,099,056
-	307,618	-	-	-	659,421	9,676,596
-	-	-	-	-	63,222.84	1,168,397.40
<b>16,524,518</b>	<b>4,528,038</b>	<b>3,130,885</b>	<b>226,441</b>	<b>33,622,527</b>	<b>19,849,949.84</b>	<b>319,048,601.40</b>

# 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
15-107	Notes to the Financial Statements



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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**THE PORT AUTHORITY**

**Report on the Audit of the Financial Statements**

*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 108, which comprise the Group's and the Authority's statement of financial position as at March 31, 2023, 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, 2023, and of the Group's and the Authority's financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

*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 Jamaica 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. Tanun Handa	Nigel R. Chambers	Gendra A. Edwards
Cynthia L. Lawrence	Nyssa A. Johnson	Karen Ragobirsingh
Rajan Trihan	W. Gian C. de Mel	Al A. Johnson
Norman O. Reinford	Wilbert A. Spence	

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Board of Directors  
**THE PORT AUTHORITY**

**Report on the Audit of the Financial Statements (continued)***Emphasis of Matter – comparative information*

We draw attention to note 35 to the financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2022 have 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 Standards, 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.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Board of Directors  
THE PORT AUTHORITY

**Report on the Audit of the Financial Statements (continued)**

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.

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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Board of Directors  
THE PORT AUTHORITY

**Report on the Audit of the Financial Statements (Continued)**

*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: (continued)

- 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.

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.



Chartered Accountants  
Kingston, Jamaica

August 17, 2023

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**


**Consolidated Statement of Financial Position**

March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

			Restated*	Restated*
		2023	2022	April 1,
	Notes	\$'000	\$'000	2021
				\$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	4	35,708,947	36,426,987	38,042,113
Right-of-use assets	5	51,545	90,818	140,661
Investment property	6	45,667,758	42,584,403	35,249,442
Intangible assets	7	813,368	860,893	976,587
Equity-accounted investees	8(a)	401,733	353,715	299,752
Other investments	9	832,985	727,240	651,378
Long-term receivables	10	349,359	45,019	44,713
Retirement benefit asset	11	35,524	55,656	95,791
Deferred tax assets	12	32,889	16,247	18,755
		<u>83,884,108</u>	<u>81,160,978</u>	<u>75,519,195</u>
<b>CURRENT ASSETS</b>				
Inventories	13	125,429	80,277	78,447
Accounts receivables and prepayments	14	1,748,634	1,696,520	1,284,077
Cash and cash equivalents	15	10,607,952	8,255,374	6,680,326
		<u>12,482,015</u>	<u>10,032,171</u>	<u>8,042,850</u>
<b>TOTAL ASSETS</b>		<u>96,366,123</u>	<u>91,193,149</u>	<u>83,562,045</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Reserves	16	6,031,809	6,668,977	6,570,831
Retained earnings	17	50,280,448	42,395,336	36,579,247
Equity attributable to owners of the Authority		56,312,257	49,064,313	43,150,078
Non-controlling interests	18	4,042,898	3,597,876	2,993,683
<b>TOTAL EQUITY</b>		<u>60,355,155</u>	<u>52,662,189</u>	<u>46,143,761</u>
<b>NON-CURRENT LIABILITIES</b>				
Retirement benefit liabilities	11	555,411	617,195	697,324
Long-term liabilities	19	29,309,426	30,883,350	32,469,658
Lease liabilities	5	15,745	63,529	90,595
Deferred income	20	259,138	395,776	351,469
Deferred tax liabilities	12	10,629	10,629	52
		<u>30,150,349</u>	<u>31,870,479</u>	<u>33,609,098</u>
<b>CURRENT LIABILITIES</b>				
Provisions	21	177,425	174,421	170,009
Current portion of long-term liabilities	19	2,101,156	2,128,934	877,976
Current portion of lease liabilities	5	53,302	59,342	79,726
Trade and other payables	22	3,527,194	4,296,772	2,681,056
Bank overdrafts (unsecured)		1,542	1,012	419
		<u>5,860,619</u>	<u>6,660,481</u>	<u>3,809,186</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>96,366,123</u>	<u>91,193,149</u>	<u>83,562,045</u>

The financial statements, on pages 5 to 108 were approved for issue by the Board of Directors on July 31, 2023 and signed on their behalf by:

  
Alok Jain Director

  
Professor Gordon Shirley President

\*Restated, note 35

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, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

	Notes	2023 \$'000	Restated* 2022 \$'000
Revenue	23	16,408,335	13,041,513
Direct costs	24(a)	(5,721,967)	(5,182,989)
Gross profit		10,686,373	6,858,524
Other income	28	36,638	55,693
Other gains	25	3,045,231	5,034,352
Administrative expenses	24(b)	(3,571,997)	(2,885,458)
Impairment losses on trade receivables	14	(179,885)	(22,970)
Impairment losses on investments	31(b)	15,444	3,289
Operating profit		10,031,704	9,113,350
Finance income	27(a)	335,541	315,793
Finance costs	5(c),24(c)	(2,585,429)	(2,539,670)
Net finance costs		(2,189,888)	(2,323,877)
Share of profit of equity-accounted investees, net of tax	8(a)	48,818	53,963
<b>PROFIT BEFORE TAXATION</b>		<b>7,909,834</b>	<b>6,843,430</b>
Income tax expense	26(a)	(270,957)	(283,204)
<b>NET PROFIT FOR THE YEAR</b>		<b>7,638,877</b>	<b>6,640,226</b>
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),13	68,889	(21,798)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>7,706,966</b>	<b>6,618,428</b>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		7,184,855	6,036,833
Non-controlling interests	18	445,823	604,193
		<b>7,638,877</b>	<b>6,640,226</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		7,261,944	6,014,235
Non-controlling interests	18	445,823	604,193
		<b>7,706,966</b>	<b>6,618,428</b>

\*Restated, note 35

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, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

											Non-Controlling			
	Share	Reserve	Capital	Development	Specialisation	Retribution	Fixed Assets	Intangible	Exchange	Total	Reserve	Total	Share	Total
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
<b>Balance at April 1, 2021</b>														
as previously reported	228,457	5,085,320	201,120	1,000	22	744,997	27,207	21,342	6,378,821	21,051,794	42,286,335	1,298,899	44,384,234	
Net year adjustment (Note 35)	-	-	-	-	-	-	-	-	-	( 21,877)	( 21,877)	-	( 21,877)	
<b>Balance at April 1, 2022, as revised</b>	228,457	5,085,320	201,120	1,000	22	744,997	27,207	21,342	6,378,821	20,829,917	42,264,458	1,298,899	44,343,357	
Profit for the year, as revised	-	-	-	-	-	-	-	-	-	6,681,073	6,681,073	674,360	7,355,433	
Other comprehensive income net of related tax as revised	-	-	-	-	-	-	-	-	-	( 21,239)	( 21,239)	-	( 21,239)	
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	-	-	6,659,834	6,659,834	674,360	7,338,194	
Contributions to the Government of Jamaica Consolidated Fund	24	-	-	-	-	-	-	-	-	( 100,000)	( 100,000)	-	( 100,000)	
Transfer to reserves of managed operations	-	-	-	-	-	-	22,088	1,388	22,146	( 22,146)	-	-	-	
<b>Balance at March 31, 2022, as revised</b>	228,457	5,085,320	201,120	1,000	22	877,985	27,207	22,935	6,659,977	42,207,808	48,988,313	1,367,259	50,952,149	
Net profit for the year	-	-	-	-	-	-	-	-	-	7,388,893	7,388,893	441,722	7,830,615	
Other comprehensive income net of related tax	1,660,111	-	-	-	-	-	-	-	-	61,282	61,282	-	61,282	
<b>Total comprehensive income</b>	1,660,111	-	-	-	-	-	-	-	-	7,450,175	7,450,175	441,722	7,891,897	
Dividend of reserves	15	(24,248)	-	(24,158)	(1,598)	22	-	(21,907)	-	( 78,233)	( 78,233)	-	( 78,233)	
Contributions to the Government of Jamaica Consolidated Fund	24	-	-	-	-	-	-	-	-	( 14,000)	( 14,000)	-	( 14,000)	
Transfer to reserves of managed operations	-	-	-	-	-	-	22,228	1,388	22,228	( 22,228)	-	-	-	
<b>Balance at March 2023</b>	228,457	5,061,072	201,120	1,000	22	877,985	27,207	22,935	6,659,977	42,207,808	48,988,313	1,367,259	50,952,149	

\*Restated, note 35

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

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Consolidated Statement of Cash Flows****Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2023</u> \$'000	<u>Restated*</u> <u>2022</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year:		7,638,877	6,640,226
<b>Adjustments for:</b>			
Depreciation	4	1,664,341	1,751,749
Amortisation	7	118,741	115,694
Depreciation on right-of-use assets	5,24(a)	46,670	49,843
Amortisation of prepaid lease	14	15,873	-
Write-off of property, plant and equipment	4	696	-
(Gain)/loss on disposal of property, plant and equipment	25	( 8,341)	7,502
Increase in fair value of investment property	6	(3,066,039)	(4,832,997)
Interest income	27	( 335,541)	( 215,793)
Foreign exchange losses		53,980	223,161
Retirement benefit expense	11(d)	83,276	80,328
Provision charge	21	116,551	117,003
Amortisation of deferred income	20	( 36,638)	( 55,693)
Impairment loss recognised on trade receivables (net)	14	179,995	21,828
Loan fees amortised		3,041	2,970
Taxation charge	26	270,957	203,204
Share of equity accounted investees' results	8	( 48,018)	( 53,963)
Finance charge – interest on lease liability	5(c)	6,565	12,528
Finance charges and interest on loans	24(c)	<u>2,498,864</u>	<u>2,527,148</u>
		9,203,850	6,594,738
<b>(Increase)/decrease in operating assets:</b>			
Accounts receivables and prepayments		( 515,281)	( 118,827)
Inventories		( 45,152)	( 1,830)
<b>Increase/(decrease) in operating liabilities:</b>			
Trade and other payables		( 764,298)	1,750,448
Retirement benefit contributions	11(e)	( 56,839)	( 140,733)
Provisions utilised	21	<u>( 113,547)</u>	<u>( 112,591)</u>
Cash generated by operations		7,708,733	7,971,205
Income taxes paid		( 287,340)	( 210,102)
Interest paid		<u>(2,526,581)</u>	<u>(2,255,089)</u>
Net cash provided by operating activities		<u>4,894,812</u>	<u>5,506,014</u>

\*Restated, note 35

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, 2023***(Expressed in Jamaican dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2023</u> \$'000	<u>*Restated</u> <u>2022</u> \$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		339,090	213,241
Acquisition of property, plant and equipment	4	( 989,545)	(2,679,887)
Adjustment to investment property	6	3,841	( 168,311)
Acquisition of intangible assets	7	( 71,216)	-
Prepayment on lease	14	-	( 317,463)
Proceeds on disposal of property, plant and equipment		8,445	85,977
Acquisition of investments		( 4,037,238)	(2,394,795)
Proceed on encasement of investment		3,925,135	2,321,485
Decrease in long-term receivables		( 11,100)	572
<b>Net cash used in investing activities</b>		<b>( 812,588)</b>	<b>(2,939,181)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt of long-term loans	19	332,529	-
Repayment of long-term loans	19	( 1,914,177)	( 681,671)
Distribution to Government of Jamaica consolidated fund	34	( 14,000)	( 100,000)
Payment of lease liabilities	5(d)	( 58,375)	( 67,765)
Decrease in prepaid credit insurance		-	194
<b>Net cash used in financing activities</b>		<b>( 1,654,023)</b>	<b>( 849,242)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,408,201</b>	<b>1,717,591</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>8,254,362</b>	<b>6,679,907</b>
Effect of foreign exchange rate changes		( 58,961)	( 143,136)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>10,603,602</b>	<b>8,254,362</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and short-term deposits	15	10,605,144	8,255,374
Bank overdrafts (unsecured)		( 1,542)	( 1,012)
		<b>10,603,602</b>	<b>8,254,362</b>

\*Restated, note 35

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

## THE PORT AUTHORITY


Separate Statement of Financial Position  
March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

			Restated*	Restated*
	Notes	2023 \$'000	2022 \$'000	April 1, 2021 \$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	34,412,316	35,118,963	37,105,438
Investment property	6	41,967,738	38,902,029	31,879,442
Intangible assets	7	813,289	860,744	976,357
Investments in subsidiaries and equity-accounted investees	8(b)	30,508	30,508	30,508
Other investments	9	827,329	721,704	645,958
Long-term receivables	10	425,583	121,245	120,939
Retirement benefit asset	11(b)	35,534	55,656	95,794
		<u>78,512,309</u>	<u>75,810,849</u>	<u>70,854,436</u>
<b>Current assets</b>				
Inventories	13	125,429	80,277	78,467
Accounts receivables and prepayments	14	1,394,526	1,133,235	460,881
Cash and cash equivalents	15	3,761,427	2,254,414	2,116,242
		<u>5,281,382</u>	<u>3,467,926</u>	<u>2,655,570</u>
<b>Total assets</b>		<b>83,793,691</b>	<b>79,278,775</b>	<b>73,510,006</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Reserves	16	6,025,818	6,662,984	6,564,839
Retained earnings	17	42,694,374	35,455,931	30,580,272
		<u>48,720,192</u>	<u>42,118,915</u>	<u>37,145,110</u>
<b>Non-current liabilities</b>				
Retirement benefit liabilities	11(c)	517,462	560,902	643,239
Long-term liabilities	19	29,302,257	30,876,181	32,462,489
Deferred income	20	259,138	295,776	351,469
		<u>30,078,857</u>	<u>31,732,859</u>	<u>33,457,197</u>
<b>Current liabilities</b>				
Provisions	21	150,549	141,658	141,323
Current portion of long-term liabilities	19	2,101,156	2,128,934	840,355
Trade payables and other payables	22	2,741,395	3,155,397	1,925,602
Bank overdrafts (unsecured)		1,512	1,012	419
		<u>4,994,612</u>	<u>5,427,001</u>	<u>2,907,699</u>
<b>Total equity and liabilities</b>		<b>83,793,691</b>	<b>79,278,775</b>	<b>73,510,006</b>

The financial statements, on pages 5 to 108 were approved for issue by the Board of Directors on July 31, 2023 and signed on their behalf by:

 Director  
Aluk Jain

 President  
Professor Gordon Shirley

\*Restated, note 35

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

**THE PORT AUTHORITY****Separate Statement of Profit and Loss and Other Comprehensive Income  
Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)*

	Notes	2023 \$'000	Restated* 2022 \$'000
Revenue	23	12,568,387	8,360,904
Direct costs	24(a)	( 3,980,007)	(3,511,702)
Gross profit		8,588,380	4,849,202
Other income	20	36,638	55,693
Other gains	25	3,122,160	4,601,679
Administrative expenses	24(b)	( 2,638,329)	(2,037,335)
Impairment (losses)/reversal on investments	31(b)	( 2,850)	5,551
Impairment (losses)/reversal on trade receivables	14	( 110,086)	5,692
Operating profit		8,995,913	7,480,482
Finance income	27(a)	67,542	45,508
Finance costs	24(c)	( 2,504,308)	(2,526,233)
Net finance costs		( 2,436,766)	(2,480,725)
<b>NET PROFIT FOR THE YEAR</b>	27	<b>6,559,147</b>	<b>4,999,757</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>			
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</b>			
Reassessment gains on retirement benefit plans	11(d)	42,130	( 25,952)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	28	<b>6,601,277</b>	<b>4,973,805</b>

\*Restated, note 35

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

**THE PORT AUTHORITY**

**Separate Statement of Changes in Equity**  
**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

		General	Capital	Contingent	Reserves	Provision	Fixed Assets	Intangible	Share	Total	Retained	Total
	Note	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
		0000	0000	0000	0000	0000	0000	0000	0000	0000	0000	0000
Balance at April 1, 2021												
As previously reported		300,420	1,700,307	300,130	1,000	20	744,307	37,500	20,342	0,504,004	30,004,209	37,301,307
Prior year adjustment (Note 35)		-	-	-	-	-	-	-	-	-	( 20,407)	( 20,407)
Balance at April 1, 2021, as revised*		300,420	1,700,307	300,130	1,000	20	744,307	37,500	20,342	0,504,004	29,983,802	37,145,130
Net profit for the year as reported		-	-	-	-	-	-	-	-	-	4,000,277	4,000,277
Other comprehensive income	13(a)	-	-	-	-	-	-	-	-	-	( 20,000)	( 20,000)
Total comprehensive income		-	-	-	-	-	-	-	-	-	3,980,277	3,980,277
Transfers to reserves of managed operations		-	-	-	-	-	60,000	-	5,000	65,000	( 65,000)	-
Balance at March 31, 2022, as revised		300,420	1,700,307	300,130	1,000	20	804,307	37,500	25,342	0,569,004	30,425,004	40,118,025
Net profit for the year		-	-	-	-	-	-	-	-	-	4,500,147	4,500,147
Other comprehensive income	13(a)	-	-	-	-	-	-	-	-	-	60,100	60,100
Total comprehensive income		-	-	-	-	-	-	-	-	-	4,560,247	4,560,247
Reversal of reserve	15	(300,420)	-	(300,130)	(1,000)	( 20)	-	(37,500)	-	( 700,070)	700,070	-
Transfers to reserves of managed operations		-	-	-	-	-	60,000	-	500	60,500	( 60,500)	-
Balance at March 31, 2023		-	1,400,177	-	-	-	804,307	-	25,842	0,028,514	30,464,524	30,720,182

\*Restated, note 35

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

**THE PORT AUTHORITY****Separate Statement of Cash Flows****Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)*

	Notes	<u>2023</u> \$'000	Restated* <u>2022</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year		8,559,147	4,099,757
Adjustments for:		-	
Interest income	27	( 87,542)	( 45,508)
Foreign exchange losses (net)		57,533	( 58,995)
Finance charges and interest on loans	24(c)	2,504,308	2,526,233
Impairment loss recognised on trade receivables	14	110,088	( 5,692)
Increase in fair value of investment property	8	(3,048,413)	(4,520,623)
Amortisation of prepaid lease	14	15,893	-
Depreciation	4	1,553,421	1,591,204
Amortisation	7	118,670	115,613
Gain on disposal of property, plant and equipment	25	( 8,341)	7,502
Write off to property, plant and equipment	4	896	-
Provision charge	21	94,978	92,305
Amortisation of deferred income	20	( 36,818)	( 55,693)
Retirement benefit expense	11(d)	75,661	72,582
Loan fees amortised		<u>3,033</u>	<u>2,972</u>
		7,932,492	4,721,657
(Increase)/decrease in operating assets:			
Accounts receivables and prepayments		( 664,618)	( 350,076)
Inventories		( 45,151)	( 1,831)
Increase/(decrease) in operating liabilities:			
Trade payables and accruals		( 413,099)	1,345,926
Provisions utilised	21	( 86,087)	( 91,970)
Retirement benefit net contributions	11(c)	<u>( 56,839)</u>	<u>( 140,733)</u>
Cash generated by operations		8,665,798	5,482,973
Interest paid		<u>(2,532,025)</u>	<u>(2,254,245)</u>
Net cash provided by operating activities		<u>4,133,773</u>	<u>3,228,728</u>

\*Restated, note 35

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

**THE PORT AUTHORITY****Separate Statement of Cash Flows (Continued)****Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2023</u> \$'000	<u>Restated*</u> <u>2022</u> \$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		71,091	42,958
Increase in long-term receivables		( 11,100)	573
Acquisition of investments		(1,209,861)	( 798,947)
Proceeds on encashment of investments		1,097,880	725,751
Acquisition of intangible assets	7	( 55,319)	-
Acquisition of property, plant and equipment	4	( 888,626)	(2,147,993)
Adjustment to investment property	6	10,442	( 188,311)
Prepayment on lease	14	-	( 317,463)
Proceeds on disposal of property, plant and equipment		<u>8,441</u>	<u>85,977</u>
Net cash used in investing activities		<u>( 957,052)</u>	<u>(2,577,455)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt of long-term loans	19	332,528	-
Repayment of long-term loans	19	(1,914,177)	( 642,684)
Decrease in prepaid credit insurance		<u>-</u>	<u>194</u>
Net cash used in financing activities		<u>(1,581,649)</u>	<u>( 642,490)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		1,595,073	8,783
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>2,253,402</u>	<u>2,115,823</u>
Effect of foreign exchange rate changes		<u>( 88,547)</u>	<u>128,796</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>3,759,928</u>	<u>2,253,402</u>
<b>Cash and cash equivalents comprise:</b>			
Cash and short-term deposits	15	3,761,470	2,254,414
Bank overdraft (unsecured)		<u>( 1,542)</u>	<u>( 1,012)</u>
		<u>3,759,928</u>	<u>2,253,402</u>

\*Restated, note 35

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, 2023

(Expressed in Jamaican 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 and provide management services to its subsidiaries. The registered office of the Authority is 15-17 Duke Street, Kingston.

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

<b><u>Subsidiaries</u></b>	<b><u>Place of incorporation and operation</u></b>	<b><u>Proportion of ownership interests</u></b>	<b><u>Proportion of voting rights</u></b>	<b><u>Principal activity</u></b>
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
ECT Services Limited	Jamaica	100%	100%	Dormant
PAJ Marina Development Company Limited	Jamaica	100%	100%	Dormant

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **1. Group identification (continued)**

#### **(a) (Continued)**

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

<u>Equity-accounted investees</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 subsidiaries and equity-accounted investees 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, 2023 (2022: March 31, 2022). The associated companies have prepared financial statements for the year ended December 31, 2022 (2021: December 31, 2021).

### **2. Statement of compliance and basis of presentation**

#### **(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. These financial statements on pages 5 to 108 were tabled at a meeting of the Board of Directors on July 31, 2023 and it was agreed that the Board of Directors approve the final issue of these financial statements, which occurred on August 17, 2023.

#### **New and amended standards that came into effect during the current year**

Certain new standards, interpretations and amendments to existing standards that have been published, became effective during the current financial year. The adoption of all such new standards, interpretations and amendments did not have any significant impact on the amounts and disclosures in the financial statements.

#### **New and amended standards and interpretations that are not yet in effect**

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year, and which the Group has not adopted early. The Group has assessed them with respect to its operations and has determined that the following are relevant:

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**

**Year ended March 31, 2023**

*(Expressed in Jamaican 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 in effect (continued)**

- Amendments 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.

**For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.**

- **Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.**

**The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.**

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**

**Year ended March 31, 2023**

*(Expressed in Jamaican 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 in effect (continued)**

- **Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*** (continued)

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

- **Amendments to IAS 12 *Income Taxes*** are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g., leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The Group has not completed the process of evaluating the impact that these amendments would have on its financial statements when they become effective.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

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

#### (b) Basis of preparation

These financial statements have been prepared under the historical cost basis, except for the revaluation of investment property 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.

#### (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:

#### (1) Revaluation of investment property

The Group carries its investment property 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 property is disclosed at note 6.

#### (2) 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.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### 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
- 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.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(a) Basis of consolidation (continued)**

##### **(m) 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. Investments in subsidiaries are stated at cost, less any impairment in recoverable value.

The consolidated financial statements include the financial statements of all subsidiaries made up to March 31, 2023.

##### **(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 equity-accounted investees**

Equity-accounted investees are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in equity-accounted investees 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 these transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its equity-accounted investees 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.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(a) 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.

#### **(b) 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(a) 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.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

### 3. **Significant accounting policies (continued)**

#### (b) **Property, plant and equipment (continued)**

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
Freehold buildings	-	20 – 40 years
Leasehold improvements	-	5 & 40 years
Tugs, cranes, trailers, straddle carriers and other equipment	-	10 – 25 years
Lighting, berth and pavements	-	20 – 40 years
Furniture and office equipment	-	5 – 10 years
Motor vehicles/motorcycles	-	5 & 10 years
Infrastructure and dredging	-	15 – 20 years
Computers	-	3 – 10 years
Equipment spares	-	10 – 20 years

#### (c) **Investment property**

Investment property, 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 property are measured at their fair values. Gains or losses arising from changes in the fair value of investment property 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.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(d) 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.

#### **(e) 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.

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.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### 3. **Significant accounting policies (continued)**

#### (e) **Impairment (continued):**

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.

#### *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 allowances 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.

#### (f) **Cash and cash equivalents:**

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

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(g) Accounts receivables and prepayments**

Accounts receivables and prepayments are measured at amortised cost less impairment losses [see note 3(e)].

#### **(h) Trade and other payable:**

Trade and other payables are measured at amortised cost.

#### **(i) 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.

#### **(j) 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.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(i) Related parties (continued)**

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

- (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.

#### **(k) Taxation:**

Taxation expense in the statement of profit or loss and other comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at reporting date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(k) Taxation (continued):**

Deferred tax is charged or credited to profit or loss and other comprehensive income, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

#### **(l) Inventories**

Inventories are measured at the lower of cost, determined on weighted average cost 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.

#### **(m) 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.

#### **(n) 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.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(a) Employee benefits (continued)**

##### **a) Pension plans (continued)**

##### **(i) 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 contributions 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 pensions (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.

Post 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

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, post-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 gratia benefits which is part of the terms of contractual employment for certain senior executives upon retirement.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(a) Employee benefits (continued)**

##### **b) Other post-retirement obligations (continued)**

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.

#### **(e) 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.

#### **(p) 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, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

### 3. **Significant accounting policies (continued)**

#### (p) 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	<p>The Group provides property rental services. Rent is charged monthly and are based on fixed rates agreed.</p> <p>Invoices are issued according to contract terms given to specific customers and are payable within the contract terms.</p>	Revenue from rentals are recognised over time as the services are provided.
Cargo and Marine	<p>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.</p> <p>Included in the cargo &amp; 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.</p> <p>Fixed amounts are invoiced quarterly. Variable fees are billed monthly, based on the actual results of the prior year variable fee audit, and any adjustments being made in the current year.</p>	<p>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.</p> <p>Revenue from pilotage and harbor fees are recognised at the point in time when the services are provided.</p> <p>Revenues from concession fees are recognised over the life of the concession agreement.</p>
Security services	The Group 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, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

### 3. Significant accounting policies (continued)

#### (p) 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 inspections 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.

#### (q) 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, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

### **3. Significant accounting policies (continued)**

#### **(r) 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 Jamaican 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.

#### **(s) 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 accounts 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, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(a) 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
- Accounts receivables
- Other investments
- Long-term receivables

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, Accounts 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, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(a) Financial instruments (continued):**

##### **(i) 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, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **3. Significant accounting policies (continued)**

#### **(a) 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, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

### 3. Significant accounting policies (continued)

#### (a) 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.

#### (t) 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.

#### (u) 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, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

### 3. **Significant accounting policies (continued)**

#### (v) **Leases (continued):**

##### *As a lessor (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 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, 2023

*(Expressed in Jamaican 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, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

**4. Property, plant and equipment**

	The Group												
	Fixed Land P'000	Fixed Building P'000	Leasehold Improvements P'000	Tap, Crane, Trolley, Bunkie Carriage and Other Equipment P'000	Lighting Bunkie Berths and A.L.L. Furniture P'000	Furniture and Office Equipment P'000	Motor Vehicle/ Motorcycle P'000	Motorcycle P'000	Motorcycle P'000	Brigade P'000	Company P'000	Capital Works P'000	Total P'000
<i>As cost or deemed cost</i>													
April 1, 2021	4,077,304	4,470,840	29,724	3,061,079	14,172,895	429,865	120,126	11,200,000	1,073,000	700,000	3,070,707	53,021,259	
Post-year adjustment	-	( 200,250)	-	200,148	-	-	-	20,000	-	-	200,250	-	
April 1, 2021, as revised	4,077,304	4,270,590	29,724	4,261,227	14,172,895	429,865	120,126	11,220,000	1,073,000	700,000	4,270,957	53,021,259	
Additions	-	11,305	-	20,257	-	41,208	3,200	-	-	25,000	2,000,255	2,070,215	
Transfer from vehicle program	61,253	107,872	-	2,200,000	2,400,000	-	-	12,200	-	775,000	(3,200,000)	-	
Revaluation	-	-	-	-	41,400	-	-	( 30,000)	( 8,200)	-	-	-	
Transfer to project expense, as revised	-	( 8,073)	-	-	-	-	-	-	-	-	-	( 8,073)	
Loss on disposal, as revised, note 31	-	( 223,071)	-	-	-	-	-	-	-	-	-	( 223,071)	
Transfer to investment property (note 3)	-	( 204,255)	-	-	-	-	-	-	-	-	(1,000,000)	( 1,204,255)	
Disposal	-	-	-	( 400,000)	-	( 100)	( 2,000)	-	-	( 200)	-	( 402,000)	
March 31, 2022	4,099,027	4,077,259	29,724	6,170,300	14,600,000	392,374	120,720	11,200,000	3,044,000	1,200,000	1,000,000	53,300,277	
Additions	200	25,000	-	207,122	300,000	25,000	2,200	10,200	-	43,000	344,000	600,340	
Disposal	-	-	-	( 8,200)	-	-	-	-	-	-	-	( 8,200)	
Transfer from vehicle program (note 3)	3,000	1,200	-	20	-	-	-	-	-	7,000	( 12,000)	-	
Revaluation	3,700	400	2,400,000	( 4,000)	(3,700,000)	100	-	( 2,200)	-	( 200)	-	-	
Transfer to investment property (note 3)	( 31,200)	-	-	-	-	-	-	-	-	-	-	( 31,200)	
Transfer to prepayment	-	-	-	-	-	-	-	-	-	-	( 21,000)	( 21,000)	
Write-off	-	-	-	-	-	-	-	-	-	-	( 400)	( 400)	
March 31, 2023	4,101,827	4,283,859	3,200,000	5,972,022	14,322,000	392,674	120,120	11,200,000	3,044,000	1,200,000	1,320,000	53,300,000	
Depreciation													
April 1, 2021	-	200,000	21,000	2,217,100	4,500,000	200,000	100,000	4,700,000	1,000,000	600,000	-	17,200,000	
Post-year adjustment	-	( 40,000)	-	(40,000)	20	2,000	-	20,000	-	1,000	-	20,000	
April 1, 2021, as revised	-	160,000	21,000	2,177,100	4,500,000	202,000	100,000	4,720,000	1,000,000	601,000	-	17,220,000	
Charge for year, as revised	-	( 20,000)	8,000	200,000	400,000	40,000	20,000	300,000	200,000	200,000	-	1,200,000	
Eliminated on disposal	-	-	-	( 400,000)	-	( 100)	( 2,000)	-	-	( 200)	-	( 402,000)	
March 31, 2022, as revised	-	140,000	29,000	1,977,100	4,900,000	242,000	100,000	5,020,000	1,200,000	801,000	-	18,000,000	
Charge for year	-	81,000	60,000	200,000	200,000	40,000	10,000	400,000	200,000	200,000	-	1,000,000	
Eliminated on disposal	-	-	-	( 8,200)	-	-	-	-	-	-	-	( 8,200)	
Revaluation	-	-	( 2,000)	-	( 40,000)	-	-	-	-	-	-	( 42,000)	
March 31, 2023	-	221,000	31,000	2,169,000	5,100,000	282,000	110,000	5,420,000	1,400,000	1,001,000	-	19,000,000	
Net book value													
March 31, 2023	4,101,827	4,100,859	3,200,000	5,972,022	9,222,000	200,674	10,000	5,780,000	1,644,000	1,200,000	1,320,000	53,300,000	
March 31, 2022	4,099,027	4,283,859	29,724	6,170,300	14,322,000	392,374	120,720	11,200,000	3,044,000	1,200,000	1,000,000	53,300,000	
April 1, 2021	4,077,304	4,270,590	29,724	4,261,227	14,172,895	429,865	120,126	11,220,000	1,073,000	700,000	4,270,957	53,021,259	

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements**  
**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

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

	The Authority											
	Property Land	Property Buildings	Leased Property	Top. Equip. Trucks, Goods Covers, Vessels and Other Equipment	Lighting Poles, Posts and II	Infrastructure	Planting	Planting and Other Equipment	Computer Equipment	Motor Vehicles	Capital Work-in- Progress	Total
	000	000	000	000	000	000	000	000	000	000	000	000
<i>As restated and rest</i>												
April 1, 2021	4,672,304	4,698,000	-	2,411,870	14,772,104	11,045,311	3,979,806	228,000	821,240	122,887	1,264,346	34,294,018
Re-year adjustment	-	( 828,223)	-	209,124	-	228,241	-	16,061	-	-	128,118	-
April 1, 2021, restated	4,672,304	3,869,777	-	2,620,994	14,772,104	11,273,552	3,979,806	244,061	821,240	122,887	1,392,464	34,318,036
Additions	-	23,300	-	35,297	-	-	-	26,213	15,023	2,806	1,072,226	1,143,565
Disposal	-	-	-	( 25,214)	-	-	-	( 20)	( 20)	( 2,000)	-	( 25,456)
Transfers from work-in-progress	8,200	377,000	-	2,281,000	3,443,379	13,887	-	-	-	-	2,094,800	-
Revaluation	-	-	-	-	45,221	( 24,000)	( 8,200)	-	-	-	-	-
Transfers to investment property (note 5)	-	( 300,000)	-	-	-	-	-	-	-	-	2,500,000	( 2,200,000)
Transfers to project expenses, as restated	-	( 8,078)	-	-	-	-	-	-	-	-	-	( 8,078)
Loss on disposal, as restated	-	( 221,420)	-	-	-	-	-	-	-	-	-	( 221,420)
March 31, 2022	4,528,927	3,277,229	-	8,151,209	14,817,329	11,249,513	3,944,423	269,274	837,262	122,887	4,627,176	34,091,228
Additions	200	26,000	-	297,112	140,220	18,244	-	24,221	21,228	8,297	2,422,297	2,633,622
Disposal	-	-	-	( 1,220)	-	-	-	-	-	-	-	( 1,220)
Transfers from work-in-progress	3,200	3,120	-	20	-	4,200	-	-	7,200	-	( 13,000)	-
Transfers to investment property (note 5)	( 21,127)	-	-	-	-	-	-	-	-	-	-	( 21,127)
Transfers to equipment	-	-	-	-	-	-	-	-	-	-	( 21,200)	( 21,200)
Write-off	-	-	-	-	-	-	-	-	-	-	( 80)	( 80)
Revaluation	3,224	40	2,498,204	( 1,000)	8,421,000	( 3,220)	-	60	( 60)	-	-	-
March 31, 2023	4,528,927	3,299,029	2,498,204	8,150,209	14,827,329	11,246,293	3,944,423	269,334	837,002	122,887	4,604,176	34,291,018
Depreciation												
April 1, 2021	-	896,000	-	1,117,120	4,520,213	4,200,889	3,823,294	264,420	200,200	46,811	-	17,294,129
Re-year adjustment	-	( 45,223)	-	44,897	-	29,112	-	8,200	1,244	-	-	29,429
April 1, restated	-	850,777	-	1,162,017	4,520,213	4,229,999	3,823,294	264,420	200,200	46,811	-	17,323,558
Charge for the year, as restated	-	( 24,200)	-	21,200	47,200	200,200	200,212	21,200	21,200	14,274	-	1,200,200
On Disposal	-	-	-	( 25,214)	-	-	-	( 20)	( 20)	( 2,000)	-	( 49,454)
March 31, 2022	-	826,577	-	1,157,803	4,607,413	4,429,999	3,944,423	285,220	221,200	60,811	-	18,597,316
Revaluation	-	-	42,000	-	( 45,000)	-	-	-	-	-	-	-
Charge for year	-	61,200	61,000	21,120	200,200	400,000	200,000	21,200	21,200	16,274	-	1,278,624
On Disposal	-	-	-	( 1,220)	-	-	-	-	-	-	-	( 1,220)
March 31, 2023	-	887,777	103,000	1,178,923	4,562,413	4,829,999	3,944,423	306,420	242,400	77,085	-	19,876,338
Net Book Value												
March 31, 2023	4,528,927	2,411,252	2,395,204	7,072,086	10,254,927	7,021,313	2,421,002	251,024	61,602	10,102	4,604,176	24,690,236
March 31, 2022	4,528,927	2,520,000	-	7,033,012	11,297,002	6,028,284	2,420,201	235,221	81,602	12,888	4,627,176	27,100,013
April 1, 2021	4,672,304	2,871,000	-	7,031,000	8,001,000	6,000,000	2,400,000	162,000	21,000	20,000	1,392,464	27,480,008

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

### Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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 (2022: \$2.493 million) as security for certain long-term liabilities. [Note 19 (e)(v)].
- (b) Included in property, plant and equipment are motor vehicles with a carrying value of approximately \$Nil million (2022: \$2.714 million) for which the Group does not hold a registered title as the legal formalities in this regard have not yet been completed.
- (c) Included in the capital work in progress is costs related to the construction of the Port Royal Museum.

#### 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
<b>Cost:</b>	
March 31, 2021 and 2022	190,503
<b>Addition:</b>	
March 31, 2023	<u>197,900</u>
<b>Depreciation:</b>	
March 31, 2021	( 49,842)
Depreciation charge for the year	( 49,843)
March 31, 2022	( 99,685)
Depreciation charge for the year	( 46,670)
March 31, 2023	<u>(146,355)</u>
<b>Carrying amounts:</b>	
March 31, 2023	<u>51,545</u>
March 31, 2022	<u>90,818</u>

##### (b) Lease liabilities

##### Maturity analysis – contractual undiscounted cash flows:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Less than one year	53,302	59,342
One to five years	<u>19,633</u>	<u>75,500</u>
<b>Total undiscounted lease liabilities</b>	<b>72,935</b>	<b>134,842</b>
<b>Less: Future interest expense</b>	<b>( 3,888)</b>	<b>( 11,971)</b>
<b>Carrying amount of lease liabilities at March 31</b>	<b><u>69,047</u></b>	<b><u>122,871</u></b>
<b>Lease liabilities are classified as follows:</b>		
Current	53,302	59,342
Non-current	<u>15,745</u>	<u>63,529</u>
	<b><u>69,047</u></b>	<b><u>122,871</u></b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**

**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

**5. Leases (continued)**

**i. Leases as lessee (continued)**

**(c) Amount recognised in profit or loss**

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest on lease liabilities	6,565	12,528
Depreciation	<u>46,670</u>	<u>49,843</u>

**(d) Reconciliation of movements of lease obligations to cash flow arising from financing activities.**

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at April 1	122,871	178,321
Additions	7,397	-
Lease payments	( 58,375)	( 67,765)
Lease interest expense	6,565	12,528
Foreign exchange (gain)/loss	( 9,411)	7,767
Balance as at end of year	<u>69,047</u>	<u>120,871</u>

**ii. Leases as lessor**

The Group leases out its investment property 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 property.

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Less than one year	1,976,064	3,612,498	1,324,091	1,463,800
One to two years	2,104,520	3,667,755	1,362,215	1,533,666
Two to three years	2,168,730	3,979,407	1,403,981	1,618,430
Three to four years	2,234,794	4,318,506	1,446,962	1,708,007
Four to five years	<u>2,302,022</u>	-	<u>1,490,712</u>	<u>1,580,272</u>
Total	<u>10,786,130</u>	<u>15,578,166</u>	<u>7,027,961</u>	<u>7,904,235</u>

**6. Investment property**

	<u>The Group</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Fair value, March 31, 2021	16,431,887	18,817,555	35,249,442
Additions	-	168,311	168,311
Increases in fair value (note 23)	2,846,829	2,784,106	4,832,997
Reclassification from property, plant, and equipment (note 4)	-	2,333,653	2,333,653
Fair value, March 31, 2022	19,278,716	24,103,627	43,382,343
Increases in fair value (note 23)	4,152,831	( 1,121,997)	3,066,889
Adjustment	-	( 3,841)	( 3,841)
Reclassification from property, plant, and equipment (note 4)	21,137	-	21,137
Fair value, March 31, 2023	<u>23,452,684</u>	<u>22,978,794</u>	<u>46,431,478</u>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Notes to the Consolidated and Separate Financial Statements (Continued)****Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)***6. Investment property (continued)**

	<b>The Authority</b>		
	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Total \$'000</b>
Fair value, March 31, 2021	15,390,074	16,489,368	31,879,442
Additions	-	168,311	168,311
Increase in fair value (note 25)	1,701,702	2,818,921	4,520,623
Reclassification from property, plant, and equipment (note 4)	<u>-</u>	<u>2,333,653</u>	<u>2,333,653</u>
Fair value, March 31, 2022	17,091,776	21,810,253	38,902,029
Increase in fair value (note 25)	4,053,031	( 1,004,618)	3,048,413
Reclassification from property, plant, and equipment (note 4)	21,158	-	21,158
Adjustment	<u>-</u>	<u>( 3,842)</u>	<u>( 3,842)</u>
Fair value, March 31, 2023	<u>21,165,965</u>	<u>20,801,793</u>	<u>41,967,758</u>

**(a) Investment property****Land:**

Comprise mainly land retained for future development.

**Buildings:**

Investment property 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, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6. Investment property (continued)

(a) Investment property (continued)

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><b>Market based approach (lands):</b> 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><b>Income approach (buildings):</b> 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"> <li>• Details of the sales of comparable properties</li> <li>• Conditions influencing the sale of the comparable properties.</li> <li>• Comparability adjustment.</li> <li>• Discount rate</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Sale value of comparable properties were higher/(lower).</li> <li>• Comparability adjustment were higher/(lower).</li> <li>• Discount rate is higher/lower</li> </ul>

(b) Fair value of investment property

The fair value of the Group's investment property at the end of the reporting period has been arrived at on the basis of valuations between February 2023 to March 2023 by Allison Pitter & Company (2022: February 2022 to March 2023 by Allison Pitter & Company), who possess the requisite qualifications and experience in the valuation of similar properties.

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

### Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

#### 6. Investment property (continued)

##### (b) Fair value of investment property (continued)

The property rental income earned by the Group from certain of its investment property which are leased under operating leases amounted to \$1,655 million (2022: 1,374 million). Direct operating expenses arising from the investment property that generated rental income during the year amounted to \$358,502 million (2022: \$179,928 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(i).

#### 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
<b>Cost:</b>						
Balance, March 31, 2021 and 2022	1,104,519	-	1,104,519	1,103,706	-	1,103,706
Additions	8,706	63,438	72,144	8,709	63,438	72,147
Balance, March 31, 2023	1,113,225	63,438	1,176,663	1,112,415	63,438	1,175,853
<b>Amortisation:</b>						
March 31, 2021	207,733	-	207,733	207,411	-	207,411
Change for the year	135,604	-	135,604	135,603	-	135,603
March 31, 2022	343,337	-	343,337	343,014	-	343,014
Change for the year	138,741	-	138,741	138,630	-	138,630
March 31, 2023	482,078	-	482,078	481,644	-	481,644
Carrying values:						
Balance, March 31, 2023	731,147	63,438	794,585	730,771	63,438	794,209
Balance, March 31, 2022	896,786	-	896,786	896,295	-	896,295

#### B. Investments in subsidiaries and equity-accounted investees

##### (a) Investments in equity-accounted investees

	The Group	
	2023 \$'000	2022 \$'000
<b>Shares at cost:</b>		
Security Administrators Limited	7,353	7,353
Montego Cold Storage Limited	20	20
<b>Reserves:</b>		
Share of reserves at acquisition	12,331	12,331
Dividend received	( 7,000)	( 7,000)
Share of post-acquisition profits	389,029	341,011
	<u>401,733</u>	<u>353,715</u>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**

**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

**B. Investments in subsidiaries and equity-accounted investees (continued)**

**(a) Investments in equity-accounted investees (continued)**

Summarised financial information in respect of the Group's equity-accounted investees is as follows:

	<u>The Group</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
Non-current assets	78,822	78,054
Current assets	<u>1,110,286</u>	<u>958,918</u>
<b>Total assets</b>	<b><u>1,189,108</u></b>	<b><u>1,036,972</u></b>
Current liabilities	( 125,372)	( 109,555)
Non-current liabilities	<u>( 3,675)</u>	<u>( 11,788)</u>
<b>Total liabilities</b>	<b><u>( 129,047)</u></b>	<b><u>( 121,343)</u></b>
<b>Net assets</b>	<b><u>1,060,061</u></b>	<b><u>915,629</u></b>
Group's share of equity-accounted investees net assets (33.3%)	<u>353,354</u>	<u>305,343</u>
<b>Revenue</b>	<b><u>993,245</u></b>	<b><u>977,902</u></b>
<b>Profit for the year</b>	<b><u>144,055</u></b>	<b><u>170,959</u></b>
Group's share of equity-accounted investees profit for the year (33.3%)	<u>48,018</u>	<u>53,963</u>

The summarised financial information for the equity-accounted investees above is unaudited.

**(b) Investments in subsidiaries and equity-accounted investees**

	<u>The Authority</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
Shares at cost		
<b>Subsidiaries:</b>		
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)	-	****
PAJ Marina Development Company Limited	-	****
	<u>23,135</u>	<u>23,135</u>
<b>Associated companies:</b>		
Securities Administrators Ltd.	7,353	7,353
Montego Cold Storage Limited	<u>20</u>	<u>20</u>
	<u>7,373</u>	<u>7,373</u>
<b>Total investments in subsidiaries and associate</b>	<b><u>30,508</u></b>	<b><u>30,508</u></b>

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

### Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

#### 8. Investments in subsidiaries and equity-accounted investees (continued)

##### (b) Investments in subsidiaries and equity-accounted investees (continued)

- \* Denotes 2 ordinary shares
  - \*\* 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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Amortised cost:</b>				
Deposits [See 9(a) below]	793,576	685,944	793,576	685,944
Staff mortgage deposits [See 9(b) below]	42,217	41,296	36,561	35,760
	835,793	727,240	830,137	721,704
Less: Impairment for expected credit loss	( 2,808)	-	( 2,808)	-
Other investments, net	832,985	727,240	827,329	721,704

##### (a) This amount includes:

- i) A fixed deposit of US\$1.53 million (J\$230 million) and J\$300.79 million (2022: US\$1.5 million (J\$230 million) and J\$218.92 million) in a debt service reserve and sinking fund account respectively. These are in respect of the NCB Insurance Company Limited and Sagiecar Life Jamaica Limited Loan of J\$2.5 billion disbursed on March 31, 2014, which is repayable by 2054 [note 19(c)(v)]. At March 31, 2023 interest receivable amounted to J\$3.67 million and Nil respectively (2022: J\$3.64 million and J\$4.22 million) for the Group and the Authority.
- ii) A fixed deposit of J\$110.645 million (2022: \$81.656 million) in a sinking fund account as outlined in Article 8 (R.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, 2023 interest receivable amounted to J\$0.58 million (2022: J\$0.40 million) for the Group and the Authority.
- iii) A fixed deposit of J\$145.05 million (2022: J\$145.02 million) in a sinking fund account in respect of NCB Capital Market Jamaica Limited loan of J\$4.8 billion (2022: 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(c)(ii)]. At March 31, 2023, interest receivable amounted to J\$1.326 million (2022: \$0.879 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, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

#### 9. Other investments (continued)

- (b) This represents savings account balances held at The Victoria Mutual Building Society at a rate of approximately 0.03% - 3.0% per annum (2022: 0.03% - 3.0%) for the Group and Authority. At March 31, 2023, interest receivable amounted to \$0.233 million (2022: \$0.31 million) for the Group and J\$0.202 million (2022: \$0.197 million) for the Authority.

#### 10. Long-term receivables

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Staff housing assistance fund [note 15(a)]	15,315	13,251	15,315	13,251
Motor car staff loans [note 15(b)]	41,746	31,278	41,746	31,278
Education loan [note 15(c)]	362	251	362	251
Deposit – Jamaica Public Service Co. Ltd.	5,475	5,475	5,475	5,475
Prepayment – Jamaica Bauxite Mining Ltd [note 14]	293,654	-	293,654	-
Advances to related companies (net) [note 15(d)]	-	-	78,236	78,236
Other	2,486	4,837	2,486	4,037
	<b>358,038</b>	<b>54,841</b>	<b>435,264</b>	<b>138,519</b>
Current portion included in				
Accounts receivables and prepayments (note 14)	( 9,679)	( 9,265)	( 9,679)	( 9,265)
	<b>348,359</b>	<b>45,576</b>	<b>425,585</b>	<b>129,254</b>

##### (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 \$1,045,000 and \$1,725,000 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 deductions 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 vehicles.

##### (c) Education loan (Tertiary Assistance)

This balance represents the outstanding amount under the Tertiary assistance and loans to employees' programme. Loans are recoverable via salary deductions over a period not exceeding eighteen (18) months at 3% interest rate. Employees are bonded for a period up to two years on completion of their study.

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

### 10. Long-term receivables (continued)

#### (d) Advances to related companies (net)

These comprise the following:

	<u>The Authority</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
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.

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, 2023, the Authority contributed at a rate of 10 % (2022: 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 15, 2023 (2022: June 2, 2022) by Duggan Consulting Limited, Fellow of the Institute of Actuaries. This valuation was in respect of extrapolated balances at March 31, 2023 (2022: March 31, 2022). The present value of the defined benefit obligations and the related current service cost were measured using the projected unit credit method.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**

**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

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

*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 on May 2, 2023 (2022: March 29, 2022), by Eckler Partners Limited (Consulting Actuaries) in respect of extrapolated obligations as at January 31, 2023 (2022: December 31, 2022). The present value of the obligation and the related current and past service costs were measured using the projected unit credit method.

(a) Key assumptions used:

	<u>The Group and The Authority</u>	
	<u>2023</u>	<u>2022</u>
	%	%
Discount rate	13.0	8.0
Future salary increases	7.0	5.0
Future pension increases	7.0	5.0
Health cost inflation	5.50	5.0

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**

**Year ended March 31, 2023**

*(Expressed in Jamaican 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	
2023	2022	2023	2022	2023	2022	2023	2022	
\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Present value of obligation	(149,894)	(261,889)	(537,713)	(598,269)	(101,467)	(125,387)	(643,180)	(723,657)
Fair value of plan assets	261,662	317,323	-	-	107,789	106,456	187,789	106,456
Asset Ceiling	(78,244)	-	-	-	-	-	-	-
Net asset/(liability) recognised in statement of financial position	33,524	33,636	(537,713)	(598,269)	2,302	(18,931)	(555,391)	(617,197)

	The Authority							
	Retirement benefit asset		Retirement benefit liabilities					
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits		Total obligations	
2023	2022	2023	2022	2023	2022	2023	2022	
\$000	\$000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Present value of obligation	(149,894)	(261,889)	(518,768)	(541,971)	(101,467)	(125,387)	(625,211)	(687,358)
Fair value of plan assets	261,662	317,323	-	-	107,789	106,456	187,789	106,456
Asset Ceiling	(78,244)	-	-	-	-	-	-	-
Net asset/(liability) recognised in statement of financial position	33,524	33,636	(518,768)	(541,971)	2,302	(18,931)	(437,422)	(580,902)

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**

**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

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

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

	<b>The Group</b>							
	<b>Retirement benefit asset</b>		<b>Retirement benefit liabilities</b>					
	<b>Defined Benefit Plan</b>		<b>Retiree Medical Plan</b>		<b>Other post-employment benefits</b>		<b>Total obligations</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>\$000</b>	<b>\$000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Balance, beginning of the period	55,656	85,794	(596,267)	(582,103)	(18,931)	(115,221)	(617,185)	(697,329)
Net expense to profit and loss	( 7,043)	762	( 69,649)	( 65,377)	( 6,389)	( 15,733)	( 76,233)	( 81,110)
Total re-measurement to other comprehensive (loss)/income	(26,962)	(55,451)	98,288	33,659	4,863	1,178	85,871	35,837
Contributions by employer:								
- Regular	13,893	14,531	18,967	15,337	22,929	110,845	42,946	126,202
Balance, end of the year	<b>35,524</b>	<b>35,636</b>	<b>(557,713)</b>	<b>(596,266)</b>	<b>-2,302</b>	<b>( 18,931)</b>	<b>(555,411)</b>	<b>(617,185)</b>

	<b>The Authority</b>							
	<b>Retirement benefit asset</b>		<b>Retirement benefit liabilities</b>					
	<b>Defined Benefit Plan</b>		<b>Retiree Medical Plan</b>		<b>Other post-employment benefits</b>		<b>Total obligations</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>\$000</b>	<b>\$000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Balance, beginning of the period	55,656	85,794	(541,977)	(528,018)	(18,931)	(115,221)	(600,902)	(693,239)
Net expense to profit and loss	( 7,043)	762	( 62,029)	( 57,631)	( 6,389)	( 15,733)	( 68,618)	( 73,369)
Total re-measurement to other comprehensive (loss)/income	(26,962)	(55,451)	64,249	28,321	4,863	1,178	69,112	29,499
Contributions by employer:								
- Regular	13,893	14,531	18,967	15,337	22,929	110,845	42,946	126,202
Balance, end of the year	<b>35,524</b>	<b>35,636</b>	<b>(539,757)</b>	<b>(541,971)</b>	<b>-2,302</b>	<b>( 18,931)</b>	<b>(517,492)</b>	<b>(600,902)</b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**

**Year ended March 31, 2023**

*(Expressed in Jamaican 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		Obligated employees benefits		Total liabilities	
2023	2022	2023	2022	2023	2022	2023	2022	
		5'000	5'000	5'000	5'000	5'000	5'000	
Current service cost	(10,929)	( 3,869)	(16,975)	(16,333)	(5,126)	( 6,970)	( 21,099)	( 23,325)
Post service cost	-	-	( 9,813)	-	-	-	( 9,913)	-
Interest obligations	(18,636)	(16,947)	(42,756)	(48,226)	(9,962)	(17,031)	( 31,738)	(61,945)
Interest income on plan asset	22,322	24,871	-	-	8,517	8,238	8,317	8,238
Administrative expenses	-	( 1,273)	-	-	-	-	-	-
Net costs for year included in profit and loss	( 7,043)	782	(69,644)	(64,372)	(6,569)	(15,733)	( 76,333)	(81,110)
Items in other comprehensive income:								
Remeasurement gain/(loss) on obligation	35,651	(44,320)	90,288	33,839	12,867	139	102,273	33,996
Remeasurement (loss)/gain on assets	(32,633)	(1,131)	-	-	( 7,204)	1,089	( 7,204)	1,839
Total remeasurement for other comprehensive income	( 26,982)	( 45,451)	90,288	33,839	4,863	1,178	95,071	35,837
<b>Total</b>	<b>( 34,025)</b>	<b>( 44,669)</b>	<b>70,932</b>	<b>( 30,533)</b>	<b>( 1,706)</b>	<b>(14,555)</b>	<b> 18,738</b>	<b>( 45,273)</b>

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

### Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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	
2023	2022	2023	2022	2023	2022	2023	2022	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Current service cost	(10,828)	( 5,689)	(13,854)	(13,359)	(5,124)	( 4,970)	(18,978)	(20,345)
Past service cost	-	-	( 5,418)	-	-	-	( 5,418)	-
Interest obligation	(18,634)	(16,947)	(42,756)	(44,232)	(9,982)	(17,021)	(22,738)	(61,233)
Interest income on plan asset	22,522	24,871	-	-	8,317	8,258	8,317	8,238
Administrative expenses	-	( 1,273)	-	-	-	-	-	-
Net costs for year included in profit and loss	( 7,943)	762	(62,828)	(37,631)	(6,387)	(13,733)	(68,618)	(73,344)
Items in other comprehensive (loss)/income								
Reversal of net gain/(loss) on obligation	55,651	(44,328)	64,248	28,321	12,067	139	76,316	28,460
Reversal of net gain/(loss) on assets	(62,633)	(11,131)	-	-	( 7,204)	1,039	( 7,204)	1,039
Total measurement for other comprehensive income	(6,982)	(55,451)	64,248	28,321	4,863	1,178	69,112	29,499
Total	(34,925)	(54,689)	1,420	(9,310)	( 1,524)	(14,333)	7,494	(43,845)

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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 obligation	
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits			
2023	2022	2023	2022	2023	2022	2023	2022	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening defined benefit obligation	(261,889)	(183,637)	(398,264)	(382,103)	(123,387)	(212,380)	(723,631)	(794,483)
Current service cost	( 30,928)	( 3,889)	( 16,873)	( 16,333)	( 3,124)	( 6,970)	( 22,099)	( 23,323)
Post service cost	-	-	( 3,419)	-	-	-	( 3,419)	-
Interest cost	( 18,634)	( 16,947)	( 47,258)	( 48,824)	( 9,903)	( 17,831)	( 57,252)	( 63,843)
Contributions from plan participants								
- compulsory	( 6,202)	( 6,851)	-	-	-	-	-	-
- voluntary	( 4,438)	( 3,083)	-	-	-	-	-	-
Benefits paid	96,538	2,648	19,987	13,337	22,939	110,845	42,946	126,202
Reversal amount gain/(loss) on obligation for other comprehensive income	33,631	( 41,320)	30,308	31,832	12,087	132	102,273	31,998
Closing defined benefit obligation	(149,891)	(261,889)	(337,713)	(388,263)	(103,467)	(123,387)	(463,182)	(523,611)

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

### Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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	
2023	2022	2023	2022	2023	2022	2023	2022	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening defined benefit obligation	(261,889)	(183,687)	(541,971)	(528,418)	(123,387)	(212,388)	(607,333)	(740,395)
Post Service Cost		-	( 3,439)	-		-	( 3,419)	
Current service cost	( 10,928)	( 3,889)	(13,856)	(13,389)	( 5,134)	( 6,970)	(18,973)	( 20,369)
Interest cost	( 18,854)	( 16,947)	(42,758)	( 44,337)	( 9,907)	(17,041)	( 32,738)	( 61,253)
Contributions from plan participants								
- compulsory	( 6,202)	( 6,631)	-	-		-	-	-
- voluntary	( 4,438)	( 3,087)	-	-		-	-	-
Benefits paid	96,578	2,690	19,967	13,377	22,938	110,843	42,946	126,202
Reassessment (loss)/gain on obligation for other compensation income	53,031	( 44,730)	66,249	38,731	12,087	139	26316	28,468
Closing defined benefit obligation	(149,061)	(240,882)	(519,216)	(541,571)	(105,497)	(121,388)	(551,511)	(657,535)

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

### Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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				Total obligations	
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits			
2023	2022	2023	2022	2023	2022	2023	2022	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- changes in financial assumptions	103,689	(17,538)	231,053	( 2,448)	13,549	( 12)	234,682	( 2,460)
- change in demographic assumptions	( 6)	-	(131,844)	6,528	-	-	(131,844)	6,528
- experience adjustment	( 48,032)	(26,382)	999	28,787	(1,482)	151	(483)	28,838
	<u>55,651</u>	<u>(44,320)</u>	<u>99,209</u>	<u>32,867</u>	<u>12,067</u>	<u>139</u>	<u>102,775</u>	<u>33,728</u>
	The Authority							
	Retirement benefit asset		Retirement benefit liabilities				Total obligations	
	Defined Benefit Plan		Retiree Medical Plan		Other post-employment benefits			
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- changes in financial assumptions	103,689	(17,538)	200,809	( 2,418)	13,549	( 12)	214,338	( 2,430)
- change in demographic assumptions	( 6)	-	(121,038)	3,940	-	-	(121,038)	3,940
- experience adjustment	( 48,032)	(26,382)	( 15,502)	24,299	( 1,482)	151	( 16,984)	24,958
	<u>55,651</u>	<u>(44,320)</u>	<u>64,269</u>	<u>25,731</u>	<u>12,067</u>	<u>139</u>	<u>76,316</u>	<u>26,508</u>

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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 liabilities	
2023	2022	2023	2022	2023	2022	2023	2022	
J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	
Opening fair value of plan assets	317,323	281,431	-	-	106,456	97,159	106,456	97,159
Interest income on plan assets	22,322	24,872	-	-	8,517	8,259	8,517	8,259
Contributions (employer and employees)	24,534	26,267	-	-	22,959	110,845	22,959	110,845
Benefits paid	( 96,330)	( 2,640)	-	-	( 22,959)	(110,845)	( 22,959)	(110,845)
Administrative expenses	-	( 1,275)	-	-	-	-	-	-
Reversal/accrual (loss)/gain on obligation for other comprehensive income	( 6,382)	( 11,132)	-	-	( 7,284)	1,036	( 7,284)	1,036
Closing fair value of the plan assets	<u>281,467</u>	<u>317,323</u>	<u>-</u>	<u>-</u>	<u>107,282</u>	<u>106,456</u>	<u>107,282</u>	<u>106,456</u>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

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

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

	<u>The Group and The Authority</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
Deposit Administrator Fund	212,442	271,556
Pooled Investment Fund	19,138	17,359
Pooled Money Market Fund	30,082	28,610
Repurchase agreements (Authority administered)	<u>107,769</u>	<u>106,456</u>
	<u>369,431</u>	<u>423,981</u>

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

<u>Assumptions</u>	<u>2023</u>			
	<u>The Group and The Authority</u>			
	Sensitivity level	Impact on defined benefits obligation \$'000	Sensitivity level	Impact on defined benefits obligations \$'000
<i>Financial</i>				
Discount rate	+1%	16,024	-1%	11,648
Future salary increases	+1%	6,297	-1%	8,496
<i>Demographic</i>				
Life expectancy of pensioners	+1 year	864	-1 year	814
<u>Assumptions</u>	<u>2022</u>			
	<u>The Group and The Authority</u>			
	Sensitivity level	Impact on defined benefits obligation \$'000	Sensitivity level	Impact on defined benefits obligations \$'000
<i>Financial</i>				
Discount rate	+0.5%	234,970	-0.5%	302,964
Future salary increases	+0.5%	275,462	-0.5%	250,242
<i>Demographic</i>				
Life expectancy of pensioners	+ 1 year	267,886	-1 year	255,926

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, 2023***(Expressed in Jamaican dollars unless otherwise indicated)***11. Post-employment benefits (continued)**

- (i) The Authority expects to contribute \$90.95 million (2022: \$89.41 million) to the health benefit scheme and Nil (2022: 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 (2022: 18 years). The average liability duration of the retiree medical plan was 16.8 years (2022: 16.8 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 salaries. The contributions by the Group and the Authority as at March 31, 2023 amounted to \$82.64 million and \$71.75 million (2022: \$81.71 million and \$65.24 million) respectively. Of this amount, contributions by the Group and the Authority to defined contribution pension scheme for key management personnel amounted to \$6.14 million (2022: \$3.12 million).

**12. Deferred tax assets/(liabilities)****The Group**

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

	Deferred tax					
	Asset		Liability		Net	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	39,517	11,985	( 3,168)	( 6,287)	36,349	5,698
Foreign exchange losses	15,839	9,271	( 7,227)	( 6,855)	8,612	2,416
Interest receivable	( 8,132)	( 5,184)	( 623)	( 538)	( 8,755)	( 5,700)
Un-used vacation	11,278	6,044	( 159)	( 789)	11,119	5,275
Retirement benefits liability	27,594	14,074	-	-	27,594	14,074
Accounts receivable	( 9,027)	( 6,851)	( 5,323)	( 6,408)	(14,350)	(13,059)
BCL on securities under re-sale agreements	( 1,637)	896	-	-	( 1,637)	896
BCL on deposits	63	( 138)	344	2	407	( 136)
Foreign exchange gains	(60,900)	(15,850)	( 5,516)	( 1,110)	(66,416)	(16,760)
Leases, net	8,204	1,580	8,995	8,995	17,289	10,575
Tax losses	-	-	2,048	2,132	2,048	2,132
	<b>22,882</b>	<b>16,247</b>	<b>(10,629)</b>	<b>(10,629)</b>	<b>12,260</b>	<b>5,618</b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**  
**Year ended March 31, 2023**

*(Expressed in Jamaican 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, 2021 \$'000	Recognised in OCI \$'000	Recognised in profit or loss \$'000 (note 26)	March 31, 2022 \$'000	Recognised in OCI \$'000	Recognised in profit or loss \$'000 (note 26)	March 31, 2023 \$'000
Property, plant and equipment	23,781	-	( 11,716)	11,985	-	27,533	39,517
Foreign exchange losses	16,411	-	( 4,853)	12,358	-	6,568	15,839
Interest receivable	( 2,970)	-	( 2,194)	( 5,164)	-	( 2,968)	( 8,132)
Un-used variation	5,293	-	811	6,044	-	5,234	11,278
Retirement benefits liability	10,434	(1,384)	1,997	10,987	-	13,520	27,594
Accounts receivable	( 1,576)	-	( 5,875)	( 6,651)	-	( 2,578)	( 9,227)
BCL on securities under re-sale agreements	615	-	281	896	-	( 2,533)	( 1,637)
BCL on deposit	( 76)	-	( 62)	( 138)	-	201	63
Leases, net	4,211	-	( 2,631)	1,580	-	6,714	8,294
Foreign exchange gains	(40,289)	-	24,839	(15,650)	-	(45,250)	(60,900)
Tax losses	3,061	-	( 2,861)	-	-	-	-
	<b>18,755</b>	<b>(1,384)</b>	<b>( 1,128)</b>	<b>16,247</b>	<b>-</b>	<b>6,642</b>	<b>23,889</b>

**Deferred tax liabilities**

	March 31, 2021 \$'000	Recognised in OCI \$'000	Recognised in profit or loss \$'000 (note 26)	March 31, 2022 \$'000	Recognised in OCI \$'000	Recognised in profit or loss \$'000 (note 26)	March 31, 2023 \$'000
Property, plant and equipment	( 4,598)	-	( 1,697)	( 6,287)	-	3,119	( 3,168)
Foreign exchange losses	( 6,655)	-	-	( 6,655)	-	( 572)	( 7,227)
Interest receivable	( 433)	-	( 105)	( 538)	-	( 87)	( 623)
Un-used variation	610	-	( 1,579)	( 769)	-	610	( 159)
Accounts receivable	1,546	-	( 7,954)	( 6,408)	-	1,085	( 5,323)
BCL on securities under re-sale agreements	343	-	( 347)	2	-	343	344
Foreign exchange gains	555	-	( 1,665)	( 1,110)	-	(4,408)	( 5,518)
Leases (net)	5,603	-	3,392	8,995	-	-	8,995
Tax losses	2,970	-	( 831)	2,139	-	( 91)	2,048
	<b>( 2,50)</b>	<b>-</b>	<b>(10,572)</b>	<b>(10,620)</b>	<b>-</b>	<b>-</b>	<b>(10,620)</b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**  
**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

**13. Inventories**

	The Group and The Authority	
	2023 \$'000	2022 \$'000
Spares	93,636	87,763
Fuel	23,402	12,249
Other	<u>16,650</u>	<u>8,524</u>
	133,688	88,536
Provision for obsolescence	<u>( 8,259)</u>	<u>( 8,259)</u>
	<u>125,429</u>	<u>80,277</u>

The cost of inventories recognised as an expense during the year was \$193.18 million (2022: \$166.54 million).

**14. Accounts receivables and prepayments**

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade	1,625,036	1,408,948	980,109	545,587
Less: Impairment losses for expected credit loss [Note 31(b)]	<u>( 721,887)</u>	<u>( 542,012)</u>	<u>( 281,360)</u>	<u>( 171,279)</u>
	903,139	866,936	698,749	374,313
Deposits and prepayments **	265,687	379,260	243,329	356,705
Staff receivables	116,920	41,711	101,444	25,280
Taxes recoverable	19,463	7,641	-	-
Advances to subsidiaries, net (see below)	-	-	59,502	119,179
Current portion of long-term receivables (note 10)	9,679	9,265	9,679	9,265
Advances to Jamaica Marine Pilots Associations	106,789	91,284	106,789	91,284
Management fee due from third party	65,725	60,515	-	-
Other receivables***	<u>261,232</u>	<u>233,908</u>	<u>175,034</u>	<u>157,209</u>
	<u>1,748,634</u>	<u>1,696,520</u>	<u>1,394,526</u>	<u>1,133,235</u>

\*This includes \$301M (2022: \$317M) in respect of prepayment of lease for the Reynolds Pier facility for a period of 40 years with Jamaica Bauxite Mining Limited. See movement in balance below:

	2023 \$'000	2022 \$'000
Balance at the beginning of the year	317,463	-
Addition	-	317,463
Amortised during the year	<u>( 15,873)</u>	<u>-</u>
Balance at the end of the year	301,590	317,463
Less: non-current portion (note 10)	<u>283,654</u>	<u>-</u>
	<u>17,937</u>	<u>317,463</u>

\*\*\* This includes amounts receivable from the Tourism Enhancement Fund and insurance claims.

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 PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**  
**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

**14. Accounts receivables and prepayments (continued)**

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.

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, 2023 to apply against the accounts receivable balance less 365 days is as disclosed in [note 31(b)].

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of the year	542,012	519,042	171,274	176,966
Impairment losses recognised in profit or loss	179,995	56,694	110,086	3,889
Impairment losses recovered	-	( 34,866)	-	( 9,711)
Foreign exchange adjustment	( 110)	1,142	-	130
Balance at end of the year	<u>721,897</u>	<u>542,012</u>	<u>281,360</u>	<u>171,274</u>

Included in accounts receivable and prepayment of the Authority are advances to subsidiaries detailed as follows:

	The Authority	
	2023 \$'000	2022 \$'000
Kingston Free Zone Company Limited	18,669	49,165
Montego Bay Free Zone Company Limited	23,886	60,118
Ports Management and Security Limited	16,462	7,814
Jamaica International Free Zone Development Company Limited	2	1,599
Port Authority Management Services Limited	<u>127,366</u>	<u>127,366</u>
	186,385	246,062
Less: Impairment for expected credit loss [note 31(b)]	<u>(126,883)</u>	<u>(126,883)</u>
	<u>59,502</u>	<u>119,179</u>

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

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)  
Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

15. **Cash and cash equivalents**

		The Group			
		2023		2022	
		US\$'000	J\$'000	US\$'000	J\$'000
Cash	- J\$	-	587,631	-	414,189
	- US\$	10,486	1,572,675	7,715	1,178,933
Short-term deposits net	- J\$	-	116,761	-	2,844,122
	- US\$	<u>55,523</u>	<u>8,330,885</u>	<u>24,379</u>	<u>3,818,130</u>
		<u>66,009</u>	<u>10,607,952</u>	<u>32,094</u>	<u>8,255,374</u>
		The Authority			
		2023		2022	
		US\$'000	J\$'000	US\$'000	J\$'000
Cash	- J\$	-	246,685	-	182,020
	- US\$	7,576	1,136,115	6,246	954,522
Short-term deposits net	- J\$	-	7,359	-	7,203
	- US\$	15,812	<u>2,371,268</u>	<u>7,267</u>	<u>1,110,669</u>
		<u>23,388</u>	<u>3,761,427</u>	<u>13,513</u>	<u>2,254,414</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 \$522.237 million (2022: \$458.299 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 \$39.14 million (2022: \$36.55 million) [Note 16(h)]. The Jamaican dollar deposits are at interest rates ranging from 0.05% - 7.75% per annum (2022: 1.75% - 6.75%) for the Group and 4.25% per annum (2022: 1.75%) for the Authority. The United States dollar deposits are at interest rates ranging from 0.115% - 4.95% per annum (2022: 0.115% - 4.95%) for the Group and 0.115% - 5% per annum (2022: 0.012% - 4.25%) for the Authority.

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

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Short-term deposits:				
Amortised cost	8,449,290	6,682,148	2,378,670	1,117,872
Less: Impairment for expected credit loss	( 1,644)	( 19,896)	( 42)	-
Short term deposits, net	<u>8,447,646</u>	<u>6,662,252</u>	<u>2,378,628</u>	<u>1,117,872</u>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Notes to the Consolidated and Separate Financial Statements (Continued)**  
**Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)***16. Reserves**

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
General [note 16(a)]*	-	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
Equalisation [note 16(d)]*	-	1,630	-	1,630
Stabilisation [note 16(e)]*	-	32	-	32
Fixed assets replacement [note 16(f)]	903,338	837,580	903,338	837,580
Insurance [note 16(g)]*	-	37,500	-	37,500
Wharfage [note 16(h)]	39,141	38,305	39,143	38,305
	<b>6,031,809</b>	<b>6,668,977</b>	<b>6,025,818</b>	<b>6,662,984</b>

**(a) General**

This represents transfers from retained earnings at the discretion of the directors. The amount was written off during the year.

**(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. This amount was written off during the year.

**(d) Equalisation**

This represents profits realised from the hiring of motor vessels by the Pilotage Department transferred from retained earnings. This amount was written off during the year.

**(e) Stabilisation**

This represents profits from the operations of a tug service on behalf of the Authority transferred from retained earnings. The amounts were written off during the year.

\*The Group no longer undertakes certain operations for which unfunded reserves were established, therefore, these reserves were written off during the year. Total amount written off amounted to \$703,762,000.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Notes to the Consolidated and Separate Financial Statements (Continued)****Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)***16. Reserves (continued)****(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 \$522.24 million (2022: \$458.30 million) (Note 15).

This comprises:

	<b>The Green and The Authority</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Transfer from retained earnings	1,222,668	1,156,910
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 acquire assets	<u>( 324,326 )</u>	<u>( 324,326 )</u>
	<b><u>903,338</u></b>	<b><u>837,580</u></b>

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, the amount was written off during the year.

**(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% (2022: 16%) of total direct gross wharfage revenue. It is partially funded by bank deposits totaling \$39.143 million (2022: \$36.554 million) (Note 15).

This comprises:

	<b>The Green and The Authority</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Transfers from retained earnings	348,271	347,435
Amount drawn down for capital expenditure	<u>(109,130)</u>	<u>(109,130)</u>
	<b><u>39,141</u></b>	<b><u>38,305</u></b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Notes to the Consolidated and Separate Financial Statements (Continued)**  
**Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)***17. Retained earnings**

This comprises accumulated surplus as follows:

	<u>The Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
The Authority	42,694,374	35,455,931
Its Subsidiaries	7,197,045	6,598,394
Its Equity-accounted investees [note B(a)]	<u>389,029</u>	<u>341,011</u>
	<u>50,280,448</u>	<u>42,395,336</u>

**18. Non-controlling interest in subsidiary companies**

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

	<u>The Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Ordinary shares in:		
Kingston Free Zone Company Limited	5,965	5,965
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	3,456,148	2,851,955
Movement for the year	<u>445,022</u>	<u>604,193</u>
Closing balance	<u>3,901,170</u>	<u>3,456,148</u>
	4,039,310	3,594,288
Share of capital reserve	2,331	2,331
Share of pre-acquisition profits	<u>1,257</u>	<u>1,257</u>
	<u>4,042,898</u>	<u>3,597,876</u>

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

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 participations 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.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**  
**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

**18. Non-controlling interest in subsidiary companies (continued)**

Financial information of subsidiaries for which the Authority has material non-controlling interests are provided below:

Percentage	28%	49%	23%	The Group	
	KFZ \$'000	PMZ \$'000	HEZ \$'000	2023 \$'000	2022 \$'000
Non-current Assets	1,630,297	1,244,741	2,188,782	4,573,200	5,315,025
Current Assets	1,024,333	4,965,988	168,686	6,189,007	5,477,224
Total assets	2,654,630	6,210,729	2,357,468	11,164,207	10,792,099
Non-current Liabilities	( 9,899)	( 37,949)	( 118,255)	( 118,300)	( 178,443)
Current Liabilities	( 307,291)	( 351,455)	( 48,997)	( 707,743)	( 1,291,492)
Net assets	2,347,441	5,821,325	2,190,216	10,298,064	9,324,964
Net asset attributable to non-controlling interests net assets	665,884	2,872,460	377,334	4,063,896	3,297,876
Revenue	711,392	3,356,114	168,982	4,777,951	3,972,451
Profit for the year, being total comprehensive income	( 113,167)	855,577	245,679	988,043	1,446,154
Profit allocated to non-controlling interest	( 31,686)	418,288	61,428	448,943	604,393
Transfer to retained earnings	( 3,927)	-	-	( 3,927)	-
	( 35,613)	418,288	61,428	445,016	604,393
Cash flow - operating	446,076	725,515	85,658	1,235,241	1,007,848
Cash flow - investing	10,382	( 685,406)	46	( 634,905)	( 1,717,317)
Cash flow - financing	( 396,663)	-	( 348)	( 396,963)	( 332,123)
Net (decrease)/increase and cash equivalents	99,895	38,109	85,356	233,310	( 41,567)

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Separate Financial Statements (Continued)**  
**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

**19. Long-term liabilities**

These comprise:	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(a) Non-government loans				
Local currency loan [note 19(c)(i)]	11,049,388	11,370,597	11,049,388	11,270,597
(b) Government loans [note 19(b)]				
Local currency loans	19,953,228	21,308,037	19,945,850	21,380,868
	31,001,616	32,578,634	30,994,447	32,571,465
Loan interest payable	510,282	537,979	510,302	537,979
Loan fees	( 181,286)	( 104,329)	( 101,396)	( 104,329)
	31,410,532	33,012,284	31,403,413	33,005,115
Current position:				
Long-term liabilities	( 2,184,249)	( 2,131,960)	( 2,104,249)	( 2,131,960)
Amortised loan fees	3,093	3,872	3,093	3,882
Current position of long-term liabilities	( 2,181,156)	( 2,128,088)	( 2,101,156)	( 2,128,078)
	29,229,376	30,884,196	29,302,257	30,877,037

Reconciliation of movement of loan obligations to cash flows arising from financing activities:

These comprise:	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance as at 1 April	32,578,634	33,189,208	32,571,465	33,144,347
Proceeds from loans	332,529	-	332,529	-
Effects of change in foreign exchange rate	4,630	71,097	4,630	89,883
Loan payments	( 1,914,177)	( 681,671)	( 1,914,177)	( 652,689)
	31,001,616	32,578,634	30,994,447	32,571,465
Other charges				
Loan interest expense	2,463,511	2,538,838	2,537,194	2,333,578
Interest paid	( 2,532,025)	( 2,254,245)	( 2,533,025)	( 2,254,245)
Amortised loan fee	3,041	2,970	3,033	2,972
Long-term liabilities	( 65,475)	286,783	8,202	82,287
Balance as at end of year	31,801,616	32,578,634	30,994,447	32,571,465

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

**19. Long-term liabilities (continued)**

**(c) Non-government loans (continued)**

**(i) Local currency loans**

				<u>Ten Gross</u>	
<u>Interest</u>				<u>2023</u>	<u>2022</u>
<u>Rate</u>				<u>JMD</u>	<u>JMD</u>
<u>%</u>	<u>Lender</u>	<u>Repayment instalments</u>		<u>'000</u>	<u>'000</u>
8.55	NCB Capital Markets	In full January 2044		3,714,114	3,716,309
8.25	NCB Capital Markets Limited (note 19(i)(vii))	Semi-annually effective from 2022		4,833,590	3,033,149
14.50	NCB Insurance Company Limited (NBI) & Superior Life Jamaica Limited (SLJOL) (note 19(i)(viii))	In full March 2034		<u>2,501,684</u>	<u>2,301,139</u>
<b>TOTAL</b>				<b><u>11,049,388</u></b>	<b><u>11,050,597</u></b>
<b>Revised</b>					
Change on property, plant & equipment (note 4)				2,501,684	2,301,139
<b>Unrevised</b>				<b><u>8,547,704</u></b>	<b><u>8,749,458</u></b>
				<b><u>11,049,388</u></b>	<b><u>11,050,597</u></b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*

**19. Long-term liabilities (continued)**

**(c) Non-government loans (continued)**

**(i) Local currency loans (continued)**

			<u>The Authority</u>	
			<u>2023</u>	<u>2022</u>
Interest Rate			JMD	JMD
%	Lender	Maturity Instruments	\$'000	\$'000
3.25	NCH Capital Markets Limited [note 19(a)(ii)]	Annually effective from 2022	4,833,350	5,053,149
3.25	NCH Capital Markets	In full March 2044	3,714,114	3,716,309
14.50	NCH Insurance Company Limited (NCH) & Superior Life Jamaica Limited (SJMIL) [note 19(a)(iii)]	In full March 2034	<u>2,501,484</u>	<u>2,501,139</u>
			<b><u>11,048,948</u></b>	<b><u>11,270,597</u></b>
<b>TOTAL</b>				
Guaranteed by the Government of Jamaica			2,501,484	2,501,139
Charge on the assets [note 4(a)]			<u>8,547,464</u>	<u>8,769,458</u>
			<b><u>11,048,948</u></b>	<b><u>11,270,597</u></b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)***19. Long-term liabilities (continued)****(d) Government of Jamaica (GOJ) - Loans**

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(i) Development of Montego Bay Free Zone Company Limited	7,169	7,169	-	-
(ii) Ministry of Finance Fixed Interest Rate at 7.5% repayable quarterly until 2036 [note 19 (e)(ii)]	3,770,678	4,031,581	3,770,677	4,031,581
(iii) GOJ PetroCaribe 6.5% fixed interest loan payable semi-annually in arrears [note 19 (f)]	16,174,381	17,269,287	16,174,381	17,269,287
	<b>19,952,228</b>	<b>21,308,037</b>	<b>19,945,058</b>	<b>21,300,868</b>

**(e) Loans with moratorium on repayment:**

- i) Effective June 30, 2012, the PetroCaribe Loans [see note 19(d)(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) Effective April 1, 2021, the original loan terms were further modified. The revised principal balance of US\$117,752,300.59 (including capitalised interest) was converted to Jamaican dollars at a rate of \$146.86 to US\$1.00. The revised terms included a change in interest rate from 5% to 6.5% per annum payable over the remaining tenure of the loan of 16 years.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaican dollars unless otherwise indicated)***19. Long-term liabilities (continued)****(e) Loans with moratorium on repayment (continued)**

- ii) 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:
- Moratorium on principal repayments due during the period May 2020 – February 2022;
  - Deferral of interest payment due during the period February 2020 – January 31, 2021;
  - 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.
  - Subsequent to January 31, 2021, interest is paid on the revised principal balance (including capitalized interest).
- iii) National Commercial Bank Insurance Company Limited and Sagieor 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)(ii)].
- iv) NCB Capital Markets Limited loan of J\$5.053 billion is for a period of 25 years, payable semi-annually commencing June 2022. Interest is due semi-annually at a fixed rate of 8.25% per annum.

(f) The loans from the GOI, including the Petrocaribe loans, are unsecured.

**20. Deferred income**

	<u>The Group and The Authority</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Balance at the beginning of the year	295,776	351,469
Amortised during the year	( 36,638)	( 55,693)
Balance at the end of the year	<u>259,138</u>	<u>295,776</u>
Comprising:		
Government grants [note 20(a)]	38,958	38,958
Assets transferred [note 20(b)]	<u>220,180</u>	<u>256,818</u>
	<u>259,138</u>	<u>295,776</u>

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

**Year ended March 31, 2023**

*(Expressed in Jamaican dollars unless otherwise indicated)*

### **20. Deferred income (continued)**

(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.

(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 Bouldbrook land and building valued at \$198.5 million and Bouldbrook 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.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Notes to the Consolidated and Separate Financial Statements (Continued)****Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)***21. Provisions**

	<u>The Group</u>		<u>The Authority</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At April 1	174,421	170,009	141,658	141,323
Provision for the year	116,551	117,003	94,978	92,305
Utilised during the year	<u>(113,547)</u>	<u>(112,591)</u>	<u>(86,087)</u>	<u>(91,930)</u>
At March 31	<u>177,425</u>	<u>174,421</u>	<u>150,549</u>	<u>141,658</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade payables	1,051,905	944,454	914,620	771,077
Amounts to be disbursed in respect of specific projects	631,163	1,808,388	631,163	1,808,388
Accrued expenses	699,098	641,590	475,202	244,425
Rental deposits	471,088	463,374	55,452	42,231
Related company [note 22(a)]	28,795	28,795	-	-
Advances from subsidiaries [note 22(b)]	-	-	221,757	24,443
Income tax payable	-	5,281	-	-
General Consumption Tax and Withholding Tax	73,656	76,411	73,656	61,145
Others*	<u>571,488</u>	<u>328,479</u>	<u>369,545</u>	<u>203,688</u>
	<u>3,527,193</u>	<u>4,296,772</u>	<u>2,741,395</u>	<u>3,155,397</u>

\*This includes management fees payable to Port Handlers Ltd, payments to software developers, and maintenance fees.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Notes to the Consolidated and Separate Financial Statements (Continued)****Year ended March 31, 2023***(Expressed in Jamaican dollars unless otherwise indicated)***22. Trade and other receivables (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>2023</u>	<u>2022</u>
	\$'000	\$'000
Montego Bay Free Zone Company Ltd [note 22(b)(i)]	170,028	-
Kingston Free Zone Company Limited [(note 22(b)(i))]	19,677	-
Ports Management & Security Limited [note 22(b)(i)]	<u>32,052</u>	<u>24,443</u>
	<u>221,757</u>	<u>24,443</u>

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

**23. Revenue**

	<u>The Group</u>		<u>The Authority</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Cargo	4,716,327	4,407,608	4,716,327	4,407,608
Cruise	3,032,057	406,968	3,032,057	406,968
Wharfage	816,711	646,978	816,711	646,978
Marine	1,546,570	1,242,103	1,546,570	1,242,103
Land, building and equipment lease	2,277,139	1,883,354	1,841,157	1,398,339
Port Community Systems	371,773	55,973	371,773	55,973
Port Antonio Marina	121,504	93,190	121,504	93,190
Security services	3,389,341	3,189,386	13,227	11,367
Management fee and others	<u>156,813</u>	<u>135,953</u>	<u>109,061</u>	<u>98,378</u>
	<u>16,408,235</u>	<u>12,041,513</u>	<u>12,568,387</u>	<u>8,360,904</u>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

**24. Expenses****a) Direct costs**

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Claims	50,513	5,384	50,513	5,384
Collection fees	138,816	133,088	-	-
Covid – 19 expenses	382	6,935	382	6,935
Cruise expenses	23,552	5,668	23,552	5,668
Depreciation and amortisation – (Notes 4 and 7)	1,539,188	1,635,687	1,539,188	1,635,687
– Right-of-use asset	46,670	49,843	-	-
Equipment rental	2,481	684	-	-
Electricity, water and telephone	291,646	269,073	243,715	204,335
Fuel	124,565	103,951	124,565	103,951
Garbage disposal	16,239	10,411	1,758	1,537
Insurance	352,181	336,301	209,429	224,786
Janitorial expense	21,817	13,404	15,885	8,325
Legal and professional fees	44,421	25,117	44,421	25,117
Management fees	36,536	23,745	36,536	23,745
Marina, Falmouth and Port Handlers costs	101,802	61,854	101,802	61,854
Materials and supply	9,534	3,664	9,534	3,664
Miscellaneous*	41,990	31,568	42,313	31,568
Office and general	84,299	23,218	84,299	23,218
Permit and certification	13,728	9,532	13,728	9,532
Personnel emoluments and allowances (including contracted services)	778,409	695,906	778,409	695,906
Project expenses - non-capital	23,975	13,597	23,975	13,597
Public relations and promotions	58,976	45,975	58,976	45,975
Repairs and maintenance	461,463	336,285	327,433	209,578
Security	1,334,439	1,239,937	125,255	69,178
Subscriptions and periodicals	3,503	492	3,503	492
Special economic zone fees	43,113	43,113	43,113	43,113
Taxes – property and asset	23,592	21,762	23,592	21,762
Training and staff welfare	16,898	9,875	16,898	9,875
Travelling	37,234	26,920	37,233	26,920
	<b>5,721,962</b>	<b>5,182,989</b>	<b>3,980,007</b>	<b>3,511,702</b>

Direct Expenses – operating expenses relating to our major revenue segments.

\*This consist of postages, withholding tax not recoverable, survey cost and other miscellaneous cost.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*24. Expenses (continued)b) Administrative expenses

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Annual report	489	2,014	582	822
Audit fees	16,450	16,905	12,163	12,000
Bad debts	136,493	-	-	-
Bank charges and amortisations	2,878	2,864	-	-
Board fees and expenses	6,490	5,901	4,390	4,207
Computer expense	169,258	150,640	162,574	139,374
Covid-19 expense	4,368	11,990	2,901	9,073
Depreciation and amortisation – (Notes 4 and 7)	243,899	231,756	132,908	71,130
Donations and subscriptions	374	35	-	-
Electricity and telephone	74,409	54,842	63,114	44,725
Foreign travel	18,134	1,580	18,012	1,580
Health Scheme - Employer	101,309	120,649	71,155	89,112
Identification cards	218	( 857)	-	-
Insurance	81,439	88,099	76,310	81,990
Legal and professional fees	84,074	36,199	75,154	33,523
Local travel and motor vehicle expense	17,949	8,981	11,941	6,214
Miscellaneous	30,281	8,116	33,830	11,097
Non-capitalised fixed assets	3,115	1,867	3,034	1,021
Office and general	53,026	44,264	49,675	24,400
Personnel emoluments and allowances	1,338,233	1,203,261	959,164	849,385
Penalties & interest and with-holdings	17,582	11,469	16,225	11,255
Pensions contributions employer	96,367	52,854	79,075	33,108
Printing and stationery	7,060	7,983	1,618	3,382
Project expenses- non-capital	41,349	91,244	41,349	91,244
Property taxes	37,985	29,658	37,100	28,839
Public relations and promotions	54,090	25,237	50,476	23,111
Repairs and maintenance	587,809	311,674	551,617	308,101
Sanitation	3,852	2,367	-	-
Security expenses	24,889	22,079	24,011	22,079
Statutory deductions	139,320	125,731	95,224	83,600
Special economic zone fees	43,129	40,632	15	-
Training and staff welfare	131,197	89,337	62,529	51,008
Water charges	4,482	6,087	2,183	1,975
	<b>3,571,997</b>	<b>2,805,458</b>	<b>2,638,329</b>	<b>2,037,355</b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)*24. Expenses (continued)

## c) Finance charges and interest on loans

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest on long-term liabilities	2,463,511	2,538,038	2,468,955	2,537,194
Interest on overdrafts and other	52,322	12,887	52,322	12,887
Amortised cost on loans	( 16,969)	( 23,777)	( 16,969)	( 23,848)
	<u>2,498,864</u>	<u>2,527,148</u>	<u>2,504,308</u>	<u>2,526,233</u>

25. Other gains and losses

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
- Foreign exchange losses on loans	( 4,629)	( 71,097)	( 4,629)	( 69,802)
- on other	( 24,520)	269,954	70,035	158,360
Investment property fair value adjustment [note 6(b)]	3,066,039	4,832,997	3,048,413	4,520,623
Gain/(loss) on disposal of property, plant and equipment	<u>8,341</u>	<u>( 7,502)</u>	<u>8,341</u>	<u>( 7,502)</u>
	<u>3,045,231</u>	<u>5,024,352</u>	<u>3,122,160</u>	<u>4,601,679</u>

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

### 26. Taxation

Current and deferred tax have been calculated using the tax rate of 25% (2022: 25%), except for three of the subsidiary company (MBFZ, KFZ and JFZ), 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	
	2023 \$'000	2022 \$'000
Current taxation	298,962	221,412
Prior year taxation	( 24,726)	( 25,377)
Employee tax credit	3,363	( 4,532)
Deferred tax adjustments (note 12)	( 6,642)	11,701
	<u>270,957</u>	<u>203,204</u>

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

	The Group	
	2023 \$'000	2022 \$'000
Profit before taxation	<u>7,909,834</u>	<u>6,843,430</u>
Tax at the domestic income tax rate of 25%	1,977,458	1,710,857
Tax effect of income not subject to tax	(1,656,585)	(1,278,062)
Tax effect of income not subject to tax under the Special Economic Zone Act, 2016	12,679	( 89,277)
Tax effect of employment tax credit	3,363	( 4,532)
Non-deductible income for tax purposes	( 41,232)	( 110,405)
Prior year tax adjustments	( 24,726)	( 25,377)
	<u>270,957</u>	<u>203,204</u>

(c) Subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses of subsidiary companies aggregating approximately \$130.979 million (2022: \$130.844 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.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaican dollars unless otherwise indicated)***27. Profit after taxation**

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

	The Group		The Authority	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(a) Revenue/(expense) on:				
Interest income				
Interest income on long-term receivables	644	702	644	702
Income from short-term deposits	<u>334,897</u>	<u>215,091</u>	<u>66,898</u>	<u>44,806</u>
	<u>335,541</u>	<u>215,793</u>	<u>67,542</u>	<u>45,508</u>
Impairment reversal/(expense)				
- Trade receivables	( 179,995)	21,828	( 110,086)	5,692
Finance charges and interest on loans at amortised cost	<u>(2,505,429)</u>	<u>(2,539,676)</u>	<u>(2,504,308)</u>	<u>(2,526,233)</u>
(b) (Losses)/gains				
Net foreign exchange (losses)/gains on financial instruments at amortised costs				
- Foreign currency loans	( 4,629)	( 71,097)	( 4,629)	( 69,802)
- Short-term deposits and other investments	<u>( 10,153)</u>	<u>269,954</u>	<u>70,035</u>	<u>158,230</u>
(c) Other				
Audit fees - current year [note 24(b)]	16,450	16,905	12,163	12,000
Cost of inventories recognised in expenses (note 13)	193,186	166,543	193,186	166,543
Gain on disposal of property, plant and equipment	( 8,341)	( 85,851)	( 8,341)	( 85,851)
Depreciation on right of use assets (note 5)	46,670	49,843	-	-
Depreciation (note 4)	1,783,087	1,867,985	1,553,420	1,707,359
Amortisation (note 7)	118,741	115,694	118,670	115,613
Write off of property, plant and equipment	47,429	-	9,369	-
Fair value gain on investment property (note 6)	<u>(3,066,019)</u>	<u>(4,832,997)</u>	<u>(3,048,413)</u>	<u>(4,520,623)</u>

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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:

	<u>The Group</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
The Authority	6,601,277	4,973,805
The subsidiary companies	1,057,671	1,590,660
The associated companies	<u>48,018</u>	<u>53,963</u>
	<u>7,706,966</u>	<u>6,618,428</u>

### 29. Commitments and contingent liabilities

#### *Capital commitments*

At the end of the reporting period, approximately \$1.98 billion (2022: \$3.44 billion) had been committed and contracted by the Group and relates to costs for projects at Port Royal Museum other support projects. In respect of the prior year, the costs were related to projects at Port Royal Cruise Terminal, Portmore HPO, Kingston Logistics Park and the procurement of Utility Vessel for Harbours Department.

#### *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, 2023

(Expressed in Jamaican 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)	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Subsidiaries</b>						
Jamaica International Free Zone Development Limited	-	-	10,623	6,048	80,727	82,375
Kingston Free Zone Company Limited	393,743	291,628	13,500	13,500	( 1,008)	49,165
Montego Bay Free Zone Company Limited	397,494	400,000	13,500	13,500	(150,642)	55,818
Ports Management and Security Limited	379,417	375,989	50,048	50,048	( 15,590)	( 16,629)
Port Authority Management Services Limited [note 14]	-	-	-	-	127,366	127,366
	1,170,654	1,067,617	87,671	83,096	40,853	297,845
Provision for impairment [note 14]	-	-	-	-	(126,883)	(126,883)
	<u>1,170,654</u>	<u>1,067,617</u>	<u>-</u>	<u>83,096</u>	<u>( 86,029)</u>	<u>170,962</u>
<b>Included in the following balances:</b>						
Long-term receivables [Note 10(c)]	-	-	-	-	76,226	76,226
Accounts receivables [Note 14]	-	-	-	-	59,502	119,179
Trade and other payables [Note 22(b)]	-	-	-	-	(221,757)	( 24,443)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 86,029)</u>	<u>170,962</u>
<b>Key management personnel</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,537</u>	<u>-</u>	<u>10,242</u>

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Short-term benefits	317,201	400,732	290,440	373,972
Post-employment benefits	<u>29,473</u>	<u>115,012</u>	<u>27,440</u>	<u>112,979</u>
	<u>346,673</u>	<u>515,744</u>	<u>317,880</u>	<u>486,951</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Short-term benefits				
- directors fees and expenses	<u>4,427</u>	<u>4,285</u>	<u>2,327</u>	<u>2,592</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, 2023

(Expressed in Jamaican 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 31(a) below.

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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, 2023, the Group had US\$ denominated balances amounting to US\$67,541 million (2022: US\$33,594 million) of which US\$1.53 million (2022: US\$1.50 million) is held in respect of funding certain loans amounting J\$2.5 billion (2022: J\$2.5 billion [note 19, 19(c)] and 19(e)(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 (Assets)/Liabilities	
	2023	2022	2023	2022	2023	2022
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Currency						
United States						
dollar	1,805,116	1,781,848	10,945,809	5,813,183	(8,139,953)	(1,851,343)
	The Authority					
	Liabilities		Assets		Net (Assets)/Liabilities	
	2023	2022	2023	2022	2023	2022
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Currency						
United States						
dollar	1,418,743	1,381,574	4,431,474	1,716,210	(3,000,731)	(1,353,036)

## THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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 1% revaluation and 4% devaluation (2022: 2% revaluation and 8% devaluation) in the Jamaican dollar against the relevant foreign currencies. The above sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represent 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 1% or weakens by 4% against the relevant currencies (2022: strengthens by 2% or weakens by 8%), the income will increase or (decrease) by:

	The Group							
	Revaluation		Devaluation		Revaluation		Devaluation	
	2023				2022			
	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000
Currency United States dollar	+1	51,408	-4	365,596	+2	(61,877)	-8	244,107

	The Authority							
	Revaluation		Devaluation		Revaluation		Devaluation	
	2023				2022			
	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000	Change in Currency Rates %	\$'000
Currency United States dollar	+1	(34,887)	-4	120,028	+2	(7,073)	-8	28,281

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, 2023

*(Expressed in Jamaican 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, 2023

(Expressed in Jamaican 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.

	2023				Total \$'000
	The Group			Non-Interest Bearing \$'000	
	Due within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000		
<b>Assets</b>					
Other investments	-	824,353	5,585	5,835	835,673
Long-term receivables	-	34,446	13,298	7,961	55,705
Accounts receivable	-	-	-	2,873,784	2,873,784
Cash and short-term deposits	9,994,702	-	-	681,663	10,676,374
<b>Total assets</b>	<b>9,994,702</b>	<b>858,799</b>	<b>18,883</b>	<b>2,969,293</b>	<b>13,551,676</b>
<b>Liabilities</b>					
Long-term liabilities	1,580,936	6,363,474	22,939,783	517,431	31,461,624
Lease liabilities	53,382	11,743	-	-	65,125
Trade and other payables	-	-	-	2,943,683	2,943,683
Bank overdraft (unsecured)	-	-	-	1,362	1,362
<b>Total liabilities</b>	<b>1,634,318</b>	<b>6,375,217</b>	<b>22,939,783</b>	<b>3,462,476</b>	<b>34,411,814</b>
<b>Total interest rate sensitivity gap</b>	<b>8,260,384</b>	<b>(5,516,418)</b>	<b>(22,820,900)</b>	<b>( 693,183)</b>	<b>(20,873,282)</b>
<b>Carrollative gap</b>	<b>8,260,384</b>	<b>2,941,611</b>	<b>(20,139,837)</b>	<b>(20,873,282)</b>	

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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)

	2022				Total \$'000
	The Group			Non-Interest \$'000	
	Due within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000		
<b>Assets</b>					
Other investments	-	712,371	5,585	9,384	727,340
Long-term receivables	-	26,978	10,128	9,512	46,618
Accounts receivable	-	-	-	1,379,037	1,379,037
Cash and short-term deposits	<u>7,831,438</u>	-	-	<u>403,916</u>	<u>8,235,354</u>
<b>Total assets</b>	<u>7,831,438</u>	<u>739,349</u>	<u>16,014</u>	<u>1,802,829</u>	<u>10,408,830</u>
<b>Liabilities</b>					
Long-term liabilities	1,390,936	6,363,184	24,512,996	545,148	32,812,264
Current liabilities	39,362	63,329	-	-	102,691
Trade and other payables	-	-	-	4,412,904	4,412,904
Bank overdraft (amount)	-	-	-	<u>1,012</u>	<u>1,012</u>
<b>Total liabilities</b>	<u>1,430,298</u>	<u>6,426,513</u>	<u>24,512,996</u>	<u>4,559,064</u>	<u>36,828,871</u>
<b>Total interest rate sensitivity gap</b>	<b>6,201,140</b>	<b>(5,687,164)</b>	<b>(24,496,982)</b>	<b>( 2,756,235)</b>	<b>(26,980,219)</b>
<b>Conclusive gap</b>	<u>6,201,140</u>	<u>-311,796</u>	<u>(23,985,160)</u>	<u>(26,500,016)</u>	

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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.

	2023					
	The Authority					
	Due within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	No Specific Terms of Maturity \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>Assets</b>						
Other investments	-	824,333	-	-	1,784	826,117
Long-term receivables	-	34,446	13,288	-	84,186	131,930
Accounts receivable	-	-	-	-	1,151,197	1,151,197
Cash and short-term deposits	3,511,933	-	-	-	246,683	3,758,616
<b>Total assets</b>	<b>3,511,933</b>	<b>858,779</b>	<b>13,288</b>	<b>-</b>	<b>1,402,666</b>	<b>5,786,666</b>
<b>Liabilities</b>						
Long-term liabilities	1,520,854	6,342,474	22,539,783	-	510,263	31,403,413
Trade and other payables	-	-	-	-	2,837,329	2,837,329
Bank overdraft (unsecured)	-	-	-	-	1,363	1,363
<b>Total liabilities</b>	<b>1,520,854</b>	<b>6,342,474</b>	<b>22,539,783</b>	<b>-</b>	<b>2,838,692</b>	<b>30,241,703</b>
<b>Total interest rate sensitivity gap</b>	<b>1,991,079</b>	<b>(2,483,695)</b>	<b>(22,526,495)</b>	<b>-</b>	<b>(1,435,926)</b>	<b>(28,350,600)</b>
<b>Cumulative gap</b>	<b>1,991,079</b>	<b>(3,967,374)</b>	<b>(26,302,119)</b>	<b>(26,302,119)</b>	<b>(27,738,045)</b>	

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Separate Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican 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)

	2022					
	The Authority					
	Due within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	No Specific Terms of Maturity \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>Assets</b>						
Other investments	-	712,371	-	-	9,333	721,704
Long-term receivables	-	24,976	10,329	-	83,738	129,043
Accounts receivables	-	-	-	-	776,329	776,329
Cash and short-term deposits	2,070,990	-	-	-	183,624	2,254,614
<b>Total assets</b>	<b>2,070,990</b>	<b>737,347</b>	<b>10,329</b>	<b>-</b>	<b>1,053,694</b>	<b>3,872,360</b>
<b>Liabilities</b>						
Long-term liabilities	1,290,936	6,363,384	24,512,994	-	537,979	32,605,393
Trade and other payables	-	-	-	-	3,271,329	3,271,329
Bank overdraft (non-interest)	-	-	-	-	1,012	1,012
<b>Total liabilities</b>	<b>1,290,936</b>	<b>6,363,384</b>	<b>24,512,994</b>	<b>-</b>	<b>3,810,320</b>	<b>36,177,634</b>
<b>Total interest rate sensitivity gap</b>	<b>480,054</b>	<b>(5,626,037)</b>	<b>(24,502,665)</b>	<b>-</b>	<b>( 2,756,626)</b>	<b>(21,403,269)</b>
<b>Contribution gap</b>	<b>480,054</b>	<b>(5,145,881)</b>	<b>(20,698,268)</b>	<b>(78,628,268)</b>	<b>(32,463,761)</b>	

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Authority Financial Statements (Continued)  
 Year ended March 31, 2023

**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 50 basis points decrease (2022: 300 basis points increase, and 50 basis points decrease) for local borrowing and a 100 basis points increase, and 50 basis points decrease (2022: 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 50 basis points lower (2022: 100 basis points higher or 100 basis points lower) on its foreign currency borrowings and investments profit for the period would increase by approximately \$50.463 million and decrease by \$25.232 million (2022: profits for the period would decrease/increase by approximately \$20.004 million). For the local borrowings and investments if interest rates were 100 basis points higher or 50 basis point lower (2022: 300 basis points higher or 50 basis point lower) and all other variables were held constant, the profit for the year would increase by approximately \$6.020 million and decrease by \$3.010 million (2022: the profit for the year would increase by approximately \$14.702 million and decrease by \$2.450 million).

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 consist of trade receivables, equity-accounted investees, other investments, long-term receivables and cash and bank deposits. The maximum exposure to credit risk is the amount of \$13.551 billion (2022: \$10.691 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 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, 2023

**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 minimized 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, 2023 and March 31, 2022*

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 tables provides information about the Group's and Authority's exposure to credit risk and ECLs for trade receivable as at March 31, 2023 and March 31, 2022.

<b>2023</b>				
<b>The Group</b>				
<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)	11.71%	714,346	65,533	No
31-60 days	24.89%	173,542	43,187	No
61-90 days	35.57%	82,336	29,119	No
91-120 days	49.69%	55,132	27,392	No
121-150 days	49.69%	48,636	20,187	No
151-180 days	57.65%	33,501	19,313	No
181-210 days	59.88%	34,216	14,501	No
211-240 days	74.91%	32,702	17,807	No
241-270 days	69.85%	14,473	10,118	No
271-300 days	71.77%	12,172	8,736	No
301-330 days	66.20%	12,088	8,002	No
331-360 days	88.54%	32,479	19,905	No
361 days and over	94.88%	451,505	451,505	Yes
<b>Total</b>		<b>1,659,188</b>	<b>721,892</b>	

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Authority Financial Statements (Continued)  
Year ended March 31, 2023

**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, 2023 and March 31, 2022 (continued)

2023				
The Group				
Age Buckets	Weighted Average loss rates	Gross Carrying Amount \$'000	Impairment loss allowance \$'000	Credit Impaired
Current (not past due)	7.18%	591,946	43,189	No
31-60 days	23.69%	279,483	38,952	No
61-90 days	30.84%	31,949	9,853	No
91-120 days	39.67%	37,813	11,833	No
121-150 days	34.75%	5,946	1,666	No
151-180 days	53.21%	14,835	7,746	No
181-210 days	59.21%	13,933	8,258	No
211-240 days	76.69%	12,035	9,222	No
241-270 days	61.61%	9,888	6,092	No
271-300 days	63.35%	13,978	6,458	No
301-330 days	68.73%	18,580	7,272	No
331-360 days	68.94%	11,497	7,822	No
361 days and over	76.87%	385,065	385,065	Yes
<b>Total</b>		<b>1,408,948</b>	<b>542,812</b>	
2022				
The Authority				
Age Buckets	Weighted Average loss rates	Gross Carrying Amount \$'000	Impairment loss allowance \$'000	Credit Impaired
Current (not past due)	10.84%	610,903	66,204	No
31-60 days	25.23%	188,916	27,483	No
61-90 days	37.30%	50,153	18,872	No
91-120 days	45.11%	26,189	11,814	No
121-150 days	53.13%	25,289	13,157	No
151-180 days	60.18%	15,506	9,331	No
181-210 days	66.64%	18,643	12,423	No
211-240 days	76.77%	9,316	7,152	No
241-270 days	85.62%	2,353	1,930	No
271-300 days	100.00%	3,363	3,263	Yes
301-330 days	100.00%	2,506	2,506	Yes
331-360 days	100.00%	10,801	10,801	Yes
361 days and over	100.00%	96,424	96,424	Yes
<b>Total</b>		<b>980,102</b>	<b>281,360</b>	

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Authority Financial Statements (Continued)  
 Year ended March 31, 2023

**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, 2023 and March 31, 2022 (continued)

Age Buckets	2022			
	The Authority			
	Weighted Average loss rates	Gross Carrying Amount \$'000	Impairment loss allowance \$'000	Credit Impaired
Current (not past due)	9.79%	322,704	31,589	No
31-60 days	29.37%	92,661	27,219	No
61-90 days	40.36%	16,937	6,836	No
91-120 days	47.80%	10,998	5,257	No
121-150 days	57.77%	1,828	1,056	No
151-180 days	67.38%	1,913	1,289	No
181-210 days	77.89%	2,275	1,772	No
211-240 days	99.33%	2,230	2,215	No
241-270 days	100.00%	1,280	1,280	Yes
271-300 days	100.00%	1,568	1,568	Yes
301-330 days	100.00%	1,730	1,730	Yes
331-360 days	100.00%	1,580	1,580	Yes
361 days and over	100.00%	<u>87,883</u>	<u>87,883</u>	Yes
Total		<u>545,587</u>	<u>171,274</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, 2023

**31. Financial instruments, financial risks and capital risks management (continued)****Financial risk management policies and objectives (continued)****(h) 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, 2021	23,105	5,551
Remeasurement during the year recognised in profit or loss	3,128	-
Reversed during the year recognised in profit or loss	<u>(6,337)</u>	<u>(5,551)</u>
Balance at March 31, 2022	19,896	-
Remeasurement during the year recognised in profit or loss	<u>(1,947)</u>	2,850
Reversed during the year recognised in profit or loss	<u>(13,497)</u>	<u>-</u>
Balance at March 31, 2023	<u>4,452</u>	<u>2,850</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, 2023

**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.

	The Group				Total
	2023				
	Term to Maturity/Re-Pricing				
Carrying amount \$'000	Due Within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	\$'000	
<b>Financial Liabilities</b>					
<i>Interest bearing</i>					
<i>Fixed rate loans</i>	31,001,616	3,967,765	14,772,837	44,476,034	63,215,826
<i>Bank overdrafts</i>	1,543	1,543	-	-	1,543
<i>Lease liabilities</i>	69,047	53,382	19,633	-	72,935
<i>Non-interest bearing</i>					
<i>Trade and other payables</i>	3,527,194	3,527,194	-	-	3,527,193
<i>Provisions</i>	177,425	177,425	-	-	177,425
<b>Total</b>	<b>34,776,824</b>	<b>7,727,778</b>	<b>14,791,680</b>	<b>44,476,034</b>	<b>66,994,921</b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Authority Financial Statements (Continued)  
Year ended March 31, 2023

**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)*

	The Group				
	2023				
	Term to Maturity/Re-Pricing				
Carrying amount \$'000	Due Within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	Total \$'000	
<b>Financial Liabilities</b>					
<i>Interest bearing</i>					
Fixed rate loans	32,578,834	4,076,812	15,313,163	47,966,895	67,275,689
Bank overdrafts	1,013	1,013	-	-	1,813
Lease liabilities	123,871	59,343	75,908	-	134,843
<i>Non-interest bearing</i>					
Trade and other payables	4,296,772	4,296,772	-	-	4,296,772
Provisions	174,421	174,421	-	-	174,421
<b>Total</b>	<b>37,173,710</b>	<b>8,608,358</b>	<b>15,287,682</b>	<b>47,966,895</b>	<b>71,887,716</b>

	The Authority				
	2023				
	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
<b>Financial Liabilities</b>					
<i>Interest bearing</i>					
Variable rate loans	30,994,447	3,967,765	14,772,027	44,468,865	68,288,658
Bank Overdraft	1,543	1,543	-	-	1,543
<i>Non-interest bearing</i>					
Trade and other payables	2,741,396	2,519,641	-	-	2,741,396
Provisions	177,425	177,425	-	-	177,425
<b>Total</b>	<b>34,914,810</b>	<b>6,666,373</b>	<b>14,772,027</b>	<b>44,468,865</b>	<b>68,129,020</b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Authority Financial Statements (Continued)  
Year ended March 31, 2023

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

Financial risk management policies and objectives (continued)

**(d) Liquidity risk (continued)**

	<b>The Authority</b>					<b>Total</b>
	<b>2023</b>					
	<b>Carrying amount \$'000</b>	<b>Term to Maturity / Re-Pricing</b>			<b>No Specific Repayment Term \$'000</b>	
<b>Due Within 1 Year \$'000</b>		<b>1-5 Years \$'000</b>	<b>Over 5 Years \$'000</b>			
<b>Financial Liabilities</b>						
<i>Interest bearing</i>						
Fixed rate loans	32,571,465	4,076,813	15,212,163	47,979,526	-	67,268,500
Bank overdraft	1,012	1,013	-	-	-	1,013
<i>Non-interest bearing</i>						
Trade and other payables	3,155,396	3,130,954	-	-	24,442	3,155,396
Provisions	141,658	141,658	-	-	-	141,658
<b>Total</b>	<b>35,869,531</b>	<b>7,350,436</b>	<b>15,212,163</b>	<b>47,979,526</b>	<b>24,442</b>	<b>70,566,566</b>

**(i) 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:

	<b>The Group</b>		<b>The Authority</b>	
	<b>2023 \$'000</b>	<b>2022 \$'000</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Debt	31,412,124	33,013,296	31,404,955	33,006,127
Cash and cash equivalents	(10,605,144)	( 8,255,374)	( 3,758,620)	( 2,254,414)
<b>Net debt</b>	<b>20,806,980</b>	<b>24,757,922</b>	<b>27,646,335</b>	<b>30,751,713</b>
Equity	60,355,155	52,662,189	48,720,190	42,118,915
<b>Net debt to equity ratio</b>	<b>34%</b>	<b>47%</b>	<b>57%</b>	<b>73%</b>

The Group's strategy remains unchanged for the year ended March 31, 2023.

The capital structure of the Group consists of reserves (Note 16) and accumulated surplus.

## **THE PORT AUTHORITY AND ITS SUBSIDIARIES**

**Notes to the Consolidated and Authority Financial Statements (Continued)**  
**Year ended March 31, 2023**

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### **32. Fair value of financial instruments**

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 Authority has no financial instruments moved between levels.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Notes to the Consolidated and Authority Financial Statements (Continued)**  
**Year ended March 31, 2023****32. Fair value of financial instruments (continued)****Accounting classification and fair value:**

	<b>Group</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Carrying amount</b> <b>Accounting cost</b> <b>\$'000</b>	<b>Fair value</b> <b>Level 2</b> <b>\$'000</b>	<b>Carrying amount</b> <b>Accounting cost</b> <b>\$'000</b>	<b>Fair value</b> <b>Level 2</b> <b>\$'000</b>
<b>Financial assets not measured at fair value:</b>				
Cash and cash equivalents	10,603,144	10,603,144	8,235,374	8,235,374
Accounts receivable	1,323,648	1,323,648	1,379,037	1,379,037
Other instruments	<u>833,794</u>	<u>833,794</u>	<u>727,240</u>	<u>727,240</u>
	<b>12,660,586</b>	<b>12,660,586</b>	<b>10,341,651</b>	<b>10,341,651</b>
<b>Financial liabilities not measured at fair value:</b>				
Accounts payable	2,943,034	2,943,034	4,407,622	4,407,622
Long-term liabilities	<u>69,097</u>	<u>69,097</u>	<u>122,671</u>	<u>122,671</u>
Long-term liabilities	<u>31,410,382</u>	<u>31,410,382</u>	<u>33,012,284</u>	<u>33,012,284</u>
	<b>34,422,513</b>	<b>34,422,513</b>	<b>37,542,577</b>	<b>37,542,577</b>

	<b>Authority</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Carrying amount</b> <b>Accounting cost</b> <b>\$'000</b>	<b>Fair value</b> <b>Level 2</b> <b>\$'000</b>	<b>Carrying amount</b> <b>Accounting cost</b> <b>\$'000</b>	<b>Fair value</b> <b>Level 2</b> <b>\$'000</b>
<b>Financial assets not measured at fair value:</b>				
Cash and cash equivalents	3,738,620	3,738,620	2,254,414	2,254,414
Accounts receivable	1,383,127	1,383,127	815,772	815,772
Other instruments	<u>810,137</u>	<u>810,137</u>	<u>721,704</u>	<u>721,704</u>
	<b>5,931,884</b>	<b>5,931,884</b>	<b>3,791,890</b>	<b>3,791,890</b>
<b>Financial liabilities not measured at fair value:</b>				
Accounts payable	2,741,356	2,741,356	3,155,397	3,155,397
Long-term liabilities	<u>31,403,413</u>	<u>31,403,413</u>	<u>33,005,113</u>	<u>33,005,113</u>
	<b>34,144,769</b>	<b>34,144,769</b>	<b>36,160,510</b>	<b>36,160,510</b>

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Authority Financial Statements (Continued)  
Year ended March 31, 2023

**33. Other disclosures**

Staff costs incurred during the year were:

	The Group		The Authority	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries, wages and allowances	1,834,071	1,899,167	1,526,407	1,545,291
Statutory contributions	206,756	125,731	166,726	83,600
Pension contributions	106,603	52,854	115,961	33,108
Health scheme contributions	118,684	120,649	88,530	89,112
Travelling and other	255,479	89,337	186,811	33,649
	<u>2,521,593</u>	<u>2,287,738</u>	<u>2,084,435</u>	<u>1,784,760</u>

**34. Distribution 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 \$14 million (2022: \$100M) from retained earnings was transferred to the Government of Jamaica Consolidated Fund.

**35. Restatement**

During the year some items in the statements of financial position, profit or loss and other comprehensive income and cash flows were restated on account of the prior period errors described below. These errors affected the Group and the Company and have been corrected by restating each of the affected financial statements line items for prior periods.

**(i) Statement of financial position:**

During the year the Authority discovered that certain groups of property, plant and equipment were incorrectly classified as freehold building and were being depreciated at the rate for freehold building since 2021. It was also noted that some assets that were correctly classified as freehold building were being depreciated at the wrong rate. As a consequence, there was an understatement of property plant and equipment and depreciation in 2021 and 2022.

It was further noted that the proceeds from the sale of an asset that was sold in 2022 on loss was included in accounts payable and the asset was still included in property, plant and equipment. This resulted in an overstatement of accounts payable and property, plant and equipment and overstatement of other gains in 2022.

**(ii) Statement of profit or loss:**

Depreciation previously charged on incorrectly classified property plant and equipment and wrong rate applied to freehold building was reversed and the correct charge based on classification was effected.

Other gains was restated to account for the loss on the disposal of the property, plant and equipment that was incorrectly accounted for in 2022.

**THE PORT AUTHORITY AND ITS SUBSIDIARIES****Notes to the Consolidated and Authority Financial Statements (Continued)**  
**Year ended March 31, 2023****35. Restatement (continued)****(iii) Statement of cash flows:**

- (a) Changes in the treatment of depreciation charge, impacted the profit previously reported as well as depreciation reported.

The movement in other gains was adjusted to reflect to reflect the restatement for the sale of property, plant and equipment that was incorrectly treated.

- (b) The statement of cashflows has been affected by the classification of other investments previously reported net, now reported gross as required by IAS 7. These are now reflected as acquisition of investments and proceeds on encashment of investments.

The following table summarises the impacts on the Group's and Authority's financial statements.

**(i) Statement of financial position for the year ended March 31, 2022:**

	Notes	Group			Authority		
		Impact of Restatement			Impact of Restatement		
		2022	2022	2022	2022	2022	2022
	As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
Property, plant and equipment	(i)	36,588,276	(153,289)	36,436,987	35,772,252	(153,289)	35,118,963
Total other non-current assets		44,733,991	-	44,733,991	40,691,886	-	40,691,886
Total current assets		10,032,171	-	10,032,171	3,467,926	-	3,467,926
Total assets		91,346,438	(153,289)	91,193,149	79,432,064	(153,289)	79,278,775
<b>EQUITY AND LIABILITIES</b>							
Reserves		6,668,977	-	6,668,977	6,662,984	-	6,662,984
Retained earnings	(i)	42,432,499	(37,157)	42,395,346	35,493,088	(37,157)	35,455,931
		49,101,470	(37,157)	49,064,313	42,156,072	(37,157)	42,118,915
Non-controlling interest		3,597,876	-	3,597,876	-	-	-
Total equity		52,699,346	(37,157)	52,662,189	42,156,072	(37,157)	42,118,915
Total non-current liabilities		31,870,479	-	31,870,479	31,732,859	-	31,732,859
Trade payables and accruals		4,412,904	(116,132)	4,296,772	3,371,528	(116,132)	3,155,397
Total current liabilities		3,363,709	-	3,363,709	3,371,605	-	3,371,605
Total liabilities and equity		91,346,438	(153,289)	91,193,149	79,432,064	(153,289)	79,278,775

**THE PORT AUTHORITY AND ITS SUBSIDIARIES**

Notes to the Consolidated and Authority Financial Statements (Continued)  
Year ended March 31, 2023

**35. Restatement (continued)**

(i) Statement of financial position for the year ended April 1, 2021:

	Notes	Group			Authority		
		Impact of Restatement			Impact of Restatement		
		2021		2021	2021		2021
	As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
Property, plant and equipment	(i)	38,894,570	(52,457)	38,042,113	37,157,895	(52,457)	37,185,438
Total other non-current assets		37,477,082	-	37,477,082	33,748,998	-	33,748,998
Total current assets		8,843,850	-	8,042,850	2,655,570	-	2,655,570
<b>Total assets</b>		<b>81,614,502</b>	<b>-</b>	<b>83,582,045</b>	<b>73,562,463</b>	<b>(52,457)</b>	<b>73,510,006</b>
<b>EQUITY AND LIABILITIES</b>							
Reserves		6,578,831	-	6,578,831	6,564,838	-	6,564,838
Retained earnings	(i)	36,831,704	(52,457)	36,579,247	30,832,728	(52,457)	30,580,271
		43,202,535	(52,457)	43,150,078	37,197,567	(52,457)	37,145,110
Non-controlling interest		2,993,683	-	2,993,683	-	-	-
<b>Total equity</b>		<b>46,196,218</b>	<b>-</b>	<b>46,143,761</b>	<b>37,197,567</b>	<b>(52,457)</b>	<b>37,145,108</b>
Total non-current liabilities		33,609,098	-	33,609,098	33,457,197	-	33,457,197
Total current liabilities		3,809,186	-	3,809,186	2,907,689	-	2,987,689
<b>Total liabilities and equity</b>		<b>81,614,502</b>	<b>(52,457)</b>	<b>83,582,045</b>	<b>73,562,463</b>	<b>(52,457)</b>	<b>73,510,006</b>

## Notes to the Consolidated and Authority Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise indicated)

## 35. Restatement (continued)

- (ii) Effects on statement of profit or loss and other comprehensive income for the year ended March 31, 2022:

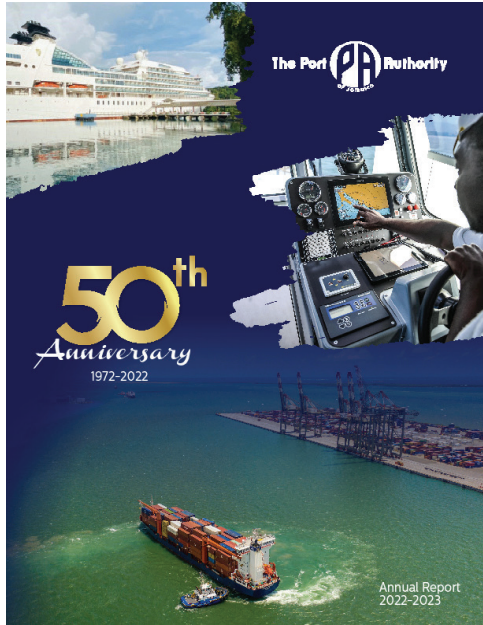
	Notes	Group			Authority		
		Impact of Restatement		2022	Impact of Restatement		2022
		2023	2022		2023	2022	
As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue		12,841,513	-	12,841,513	8,368,904	-	8,368,904
Direct costs	(ii)	( 5,291,642)	108,653	( 5,182,989)	(3,628,355)	(188,653)	( 3,817,008)
Gross profit		6,749,871	108,653	6,858,524	4,740,549	188,653	4,929,202
Other income		55,893	-	55,893	55,893	-	55,893
Other gains		5,117,705	(93,353)	5,024,352	4,695,032	(93,353)	4,601,679
Administrative		( 2,805,458)	-	( 2,805,458)	(2,837,335)	-	( 2,037,335)
Impairment reversal/(losses) on investments		( 22,970)	-	( 22,970)	5,551	-	5,551
Impairment reversal/(losses) on trade receivables		3,208	-	3,208	5,692	-	5,692
Operating profit		9,098,058	15,300	9,113,358	7,465,182	15,300	7,480,482
Interest income		215,793	-	215,793	45,508	-	45,508
Finance charges and interest on loans		( 2,538,678)	-	( 2,538,678)	(2,526,233)	-	( 2,526,233)
Net finance costs		( 2,322,885)	-	( 2,322,885)	(2,480,725)	-	( 2,480,725)
Net profit		6,774,167	15,300	6,789,467	4,984,457	15,300	4,999,757
Share of profit of equity-accounted investees, net of tax		53,963	-	53,963	( 25,952)	-	( 25,952)
Profit before taxation		6,828,130	15,300	6,843,430	4,958,505	15,300	4,973,805
Income tax expense		( 203,204)	-	( 203,204)	-	-	-
Net profit for the year		6,624,926	15,300	6,640,226	-	-	-
Remeasurement gains/(losses) on retirement benefit plans		( 21,798)	-	( 21,798)	( 25,952)	-	( 25,952)
Total comprehensive income for the year		6,603,128	15,300	6,618,428	4,932,505	15,300	4,947,805

Notes to the Consolidated and Authority Financial Statements (Continued)  
 Year ended March 31, 2023  
 (Expressed in Jamaican dollars unless otherwise indicated)

35. Restatement (continued)

(ii) Statement of cash flows for the year ended March 31, 2022:

	Notes	Group			Authority		
		Impact of Restatement		2022	Impact of Restatement		2022
		2023	2022		2023	2022	
As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>							
Net profit for the year (iii)(a)		6,624,936	15,300	6,640,236	4,984,457	15,300	4,999,757
<b>Adjustments for:</b>							
Depreciation	(iii)(a)	1,668,402	(108,653)	1,751,749	1,669,857	(108,653)	1,583,073
(Gain)/loss on disposal of property, plant and equipment		( 85,851)	93,353	7,502	( 85,851)	93,353	7,502
Net cash provided by operating activities		5,506,014	-	5,506,014	3,228,728	-	3,228,728
<b>Other Investments</b>							
Investment		( 73,310)	73,310	-	( 73,196)	73,196	-
Proceeds on encashment of investment		-	(1,394,795)	(1,394,795)	-	(798,947)	(798,947)
Other		-	1,521,485	1,521,485	-	725,751	725,751
Net cash used in investing activities		(1,804,871)	-	(1,804,871)	(1,504,259)	-	(1,504,259)
Net cash used in financing activities		( 849,242)	-	( 849,242)	( 642,490)	-	( 642,490)
Net increase in cash and cash equivalents		1,717,591	-	1,717,591	8,783	-	8,783
Cash and cash equivalents at beginning of year		6,679,907	-	6,679,907	1,115,833	-	1,115,833
Effect of foreign exchange rate changes		( 143,136)	-	( 143,136)	128,796	-	128,796
Cash and cash equivalents at end of year		5,254,362	-	5,254,362	1,253,402	-	1,253,402



# Credits

## Concept & Creative Direction

Corporate Planning Department  
The Port Authority of Jamaica

## Design & Layout

Dzinology  
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