



# FIJI AIRPORTS

Annual Report 2020





# Vision & Purpose

Connecting the World to Fiji and her people

## Values

Our core values - STEER towards:

- **S**afety, Security & Sustainability
- **T**eamwork & Delivery
- **E**ffective Communication
- **E**xcellence in Service – Enhancing Customer Satisfaction
- **R**esilience in our People & Infrastructure

## Behavioural Traits

- Driven and passionate
- Clarity of understanding
- Action, solution and growth mindset
- Knowing and embracing our business
- Loyalty
- Team player mentality
- Responsive, agile and adaptive to change
- Attention to detail
- Ability to identify gaps, risks and close out problems
- Dynamic, challenging and open minded
- Positive energy
- Analytical skills, lateral and critical thinking
- Professional in all aspects of work
- Objective, factual and fair
- Customer focused
- Tenacity and persistence to achieve goals
- Strong sense of ownership
- Commercial acumen
- Integrity and truth in all matters

## Key Strategic Objectives

- Growing passenger numbers and enhancing the passenger experience
- Identifying the best people for the job, building capacity through a growth mindset
- Driving value for money infrastructure investments
- Building stronger partner and supplier relationships
- Future-proofing driven by Master planning and its implementation

### COVER:

In March 2020 the aviation industry came to a grinding halt.

Air Travel has changed with COVID-19 protocols now part of our new normal.



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# About Fiji Airports

## Who We Are

Airports Fiji Pte Limited (AFL) trading as Fiji Airports (FA) is a fully Government owned Commercial Company (GCC). Previously known as Airports Fiji Limited, AFL was renamed FA on 29 May, 2018. The company was established on 12 April, 1999 under the Public Enterprise Act, 1996. It was formed following the reorganization of the Civil Aviation Authority of Fiji (CAAF).

FA reports to the Attorney General and Minister for Economy, Civil Service and Communications for its commercial performance and Civil Aviation policy matters.

FA owns and operates Nadi International Airport and manages Nausori Airport and 13 other domestic outer island airports on behalf of the Government.

FA also provides Air Traffic Management (ATM) services in the Nadi Flight Information Region (Nadi FIR). This includes the airspace of Fiji, Tuvalu, New Caledonia, Kiribati and Vanuatu, covering an area of 6.0 million square kilometres.

## Our Business

Fiji Airports' core responsibilities are to:

- Efficiently and in a regulatory compliant manner carry out international, domestic and outer island airport operations.
- Efficiently and in a regulatory compliant manner carry out Air Traffic Management in the Nadi Flight Information Region and Fiji's airspace.
- Provide world-class duty-free shopping experiences to our passengers.
- Provide reasonable returns to our share holder in line with its level of investment.
- Continually invest and develop our ATM facilities, terminal and airfield pavement infrastructure to world class standards.

Nadi International Airport is the main international airport and Fiji's gateway to the world.

Normally, it handles 97% of international visitors to Fiji annually, 86% of which are tourists.

The airport handled up to 41 international and 335 domestic flights a day pre-COVID-19. This equated to 15,000 aircraft movements annually prior to the pandemic.

**Over flights pre COVID-19 amounted to 50,043 per year in 2019. This figure decreased dramatically to 19,369 in 2020. Total international passenger movements which were 2.2 million in 2019 fell to 404,050 in 2020 whilst total domestic passenger movements decreased from 318,735 to 127,738 in 2020.**

Nausori Airport which handled 37,394 international passengers in 2019 recorded 7,841 international passenger movements in 2020. Domestic passengers dropped from 329,112 to 200,824.

Operationally, Nausori and the 13 outer island airports do not present a business case for Fiji Airports. Their operation, maintenance and capex is justified based on the resulting positive Socio-Economic Impact, being part of our Corporate Social Responsibility to provide betterment to the lives of all Fijians in lesser developed areas. Total passenger movements at these airports in 2020 were 132,951 whilst aircraft movements were approximately 10,121.

## Our Customers and Partners

Our customers and partners include our employees, passengers, airlines, aviation regulators, the aviation industry, the general public, tenants, service suppliers, transport operators, tourism operators and government agencies.

We collaborate with the Government to provide: Commercial returns and; in terms of aviation policy, border control and safety regulations under the Civil Aviation Authority of Fiji (CAAF).



# Our Structure





## Letter to the Minister



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30 December 2021

### **The Honourable Aiyaz Sayed-Khaiyum**

Attorney-General and Minister for Economy, Civil Service and Communications  
Level 7, Suvavou House  
Victoria Parade  
Suva

Dear Honourable Minister

### **Fiji Airports Annual Report for 2020**

On behalf of the Directors of Fiji Airports (FA), I am pleased to present the Company's Annual Report as required under Section 103 of the Public Enterprise Act, 1996.

This Annual Report incorporates the Company's operational achievements and audited accounts for the year ending December 2020. The audited accounts for 2019 were presented at the AGM on 23rd October, 2020. The key financial indicators for 2019 are also incorporated.

Fiji Airports recorded a net operating profit before tax of \$1,562,095 for 2020. Fiji Airports has declared a total of \$175 million in dividends over the last six years – 2014 to 2019. Despite this unprecedented dividend payout, the total shareholder's equity stands at \$448,615,954.

Our results for 2020 have been significantly affected by the prolonged COVID-19 global economic crisis which has negatively affected our revenues. At the present time, our forecasts indicate a steady ramp up of business activity over the next two to three-year period to achieve pre COVID -19 revenue levels.

We know you appreciate the negative business impact on all sector industries driven by the COVID-19 outbreak from March 2020. The entire aviation and tourism industries ground to a halt at that time. However, we remain optimistic and bullish regarding the recovery of our business activity and our provision of substantial contribution to the greater Fiji economy, once international borders re-open.

We remain committed to working with and supporting our partner, Fiji Airways, in steering a course for a successful business reincarnation and return to enhanced future profitability.

On behalf of the Board of Directors, Management and Staff, I take this opportunity to thank you and the Government for your continued guidance and support in the 2020 year and beyond.

Yours sincerely,

Geoffrey N Shaw  
Chairman



## Year 2020 in Review

- At a Glance
- Chairman's Report
- Operations Review





## At a Glance: Key Financial Figures

Movements from 2019 to 2020      2020 Total Numbers      2019 Total Numbers

### Total International Arrival and Departure Passenger Movements

↓ 1.8 million      -81%      0.4 million      2.2 million

### Total Aircraft Movement (Tonnes)

↓ 0.8 million      -65%      0.4 million      1.24 million

### Total Revenue

↓ \$78 million      -50%      \$78 million      \$156 million

### Operating Revenue

↓ \$78 million      -52%      \$72 million      \$150 million

### Operating Expenditure

↑ \$1 million      2%      \$74 million      \$73 million

### Shareholder's Fund

↑ \$7 million      1%      \$449 million      \$442 million

### Return on Shareholder's Fund before Social Obligation

16.51% (2019)

2.88% (2020)

Note: as per IFRIS reporting standards Discounts of \$23.3m provided in 2020 have been added back to Revenue and Expenses.





## Chairman's Report

The emergence of a virulent second wave outbreak of the novel coronavirus affecting our country from April 2021 is a stark reminder that this pandemic is far from over. The increasing number of cases is by far the worst Fiji has experienced. We have been forced to live with COVID-19, its health implications, and the prolonged financial impact on all businesses.

Community and commercial stakeholders alike have adapted to the necessary tightening of restrictions, lockdowns and curfews, as the case may be and now the cautious relaxation of those same measures when the time is deemed prudent. Wearing masks, social distancing and washing hands regularly, have become the new normal and enables us to equip ourselves, withstand and at a minimum, mitigate the spread of this viral foe.

The explosion of COVID-19 cases in India and the emergence of the Delta variant strain in Fiji in April 2021 is having a significant impact on our forecast business recovery from our major tourism source markets. Our earlier roadmap to recovery had indicated a ramp up of operations from Q2 of 2021, now revised to commence in Q4.

Whilst the current economic environment is less than buoyant, notwithstanding Fiji escaping the first wave relatively unscathed, we remain resilient and positive. There is no doubt that we will see a resumption of international travel and business activity in the medium term.

Anticipating and preparing for a resumption in international travel, one of our significant achievement milestones in November 2020 was the certification of Airport Health Accreditation from Airports Council International (ACI). We are extremely proud to have an ACI Airport Health Accreditation for COVID-19 protocols – the first such recognition in the South Pacific Island nations. Our priority will always be first and foremost, the health and safety of our passengers and staff and to that end our preparations are well advanced.

The Nadi International Airport Travel Safe program is our blueprint to providing a safe arrival and departure experience for our passengers. The Airport Health Accreditation will be a catalyst to build passenger confidence once air travel frequency resumes.

Despite the momentous challenges COVID-19 has thrown our way, Fiji Airports was able to progress and commission our new state of the art Air Traffic Management (ATM) system in April 2021.

To successfully transition to the new Aurora ATM system in the midst of this pandemic is a historic achievement for our team. Whilst there was great pressure and a valid need to cut costs across most entities in the aviation industry, Fiji Airports persevered with our previous commitment to continue personnel training and upskilling of our people through this implementation process.

The commissioning of this new Aurora ATM system is ground-breaking due to the fact that we will now provide enhanced airspace efficiency and safety to our airspace users in our Flight Information Region (FIR) that covers approximately six million square kilometres.

### From unprecedented growth to COVID-19 uncertainty

Fiji Airports recorded unprecedented growth for each year from 2015 to 2019. These 5 years were the golden years. Our revenues, profits and dividends were at the highest levels year on year.

This phenomenal growth put Fiji Airports in an enviable position of financial strength delivering record breaking results. Our business was burgeoning, and infrastructure developments were initiated to future proof our passenger growth forecasts.

COVID-19 erased our forecasts and consequently, adversely impacted our balance sheet. The pandemic did not only ground the aviation industry, but it also paralysed our business model and resulted in our worst financial performance in our 21-year history.

Our total International Passenger Movement (IPM) which recorded a high of 2.2m IPM in 2019 shrunk by 81% to 0.4m IPM in 2020. As per IFRIS reporting standards Discounts of \$23.3m provided in 2020 have been added back to Revenue and Expenses which in turn affect the audit outcome. The year 2020 delivered massively decreased revenues, a significant decline of 65%, due to the closure of international borders in March 2020. Our revenue pre COVID-19 was c\$156m in 2019 decreasing to c\$55m (excludes c\$23.3 of discounts disclosed in accordance with IFRIS reporting requirements) in 2020.



Due to the unprecedented nature of this pandemic, immediate internal measures were implemented to significantly reduce our operational costs. Since March 2020, Fiji Airports has worked tirelessly to reduce costs across the organization. These measures were necessitated to ensure our business sustainability against the unknowns of COVID-19. Our wages, salaries, contract and other variables costs were substantially reduced to a minimum. Fiji Airports was able to significantly reduce operating costs from c\$73m in 2019 to c\$51m (excludes c\$23.3m of discounts disclosed in accordance with IFRIS reporting requirements) in 2020 or by approximately 30%.

Many of our capital projects earmarked for commencement in 2020 were shelved.

With revenues evaporating and as a consequence, applying strict and prudent governance, our operational costs were proportionately reduced. As a result, Fiji Airports recorded a modest operating profit before tax of c\$1.6m for the year 2020.

Given the gigantic challenges that COVID-19 brought, this financial performance is impressive in the sense that we were able to adapt and respond to a then unknown business risk, affecting all organisations world-wide.

The world remains vigilant as to a level of business uncertainty due to COVID-19 and the surge of this virus at a future date.

### **Cutting costs to sustain our business**

When the novel coronavirus first began in Wuhan, in late 2019, Fiji started feeling its impact with a significant drop in passenger arrivals into the first quarter of 2020. The tourism industry began experiencing low occupancy levels due to heightened travel advisories, restrictions, lack of passenger insurance policy availability and travel bans for countries identified with COVID-19 cases.

Fiji recorded our first COVID-19 case on 19 March 2020 and Government responded immediately with necessary international border closures and the restriction of arrival flights. Nadi International Airport closed on 26 March 2020 as part of Government's swift response initiative to contain the virus.

Prior to the pandemic, Nadi International Airport handled on average 41 international flights per day. With no flights, our revenues evaporated and with no passengers coming through our arrival/departure terminals, our tenants were not able to meet their lease obligations.

Massive job losses, pay cuts and reduced working hours ensued worldwide in the aviation and travel industries, being the greatest corporate casualties of the pandemic. Our capacity to remain a viable business entity, to meet our operational expenses and creditor obligations, put the company under immense financial pressure.

A logically planned and defined business response to ensure our survival was developed and implemented leading to immediate and drastic cost reductions across all levels of the organization.

Our hard-working team strategically reduced expenses by c\$22 million for the nine months from April to December 2020. However, this incredible reduction in expenses was dwarfed in comparison by the loss of c\$100 million (after c\$23.3m of discounts provided to tenancies and airlines) in revenues. Further, we either postponed or deferred all capital projects other than those committed in a contractual sense, being the likes of Nadi and Nausori or those smaller projects in an advanced stage of completion.

While most businesses went into hibernation, as an operator of airports we had an obligation to think strategically, review our systems and processes with a view to the continued provision of services to the best of our ability, for both business and community stakeholders alike. The pandemic necessitated mass terminations by many organisations and across the entire aviation industry sector, however, we strove in those early days and continue to this day to provide employment for our people.

Our management team led by example, taking a 30% pay cut from April 2020 to safeguard the organization, being a sacrifice the leadership team initiated during these challenging and turbulent times. However, as the pandemic dragged on, overall staff working hours had to be reduced to 56 hours a fortnight and remains one of the most difficult decisions the board had to make to assist our business survival.

The continued and prolonged loss of revenue massively impacted our cashflow and cash reserves, forcing us to reduce management salary by 40% from November 2020 with staff working hours reduced to 48 hours per fortnight.

By January 2021, we were able to restore staff working hours to 56 hours and later to 64 hours a fortnight. A small victory for us during this intensely challenging business environment.



## **Vaccinations and the road to business recovery**

Vaccines are a standout powerful tool developed to help fight and contain the spread of COVID-19.

Fiji's first batch of vaccines arrived at Nadi International Airport on 6 March 2021 and was officially received by the Hon. Prime Minister, Voreqe Bainimarama in a symbolic ceremony to mark this historic event.

Vaccination holds the key to our efforts to win this ongoing battle against COVID-19, which has held the upper hand for more than a year and to restart our aviation and tourism sectors. Data from across the globe shows the decreasing number of cases in countries that have carried out widespread vaccination of their populace.

As an airports operator, we have encouraged all our people to get vaccinated and help us in the fight against COVID-19. We are proud to boast having a workforce that is 100% fully vaccinated. This is an encouraging sign of the solidarity shown to work together to fight COVID-19.

As part of our social obligation, we felt that it was only right to open Nadi Airport for drive-through vaccinations that have allowed the Nadi community at large to receive inoculation from the comfort of their cars. There were two vaccination drive-throughs held in July and September of 2021. The speed at which Fiji has been able to vaccinate its eligible population has been an amazing feat that is allowing our beautiful country to re-open its border by 01 December 2021.

We remain resilient and bullish with respect to our business recovery and the recovery of the Fijian economy on the back of tourists returning from our major and other source markets once borders re-open.

## **Frontliners - our heroes through these turbulent times**

Our frontline staff at Nadi International and other Fiji airports and all our national frontliners including our doctors, nurses, police officers and military personnel remain our heroes.

The entire team at Fiji Airports sincerely pays tribute to the sacrifices they continue to make during these challenging and turbulent times. We are immensely grateful for the work they continue to perform on the ground despite the risks and danger constantly faced.

I would also like to express my appreciation to our Board of Directors for their continued support, contribution and commitment during such extraordinary times, noting our entire management team and staff have been exceptionally resilient and flexible. The Board thanks our team for their hard work over the 2020 year and their continued dedication, commitment and passion that will yield a return to business normality.

The pandemic's negative impact on our business continues in 2021. This is the reality of our new world and uncertainties that we face now and for the foreseeable future.

However, we remain steadfast in our resolve to emerge stronger as an organization having as a necessity gained insights, developed strategies, and prudently restructured our business model for the future.

Additionally on behalf of the Board, I would like to acknowledge and congratulate Government on their proactive policies, forthright guidance and endurance in these most extraordinary of times.

Vinaka vakalevu



Geoffrey N Shaw  
Chairman



# Operations Review

## Our People

Our key focus and our major capital are our people. Our people are our biggest asset. The key driver in our success over the years. We continue to coach, nurture, mentor and upskill our people into a dynamic workforce. Fiji Airports has a talented team of individuals across the entire organization. One that we can proudly boast to be resilient during these unprecedented times.

Our people have adapted to COVID-19 as this pandemic continues to affect the world. Changes in the way we work have come in the form of working from home for non-operational staff during lockdowns. Adjusting to the new normal by wearing Personal Protective Equipment (PPEs) like masks, gloves and coveralls. Social distancing and regularly washing our hands are part of our new work environment, something that was never imagined.

Millions of jobs have been lost throughout the aviation industry. Similarly, at home, there have been mass terminations in both the aviation and tourism industries. Fiji Airports worked hard to ensure COVID-19's impact on our workforce was significantly lower.

During the height of the pandemic in 2020, flights were grounded with the closure of borders and nationwide curfews implemented. Realistically, this meant that there was relatively no work but Fiji Airports continued to provide employment for our people despite the financial constraints. Fiji Airports honoured its commitment to our people during these uncertain times.

To sustain the company, a comprehensive staff and operations review was conducted. Based on the review, our operations were streamlined through a management restructure and staff reduction. Further to that, FA has aligned itself with and adopted the Government Civil Service mandatory retirement age provisions detailed in the State Services Act 2009 section 15.2, requiring retirement at the age of fifty-five (55) years.

The prolonged impact of COVID-19 can be stressful and overwhelming for our people. Fiji Airports engaged a counsellor to provide counselling services for our mental health and well-being. This exercise was carried out across the organization with a total of 350 staff attending these sessions.

Counselling was provided in groups and in one on one sessions to allow people to talk freely about overcoming their emotional stress for the benefit of their mental health.



In a highly rewarding career with us, the performance of our staff is assessed at six-monthly intervals through our Performance Management System (PMS). These appraisals gauge ongoing performance to identify potential for growth and development. This exercise allows us to guide our team towards improving our performance and to align us with our organizational goals.

We endeavour to have a team full of "shining stars" and to develop people excelling in their roles, hungry and eager to further their careers. We believe that this will provide a team of outstanding people who are travelling the same path in pursuit of excellence.

Our people are assessed on their Key Performance Indicators (KPIs) and given a rating between 1 and 5 based on their performance over the six months. Our people who are given

- 5 - are rated as Outstanding,
- 4 - Exceeds Expectations,
- 3 - Fulfils Expectations,
- 2 - Needs Improvement,
- 1 - Unacceptable Performance.

The goal, at a minimum, is for our team to perform at level 3 or above.

The year ended with 467 employees with an attrition rate of less than 3.43%. FA has maintained a low attrition rate over five years. The global benchmark is a turnover of less than 10%. This reflects an engaged and productive workforce.



## Commercial

Given the harsh business environment, many of our retail partners, tour operators and tenancies had to close their airport outlets due to COVID-19.

Passenger travel was at a minimum with only repatriation and cargo flights while international border closures continued into 2021.

In the interest of our long-term partnership, Fiji Airports worked closely with all Nadi International Airport tenants recognizing the devastating impact it had on their businesses.

Unprecedented tenancy discounts were offered since March 2020, to allow our tenants to cope to some extent with the financial hardship. Fiji Airports believes these equitable agreements with tenants at a time when they needed them the most will deliver the best long-term outcome whilst strengthening our relationship with retailers.

However, as is the gravity of the financial impact, two of our tenants closed their businesses permanently. We remain optimistic that many of these businesses will bounce back when borders reopen and when air travel resumes.

From March 2020 to December 2020, Fiji Airports has offered assistance to tenants in the form of rent abatements ranging from 50 to 100 percent of the total amount. Each discount offered was assessed on a case-by-case basis taking into consideration all factors affecting individual tenants. The total discount offered is approximately c\$22.7m for this period.

In 2021, we have continued to provide this support as needed to ensure this assistance is helping our retail partnerships.

## Enhancing Safety

Safety will always be our number one priority.

Fiji Airports continues to maintain the required level of safety across the organization. There has been a reduced number of flights due to air travel being grounded, however, safety is the single most important part of our aviation business.

Our Safety and Risk Management team continued to address operational risks effectively. Fiji Airports has been closely monitoring our operational safety and coordinating with our departments on key focus areas.

Operational reports provided an outlook for our safety and risk assessment. Due to COVID-19 and the resulting restrictions in movement, physical safety audits were replaced with continuous remote monitoring process. We relied on our digital technology to aid us. Our online Safety Portal played an important part in our safety monitoring and safety checks.

## Despite the current environment we continued to engage our stakeholders. This is a proactive way of ensuring safety is upheld across our airports.

Our team ensures that safety case assessments were conducted for all our projects to ensure that safety is not compromised.

Examples of safety assessments conducted were for the Nadi Runway Surface Upgrade project, the withdrawal of Flight Information Services at Labasa, Savusavu, Matei & Rotuma Airports, Labasa Runway & Apron Upgrade Project, Nadi Runway End Safety Area (RESA) for Runway 02 and 27, the transition to surveillance environment (ADS-B).

These safety assessments are compulsory exercises to ensure that potential risks are identified and managed.

Our partnership with our regulator is equally important. All required areas of our operations were certified by the Civil Aviation Authority of Fiji (CAAF) as meeting the required standards. These include our Aerodromes, Air Traffic Service Provider (ATSP), Aviation Maintenance Organization (AMO), Aeronautical Information Service Provider (AISP) and Aviation Training Institute (ATI).

FA is committed to serving all our stakeholders in the coming year with continuous improvements in our safety standards.

## Environmental Management

Our environmental goals and ambitions towards a greener airport continue to reap rewards.

Nadi International Airport has achieved Airport Carbon Accreditation Level 3 'Optimisation' in March 2020. Nadi became the first airport in the South Pacific to achieve Level 3 Airport Carbon Accreditation.



The Airport Carbon Accreditation is the global carbon standard for airports upheld by Airports Council International (ACI).

Nadi International Airport received its Level 1 accreditation in 2017. Level 1 renewal was in 2018. We received our Level 2 accreditation in 2019. Our environmental progress over the last 4 years has been significant. Our goal is to achieve Level 3+ Neutrality in the future.

## **Nadi is proud to be the only airport in the South Pacific to have received Level 3 Airport Carbon Accreditation.**

During the year, Fiji Airports reduced its carbon emissions through the efficient use of energy. The reductions in flights meant that carbon emissions were significantly reduced. Our team continues to collaborate and work with our stakeholders on a shared focus on the environment.

Fiji Airports is proud of the recognition given to us as a "VIP Club – Gold Card" member by the Ministry of Environment. This membership is a recognition of our environmental commitment.

## **Air Navigation and Management**

Fiji Airports manages 6 million square kilometres of airspace that covers Fiji, Tuvalu, Kiribati, New Caledonia and Vanuatu. Air Traffic in our airspace evaporated as a result of COVID-19 gripping the entire world.

However, despite this unprecedented crisis, our air navigation work continued. Some of our major projects continued like the Air Traffic Management (ATM) System replacement, Airspace and Procedure Change, ATM System and Technical Training, Surveillance Control Training, ATM Centre refurbishment and Nadi and Nausori Control Towers refurbishment.

While there was great pressure to cut costs across most entities in the aviation industry, Fiji Airports decided to continue personnel training and up-skilling of our people through the implementation of key projects like the Aurora ATM System replacement.

The Aurora ATM System supplied by Adacel includes necessary software upgrades to meet customized Air Traffic Control requirements. One of the benefits of the new system is the implementation of the Electronic Flight Strip (EFS). This operates using the aircraft position updates received by the ADS-B system. The EFS will soon replace the old or manual paper strip that ATC's have always used. Commissioning of the new ATM system with EFS is earmarked for the 1st quarter of 2021.

This major project continued despite travel restrictions as we adapted to our new normal. Daily virtual meetings were held and remote support was provided from Montreal in Canada. The time difference and working virtually with people on the other side of the globe was a unique experience for our operational and technical team.

Projects that we could delay were re-engineered and appropriately addressed. The Service Level Agreement (SLA) with our Automatic Message Handling System (AMHS) was extended till the end of 2022 with supplier Frequentis/Comsoft.

Operationally affordable solutions for service delivery were explored which led to the migration of AMHS and Common Regional Virtual Private Network (CRV) services from FINTEL to Vodafone and Digicel over the internet. This has become a proof of concept for Smaller Island States who would like to join the CRV network in the future.

ADS-B surveillance implementation has been delayed due to travel restrictions and constraints relating to COVID-19 with our ADS-B ground station supplier, ERA yet to travel to Fiji from Czech Republic.

Training of Air Traffic Controllers in the Simulator continues, to ensure that Fiji Airports is ready to provide the most efficient service possible to airlines when air travel resumes.

## **Capital Works Program**

The International Civil Aviation Organization (ICAO) and Airports Council International (ACI) have forecasted passenger and flight numbers to return to 2019 levels by 2023-2024. Consequently, Fiji Airports have delayed capacity enhancement projects for the Nadi Airport Masterplan pending a resumption in air travel demand.

Our two major projects that had commenced before the pandemic have continued based on their need and the downturn in aircraft movements. These projects include the Nausori Runway Upgrade and Extension project and the Nadi Off Gates Apron project.

The Nausori Runway Upgrade and Extension project is earmarked for completion in the third quarter of 2021. This project will enhance the Boeing 737 aircraft movements in and out of Nausori. It will allow airlines to carry more passengers on the B737 compared to previous load restrictions.



## The key features of the project are:

- Runway 10/28 extension to 2,148m;
- Runway width increase to 45m;
- Runway strip width increase to 280m;
- Runway 28 RESA 90m;
- Upgraded aerodrome lighting system including HIAL;
- Widening of turning nodes;
- Updated runway markings;
- Addition of an Instrument Landing System (ILS) Cat I Type A approach;
- Taxiway improvements catering for Code C jet operations (18m width with 3.5m shoulders);
- New perimeter security fence and a new perimeter road

This runway upgrade will change international travel in and out of Nausori for the greater good of the Deuba-Nausori corridor. It allows for the further extension of the runway to cater for Code E aircraft (Airbus A350) movements.

The Nadi Off-Gates Apron Project is the second major project being undertaken. It is part of the wider Nadi Airport Masterplan that will enable the relocation of the northern taxiway allowing future terminal expansion.

Demand for apron parking has increased due to international travel restrictions and the grounding of aircraft. The project will allow additional parking space for two Code E or four Code C aircraft. The Nadi Off-Gates project is expected to be completed in the first quarter of 2022.

Our projects for Outer Island Airports progressed with runway upgrade works for Labasa, Lakeba, Bureta (Levuka) and Vunisea (Kadavu) airports. These upgrades are an investment in improving the connectivity with our remote islands. The runway upgrades were carried out at a cost of \$4.1 million.

Fiji Airports has carried out capital projects for Outer Island Airports at our own cost since 2016. These have been carried out as our social responsibility. However, due to evaporating revenues as a result of COVID-19, Fiji Airports will be requesting the government's assistance for the 2021 – 2022 Capital Works Program for our Outer Island Airports.

## Security

To ensure continued focus and improvement, Fiji Airports with the support of the Asian Development Bank commissioned an ICAO accredited auditor to review our security manuals, systems and processes in 2020.

This review has supported our capacity development and has provided recommendations to further enhance our security.

Our team attended ICAO-certified courses for their personal growth and upskilling. Security is evolving in the current business environment and we continue to learn, grow and adapt to the new normal.





## Nadi Airport

Nadi International Airport came to a standstill as air travel ground to a halt. The travelling landscape changed and with it, our processes were aligned to international standards for the health and safety of our passengers.

The Nadi International Airport Travel Safe program was introduced after consultations with our airport stakeholders. This was the roadmap to providing a safe airport journey for our passengers during the pandemic.

Nadi International Airport implemented the mandatory wearing of masks, social distancing, hand sanitizer stations were made available across the terminal and intensified our cleaning and disinfecting of all high contact surfaces.

In November 2020, Nadi International Airport was awarded the Airports Council International's Airport Health Accreditation for prioritizing the health and safety of our passengers.

The Airport Health Accreditation serves as reassurance to our passengers that all health precautions are in place for the safe resumption of travel. Nadi International Airport's Travel Safe Accreditation is a major confidence builder for our tourism markets and a milestone on the road to our region's economic recovery.

A significant portion of our economy depends on tourism and with this ACI Airport Health Accreditation award, Fiji's appeal as a safe destination will be amplified and provide a boost of confidence for our intending international visitors.

The ACI Airport Health Accreditation program assists airports by assessing new requirements for health measures and procedures to be introduced to meet global standards as a result of the COVID-19 pandemic.

As airports around the world begin to ramp up passenger numbers and prepare for normal operations, the focus is on ensuring the health and welfare of travellers, staff and the general public.

The ACI Airport Health Accreditation program provides airports with a direct assessment against the ICAO Council Aviation Recovery Task Force (CART) recommendations and includes industry best practices.

Critical areas of assessment for accreditation include cleaning and disinfection, physical distancing, staff protection, physical layout, passenger communications and facilities.

## Nausori and Outer Islands

International border closures had an impact on domestic air travel. The busiest domestic travel route between Nadi and Nausori was reduced to two flights a day and flights to tourism destinations like Matei in Taveuni, Savusavu and Kadavu were reduced to charter flights.

Domestic travel to other outer island airports and to Labasa in particular remained consistent with high passenger numbers.





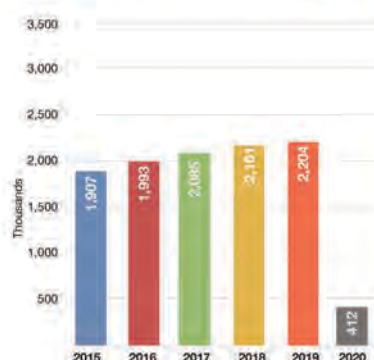
# Key Statistics – Passenger and Aircraft Statistics

Year	2015	2016	2017	2018	2019	2020
<b>International Movements</b>						
International Arrivals	913,620	939,275	967,826	1,001,314	1,023,144	182,785
International Departures	913,586	949,650	975,940	1,001,338	1,025,323	194,476
Transits & Transfers	80,105	103,691	140,814	158,273	155,511	34,630
<b>Total Int'l Movement</b>	<b>1,907,311</b>	<b>1,992,616</b>	<b>2,084,580</b>	<b>2,160,925</b>	<b>2,203,978</b>	<b>411,891</b>
Domestic Arrivals	326,668	355,742	383,494	421,195	449,271	230,737
Domestic Departures	326,104	349,146	382,864	421,556	448,390	230,776
Total Domestic Passengers	<b>652,772</b>	<b>704,888</b>	<b>766,358</b>	<b>842,751</b>	<b>897,661</b>	<b>461,513</b>
<b>Total Passenger Movements</b>	<b>2,560,083</b>	<b>2,697,504</b>	<b>2,850,938</b>	<b>3,003,676</b>	<b>3,101,639</b>	<b>873,404</b>
Growth % on Total Pax	8.5%	5.4%	5.7%	5.4%	3.3%	-71.8%
Growth % on International Pax	7.4%	4.5%	4.6%	3.7%	2.0%	-81.3%
<i>Note - Movement is inclusive of Crew.</i>						
<b>Aircraft Movements</b>						
Int'l Aircraft Movements	13,847	14,005	15,337	15,202	14,962	3,930
	10.6%	1.1%	9.5%	-0.9%	-1.6%	-73.7%
Domestic Aircraft Movements	39,733	37,742	46,146	49,769	47,359	23,307
	8.6%	-5.0%	22.3%	7.9%	-4.8%	-50.8%
Other	35,599	27,167	39,004	36,405	33,547	26,851
	-16.4%	-23.7%	43.6%	-6.7%	-7.9%	-20.0%
<b>Total Aircraft Movements</b>	<b>89,179</b>	<b>78,914</b>	<b>100,487</b>	<b>101,376</b>	<b>95,868</b>	<b>54,088</b>
Growth%	-2.7%	-11.5%	27.3%	0.9%	-5.4%	-43.6%
<b>MCTOW (Maximum certified take-off weight)</b>						
International MCTOW	734,417	794,728	845,505	916,418	970,699	301,909
	8%	8%	6%	8%	6%	-69%
Domestic MCTOW (Nadi/ Nausori)	154,987	169,884	184,677	195,303	195,450	100,489
	2%	10%	9%	6%	0%	-49%
Regional Airport MCTOW	50,899	50,323	55,498	61,532	74,083	36,328
	18%	-1%	10%	11%	20%	-51%
Total MCTOW	940,303	1,014,935	1,085,680	1,173,253	1,240,232	438,726
Growth%	7.4%	7.9%	7.0%	8.1%	5.7%	-64.6%
<b>Air Navigation Service Units</b>						
Air Navigation Service Units	3,488,516	3,808,559	4,001,455	4,137,250	4,160,412	1,765,879
Growth%	9.3%	9.2%	5.1%	3.4%	0.6%	-57.6%

**Total Passenger Movement**



**Total International Passengers**



**Total Domestic Passengers**



**Total Aircraft Movement (Tonnage)**



**International Aircraft Movement (Tonnage)**



**Domestic Aircraft Movement (Tonnage)**







## Corporate Governance

- Board of Directors
- Management Team
- Corporate Governance Practices
- Financial Review



## Board of Directors – 2020



**Geoffrey N Shaw**  
Chairman



**Viliame Vodonaivalu**  
Director



**Ratu Wiliame Katonivere**  
Director



# Management Team



**Isei Tudreu**  
General Manager Air Traffic Management & Operations



**Sanjana Mishra**  
Financial Controller/  
Board Secretary



**David Crute**  
Projects & Infrastructure Director



**Amit Singh**  
Assistant General Manager  
Air Traffic Management & Operations



**Josaia Lacanikaibau**  
Manager Aviation Security Services



**Semi Banuve**  
Manager Airport Rescue Fire Fighting Services



**Kelepi Dainaki**  
Manager Air Navigation Engineering Services



**Vula Seru**  
Manager Nausori & Outer Stations



**Waqa Taukei**  
Manager Electrical & Mechanical Services



**Sunia Korosigasiga**  
Manager Safety & Risk Management



**Ivan Wong**  
ATM Head of Operations



**Joe Gray**  
Manager Airport Landside Operations & Customer Services



**Ashveen Nandan**  
Manager Information & Communications Technology



**Rohit Prasad**  
Senior Management Accountant



**Christopher Chand**  
Communications & Public Relations Manager



**Isaia Roko**  
Manager Airside Operations



## CORPORATE GOVERNANCE PRACTICES

### Role of the Board

The Board is responsible for charting the Company's strategic direction, setting objectives for infrastructure upgrades, developing a fair framework for human resources, setting clear goals and mechanisms to monitor performance.

Amongst its responsibilities, the Board also reviews the yearly business plan, corporate plan, operating and capital budgets and non-budgeted capital expenditure.

Many of the plans implemented over the last several years have seen a remarkable turnaround in profits, cash flows and capital project deliveries.

### Composition of the Board

As at 31 December 2020 the composition of the Board was Mr Geoffrey Shaw, Chairman and two non-executive independent Directors Ratu Wiliame Katonivere and Mr Viliame Vodonaivalu – appointed August 2020.

The Ministry for Economy, Civil Service and Communications appoints the Directors. Under the articles of Fiji Airports, the maximum number of Directors are seven unless otherwise specified by the Ministry for Economy, Civil Service and Communications.

### Directors Code of Conduct

The establishment of a Corporate Code of Conduct and Ethics is designed to promote honest and ethical conduct, including ethical handling of conflicts of interest; appropriate, fair, accurate and timely full disclosure in the Company's periodic reports and compliance with applicable Governmental rules and regulations.

The Board periodically reviews and assesses the adequacy of the Code of Ethics and implements any modification as necessary.

The Board of Directors are bound by section 6.13 of the Articles of the Company and the individual terms of their respective contract letters.

### Primary Objective of Public Enterprise

The Primary Objective of Public Enterprise is provided under section 18 of Public Enterprise Act that states:

- (1) The primary objective of a Public Enterprise is to be a successful commercial business.
- (2) A Public Enterprise must conduct its business and operations with a view to being a successful business.
- (3) A Public Enterprise is a successful business if it is at least as efficient and profitable as comparable businesses in the private sector.

### Statutory Duties of the Board

In addition to the above, the Board of Directors of FA, collectively and individually, have agreed on the fulfilment of the following duties towards the Company:

- To exercise the care and diligence of a reasonable person;
- To exercise their power and discharge their duties in good faith and for a proper purpose;
- To refrain from improper use of their position for personal gain, and
- To refrain from making use of inside information for personal gain.

### Fiduciary Duties of Directors

The Directors of FA also owe the following fiduciary duties to the Company. These fiduciary duties form the Code of Ethics of FA.

A fiduciary relationship imposes an obligation of utmost good faith on the Directors by putting the interests of the Company first, and the FA Directors have pledged to uphold this principle at all times.

The fiduciary duties of the Directors have the following four dimensions:

- To act in good faith in the best interests of the company;
- To exercise powers for a proper purpose;
- To retain discretion;
- To avoid conflict of interest.



## Board Meetings

The Board held four regular meetings during the financial year ended 31 December 2020. The regular business of the Board during its meetings covers corporate governance, financial performance and risk management, business investments, project oversight and strategic planning matters.

## Director's Remuneration

As per section 5.6 of the Company's Articles of Association, the Minister for Economy retains the ultimate authority to determine the remuneration and benefits given to the Directors of the Company.

A total fee of \$19,298 was paid to the directors for their services during the year in accordance with the remuneration and benefits determined by the Minister for Economy. A further sum of \$20,448 was paid for other expenses, mainly for travel and accommodation that were incurred during their duties. Directors were also covered under the Company's Directors and Officers Insurance Policy.





## Key Performance Indicators

Year	2016	2017	2018	2019	2020
Operating Revenue (\$m)	116.12	138.26	146.01	150.0	72.3
Operating Expenses (Including depreciation) (\$m)	50.84	58.09	70.72	72.9	74.1
EBIT (\$m)	67.2	82.1	81.2	83.3	4.0
EBITDA (\$m)	78.7	94.2	100.5	105.1	25.7
Cash from Operations (\$m)	68.5	66.9	72.4	77.5	29.1
Return on Assets (%)	16.4	19.4	11.8	11.3	1.2
Return on Equity (%)	24.4	29.0	15.9	14.7	1.5
Debt/ Equity ratio (%)	49.0	49.6	34.5	30.5	26.7
Current Ratio (Times)	4.2	3.5	3.4	3.3	3.2
Interest Cover (Times)	49.8	44.0	40.3	33.5	1.65
Total International Passenger Throughput (million)*	2.0	2.1	2.2	2.2	0.41
Capital Investment (\$m)	46.9	45.1	32.2	42.3	29.7
Dividends (\$m)	30.0	45.0	45.0	30.0	-
Gearing Ratio (%)	33.3	36.6	18.3	15.5	14.8
Finance Debt	67.5	81.1	74.4	68.3	66.3
Assets Capitalised	39.9	43.1	27.2	12.9	15.7
Work In Progress	10.0	12.2	15.2	43.4	57.5

\*Note: Inclusive of arrival, departure, transit and crew

## Financial Trend Analysis to December 2020

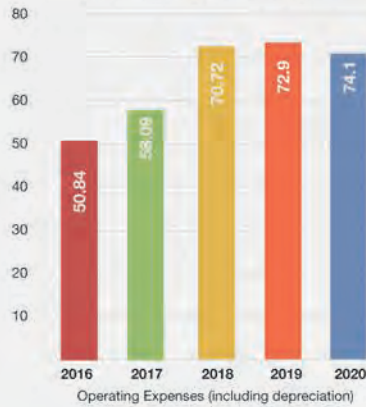
Year	2016 \$m	2017 \$m	2018 \$m	2019 \$m	2020 \$m
<b>INCOME STATEMENT</b>					
Total Revenue	118.1	140.1	152.0	156.2	78.1
Total Expenses excluding Depreciation & Interest	43.1	45.9	51.5	51.1	52.4
Depreciation	11.4	12.2	19.2	21.9	21.7
Interest & Bank Charges	1.4	1.9	2.0	2.5	2.4
Income Tax Expense/ (benefit)	12.7	15.9	14.7	15.6	-5.1
NPAT (\$m)	49.5	64.2	64.5	65.2	6.6
Dividends Paid	30.0	45.0	45.0	30.0	0.0
<b>BALANCE SHEET</b>					
Total Assets (\$m)	301.9	331.7	547.3	576.7	568.2
Total Liabilities (\$m)	99.2	109.9	140.5	134.8	119.6
Net assets/ shareholders equity (\$m)	202.6	221.7	406.8	442.0	448.6
<b>REVENUE</b>					
Landing and Parking Fees	21.6	22.4	26.6	28.7	9.3
Air Navigation Charges	21.9	36.3	39.3	39.8	16.8
Terminal Nav Aids	5.8	6.5	7.1	7.4	2.5
Concessions	31.7	33.5	35.6	35.7	31.7
Rentals	5.2	6.1	6.6	7.2	4.4
Departure Tax Share	7.2	7.2	7.3	7.6	1.5
Development & Security Fee - Int'l	15.5	15.8	16.5	16.8	3.4
Domestic Passenger Service Charge	1.5	1.6	1.8	1.9	0.9
Other	5.6	8.7	9.2	8.3	5.3
Grant Funding	0.1	0	0	0.0	0.0
Interest	1.9	1.9	2.1	2.7	2.3
<b>Total</b>	<b>118.1</b>	<b>140.14</b>	<b>151.96</b>	<b>156.2</b>	<b>78.1</b>
<b>EXPENSE</b>					
Salaries	16.2	17.5	19.4	20.4	12.9
Contract Cost	4.6	5.3	6.7	7.0	1.9
Operating Cost	13.8	15.7	17.2	13.9	6.7
Administration Cost	4.8	7.4	8.2	9.7	30.9
Depreciation	11.4	12.2	19.2	21.9	21.7
Interest	1.4	1.9	2.0	2.5	2.4
Loss on Disposal of old terminal assets - NATMP - non-cash/non-operational	3.7	0	0	0	0
<b>Total</b>	<b>55.9</b>	<b>60.0</b>	<b>72.7</b>	<b>75.4</b>	<b>76.5</b>



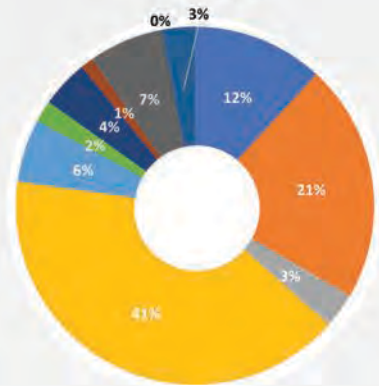
Operating Revenue (FJ\$, mil)



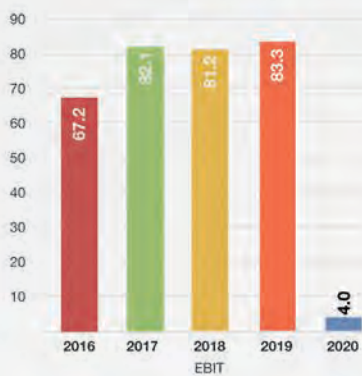
Operating Expenses (FJ\$, mil)



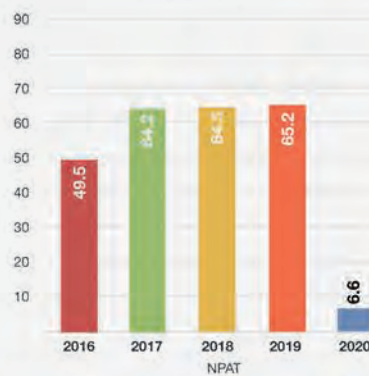
2020 Revenue Composition



EBIT (FJ\$, mil)

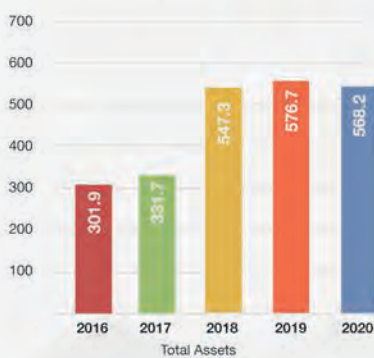


NPAT (FJ\$, mil)



- Landing and Parking Fees
- Air Navigation Charges
- Terminal Nav Aids
- Concessions
- Rentals
- Departure Tax Share
- Development & Security Fee - Int'l
- Domestic Passenger Service Charges
- Other
- Interest

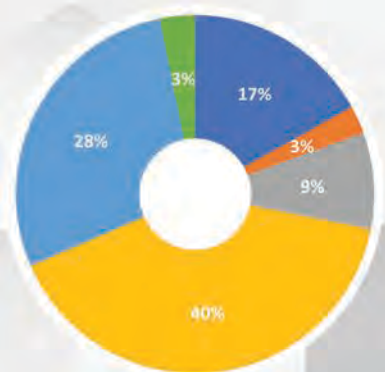
Assets (FJ\$, mil)



Liabilities (FJ\$, mil)



2020 Expense Composition



- Salaries
- Contract Cost
- Operating Cost
- Administration Cost
- Depreciation
- Interest

Equity (FJ\$, mil)





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## AIRPORTS FIJI PTE LIMITED

# DIRECTORS' REPORT

For the Year ended 31 December 2020

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Airports Fiji Pte Limited ("The Company") as at 31 December 2020 and the related statement of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the year ended on that date and report as follows:

### Directors

The Directors of the Company in office during the year and up to the date of this report were:

Mr. Geoffrey N Shaw - Chairman

Ratu Wiliame Katonivere - resigned on 21 October 2021

Mr. Viliame Vodonaivalu - appointed on 18 August 2020

Mr. Has Muk Patel - appointed on 14 February 2021, appointed as Deputy Chairman in June 2021

### State of Affairs

In the opinion of the Directors, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Company as at 31 December 2020 and the accompanying statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results of the Company for the year then ended.

### Principal Activities

The principal activities of the Company during the financial year included provision of air navigation services, the operation and management of the Nadi International Airport and other airports throughout Fiji.

There were no significant changes in the nature of these activities during the financial year.

### Trading Results

The net profit of the Company for the year after taking into account an income tax benefit of \$5,066,603 (2019: income tax expense of \$15,609,870) was \$6,628,698 (2019: \$65,163,300).

### Dividend

It was resolved that no dividends be declared and paid out for 2020 (2019: \$0.3250 per share amounting to \$30,000,000).

Due to the impact of the COVID-19 pandemic on the recent financial performance and near term outlook, no interim or final distribution was declared by Fiji Airports for the year ended 31 December 2020.

### Current and non-current assets

The Directors took reasonable steps before the Company's financial statements were made out to ascertain that the current and non-current assets of the Company were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributable to the current and non-current assets in the financial statements to be misleading.



## DIRECTORS' REPORT (CONTINUED)

For the Year ended 31 December 2020

### Basis of Accounting - Going concern

The Directors consider the Company to be a going concern. The Directors believe that the basis of preparation of the financial statement is appropriate and the Company will be able to continue in operation for at least 12 months from the date of this report.

### Bad and doubtful debts

The Directors took reasonable steps before the financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the Directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

### Related party transactions

All related party transactions have been adequately recorded in the financial statements.

### Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and
- (iii) no contingent liabilities or other liabilities of the Company have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

### Unusual Transactions

The results of the Company's operations during the financial year have not, in the opinion of the Directors, been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

### Director's Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit disclosed in the financial statements and/or included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related corporation) by reason of contract made by the Company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest.



**DIRECTORS' REPORT (CONTINUED)**

For the Year ended 31 December 2020

**Significant Events**

The consequences of the COVID-19 pandemic for the airport and broader aviation community have been severe. In response, Fiji Airports has rapidly adapted to the current environment, with the priority being to protect the health and safety of our staff and the airport community. Whilst the company delivered a solid start to the 2020 financial year, the subsequent spread of COVID-19 saw the aviation industry dramatically impacted from late February. Since that time, passenger traffic through Fiji Airports has been materially impacted, resulting in international and domestic passenger traffic being down to 20% of 2019 and 53% respectively for the full year of 2020 when compared to the prior comparative period. The downturn in international passenger traffic is expected to persist until travel restrictions are eased.

The COVID-19 pandemic has impacted the full year financial report in various ways. Fiji Airports has made an after tax profit of \$6,628,698 in 2020 against \$65,163,300 in 2019. Both aeronautical and commercial customers affected the recoverability of receivables has been assessed based on information available and our best judgement. Included within this amount is \$700,000 related to Virgin Group debts in respect of prior months to Virgin being placed into voluntary administration and subsequent, up until the appointed administrator's personal liability commenced on 27 May 2020.

The COVID-19 pandemic has drastically impacted the revenue streams in various ways. FA has assisted aeronautical and commercial customers in line with the Fiji Governments Assistance in providing tax and Customs incentives. Concessions in the form of aeronautical and rental abatements of \$23,377,566 agreed and provided. These revenue will not be collected from the customers in future thus the Company has made expected credit loss (ECL) provisions for both aeronautical and commercial customers.

**Events subsequent to balance date**

On 16 July 2021, the Honourable Attorney-General and Minister of Economy, Civil Service and Communications, Mr Aiyaz Sayed-Khaiyum made the announcement on diversification plans of Fiji Airports in the 2021/2022 national budget address.

Fiji Airports has refinanced its existing loan facility and has taken an additional sum of FJD 40,000,000 for capital works upgrade. The loan facility been financed through Australia and New Zealand Banking Group (ANZ Bank) in partnership with Australian Infrastructure Financing Facility for the Pacific (AIFFP).

Apart from the above, there has not arisen in the interval between the end of the financial year and the dates of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated at this 16 day of December 2021.



Director



Director



## DIRECTORS' DECLARATION

For the Year ended 31 December 2020

The declaration by directors is required by the Companies Act 2015.

The directors of the Company have made a resolution that declares:

- a) In the opinion of the directors, the financial statements of the Company for the financial year ended 31 December 2020:
  - i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Company as at 31 December 2020 and of the performance and cash flows of the Company for the year ended 31 December 2020; and
  - ii. have been prepared in accordance with the Companies Act 2015.
- b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act 2015; and
- c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated at 16 this day of December 2021.



Director



Director



## AUDITOR'S INDEPENDENCE DECLARATION

For the Year ended 31 December 2020

### OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



6-8<sup>th</sup> Floor, Ratu Sukuna House  
2-10 McArthur St  
P. O. Box 2214, Government Buildings  
Suva, Fiji

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Fax: (679) 330 3812  
E-mail: [info@auditorgeneral.gov.fj](mailto:info@auditorgeneral.gov.fj)  
Website: <http://www.oag.gov.fj>



#### AIRPORTS FIJI (PTE) LIMITED

#### AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AIRPORTS FIJI (PTE) LIMITED

As auditor for the audit of Airports Fiji (PTE) Limited for the financial year 31 December 2020, I declare to the best of my knowledge and belief that there have been:

- (a) No contravention of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and
- (b) No contravention of any applicable code of conduct in relation to the audit.

This declaration is in respect to Airports Fiji (PTE) Limited during the year.

Ajay Nand  
**AUDITOR-GENERAL**



## INDEPENDENT AUDITOR'S REPORT

For the Year ended 31 December 2020

### OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



6-8<sup>th</sup> Floor, Ratu Sukuna House  
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P. O. Box 2214, Government Buildings  
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E-mail: [info@auditorgeneral.gov.fj](mailto:info@auditorgeneral.gov.fj)  
Website: <http://www.oag.gov.fj>



## INDEPENDENT AUDITOR'S REPORT

### Airports Fiji PTE Limited

#### Report on the Audit of the Financial Statements

#### Opinion

I have audited the financial statements of Airports Fiji PTE Limited ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Opinion.

#### Emphasis of Matters

I draw attention to the following matters:

1. Note 2(a) to the financial statements which states that the Company is complying with the Circular issued on Cabinet Decision No. 357 of 2012 for its accounting treatment of government grants after 1 January 2010, was not in compliance with International Accounting Standards (IAS) 20 *Accounting for Government Grants and Disclosure of Government Assistance*.
2. Note 2(e) to the financial statements notes that impact of COVID-19 pandemic on the revenue streams of the Company. As set out in Note 2(e), to assist aeronautical and commercial customers, a total discount of \$23,377,566 has been provided during the pandemic which has been recognized through the provision of Expected Credit Loss (ECL). The Company notes, that this directly co-relate with international passenger traffic and will continue until travel restrictions are eased.



## INDEPENDENT AUDITOR'S REPORT

For the Year ended 31 December 2020

### Emphasis of Matters (CONT'D)

3. Note 17 to the financial statements describe the Company's loans and borrowings which at financial year end had a balance of \$66.3 million with monthly prepayment of \$869,767. The loan is secured by registered first fixed and floating charge over all assets and undertakings, registered first mortgage over Crown Lease No. 3469 and negative pledge by the Company.
4. Note 28 to the financial statements notes the financing of the loan facility and the Company has taken additional sum of \$40,000,000 for capital works. The loan facility has been financed through Australia and New Zealand banking Group (ANZ Bank) in partnership with Australian Infrastructure Financing Facility for the Pacific (AIFFP)
5. The Company has not undertaken a full review on impairment of assets with zero book values totalling \$4,952,310 included in its property, plant and equipment. The review of the depreciation rates and the economic useful lives of the individual classes of plant and equipment in a progressive and structured manner for consideration and review by the Directors of the Company is yet to be performed. As at balance date, the Company continued to use the assets with zero written down value to generate economic activities without taking into account the depreciation expenses in the statement of comprehensive income.

My opinion is not modified in respect of these matters.

### Other information

The Directors are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

### Responsibilities of the Management and Directors for Financial Statements

The management and Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine 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 and Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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



**INDEPENDENT AUDITOR'S REPORT**

For the Year ended 31 December 2020

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and Directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with the management and Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



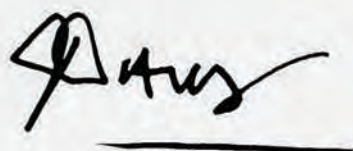
## INDEPENDENT AUDITOR'S REPORT

For the Year ended 31 December 2020

### Report on Other Legal and Regulatory Requirements

In my Opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and:

- a) I have been given all information, explanation and assistance necessary for the conduct of the audit; and:
- b) the company has kept financial records sufficient to enable the financial statements to be prepared and audited.



Ajay Nand  
AUDITOR-GENERAL



Suva, Fiji  
21 December, 2021



**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME**

For the Year ended 31 December 2020

		2020	2019
	Note	\$	\$
Revenue	4 (a)	70,830,413	146,183,031
Other income	4 (b)	4,917,653	7,264,679
Other expenses	5	(28,718,676)	(36,115,738)
Operating expenses	6	(7,895,307)	(16,254,438)
Impairment loss on trade and other receivables	25 (i)	(24,551,284)	(107,413)
Personnel expenses	7	(12,939,959)	(20,437,603)
<b>Operating profit</b>		<b>1,643,110</b>	<b>80,532,518</b>
Finance income	8 (a)	2,329,402	2,718,106
Finance costs	8 (b)	(2,410,417)	(2,477,454)
Profit before income tax		<b>1,562,095</b>	<b>80,773,170</b>
Income tax benefit / (expense)	9 (a)	5,066,603	(15,609,870)
Profit for the year		<b>6,628,698</b>	<b>65,163,300</b>
<b>Other comprehensive income</b>			
Total comprehensive income for the year		<b>6,628,698</b>	<b>65,163,300</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



**STATEMENT OF CHANGES IN EQUITY**

For the Year ended 31 December 2020

	Share Capital	Capital Contribution	Asset Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2019</b>	92,300,180	4,951,501	165,802,114	143,770,161	406,823,956
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	65,163,300	65,163,300
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	65,163,300	65,163,300
<b>Transactions with owners of the Company</b>					
Dividends declared and paid (Note 21(b))	-	-	-	(30,000,000)	(30,000,000)
Total transactions with owners recognised directly in equity	-	-	-	(30,000,000)	(30,000,000)
<b>Balance at 31 December 2019</b>	<b>92,300,180</b>	<b>4,951,501</b>	<b>165,802,114</b>	<b>178,933,461</b>	<b>441,987,256</b>
Balance at 1 January 2020	92,300,180	4,951,501	165,802,114	178,933,461	441,987,256
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	6,628,698	6,628,698
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,628,698	6,628,698
<b>Transactions with owners of the Company</b>					
Dividends declared and paid (Note 21(b))	-	-	-	-	-
Total transactions with owners recognised directly in equity	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>92,300,180</b>	<b>4,951,501</b>	<b>165,802,114</b>	<b>185,562,159</b>	<b>448,615,954</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



**STATEMENT OF FINANCIAL POSITION**

For the Year ended 31 December 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash on hand and at bank	10	62,018,528	31,509,460
Trade receivables	11	3,651,123	18,188,699
Inventories	12	606,102	697,663
Other receivables and prepayments	13	5,585,542	7,211,180
Term deposits	14	-	30,893,168
<b>Total current assets</b>		<b>71,861,295</b>	<b>88,500,170</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	488,876,559	480,831,237
Right-of-use assets	18(a)(b)	7,444,065	7,414,482
<b>Total non-current assets</b>		<b>496,320,624</b>	<b>488,245,719</b>
<b>TOTAL ASSETS</b>		<b>568,181,919</b>	<b>576,745,889</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	9,380,052	13,723,146
Loans and borrowings	17	11,241,149	8,157,113
Lease liabilities	18(a)(b)	51,779	47,886
Employee benefits	19	740,483	1,000,393
Deferred income	20	52,452	3,407,635
Current tax liability	9 (d)	1,073,478	424,493
<b>Total current liabilities</b>		<b>22,539,393</b>	<b>26,760,666</b>
<b>Non-current liabilities</b>			
Loans and borrowings	17	55,067,612	60,159,150
Lease liabilities	18(a)(b)	4,979,374	4,869,762
Deferred income	20	484,432	529,373
Deferred tax liability	9 (c)	36,495,154	42,439,682
<b>Total non-current liabilities</b>		<b>97,026,572</b>	<b>107,997,967</b>
<b>TOTAL LIABILITIES</b>		<b>119,565,965</b>	<b>134,758,633</b>
<b>NET ASSETS</b>		<b>448,615,954</b>	<b>441,987,256</b>




**STATEMENT OF FINANCIAL POSITION**

For the Year ended 31 December 2020

	Note	2020 \$	2019 \$
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	21(a)	92,300,180	92,300,180
Asset revaluation reserve	15(a)	165,802,114	165,802,114
Capital contribution	2(a)	4,951,501	4,951,501
Retained earnings		185,562,159	178,933,461
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>448,615,954</b>	<b>441,987,256</b>

For and on behalf of the board and in accordance with a resolution of the directors.

  
Director

  
Director

The above statement of financial position should be read in conjunction with the accompanying notes.



**STATEMENT OF CASH FLOWS**

For the Year ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		63,959,872	147,278,290
Payments to suppliers and employees		(32,213,250)	(50,826,193)
Cash generated from operations		31,746,622	96,452,097
Income tax and interest WHT paid	9 (d)	(228,940)	(16,470,068)
Interest paid		(2,410,417)	(2,477,454)
<b>Net cash from operating activities</b>		<b>29,107,265</b>	<b>77,504,575</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Proceeds from withdrawal of term deposits		30,893,168	32,000,000
Investment in term deposits		-	(30,893,168)
Payment for property, plant and equipment	15	(29,759,375)	(39,276,291)
Interest received on term deposits		2,329,402	3,147,325
<b>Net cash used in investing activities</b>		<b>3,463,195</b>	<b>(35,022,134)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	17	-	2,846,060
Repayment of borrowings	17	(2,007,502)	(8,909,174)
Payment for lease liabilities	18 (ii)	(53,891)	(48,963)
Dividends Paid	21 (b)	-	(30,000,000)
<b>Net cash used in financing activities</b>		<b>(2,061,393)</b>	<b>(36,112,077)</b>
<b>Net increase in cash and cash equivalents</b>		<b>30,509,067</b>	<b>6,370,364</b>
Cash and cash equivalents at the beginning of the year		31,509,461	25,139,097
<b>Cash and cash equivalents at end of year</b>	10	<b>62,018,528</b>	<b>31,509,461</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

For the Year ended 31 December 2020

**NOTE 1. REPORTING ENTITY**

Airports Fiji Pte Limited (the "Company") is a government owned entity incorporated under the Companies Act and a government commercial company under the Public Enterprise Act of 1996, domiciled in Fiji. The registered office is located at AFL Compound, Nadi Airport, Fiji.

The principal activities of the Company during the financial year included provision of air navigation services, the operation and management of the Nadi International Airport and other airports throughout Fiji.

There were no significant changes in the nature of these activities during the financial year.

**NOTE 2. BASIS OF PREPARATION****(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the Companies Act 2015 except as stated below.

***Accounting for Government Grants***

During the year ended 31 December 2012 the Company changed its accounting policy for government grants, including restatement of prior periods, to comply with a circular that was issued by the Ministry of Public Enterprises & Tourism on 14 March 2013. This circular cited Cabinet decision No.357 of 2012 that required all government grants or special funding to state owned enterprises received from 2010 to be treated as a capital contribution.

This accounting treatment was not in compliance with International Accounting Standard (IAS) 20 *Accounting for Government Grants and Disclosure of Government Assistance* which requires government grants provided for the purchase of construction of assets to be recognized initially as deferred income and then recognized in profit or loss as other income on a systematic basis over the useful life of the related asset. Government grants that compensate the Company for expenses incurred are required to be recognized in profit or loss as other income on a systematic basis in the same period that expenses are recognized.

The non compliance with IAS 20 relates to government grants received after 1 January 2010. The accounting for government grants received prior to 1 January 2010 continues materially to comply with IAS20.

In March 2016, the Directors were issued a circular from the Ministry of Public Enterprises & Tourism who confirmed that all Government grants received after 9th March 2016 need to be accounted for. In accordance with the requirements of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. In the opinion of the Directors, the accounting treatment adopted is appropriate in view of the requirements of the respective circulars cited above and when considering the respective financial impact of the differences to net profit and financial position from applying IAS 20 for all periods. Had the Company complied with IAS 20 the impact would be as follows:

	2020 \$	2019 \$
	Increase / (decrease)	Increase / (decrease)
<b>Statement of comprehensive income</b>		
Profit	1,193,502	881,002
<b>Statement of financial position</b>		
Capital contribution	(4,951,501)	(4,951,501)
Retained earnings	4,211,512	3,018,010
Deferred government grants	739,989	1,933,491



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 2. BASIS OF PREPARATION (CONT'D)****(a) Statement of compliance (continued)**

The financial statements were authorised for issue by the Board of Directors on 16 December 2021

**(b) Basis of measurement**

The financial statements have been prepared on a historical cost basis and adjusted by the revaluation increments of property, plant and equipment at fair value through other comprehensive Income (FVOCI).

**(c) Functional and presentation currency**

The financial statements are presented in Fiji dollars, rounded to the nearest dollar, which is the Company's functional currency.

**(d) Use of estimates and judgements**

In preparing these financial statements in conformity with IFRS, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have an effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2(a) - accounting for government grants
- Note 3 (m)(i) - recoverability of trade receivables
- Note 3 (m)(iii) - impairment of property, plant and equipment
- Note 3 (q) - useful life of property, plant and equipment

**(e) Impact of COVID-19**

The COVID-19 pandemic has drastically impacted the revenue streams in various ways. FA has assisted aeronautical and commercial customers in line with the Fiji Governments Assistance in providing tax and Customs incentives. Concessions in the form of aeronautical and rental abatements of \$23,377,566 agreed and provided. These revenue will not be collected from the customers in future thus the Company has made expected credit loss (ECL) provisions for both aeronautical and commercial customers. The movement in expected credit loss allowance is outlined in note 11.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all years presented.

**(a) Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash on hand and cash in banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**(b) Foreign currency transactions**

Transactions in foreign currencies are translated to Fiji dollars at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Fiji dollars at the reporting date and differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Revenue from contracts with customers**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

**(i) Nature of services**

The Company principally generates revenue from managing of airports around the country and air traffic management services. The services provided are on credit to customers and the customers are billed on a monthly basis and customers pay on a monthly basis.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms and the related revenue recognition policies.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Air Navigation	Air navigation is provision of navigation services provided through Fiji's control towers to airlines that enter and use Fiji airspace. The date that the customer utilises the Fiji airspace and navigation service is recorded by the control towers for the entire month. At the end of a month an invoice is generated for each customer for navigation services provided in a month based on the number of days. Invoices are usually payable within 30 days. Revenue for the entire month is recognized at the time the invoice is raised.
Airport Security, airport development, and departure tax share	The Company is responsible for providing an airport and passenger facilities and services from where an international passenger can depart for their destination. The performance obligation is satisfied each time a passenger utilises the services at the airport and departs on a flight.  Airport security charges, airport development charges and departure tax are included in airline tickets. The charges for airport security and airport development are collected by the airline Companies on behalf of the Company and remitted to the Company each month based on the number of passengers departing the country in a month. Invoices are raised at month end and are usually payable within 30 days. Departure tax is remitted by the airline companies to the Fiji Revenue & Customs Service which gives a share of \$10 for every departing passenger to the Company. Revenue is recognised at month end.
Landing	The Company is required to provide services of runway, taxiway and fire rescue services for landing and take-off to aircraft at the airport. As an aircraft has landed or taken off the provision of the service is complete. Landing information is collated on a daily basis for a month and invoices for landing fees are issued on a monthly basis. The invoices are usually payable within 30 days. Revenue for the entire month is recognized at the time the invoice is raised.
Parking	Invoices for providing parking bays and incineration services for aircraft at the airport is raised on a monthly basis. For each day in a month for every customer a record is maintained for parking and incineration services. Invoices are raised on a monthly basis and are usually payable within 30 days. Revenue for the entire month is recognized at the time the invoice is raised.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Revenue from contracts with customers (continued)****(i) Nature of Services (Continued)**

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Terminal navigation aid	Terminal navigation aid is the provision of terminal navigation services to aircraft coming into the terminal area around the Nadi and Nausori airport. A record is maintained for each customer this service has been provided on a daily basis each month. Invoices are raised on a monthly basis based on the number of days in the month the service was provided and are usually payable within 30 days.
Car Park	<p>The company provides a car park for customers that come to the airport. A walk-in customer that utilises the airport carpark collects a ticket on the entrance to the car park and pays based on the hours the car park was utilised at the time of leaving the car park. Revenue is recognised at that point in time.</p> <p>Customers that regularly use the car park have an agreement with the Company for a fixed charge per month. These customers are provided with an access card which is swiped at an electronic machine at the airport.</p> <p>Revenue is recognised on a monthly basis for these customers.</p>

**(d) Other revenue**

Other sources of revenue include concessions income from renting out space at the airports and rental of other property.

Concessions and rental income is recognised on a straight line basis over the applicable lease terms.

**(e) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except for items recognised in equity or in other comprehensive income.

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the Year ended 31 December 2020

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Income tax (continued)

##### *Current tax (continued)*

Current tax assets and liabilities are offset only if certain criteria are met.

##### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

#### (f) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are declared by the Board of Directors.

#### (g) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank overdraft and are recognised in profit or loss using the effective interest method.

#### (h) Investment property

Investment property is measured at cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Buildings and improvements – shorter of 40 years and term of land lease.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Government grants and deferred income**

Government grants in respect of assets that were received before 1 January 2010 are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the related asset. Grants received prior to 1 January 2010 that compensate the Company for expenses incurred were recognised in profit or loss as other income on a systematic basis in the same period that the expenses are recognised.

For all government grants received subsequent to 1 January 2010 the recognition is based on the circular which was distributed by Ministry of Public Enterprises and Tourism on 14 March 2013. As per cabinet decision No. 357 of 2012 all government grants or special funding to state owned enterprises received after 2010 is required to be treated as a capital contribution rather than revenue. All government grants received from 2010 until 8 March 2016 have been recorded as a capital contribution in equity by the Company (Refer note 2 (a)).

Deferred income represents the housing estate transferred from the Civil Aviation Authority of Fiji to AFL by order of the Government. This deferred income is recognised in profit or loss over the useful life of the housing estate.

**(j) Value Added Tax**

Revenues, expenses, and assets are recognised net of the amount of Value Added Tax (VAT) except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(k) Financial instruments****(i) Recognition and measurement**

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Financial instruments (continued)****(ii) Classification and measurement**

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

**Financial Assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the 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.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Financial instruments (continued)****(ii) Classification and measurement (continued)**

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company 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 Company 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 Company'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.

**Financial Assets: Subsequent measurement and gains and loss**

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities - Classification, subsequent measurement and gains and losses**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

**(iii) Derecognition****Financial Assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Financial instruments (continued)****(iii) Derecognition (continued)****Financial Liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

**(l) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as deduction from equity, net of any effects.

**(m) Impairment****(i) Non-derivative financial assets**

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

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

- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Impairment (continued)****(i) Non-derivative financial assets (continued)**

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

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be BBB - or higher per Standard and Poors.

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

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company 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 flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

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

At each reporting date, the Company 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.

***Credit-impaired financial assets***

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;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Impairment (continued)****(i) Non-derivative financial assets (continued)***Presentation of allowance for ECL 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 (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

A range of rental concessions were provided during the year to both retail and property tenants. Concessions in the form of rent abatements of \$23,377,566 were negotiated during the year which were recognised through an ECL provision during the year.

**(ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**(n) Trade payables, provisions and other payables**

Trade and other payables are stated at cost. A provision is recognised in the statement of financial position when the Company 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 liability.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(o) Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

**(p) 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 use, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

**(q) Property, plant and equipment**

Property, plant and equipment are stated at revalued amounts, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed by external independent valuers with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Any revaluation increase arising on the revaluation of such property, plant and equipment is credited as other comprehensive income in the statement of profit or loss and other comprehensive income and recorded as revaluation reserve in the statement of changes in equity.

Decreases that off-set previous increases of the same asset are charged against other comprehensive income and revaluation reserves in the equity; all other decreases are charged as expense in the statement of profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred to retained earnings.

**(i) Subsequent Expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**(ii) Depreciation**

Depreciation is calculated to write off the value of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful life of the asset, and is recognised in profit or loss.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) Property, plant and equipment (continued)****(ii) Depreciation (continued)**

The estimated useful lives of the Company's assets for the current and comparative period are as follows:

• Infrastructure	-	2-80 years
• Buildings and Improvements	-	3-80 years
• Plant and Equipment	-	4-25 years
• Motor Vehicles	-	8 years
• Office furniture and fittings	-	8 years and replacement basis

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

**(r) Leases**

At inception of a contract, the Company 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 Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The company has this right when it has the decision - making rights that are most relevant to changing how and for what purpose that asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either the Company has the right to operate the asset or the Company designed the asset in a way that predetermines how and for what purpose it will be used.

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

**(i) As a lessee**

The Company 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 and plus any initial direct costs incurred.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(r) Leases (continued)****(i) As a lessee (continued)**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end at the lease term. The estimated useful lives of right-of-use assets are 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 re-measurements of the lease liability.

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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; and
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 has been reduced to zero.

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

**Short-term leases and leases of low-value assets**

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

**(ii) As a lessor**

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the Year ended 31 December 2020

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) Leases (continued)

##### (i) As a lessor (continued)

The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of "other revenue"

##### (s) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and other cost incurred in bringing them to their existing location and condition. Allowance for inventory obsolescence is recorded based on a review of inventories.

Inventories considered obsolete or not in usable condition are written off in the period in which they are identified.

##### (t) Employee Benefits

###### *Defined contribution plan*

Contributions are paid to the Fiji National Provident Fund or nominated superannuation funds on behalf of employees to secure retirement benefits. Costs are included in profit or loss as the services are rendered by employees.

###### *Wages and salaries and annual leave*

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables on the statement of financial position. Annual leave with respect to employees' services up to the reporting date, measured at the amounts expected to be paid when the liabilities are settled, are accrued for under employee benefits.

##### (u) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 4. REVENUE AND OTHER INCOME****(a) Revenue***Revenue from contracts with customers*

	2020	2019
	\$	\$
Air navigation charges	16,794,737	39,751,548
Airport security and development fee	3,353,642	16,830,688
Domestic passenger service charge	893,087	1,942,056
Landing and parking fees – domestic	540,380	1,015,043
Landing and parking fees – international	8,722,915	27,684,831
Departure tax share	1,543,071	7,597,627
Terminal navigation aid charges	2,467,921	7,417,744
Carpark charges	346,727	1,047,148
	<u>34,662,480</u>	<u>103,286,685</u>

*Other revenue*

Concessions	31,732,036	35,677,001
Rental – offices and warehouses	4,043,343	5,863,305
Rental – check-in-counter	392,554	1,356,040
	<u>36,167,933</u>	<u>42,896,346</u>

**Total Revenue**

	<u>70,830,413</u>	<u>146,183,031</u>
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**(b) Other Income**

Electricity recharge	930,346	2,173,954
Gain on disposal of motor vehicles	641	-
Deferred income	3,400,124	3,407,635
Other income	586,542	1,683,090
	<u>4,917,653</u>	<u>7,264,679</u>

**NOTE 5. OTHER EXPENSES**

Auditors' remuneration	35,955	31,560
Bad debts	-	4,893
Board expenses	20,448	40,399
Contract Costs	1,918,326	7,006,878
Depreciation – property, plant and equipment	21,574,698	21,717,775
Depreciation – right-of-use assets	137,813	133,851
Director's remuneration	19,298	23,000
Insurance	4,581,140	5,855,633
Land Rental	1,106	3,902
Stock obsolescence	84,494	100,684
Sundry cost and supplies	268,198	703,522
Travel and accommodation	77,200	493,641
	<u>28,718,676</u>	<u>36,115,738</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 6. OPERATING EXPENSES**

	2020	2019
	\$	\$
Interest on right-of-use assets	253,759	247,672
Meteorological costs	550,453	550,459
Post and Telecommunications	569,781	1,156,271
Utilities	2,766,361	5,757,181
Other costs	2,208,718	5,176,510
Repairs and maintenance	1,545,965	3,366,345
	<u>7,895,037</u>	<u>16,254,438</u>

**NOTE 7. PERSONNEL EXPENSES**

Wages and salaries	11,277,154	17,616,802
Contribution to Fiji National Provident Fund	764,062	1,598,588
Key management compensation - wages and salaries	579,876	743,151
Contribution to Fiji National Provident Fund	39,896	74,315
FNU Levy	133,097	185,134
Other employee benefits	145,874	219,613
	<u>12,939,959</u>	<u>20,437,603</u>

**NOTE 8. FINANCE INCOME AND COSTS****(a) Finance income**

Interest income	<u>2,329,402</u>	<u>2,718,106</u>
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**(b) Finance costs**

Interest expense	2,330,731	2,397,768
Amortised financing cost	79,686	79,686
	<u>2,410,417</u>	<u>2,477,454</u>

**NOTE 9. INCOME TAX****(a) Income tax expense recognised in profit or loss**

<i>Current tax expense</i>	1,051,522	16,687,170
Current year	(173,597)	(38,232)
Over provision of income tax in prior years	877,925	16,648,938

**Deferred tax benefit**

Origination and reversal of temporary difference	(5,944,528)	(1,039,068)
	<u>(5,944,528)</u>	<u>(1,039,068)</u>

Income tax expense	<u>(5,066,603)</u>	<u>15,609,870</u>
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**(b) Reconciliation of effective tax**

Profit before income tax	1,562,095	80,773,170
Prima facie income tax expense at 20%	312,419	16,154,634
Effect of permanent differences	(5,330,645)	(506,532)
Over provision in prior years	(48,377)	(38,232)
	<u>(5,066,603)</u>	<u>15,609,870</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 9. INCOME TAX (CONT'D)**

	2020	2019
	\$	\$

**(c) Recognised deferred tax liability, net**

Trade receivables	5,020,599	110,342
Inventories	16,586	20,077
Employee benefits	148,097	200,079
Difference between right-of-use asset and lease liabilities	(482,582)	(499,366)
Property, plant and equipment	(41,197,854)	(42,270,814)
	<u>(36,495,154)</u>	<u>(42,439,682)</u>

**Movement in temporary differences during the year**

	01- Jan-20	Movement	31-Dec-20
Trade receivables	110,342	4,910,257	5,020,599
Inventories	20,077	(3,491)	16,586
Employee Benefits	200,079	(51,982)	148,097
Difference between right-of-use asset and lease liabilities	(499,366)	16,784	(482,582)
Property, plant and equipment	(820,285)	1,072,960	252,675
Recognised in profit or loss	(989,153)	5,944,528	4,955,375

Deferred tax liability on revaluation gain on property, plant and equipment (Note (a))

(41,450,529)	-	(41,450,529)
<u>(42,439,682)</u>	<u>5,944,528</u>	<u>(36,495,154)</u>

Trade receivables	88,859	21,483	110,342
Inventories	2,649	17,428	20,077
Employee benefits	168,697	31,382	200,079
Difference between Right-of-use asset and lease liabilities	17,163	(516,529)	(499,366)
Property, plant and equipment	(2,305,590)	1,485,305	(820,285)
Recognised in profit and loss	(2,028,222)	1,039,069	(989,153)

Deferred tax liability on revaluation gain on Property, plant and equipment (Note 15(a))

(41,450,529)	-	(41,450,529)
<u>(43,478,751)</u>	<u>1,039,069</u>	<u>(42,439,682)</u>

**(d) Current tax liability**

Balance 1 January	424,493	245,623
Current tax expense	1,051,522	16,687,169
Interest withholding tax paid	(228,940)	(297,184)
Over provision in prior years	(173,597)	(38,232)
Payments made during the year	-	(16,172,883)
Balance 31 December	<u>1,073,478</u>	<u>424,493</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 10. CASH AND CASH EQUIVALENTS**

	2020	2019
	\$	\$
Cash on hand	2,235	2,235
Cash at bank	62,016,293	31,507,225
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>62,018,528</b>	<b>31,509,460</b>

The cash and cash equivalents balance included the "Charity Funds" cash balance of \$224,310 which is not available for operational use except for charity purpose. Also included in the cash at bank is retention money of \$3,799,556.68 which is released once the claims received from the contractor at the end of defect liability period.

**NOTE 11. TRADE RECEIVABLES**

Trade receivables	28,754,117	18,740,409
Impairment allowance	(25,102,994)	(551,710)
	<b>3,651,123</b>	<b>18,188,699</b>

**NOTE 12. INVENTORIES**

Fuel	3,076	6,820
Electrical	372,161	366,421
Telecom	313,796	424,809
	689,033	798,050
Less: allowance for inventory obsolescence	(82,931)	(100,387)
<b>Total Inventories, net</b>	<b>606,102</b>	<b>697,663</b>

**NOTE 13. OTHER RECEIVABLES AND PREPAYMENTS**

Prepayments	2,704,089	4,158,869
Deposits	1,153,835	1,423,835
Other receivables	39,770	781,401
VAT receivable	1,687,848	847,075
	<b>5,585,542</b>	<b>7,211,180</b>

**NOTE 14. TERM DEPOSITS****Current**

Term Deposits	-	30,893,168
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Financial assets include term deposits with the following banks/ Financial Institution:

Bank/ Financial Institution	Period	Interest Rate		
Bank South Pacific	180 days	6.50 %	-	5,000,000
Bank South Pacific	180 days	3.75 %	-	10,560,291
Bank South Pacific	180 days	3.50 %	-	10,332,877
Westpac Banking Corporation	180 days	3.78 %	-	5,000,000
			-	<b>30,893,168</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the Year ended 31 December 2020

## NOTE 15. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings	Plant and Equipment	Infrastructure	Motor Vehicles	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
At 1 January 2019	230,646,358	38,273,810	189,467,971	5,759,711	15,158,101	479,305,951
Additions	-	960,274	-	83,394	41,286,160	42,329,828
Transfers in/ (out)	3,160,919	9,131,921	693,449	-	(12,986,289)	-
At 31 December 2019	233,807,277	48,366,005	190,161,420	5,843,105	43,457,972	521,635,779
Additions	-	57,742	20,379	-	29,681,254	29,759,375
Transfers in/ (out)	4,453,668	9,083,417	208,857	1,813,487	(15,659,946)	(100,517)
Adjustments	-	(12,036)	(45,113)	(4,796)	-	(61,945)
At 31 December 2020	238,260,945	57,495,128	190,345,543	7,651,796	57,479,280	551,232,692
<b>Depreciation and impairment</b>						
At 1 January 2019	10,282,425	3,693,610	4,243,000	867,732	-	19,086,767
Depreciation Charge	10,447,287	5,093,452	5,128,579	1,048,457	-	21,717,775
At 31 December 2019	20,729,712	8,787,062	9,371,579	1,916,189	-	40,804,542
Depreciation Charge	9,652,034	5,899,080	5,173,674	849,910	-	21,574,698
Adjustments	-	(23,107)	-	-	-	(23,107)
At 31 December 2020	30,381,746	14,663,035	14,545,253	2,766,099	-	62,356,133
<b>Net book value:</b>						
At 31 December 2019	213,077,565	39,578,943	180,789,841	3,926,916	43,457,972	480,831,237
At 31 December 2020	207,879,199	42,832,093	175,800,290	4,885,697	57,479,280	488,876,559



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) Effective from 1 January 2018, property, plant and equipment are stated at revalued amounts, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed by external independent valuers to assess the fair value of the assets. The directors work closely with the external valuer to establish the appropriate valuation techniques and inputs to the valuation method.

Latest independent valuation was carried out by registered valuer, Erasito Beca Consultants Limited for a complete valuation of buildings, infrastructure, plant and equipment and motor vehicles in December 2017. The valuation methodology adopted by the valuer was using the optimised depreciated replacement cost (ODRC) approach. ODRC uses the assessment of replacement cost new of a modern equivalent asset (MEA) as the starting point and applies optimization and depreciation to adjust for age, condition, performance and remaining useful life to arrive at ODRC.

	2020 \$	2019 \$
<b>NOTE 16. TRADE AND OTHER PAYABLES</b>		
Trade payables	5,389,904	8,646,473
Advance Deposits	1,508,682	1,449,693
Income received in advance	75,078	142,155
Other payables	2,406,388	3,484,825
	<u>9,380,052</u>	<u>13,723,146</u>

Total compensation payable to Tropik Woods Limited for the services provided by Late Mr. Faiz Khan in his role as Executive Chairman for the period from August 2016 to May 2019 amounting to \$1,275,000 has been accrued in other Payables.

**NOTE 17. LOANS AND BORROWINGS****Bank Loans**

Balance at 1 January	68,316,263	74,379,377
Drawdowns	-	2,846,060
Repayments	(2,007,502)	(8,909,174)
Balance at 31 December	<u>66,308,761</u>	<u>68,316,263</u>

**Classified as follows:**

Current	11,241,149	8,157,113
Non-current	55,067,612	(60,159,150)
	<u>66,308,761</u>	<u>68,316,263</u>

**Bank Loans**

In 2014, the Company obtained a \$85m loan facility from Westpac Banking Corporation Limited (the Bank) for the Nadi Airport Terminal Modernisation Project ("the Project"), out of which \$nil was drawn during the year [2019: \$2,846,060]. The loan is amortised over a notional term of 13 years ending on 31 December 2032, with interest only repayments from April 2020 to June 2021 and thereafter monthly repayments, including principal and interest to fully repay the loan over the notional term. The loan balance of \$66,308,761 excludes the December 2020 interest and other loan charges of \$196,299 payable as at 31 December 2020. The interest and other loan charges of \$196,299 has been recorded in the trade payables account in Note 16.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 17. LOANS AND BORROWINGS (CONT'D)**

Management have obtained a confirmation from the Bank, that for the period up to June 2021 repayment of loan will be at interest only repayments and thereafter will be inclusive of interest and principal repayment amounting to \$1,107,736 (2019:\$869,767). A variable interest rate of 3.49% is charged on the loan facility.

The loans is secured by:

- (i) Registered first fixed and floating charge by Airports Fiji PTE Limited over all its assets and undertakings including uncalled and called but unpaid capital;
- (ii) Registered first mortgage #765062 by Airports Fiji PTE Limited over Crown Lease No. 3469; and
- (iii) Negative pledge provided by Airports Fiji PTE Limited

**NOTE 18. LEASES**

The Company leases land around the country for the various airports, Information about leases for which the Company is a lessee is presented below:

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

	2020	2019
Land	\$	\$
Balance at 1 January	7,414,482	7,250,534
Additions during the year	167,396	202,820
Modification to lease	-	94,979
Depreciation charge for the year	(137,813)	(133,851)
Balance at 31 December	7,444,065	7,414,482

**(ii) Lease Liabilities****Maturity analysis - contractual undiscounted cash flows**

Less than one year	303,093	293,278
One to five years	1,212,373	1,173,112
More than five years	15,170,013	15,260,138
Total undiscounted liabilities at 31 December	16,685,479	16,726,528

**Lease liabilities included in statement of financial position**

Current	51,779	47,886
Non-current	4,979,374	4,869,762
	5,031,153	4,917,648

**Amounts recognised to profit or loss**

Interest on lease liabilities	235,759	247,672
Expenses relating to lease of low- value assets - Land rental	1,106	3,902
	254,865	251,574

**Amounts recognised in statement of cash flows**

total cash outflow for leases	303,093	293,278
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 18. LEASES (CONT'D)****(a) As a lessee (continued)****Land leases**

The Company leases land for the operation of the various airports. The leases for land typically are for a period of 9 to 99 years and few land leases contain upfront lease payments. The leases do not have an option to renew. The lease payments are fixed yearly payments to be paid half yearly in equal instalments each year. Lease payments are reassessed after certain number of years.

**(b) As a lessor**

Lease income from lease contracts in which the Company acts as a lessor is disclosed in Note 4 as "other revenue". These are operating leases.

The Company leases out space and equipment at the various airports around the country. The Company classifies these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

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

	2020 \$	2019 \$
Less than one year	25,357,731	26,265,659
One to five years	74,762,644	82,930,672
More than five years	66,211,512	83,395,214
Total undiscounted lease payments	<u>166,331,887</u>	<u>192,591,545</u>

**NOTE 19. EMPLOYMENT BENEFITS***Annual Leave*

Balance at 1 January	1,000,393	843,483
Charge to profit or loss	734,812	994,723
Utilised during the year	(994,722)	(837,813)
Balance at 31 December	<u>740,483</u>	<u>1,000,393</u>

**NOTE 20. DEFERRED INCOME***Housing Estate*

Balance at 1 January	3,937,008	7,344,643
Recognised in profit or loss	(3,400,124)	(3,407,635)
Balance at 31 December	<u>536,884</u>	<u>3,937,008</u>

## Classified as follows:

Current	52,452	3,407,635
Non-current	484,432	529,373
	<u>536,884</u>	<u>3,937,008</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 20. DEFERRED INCOME (CONT'D)**

Deferred income represents the housing estate transferred from Civil Aviation Authority of Fiji to AFL by order of the government. This deferred income is recognised in profit or loss over the useful life of the housing estate. In December 2017, the balance useful life has been determined as 3 years. Accordingly, the asset is being depreciated over 3 years.

	2020 \$	2019 \$
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**(a) Paid up capital**

92,300,180 ordinary shares	92,300,180	92,300,180
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**(b) Dividends**

Dividends declared and paid by the Company are as follows:

Nil for the current year [2019: \$0.3250]	-	30,000,000
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**NOTE 22. COMMITMENTS**

Approved and committed	58,750,000	42,406,856
Approved but no committed	35,182,000	28,869,144
	93,932,000	71,276,000

Capital expenditure are primarily in respect to upgrade of the runway at Nausori Airport, Nadi Airport baggage handling upgrade, lounge expansions and upgrades to Labasa and Savusavu Airport terminals and various other outer island Airport Terminals.

**NOTE 23. CONTINGENT LIABILITIES**

The Company is vigorously defending several claims received from suppliers amounting to \$1,015,269 (2019: \$1,015,269). The Directors do not consider that these claims have merit and no provision has been recognised in these financial statements as the Directors do not consider it probable that a loss will arise.

During the year, Westpac Banking Corporation Limited has given an unconditional undertaking amounting to \$755,383, valid upto completion of Nausori Runaway Project in favour of the Ministry of Environment for the proposed Nausori Airport Runway Extension and Airport upgrade.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 24. RELATED PARTIES****(a) Directors**

The Directors of the Company in office during the year and up to the date of this report were:

- Mr. Geoffrey N. Shaw- Chairman
- Ratu Wiliame Katonivere - resigned on 21 October 2021
- Mr. Viliame Vodonaivalu - appointed on 18 August 2020
- Mr. Hasmuk Patel- appointed on 14 February 2021, appointed as Deputy Chairman in June 2021

	2020 \$	2019 \$
<b>Directors' remuneration</b>		
Fees	19,298	23,000
Other benefits	20,488	40,399
	<u>39,746</u>	<u>63,399</u>

**(b) Identity of related parties**

The Company is a commercial enterprise wholly owned and controlled by the Government of Fiji. Government includes the government agencies and similar bodies whether local or national. Other related parties include government-related entities which are controlled, jointly controlled or significantly influenced by the Government of Fiji.

**(c) Amounts receivable/ (payable) to related parties**

Fiji Airways	2,116,232	3,693,360
Fiji Meteorological Services	<u>(458,710)</u>	<u>(45,872)</u>

Amounts payable to related parties are unsecured, interest-free and repayable on demand.

**(d) Transactions with related parties**

During the year, the Company entered into various transactions with related parties. The aggregate value of major transactions with the related parties during the year is as follows:

<b>Fiji Government</b>		
iTaukei Land Trust Board (TLTB) - Land rental expense	303,093	293,278
Dividends paid	-	<u>30,000,000</u>
<b>Fiji Airways</b>		
Aeronautical and rental revenue	14,707,593	41,790,042
Aeronautical and rental revenue - discount during the year	<u>1,901,271</u>	<u>-</u>
<b>Fiji Meteorological Services</b>		
Reimbursement of Meteorological office operating cost	<u>91,743</u>	<u>550,512</u>
<b>Civil Aviation Authority of Fiji (CAAF)</b>		
Airport License & Inspection Fee	302,844	444,902
Airport License & Inspection Fee - waiver received	<u>306,309</u>	<u>-</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 24. RELATED PARTIES (CONT'D)**

	2020 \$	2019 \$
(d) Transactions with related parties (continued)		
<b>Fiji National Provident Fund</b>		
Post employment benefit plan - Superannuation	803,958	1,672,903

**(e) Transactions with key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. During the year 2020 and in 2019, Acting CEO and General Manager Air Traffic Management were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Company. In June 2019 the Executive Chairman, Mr. Faiz Khan transited to the role of Acting CEO and continued till his demise in June 2020.

In addition to their salaries, the Company also provides non-cash benefits to key management personnel.

Transactions with key management personnel are on terms that are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to third parties at arm's length.

Key management personnel compensation (excluding Directors remuneration as disclosed in Note 24(a) is disclosed in Note 7).

**NOTE 25. RISK MANAGEMENT****Overview**

The Company has exposure to the following risks:

- (i) Credit risk;
- (ii) Liquidity risk;
- (iii) Market risk; and
- (iv) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

**Risk management framework**

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are documented in the Company's Finance policy and procedures manual. Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close to operation with the operating units.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade receivable and investment in term deposits.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 25. RISK MANAGEMENT (CONT'D)****(i) Credit risk (Continued)**

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2020	2019
	\$	\$
Cash at bank	62,016,293	31,507,225
Trade receivables	3,651,123	18,188,699
Term deposits	-	30,893,168
Other receivables (excluding prepayments)	2,881,453	3,052,311
	<b>68,548,869</b>	<b>83,641,403</b>

**Trade receivables**

The Company has agreements in place with its customers for the various types of revenue. These customers are mainly reputable airline companies both domestic and international using Fiji's airspace and duty free stores. These customers have been transacting with the Company for a number of years with minimal impairment loss recognised against these customers. The Company limits its exposure to credit risk from trade receivables by establishing payment period of 30 days.

Impairment (loss)/gain on financial assets recognised in profit or loss were as follows:

	2020	2019
	\$	\$
ECL relating to rental relief provided to tenants	23,377,566	-
Impairment (loss)/gain on trade and other receivables	1,173,718	107,413
	<b>24,551,284</b>	<b>107,413</b>

A range of rental concessions were provided during the year to both retail and property tenants. Concessions in the form of rent abatements of \$23,377,566 were negotiated during the year which were recognised through an ECL provision during the year. With operational and liquidity pressure on the rental income following the impact of COVID-19, the Company assessed the recoverability of receivable on an individual debtor basis. The assessment was based on information available at the time and Company's judgement, with a relevant ECL provision was applied at reporting date.

**Expected credit losses assessment for trade receivables**

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2020.

31 December 2020	Weighted-average loss	Gross Carrying amount	Loss allowance	Credit impaired
Current (not past due)	0.91%	1,832,579	(16,745)	No
31 - 61 days past due	2.39%	949,926	(22,710)	No
62 to 89 days past due	8.97%	676,261	(60,675)	No
90 to 120 days past due	26.38%	150,199	(39,621)	No
More than 120 days past due	38.39%	295,193	(113,284)	No
Specific provision - rental relief provided to tenants		24,849,959	(24,849,959)	
		<b>28,754,117</b>	<b>(25,102,994)</b>	

Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of trade receivables. Scalar factors are based on actual and GDP growth rates.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 25. RISK MANAGEMENT (CONT'D)****(i) Credit risk (Continued)****Trade receivables (continued)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2019.

31 December 2019	Weighted-average loss	Gross Carrying amount	Loss allowance	Credit impaired
Current (not past due)	0.91%	10,642,274	(97,243)	No
31 - 61 days past due	2.39%	6,773,029	(161,922)	No
62 to 89 days past due	8.97%	684,050	(61,374)	No
90 to 120 days past due	26.38%	124,092	(32,734)	No
More than 120 days past due	38.39%	516,963	(198,437)	No
		18,740,408	(551,710)	

Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of trade receivables. Scalar factors are based on actual GDP growth rates.

**Cash and cash equivalents**

The Company held cash of \$62,016,293 (2019: \$31,507,225). Cash are held with banks which are rated A1, Aa3 and Bb3 based on S+P and Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects short term maturities of the exposures. (The Company considers that its cash have low credit ratings of the counterparties).

The amount of impairment allowance at 31 December 2020 is Nil (2019: Nil).

**Term deposits**

The Company limits its exposure to credit risk by investing in liquid term deposits and only with counterparties that have a credit rating of at least Ba3 from S&P ratings.

The Company held term deposits of \$Nil (2019: \$30,893,168). Impairment on term deposits has been measured on the 12 month expected loss basis and reflects short term securities of the exposures.

The amount of impairment allowance at 31 December 2020 is Nil (2019: Nil).

**(ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company had a finance facility with a limit of \$85 million with Westpac Banking Corporation Limited to fund the Nadi Airport Terminal Modernisation Project. This facility has now been fully drawn down as at 31 December 2020. The Company do not have an overdraft facility now.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 25. RISK MANAGEMENT (CONT'D)****(ii) Liquidity risk (Continued)**

Surplus cash is also invested in term deposits.

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Financial Liabilities	Carrying amount \$	Contractual cash Flows			
		Total \$	6 months or less \$	6 - 12 months \$	More than 1 year \$
<b>31 December 2020</b>					
Trade and other payables	9,380,052	9,380,052	9,380,052	-	-
Loans and borrowings	66,308,761	78,108,846	-	6,646,416	71,462,430
Lease Liabilities	5,031,153	16,685,479	151,547	151,547	16,433,250
	<u>80,719,966</u>	<u>104,174,377</u>	<u>9,531,599</u>	<u>6,797,963</u>	<u>87,895,680</u>
<b>31 December 2019</b>					
Trade and other payables	13,723,147	13,723,147	13,723,147	-	-
Loans and borrowings	68,316,263	77,106,822	5,218,602	5,218,602	66,669,618
Lease liabilities	4,917,648	16,726,528	146,639	146,639	16,433,250
	<u>86,957,058</u>	<u>107,556,497</u>	<u>19,088,388</u>	<u>5,365,241</u>	<u>83,102,868</u>

The Company is required to make interest only payments till the end of the availability period and thereafter principal plus interest payments (refer 17 (i)). The principal amount to be paid will only be determined by the bank at the end of the availability period. The interest rate is subject to the Company's selection of variable rate and or fixed rate at the end of the availability period. For the purpose of calculating the contractual maturities, the rate for the duration of the loan has been assumed at the current rate.

**(iii) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Interest rate risk**

Interest rate risk refers to the possibility that the fair value of future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis over a period of time, and reviewed periodically with the Bank, taking into account assets with exposure to changes in interest rates. The Company also invests excess cash in term deposits to manage the risk of changes in market interest rate exposed to the Company due to loans and borrowings.

**Exposure to interest rate risk**

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments	2020 \$	2019 \$
Term deposits (i)	-	30,893,168
Loan from Westpac Banking Corporation (ii)	<u>66,308,761</u>	<u>68,316,263</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year ended 31 December 2020

**NOTE 25. RISK MANAGEMENT (CONT'D)****(iii) Market risk (continued)****Interest rate risk (continued)**

- (i) The Company invests in term deposits for an average of 365 days at a fixed interest rate. As a result the Company does not have significant exposure to interest rate risk in respect of these assets.
- (ii) The Company is required to make interest only payments till the end of the availability period and thereafter principal plus interest payments (Note 17). The principal amount to be paid will only be determined by the bank at the end of the availability period. The interest rate is subject to the Company's selection of variable rate and or fixed rate at the end of the availability period. As a result the sensitivity analysis has not been disclosed.

**Foreign currency risk**

The Company is exposed to foreign currency risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Where significant settlements are required to be done in currencies other than the Fiji dollar, the Company seeks quotations from recognised banks and uses the most favourable exchange rate for the purpose of the settlement. The Company does not have significant exposure to foreign currency risk.

**Regulatory risk**

The Company's profitability can be impacted by regulatory agencies established which govern the business sector in Fiji. Specifically prices for aeronautical services and air navigation service fees are regulated by Fijian Competition and Consumer Commission.

The salaries and wages payable to workers are subject to relevant Wages Regulations 2017 and Employment Relations Act.

**(iv) Operational risk**

Operational risk is the risk of loss arising from system failure, human error, and fraud to external events. When control fails to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Company cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risk, the Company is able to manage risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assesment procedures.

**NOTE 26. PERFORMANCE BONDS**

Performance Bonds have been issued by various banks under the name of the Airports Fiji Limited the Company can encase if a contractor does not satisfactorily complete its contract. As at balance date the Company is holding bonds totalling \$9,624,075

**NOTE 27. CAPITAL MANAGEMENT**

The Company's capital includes share capital and retained earnings.

The Company's policy is to maintain a strong capital base so as to maintain creditor confidence and to sustain future development of the business.

The Company is not subject to any externally imposed capital requirements. The Company's policies with respect to capital management are reviewed regularly by the Board of Directors.

There have been no material changes in the Company's management of capital during the year.

**NOTE 28. FAIR VALUE ESTIMATION**

The carrying value of trade and other receivables, trade and other payables and loans and borrowings are assessed to approximate their fair values.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the Year ended 31 December 2020

### NOTE 29. SUBSEQUENT EVENTS

On 16 July 2021, the Honorable Attorney-General and Minister of Economy, Civil Service and Communications, Mr Aiyaz Sayed-Khaiyum made the announcement on diversification plans of Fiji Airports in the 2021/2022 national budget address.

Fiji Airports has refinanced its existing loan facility and has taken an additional sum of FJD \$40,000,000 for capital works upgrade. The loan facility has been financed through Australia and New Zealand Banking group (ANZ Bank) in partnership with Australian infrastructure Financing Facility for the Pacific (AIFFP)

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.



# **ADDITIONAL FINANCIAL INFORMATION** **DETAILED STATEMENT OF PROFIT OR LOSS**

For the Year ended 31 December 2020

<b>Revenue</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Air navigation charges	16,794,737	39,751,548
Airport security and development fee	3,353,642	16,830,688
Concessions	31,732,036	35,677,001
Domestic passenger service charge	893,087	1,942,056
Landing and parking fees - domestic	540,380	1,015,043
Landing and parking fees - international	8,722,915	27,684,831
Departure tax share	1,543,071	7,597,627
Rental - offices and warehouses	4,043,343	5,863,305
Rental - check-in-counter	392,554	1,356,040
Terminal navigation aid charges	2,467,921	7,417,744
Electricity recharge	930,346	2,173,954
Gain on disposal of motor vehicles	641	-
Deferred income	3,400,124	3,407,635
Identification card charges	49,556	212,171
Left luggage charges	21,302	128,093
Interest on term deposit	2,329,402	2,718,106
Sundry income	515,684	1,342,826
Car park charges	346,727	1,047,148
<b>Total income</b>	<b>78,077,468</b>	<b>156,165,816</b>
<b>Expenses</b>		
Airport inspection and license fees	302,844	444,902
Auditors' remuneration	35,955	31,560
Bank charges	8,752	10,224
Board expenses	20,448	40,399
Consultancy	375,126	681,453
Contract costs	1,918,326	7,006,878
Depreciation - property, plant and equipment	21,574,698	21,717,775
Depreciation - right-of-use assets	137,813	133,851
Directors' remuneration	19,298	23,000
Doubtful debts (impairment loss in trade and other receivables)	24,551,284	107,413
Insurance	4,581,140	5,855,633
Interest - loan	2,410,417	2,477,454
Interest - right-of-use	253,759	247,672
Land rental	1,106	3,902
Meteorological costs	550,453	550,459
Other expenses	235,240	1,105,373
Post and telecommunications	569,781	1,156,271
Repairs and maintenance	1,545,965	3,366,345
Balance carried forward to page 70	59,092,405	44,960,564



## ADDITIONAL FINANCIAL INFORMATION

### DETAILED STATEMENT OF PROFIT OR LOSS

For the Year ended 31 December 2020

Expenses (continued)	2020 \$	2019 \$
Balance brought forward from page 69	59,092,405	44,960,564
Island States share of Air Traffic Management Income	839,872	1,987,615
Stock obsolescence	84,494	100,684
Sundry costs and supplies	268,198	708,415
Training and conference	23,968	161,769
Travel and accommodation	77,200	493,641
Utilities and services	2,766,361	5,757,181
Vehicle and fuel costs	422,916	785,174
Wages and Salaries	12,939,959	20,437,603
<b>Total expenditure</b>	<b>76,515,373</b>	<b>75,392,646</b>
<b>Operating profit before tax</b>	<b>1,562,095</b>	<b>80,773,170</b>









FIJI AIRPORTS