



"Towards An Inclusive Recovery".  
2021 Annual Report



**FIJI AIRPORTS**

# BULA!

Welcome to our Fiji Airports  
2021 Annual Report!

This report provides an insight into  
a year of disruption, resilience and  
adaptation for Fiji Airports as we  
worked through a global health  
pandemic.





ARRIVALS

Transit Passengers

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## About Fiji Airports

If 2021 has taught us anything, it is that despite having a well-designed and thought-out strategic business plan and sound mitigations to protect our organisation against any major crisis, nothing could have fully prepared us for the disruption that COVID 19 would cause to our business and our workforce.

The second wave of the pandemic continued to halt air travel as countries continued to look at border closures as a blanket primary pandemic response. Air passenger traffic took an immediate hit, but regardless of traffic slowing down, Fiji Airports still had important work to do.

Nadi International Airport is Fiji Airport's pride! It is also the gateway and a hub – that has enabled the movement of almost a million passengers per annum (pre-COVID 19) – executing its business vision to be globally connecting the World to Fiji and her people.

### Our Vision

Connecting the World to Fiji and her people!

### Our 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, and
- Future proofing driven master planning and its implementation.

### Our Values

Our core values – **STEER** towards;

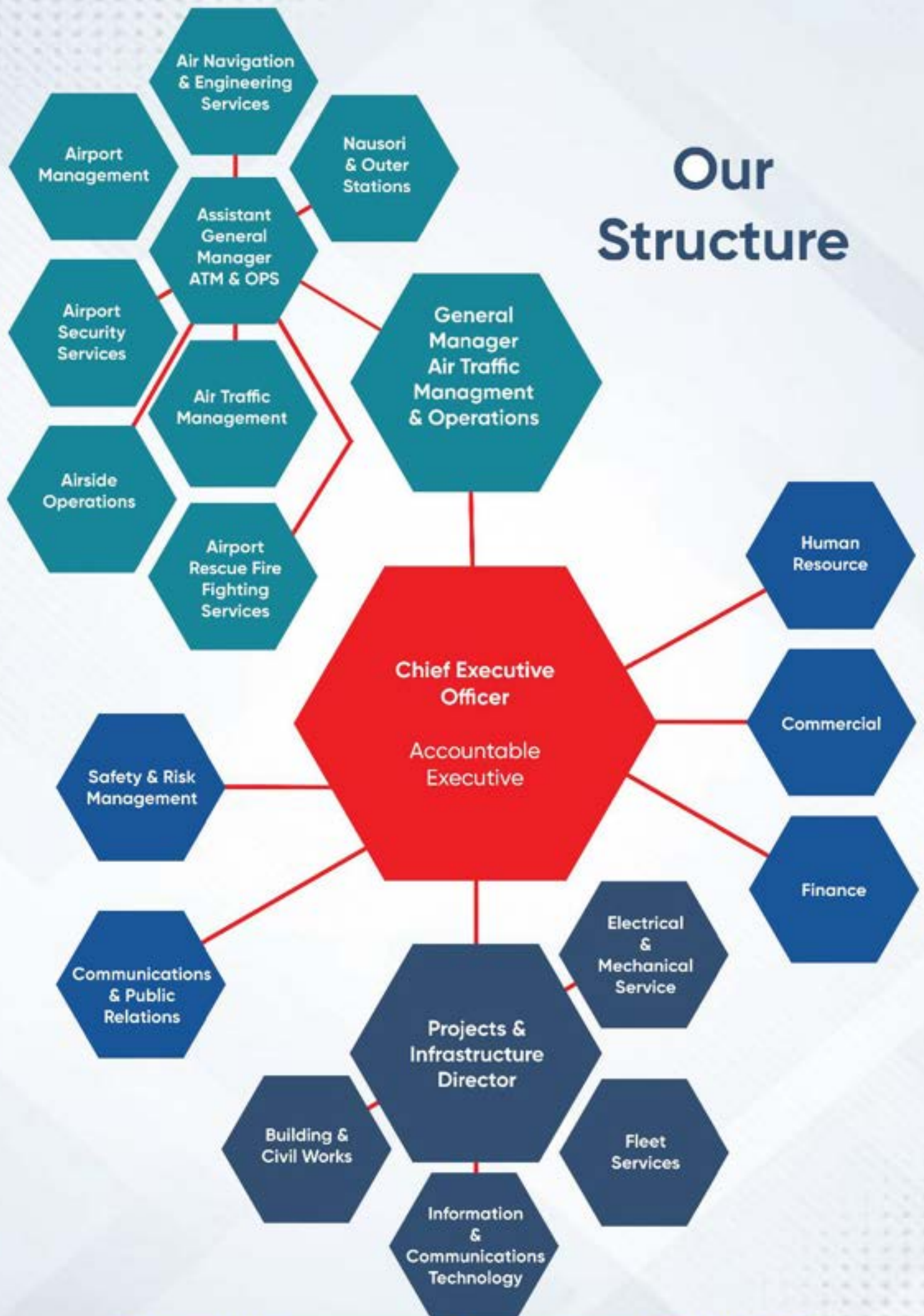
- Safety, Security & Sustainability
- Teamwork & Delivery
- Effective Communication
- Excellence in Service – Enhancing Customer Satisfaction
- Resilience in our People & Infrastructure

### 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



# Our Structure



# Letter to the Prime Minister



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25 May 2023

**The Honourable Sitiveni Rabuka**

Prime Minister and Minister for Foreign Affairs, Climate Change,  
Environment, Civil Service, Information, Public Enterprises and Veteran Affairs  
Level 4, New Wing  
Government Buildings  
Suva

Dear Honourable Minister

## Fiji Airports Annual Reports 2021

On behalf of the Board of Directors for Fiji Airports (FA), I am pleased to submit the Company's 2021 Annual Report under Section 58 of the Public Enterprise Act, 2019.

The Annual Report incorporates the Company's operational achievements and audited accounts for the year ending December 2021.

During 2021, the Covid 19 pandemic created financial, logistical, and operational challenges to our business and industry, resulting in a net loss for Fiji Airports for the year. After an income tax adjustment/benefit of \$10,338,824 the final position was a net loss of \$4,310,670. In comparison our 2020 results showed a net profit of \$6,746,866 after an income tax adjustment/benefit of \$5,066,603.

Fiji Airports remained optimistic throughout this difficult period and worked with industry partners to ensure our borders were ready to reopen to international passengers after almost two years. Despite the negative financial result and challenges, Fiji Airports completed the \$60m Nausori Runway extension in November 2021 and we continued to adapt our processes to safely serve the people, businesses, and communities of Fiji.

Aviation has suffered an eighteen-month setback from the pandemic, however the outlook for the future remains positive, and we will work with our Shareholders and industry partners to continue the rebuilding of our industry for the future.

On behalf of the Board of Directors, Management and Staff, we look forward to the Shareholder's support and guidance in the years ahead.

Yours sincerely,

**Hasmukh Patel**  
Chairman



## Year 2021 in Review

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

## 2021 Key Numbers

Movements from 2020 to 2021	2021 Total Numbers	2020 Total Numbers
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Total international arrival and departure passenger movements

↓ 0.3 million    -80%	81 thousand	0.4 million
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Total aircraft movement (Tonnes)

↓ 0.1 million    -31%	0.3 million	0.4 million
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Total Revenue

↓ \$24 million    -44%	30 million	55 million
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Operating Revenue

↓ \$20 million    -41%	\$29 million	\$49 million
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Operating Expenditure

↓ \$9 million    -17%	\$42 million	\$51 million
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Shareholders fund

↓ \$4 million    -1%	\$445 million	\$450 million
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Return on Shareholders fund before social obligation

16.80% (2018)	16.51% (2019)
2.90% (2020)	0.51% (2021)



## Chairman's Report

Cola vina! Greetings from the Fiji Airports family!

I am pleased to present the Fiji Airports 2021 Annual Report and I hope you find the information in this compilation useful and that it gives you a sense of where we have been and, more importantly, where we are heading, as we navigate our way around a global health pandemic and a climate crisis.

This report provides a glimpse inside a year of disruption, resilience and adaptation for Fiji Airports, and I could not be prouder of the way our team has responded to Fiji's second wave of COVID 19 while doing all they can to assist Fiji's medical and frontliners during the pandemic.

A travel rebound is well underway and is steadily growing. We are not out of the woods yet – however, we are looking ahead to brighter days!

Our business recovery picked up pace towards the end of 2021 as pandemic-related restrictions eased around the world, particularly with the reopening of international borders. Working closely with our industry partners and stakeholders, we restored passenger flight operations and airport services, while ensuring safety, health and wellbeing of our passengers, stakeholders and staff are maintained at the highest of standards.

In December 2021, Fiji reopened its borders to travel partners from Australia, Canada, France, Germany, Japan, Qatar, Republic of Korea, Singapore, Spain, Switzerland, United Arab Emirates, United Kingdom and the United States of America and most of the Pacific Islands. Fiji Airports worked hard to ensure the safety of the traveling public, stakeholders and staff.

Continuing from 2020, international borders remained closed with lockdowns enforced globally. The landscape in which we all lived and worked had been drastically altered.

Our refocused strategy navigating through the pandemic continued to be through prudent financial management of our resources with unprecedented revenue drops and supporting national efforts to re-open travel progressively by ensuring that Fiji Airports' flagship, Nadi International Airport, was ready to give passengers the confidence to fly again.

Charting our recovery pathway, we identified three key focus areas for Fiji Airports:

- Prioritising health and safety of all,
- Recovery of the tourism sector, including supporting the Government in safely reopening the border for visitors from low-risk countries, and
- Resetting and reprioritising our infrastructure development plans.

Fiji's health and safety is our priority and in 2021, safe border management to meet public health requirements was critical as we heralded the restart of international travel. One of the visible recovery milestones in 2021 was the welcoming of fully vaccinated tourists back into the country. The reopening of the border at Nadi International Airport in December 2021 after more than 600 days of lockdown marked the beginning of our road to recovery. Our partnership approach with Fiji Airways, other airlines, airport partners, essential service providers, government departments and ground operators ensured the return of air travel was handled as safely and effectively as possible.

This collaboration was a huge achievement for our team, keeping everyone safe and steering our organisation towards recovery.

That recovery pathway included a reaccreditation from the Airports Council International (ACI) in its Airport Health Accreditation programme for providing a safe airport experience for all travellers. This made Nadi International Airport the first airport in the Pacific region to achieve the ACI Airport Health Accreditation in both 2020 and 2021. The ACI reaccreditation was the barometer of our commitment to deliver.

Coupled with the successful vaccination rollouts at Nadi International Airport, Fiji Airports continued to support Fiji's efforts by swiftly adopting new safety measures throughout the airport with globally recognised standards and protocols in place. Using the airport facility to support Fiji's COVID-19 vaccination drive was hailed a success and, together with stakeholders and agencies, Fiji Airports staff have worked tirelessly to implement these measures and it is rewarding to see our efforts internationally recognised by ACI!

## 2021 in Review

Fiji Airports' agility and ability to rebound from the setbacks of successive lockdowns as the second wave of coronavirus hit Fiji is evidence of the organisation's resilience in a time of extreme challenges. Throughout the year we took several steps to relook at our operational plans and to realign our strategy to cushion the impact of the virus.

We reviewed our strategic financial plans and undertook a range of measures to boost overall financial resilience. We completed major runway maintenance work and projects in half the usual time due to a longer working window caused by the absence of international and domestic flights.

The upgrade and extension of the Nausori International Airport runway will allow narrow body jet aircraft to operate with greater range and payloads. This \$60 million project will allow opportunities for increased flights for both domestic and international routes. Taxiways were widened, and the parking apron rehabilitated with upgrades to lighting, navigation and drainage systems with a new perimeter fence and road added to the upgrade package.

We have also continued to be responsible environment guardians by working to address the impact of our activities on the environment and building on the Green Airports recognition we received in 2019 from the Airports Council International. The pandemic also allowed us the opportunity to re-evaluate and reaffirm our commitment to address sustainability issues that are at the forefront of our strategic direction. This is a continual effort across Fiji Airports, and we are progressing in various initiatives under our Fiji Airports Environmental Sustainability Framework which focuses on taking proactive measures to reduce our carbon emissions through energy efficient lighting, use of alternative energy, replanting of mangroves and trees, being smart about our energy usage based on traffic levels, and efficiently operating our equipment to reduce energy consumption.

With more intense and frequent natural disasters, it is crucial for us to act with urgency to address climate change. From recent tropical cyclones, we face the risk of physical damage and business interruptions along with increased insurance and energy costs. These issues are particularly salient given the airport's location and we are aware that these issues need to be met head on by reducing our own emissions and partnering with airlines and our agencies on the ground to achieve sector-wide emissions reductions. We are encouraged by the Fijian Government's stance on climate change and the recognition that aviation will have an ongoing role in a net zero world, reaching net zero emissions by 2050. Engagement on this issue is critical; as we will be working together across businesses, government, and the community to address our shared challenges.

## The Numbers

There was high expectation that the pandemic impact would not extend beyond 2020, however, the reality of ongoing outbreaks globally dampened our financial outlook further. Fiji Airports saw a 96% fall in international passenger numbers compared to 2019 numbers. Domestic movements were equally affected due to restrictions of travel within Fiji as COVID 19 cases skyrocketed in 2021. A 71% decline in domestic passenger numbers compared to 2019 was also noted.

EBITDA of \$8.3million was recorded for 2021 which was less than 8% of the pre pandemic number of \$105 million in 2019. Fiji Airports recorded a net loss of \$4.3 million compared to Net Profit after tax of \$65 million in 2019.

Despite the challenging environment, the Fiji Airports team focused on navigating through the crisis and being well positioned for recovery to accommodate future growths.

## Looking Ahead

2021 was largely about preparation for and beginning of our recovery – strategizing and refocusing our hopes through and beyond COVID 19, augmenting our future capabilities as we rebuild. Our aim is to build back better and stronger, so that we can deliver even better experiences to our customers and offer more support to the stakeholders, agencies and the people we serve.

There is anticipation that we will return to profitability in 2022-23, and are working hard to hit our targets, while keeping a close watch on headwinds such as high fuel prices, inflation, new COVID-19 variants, and the global political and economic uncertainty. Our steady investments in infrastructure, technology, people and partnerships, will continue to give us the ability and advantage in delivering industry-leading products and value to our customers.

Fiji Airports is well positioned to play our role in contributing to economic growth, facilitating global engagement, and making a positive impact on people and communities and the many thousands of Fijians whose livelihoods depend on travel and tourism. And as we rebound from the global repercussions of the pandemic, we look forward to championing philanthropic assistance that has always been part of Fiji Airports' culture of social responsibility.

Our journey through this global pandemic is not over yet, but thanks to the resourcefulness and determination of our people and the ongoing support of our stakeholders, Government, and agencies – we can be confident of the course we have set.

On behalf of the Board of Directors, I would like to acknowledge and appreciate the resilience of our Fiji Airports family for their continued dedication, commitment, and resilience. They have all made us proud through a relentless pursuit of excellence in our ability to rebuild and recover after a testing time. Fiji Airports would not be in the position it is today if it were not for the remarkable efforts of our team through such uniquely trying times.

Today, I join our Fiji Airports team, stakeholders, agencies, and friends of the airport family to congratulate a close friend and former Board member, His Excellency, the President of Fiji and Tui Macuata, Ratu Willame Maivalili Katonivere. Ratu Willame was sworn in as the 6th President of Fiji and assumed office in November 2021. The news of Ratu Willame's appointment is still celebrated at the Fiji Airports' corridors and his appointment comes at a time when Fiji Airports, together with our stakeholders and Government agencies are working towards a common goal – and that is to unlock the potential of the airport and drive our recovery pathway beyond COVID 19!

I also take this opportunity to acknowledge and thank the former Chairman of the Board, Geoffrey Shaw, and the Acting Chief Executive Officer, Isei Tudreu for guiding Fiji Airports through the highs and lows and we were only able to rise to the challenges that 2021 presented because of their empowering leadership at every level.

The next few years hold exciting prospects for Fiji and the world as we reset and recover from the uncertainties COVID 19 created. I look forward to seeing Fiji Airports' continued success as we work with our stakeholders and partners to generate even more value for the economy and our community. Together, we have not only weathered one of the most critical periods in the history of global air travel, but are now on a journey towards tangible, significant recovery and I am personally, excited about the skies ahead for Fiji Airports.

*Vina du riki!*



Hasmukh Patel (Mr)  
Chairman



***The news of Ratu Willame's appointment is still celebrated at the Fiji Airports' corridors and his appointment comes at a time when Fiji Airports, together with our stakeholders and Government agencies are working towards a common goal – and that is to unlock the potential of the airport and drive our recovery pathway beyond COVID 19!***

# FIJI AIRPORTS OPERATIONAL REVIEW

## OPERATIONS

Airport Landside Team operating in a global health pandemic space.

COVID 19 continues to create disruptions on the operational front, but we have been adapting processes to protect our people and the business from the very start of the crisis.

Despite the significant reductions in passenger traffic across most of 2020 and 2021, our airport landside operational team maintained a fast pace and implemented evolving health and government requirements, often at extremely short notice. These actions have allowed us to keep the airport open and operational, facilitating the movement of essential workers, medical supplies, and Fijians coming home and facilitating the safe repatriation of our international and regional community from Nadi International Airport.

Since the outbreak in 2020, Fiji Airports has worked closely with stakeholders and agencies to set up protocols and made changes to airport operations to minimise the risk of community transmission of COVID 19 throughout the airport, where health screening of all staff and passengers was facilitated through Fiji's

Ministry of Health and Medical Services. Fiji Airports also assisted and collaborated with the Government, the Fiji Police Force and the Fiji Defence Force to support mandatory quarantine requirements for new arrivals.

Creating a COVID safe environment has always been our priority. The health and safety of airport staff and frontline workers are at the forefront of our operations without a doubt, while maintaining critical airport functions, roles, and processes to serve the community. Early in 2020, Nadi International Airport achieved the Airport Council International's (ACI) Airport Health Accreditation following an assessment of health measures rolled out across our terminal against global standards.

Our team at the terminal did not hold back with preparations for the 'new normal' and keeping the airport up to par with global health measures.

The ACI Airport Health Accreditation examined things like cleaning, staff protection, physical layout, passenger communications and passenger facilities. We continued to work with our cleaning provider to enhance cleaning measures including the use of hospital grade disinfectant and more frequent cleaning of high-touch surfaces with anti-microbial coatings.



Complimentary face masks continue to be provided for airport staff, visitors and travellers, and hand sanitising stations were installed throughout our terminal and office buildings.

We continued to encourage social distancing wherever possible, and this was facilitated by additional security staff, floor decals, signage, and announcements at the terminal. Our COVID announcements were not limited to putting up banners and signage – we took to social media and used our platforms as a precautionary approach for our digital audience as we looked towards reducing the risks of COVID 19 transmission and the risk of infection.

Masks, gloves and hand sanitisers were made available to all staff and airport workers, and we continued to monitor the COVID 19 pandemic and followed the best available medical and government advice to ensure the safety of our frontline workers and staff in general.

Our ability to scale up operations to manage this change quickly and effectively ensured that vital services were provided in a limited working environment space – such was the resilience of our workforce.



## Air Traffic Management Operations

Whilst we dwelled on the magnitude of the global health pandemic, our Air Traffic Management operations took advantage of the low traffic movements to relook at its operational needs and to build the capacity of our staff with in-house and external virtual training opportunities.

The pandemic gave us the space to work on simulator exercises and operational staff were kept proficient with their ATC skills by practicing in the simulator on pre-Covid traffic scenarios in preparation for the influx of flights.

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## ATM System upgrade.

On 1st April 2021, Fiji Airports, commissioned the new Aurora Air Traffic Management (ATM) System based in the Nadi ATM Centre.

The new Aurora System integrates Oceanic, Approach, and Tower Control capabilities and includes a new ATC Simulator to train air traffic controllers in an ADS-B surveillance environment.

This system integrates industry-leading procedural airspace management with the functionalities and tools needed to manage traffic in a surveillance environment and is without equal in the industry in terms of capability to manage mixed airspaces, ease of use, and ability to improve the efficiency of the airspace.



The system upgrade modernizes our ATM system and provides air traffic controllers with the latest ATM technology including electronic flight strips, advanced flight and surveillance data processing and training capabilities.

It is one of the world's best ATM systems for managing procedural control in Oceanic Airspace integrated with the capabilities and tools needed to manage traffic in the domestic environment. This approach allows for optimal fuel-efficient routing in the procedural environment with reduced separation minima for airspace efficiency and gives controllers the tools they need to provide ADS-B based surveillance in enroute and approach phases of flight.

The new Aurora also delivers a complete technical refresh of the system for controllers at the Nadi ATM Centre and Nadi and Nausori Towers. With this upgrade, controllers have advanced tools and capabilities for all traffic domains including new Human-Machine Interface (HMI) for quick flight plan creation, clearance delivery and coordination as well as optimized electronic flight strips in the towers.

## Aeronautical Information Services (AIS)

Fiji successfully implemented the ICAO (International Civil Aviation Organization) Global Reporting Format (GRF) for our two international airports Nadi and Nausori on the 4th of November 2021. This implementation involved careful trials with international partners, documentation, equipment and training required for the staff to ensure competency and regulatory compliance.

Part of the implementation required innovative thinking due to the limitation of our current AIS System. Therefore, as an interim measure, Fiji introduced the Airfield Condition NOTAMs (AFCON) format for GRF, similar to FAA (Federal Aviation Authority) until we upgrade our system from AIS to AIM in late 2023. This will see a digitisation of our legacy paper-based system to an electronic system.

## Air Navigation Engineering Services

Despite the challenges COVID 19 had on every department, the Air Navigation Engineering Services (ANES) department successfully embarked and completed some of the critical CNS/ATM (Communication Navigation Surveillance/Air Traffic Management System) project to improve flight safety and efficiency in the Nadi FIR (Flight Information Region) and the domestic airspace and at the same time contribute to the nation economy in the tourism sector. ANES department continued to deliver against its performance metrics.

### i. Nausori ILS/DME (Instrument Landing System/Distance Measuring Equipment)

The ANES planning and project unit successfully completed the installation and flight checks of the first Nausori ILS/DME in May of 2021. This is a major milestone and game changer for flight operation at Nausori International Airport with the availability of a ground aid like the ILS/DME to provide precision

guidance approach to aircraft arriving at Nausori International Airport. The new Nausori ILS/DME is expected to be used for flight operation in August 2022. This is expected to boost the international flight operation into Nausori.

### ii. ADS-B System Replacement

The installation of the 10 ADS-B (Automatic Dependant Surveillance – Broadcasting) system to upgrade the current ADS-B system to support ADS-B Tier 1 Operation for 5nm separation in the domestic airspace commenced in 2nd quarter of 2021 and is planned to be completed in the 3rd Quarter of 2022.

The delay in the project completion is due to the travel restrictions at the international border imposed during COVID19 and this has affected the arrival of the ERA engineers from the Czech Republic, the supplier of the ADS-B system. The upgraded ADS-B system is part of the ATM system required to provide the surveillance control in the domestic airspace that is planned to be implemented in the 4th Quarter of 2022. The completion of this project will be another milestone that will benefit the airline operator in reducing operation cost by flying more efficient flight route and will allow ATC (Air Traffic Control) to monitor aircrafts more accurately with surveillance control.



### iii. Maintenance Operations

The ANES department continued to meet its performance and safety targets of the various Communication Navigation Surveillance system around the nation. ANES continued with its training program for its staff to acquire AFTL (Aeronautical Facilities Technical License) rating on the rated airways facilities to carry out proper maintenance activity as stipulated in the AMO (Approved Maintenance Organisation) certificate.

### Airside Operations

Although it has been a year dominated by the global pandemic, we did not lose sight of the critical role the Airside Operations team bring to Fiji Airports' operational spectrum, particularly in the areas of safety of our aviation community.

Management of aircraft parking at a time when less people are travelling is, counter-intuitively, more of a challenge. Less aircraft in the air means more aircraft on the ground at any one time. Fiji Airports' Airside Operations team has continued to work closely with airlines to provide longer term parking of aircrafts that were effectively placed in hibernation at the height of the pandemic. These aircraft were stored in such a way that engine checks and periodic maintenance could still occur to ensure a swift return to service was possible once passenger numbers started to increase. We worked closely with ground operators to manage our apron capacity at Nadi International Airport and to cater for the chartered aircraft that were flying in the vaccines and essential cargo, as well as repatriation flights.

Our Airside Operations team continued to ensure the standards and safety of our airfield were always maintained, conducting critical activities such as runway and apron inspections, vehicle and aircraft escorts and wildlife deterrence and keeping the airport's aerodrome free of birds and other wildlife, among other duties.

### Aviation Safety & Security

Safety and security remained our highest priority throughout 2021.

Our security teams at the Nadi and Nausori International Airports and outer island domestic airports have been very responsive to the needs of Fiji Airports and the broader industry, adapting to operational reductions commensurate with reduced customer demand due to the pandemic.

The flexibility in our operations has ensured we have remained agile and responsive in our approach to managing security across our airports. Operations in 2021 were streamlined and consolidated during the downturn.

The partnership approach we have in place to manage security screening with security service providers has facilitated dynamic rostering and a highly integrated approach to managing changing demand, ensuring a consistent provision of security services for our passengers and airport stakeholders.

As we recover and passengers returned, the Fiji Airports Aviation Security Services and security service providers continued to work on right sizing the operation to accommodate changes, as seen in our December air travel rebound. In our pursuit to promote a culture of safety, our aviation security team worked with different agencies to review security settings and review them for a post pandemic environment.

We have been conscious of providing suitable resources to ensure screening throughout, balancing the need for social distancing with a cost effective and efficient screening process and upskilling our staff with the necessary training and support as they joined the Fiji Government's frontline COVID 19 workers to protect Fijians and visitors from the virus.

Due to the impacts of COVID-19 and considerable reduction in air traffic, we worked and leveraged our strong relationships with emergency services, particularly the Fiji Police Force and its Border Police Unit and Ministry of Health and Medical Services for the establishment and maintenance of appropriate border processes for arriving and departing travellers. We also supported the Fiji Airports vaccination drive at the Nadi International Airport, among other activities at the height of the second wave of the virus.

### Aviation Rescue Fire Fighting Services

While flights at Nadi International Airport and our domestic airports reduced because of the pandemic, the safety of passengers on every repatriation flight and chartered flight continued to be our priority. Fiji Airports' Aviation Rescue Fire Fighting Services (ARFFS) closely monitored and supported flight operations and airside functions throughout the year, even when the country was in full lockdown mode.

ARFFS worked hard to maintain their full operational readiness, enabling the continued movement of essential goods within the supply chain while passenger traffic virtually came to a standstill. The requirement to move large volumes of essential medical supplies, Personal Protective Equipment, food and other materials quickly around the globe meant that cargo operations continued under pandemic conditions.

Responding professionally and swiftly to any emergency is the primary responsibility of the ARFFS team. Our aviation rescue firefighters meet these challenges through a combination of continuous training, compliance with international standards, interoperability, and strong leadership.

With an ongoing lockdown, Fiji Airports' ARFFS revised their operations and took to tabletop exercises to enhance emergency preparedness and rescue capabilities.

## A shift in gears

The Fleet maintenance section is responsible for performing repair, diagnostics and preventative maintenance and monitoring and tracking fleet utilisation. A preventative and predictive maintenance schedule was developed for the ARFFS vehicles that required monthly inspection of components, diagnosis, and servicing and a routine service schedule for operation vehicle. Major repair works were undertaken including the life rafts and outboard engines used by the aviation rescue firefighting team for marine events.

## Nadi International Airport

Limited international flights continued to operate for the repatriation of the international and regional community, freight, and the movement of the COVID 19 vaccine into Fiji and to the outer islands throughout 2021.

Once a vibrant aviation hub in the region and a vital air bridge to the world, Nadi International Airport remained ready for the potential boom. The much-celebrated December opening for international travel signalled a proof that we are on the road to recovery and every "Bula" and welcome song at Arrivals, is music to our ears.

## Domestic Airports

If there has been a positive aspect with COVID, it has been the growth of domestic travel as the Fijian government progressively lifted local containment zones in the second half of 2021.

Domestic flights between Suva and Nadi were the first to resume.

Manning our domestic airports during COVID 19 was no easy feat! The impact of travel restrictions imposed during the pandemic had a rippling effect on our domestic airports. Passenger movement through the lockdown period plummeted with reduced flights, and this gave our maintenance team the space to carry out the necessary maintenance and groundwork needed.

Most notable work carried out in 2021 at our domestic airports was the runway maintenance at Bureta, Kadavu, Labasa, Lakeba, Nausori and Savusavu. We did see a modest recovery in domestic travel in September after the lifting of travel restrictions and when flights started operating the Suva – Nadi – Labasa route on a more regular basis, leaving room for chartered flights to Gau, Kadavu, Koro, Lau group, Rotuma, Savusavu and Taveuni to fill in the gaps.

## Passenger numbers

The last quarter of 2021 was Fiji Airports' hope for better days. In a showcase of public and private sector partnership, Fiji Airports strengthened its network with government, airlines and tourism stakeholders to safely re-open Fiji for international travellers in December. Our proactiveness in adapting our operational protocols in support of the Fiji Government's ambition to safely re-open Fiji for international visitors with the successful vaccination drive and public health restrictions earned customer confidence.

Total international passengers for 2021 was 81,147 compared to 409,161 in 2020 and 2,212,090 in 2019; while total domestic passengers were 256,344 compared to 461,513 in 2020 and 897,661 in 2019.



## CORPORATE

### Our People

2021 was the most challenging year in the history of Fiji Airports. Health and wellbeing remained at the top of our people-focused agenda in 2021 as we navigated new COVID 19 variants and the ongoing pandemic challenges to our operations.

We provided our staff and their immediate families with convenient access to vaccination, implemented flexible working hours and remote work options.

We have proven our ability to remain nimble, flexible, and resilient, with the whole-of-company focus initially on survival before moving into the early phases of recovery. Our workforce is now aligned in a mindset of disciplined growth as we rebuild our aviation business.

The last 12 months have been a true test of Fiji Airports' culture and resilience and having to deal with near constant change and uncertainty, the staff highlighted the best qualities about Airports Fiji – they carried out their work with care, collaboration, integrity, and respect, while maintaining the highest standards of health and safety for themselves and their families.

Fiji Airports' workforce continued to leave home and go to work during the lockdowns. Deemed essential in their jobs, the airport's aviation rescue and fire crew, security officers, maintenance teams and customer service staff helped to ensure that the airfield and terminals were kept operating 24/7. Safety protocols to protect employees were under constant review at the terminals, particularly in areas of the international terminal where the chances of coming into contact with COVID 19 was higher.

The availability of the COVID-19 vaccines in Fiji gave Fiji Airports staff the opportunity to encourage our staff to take the vaccination as part of our social obligation and we know that vaccination is the pathway forward to containing the virus as we looked beyond COVID 19.

The roll out of the vaccines have been the foundation for our recovery as we look ahead optimistically to the future. As the industry recovers, we will resume our critical role as an economic driver and job creator for the local community.

At the end of 2021, the number of employees directly employed by Fiji Airports was 426 after an internal restructure that implemented and reflected the Government's 'No Job, No Job Policy'. The fully vaccinated team displayed remarkable flexibility and worked 24/7, often under difficult circumstances to ensure that airport operations ran smoothly.

Our staff went through a storm of unprecedented magnitude that demanded an equally unprecedented effort from everyone and the continuously changing rules and regulations tested our agility and perseverance as an organisation. However, with the unceasing repercussions of the virus and its multiple variants threatening our defence walls as an organisation and a nation, we temporarily froze our hiring and sadly, said goodbye to staff when we had to make a few positions redundant to structurally position ourselves as we looked for ways to cushion the inevitable impact.

Our Management Team played a key role in enabling Fiji Airports to embrace every challenge to emerge stronger. We reconsidered our approach to leadership, performance management, learning, workforce re-structuring, employee engagement and other focus areas that are critical to delivering business outcomes. We also retained a strong level of positive stakeholder engagement, approaching stakeholder management challenges to ensure engagement activities continued where possible.



### Diversity and Inclusion in our workforce

Diversity and inclusion remain an imperative to ensure we continue to attract and retain high performers and continue to be a great place to work. PODC's approach and initiatives included flexible working, wellbeing leave and health awareness campaigns to ensure our staff feel valued, have a sense of belonging and feel empowered to reach their full potential – in their safe bubbles.

Fiji Airports is diverse in age, ethnicity, background, experience, and we remain committed to achieving our diversity targets as well as ensuring workplace gender equity is maintained at all levels of the business. We are still seen as a male dominated organisation, and we are optimistic that a rebound of business will also help us elevate our Fiji Airports' success stories of women in aviation to balance the gender gap.

## Commercial

While keeping a tight grip on COVID 19 and its tremendous toll, Fiji Airports' commercial arm of the organisation was not spared from the onset of the global health crisis. Like every other airport in the world, the pandemic made our airports and retail shops largely empty for almost a year.

In retrospect, our commercial arm has been hit hard with retail trends becoming volatile and unpredictable. Against this backdrop of uncertainties, we continued to support and assist our business partners as we all tried to navigate through the crisis; at the same time helped to drive a robust revival of business within and around the terminal.

Since the re-opening of international travel in December, there has been an increased footfall and business is slowly picking up. We were flexible in our approach to negotiations around tenancy agreements while protecting Fiji Airports' business interests.

We focused on the balance required to support our business partners and created tailored waiver concessions and temporary agreements that reflected the specific impact of COVID 19 on their business and we believe these equitable agreements with all our tenants and business partners is the best long-term outcome and will strengthen relationships in the long run.



Balancing responsive short- and long-term strategies to mitigate an ongoing challenging environment was a key focus of 2021 for Fiji Airports but, particularly the organisation's Commercial department. Throughout 2021, Fiji Airports offered temporary concessions to tenants in the form of rent deferrals and rent abatements and each concession offered was assessed on a case-by-case basis taking into consideration all factors affecting their business. Identifying and converting new opportunities for increased commercial contracts as the recovery from COVID 19 commences has become the number one priority for the Commercial team.

## Work Safety & Risk Management

Fiji Airports recognizes the importance of duty-of-care to ensure the safety, health and wellbeing of our staff, stakeholders, traveling public and the safety of flights operating at our airports, domestic airspace or within the Nadi Flight Information Region (FIR) and visitors to our premises. The Safety and Risk Management (SRM) team is committed to ensure continuous improvement is aimed at the elimination of work-related injury and illness at all levels, while also conducting routine checks on our operations to identify and mitigate any issues that could pose risks to flight operations.

COVID 19 continued to be the biggest threat to our business for the year, and with the drastic reduction in flight movements due to the suspension of international passenger flights until the reopening in December, our goal was to sustain our operation in a safe and efficient manner.

Other than encouraging our staff to be fully vaccinated, we also took a precautionary approach and adopted all measures to reduce the risk of COVID 19 transmission as well as minimising the risk of infection where possible. Face masks, gloves and hand sanitisers were made available to all staff and airport workers, and we continued to monitor the COVID 19 pandemic and followed the best available medical and government advice to ensure the safety of our frontline workers.

In our ambition to continue to provide international standards that meet COVID 19 requirements for our main gateway, we continued to uphold the requirements of the 2020 ACI's Airport Health, Accreditation measure after an independent assessment of health measures rolled out across our terminals against global standards, we received reaccreditation by ACI. This assessment examined areas like cleaning, staff protection, physical layout, passenger communications and passenger facilities and provides assurance to the world that our airport is safe for travellers.

The strong work relationship we have fostered over the years with the Civil Aviation Authority of Fiji (CAAF) was invaluable. We acknowledge and appreciate CAAF for recognizing the challenges that the aviation industry was facing and supporting us through the challenges of the pandemic.

In terms of safety monitoring, the Safety department worked closely with the operational units at our airports conducting daily reviews and ongoing monitoring to ensure that we maintain high levels of safety across all our airports. We also implemented a Crisis Management Team to guide and navigate us through the dynamic risks emerging from the pandemic. The Crisis Management team worked to identify and mitigate emerging risks that came in waves throughout 2021.

SRM's risk management framework was used as a launching pad for the Crisis Management Team's risk management activities and continues to be embedded across the business to provide clear guidance for our staff on how to manage risk in their various roles.

Despite the challenges of 2021, we remained focused and committed to delivering on our sustainability agenda.

Over the year we made meaningful progress on our commitments and focused on continuing to do business in a safe and efficient manner and we maintained our Airports Council International Level 3 Optimisation Airport Carbon Accreditation and reduced emissions where possible by managing our assets to reflect the step-down in activity on the airport precinct.

### Engaging Followers Around the World

Fiji Airports has constantly been growing its online community by engaging local and global followers through fresh and exciting social content to fuel their wanderlust. However, when the COVID 19 pandemic struck and kept travellers grounded worldwide, we reviewed our content strategy to try to maintain a close connection with our staff and followers.

During the year, Fiji Airports actively engaged followers to keep Nadi International Airport and our other 14 domestic airports in the hearts and minds of travellers around the world by tailoring relevant content to keep them up to date with the latest travel news. Despite challenging times, Fiji Airports maintained its position as the Pacific region's most followed airport.

Our fan base and followers on our social platforms grew modestly with efforts to support our strategic pathway to recovery with widespread vaccination and local tourism updates. The shift towards greater online content consumption during the pandemic also resulted in Fiji Airports expanding its social media platforms to reach out to a wider audience, including business stakeholders.

An official LinkedIn page was introduced, as an extension to Fiji Airports' corporate page, to share tailored content and raise brand awareness among airline and trade partners in the aviation industry. The platform has enabled the Communications team to have more interactions with partners, given that it was challenging to meet face-to-face during the pandemic.

Fiji Airport's communication on safety issues was a priority throughout 2021, covering a range of channels including the company website, staff intranet, face-to-face briefings, electronic direct mail, staff circulars and letters to tenants and stakeholders.



## 2021 PROJECTS

### Major projects progressed during 2021

One of the immediate responses we took to protect our business throughout 2021 (an ongoing exercise from 2020) was to streamline our capital expenditure activities to include only critical projects that were able to be undertaken in the low-passenger environment.

Several other major projects have been temporarily paused and will not be reactivated until there is clarity around the timing of the expected recovery of travel and the volume of passenger traffic. Despite the challenges that were associated with the global health pandemic, a few critical projects have been delivered over the course of 2021 that will provide long term benefits for Fiji Airports.

The \$60 million Nausori International Airport runway extension and upgrade project reached practical completion in November 2021 – a milestone achievement for the organisation and the management team. With the upgrade, narrow body jet aircraft can operate at Nausori International Airport with improved load capacity and operational capability.

### Ongoing projects in 2021

Airport	Project Description
Nadi International Airport	<ul style="list-style-type: none"> <li>Electronic Surveillance (CCTV) &amp; Access System Upgrade</li> <li>Nadi Control Tower upgrade</li> <li>Aurora ATM System upgrade</li> <li>ILS/DME</li> <li>ARFFS Personnel Protective Equipment</li> <li>Airport Airside Elevated Walkways</li> <li>Nadi Off gate apron upgrade</li> <li>Bird netting (T3)</li> <li>Aviation Engineering Gate 1 – 3 &amp; 2 codes</li> <li>ICT Hardware &amp; Software Project upgrade</li> </ul>
Nausori International Airport	<ul style="list-style-type: none"> <li>Runway upgrade (lengthening &amp; widening project)</li> <li>ILS/DME project</li> <li>Aerodrome ground lighting system installation</li> </ul>
Domestic Airports	<ul style="list-style-type: none"> <li>Labasa Runway maintenance</li> <li>Labasa Airport Taxiway lightings, Standby Generators</li> <li>Savusavu Runway maintenance</li> <li>Kadavu Runway maintenance</li> <li>Lakeba Runway maintenance</li> <li>Bureta Runway maintenance</li> </ul>

Nausori International Airport was certified as a Code 4C aerodrome after the upgrade and the project that included the runway widening and extension from 1868m to 2148m. Taxiways were widened, and the parking apron rehabilitated with upgrades to lighting, navigation and drainage systems, along with a new perimeter fence and road.

Nausori and our outer island airport runway upgrades cements the fact that we have the infrastructure and mechanisms in place to allow our recovery journey from the COVID 19 pandemic.

### Nausori Runway Lighting Makeover.

The downturn of the global health pandemic provided an opportunity to bring forward an important electrical project at Nausori International Airport. This was a significant project and a milestone achievement for the Fiji Airports' Electrical & Mechanical Services (EMS) unit.

Maintaining our runways in top-flight conditions is the lifeblood of our airports and it is essential to keep our facilities operating at the highest level.

The EMS unit ensured the continued safe operation of our runways in compliance with ICAO (International Civil Aviation Organization) standards.

A 'very modest achievement by the EMS team that included planning, engineering, and other elements of the project. The project included the installation of new underground electrical cabling that replaced the 30 year installation.

The specifics of the project includes the; installation of the 160KVA, 3 Phase standby generator, 16km of runway Underground Cable with the specification of 6mm single core, 9 x Constant Current Regulators (CCR) and Control Monitoring System (CMS) for the Air Traffic Controllers switching and monitoring of the runway lights.

Other successful projects completed and supported by the EMS team at the Nausori Airport include - Nausori runway extension, ILS and Localiser installation to include the 2 x standby generators and running of new underground electrical power supply 50mm, 4 core plus Earth of 1.9km and 1.7 km respectively.

## ENVIRONMENT AND SUSTAINABILITY

Fiji Airports is not immune to the effects of climate change. We took measurable steps in our journey towards neutrality by achieving a Level 3 (Optimisation) of the Airports Council International's (ACI) Airport Carbon Accreditation programme in 2020.

Fiji Airports collaborated with our partners at the Nadi International Airport in the effort to become one of the region's greenest airports from our direct operations and beyond, as we explore ways to help reduce our emissions and to support the Fijian government's climate action commitments.

We are looking ahead with a heightened sense of responsibility to reduce the impact of our operations on the environment and the Level 3 (Optimisation) ACI Airport Carbon Accreditation recognition uniquely positions Fiji Airports as a trailblazer in shaping greener and sustainable airports.

### Fiji Airports Carbon Management Policy

The Fiji Airports' Carbon Management Policy reflects the organisation's commitment towards our long-term goal of achieving net zero emissions.

Our environment and carbon policies are framed by our leading in-house environmentalists (under the SRM Unit) who have been the guiding stars in our net-zero roadmap journey.

Fiji Airports is committed to:

- Undertaking relevant research and data collection to identify, understand and control activities of our operation that generate carbon.
- Developing plans to ensure carbon emitting activities are monitored to create a strong baseline carbon inventory.
- Consistently monitoring the credible carbon data with the mitigative measures in place in accordance with the Airport Carbon Accreditation process.
- Using an independent third party to review and verify data indicating company carbon output whenever possible.
- Setting carbon reduction targets that are achievable and creating supporting action plans to effectively reduce our carbon output.
- Progressively invest in acquiring environment friendly products to support our ambition for greener airport.
- Ensuring that all our employees know the part they play in carbon management and that those we work with, our partner organizations, understand that we are committed to reducing our carbon output.

- Working closely with airlines and key stakeholders to understand their approach to reducing and mitigating the impact of the carbon emissions of aircraft operations, over which the Airport operator has no direct control.
- Lead by example and showing the way for our partners and stakeholders in the aviation industry to also engage in good environmental practices.

The Level 3 (Optimisation) global recognition represents Fiji Airports' commitment to continuously engage our partners and agencies to lower carbon emissions across Nadi International Airport. As we push the boundary to achieve Level 4 (Neutrality), Fiji Airports recognises the importance of continuously engaging our stakeholders in this aspect and to proactively explore ways to engage our partners and agencies.

### Fiji Airports Environment Policy

FA in partnership with its stakeholders is committed to fully comply with the National Environment Management Act (2005) and supporting government legislations whilst striving to adopt best environment related practices in all we do.

To achieve this, FA will conduct its business using the following six key principles:

- **Sustainability** We will include environmental and ethical considerations in investment decisions where appropriate. We will develop and grow our business in a managed and sustainable manner and purchase environmentally friendly products whenever feasible.
- **Knowledge and Awareness** We will educate and promote our policy among our employees and the public encouraging all to be environmentally responsible. We will actively participate in local, national or international activities aimed at mitigating the environmental impact to our airports.
- **Pollution Control** We will commit to prevent, minimize and monitor both waste and pollution of the land, atmosphere, surrounding waters, noise pollution levels, and the control of the consumption of energy and natural resources.
- **Systematic Management** We will develop an environmental management system that targets key areas which can have an adverse effect on our environment.
- **Continual Improvement** We will incorporate environmental concerns and learning into our decision making. Scheduled audits and inspections will be conducted to identify potential improvements.
- **Community Involvement** We will promote cooperation with local authorities, communities around the airport and other parties affected by airport operations. We will reduce risks from environmental hazards for employees and other stakeholders in the vicinity of airport operations.

## Key Performance Indicators

Year	2019	2020	2021
Operating Revenue (\$m)	150.0	49.0	29.1
Operating Expenses (Including depreciation) (\$m)	72.9	50.7	42.2
EBIT (\$m)	83.3	4.1	-11.7
EBITDA (\$m)	105.1	25.8	8.3
Cash from Operations (\$m)	77.5	29.1	5.3
Return on Assets (%)	11.3	1.2	-0.8
Return on Equity (%)	14.7	1.5	-1.0
Debt/Equity ratio (%)	30.2	26.3	27.9
Current Ratio (Times)	3.5	3.4	6.7
Interest Cover (Times)	33.5	1.69	-4.04
Total International Passenger Throughput (million)*	2.2	0.41	0.08
Capital Investment (\$m)	42.3	29.70	18.2
Dividends (\$m)	30.0	-	-
Gearing Ratio (%)	15.4	14.7	18.1
Finance Debt	68.3	66.3	80.5
Assets Capitalised	14.0	15.70	60.80
Work In Progress	43.4	57.50	14.9

## Financial Trend Analysis to December 2021

Year	2019 \$m	2020 \$m	2021 \$m
<b>INCOME STATEMENT</b>			
Total Revenue	156.2	54.8	30.4
Total Expenses excluding Depreciation & Interest	51.1	29.0	22.2
Depreciation	21.9	21.7	20.0
Interest & Bank Charges	2.5	2.4	2.9
Income Tax Expense / (Benefit)	15.6	-5.1	-10.3
NPAT	65.2	6.7	-4.3
Dividend Paid	30.0	-	-
<b>BALANCE SHEET</b>			
Total Assets	576.7	568.2	569.9
Total liabilities	133.7	118.4	124.4
Net assets/shareholders equity	443.0	449.8	445.5
<b>REVENUE</b>			
Landing and Parking Fees	28.7	9.3	6.6
Air Navigation Charges	39.8	16.8	13.1
Terminal Nav Aids	7.4	2.5	1.7
Concessions	35.7	8.4	1.8
Rentals	7.2	4.4	3.1
Departure Tax Share	7.6	1.5	0.3
Development & Security Fee - Int'l	16.8	3.4	0.6
Domestic Passenger Service Charge	1.9	0.9	0.4
Other	8.3	5.3	1.3
Grant Funding	0.0	0.1	0.1
Interest	2.7	2.3	1.2
<b>Total</b>	<b>156.2</b>	<b>54.8</b>	<b>30.4</b>
<b>EXPENSE</b>			
Salaries	20.4	12.9	9.9
Contract Cost	7.0	1.9	1.7
Operating Cost	13.9	6.7	5.6
Administration cost	9.7	7.5	5.0
Depreciation	21.9	21.7	20.0
Interest	2.5	2.4	2.9
<b>Total</b>	<b>75.4</b>	<b>53.1</b>	<b>45.1</b>



## Corporate Governance

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

## Board of Directors



**Geoffrey Shaw**  
Chairman



**Hasmukh Patel**  
Deputy Chairman



**Viliame Vodonaivalu**  
Director

# Management Team



**Isel Tudreu**  
Acting Chief Executive Officer/  
General Manager Air Traffic  
Management & Operations



**Amit Singh**  
Assistant General Manager ATM  
& Operations



**Ivan Wong**  
ATM Head of Operations



**Sanjana Mishra**  
Financial Controller  
Board Secretary



**Isala Roko**  
Manager Airside Operations



**Joe Grey**  
Manager Airport Landside  
Operations & Customer  
Service



**Sunia Korosigasiga**  
Manager Safety &  
Risk Management



**Christopher Chand**  
Manager Communications &  
Public Relations



**Timalma Vulimailauala**  
Manager People, Organisation,  
Development and Culture



**Vula Seru**  
Manager Nausori &  
Outer Stations



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



**Waqa Taukel**  
Manager Electrical &  
Maintenance



**Ashveen Nadan**  
Manager ICT



**Mosese Ligalevu**  
Manager Aviation Security



**Kelepi Dainaki**  
Manager Air Navigation  
Engineering Services



**Manil Reddy**  
Manager Building & Civil Works



**Rohit Prasad**  
Senior Management  
Accountant



**David Crute**  
Project Director

## CORPORATE GOVERNANCE PRACTICES

### Role of the Board

The Board of Directors is responsible for charting Fiji Airports' 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 of Directors

As of 31st December 2021, the Board is comprised of the Chairman, Mr Geoffrey Shaw and two non-executive independent Directors, Mr Hasmukh Patel and Mr Viliame Vodonaivalu.

Mr Hasmukh Patel was appointed to the Board in February 2021 and appointed as Deputy Chairman in June 2021.

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 the Public Enterprise Act that states:

(1) The primary objective of a public enterprise is to be a successful 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 Fiji Airports, 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 Fiji Airports also owe the following fiduciary duties to the Company. These fiduciary duties form the Code of Ethics of Fiji Airports.

A fiduciary relationship imposes an obligation of utmost good faith on the directors by putting the interests of the Company first, and Fiji Airports 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 of Directors' Meetings

Six regular meetings were held during the financial year ended 31 December 2021. 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

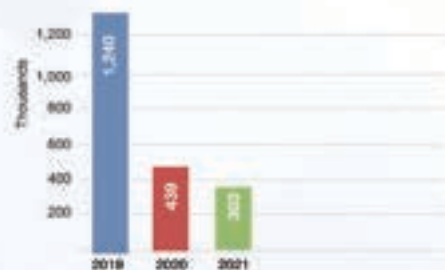
As per Section 5.6 of the Company's Articles of Association, the Minister for Economy retains the ultimate authority to determine the remuneration and benefits given to the directors of the Company.

A total fee of \$32,323 was paid to the directors for their services during the year in accordance with the remuneration and benefits determined by the Minister of Economy. A further sum of \$15,704 was paid for other expenses, mainly for travel and accommodation that were incurred during the course of their duties.

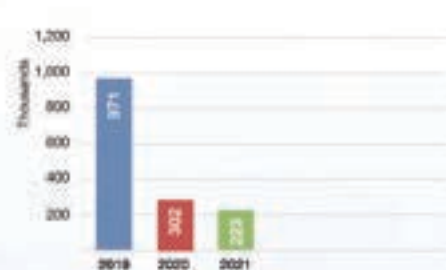
# Key Statistics – Passenger and Aircraft Statistics

Year	2019	2020	2021
<b>International Passenger Movements</b>			
International Arrivals	1,104,953	201,014	44,378
International Departures	1,107,137	208,147	36,771
<b>Total Int'l Movement</b>	<b>2,212,090</b>	<b>409,161</b>	<b>81,147</b>
Growth % on International Passengers <i>Excludes Private Jet Movements.</i>		-81.5%	-80.2%
<b>Domestic Passenger Movements</b>			
Domestic Arrivals	449,271	230,737	127,906
Domestic Departures	448,390	230,776	128,348
<b>Total Domestic Passengers</b>	<b>897,661</b>	<b>461,513</b>	<b>256,344</b>
Growth % on Domestic Passengers	6.5%	-48.6%	-44.5%
<i>Note - Movement is inclusive of Crew</i>			
<b>Aircraft Movements</b>			
Int'l aircraft Movements	14,962	3,930	2,283
	-1.6%	-73.7%	-41.9%
Domestic aircraft Movements	47,359	23,307	11,700
	-4.8%	-50.8%	-49.8%
Other	33,547	26,851	19,483
	-7.9%	-20.0%	-27.4%
<b>Total aircraft Movements</b>	<b>95,868</b>	<b>54,088</b>	<b>33,466</b>
Growth%	-5.4%	-43.6%	-38.1%
<b>MCTOW (Maximum certified take-off weight)</b>			
International MCTOW	970,699	301,909	222,791
	5.9%	-68.9%	-26.2%
Domestic MCTOW (Nadi/ Nausori)	195,450	100,489	60,540
	0.1%	-48.6%	-39.8%
Regional Airport MCTOW	74,083	36,326	19,757
	20.4%	-51.0%	-45.6%
<b>Total MCTOW</b>	<b>1,240,232</b>	<b>438,726</b>	<b>303,088</b>
Growth%	5.7%	-64.6%	-30.9%
<b>Air Navigation Service Units</b>			
Air Navigation Service Units	4,160,412	1,765,679	1,382,792
Growth%	0.6%	-57.6%	-21.7%

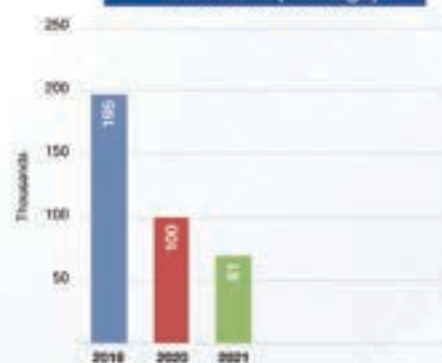
**Total Aircraft Movement (Tonnage)**



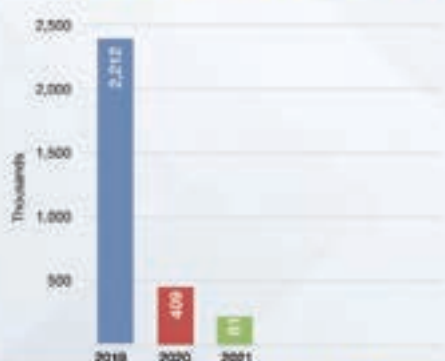
**International Aircraft Movement (Tonnage)**



**Domestic Aircraft Movement (Tonnage)**



**Total International Passengers**



**Total Domestic Passengers**



# Financial Statements

For the Year Ended 31 December 2021

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# Director's Report

## For the Year Ended 31 December 2021

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 2021 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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

Mr. Wiliame Katonivere - resigned on 21 October 2021

Mr. Wiliame Vodonaivalu

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

Mr. Pankaj Singh - appointed on 17 December 2021, resigned on 9 February 2022

Mr. Nemia Dawai - appointed on 1 March 2022

### 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 2021 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 loss of the Company for the year after taking into account an income tax benefit of \$10,338,824 (2020: income tax benefit of \$5,066,603) was \$4,310,670 (2020: \$6,746,866).

### Dividend

It was resolved that no dividends be declared and paid out for 2021 (2020: Nil).

Due to the impact of 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 2021.

### 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.

### 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.

# Director's Report

continued

## 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.

## Directors' 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.

## Significant Events

The consequences of the COVID-19 pandemic for the airport and border 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. During the current year, the social and economic effects of COVID-19 continued as a result of emergence and spread of new variants, the roll out of vaccines and the evaluation of local and global responses, including lockdowns and social restrictions and prudential industry and economic measures taken by government and regulators worldwide. Fiji opened its international borders on 1 December 2021.

On 16 July 2021, the Honorable Attorney General and Minister for 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.

# Director's Report

continued

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).

## Events Subsequent to Balance Date

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.

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

Dated at this 03 day of June 2022.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Director's Declaration

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 2021:
  - 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 2021 and of the performance and cash flows of the Company for the year ended 31 December 2021; 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 this 03 day of June 2022.

  
Director

  
Director

# Independent Auditor's Report

For the Year ended 31st December 2021

## OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



Level 1, Modyl Plaza  
Karsanji St. Vatuwaga  
P.O. Box 2214,  
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Suva, Fiji Islands



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Website: <http://www.oag.gov.fj>



### AIRPORTS FIJI PTE LIMITED

#### AUDITORS 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 2021, 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.

Sairusi Dukuno  
ACTING AUDITOR-GENERAL



# Independent Auditor's Report

For the Year ended 31st December 2021

## OFFICE OF THE AUDITOR GENERAL

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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 ("Company"), which comprise the statement of financial position as at 31 December 2021 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, of the financial position of the company as at 31 December 2021, 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 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 Matter

I draw attention to Note 2(e) of the financial statements which notes the impact of the second wave 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 \$29,682,710 has been provided during the pandemic. The Company notes that this directly co-relate with international passenger traffic and will continue until travel restrictions are eased.

My opinion is not modified in respect of this matter.

##### Other Information

The Directors and Management are responsible for the other information. The other information comprises the Annual reports 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, the 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 the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Companies Act 2015 and the Public Enterprise Act 1996 and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

## Auditor's Responsibility for the Audit of the Financial Statements

My objective 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 tISA 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 on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement 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 the 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 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 complied 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.

## 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, explanations 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.



Sairusi Dukuno  
**ACTING AUDITOR-GENERAL**



Suva, Fiji  
08 June 2022

# Statement of Profit or Loss and other Comprehensive Income

For the Year ended 31 December 2021

		2021	RESTATED*
			2020
	Notes	\$	\$
Revenue	5 (a)	27,976,568	47,452,847
Other income	5 (b)	1,279,526	5,035,821
Other expenses	6	(25,156,679)	(28,718,676)
Operating expenses	7	(6,671,880)	(7,895,037)
Impairment loss on trade and other receivables	25 (i)	(467,508)	(1,173,718)
Personnel expenses	8	(9,901,316)	(12,939,959)
<b>Operating (loss) / profit</b>		<b>(12,941,289)</b>	<b>1,761,278</b>
Finance income	9 (a)	1,182,266	2,329,402
Finance costs	9 (b)	(2,890,471)	(2,410,417)
<b>(Loss) / profit before income tax</b>		<b>(14,649,494)</b>	<b>1,680,263</b>
Income tax benefit	10 (a)	10,338,824	5,066,603
<b>(Loss) / Profit for the year</b>		<b>(4,310,670)</b>	<b>6,746,866</b>
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(4,310,670)</b>	<b>6,746,866</b>

\* The comparative information is restated on account of correction of errors and changes in accounting policies. See notes 3 and 27.

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 2021

	Share Capital	Capital Contribution	Asset Revaluation Reserve	Retained Earnings	Total Earnings
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2020</b>	92,300,180	4,951,501	165,802,114	178,933,461	441,987,256
Adjustment (Note 27)	-	(4,951,501)	-	6,011,813	1,060,312
Restated balance at 1 January 2020	92,300,180	-	165,802,114	184,945,274	443,047,568
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	6,746,866	6,746,866
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the year	92,300,180	-	165,802,114	191,692,140	449,794,434
<b>Transactions with owners of the Company</b>					
Dividends declared and paid (Note 21(b))	-	-	-	-	-
Total transactions with owners recognized directly in equity	-	-	-	-	-
<b>Restated balance at 31 December 2020</b>	<b>92,300,180</b>	<b>-</b>	<b>165,802,114</b>	<b>191,692,140</b>	<b>449,794,434</b>
Restated balance at 1 January 2021	<b>92,300,180</b>	<b>-</b>	<b>165,802,114</b>	<b>191,692,140</b>	<b>449,794,434</b>
<b>Total comprehensive income for the year</b>					
Loss for the year	-	-	-	(4,310,670)	(4,310,670)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,310,670)	445,483,764
<b>Transactions with owners of the company</b>					
Dividends declared and paid (Note 21 (b))	-	-	-	-	-
Total transactions with owners recognized directly in equity	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>92,300,180</b>	<b>-</b>	<b>165,802,114</b>	<b>187,381,470</b>	<b>445,483,764</b>

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

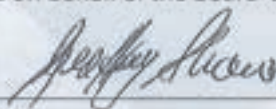
# Statement of Financial Position

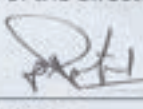
For the Year ended 31 December 2021

		2021	Restated *	Restated *
		\$	2020	2019
	Notes		\$	\$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash on hand and at bank	11	63,830,847	62,018,528	31,509,460
Trade receivables	12	5,611,272	3,651,123	18,188,699
Inventories	13	617,391	606,102	697,663
Other receivables and prepayments	14	4,938,233	5,585,542	7,211,180
Current tax asset	10 (d)	402,104	-	30,893,168
<b>Total current assets</b>		<b>75,399,847</b>	<b>71,861,295</b>	<b>88,500,170</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	15	487,160,058	488,876,559	480,831,237
Right-of-use assets	18 (a)(i)	7,313,663	7,444,065	7,414,482
<b>Total non-current assets</b>		<b>494,473,721</b>	<b>496,320,624</b>	<b>488,245,719</b>
<b>TOTAL ASSETS</b>		<b>569,873,568</b>	<b>568,181,919</b>	<b>576,745,889</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	16	10,412,907	8,105,052	12,448,146
Loans and borrowings	17	-	11,241,149	8,157,113
Lease liabilities	18 (a)(ii)	54,417	51,779	47,886
Employee benefits	19	792,250	740,483	1,000,393
Deferred income	20	52,452	148,972	3,407,635
Current tax liability	10 (d)	-	1,073,478	424,493
<b>Total current liabilities</b>		<b>11,312,026</b>	<b>21,360,913</b>	<b>25,485,666</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans and borrowings	17	80,485,024	55,067,612	60,159,150
Lease liabilities	18 (a)(ii)	4,925,631	4,979,374	4,869,762
Deferred income	20	411,834	484,432	529,373
Deferred tax liability	10 (c)	27,255,289	36,495,154	42,439,682
<b>Total non-current liabilities</b>		<b>113,077,778</b>	<b>97,026,572</b>	<b>107,997,967</b>
<b>TOTAL LIABILITIES</b>		<b>124,389,804</b>	<b>118,387,485</b>	<b>133,483,633</b>
<b>NET ASSETS</b>		<b>445,483,764</b>	<b>449,794,434</b>	<b>443,262,256</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	21(a)	92,300,180	92,300,180	92,300,180
Asset revaluation reserve	15(a)	165,802,114	165,802,114	165,802,114
Capital Contribution		-	-	214,688
Retained earnings		187,381,470	191,692,140	184,945,274
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>445,483,764</b>	<b>449,794,434</b>	<b>443,262,256</b>

The comparative information is restated on account of correction of errors and change in accounting policies. See Notes 3 and 27.

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 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		27,423,289	63,959,872
Payments to suppliers and employees		(18,809,106)	(32,213,250)
Cash generated from operations		8,614,183	31,746,622
Income tax and interest WHT paid	10 (d)	(376,623)	(228,940)
Interest received - operating account		1,182,266	275,719
Interest paid		(2,890,471)	(2,410,417)
Net cash from operating activities		6,529,355	29,382,984
<b>Cash flows from investing activities</b>			
Proceeds from withdrawal of term deposits		-	30,893,168
Payment for property, plant and equipment	15	(18,518,044)	(29,759,375)
Interest received - term deposits		-	2,053,683
Net cash (used in) / from investing activities		(18,518,044)	3,187,476
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	17	14,485,024	-
Repayment of borrowings	17	(308,761)	(2,007,502)
Payment for lease liabilities	18 (ii)	(375,255)	(53,891)
Net cash from / (used in) financing activities		13,801,008	(2,061,393)
<b>Net increase in cash and cash equivalents</b>		1,812,319	30,509,067
Cash and cash equivalents at the beginning of the year		62,018,528	31,509,461
<b>Cash and cash equivalents at end of year</b>	11	63,830,847	62,018,528

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 1. REPORTING ENTITY

Airports Fiji PTE Limited (the "Company") trading as Fiji Airports is a government owned entity incorporated under the Companies Act and a government commercial company under the Public Enterprises 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.

The financial statements were authorised for issue by the Board of Directors on 03 June 2022

### (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 4(a) - accounting for government grants

Note 4 (m)(i) - recoverability of trade receivables

Note 4 (m)(ii) - impairment of property, plant and equipment

Note 4 (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. To assist aeronautical and commercial customers, a total discount of \$29,682,710 (2020: \$23,377,566) has been provided thus far during the pandemic. This directly co-relate with the international passenger traffic and will continue until travel restrictions are eased.

The second wave of COVID 19 had a major impact on the Company's domestic aeronautical revenue from April 2021.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 3. CHANGE IN ACCOUNTING POLICY

### *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 related to government grants received after 1 January 2010. The accounting for government grants received prior to 1 January 2010 continued materially to comply with IAS 20.

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.

During the 2021 financial year, after discussions with Ministry of Economy, it was agreed to account for government grants for all periods (including 2010-2016) in compliance with the International Accounting Standard (IAS) 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

In accordance with the transition provision IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and IAS 8 *Changes in Accounting Estimates and Errors*, the Company has accounted for the change in accounting policy by adjusting the opening balance of each affected component of equity for earliest prior period presented and the other comparative amount.

The prior period error highlighted above have been corrected by restating each of the affected financial statement line items for prior periods. See Note 27 for the summary of impacts on the Company's financial statements.

## NOTE 4. 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 (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. 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 provided and 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 bi-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.
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	The Company provides a car park for customers that come to the airport. A walk-in customer that utilises the airport car park 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.  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. Revenue is recognised on a monthly basis for these customers.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (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.

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (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.

### (i) Government grants and deferred income

Government grants are recognised when there is reasonable assurance that they will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant, on a systematic basis, to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

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.

#### (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 amount outstanding.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Financial instruments (CONT'D)

#### (ii) Classification and measurement (CONT'D)

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.

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Financial Instruments (CONT'D)

#### (ii) Classification and measurement (CONT'D)

##### 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 or 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.

##### 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 a deduction from equity, net of any tax 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Impairment (continued)

#### (i) Non-derivative financial assets (continued)

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.

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.

#### *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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Impairment (continued)

#### (i) Non-derivative financial assets (continued)

##### *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.

#### (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.

#### (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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (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.

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;

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Leases (CONT'D)

- 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.

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.

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Leases (CONT'D)

#### (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.

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 (Cont'd)

For the Year ended 31 December 2021

		Restated
	2021	2020
	\$	\$
<b>NOTE 5. REVENUE AND OTHER INCOME</b>		
<b>(a) Revenue</b>		
Revenue from contracts with customers		
Air navigation charges	13,142,817	16,794,737
Airport security and development fee	632,458	3,353,642
Domestic passenger service charge	424,876	893,087
Landing and parking fees - domestic	384,600	540,380
Landing and parking fees - international	6,259,463	8,722,915
Departure tax share	325,071	1,543,071
Terminal navigation aid charges	1,738,166	2,467,921
Car park charges	79,627	346,727
	<u>22,987,078</u>	<u>34,662,480</u>
<i>Other revenue</i>		
Concessions	1,844,314	8,354,470
Rental - offices and warehouses	3,032,604	4,043,343
Rental - check-in-counter	112,572	392,554
	<u>4,989,490</u>	<u>12,790,367</u>
<b>Total revenue</b>	<b><u>27,976,568</u></b>	<b><u>47,452,847</u></b>
<b>(b) Other income</b>		
Electricity recharge	539,935	930,346
Government grant	96,520	118,168
Gain on disposal of motor vehicles	-	641
Deferred income	52,457	3,400,124
Other income	590,614	586,542
	<u>1,279,526</u>	<u>5,035,821</u>
<b>NOTE 6. OTHER EXPENSES</b>		
Auditors' remuneration	31,531	35,955
Board expenses	15,704	20,448
Contract Costs	1,711,402	1,918,326
Depreciation - property, plant and equipment	19,861,011	21,574,698
Depreciation - right-of-use assets	138,091	137,813
Directors' remuneration	32,323	19,298
Insurance	2,909,243	4,581,140
Land rental	67,264	1,106
Stock obsolescence	-	84,494
Sundry cost and supplies	359,219	268,198
Travel and accommodation	30,891	77,200
	<u>25,156,679</u>	<u>28,718,676</u>
<b>NOTE 7. OPERATING EXPENSES</b>		
Interest on right-of-use assets	251,676	253,759
Meteorological costs	550,452	550,453
Post and telecommunications	464,510	569,781
Utilities	2,163,299	2,766,361
Other costs	1,948,648	2,208,718
Repairs and maintenance	1,293,295	1,545,965
	<u>6,671,880</u>	<u>7,895,037</u>
<b>NOTE 8. PERSONNEL EXPENSES</b>		
Wages and salaries	9,081,371	11,277,154
Contribution to Fiji National Provident Fund	434,194	764,062
Key management compensation - wages and salaries	238,595	579,876
Contribution to Fiji National Provident Fund	4,332	39,896
FNU Levy	94,669	133,097
Other employee benefits	48,155	145,874
	<u>9,901,316</u>	<u>12,939,959</u>

# Notes to and forming part of the Financial Statements (Cont'd)

For the Year ended 31 December 2021

## NOTE 9. FINANCE INCOME AND COSTS

	2021 \$	2020 \$
(a) Finance income		
Interest income	1,182,266	2,329,402
(b) Finance costs		
Interest expense	2,810,785	2,330,731
Amortised financing cost	79,686	79,686
	<b>2,890,471</b>	<b>2,410,417</b>

## NOTE 10. INCOME TAX

### (a) Income tax expense recognised in profit or loss

#### Current tax expense

##### Current year

##### Over provision of income tax in prior years

#### Deferred tax benefit

##### Origination and reversal of temporary difference

#### Income tax expense

### (b) Reconciliation of effective tax

#### Profit before income tax

#### Prima facie income tax expense at 20%

#### Effect of permanent differences

#### Over provision in prior years

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

#### Trade receivables

#### Inventories

#### Employee benefits

#### Difference between Right-of-use Asset and Lease liability

#### Property, plant and equipment

#### Tax losses

### Movement in temporary differences during the year

	1-Jan-21	Movement	31-Dec-21
Trade receivables	5,020,599	(4,583,217)	437,382
Inventories	16,586	-	16,586
Employee benefits	148,097	10,353	158,450
Difference between Right-of-use Asset and Lease liability	(482,582)	15,859	(466,723)
Property, plant and equipment	252,675	(621,632)	(368,957)
	-	14,418,502	14,418,502
Recognised in profit or loss	4,955,375	9,239,865	14,195,240
Deferred tax liability on revaluation gain on Property, plant and equipment (Note 15(a))	(41,450,529)	-	(41,450,529)
	<b>(36,495,154)</b>	<b>9,239,865</b>	<b>(27,255,289)</b>
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 Assets 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 15(a))	(41,450,529)	-	(41,450,529)
	<b>(42,439,682)</b>	<b>5,944,528</b>	<b>(36,495,154)</b>

# Notes to and forming part of the Financial Statements (Cont'd)

For the Year ended 31 December 2021

	2021 \$	2020 \$
<b>(d) Current tax liability</b>		
Balance 1 January	1,073,478	424,493
Current tax expense	-	1,051,522
Interest withholding tax paid	(118,210)	(228,940)
Over provision in prior years	(1,098,959)	(173,597)
Payments made during the year	(258,413)	-
Balance 31 December	<b>(402,104)</b>	<b>1,073,478</b>

## NOTE 11. CASH AND CASH EQUIVALENTS

Cash on hand	2,235	2,235
Cash at bank	63,828,612	62,016,293
Cash and cash equivalents in the statement of cash flows	<b>63,830,847</b>	<b>62,018,528</b>

The cash and cash equivalents balance include the "Charity Funds" cash balance of \$169,090 which is not available for operational use except for charity purpose. Also included in the cash at bank is retention money of \$4,101,524 which is released once the claims received from the contractor at the end of defect liability period.

## NOTE 12. TRADE RECEIVABLES

Trade receivables	7,798,181	5,376,551
Impairment allowance	(2,186,909)	(1,725,428)
	<b>5,611,272</b>	<b>3,651,123</b>

## NOTE 13. INVENTORIES

Fuel	3,507	3,076
Electrical	386,737	372,161
Telecom	310,078	313,796
	700,322	689,033
Less: allowance for inventory obsolescence	(82,931)	(82,931)
Total Inventories, net	<b>617,391</b>	<b>606,102</b>

## NOTE 14. OTHER RECEIVABLES AND PREPAYMENTS

Prepayments	2,555,908	2,704,089
Deposits	1,153,835	1,153,835
Other receivables	40,145	39,770
VAT receivable	1,188,345	1,687,848
	<b>4,938,233</b>	<b>5,585,542</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant and equipment	Infrastructure	Motor Vehicles	Work in progress	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
At 1 January 2020	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)
Disposals	-	(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
Additions	-	273,204	-	-	18,244,840	18,518,044
Transfers in/ (out)	240,094	1,716,401	58,467,739	-	(60,797,768)	(373,534)
At 31 December 2021	238,501,039	59,484,733	248,813,282	7,651,796	14,926,352	569,377,202
<b>Depreciation and impairment</b>						
At 1 January 2020	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
Disposals	-	(23,107)	-	-	-	(23,107)
At 31 December 2020	30,381,746	14,663,035	14,545,253	2,766,099	-	62,356,133
Depreciation Charge	5,701,473	7,846,265	5,382,740	930,533	-	19,861,011
At 31 December 2021	36,083,219	22,509,300	19,927,993	3,696,632	-	82,217,144
<b>Net book value:</b>						
At 31 December 2020	207,879,199	42,832,093	175,800,290	4,885,697	57,479,280	488,876,559
At 31 December 2021	202,417,820	36,975,433	228,885,289	3,955,164	14,926,352	487,160,058

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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 values 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 an ODRC.

## NOTE 16. TRADE AND OTHER PAYABLES

	2021 \$	Restated 2020 \$
Trade payables		
Advance deposits	6,998,527	5,389,904
Income received in advance	1,464,060	1,508,682
Other payables	61,019	75,078
	1,889,301	1,131,388
	<b>10,412,907</b>	<b>8,105,052</b>

## NOTE 17. LOANS AND BORROWINGS

### Bank Loans

Balance at 1 January		
Drawdowns	66,308,761	68,316,263
Repayments	14,485,024	-
Balance at 31 December	(308,761)	(2,007,502)
	<b>80,485,024</b>	<b>66,308,761</b>

### Classified as follows:

Current	-	11,241,149
Non-current	80,485,024	55,067,612
	<b>80,485,024</b>	<b>66,308,761</b>

### Bank Loans

#### (a) Interest accruals

The loan balance of \$80,485,024 excludes the December 2021 interest and other loan charges of \$273,077 payable as at 31 December 2021. The interest and other loan charges of \$273,077 has been recorded in the trade payables account in Note 16.

#### (b) Loan facilities

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).

Management have obtained a confirmation from the Bank, that for the period up to June 2023 repayment of loan will be at interest only repayments and thereafter will be inclusive of interest and principal repayment amounting to \$837,438 (2020: \$1,107,736). A variable interest rate of 4.25% is charged on the loan facility.

The loan 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
- (iv) Guarantee issued by Export Finance Australia(EFA) for 100% of all loans undertaken from ANZ.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 18. LEASES

### (a) As a lessee

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	2021 \$	2020 \$
Land		
Balance at 1 January	7,444,065	7,414,482
Additions during the year	7,689	167,396
Depreciation charge for the year	(138,091)	(137,813)
Balance at 31 December	7,313,663	7,444,065
(ii) Lease Liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	303,506	303,093
One to five years	1,214,026	1,212,373
More than five years	14,862,454	15,170,013
Total undiscounted liabilities at 31 December	16,379,986	16,685,479
Lease liabilities included in the statement of financial position		
Current	54,417	51,779
Non-current	4,925,631	4,979,374
	4,980,048	5,031,153
Amounts recognised to profit or loss		
Interest on lease liabilities	251,676	253,759
Expenses relating to leases of low-value assets - Land rental	67,264	1,106
	318,940	254,865
Amounts recognised in statement of cash flows		
Total cash outflow for leases	375,255	303,093

### 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 a 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.

# Notes to and forming part of the Financial Statements (Cont'd)

For the Year ended 31 December 2021

## NOTE 18. LEASES (CONTINUED)

	2021 \$	2020 \$
Less than one year	23,193,538	25,357,731
One to five years	68,663,475	74,762,644
More than five years	49,115,643	66,211,512
Total undiscounted lease payments	<u>140,972,656</u>	<u>166,331,887</u>

## NOTE 19. EMPLOYEE BENEFITS

### Annual leave

Balance at 1 January	740,483	1,000,393
Charge to profit or loss	615,925	734,812
Utilised during the year	(564,158)	(994,722)
Balance at 31 December	<u>792,250</u>	<u>740,483</u>

## NOTE 20. DEFERRED INCOME

### Housing Estate

Balance at 1 January	536,884	3,937,008
Recognised in profit or loss	(52,457)	(3,400,124)
Adjustment	(20,141)	-
Balance at 31 December	<u>464,286</u>	<u>536,884</u>

### Government Grants

	2021 \$	Restated 2020 \$
Balance at 1 January		
Recognised in profit or loss	96,520	214,688
Balance at 31 December	<u>(96,520)</u>	<u>(118,168)</u>
	-	96,520

Classified as follows:

Current		
Non-current	52,452	148,972
	<u>411,834</u>	<u>484,432</u>
	<u>464,286</u>	<u>633,404</u>

Deferred income represents the housing estate transferred from Civil Aviation Authority of Fiji to AFL by order of the government and government grants. These deferred income is recognised in profit or loss over the useful life of the housing estate and government grants. In December 2017, the balance useful life for housing estate has been determined as 3 to 17 years. Accordingly, the housing estate and government grants is being depreciated over 3 to 17 years and 8 years, respectively.

## NOTE 21. SHARE CAPITAL

(a) Paid up capital	2021 \$	2020 \$
92,300,180 ordinary shares	<u>92,300,180</u>	<u>92,300,180</u>

### (b) Dividends

No dividends was declared or paid by the Company during the year (2020: Nil)

## NOTE 22. COMMITMENTS

Approved and committed	21,250,161	58,750,000
Approved but not committed	18,199,366	35,182,000
	<u>39,449,527</u>	<u>93,932,000</u>

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.

# Notes to and forming part of the Financial Statements (Cont'd)

For the Year ended 31 December 2021

## NOTE 23. CONTINGENT LIABILITIES

The Company is vigorously defending several claims received from suppliers amounting to \$1,015,269 (2020: \$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.

## 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
- Mr. Wiliame Katonivere - resigned on 21 October 2021
- Mr. Viliame Vodonaivalu
- Mr. Hasmukh Patel - appointed on 14 February 2021
- Mr. Pankaj Singh - appointed on 17 December 2021, resigned on 9 February 2022
- Mr. Nemai Dawai - appointed on 1 March 2022

	2021	2020
	\$	\$
Directors' remuneration	32,323	19,298
Fees	15,704	20,448
Other benefits	<u>48,027</u>	<u>39,746</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

	2021	2020
	\$	\$
Fiji Airways	2,494,739	2,116,232
Fiji Meteorological Services	<u>(1,009,162)</u>	<u>(458,710)</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:

#### Fiji Government

ITaukei Land Trust Board (TLTB) - Land rental expense	375,255	303,093
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#### Fiji Airways

Aeronautical and rental revenue	10,491,441	14,707,593
Aeronautical and rental revenue - discount during the year	<u>2,145,950</u>	<u>1,901,271</u>

#### Fiji Meteorological Services

Reimbursement of Meteorological office operating cost	-	91,743
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#### Civil Aviation Authority of Fiji (CAAF)

Airport license and inspection fee	302,844	302,844
Airport license and inspection fee - waiver received	<u>306,309</u>	<u>306,309</u>

#### Fiji National Provident Fund

Post employment benefit plan - Superannuation	<u>438,526</u>	<u>803,958</u>
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# Notes to and forming part of the Financial Statements (Cont'd)

For the Year ended 31st December 2021

## NOTE 24. RELATED PARTIES (CONTINUED)

### (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 2021 and in 2020, 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 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 8.

## 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 relation to operations 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 debt securities.

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

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

	2021	2020
	\$	\$
Cash at bank	63,828,612	62,016,293
Trade receivables	5,611,272	3,651,123
Other receivables (excluding prepayments)	2,382,325	2,881,453
	<u>71,822,209</u>	<u>68,548,869</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 25. RISK MANAGEMENT (CONTINUED)

### 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 on financial assets recognised in profit or loss were as follows:

	2021	Restated 2020
	\$	\$
Impairment loss on trade and other receivables	467,508	1,173,718
	<u>467,508</u>	<u>1,173,718</u>

### 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 2021.

31 December 2021	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	4.71%	4,072,125	(191,655)	No
31 to 61 days past due	11.48%	1,648,341	(189,197)	No
62 to 89 days past due	22.05%	148,042	(32,642)	No
90 to 120 days past due	42.42%	19,492	(8,269)	No
More than 120 days past due	49.81%	288,944	(143,909)	No
Specific provision		1,621,237	(1,621,237)	
		<u>7,798,181</u>	<u>(2,186,909)</u>	

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.

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 rate	Gross Carrying amounts	Loss Allowance	Credit impaired
Current (not past due)	0.91%	1,832,579	(16,745)	No
31 to 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		1,472,393	(1,472,393)	
		<u>5,376,551</u>	<u>(1,725,428)</u>	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 25. RISK MANAGEMENT (CONTINUED)

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.

### Cash and cash equivalents

The Company held cash of \$63,828,612 (2020: \$62,016,293). 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 2021 is Nil (2020: 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 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 2021</b>					
Trade and other payables	10,412,907	10,412,907	10,412,907	-	-
Loans and borrowings	80,485,024	99,535,038	1,710,307	1,710,307	96,114,424
Lease liabilities	4,980,048	16,379,986	151,753	151,753	16,076,480
	<u>95,877,979</u>	<u>126,327,931</u>	<u>12,274,967</u>	<u>1,862,060</u>	<u>112,190,904</u>
<b>31 December 2020</b>	Restated	Restated	Restated	Restated	Restated
Trade and other payables	8,105,052	8,105,052	8,105,052	-	-
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	16,382,385
	<u>79,444,966</u>	<u>102,899,377</u>	<u>8,256,599</u>	<u>6,797,963</u>	<u>87,844,815</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 (b)). 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.

# Notes to the Financial Statements (Cont'd)

For the Year ended 31 December 2021

## NOTE 25. RISK MANAGEMENT (CONTINUED)

### Exposure to interest rate risk

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

	2021	2020
	\$	\$
Fixed rate instruments		
Loan from ANZ Banking Group Limited and Export Finance Australia (i)	<u>80,485,024</u>	<u>66,308,761</u>

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 purposes 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 Wage Regulations 2017 and Employment Relations Act.

### (iv) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks 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 risks, the Company is able to manage risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment procedures.

## NOTE 26. PERFORMANCE BONDS

Performance Bonds have been issued by various banks under the name of 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 \$2,814,331.

## NOTE 27. RESTATEMENT AND CORRECTION OF ERRORS

During 2021, the Company discovered the following:

- Change in accounting policy for government grants (see Note 3).
- Other consultancy expenses and trade and other payables has been overstated for the period 2016 to 2019.
- Rental rebates provided to the customers in 2020 arising from the impact of COVID-19 has been recorded incorrectly. As a consequence, revenue and impairment loss on trade and other receivables have been overstated (see Note 12).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)

For the Year ended 31 December 2021

## NOTE 27. RESTATEMENT AND CORRECTION OF ERRORS (CONTINUED)

The errors have been corrected by restating each of the affected financial statement line items for prior periods.

The following tables summarise the impacts on the Company's financial statements.

Statement of financial position	Impact of restatement and correction of errors		
	As previously reported	Adjustments	As restated
2019	\$	\$	\$
Trade and other payables	(13,723,146)	1,275,000	(12,448,146)
Deferred income - current	(3,407,635)	(118,168)	(3,525,803)
- non-current	(529,373)	(96,520)	(625,893)
Total liabilities	(17,660,154)	1,060,312	(16,599,842)
Capital contribution	(4,951,501)	4,951,501	-
Retained earnings	(178,933,461)	(6,011,813)	(184,945,274)
Total equity	(183,884,962)	(1,060,312)	(184,945,274)
2020			
Trade and other payables	(9,380,052)	1,275,000	(8,105,052)
Deferred income - current	(52,452)	(96,520)	(148,972)
- non-current	(484,432)	-	(484,432)
Total liabilities	(9,916,936)	1,178,480	(8,738,456)
Capital contribution	(4,951,501)	4,951,501	-
Retained earnings	(185,562,159)	(6,129,981)	(191,692,140)
Total equity	(190,513,660)	(1,178,480)	(191,692,140)
Statement of financial performance	Impact of restatement and correction of errors		
	As previously reported	Adjustments	As restated
2020	\$	\$	\$
Revenue	(70,830,413)	23,377,566	(47,452,847)
Other income	(4,917,653)	(118,168)	(5,035,821)
Impairment loss on trade and other receivables	24,551,284	(23,377,566)	1,173,718
Net profit for the year	(51,196,782)	(118,168)	(51,314,950)
Total comprehensive income	(51,196,782)	(118,168)	(51,314,950)

## NOTE 28. 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 29. 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.

## NOTE 30. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of the report any item, transactions or events 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 31st December 2021

	2021	Restated 2020
<b>Revenue</b>		
Air navigation charges	13,142,817	16,794,737
Airport security and development fee	632,458	3,353,642
Concessions	1,844,314	8,354,470
Domestic passenger service charge	424,876	893,087
Landing and parking fees - domestic	384,600	540,380
Landing and parking fees - international	6,259,463	8,722,915
Departure tax share	325,071	1,543,071
Rental - offices and warehouses	3,032,604	4,043,343
Rental - check-in-counter	112,572	392,554
Terminal navigation aid charges	1,738,166	2,467,921
Electricity recharge	539,935	930,346
Government grant	96,520	118,168
Gain on disposal of motor vehicles	-	641
Deferred income	52,457	3,400,124
Identification card charges	118,075	49,556
Left luggage charges	1,946	21,302
Interest income	1,182,266	2,329,402
Sundry income	470,593	515,684
Car park charges	79,627	346,727
<b>Total income</b>	<b>30,438,360</b>	<b>54,818,070</b>
<b>Expenses</b>		
Airport inspection and license fees	112,840	302,844
Auditors' remuneration	31,531	35,955
Bank charges	16,506	8,752
Board expenses	15,704	20,448
Consultancy	482,247	375,126
Contract costs	1,711,402	1,918,326
Depreciation – property, plant and equipment	19,861,011	21,574,698
Depreciation – right-of-use assets	138,091	137,813
Directors' remuneration	32,323	19,298
Doubtful debts (Impairment loss in trade and other receivables)	467,508	1,173,718
Insurance	2,909,243	4,581,140
Interest - loan	2,890,471	2,410,417
Interest – right-of-use	251,676	253,759
Land rental	67,264	1,106
Meteorological costs	550,452	550,453
Other expenses	280,976	235,240
Post and telecommunications	464,510	569,781
Repairs and maintenance	1,293,295	1,545,965
Island States share of Air Traffic Management income	657,105	839,872
Stock obsolescence	-	84,494
Sundry costs and supplies	359,219	268,198
Training and conference	20,810	23,968
Travel and accommodation	30,891	77,200
Utilities and services	2,163,299	2,766,361
Vehicle and fuel costs	378,164	422,916
Wages and salaries	9,901,316	12,939,959
<b>Total expenditure</b>	<b>45,087,854</b>	<b>53,137,807</b>
<b>Operating profit before tax</b>	<b>(14,649,494)</b>	<b>1,680,263</b>

 International Departures



