Grenada Ports Authority

Annual Report & Accounts

2019

GRENADA PORTS AUTHORITY

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	Tyrrel Bay, Carriacou	- 443-PORT (7678)
	St. David's Harbour, St. David's	- 443-1667
	Melville Street Cruise Terminal	- 435- 8378
	Port of Petit Calivigny	- 443-3236
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Chairman:	Mr. Ron Antoine	
General Manager:	Mr. Carlyle Felix	
Port Manager:	Mr. Ian Evans	
Auditors:	PKF Accountants & business advisers	
Legal Advisors:	Renwick & Payne	
Principal Bankers:	Republic Bank (Grenada) Ltd. Grenada Co-operative Bank Ltd.	

CONTENTS

List of Acronyms.....2

Directors, Management and Supervisory Personnel.....3

Overview.....4

PERFORMANCE REVIEW 2019

The Economic Environment.....5

Financial Performance.....6

Consolidated Non-Financial Performance.....7

Operations.....7

Capital Investment Projects.....9

St. George's Bus Terminus.....9

Maritime Administration..... 9

Corporate Developments.....10

Affiliations & Regional Cooperation.....10

Prospects for 2020.....10

Acknowledgements.....11

Statistics 2019.....12

Graphs.....13

Auditors' Report 14

Director of Audit Report......16

LIST OF ACRONYMS

CARICOM	Caribbean Community
ECCB	Eastern Caribbean Central Bank
Ft.	Foot/feet (Imperial measurement)
GARFIN	Grenada Authority for the Regulation of Financial Institutions
GDP	Gross Domestic Product
GPA	Grenada Ports Authority
GRT	Gross Registered Tonnage
GTAWU	Grenada Technical and Allied Workers Union
IHO	International Hydrographic Organisation
ILO	International Labour Organisation
IMDG Code	International Maritime Dangerous Goods Code
IMF	International Monetary Fund
IMO	International Maritime Organisation (formerly IMCO)
IN	Imported items
IOPC Funds	International Oil Pollution Compensation Funds
ISPS Code	International Ship and Port Facility Security Code
MARPOL	International Convention for the Prevention of Pollution for Ships
NaDMA	National Disaster Management Agency
OAS	Organisation of American States
OECS	Organisation of Eastern Caribbean States
OUT	Exported items
PFSO	Port Facility Security Officer
Reefer	Refrigerated container box
SOLAS	International Convention for the Safety of Life at Sea
SWWU	Seamen and Waterfront Workers Union
TEU	Twenty-foot Equivalent Unit (containers)
Throughput	Total cargo traffic or volume being imports plus exports
Ton	Equivalent of 2200 pounds weight or 35 cubic feet volume
$	Eastern Caribbean Currency Dollar

DIRECTORS, MANAGEMENT, AND SUPERVISORY PERSONNEL

BOARD OF DIRECTORS

Mr. Ron Antoine	Chairperson
Mrs.Chevaughn Spencer- Joseph	Deputy Chairperson
Mr. George Bain Jr.	Member
Mr. Shane Derby	Member
Mr. Finbar Linton	Member
COP. Edvin Martin	Member
Mr. Michael Stephen	Member
Mr. Andre Worme	Member

MANAGEMENT TEAM

Mr. Carlyle Felix	General Manager
Mr. Ian Evans	Port Manager
Ms. Gail Ann Newton	Accountant
Mr. Marlon Clyne	Manager-Administration
Ms. Stephany Gordon	Human Resource Manager

MIDDLE MANAGEMENT/SUPERVISORS

Mr. Dunbar Belfon	Bus Terminus
Mr. Anthony Belmar	Marine
Mrs. Gicel Charles	Accounts
Ms. Hazel Jeremiah	Accounts
Mr. Kenson Charles	Shed 3
Mr. Reginald Cummings	Grenville Port
Mr. Lincoln Edwards	Yard Office
Mr. Carl Edwards	Equipment
Mr. Richard Graham	Shed 1
Mr. Denis Greaux	Operations
Mrs. Ursula Joseph	Bus Terminus
Mr. Lazarus Joseph	Cruise Terminal (Melville Street)
Mrs. Nicole Joseph-Noel	Secretariat
Mr. Dexter Leggard	Carriacou Station
Mr. Anthony Samuel	Dock Labour
Mr. Kevin Johnson	IT Department
Mr. Davidson Toussaint	Queen's Warehouse

OVERVIEW OF THE PORTS AUTHORITY

The Grenada Ports Authority is a statutory body which operates under the aegis of the Minister of Finance who appoints the Chairman and other members of the Board of Directors. The Authority is governed by Cap. 247 of the 2010 Revised Edition of the Laws of Grenada.

Core Functions

The core functions of the Authority include the following:

i) Operation and administration of ports under its jurisdiction;
ii) Regulation and control of navigation within the limits of such ports;
iii) Maintenance, improvement and regulation of ports and services therein;
iv) Provision of pilotage services and navigational aids for the ports and their approaches.

In addition to its core corporate functions the Authority is responsible for the administration of the *Shipping Act* **Cap.303**, and co-administration of the *Yachting Act* **Cap.345**. It also owns and operates the St. George's Bus Terminus.

Devolving from its functions under the *Shipping Act* the Authority is the de facto national maritime and ocean umbrella organisation. As such, it is the focal point for organisations such as the **IMO**, the **IOPC Funds**, the **IHO**, and the **OAS** Committee on Ports. The National Physical Planning Authority also relies on input from the Authority in considering developments on the coastal zone.

Mission

The Authority's mission is to administer the ports, facilities and services in a manner best calculated to serve the public interest.

Vision

The Authority's vision is to be a leading provider of high quality and cost effective services within the Organisation of Eastern Caribbean States.

Core Values

The core values of the Ports Authority are as follows:

- Integrity
- Accountability
- Empowerment
- Motivation
- Team Work
- Operating in the public interest
- Quality service
- Safety.

PERFORMANCE REVIEW 2019

Economic Environment

The International Monetary Fund (IMF) cited 2019 as the year with the weakest pace of economic growth (2.9%) since the global financial crisis a decade ago. Uncertainty loomed and actual business activity slowed as rising trade barriers weighed heavily on global business sentiment. Major Central Banks responded aggressively and slashed interest rates which successfully averted a deeper slowdown.

The Inter-American Development Bank (IDB) described the 2019 macroeconomic situation in the Caribbean as stable as the region experienced average growth in GDP of 2.7 percent. However, countries making-up the sub-regional grouping of the OECS experienced average growth rate of 4 percent in GDP for the year.

The World Bank reported a 3.1 percent growth in GDP for Grenada in 2019. This growth was underpinned by strong performances in Tourism, Education and Transportation sectors. Grenada also recorded strong performances in the Wholesale/Retail and Manufacturing sectors.

The financial performance of the GPA has a direct relationship with the prevailing economic environment and therefore developments locally, regionally and internationally must be constantly monitored and evaluated to guide planning and to project potential financial and other implications for GPA.

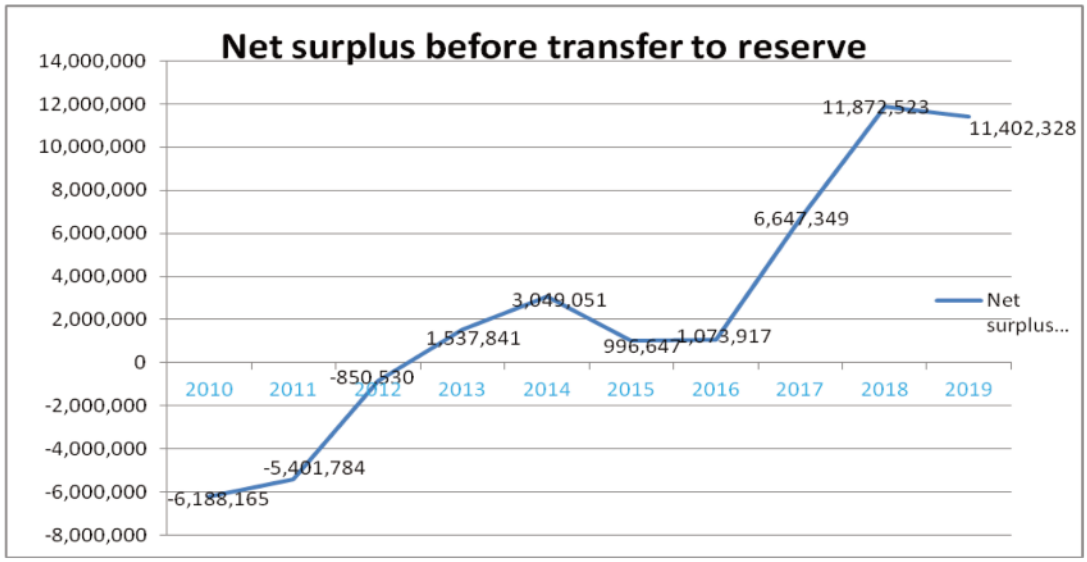
Financial Performance

The Audited Financial Statement for the year ended 31st December, 2019 shows the Authority generated Gross Operating Revenue of $28.58 million; this fell short of the 2018 figure ($29.2 million) by $0.7 million or 2.4%. The decrease in Gross Operating Revenue was primarily due to reductions in earnings from Excess Storage Charges (14%) and Cruise Terminal Operations (22%).

Total Operating Expenditure increased from $15.19 million in 2018 to $18.1 million in 2019; an increase of 19.4%. This increase includes General and Administrative Cost which was $9.09 million in 2019 compared to $7.5 million in 2018, an increase of just over $1.56 million or 20.7%. This was partly due to increases in salaries after the completion of negotiations with GTAWU for some categories of workers dating back to 2011. Also noteworthy was a $728,789 (or 57.9%) increase in expenditure for repairs and maintenance in 2019 compared to 2018. The main contributors to this increase were for work done in the following areas: Administrative Building $217,855; Sheds $268,059 and; the Pier & Grounds $592,094.

The Authority realized an Operating Surplus before interest of $10.4 million in 2019 compared to $14.0 million in 2018. It is important to note, in 2019 the Authority benefited from gains in its equity investments and enjoyed a positive net balance on finance cost as a result of both interest income earned and liquidation of debt commitments. As such, Net Surplus before transfer to reserve for 2019 was $11.4 million compared to $11.87 million in 2018, a decrease of $470,195, or 3.96%.

Graph 1 below gives a 10 year historical outline of surpluses realized by the Authority; 2018 represents the best performance in a generally upward trend over the period.



Graph 1: Net Surplus and losses before Transfer to Reserve (2010-2019)

In 2019 the GPA granted waivers of charges totalling $350,502; this was not captured in the above figures.

In accordance with Sections 26 and 32 of the Ports Authority Act, Cap 247, the Board of Directors declared and transferred the amount of $427,587 to the Government's Consolidated Fund in respect of the fiscal year 2019.

Consolidated Non-Financial Performance

Some key non-financial performance indicators of the Authority's operation are highlighted in Table 1.

Table 1: Non-Financial Performance 2019

Indicator	Actual 2019	Actual 2018	Absolute Change 2018/2019	% Change 2018/2019
Cargo Imported (tons)	727,976	678,450	49,526	7.3
Cargo Exported (tons)	36,660	31,232	5,428	17.4
Cargo Throughput (tons)	764,636	709,682	54,954	7.74
Cruise Ship Calls	250	253	-3	-1.19
Other Ship Calls	1,038	1,034	4	0.39
Total Ship Calls	1,288	1,287	1	0.08
Yacht Calls	4,974	5,203	-229	-4.40
Cruise Passengers	335,076	348,534	13,458	-3.86
Containers Landed (teus)	12,342	12,181	161	1.3
Containers Loaded (teus)	12,370	11,580	790	6.82
Total (teus)	24,712	23,761	951	4.00

Operations

Port of St. George's

The Port of St. George's is the main seaport in the state of Grenada and consists of the following:

i. Three Tanker Terminals – one at Queens Park and two at Grand Mal
ii. The Melville Street Cruise Terminal
iii. The Carenage Basin Facility (Main Terminal)

The Carenage Basin Facility

This terminal is a multi-use facility, however it has been developed and equipped to primarily accommodate **cargo handling activities.** In fact, it is the **only seaport within the state of Grenada equipped to handle containerized cargo.**

An aerial view of the Carenage Facility

Some of the main features of the Carenage basin include:

- a main pier which is 1100 ft. long with depth of 30 ft. alongside;
- 270 ft. schooners wharf with alongside depth of 18 ft;
- 25 electric points within the open yard to accommodate reefer containers;
- ISPS Code Certified;
- Facilitates the working of vessels beyond 1100 hours.

GPA's Pilots about to engage a Cruise Vessel at the Melville Street Cruise Facility

Melville Street Cruise Terminal

Some of the main features of the Melville Street Cruise Terminal are:

- Built specifically for berthing cruise ships and accommodating passengers;
- There is a Northern and Southern Berth each 1,200 ft. long with 34 ft. depth alongside;
- Cruise Ships with a maximum size of 1,040 ft. in length overall (LOA) and 31 ft. draught can berth alongside;
- There is an adjoining duty free shopping complex at the terminal, which provides easy access to passengers wishing to do shopping;
- It is seen as the main gateway to "Pure Grenada" for the thousands of cruise ship passengers who visit annually;
- In an attempt to optimize use of the Terminal with increase arrivals a Memorandum of Understanding for cooperative cruise promotion and advertising was signed with the Grenada Tourism Authority for the period

January 1st, 2017 to December 31st, 2019.

Ports in Carriacou

The Authority has jurisdiction over two sea ports in Carriacou; the Port of Hillsborough and the Port of Tyrrel Bay. In November 2018 all operations were closed at Hillsborough and moved to Tyrrel Bay.

Total cargo throughput for Carriacou in 2019 was recorded at 28,259 tons, a decrease of 4,992 tons or 15.0% compared to 2018. This represents 3.7% of the Authority's consolidated cargo throughput.

Cargo Vessel prepares to pull alongside Tyrrel Bay Port

Total number of ship calls to Tyrrel Bay in 2019 was 252; the same as 2018. There were 24 cruise ship calls in 2019 compared to 23 in 2018, while the number of cargo vessel calls for 2019; including tankers and tug & barge, were 228. Yacht calls to Carriacou for the year totalled 2,399.

The GPA has plans for the Hillsborough facility. A review for the best use of the warehouse building was initiated. In addition, since the integrity of the jetty is questionable; access to the facility has been restricted. Given the needs of the fishing community and other users of the old jetty discussions have been on going with other stakeholders in terms of an alternative smaller jetty.

Port of Grenville

The Port of Grenville is located on the east coast of mainland Grenada in the town of Grenville. It is a multi-use facility with a small jetty that accommodates small coastal and ocean going vessels.

Historically, throughput at the Port of Grenville had been principally influenced by the importation of cement and activities from traffickers or small traders. Cargo throughput at Grenville Port for 2019 totalled 6,534 tons, a decrease of 982 tons or 13.1%, when compared to 7,516 tons recorded in 2018. The cargo handled at the Grenville Port in 2019 represented 0.85% of overall cargo throughput for the Authority. Revenue recorded for Grenville over the past year also decreased from $176,664 in 2018 to $169,577.74 in 2019.

Other Ports

The Grenada Ports Authority has jurisdiction over three additional small ports, namely, Port of Lance Aux Epines, also known as Prickley Bay, St. David Harbour and Petit Calivigny, all located on mainland Grenada. These ports are designated for use exclusively by yachts.

In 2019 a total of 4,944 calls were made by yachts to ports of entry under the jurisdiction of the Authority. Of these yacht calls, 743 were made to the Ports of Prickley Bay, St. David Harbour and Petit Calivigny; a decrease of 121 calls or 14% to these three small ports when compared to 2018.

Systems/Operational Improvements

Technology has always been one of the most important factors in the development of any society. At the GPA the existing GPAW software was expected to be replaced by the UNITRACK cargo handling software. It was intended to create greater efficiency and to facilitate seamless interface with ASYCUDA World. Unfortunately, UNITRACK has not worked as intended and; instead, alternative solutions are being pursued. This GPA's intention to serve the public more efficiently and deliver better quality service depends heavily on improvement in our technology to deliver better service.

Capital Investment Projects

The following are some of the major Capital investment projects pursued in 2019:

- Purchase of 4 Trailer Jockeys;
- Purchase of 2 Chassis;
- Purchase of 6 fork lift trucks;
- Purchase of 20' and 40' spreader bars;
- Light house upgrade;
- Installation of 2 Navigational Aids lights in Tyrrel Bay;
- SGBT Upgrade, including installation of CCTV Systems;
- Melville Street Cruise Terminal Upgrade.

Six fork lift trucks purchased in 2019.

Planned work on the Grenville Port Building was not realized during the year; however the design and tender document have already been prepared.

St. George's Bus Terminus

In 2019 operation at the SGBT realized total revenue of $1,455,243, a decrease of $27,197 or 1.8% compared to $1,482,440 generated in 2018. This decrease in operating revenue was due primarily to lower earnings from bus entry fees and vendor booths collections, the main sources of revenue at the Bus Terminus.

Income from bus entry fees fell from $1,283,791 in 2018 to $1,270,350 in 2019, a decrease of $13,441 or 1.05%.

Total operating expenditure also increased from $1,583,121 in 2018 to $1,660,839 in 2019. Employment costs, the main contributor to cost of operation increased by $43,414 or 3.7% in 2019

An operating deficit of $205,596 was declared for 2019 as compared to $100,681 in 2018; it means net losses were realized for the last three consecutive financial years; 2017, 2018, and 2019.

The SGBT presents a number of challenges, the major one being the low rates charged for the main services provided by such a costly investment. The records show for the last five years, 2015 to 2019, total income ranged between $1,485,052 and $1,455,243, while operating cost has at times gone over $2 million.

Maritime Administration

Maritime Administration is governed primarily by the provisions of the Shipping Act, Cap. 303.

The Act requires a Director of Maritime Affairs as the principal adviser to the Minister on all matters relating to Maritime Affairs. Grenada is also a signatory to the International Maritime Organization (IMO); and therefore recognizes the conventions that are issued from time to time in order to address new developments in maritime affairs.

The International Maritime Organization Member State Audit Scheme (IMSAS); which is available to all IMO's members, was conducted in Grenada, November 2018. A number of deficiencies were highlighted and a major area of concern was the lack of adequate systems to speedily identify and incorporate international conventions into national law. A Corrective Action Plan (CPA) has since been developed, submitted and approved by the IMO.

At the moment the function of Maritime Administration is carried out by a cross-section of various organizations, however, the major functions reside within the ambit of the GPA. As at 31st December 2019 Grenada, as a closed registry, had 81 registered vessels with a total Gross Tonnage of 2,781.97. In 2019 there were 5 new registrations with one deletion from the registry.

Corporate Developments

Board of Directors

There were no changes in the composition of the Board of Directors of the Authority in the course of 2019.

Human Resource Development

In order to better serve the general public the GPA continues to place strong emphasis on customer service training and general staff development. In 2019 a number of training sessions were attended by a wide cross-section of GPA's staff in a number of areas to ensure members are better prepared to meet the demands of the changing shipping and; evolving transportation sectors. The GPA will continue to provide opportunities for staff development both locally and abroad to ensure the quality of service delivered continues to improve. GPA was also represented by various staff members at a number of training workshops organized by the IMO and other regional and international stakeholders during the year.

Customer Service Training Workshop for a wide cross-section of GPA's members of staff

Simulation exercise carried out by members of staff during customer service training

Affiliations & Regional Cooperation

The Ports Authority continues to serve as a

proxy for Grenada in key regional and international maritime and shipping organisations such as the IMO, IOPC Funds, Caribbean Memorandum on Port State Control and the Caribbean Shipping Association. In this regard, personnel of the Authority continued to represent Grenada at meetings, conferences and other activities of those organisations.

Prospects for 2020

At the end of 2019 the general outlook for 2020 was that of continued growth in the global economy despite the slowdown experienced during the year. Similarly, the Grenadian economy is expected to continue its growth path in 2020 although not as robust as 2019 as outlined in the recent budget (2020) presentation.

Work in customer service delivery is expected to continue in 2020 as the GPA strives to improve its performance in this area. Although all the targets outlined for 2019 were not realized, work will continue in 2020.

Safety measures have been strengthened and although the tug service was not introduced in 2019 as planned, it remains an important service the GPA will commit to for 2020.

The Port of St. George's continues to grapple with challenges posed by limited space, both office space and warehousing space. The relocation of the fishing vessels on the Carenage and the construction of a fast ferry terminal are all prominent on the agenda of the GPA for 2020.

Acknowledgements

Vice-Chairperson Mrs. Spencer-Joseph making a presentation at GPA's Annual Staff Awards function

The Board of Directors of the GPA recognises the invaluable contributions of its Management and Staff, past and present, and expresses its profound gratitude to them for their support and cooperation during the past year, 2019. Special appreciation is also extended to the Customs and Excise Division; the Royal Grenada Police Force and all other stakeholders who worked with the GPA to make 2019 a successful year.

CHAIRMAN GENERAL MANAGER

19th November 2020

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STATISTICS

Gross Tonnage - Ships 2019

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
No. Break Bulk (-200)	2,095	3,809	4,289	3,189	3,320	2,752	3,422	2,292	2,633	2,890	3,331	3,241	**37,263**
No. Break Bulk (+200)	74,974	26,283	95,636	54,129	83,599	93,020	80,666	73,312	76,483	68,960	39,048	83,229	**849,339**
No. Container Ships	239,699	223,992	197,360	208,169	269,117	236,647	212,835	264,075	195,367	278,173	238,404	233,445	**2,797,283**
No.Cruise Ships	3,024,809	2,341,644	2,100,698	1,018,773	1,680	0	11,040	5,969	2,985	301,421	1,888,522	2,401,798	**13,099,339**
No. Tankers	14,196	58,822	79,344	68,831	43,639	70,841	52,830	65,957	61,542	78,436	49,538	56,324	**700,300**
Total	**3,355,773**	**2,654,550**	**2,477,327**	**1,353,091**	**401,355**	**403,260**	**360,793**	**411,605**	**339,010**	**729,880**	**2,218,843**	**2,778,037**	**17,483,524**

Cargo Imported - Tonnage 2019

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
No. Break Bulk (-200)	2,026	2,956	2,794	2,380	2,556	2,296	2,147	1,957	2,190	2,118	2,591	2,561	**28,572**
No. Break Bulk (+200)	25,623	13,015	22,883	17,279	35,362	25,043	30,624	14,283	29,067	23,492	14,502	17,882	**269,055**
No. Container Ships	21,961	24,348	21,166	23,942	26,379	22,799	27,011	26,367	20,342	31,441	31,704	30,485	**307,945**
No.Cruise Ships	0	0	0	0	0	0	0	0	0	0	0	0	**0**
No. Tankers	10,746	9,735	8,766	13,328	6,294	12,641	10,581	8,519	9,564	10,722	8,755	12,753	**122,404**
Total	**60,356**	**50,054**	**55,609**	**56,929**	**70,591**	**62,779**	**70,363**	**51,126**	**61,163**	**67,773**	**57,552**	**63,681**	**727,976**

Cargo Exported - Tonnage 2019

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
No. Break Bulk (-200)	3	6	2	2	3	0	1	4	0	4	6	2	**33**
No. Break Bulk (+200)	0	0	0	0	0	0	0	0	0	3	0	0	**3**
No. Container Ships	2,350	3,450	3,425	3,549	3,900	3,650	2,950	2,775	2,575	3,425	2,500	2,075	**36,624**
No.Cruise Ships	0	0	0	0	0	0	0	0	0	0	0	0	**0**
No. Tankers	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total	**2,353**	**3,456**	**3,427**	**3,551**	**3,903**	**3,650**	**2,951**	**2,779**	**2,575**	**3,432**	**2,506**	**2,077**	**36,660**

Ships Arrivals - 2019

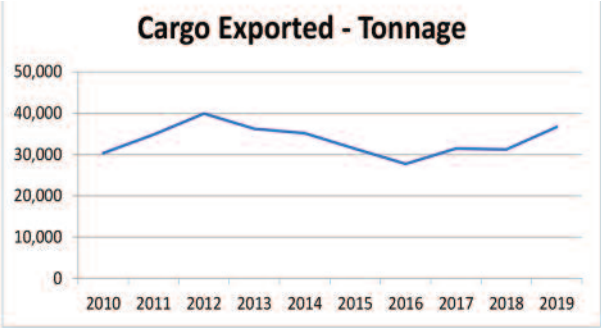
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
No. Break Bulk (-200)	20	33	35	29	28	26	34	24	24	27	33	33	**346**
No. Break Bulk (+200)	28	24	24	21	28	21	27	23	18	22	17	20	**273**
No. Container Ships	19	18	16	19	22	20	17	21	16	22	19	19	**228**
No.Cruise Ships	48	33	40	15	4	0	4	18	8	11	33	36	**250**
No. Tankers	13	15	19	16	11	17	16	16	14	20	12	15	**184**
Total	**128**	**123**	**134**	**100**	**93**	**84**	**98**	**102**	**80**	**102**	**114**	**123**	**1,281**

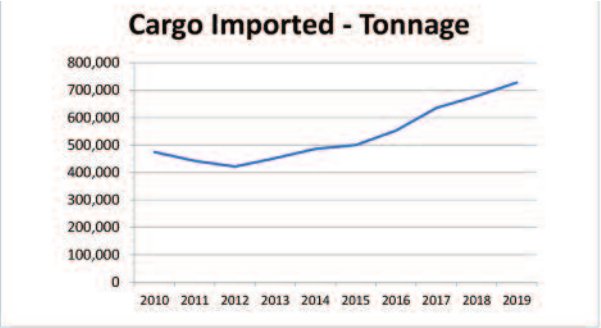
Volume of Containers handled during 2019(Teu's)

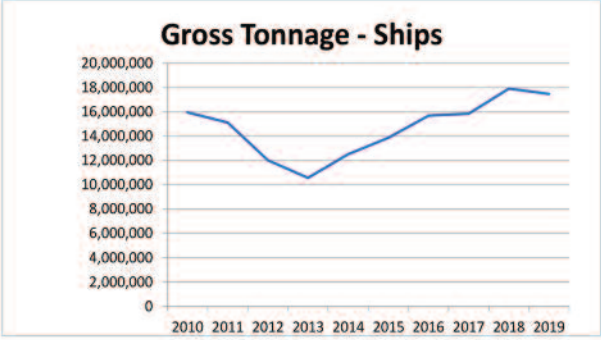
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
IN	879	974	847	958	1,060	914	1,081	1,058	814	1,265	1,273	1,220	**12,343**
OUT	1,645	923	916	1,036	968	1,014	836	1,053	594	1,108	1,105	1,172	**12,370**
Total	**2,524**	**1,897**	**1,763**	**1,994**	**2,028**	**1,928**	**1,917**	**2,111**	**1,408**	**2,373**	**2,378**	**2,392**	**24,713**

Cruise Ship Passengers - 2019

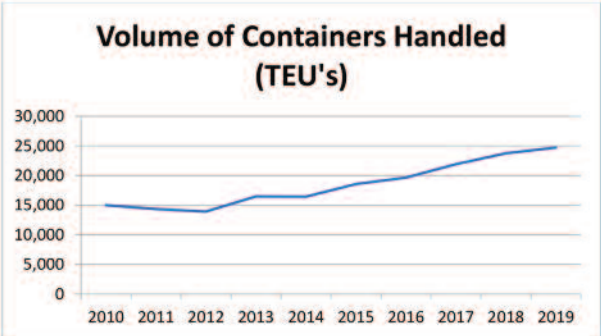
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Cruise Ship Passengers	76,754	59,993	54,457	26,827	138	0	184	579	84	7,648	47,044	61,368	**335,076**

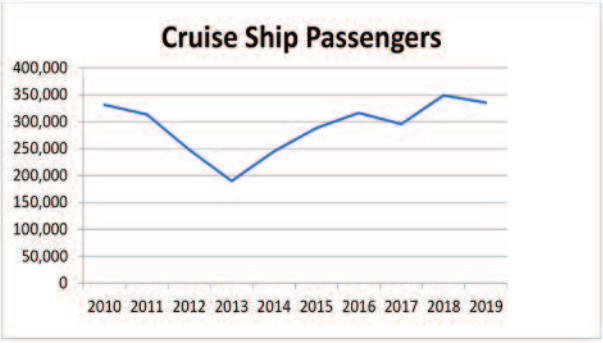

Cargo Exported - Tonnage
50,000
40,000
30,000
20,000
10,000
0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019


Cargo Imported - Tonnage
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019


Gross Tonnage - Ships
20,000,000
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Ships Arrivals
1,500
1,450
1,400
1,350
1,300
1,250
1,200
1,150
1,100
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019


Volume of Containers Handled (TEU's)
30,000
25,000
20,000
15,000
10,000
5,000
0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019


Cruise Ship Passengers
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

DIRECTOR OF AUDIT REPORT TO THE HOUSE OF REPRESENTATIVES ON THE FINANCIAL STATEMENTS OF GRENADA PORTS AUTHORITY FOR YEAR ENDED 31 DECEMENBER 2019

Section 9 of the Audit CAP.22A of the Laws of Grenada permits me as Director of Audit, to delegate my responsibility or power under the Act, other than the responsibility to make a report to the Minister or an appropriate Minister that is to be laid before the House of Representatives, to a professional auditor entitled by law to practice accounting in Grenada.

The Minister shall, not later than seven days after the House of Representatives first meets, after he has receive the report, lay it before the House of Representatives. This is in compliance with Section 82(4) of the Constitution of Grenada.

I had delegated my responsibility to PKF Accounts and Business Advisers to conduct the audit of the financial statements of Grenada Ports Authority (GPA) in accordance with appropriate auditing standards; I have also delegated my powers to access records and obtain information under Section 19 of the Audit Act CAP.22A of the Laws of Grenada. I have reviewed the audited financial statements of the Grenada Ports Authority for the year ended 31 December, 2019 and I'm satisfied with the opinion given by PKF Accounts and Business Advisers.

Auditors Opinion

PKF have audited the financial statements of the Grenada Ports Authority, which comprise the statement of financial position at 31 December, 2019 and the statement of comprehensive income, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In their opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December, 2019 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

PKF conducted their audit in accordance with International Standards on Auditing (ISAs). Their responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of their report. They are independent of the Authority in accordance with the ethical requirements that are relevant to their audit of the financial statements in Grenada and they have fulfilled their other responsibilities in accordance with these requirements. They believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their opinion.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for and for such internal control as management determines is necessary to enable the preparation of financial statements that are free material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to

cease operations, or has no alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit is accordance with ISAs, they exercise professional judgement and maintain professional scepticism throughout the audit. They 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 evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations or the override of internal control

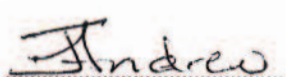
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting extimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relate to events or conditions that may cast significant doubt on the Authority's ability to continue as going concern. If they conclude that a material uncertainty exists; they are required to draw attention in their auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of their auditor's report. However, future events or conditions may cause the Authority to cease to continue as 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.

They communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that they identify during their audit.



Jeanelle Andrew
Director of Audit (AG.)

22 December 2020
AUDIT OFFICE
GRENADA

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND THE MINISTER OF FINANCE, PLANNING, ECONOMIC DEVELOPMENT AND PHYSICAL DEVELOPMENT ON GRENADA PORTS AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grenada Ports Authority ("the Authority"), which comprise the statement of financial position at December 31, 2019, and the statement of 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Authority's 2019 Annual Report

Other information consists of the information included in the Authority's 2019 Annual Report, other than the financial statements and our auditors report therein. Management is responsible for the other information.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GRENADA May 26th, 2020

PKF

Accountants & Business Advisers:

GRENADA PORTS AUTHORITY

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Notes	2019	2018
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	222,771,161	225,552,244
Investment securities - Equity	5	20,537,901	20,072,001
		243,309,062	245,624,245
Current Assets			
Inventories	6	689,834	587,038
Trade and other receivables	7	2,962,448	4,825,775
Investment securities – Debt	5	11,662,517	21,151,014
Cash and cash equivalents	8	14,389,226	4,072,398
		29,704,025	30,636,225
TOTAL ASSETS		**$273,013,087**	**$276,260,470**
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital contribution	9	10,841,941	10,841,941
Reserve fund	10	121,586,479	107,135,570
Revaluation reserve	11	129,839,544	129,839,544
TOTAL GOVERNMENT EQUITY		**262,267,964**	**247,817,055**
Non-Current Liabilities			
Long-term borrowings	12	-	12,522,434
Current Liabilities			
Trade and other payables	14	3,716,102	5,983,018
Short-term borrowings	12	-	3,205,150
Pension fund liability	13	6,752,068	6,518,720
Government of Grenada Consolidated fund	15	276,953	214,093
		10,745,123	15,920,981
TOTAL LIABILITIES		10,745,123	28,443,415
TOTAL LIABILITIES AND EQUITY		**$273,013,087**	**$276,260,470**

The accompanying notes form an integral part of these financial statements
Approved by the Board of Directors on May 7th, 2020 and signed on its behalf by

Director Director

GRENADA PORTS AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Notes	2019	2018
Gross Operating Revenue (Schedule 1)		28,581,186	29,249,434
Less: Operating Expenditure			
General and administrative (Schedule 6)		9,091,127	7,530,516
Repairs and maintenance (Schedule 3)		1,988,217	1,259,428
Marketing and advertising		44,590	41,438
Utilities (Schedule 6)		654,422	517,306
Depreciation		6,106,914	5,577,042
Security		251,400	262,484
Total Operating Expenditure		18,136,670	15,188,214
Operating profit before interest		10,444,516	14,061,220
Add: Gain/(loss) on equity investments	5(a)	465,900	(875,892)
Finance income	16	509,357	912,117
Net finance costs	17	237,871	(2,549,501)
Operating profit after interest		11,657,644	11,547,944
Add: Non-Operating Revenue			
Miscellaneous income		574,419	425,260
Add: Non-Operating Expenses			
St George's Bus terminus (Schedule 8)		(205,596)	(100,681)
Grenville Bus terminus		(624,139)	-
Total Non-Operating Expenses		(829,734)	(100,681)
Net surplus for the year before transfer to reserve			
Less: Appropriation to Reserve Fund in accordance with Section 26 of the Act	10	11,402,328	11,872,523
Net surplus for the year		10,974,741	11,456,985
		427,587	415,538
Transfer to consolidated fund account in accordance with Section 32 of the Act.	16	(427,587)	(415,538)
		NIL	NIL

The accompanying notes form an integral part of these financial statements

GRENADA PORTS AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Note	2019	2018
OPERATING ACTIVITIES			
Net surplus for the year		11,402,328	11,872,523
Adjustments for:			
Depreciation		6,106,914	5,577,042
Gain on financial assets		(465,900)	-
Transfer to consolidated fund		(427,587)	(415,538)
Cruise complex reserve		2,876,994	2,967,890
Loss on disposal of property, plant and equipment		7,690	3,264
Operating surplus before working capital changes		19,500,439	20,005,181
(Increase) in inventories		(102,796)	(105,859)
Decrease/(increase) in trade and other receivables		1,863,328	(1,404,870)
Increase in pension fund liability		233,348	38,241
Decrease in trade and other payables		(2,027,752)	(947,953)
Increase/(decrease) in amount due to Government of Grenada		62,860	(6,421)
Net cash provided by operating activities		19,529,427	17,578,319
INVESTING ACTIVITIES			
Net movements in investment securities		9,488,497	1,768,275
Purchase/transfers of property, plant and equipment		(3,333,522)	(8,004,233)
Donated property, plant and equipment		360,000	-
Net cash provided by/(used in) investing activities		6,514,975	(6,235,958)
FINANCING ACTIVITIES			
			-
Net repayment of borrowings		(15,727,574)	(27,729,421)
Net cash used in financing activities		(15,727,574)	(27,729,421)
Net increase/(decrease) in cash and cash equivalents		10,316,828	(16,387,060)
Cash and cash equivalents - at beginning of the year		4,072,398	20,459,458
- at end of the year	8	$14,389,226	$4,072,398

The accompanying notes form an integral part of these financial statements

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

1. CORPORATE INFORMATION

The Authority was established by the Grenada Ports Authority Act, Cap. 247 for the purpose of providing, maintaining and managing efficient port services and facilities and for the acquisition of certain functions, assets and liabilities of the Ports and Harbours formerly exercisable by the Customs and Excise Department of the Government of Grenada.

The Authority employed on average two hundred and twenty-five (225) persons during the year (2018 – 211).

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in Eastern Caribbean Currency Dollars. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and equity investment securities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 3.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures

(i) New Accounting Standards, Amendments and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Authority's annual financial statements for the year ended December 31, 2018 except for the adoption of new standards and interpretations below.

IAS 16 – Lease (Effective 1st January, 2019)

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, *SIC 15 Operating leases-incentives and SIC 27 Evaluating the Substance of Transactions involving the legal form of a Lease.* The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Authority is a Lessor.

The adoption of this standard had no impact on the Authority.

IFRS 9 - Financial Instruments Amendments - Prepayment Features with Negative Compensation (Effective 1st January, 2019)

The amendments to IFRS 9 clarify that a financial asset passes the "solely payments of principal and interest" (SPPI) criterion regardless of the event or circumstances that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract such as change in law or regulation leading to the early termination of the contract.

GRENADA PORTS AUTHORITY

NOTES TO TH FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(i) New Accounting Standards, Amendments and Interpretations (continued)

In the basis for conclusions to the amendments, the IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition.

This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognized in profit or loss. The amendments must be applied retrospectively.

The adoption of this amendment has no impact on the Authority.

(ii) Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Authority's financial statements. The Authority intends to adopt these standards where appropriate, when they become effective.

- IFRS 17 – Insurance Contracts (Effective 1 January 2022)
- Amendments to IFRS 3 – Definition of Business (Effective 1 January, 2020)
- Amendments to IAS 1 and IAS 8 – Definition of Material (Effective 1st January, 2020)
- Amendments to References in the Conceptual Framework in IFRS Standards (Effective 1st January, 2020)

(c) Property, plant and equipment

Land and buildings are stated at 2008 valuation less subsequent depreciation on buildings. All other assets are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amounts or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Navigational	20%
Light House	10%
Pier Structure	3.0 %
Jetties	5.0%
Buildings	2.5%- 3%
Cargo handling equipment	10% - 20%
Pilots' Launch	10%
Motor vehicle	20%
Furniture and equipment	10% - 33 1/3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income. When re-valued assets are sold, the amounts included in revaluation reserve are transferred to the reserve fund.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments

(i) Classification and measurement

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Authority's statement of financial position when the Authority becomes party to the contractual provision of the instrument.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Authority commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

The Authority classifies all of its assets as either amortised cost or FVPL.

Amortised cost

The Authority measures its cash and cash equivalents, debt investment securities, and trade and other receivables at amortised cost. Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that

  are solely payments of principal and interest (SPPI) on the principal amount outstanding?

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(i) Classification and measurement (continued)

Financial assets at fair value through profit or loss

Financial assets in this category are those that are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

Management only designates an instrument at FVPL upon initial recognition when the following criteria is met. Such designation is determined on an instrument-by - instrument basis:

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis, or

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income, using the Effective Interest Rate (EIR), taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established.

(ii) Impairment

In relation to the impairment of financial assets, the Authority uses an expected credit loss (ECL) approach which requires the Authority to account for expected credit losses and changes in those expected credit losses at each reporting date.

The Authority records an allowance for expected credit (ECL) losses for its financial assets, except for equity investments, where applicable.

Equity securities are not subject to impairment under IFRS 9 because their potential impairment is taken into consideration when re-measuring these investments to their fair valuation.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Authority considers a financial asset in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full.

Based on the above process, the Authority classifies its financial asset ECLs, except for trade receivables and equity investment securities, into Stage 1, Stage 2 and Stage 3 where applicable.

Stage 1

Financial assets are first recognised, the Authority recognises an allowance based on 12 month ECLs. Stage 1 also includes financial assets where the credit risk has improved and the financial assets have been reclassified from Stage 2.

Stage 2

When financial assets have shown a significant increase in credit risk since origination, the Authority records an allowance for the Lifetime ECLs. Stage 2 also includes financial assets where the credit risk has improved and financial assets have been reclassified from Stage

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(ii) Impairment (continued)

Stage 3

Financial assets considered credit-impaired. Here the Authority records an allowance for the Lifetime ECLs (LTECLs)

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given into period of time. A default may only happen at a certain time over the asserted period, if the facility has not been previously derecognised and is still in the portfolio.

EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including repayments of principal and interest, whether scheduled by contract or otherwise.

LGD - The Loss Given Default is an estimate of the loss arising in the case were a default occurs at a given time. It is based on the difference between the contractual cash flows due and the cash flows expected to be received. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Calculation of ECLs

Stage 1

The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Authority calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(ii) Impairment (continued)

Stage 2

When financial assets has shown a significant increase in credit risk since origination, the Authority records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the loan.

Stage 3

For financial assets considered credit-impaired, the Authority recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Authority on the following loss events:

(i) Significant financial difficulty of the issuer or obligor.

(ii) A breach of contract, such as default or delinquency in interest or principal payments.

(iii) It is becoming probable that the borrower will enter in bankruptcy or other financial re- organization.

(iv) The disappearance of an active market for that financial asset because of financial difficulties.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(ii) Impairment (continued)

Impairment of Trade Receivables

The Authority records an allowance for expected credit losses for its trade receivables using a simplified approach. The ECL allowance is based on the credit losses expected to arise over the life of the assets (LTECL). The ECL on these financial assets are estimated used a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates used in the provision matrix are based on days past due. The LTECLs for the Authority's trade receivables are calculated on an individual basis with various categories.

(iii) Write offs

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Authority determines that the borrower does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off. However, the financial assets could still be subject to enforcement activities in order to comply with the Authority's procedures.

(iv) Derecognition of financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(v) Financial liabilities

When financial liabilities are recognised they are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised.

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract as discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive consideration price is recognised in the statement of comprehensive income.

(e) Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the price at which stock can be realized in the normal course of business.

(f) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for expected credit losses. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default or delinquency in payment are considered indicators that the trade receivable is impaired.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand and at bank. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the cash flow statement. Bank overdraft is shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less, if not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

(i) Borrowings

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least twelve (12) months after the statement of financial position date.

(j) Employee benefits

Bonus scheme

The Authority operates a bonus scheme which is distributed to employees each year based on the terms outlined in the respective Union Agreements.

Pension benefits

The Authority operates a defined contribution pension plan which is administered by the Authority. The Authority and employees each contributes 5% of basic salaries to the fund. The Authority's contribution is recorded as an expense in the statement of comprehensive income.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(l) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the Authority's activities. Revenue is shown, net of estimated returns, rebates and discounts. Revenue is recognised as follows:

i) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered.

ii) Interest and investment income

Interest income and investment income are recognized on an accrual basis.

iii) Entry fee- Bus Terminus

The Authority accounts for entry fees at the Bus Terminus on an accrual basis.

iv) Dividend income

Dividend income is recognized on the cash basis consistent with International Accounting Standards (IAS) 10.

v) Rental income

Rental income is recognized on an accrual basis.

(m) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the statement of financial position date. The resulting profits and losses are dealt with in the statement of comprehensive income.

(n) Finance cost

Finance cost is recognized in the statement of comprehensive income as an expense in the period in which they are incurred.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Authority reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements are set out below.

Fair value of equity investments

The fair values of financial instruments that are not quoted in active markets are determined using the last traded value for the investment. Where no such value exists the investment is carried at cost.

Property, plant and equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

Calculation of impairment loss allowances

Assets are impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

	Land and Pier Structure	Buildings	Navigational Aids	Furniture, Fixtures and Equipment	Pilot Launches	Work-in-Progress	Total
Balance at 1st January, 2018							
Cost/Valuation	230,480,926	26,737,641	2,025,016	18,734,942	3,079,206	3,778,105	284,835,836
Accumulated depreciation	(33,678,005)	(8,165,903)	(2,025,010)	(14,817,497)	(3,021,104)	-	(61,707,519)
NET BOOK VALUE	**$196,802,921**	**$18,571,738**	**$ 6**	**$3,917,445**	**$58,102**	**$3,778,105**	**$223,128,317**
For the year ended 31st December, 2018							
Opening book value	196,802,921	18,571,738	6	3,917,445	58,102	3,778,105	223,128,317
Additions for the year	33,182	-	-	1,509,023	-	6,629,651	8,171,856
Disposals for the year	-	-	-	(3,264)	-	-	(3,264)
Transfer during the year	3,923,302	3,805,119	-	193,919	-	(8,089,963)	(167,623)
Depreciation charge for the year	(3,601,145)	(916,283)	-	(1,050,793)	(8,821)	-	(5,577,042)
NET BOOK VALUE	**$197,158,260**	**$21,460,574**	**$ 6**	**$4,566,330**	**$49,281**	**$2,317,793**	**$225,552,244**
Balance at 31st December, 2018							
Cost/valuation	234,437,410	30,542,760	2,025,016	20,434,620	3,079,206	2,317,793	292,836,805
Accumulated depreciation	(37,279,150)	(9,082,186)	(2,025,010)	(15,868,290)	(3,029,925)	-	(67,284,561)
NET BOOK VALUE	**$197,158,260**	**$21,460,574**	**$ 6**	**$4,566,330**	**$49,281**	**$2,317,793**	**$225,552,244**
For the Year ended 31st December, 2019							
Opening book value	197,158,260	21,460,574	6	4,566,330	49,281	2,317,793	225,552,244
Additions for the year	123,846	198,001	39,983	2,856,257	-	742,467	3,960,554
Disposals for the year	-	-	-	(7,690)	-	-	(7,690)
Transfer during the year	1,439,911	150,505	-	228,529	-	(2,445,978)	(627,033)
Depreciation charge for the year	(3,648,057)	(926,738)	(7,997)	(1,515,301)	(8,821)	-	(6,106,914)
NET BOOK VALUE	**$195,073,960**	**$20,882,342**	**$31,992**	**$6,128,125**	**$40,460**	**$614,282**	**$222,771,161**
Balance at 31st December, 2019							
Cost/valuation	236,001,167	30,891,266	2,064,999	22,950,377	3,079,206	614,282	295,601,297
Accumulated depreciation	(40,927,207)	(10,008,924)	(2,033,007)	(16,822,252)	(3,038,746)	-	(72,830,136)
NET BOOK VALUE	**$195,073,960**	**$20,882,342**	**$31,992**	**$6,128,125**	**$40,460**	**$614,282**	**$222,771,161**

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

5. INVESTMENT SECURITIES	2019	2018
(a) Equity securities at fair value through profit and loss		
Grenada Co-operative Bank Limited – Shares - 465,900 ordinary shares	3,727,200	3,261,300
RBTT Bank Grenada Limited - Shares - 1,110,121 ordinary shares	8,880,968	8,880,968
Grenada Electricity Services Limited – Shares - 270,094 ordinary shares	2,700,940	2,700,940
Republic Bank (Grenada) Limited – Shares - 10,277 ordinary shares	462,465	462,465
Caribbean Shipping Association – CSA Trust Fund - 500 shares	1,359	1,359
Grenreal Property Corporation Limited - 1,915,650 ordinary shares	4,469,969	4,469,969
Jonas Browne & Hubbard (Grenada) Limited - 3,000 ordinary shares	45,000	45,000
Cable and Wireless Grenada Limited - 24,000 ordinary shares	250,000	250,000
	$20,537,901	**$20,072,001**

The fair value of the Caribbean Shipping Association – CSA Trust Fund, Grenreal Property Corporation Limited, Jonas Browne & Hubbard (Grenada) Limited and Cable and Wireless Grenada Limited shares was estimated at cost since insufficient information was available to measure fair value.

(b) Debt securities at amortised cost

Short-term:

First Citizens Investment Services - Deposit	-	2,985,288
Government of Grenada – Treasury Bills	8,777,903	9,340,941
Government of Antigua – Treasury Bills	-	2,843,601
Ariza Credit Union - Deposit	2,884,614	3,481,184
Government of St. Lucia – Six year bond	-	2,500,000
	$11,662,517	**$21,151,014**

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

6. INVENTORIES

	2019	2018
Spare parts Electronic	686,310	580,674
ID tags	3,524	6,364
	$689,834	**$587,038**

7. TRADE AND OTHER RECEIVABLES

Trade receivables – net	1,964,736	2,831,290
Other receivables:		
Interest receivable - net	293,280	452,095
Sundry receivables - net	49,882	60,290
Prepayments	654,549	1,482,099
Matured investments - net	1	1
	$2,962,448	**$4,825,775**

Matured investments relate to deposits with British American Insurance Company and Colonial Life Insurance Company totaling $11,984,678 which have been fully provided.

Movements in expected credit losses of trade and other receivables were as follows:

Trade receivables:

Balance at 1st January, 2019	1,591,752	1,645,083
Net decrease in expected credit losses	(124,922)	(53,331)
Balance at 31st December, 2019	**$1,466,830**	**$1,591,752**

Other receivables:

Balance at 1st January, 2019	14,261,656	14,233,255
Net (decrease)/increase in expected credit losses	(441,689)	28,401
Balance at 31st December, 2019	**$13,819,967**	**$14,261,656**

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

8. CASH AND CASH EQUIVALENTS

	2019	2018
Cash on hand	3,800	3,700
Cash at bank	14,385,426	4,068,698
Cash and cash equivalents in the statement of cash flows	**$14,389,226**	**$4,072,398**

The Authority has an overdraft facility with Grenada Co-operative Bank Limited in the amount of $1,500,000. Interest is charged at the rate of 7% per annum.

9. CAPITAL CONTRIBUTION - GOVERNMENT OF GRENADA

Fixed assets vested in the Authority by the Grenada Ports Authority Act, Cap. 247	5,880,176	5,880,176
Contribution to Cruise Terminal project	4,010,850	4,010,850
Contribution to Bus Terminus project	950,915	950,915
	$10,841,941	**$10,841,941**

10. RESERVE FUND

(a)	General Reserve		
	Balance at 1st January, 2019	105,574,647	83,500,265
	Add: Appropriated from operating surplus (i)	10,974,741	11,456,985
	Net impact of adopting IFRS 9 (note 2 (b)(i)	-	7,426,994
	Transfer from Cruise Complex Reserve (ii)	2,876,994	2,967,890
	Donated equipment	360,000	-
	Provision for dock labour claims written-off	239,174	222,513
		120,025,556	105,574,647
(b)	**Capital Reserve**	1,560,923	1,560,923
	Balance at 31st December, 2019		
		$121,586,479	**$107,135,570**

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

10. RESERVE FUND (continued)

(i) These amounts have been appropriated from operating surplus in accordance with Section 31 of the Grenada Ports Authority Act, Cap. 247.

(ii) The Cruise Complex reserve represents cruise ship levy retained to be used for the repayment of the loans received for the development of the Cruise Terminal Complex as well as related expenses as provided in the Cruise Ship Complex Development Act, 2003.

	2019	2018
Cruise ship levy collections during the year	2,876,994	2,967,890
Less: Transferred to general reserve account	(2,876,994)	(2,967,890)
	$ -	$ -

11. REVALUATION RESERVE

Balance at 31st December, 2019	**$129,839,544**	**$129,839,544**

The Authority's freehold land and building were revalued in 2008 by the Board of Directors of the Authority. The valuation was carried out using the open market value method. The excess on the revaluations which totaled $129,839,544 has been credited to Revaluation Reserve in equity.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

12. BORROWINGS

		2019	2018
Long-term			
(1)	National Insurance Board - Loan 1	-	10,200,883
(2)	Grenada Co-operative Bank Limited	-	5,526,701
Less: Instalments due within one year		-	15,727,584
Total long-term borrowings		-	3,205,150
		-	12,522,434
Short-term			
(1)	National Insurance Board – Loan 1	-	1,775,417
(2)	Grenada Co-operative Bank Limited	-	1,429,733
Total short-term borrowings		-	3,205,150
Total borrowings		$ -	**$15,727,584**

(1) NATIONAL INSURANCE BOARD

(a) Loan 1

The term of the loan is for twenty years with semi-annual payments of $586,053. Interest is charged at the rate of 8% per annum. Repayments began in December 2009. The loan was repaid in 2019.

(b) Loan 2

The loan amount is US$12,500,000 and is repayable over eighteen (18) years by semi-annual payments. Interest is charged at the rate of 7% per annum. Repayments began in March 2009. The loan was repaid in 2019.

(c) Loan 3

The loan is repayable over fifteen (15) years by quarterly instalments of $75,358. Interest is charged at the rate of 7.75% per annum. This loan commenced in January 2005 and matures on 31st December, 2019. The loan was repaid in 2019.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

13. BORROWINGS (continued)

(2) GRENADA CO-OPERATIVE BANK LIMITED

The loan is repayable over fifteen (15) years by quarterly payments of $535,708 inclusive of interest. Interest is charged at the rate of 5.45% per annum. The loan was repaid in 2019.

13. PENSION FUND LIABILITY

(i) Current liability

Non-unionized employees

The Authority has a defined contribution plan for its non-unionized employees which is currently administered by the Authority. Interest is credited to individual accounts annually. The balance on the non-unionized pension fund was $1,100,581 (2018 –$1,004,703) as at 31st December, 2019.

Unionized employees

The Authority has a defined contribution plan for its unionized employees as established by an agreement with the Technical & Allied Workers' Union (TAWU). Provision is made for the fund to be administered by a Board of Trustees. The fund is currently administered by the Authority. Interest is credited to individual accounts annually. The balance on the unionized pension fund was $5,651,487 (2018 - $5,514,017) at 31st December, 2019.

In keeping with the Insurance Act of 2010, which makes provision for regulating the operations of Pension Funds, the Authority must transfer the funds into a trust. The trust will be registered with the Grenada Authority for the Regulation of Financial Institutions.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

14. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	786,035	1,155,172
Accruals Other	399,652	969,978
Other payables	2,530,415	3,857,868
	$3,716,102	**$5,983,018**

15. GOVERNMENT OF GRENADA - CONSOLIDATED FUND

Balances at 1st January, 2019	214,093	220,513
Less: Payment during the year	(364,728)	(421,958)
	(150,635)	(201,445)
Add: Appropriation for the year	427,587	415,538
	$276,953	**$214,093**

16. FINANCE INCOME

Interest income on demand deposits	230,738	718,480
Dividend income on equity investments	278,618	193,637
	$509,357	**$912,117**

17. NET FINANCE COSTS

Recovery of impaired financial assets	435,588	-
Interest on borrowings and lease	(182,377)	(2,511,334)
Other finance cost	(15,340)	(38,167)
	$(237,871)	**$2,549,501**

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

18. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

19. RISK MANAGEMENT

The Authority's activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk
- Operational risk

Risk management structure

The Authority's risk management policies are established to identify and analyze the risk faced by the Authority, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities. The Authority through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the management of the Authority in compliance with the policies approved by the Board of Directors.

The Board of Directors has established committees which are responsible for developing and monitoring the Authority's risk management policies in their specified areas. These committees report to the Board of Directors on their activities. The committees and their activities are as follows:

- ***Audit committee***

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

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

19. RISK MANAGEMENT (continued)

Risk management structure (continued)

- ***Investment Committee***

  The Investment Committee is responsible for approving the mix of the Authority's investment portfolio and monitoring market risk which may affect the portfolio.

- ***Pilotage Committee***

  In accordance with the Grenada Ports Authority Act Cap. 247, the Authority is charged with the responsibility of holding examinations and issuing licenses for persons to serve as pilots. The Committee also has the following responsibilities: -

  - Hold inquiries concerning the conduct of pilots;
  - Arrange for the training of pilots;
  - Investigating and advising on such matters as may be referred to it.

- ***ISPS Code Committee***

  The ISPS Code Committee is appointed by the Minister to provide oversight in respect of Grenada's obligations to maintain compliance with provisions of the ISPS Code of the IMO, an amendment to the SOLAS Convention relating to the security of ships and ports. The Authority also has a functioning internal Task Force chaired by the Port Manager to ensure compliance with the Code's requirements.

- ***MARAD Committee***

  The Maritime Administration (MARAD) Committee is appointed by the Minister to provide oversight of the Authority's administration of the Grenada Shipping Act (Cap 303).

Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

19. RISK MANAGEMENT (continued)

Credit risk (continued)

Credit risk arises from cash and cash equivalents, contractual cash flows of debt securities carried at amortised cost, deposits with banks and other financial institutions and trade and other receivables.

There are no significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

i) Trade receivables

The Authority manages its risks by trading only with recognized, creditworthy third parties. It is the Authority's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The credit quality of the customer, takes into account their financial position, past experience and other factors.

Receivable balances are monitored on an ongoing basis which includes the review of the current and potential financial status of each debtor and placing limits on the level of credit risk it accepts from each. Individual risk limits are set based on internal and external ratings in accordance with limits set by the Board.

Customers' accounts are required to be settled in cash. In addition, shipping agents are normally required to pay an advance deposit based on the anticipated revenue per ship's visit which has the effect of significantly reducing credit risk. For some trade receivables the Authority may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The Authority applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Authority has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

20. RISK MANAGEMENT (continued)

Credit risk (continued)

i) Trade receivables (continued)

The expected loss rates are based on the payment profiles of income over a period of 60 months before year-end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Authority has identified previous customer trends, GDP and the unemployment rate of the country to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

19. RISK MANAGEMENT (continued)

Credit Risk (continued)

The loss allowance was determined as follows for trade receivables:

	Current	15-30 days	31-60 days	61-90 days	Over 90 days	Total
31st December, 2019						
Expected Loss Rate	0.33%	1%	0%	1%	97%	
Gross Carrying Amount -Trade receivables	1,533,876	348,258	79,404	64,654	1,405,374	3,431,566
Less: ECL	4,661	19,937	4,329	16,932	1,420,971	1,466,830
						$1,964,736
31st December, 2018						
Expected Loss Rate	0.80%	1%	1%	1%	97%	
Gross Carrying Amount -Trade receivables	1,656,291	399,860	438,965	38,409	1,889,517	4,423,042
Less: ECL	12,757	10,635	13,125	10,563	1,544,672	1,591,752
						$2,831,290

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

19. RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Authority, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that impairment had incurred but had not yet been identified.

For these receivables the estimated impairment losses were recognized in a separate provision for impairment. The Authority considered the following indicators for evidence of impairment:

1. Significant financial difficulties of the debtor;
2. Probability that the debtor will enter bankruptcy or financial reorganization; and
3. Default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognized were written off against the provision when there was no expectation of recovering additional cash.

ii) Debt investments

All entity's debt investments at amortized cost are considered to have low credit risk. Management considers 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

19. RISK MANAGEMENT (continued)

Credit risk (continued)

iii) Other financial assets

With respect to credit risk arising from the other financial assets of the Authority, which comprise cash on hand and at bank, term deposits, bonds and other receivables. The Authority's exposure to credit risk arises from default of the counter-party. The credit ratings of these financial assets are monitored for credit deterioration.

The Authority seeks to hold its cash deposits with financial institutions and countries which management regards as sound and with low history of default. The risk of default on these financial assets were therefore considered to be low. The ECL for these financial assets were therefore set at zero.

For derivative financial instruments, management has established limits so that, at any time, less than 10% of the fair values of favorable contracts outstanding are with any individual counterparty.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

19. RISK MANAGEMENT (continued)

The table below show the maximum exposure to credit risk based on the Authority's stage classification.

Investment securities subject to impairment (Debt securities)

	Stage 1	Stage 2	Stage 3	Total
Balance at 31st December, 2019				
Gross carrying amount	5,813,187	6,157,189	-	11,970,376
Less: ECL	-	(307,859)	-	(307,859)
Net balance	$5,813,187	$5,849,330	$ -	$11,662,517
ECL as a percentage of gross carrying amount	-	5%	-	2.6%
Balance at 31st December, 2018				
Gross carrying amount	14,769,927	6,716,934	-	21,486,861
Less: ECL	-	(335,847)	-	(335,847)
Net balance	$14,769,927	$6,381,087	$ -	$21,151,014
ECL as a percentage of gross carrying amount	-	5%	-	1.6%

	31st December, 2019	31st December, 2018
Stage 1	50%	50%
Stage 2	50%	50%
Stage 3	-	-
	100%	100%

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

19. RISK MANAGEMENT (continued)

Credit risk (continued)

	Stage 1	Stage 2	Stage 3	Total
Balance at 31st December, 2019				
Gross carrying amount	1,197,989	-	13,819,968	15,017,957
Less: ECL	-	-	(13,819,967)	(13,819,967)
Net balance	$1,197,989	$ -	$ 1	$1,197,990
ECL as a percentage of gross carrying amount	0%	0%	100%	88%
Balance at 31st December, 2018				
Gross carrying amount	1,994,484	-	14,261,657	6,256,141
Less: ECL	-	-	(14,261,656)	(14,261,656)
Net balance	$1,994,484	$ -	$ 1	$1,994,485
ECL as a percentage of gross carrying amount	0%	0%	100%	88%

Stage 1	-	-
Stage 2	-	-
Stage 3	100%	100%
	100%	100%

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019
(continued)

19. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk

The following table shows the maximum exposure to credit risk for the components of the statement of financial position.

	Maximum exposure	
	2019	2018
Investment securities - Equity		
Investment securities - Debt		
Trade and other receivables	20,537,901	20,072,001
Cash and cash equivalents	11,662,517	21,151,014
	2,962,448	4,825,775
	14,389,226	4,072,398
	$49,552,092	$50,121,188

The Authority holds no collateral for its trade receivables. A provision for impairment is made for trade receivables in arrears. Generally, receivables are written off when there is no expectation of recovering the amounts due.

Liquidity risk

Liquidity risk is the risk that the Authority will have difficulty in meeting its obligations for its financial liabilities.

Management of liquidity risk

The Authority'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. A daily liquidity position is monitored and generally the Authority monitors its risk to a shortage of funds by considering planned and probable expenditures against projected cash inflows from operations. The Authority utilizes surplus internal funds to a large extent to finance its operations and ongoing projects, however it also utilizes available credit facilities such as loans and overdraft facilities when needed.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

19. RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk

The table below analyses the Authority's financial liabilities into relevant groupings based on the remaining period at the statement of financial position to the contractual maturity

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	3,716,102	-	-	-	3,716,102
Pension fund liability	6,752,068	-	-	-	6,752,068
Amount due to Government of Grenada	276,953	-	-	-	276,953
Balance at 31st December, 2019	$10,745,123	$ -	$	$ -	$10,745,123
Long-term borrowings	-	-	12,522,434	-	12,522,434
Trade and other payables	5,983,018	-	-	-	5,983,018
Short-term borrowings	-	3,205,150	-	-	3,205,150
Pension fund liability	6,518,720	-	-	-	6,518,720
Amount due to Government of Grenada	214,093	-	-	-	214,093
Balance at 31st December, 2018	$12,715,831	$3,205,150	$12,522,434	$ -	$28,443,415

Currency risk

Currency risk is the risk that the value of cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Authority operates primarily in Eastern Caribbean Dollars and is therefore not subject to significant foreign currency risk. However, some of the Authority's transactions are in United States Dollars, but there is no significant currency risk exposure.

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

GRENADA PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

19. RISK MANAGEMENT (continued)

Interest rate risk (continued)

Exposure to interest rate risk

The Authority is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including loans.

Management of interest rate risk

The Authority manages its interest rate exposure by borrowing funds at fixed rates. It holds no fixed rate available-for-sale investments.

Operational risk

The expanded scope of the Authority's operations has resulted in a diversified and more complex operational risk profile. Operational risk includes emergencies and disaster scenarios, omissions and errors, as well as human error, inadvertent or deliberate.

While operational risk cannot be wholly eradicated the Authority's risk management strategy provides for multiple approaches through policies, systems and standard operating procedures to mitigate and engender compliance.

Measures include the provision of insurance cover where appropriate, periodic review of the adequacy of such cover, monitoring of the observance of Standard Operating Procedures, maintaining compliance with provisions of the ISPS Code of the **IMO**, incident reporting including that of near-misses, periodic refresher training for appropriate staff in first aid and the requirements of the **IMDG Code** in relation to the handling of hazardous and dangerous goods, as well as periodic refresher trainings for security personnel.

The Collective Agreements with both The Technical & Allied Workers' Union (TAWU) and the Seamen's and Waterfront Workers' Union (SWWU) provide for Joint Occupational and Safety Committees.

NOTES

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