

Transport Authority *"regulating with vision"*

Regulating Public transportation to make safe, secure, reliable and efficient



ANNUAL REPORT **2017-2018**



ANNUAL REPORT 2017-2018

*A developed country isn't a place where the poor have cars.
It's where the rich use public transportation.*

Gustavo Petro

Colombian politician, economist, and former Mayor -Bogota

VISION

To provide effective and efficient monitoring and regulatory services that facilitates a people-centred, safe, orderly and reliable public passenger transport system.

MISSION

The Transport Authority:

As the Agency of the Government charged with the responsibility for the licensing of all public and commercial vehicles, and the regulating and monitoring of public passenger vehicles, throughout the island of Jamaica, is committed to;

- The impartial enforcement of all laws; regulations and agreements relating to public transportation;
- The close and effective monitoring of the transportation system;
- Fostering public awareness of the role, duties and responsibilities of users of the system;
- Maintaining an efficient, courteous and knowledgeable workforce to improve the quality of service and output delivered.

VALUES

The Transport Authority's core values are represented by the acronym **"IMPACT"**:

Integrity

Mastery

Professionalism

Accountability

Customer Focus

Transparency

► **OFFICE FACILITIES**

CORPORATE OFFICE

119 Maxfield Avenue, Kingston 10
Tel: (876) 926-8912, (876) 908-1997-8, (876) 926-5451
Fax: (876) 929-4178

OPERATIONS DEPARTMENT

107 Maxfield Avenue, Kingston 10
Tel: (876) 929-9556, (876) 968-5906

NORTHERN REGIONAL OFFICE

Tower Isle, St. Mary
Tel: (876) 975-4285, (876) 975-5676
Fax: (876) 975-4199

PORTLAND SATELLITE OFFICE

St. Margaret's Bay, Portland
Tel: (876) 926-8912 Ext: 2410

WESTERN REGIONAL OFFICE

Unit U, Sagikor Complex,
Montego Bay Freeport,
St. James
Tel: (876) 684-9639, (876) 684-9640-1 Fax: (876) 684-9617

SOUTHERN REGIONAL OFFICE

Shop #48, Caledonia Court Plaza,
29-31 Caledonia Road
Mandeville, Manchester
Tel: (876) 962-1539, (876) 962-1550 Fax: (876) 962-1550

SWANSEA SATELLITE OFFICE

Swansea District
Clarendon
Tel: (876) 885-2686 Ext: 2078

WESTMORELAND SATELLITE OFFICE

Barracks Road
Savanna-La-Mar, Westmoreland
Tel: (876) 926-8912 Ext: 2314

Toll Free Line: 1-888-991-5687

Website: www.ta.org.jm

Email: customerservice@ta.org.jm

► **POUND FACILITIES**

KINGSTON METROPOLITAN REGION

107 Maxfield Avenue
Lyndhurst: 26 & 27 Lyndhurst Rd., Kingston 5
Lakes Pen: Lawrence Field, Lakes Pen,
St. Catherine
Portland: St. Margaret's Bay, Portland

SOUTHERN REGION

Swansea: Clarendon
Mandeville: Mandeville, Manchester

NORTHERN REGION

NRO: Tower Isle, St. Mary
Marcus Garvey Way: St Ann's Bay, St. Ann

WESTERN REGION

Bevin Ave: Montego Bay, St. James
Barracks Road: Savanna-La-Mar, Westmoreland
Cornwall Street: Falmouth, Trelawny



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CORPORATE PROFILE

The Transport Authority ("the Authority/TA") is a statutory body, established by the Transport Authority Act of 1987. The TA is charged with the responsibility of regulating and monitoring public passenger transport throughout the island. The TA is also the sole government entity in Jamaica responsible for the licensing of all public passenger vehicles and commercial carriers, a function which the TA undertakes pursuant to the Road Traffic Act 1938. The operations of the TA are undertaken through the following divisions/departments:

DIVISIONS:

Human Resource and Administration
Finance and Planning
Operations

DEPARTMENTS:

Internal Audit	Legal Services
Corporate Communications	Information Technology
Operations	Properties & Facilities
Research and Statistics	Licensing and Customer Relations
Finance and Accounts	

CATEGORIES OF LICENCES:

There are five (5) categories of licenses issued by the Authority under which Public Passenger Vehicles (PPV) operate and two (2) categories of Commercial Carriers licenses. These are listed below:

CATEGORIES OF PUBLIC PASSENGER VEHICLES:

- Stage Carriage
- Route Taxi
- Express Carriage
- Hackney Carriage
- Contract Carriage

CATEGORIES OF COMMERCIAL CARRIERS:

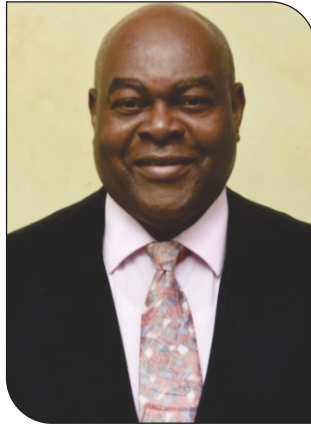
- Public Carriers
- Private Carriers

AUDITORS: C. R. Hylton & Co. was appointed as auditors in keeping with the legal requirement.

BOARD OF DIRECTORS



Mr. Joseph Shoucair
Chairman



Mr. Cecil Morgan
Managing Director



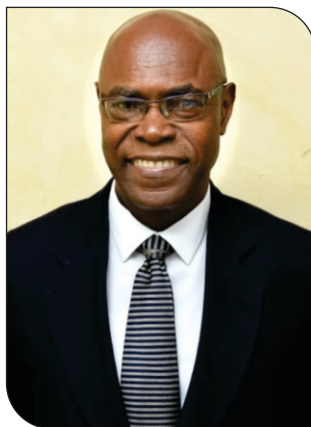
Mr. Dennis Meadows



Mr. Joel Williams



Miss Joan Wynter



Mr. Everton Hunter



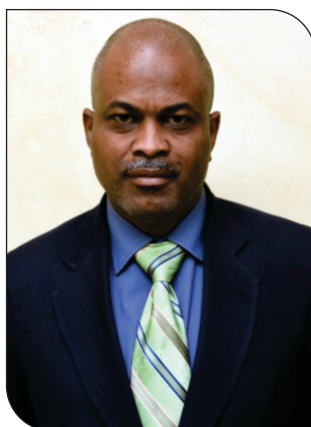
Miss Melanie Gilchrist



Mrs. Joan Fletcher



Mr. Bindley Sangster



Mr. Richard Depass



ACP Warren Clarke



Mr. Saleem Lazarus
Co-opted Member

MANAGEMENT TEAM

Cecil Morgan	Managing Director
Post Vacant	General Manager, Human Resource & Administration
Rushen Anderson	General Manager, Finance & Planning
Colonel (Ret'd) Audley Carter	General Manager, Operations
Ewan Simpson	Senior Legal Officer
Anthony Young	Chief Internal Auditor
Petra-kene Williams	Corporate Communications Manager
Banneta Walker	Manager, Licensing & Customer Relations
Post vacant	Manager, Research & Statistics
Vernon Walters	Manager, Information Technology
Nadine Edwards	Manager, Finance & Accounts (Acting)
Willard Hylton	Manager, Northern Region
Dianna Patterson	Operations Manager, Kingston Metropolitan Region
Ralston Smith	Manager, Western Region
Arlene Smith	Manager, Southern Region



CORPORATE GOVERNANCE

The Transport Authority, as a matter of policy, is committed to adopting best practices in corporate governance in all areas of its operation. The Board comprises three (3) appointed members, one of whom is appointed Chairman and five (5) ex-officio members, vis-à-vis:

- The Solicitor General or nominee
- The Permanent Secretary of the Ministry of Transport & Mining or nominee
- The Commissioner of Police or nominee
- The Chief Technical Director (now the Chief Executive Officer of the National Works Agency) or his nominee
- The Managing Director

The Board also includes four (4) co-opted members.

The Board is supported by six (6) committees namely:

- Licensing
- Legal, Ethics and Human Resource & Administration
- Operations and Accident Investigation
- Audit
- Finance
- Procurement

REPORT OF THE BOARD OF DIRECTORS

Consistent with its mandate, the Transport Authority implemented a number of strategies focused on maintaining an efficient public land transportation system on the nation's roadways. This was no easy feat, given the increasing demands of the public for safe, reliable and efficient public transportation, the level of indiscipline displayed daily by rogue/illegal operators and the fiscal challenges. In order to respond to the challenges, the Authority employed a number of strategies based on its Corporate and Operational plans and implemented new activities to realign its operations to ensure viability, relevance and increase overall operational efficiency.

It is against this background that during the 2017-2018 fiscal year, the Transport Authority embarked on a number of initiatives geared at

- Improving Service Quality and Performance Management;
- Transforming the image of the Authority into a customer focused and respected entity;
- Ensuring compliance to improve public order and safety;
- Strengthening research and development capabilities to better inform decision making processes;
- Attaining and sustaining financial viability of the organization; and
- Aligning Information Communication Technology with the organization's goals and strategies.

ACHIEVEMENTS

Improving Service Quality and Performance Management

As a part of its efforts to expand its service delivery channels across the island, the Authority commenced the construction of the satellite office in Savanna-la-mar, Westmoreland. In this regard, the Authority partnered with the Island Traffic Authority (ITA) to retrofit the building located at Barracks Road in Westmoreland. The third of its kind, when opened the facility will save time and money for the Authority's customers in Westmoreland as both the Island Traffic Authority and the Transport Authority will operate from the same location thus creating a one stop shop for the motor vehicle transactions.

The office will also serve as a deployment point for Route Inspectors. The project is now at practical completion and \$13M of the estimated \$14M has been expended.

Work men complete construction work at the recently retrofitted Westmoreland Satellite Office.





Repositioning of the Transport Authority into a customer focused and respected entity

As the Authority seeks to reposition itself to be a more customer focused entity addressing the needs of the dynamic public transportation sector, the Authority embarked on a Knowledge, Attitudes and Practices (KAP) Survey. The survey is aimed at assessing the public's Knowledge, Attitudes and Perception regarding the roles and functions of the Authority, and will provide the platform for developing both operational and communication strategies to transform the image and promote a favourable reputation of the Authority. During the process, all major communication campaigns will be placed on hold until the completion of the KAP survey.

Stakeholder Engagements: The Authority maintained regular meetings with stakeholders in the public transportation sector. In keeping with feedback from the Route Taxi Associations, the inaugural Public Transportation Stakeholder Workshop was hosted by the Authority on September 28, 2017. The workshop was well received and provided an opportunity for the stakeholders to share with the Authority their road map for the development of the public transportation sector.



Participants of the Route Taxi Association Workshop listen intently to a presentation.



Stanford Stewart, President of the Oracabessa Taxi Association makes a presentation.

Communication Campaigns: The Authority implemented one major communication campaign during the year. The campaign was geared at encouraging early renewal of road licences, processes for applying for licences, enhancing stakeholder knowledge and awareness as well as increasing the effective adoption of approved public transportation standards.

Public/Private Partnerships: The Authority partnered with AdCouncil of Jamaica in endorsing and sponsoring the airing of a television advertisement encouraging persons to refrain from reckless taxi driving. The advert was aired on local cable channels but had its debut on Doctor's Appointment, a riveting 30-minute weekly show centred around critical health issues pertinent to the Jamaican populous which was aired on Television Jamaica.

The Authority also partnered with General Accident Insurance Company regarding sponsorship by AutoSMART of a Public Education campaign/School programme to sensitize students on save travel and enhancements to the Public Passenger Vehicle Driver and Conductor Training programme. General Accident has committed to sponsorship of both programmes with both programmes slated to begin in the 2018/19 fiscal year.

CORPORATE SOCIAL RESPONSIBILITY

Christmas Treat

The Transport Authority, as part of its Corporate Social Responsibility programme, implemented a Christmas Treat on December 21, 2017 at the Glenhope Nursery. Members of the Authority's staff participated in the treat by interacting with the children at the nursery, providing treats and supplies for the babies namely diapers, formulas, and toys and presenting gifts to the caregivers. TA staff also participated by sharing/feeding cake and ice cream to the children.



Mr. Marlon Perry, Research Officer plays with one of the children at Glenhope Nursery.

Sigma Corporate Run

The Authority also participated in the annual Sigma Corporate Run. Employees from all regions participated in the event in February, 2018.



First Place Participants on the TA's Sigma Corporate Run Team



Sigma Corporate Run Team



TRAINING & DEVELOPMENT

The Authority was able to formalize an agreement with the Caribbean Maritime University (CMU) for the training of employees. Participants in the training programme will receive international certifications under this initiative at a cost of \$15M. The \$15M is a part of the consideration given by CMU for the buses that the Authority sold to the University in 2017.

The training programme was designed to address specific gaps in the skills/competencies within the Authority and will include Leadership and Teamwork (management and operational levels), Crowd Crisis Management and Customer Service.

ENFORCEMENT & COMPLIANCE

The Authority was engaged in a range of proactive operations geared at monitoring and enforcing the rule of law governing the Public Passenger Vehicle sector. The operations sought to reduce illegality and general misconduct in the Public Transportation sector. At the end of the fiscal year, 99% or 2,304 operations were completed of the 2,335 planned for the period.

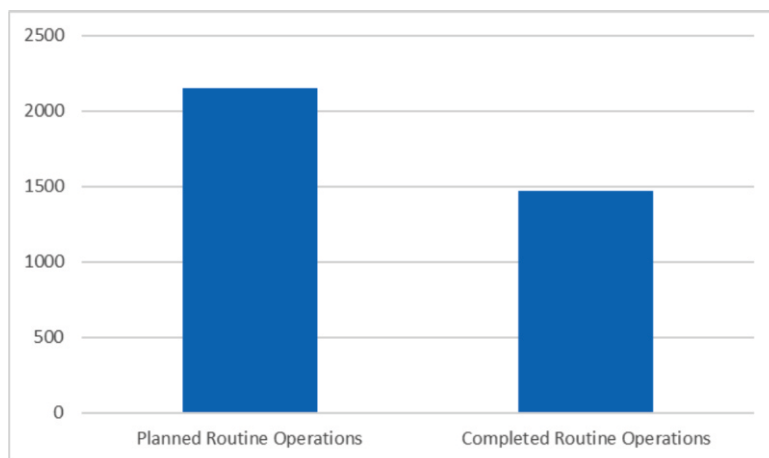


Figure 1: Routine Road Operations 2017/18

These 2,304 operations resulted in the issuance of 32,273 summonses representing 31,718 prosecutions and 1,985 seizures for breaches of the laws relating to public transportation. The Authority conducted 1,470 or 68% of the 2,150 planned Routine Operations. Figure 1 below provides an illustration.

The Authority exceeded its target for special operations as 834 of these operations were undertaken and this compares favourably with the 185 planned for the period. See Figure 2 on next page which provides illustrates the foregoing.



The Authority was able to maintain an 85% success rate in court cases. In the KMTR special operations were conducted in conjunction with the Jamaica Constabulary Force's Traffic Department with the main focus being Half Way Tree, Linstead, Spanish Town and surrounding areas. The impact of the operations was observable; however, the Authority is unable to sustain intensified operations in these areas on a daily basis. In the Western Region, the Authority benefited tremendously from the increased presence of the security forces in Montego Bay. The usual 'hot' spots that were used by bus and taxi operators to illegally pick up and set down passengers are now sterile. In the drive to improve order in the public transportation system, the Authority will intensify enforcement and compliance activities in the 2018/2019 fiscal year.

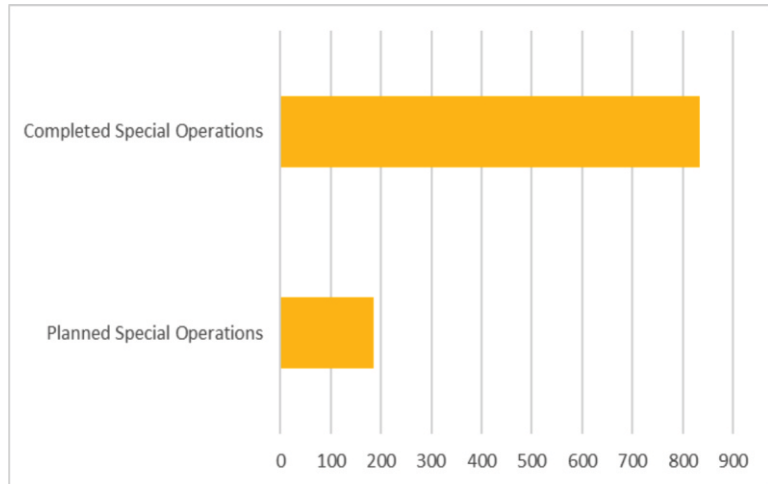


Figure 2: Special Road Operations

LICENCE PRODUCTION

Overall, sixty-one thousand three hundred and sixty-nine 61,369 applications were received from customers for the fiscal year ending March 31, 2018 while seventy-one thousand, and seventy-nine (71,079) licences were produced for the same period. Of this figure sixty-one thousand, one hundred and sixty-three (61,163) road licences were issued. The peak Licensing Period which commenced on February 12, 2018 was a success as the Authority processed 36,710 applications up until the end of March 2018. This figure compares favourably with the target of 36,013 applications for the period and also represents 59% of the targeted 62,000 applications expected for the 2017/2018 licensing period which runs from February 12, 2017 to March 31, 2018.

Figures 3 and 4 provide the comparative break down.

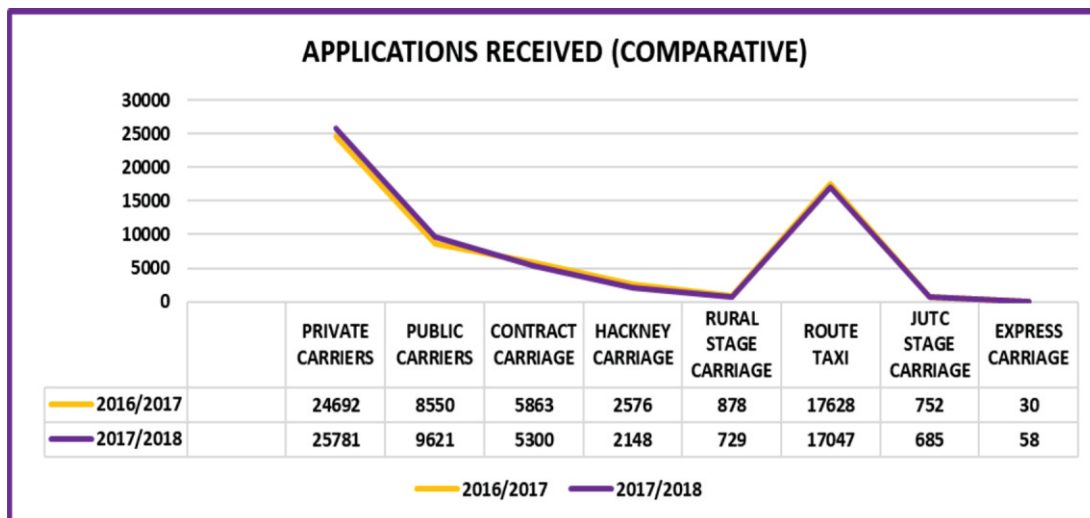


Figure 3: Comparative – Applications Received between 2016/2017 – 2017/2018

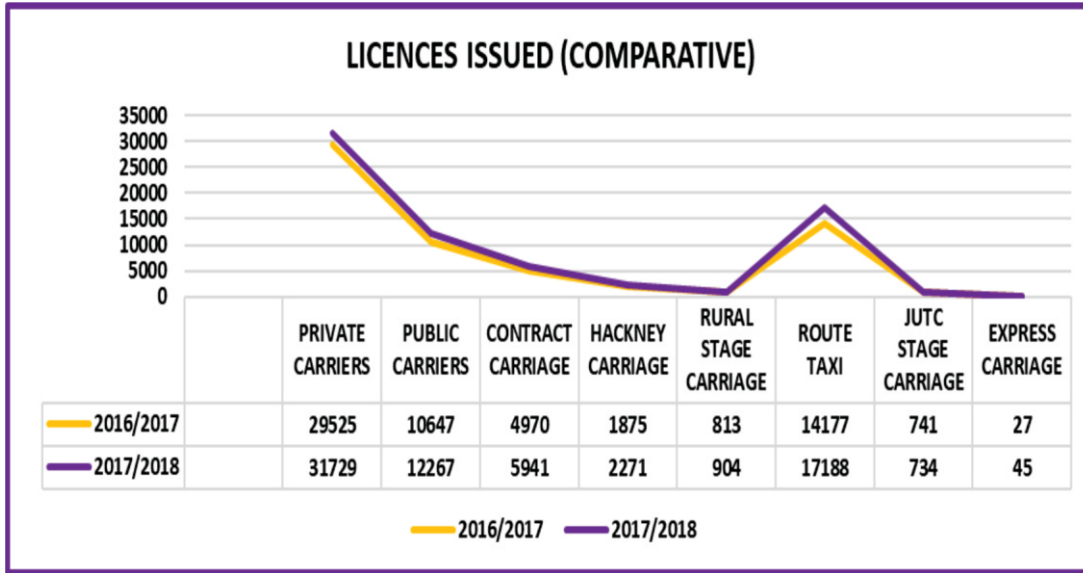


Figure 4: Comparative – Licences Issued between 2016/2017 – 2017/2018

Commercial Carriers licences continued to account for the largest percentage of licences issued by the Authority with thirty-five thousand, seven hundred and twenty-three licences (35,723) or 58% being issued during the period. Public Passenger vehicle road licences accounted for 42% or twenty-five thousand, four hundred and forty (25,440) of the licences see figure 5.

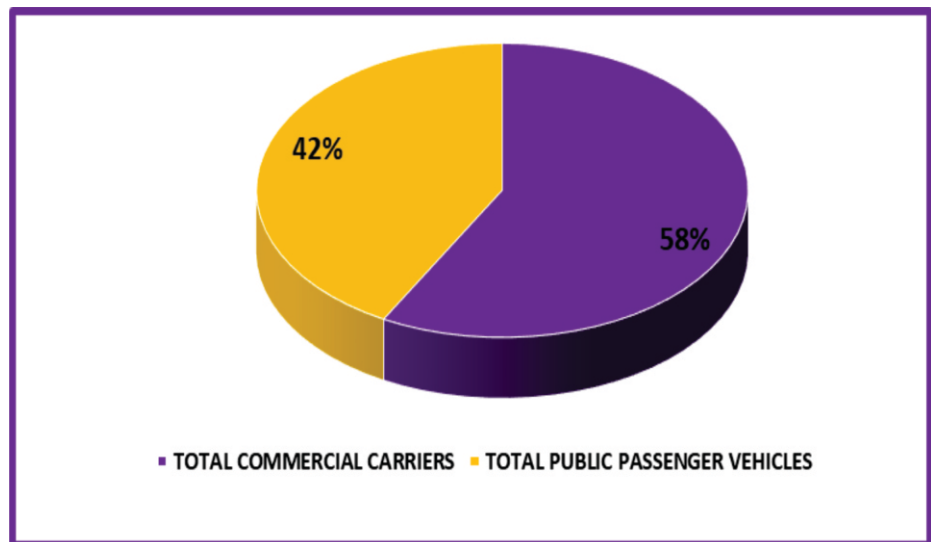
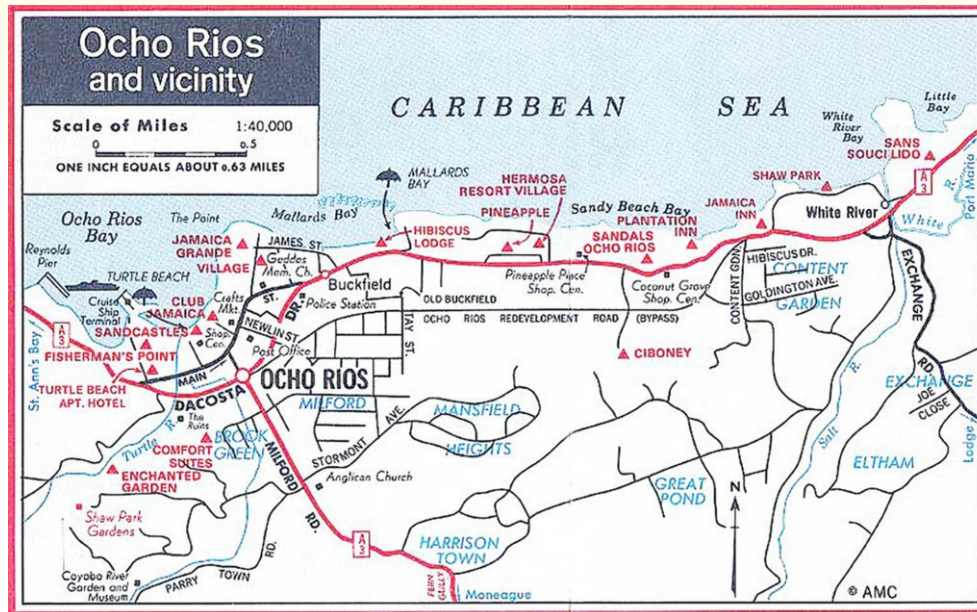


Figure 5: LICENCES ISSUED BY TYPE – 2017/2018

RESEARCH AND STATISTICS

The Authority has partnered with the Tourism Product Development Company Limited (TPDCo) to conduct a Tourism Transportation Sub-Sector Carrying Capacity Study. The study which will be primarily funded by TPDCo will determine the optimum number of contract carriage vehicles needed in the tourism sector, and will aim at identifying the risks to the sector stemming from a deficit or surplus in the supply of contract carriage vehicles. The Authority will also be reviewing current or proposed legislations, policies, plans, strategies and programmes governing the operations of the contract carriage operators in the sector which may support or conflict with the requirements of the sector. The projected cost of this study is \$14M and it is scheduled to commence in June 2018. The Demand and Supply survey that was to be conducted in the Authority's Southern Region, however was postponed due to financial constraints.

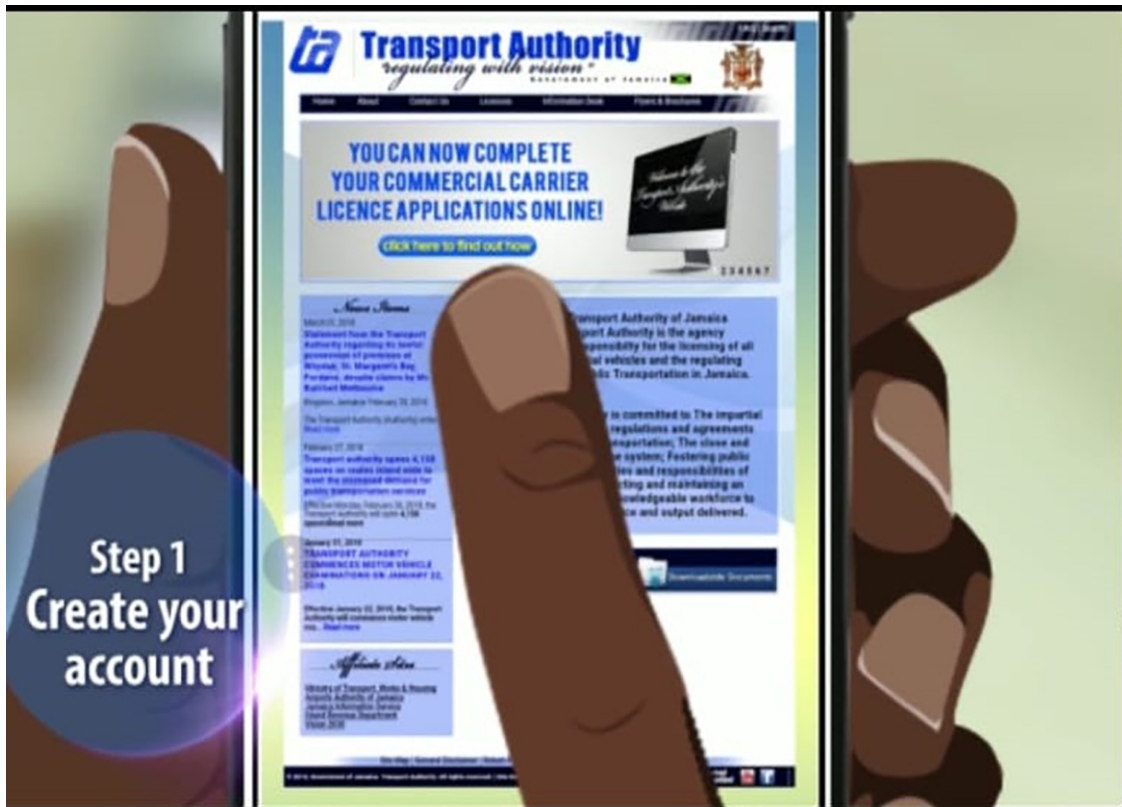


ALIGNMENT OPERATIONS THROUGH INFORMATION COMMUNICATION TECHNOLOGY

A number of Information Communication Technology related projects were carried out with a view to align current technology with the organization's operations and strategies. Significant strides were made in relation to the development of the Route Management system, which is an enhancement of the Authority's current computerized licensing system, LMIS. The software will aid the Authority's licensing process and will provide timely and accurate data in respect of the availability of seats on Public Passenger Vehicle (PPV) routes island-wide. Development of the software was completed and the relevant staff members were trained. Full implementation was scheduled for January 2018; however, the roll out of the software was postponed until the conclusion of the peak licensing period on March 31, 2018. Accordingly, the programme will be implemented in the first quarter of the 2018/2019 fiscal year.



The implementation of the Route Management System software will pave the way for the development of the Authority's online PPV application platform. This facility will allow for the electronic submission of PPV applications by customers and will also facilitate the tracking of applications both internally and externally.



PICTORIAL

Annual Prayer Breakfast



Launch of the 2017/18 Licensing Period Outside Broadcast & Fair in May Pen, Clarendon



HIGHLIGHTS

Christmas Treat at Glenhope Nursery



PLANNED PROGRAMMES 2018/2019 FISCAL YEAR

In support of Transport Authority's mandate and mission, for the 2018/19 fiscal year, the Authority will focus on six strategic goals as outlined below:

1. Improve service quality and performance management.
2. Transform the image of the Authority into a customer focused and respected entity.
3. Enforce compliance with the relevant provisions to improve public order and safety.
4. Strengthen research capabilities to better inform decision making processes
5. Align Information Communication Technology with the organization goals and strategies.
6. Sustain a financially viable organization.

The following strategies will be implemented to achieve the stated goals.

Improve service quality and performance management

- Improve human resource capacity to strengthen performance and service quality
- Expand information communication technology platform in service delivery
- Upgrade/expand existing and establish new facilities
- Increase access to TA Services
- Improve efficiency of the key business processes

Transform the image of the Authority into a customer focused and respected entity

- Strengthen internal communication and standardization of service delivery.
- Bolster public interaction, public relations and customer service at all levels in the Authority
- Develop and implement corporate social responsibility programmes
- Develop and Institute a sustainable mechanism to prevent corruption and promote integrity
- Develop mechanisms to measure service quality and customer satisfaction.
- Design and implement instrument to conduct on-going evaluation of the application of the Public Interaction policy
- Modify attitude and behaviour towards stakeholders/customers

Enforce compliance with the relevant provisions to improve public order and safety.

- Increase effectiveness of monitoring and enforcement activities to strengthen compliance.
- Upgrade/Build/Expand physical structures and facilities needed for the effective operation of the Transport sector
- Strengthen collaboration with key stakeholders
- Increase commuter education regarding standards and disincentives for using illegal vehicles



Strengthen research capabilities to better inform decision making processes

In order to strengthen research capabilities, the Authority will develop a mechanism to capture the key variables of the sector to inform public transportation planning. Accordingly, the Authority will seek to

- Design and implement a responsive demand and supply model to guide the issuance of Road Licences;
- Conduct targeted surveys in specific areas to support the Demand and Supply Model and to inform planning decisions;
- Collaborate with other institutions (STATIN, PIOJ, Municipal Corporations, Mona GeoInformatics, etc.) to remain abreast of existing and emerging public transportation demands which may arise as a result of planning or the expansion/development of towns and communities;
- Investigate global models and trends in public transportation regulation to inform decision making.

Align Information Communication Technology with the organization goals and strategies.

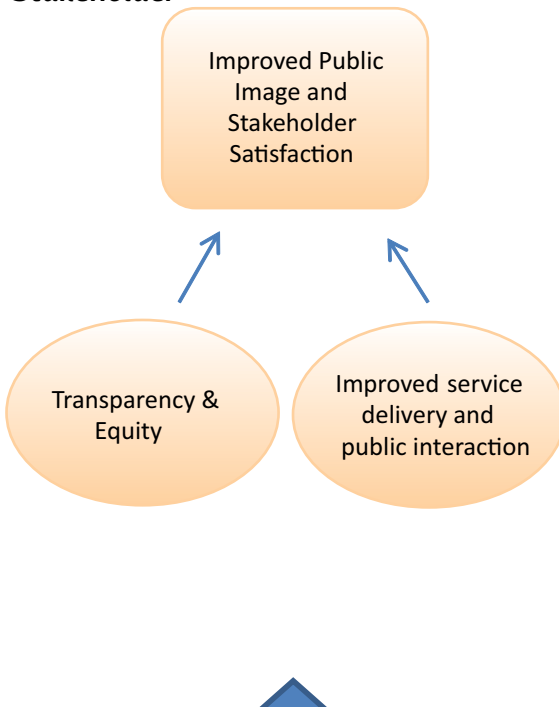
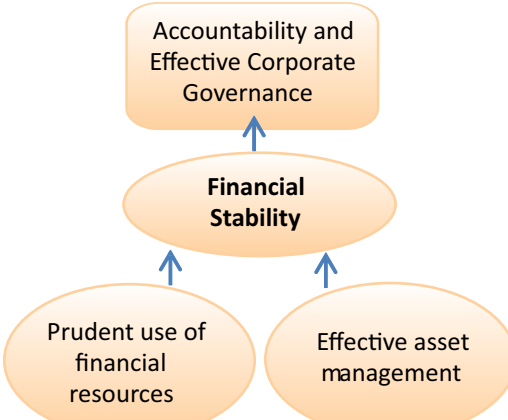
The utilization of Information Communication Technology (ICT) tools to improve all aspects of the business is an essential step in aligning information communication technology with the organization goals and strategies. Among the activities to be undertaken are:

- The Design and implementation of an electronic Records Information Management System;
- Development and Implementation of a route management software to aid the licensing process;
- Design and implement RFID for licenced vehicles;
- Acquisition of a Legal Case Management System
- Development of a Comprehensive Licencing System

Sustain a financially viable organization.

The Authority will seek to exercise prudent and efficient management of financial resources in order to improve the organization's net profit margin and sustain the viability of its operations.

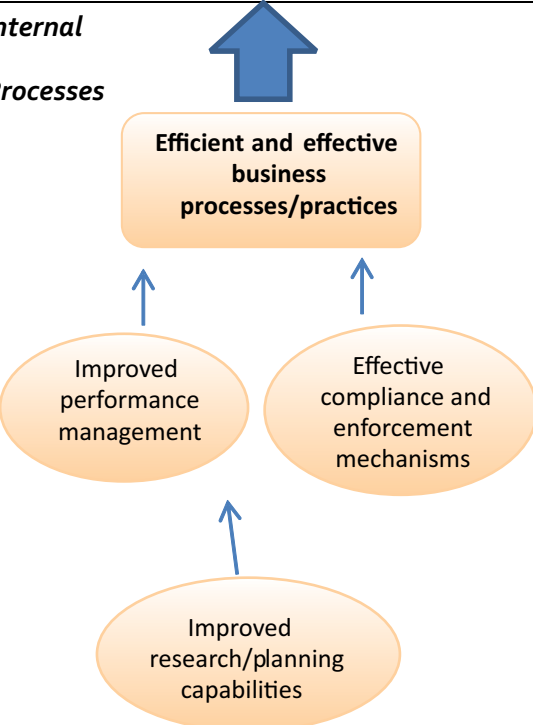
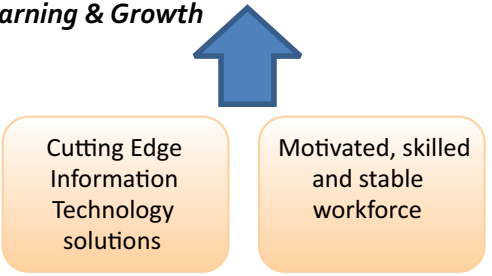
BALANCED SCORE CARD

Vision: To be a world class licensing and regulatory agency facilitating a people-centred, safe, orderly and reliable public passenger transport system.				
STRATEGY MAP		BALANCED SCORECARD		
PERSPECTIVE	OBJECTIVES	MEASURE	TARGET	RESULTS
<p>Stakeholder</p> 	<p>Maximise customer satisfaction</p> <p>Improved communication with all stakeholders</p> <p>Increase public awareness</p>	<p>% increase in customer satisfaction</p> <p>% reduction in processing time</p> <p>% implementation of Citizens Charter</p> <p>% Evaluation of Interaction policy programme</p> <p># of campaigns implemented</p>	<p>20%</p> <p>10%</p> <p>100%</p> <p>100%</p> <p>3</p>	<p>19%</p> <p>13%</p> <p>0%</p> <p>0%</p> <p>1</p>
<p>Financial</p> 	<p>Maximize earnings</p> <p>Manage operating Expenditure</p> <p>Compliance to Government</p>	<p>% Increase in revenue</p> <p>% Positive Variance</p> <p>% Compliance</p>	<p>8%</p> <p>5%</p> <p>100%</p>	<p>4%</p> <p>6%</p> <p>97%</p>



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BALANCED SCORE CARD (Cont'd)

<p>Internal Processes</p>  <p>Efficient and effective business processes/practices</p> <p>Improved performance management</p> <p>Effective compliance and enforcement mechanisms</p> <p>Improved research/planning capabilities</p>	<p>Align staff/Unit performance with corporate strategic goals</p> <p>Conduct targeted surveys to guide planning/ decision making process</p> <p>Expand service delivery channels</p> <p>Reengineer licensing processes to deliver more value to the customer</p> <p>Improved effectiveness of compliance and enforcement activities.</p>	<p>% Alignment</p> <p># of surveys conducted</p> <p># of new locations established</p> <p># of processes reviewed</p> <p># of intelligence driven operations undertaken.</p>	<p>100%</p> <p>1</p> <p>1</p> <p>2</p> <p>185</p>	<p>0%</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>
<p>Learning & Growth</p>  <p>Cutting Edge Information Technology solutions</p> <p>Motivated, skilled and stable workforce</p>	<p>Increase level of skilled and competent staff</p> <p>Invest in effective application of appropriate technology</p> <p>Establish a culture of accountability and results based management</p>	<p># of Staff Trained</p> <p># of Information Technology solutions implemented</p> <p># of programmes implemented</p>	<p>50</p> <p>3</p> <p>3</p>	<p>0</p> <p>3</p> <p>0</p>
<p>Values: Integrity, Mastery, Professionalism, Accountability, Customer-focused, Transparency</p>				

FIVE YEAR STATISTICAL REVIEW

Financial Year	Projected 2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	\$M	\$M	\$M	\$M	\$M	\$M
Income & Expenditure						
Total Income	1220	1,122	1075	1065	1020	1,061
Expenses	1188	1,049	1195	1053	975	840
Net Surplus/(Deficit) before Taxation	32	73	-120	12	45	221
Balance Sheet						
Current Assets	673	688	560	695	728	910
Current Liabilities	595	643	617	538	504	540
Fixed Assets	472	433	513	421	353	186
Reserves	643	611	543	655	653	632
Prepaid Fees c/f	554	549	523	478	428	414
Cash & Short term Deposits	599	568	438	505	579	623
Capital Expenditure	115	63	172	117	203	91
Ratios						
Income Growth	26%	4%	1%	4%	-4%	11%
Expense /Growth	39%	-12%	13%	8%	16%	6%
Expense/ Income	97%	93%	111%	99%	96%	79%
Surplus/Income	3%	7%	-11%	1%	4%	21%



FINANCIAL PERFORMANCE

The Transport Authority closed out the 2017/2018 financial year with a **Surplus before Tax** of \$73.5M which compares favorably with deficit of 119.8M recorded at the end of the previous year. The surplus recorded for 2017/2018 was \$50.7M above projected surplus of \$22.8M.

Gross Operating Revenue for the year at \$1.097B was \$42M or 4% above prior year earnings of \$1.055B. This also compares favorably with projected revenue of \$1.092B. **Non-operating Income** earned on cash invested was \$24.9M which is \$4.1M or 20 % above income of \$20.8M earned for the corresponding period last year. Notwithstanding, the amount earned was 2% below estimated income of \$25.5M. There has been a general decline in interest rates offered for investments under resale agreement. At the close of the fiscal year the Authority was earning average interest of 6.18% per annum on investments, this is below average returns of 6.62% for the same period last year.

Total Operating Expenses for the year was \$1.049B, this was \$57M or 5% below budget of \$1.106B and \$146M or 12% below expenditure of \$1.195B recorded for the previous year.

Administrative expenses decreased by 21% from \$544M for the previous year to \$431M. Included in the expenses for 2016/2017 was \$47M being allowance for doubtful debt relating to loans to the Jamaican Urban Transit Company (JUTC) and deferred expenses of \$27M that was written off as a result of the termination of the Jamintel renovation project. Despite the aforementioned there were areas in which increases were recorded such as depreciation/amortization, utilities and printing/stationery/lamination.

Notwithstanding the 5% increase in salaries for all categories of staff the Authority registered a 5% decline in Staff Cost. This was realized as a result of mechanisms that were instituted to curtail expenditure relating to overtime

and other discretionary allowances. Staff costs represented 59% of total costs for the year, which compares unfavorably with 54% recorded in previous year.

Total Assets of the Transport Authority as at March 31, 2018 was \$1.254B versus \$1.160B at the end of the previous year. It was estimated that at the end of the year under review total assets would be \$1.260B, therefore total assets were \$6M below projection. **Current Assets** increased by \$128M or 23% when compared with prior year. The movement from \$560M to \$688M is mainly due to an increase of \$ 130M in Cash and Deposits. A significant amount of the cash accumulated at the end of the year was collected during the annual licensing period when the Authority processed 36,710 applications for road licenses, this represented a 14% increase when compared with last year. The Authority's receivables increased by \$8M, as a result of the sale of 3 buses to the Caribbean Maritime University. Deposits and prepayments grew by \$7M, this is attributed to work in progress relating to the construction of the satellite office in Savanna-La-Mar.

Total Liabilities stood at \$643M at the end of the 2017/2018 financial year; this compares unfavorably with projection of \$587M, and represented an increase of \$26M or 4% when compared with previous year amount of \$617M. The increase is attributed to a \$26M or 5% increase in deferred income. The working capital of the Authority was \$46M at the end of the period, which was a significant improvement over last year, when current liabilities exceeded current assets by \$57M.

Projections

The Authority is projecting to generate operating income of \$1.194B and interest income of \$25.7M for the year 2018/2019. Operating expenses are projected to be \$1.188B. At the end of the 2018/2019 financial year the Authority is therefore expecting to generate a surplus of \$31.7M.



FINANCIAL STATEMENTS



Financial Statements
31 March 2018



Independent Auditor's Report

To the Board of Directors of the Transport Authority

Report on the Financial Statements

Opinion

We have audited the financial statements of The Transport Authority (the Authority) which comprise the statement of financial position as at 31 March 2018, the statements of comprehensive income, changes in accumulated funds and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

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

The Board of Directors is responsible for overseeing the Authority's financial reporting process.

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



Independent Auditor's Report Continued

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 presents a true and fair view.

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

Report on Additional Requirements of the Transport Authority Act

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records and the accompanying financial statements are in agreement therewith, and give the information required by Section 10(1) of the Transport Authority Act in the manner so required.

Kingston, Jamaica

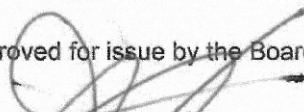
30 July 2018

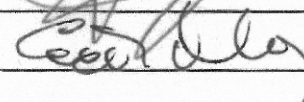


**TRANSPORT AUTHORITY
 STATEMENT OF FINANCIAL POSITION
 AT 31 MARCH 2018**
 (Expressed in Jamaican dollars)

	Notes	2018 \$'000	2017 \$'000
CURRENT ASSETS			
Inventories	3	22,165	26,195
Loans receivable	4	40,540	41,597
Finance lease receivable	5	8,333	-
Trade and other receivables	6	6,401	5,335
Deposits and prepayments	7	15,416	8,598
Income tax recoverable		27,880	41,216
Cash and deposits	8	567,685	437,609
		<u>688,420</u>	<u>560,550</u>
CURRENT LIABILITIES			
Provisions	9	13,818	13,818
Payable and accruals	10	79,847	80,673
Deferred income	11	548,949	522,711
		<u>642,614</u>	<u>617,202</u>
NET CURRENT ASSETS (LIABILITIES)		<u>45,806</u>	<u>(56,652)</u>
NON-CURRENT ASSETS			
Property, plant and equipment	12	414,475	495,961
Intangible assets	13	18,500	16,820
Loans receivable	4	1,098	858
Finance lease receivable	5	39,792	-
Investment securities	14	62,629	65,164
Deferred tax asset	15	28,797	20,931
		<u>565,291</u>	<u>599,734</u>
TOTAL NET ASSETS		<u>611,097</u>	<u>543,082</u>
FINANCED BY:			
Capital reserve	16	13,410	13,410
Accumulated surplus		597,687	529,672
		<u>611,097</u>	<u>543,082</u>

Approved for issue by the Board of Directors on 30 July 2018 and signed on its behalf:


 _____ Chairman


 _____ Director



**TRANSPORT AUTHORITY
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

	Notes	2018 \$'000	2017 \$'000
REVENUE	17(a)		
Licensing fees		892,208	849,497
Pound storage and administrative fees		149,996	148,803
Franchise fees		11,152	11,832
Late fees		20,523	-
Auction proceeds		-	1,600
Other income	17(b)	23,608	43,038
		<u>1,097,487</u>	<u>1,054,770</u>
OPERATING EXPENSES	18	(1,048,857)	(1,195,341)
Interest income	17(c)	24,915	20,809
Surplus (Deficit) before taxation	20	73,545	(119,762)
Taxation	21	(5,530)	10,338
Surplus (Deficit), being total comprehensive income/(loss) for the year		<u>68,015</u>	<u>(109,424)</u>



**TRANSPORT AUTHORITY
 STATEMENT OF CHANGES IN ACCUMULATED FUNDS
 FOR THE YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

	Capital reserve \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2016	13,410	641,996	655,406
Total comprehensive loss:			
Deficit for the year	-	(109,424)	(109,424)
Transaction with owners recognised directly in accumulated funds:			
Allocation to Government of Jamaica (Note 22)	-	(2,900)	(2,900)
Balance at 31 March 2017	13,410	529,672	543,082
Total comprehensive income:			
Surplus for the year	-	68,015	68,015
Transaction with owners recognised directly in accumulated funds:			
Allocation to Government of Jamaica (Note 22)	-	-	-
Balance at 31 March 2018	<u>13,410</u>	<u>597,687</u>	<u>611,097</u>

**TRANSPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

	Note	2018 \$'000	2017 \$'000
Cash Flows from Operating Activities			
Surplus (Deficit) for the year		68,015	(109,424)
Adjustments for:			
Depreciation and amortization		83,453	78,190
Property plant and equipment – adjustment		79	119
Deferred expenses and deposits - impaired		-	33,157
Taxation		5,530	(10,338)
Interest income		(24,915)	(20,809)
Gain on disposal of property, plant and equipment		(962)	(3)
Provision charge		-	13,818
Impairment loss recognised on receivables		-	47,153
Foreign exchange losses/(gains), net		1,884	(5,328)
		<hr/>	<hr/>
Operating cash flow before movements in working capital		133,084	26,535
Loans receivable		1,057	-
Trade and other receivables		(1,066)	13,459
Deposits and prepayments		(6,818)	16,062
Inventories		4,030	(2,999)
Payable and accruals		(826)	20,035
Deferred income		26,238	44,827
		<hr/>	<hr/>
Cash generated from operations		155,699	117,919
Interest received		23,624	21,069
Taxation (paid)/refunded		(60)	74
		<hr/>	<hr/>
Net cash provided by operating activities		179,263	139,062
Cash Flows From Investment Activities			
Acquisition of property, plant and equipment		(56,036)	(160,802)
Purchase of software		(6,958)	(11,036)
Proceeds on disposal of property, plant and equipment	(i)	60,230	1,930
Loans receivable – non-current portion		(240)	987
Loan to related party		-	(36,928)
Purchase of long term investment note		(62,595)	-
(Purchase)/sale of deposits and repurchase agreements		(115,194)	28,928
Redemption of bond		63,870	-
Investment in finance lease receivable	(i)	(60,000)	-
Finance lease receivable repayments		11,875	-
		<hr/>	<hr/>
Net cash used in investing activities		(165,048)	(176,921)
Cash Flows From Financing Activities			
Allocation to the government of Jamaica		-	(2,900)
		<hr/>	<hr/>
Cash used by financing activity		-	(2,900)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		14,215	(40,759)
Effect of changes in exchange rate on cash and cash equivalents		(1,884)	996
Cash and cash equivalents at beginning of the year		66,270	106,033
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	8	78,601	66,270
		<hr/> <hr/>	<hr/> <hr/>



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

Note to Statement of Cash Flows:

- (i) Motor buses were disposed of during the year for gross proceeds of \$60 million and leased under finance lease receivable arrangements. A non-cash portion of the sale price of \$15million is incorporated in the lease. The total cash payments over the life of the leases is \$45 million (see Note 5).

1. The Authority

The Transport Authority (the Authority) is a statutory body established under the Transport Authority Act 1987, and is domiciled in Jamaica with its registered office at 119 Maxfield Avenue, Kingston 10. The Authority as an agency operates under the Ministry of Transportation, Works and Housing.

Its main objectives are to regulate and monitor public passenger and commercial transport throughout the island. This comprises the processing of applications for, and the granting of, road licenses, franchises to transport operators and other regulatory activities.

2. Significant Accounting Policies

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

Statement of compliance

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant requirements of the Transport Authority Act.

Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Basis of preparation

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Authority determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There are no assets or liabilities which are measured at fair value after initial recognition in the financial statements.

Fair values of financial instruments measured at amortised cost are disclosed in Note 27.

Current versus non-current classification

The Authority presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Authority classifies all other liabilities as non-current.



**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Amendments to IFRS that are mandatorily effective for the current year

In the current year the company has applied the following amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period that begins on or after 1 January 2017.

Their adoption has not had any impact on the presentations or disclosures in the financial statements or on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

<u>Amendments to Standards</u>		Effective for annual periods beginning on or after
IAS 7	Statement of Cash Flows -Amendments as a result of the Disclosure initiative	January 1, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 1, 2017
IFRS 12	Amendments arising from 2014 – 2016 Annual Improvements to IFRS (clarifying scope)	January 1, 2017

• **Amendments to IAS 7 as a result of the Disclosure Initiative**

The amendments requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The application of these amendments has had no impact on the company's financial statements as there was no financing activity within the scope of the amendments.

• **Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised losses**

The amendment clarifies how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments clarify that an entity needs to consider whether tax laws restrict the sources of taxable profits against which an entity may make deductions on the reversal of deductible temporary differences related to unrealised losses. The entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

The application of the amendments has had no impact on the Authority's financial position or performance as the Authority assesses the sufficiency of future taxable profits in a way that is consistent with the amendments.

2. Significant Accounting Policies (Continued)

Amendments to IFRS that are mandatorily effective for the current year (continued)

- ***Annual Improvements to IFRS 2014-2016 Cycle***

The amendments to IFRS 12 (Disclosure of Interests in Other Entities) included in the Annual Improvements to IFRS 2014-2016 Cycle became effective for the current year. The other amendments included in this cycle are not yet mandatorily effective and have not been early adopted by the company.

The amendments clarified the scope of the standard by specifying that the disclosure requirements in the standard, other than those in paragraphs B10-B16, apply to an entity's interests in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

The application of the amendments has had no impact on the Authority's financial statements as the company has no interests in other entities as encompassed by the standard.



**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Standards, interpretations and amendments to published standards which are issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective and which the Authority has not early adopted for the financial period being reported on:

		<u>Effective for annual periods beginning on or after</u>
<u>New Standards</u>		
IFRS 9	Financial Instruments: incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 1, 2018
IFRS 15	Revenue from Contracts with Customers - Clarifications to IFRS 15	January 1, 2018 January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021
<u>Revised Standards</u>		
IFRS 2	Share-based Payment: - Amendments to clarify the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 7	Financial Instruments: Disclosures - Amendments requiring disclosures about the initial application of IFRS 9 - Additional hedge accounting disclosures (and consequential amendments)	January 1, 2015 (or otherwise when IFRS 9 is first applied) When IFRS 9 is applied
IFRS 4, IFRS 9	Amendments regarding the interaction of IFRS 4 Insurance Contracts and IFRS 9 Financial Instruments - Overlay approach applied retrospectively to qualifying financial assets - Deferral approach	When IFRS 9 is first applied January 1, 2018
IFRS 9	Financial Instruments Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 1, IAS 28	Amendments arising from 2014 – 2016 Annual Improvements to IFRS - Removing short-term exemptions; Clarifying certain fair value measurements	January 1, 2018
IFRS 2, 11, IAS 12, 23,	Amendments arising from 2015 – 2017 Annual Improvements to IFRS - Measurement of previously held interest; Income tax consequences of dividends; Borrowing costs eligible for capitalisation	January 1, 2019



**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 MARCH 2018**
 (Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Standards, interpretations and amendments to published standards which issued but are not yet effective (continued)

		Effective for annual periods beginning on or after
<u>Revised Standards (continued)</u>		
IFRS10, IAS 28 IAS 28	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture Investments in Associates - Amendments regarding long –term interest in associates and joint ventures	Deferred indefinitely January 1, 2019
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to continue to apply hedge accounting requirements	When IFRS 9 is applied
IAS 40	Investment Property - Amendments to clarify transfers of property to, or from, investment property	January 1, 2018
IAS 19	Employee Benefits - Amendments to clarify treatment for plan amendment, curtailment or settlement for defined benefits plans	January 1, 2019
IFRS 3, 11 IAS 12, 23	Amendments arising from 2015-2017 Annual Improvements to IFRS Conceptual Framework for Financial Reporting	January 1, 2019 January 1, 2020
<u>New Interpretations</u>		
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

The Authority has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations:

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Standards, interpretations and amendments to published standards which issued but are not yet effective (continued)

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in its own credit risk of financial liabilities designated at fair value through profit or loss, in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. The classification and measurement of investments in debt securities is driven by the entity's business model for managing the financial assets and the contractual characteristics and will result in one of the following three classifications: amortised cost, fair value through OCI ('FVOCI') or fair value through profit or loss ('FVPL').

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging. The amendments in respect of hedge accounting will not apply as the Authority does not apply hedge accounting.

The Authority is assessing the potential impact of adoption of the standard and is not able at this time to quantify the effect.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Standards, interpretations and amendments to published standards which issued but are not yet effective (continued)

IFRS 15, 'Revenue from contracts with customers', (effective for annual periods beginning on or after 1 January 2018). IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the full retrospective method. The Authority is to perform a preliminary assessment of IFRS 15 and is to consider the clarifications issued by the IASB in an exposure draft in July 2015 for further informing its analysis.

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. The standard provides guidance on the two recognition exemptions for leases – leases of "low value" assets and short-term leases with a term of 12 months or less. Lessor accounting is substantially the same as IAS 17. Early adoption is permitted but not before the Company applies IFRS 15. The directors and management have not yet assessed the impact of the application of this standard on the Authority's financial statements.

The Authority has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect. This includes amendments resulting from the IASB's ongoing 'Improvements to IFRS' project.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Summary of accounting policies

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

(a) Foreign currency translation

(i) Functional and presentational currency

The directors consider the Jamaican dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Authority. The financial statements are presented in Jamaican dollars, which is the functional and presentation currency.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit for the period. At the end of each financial period, monetary assets and liabilities denominated in foreign currency are translated using the closing mid-point rate of exchange. Unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in surplus or deficit for the period. Non-monetary items that are measured in terms of historical costs in foreign currency are not retranslated.

(b) Investment securities

Investment securities are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognized valuation techniques.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Fees

Fees are recognized when payments are received from the clients over the period to which the fees apply.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Summary of accounting policies (continued)

(c) Revenue recognition (continued)

Interest income

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable applying the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Receivables

Receivables are carried at cost which approximates the fair value of those assets.

(e) Expenses

All expenses are recognised in surplus or deficit for the period on the accrual basis. Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(f) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the Authority's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition

The fair values of financial instruments are discussed in Note 28. Listed below are the Authority's financial assets and liabilities and the specific accounting policies relating to each:

Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of the instrument is under a contract whose terms require delivery of the instrument within the timeframe established by regulation or convention in the market place.

The Authority's financial assets are classified as financial assets 'held-to-maturity' and 'loans and receivables' with the classification being based on the nature and purpose of the financial asset and is determined at the time of initial recognition.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Summary of accounting policies (continued)

(f) Financial instruments (continued)

(b) Loans and receivables (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return of a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Recoveries of amounts previously written off are credited to income. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in surplus or deficit.

Financial liabilities

These are classified as "other financial liabilities".

Financial liabilities are initially measured at fair value, net of transaction costs (where applicable). They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short-term liabilities when the recognition of interest would be immaterial.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Summary of accounting policies (continued)

(f) Financial instruments (continued)

(b) Loans and receivables (continued)

Financial liabilities (continued)

The Authority's financial liabilities comprise accounts payable and other payables.

(g) Inventories

Inventories are valued at the lower of cost, determined principally on weighted average method, and net realizable value.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition and are held to meet cash requirements rather than for investment purposes.

(i) Pension Scheme costs

The Authority participates in a defined contribution pension scheme, the assets of which are held separately from those of the Authority. Contributions to the Scheme by the Authority are charged to surplus or deficit when due.

j) Property, plant and equipment:

- (i) Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.
- (ii) Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives as follows:

Computer hardware	4.4 years
Computer software	5 years
Buildings	40 years
Freehold and leasehold improvements	5 years
Furniture, fixtures and equipment	10 years
Motor vehicles	5 years
Capital projects	40 years

Land is not depreciated and is stated at cost. Depreciation rates, estimated residual values and expected useful lives are re-assessed at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Summary of accounting policies (continued)

Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in surplus or deficit.

k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Authority as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

l) Taxation

Income tax expense represents the current tax payable.

Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from surplus as reported in the statement of comprehensive income because of items of income or expense that are never taxable or deductible. The Authority's liabilities for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable surplus. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable surpluses will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable surplus nor the accounting surplus.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Authority expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities on a net basis.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Summary of accounting policies (continued)

l) Taxation (continued)

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in surplus or deficit, except when they relate to items that are recognised in comprehensive income or equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

General Consumption Tax (GCT)

Expenses and assets are recognised net of the amount of GCT, except when the GCT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax is recognised as part of the cost of acquisition of the asset or included in expenses, as applicable.

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

m) Employees' benefits

Pension obligations

Payments to a defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination obligations

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

Leave entitlements and other short-term benefits

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave for services rendered by employees up to the reporting date but not yet taken. The liability is measured at the undiscounted amount of the benefit expected to be paid when the liability is settled and is classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period, in which case it would be classified as a non-current liability. Liabilities for wages and salaries including non-monetary benefits are measured similarly.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Summary of accounting policies (continued)

n) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

o) Intangible assets

Intangible assets with finite useful lives acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in surplus or deficit when the asset is derecognised.

p) Impairment of tangible and intangible assets

At the end of each reporting period, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, an estimate the recoverable amount of the cash-generating unit to which the asset belongs is made.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



**TRANSPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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2. Significant Accounting Policies (Continued)

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment losses are recognised immediately in the statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in surplus or deficit.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Authority's accounting policies, described above, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources, based on historical experience, management's best knowledge of current events and actions and other factors that are considered to be relevant. Actual results may differ from those estimates.

Critical accounting judgements

Management believes that apart from those involving estimation (see below) there were no critical judgements made in the process of applying the Authority's accounting policies that would have a significant effect on the amounts recognised in the financial statements except as follows:

Key sources of estimation uncertainty

The following are the key assumptions concerning the future or other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

Management exercises judgement in determining whether the costs incurred can accrue significant future economic benefits to the Authority to enable the value to be treated as a capital expense.

Further, judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation thereon. Details of the estimated useful lives are disclosed in the accounting policy Note 2(j) above.

Amortisation of intangible assets

Amortisation is provided to write down the assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and residual values require the use of estimates and judgements. The Authority's intangible assets comprise computer software. Details of the estimated useful live is disclosed in Note 2(j).

Provision for impairment of trade and other receivables

The Authority periodically assesses the collectability of its trade and other receivables. Provisions are established or increased as described in the policy Note 2(f). There is, however, no certainty that the company will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible as at the end of the reporting period may subsequently become doubtful. Trade receivables amounting to \$50.209 million were fully impaired at the end of the prior year (See Note 6). Loans receivable from a related party amounting to approximately \$73.352 million was fully impaired at the end of the prior year (See Note 4).



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 NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

2. Significant Accounting Policies (Continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Income taxes

Estimates are required in determining the provisions for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Authority recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. (Note 21).

Deferred tax assets

The financial statements include deferred tax assets of \$31.839 million (2017: \$21.776 million) representing tax benefits available for set-off against future taxable surpluses. (See Notes 15 and 21 (c))

3. Inventories

Inventories comprise mainly license forms and laminating film consumed in operations.

4. Loans receivable

	2018	2017
	\$'000	\$'000
<i>Jamaica Urban Transit Company (JUTC) – (Note 4(a))</i>		
JUTC - Principal	100,000	100,000
Accrued interest	3,547	3,547
Re-measurement loss	(30,195)	(30,195)
	<u>73,352</u>	<u>73,352</u>
Impairment provision	(73,352)	(73,352)
	<u>-</u>	<u>-</u>
<i>JUTC Demand Promissory Note (Note 4(b))</i>	<u>36,928</u>	<u>36,928</u>
<i>Staff loans – (Note 4(c))</i>		
Carrying amount of staff loans	4,710	5,527
Due after one year (long- term portion)	(1,098)	(858)
	<u>3,612</u>	<u>4,669</u>
Current portion of staff loans	<u>3,612</u>	<u>4,669</u>
	<u>40,540</u>	<u>41,597</u>
Loans Receivable	<u>40,540</u>	<u>41,597</u>



**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

4. Loans receivable (Continued)

(a) The JUTC loan represents an unsecured loan of \$100 million to JUTC at an interest rate of 2% per annum on the reducing balance basis with six months moratorium on the principal. Repayment of principal and interest was due quarterly commencing 1 December 2012 and ended 1 June 2016. No repayments have been made on the loan since the first installment.

(a) The demand promissory note dated 6 October 2016 is for the amount of US\$290,500 and represents financing for goods purchased on behalf of JUTC. Interest accrues at a variable rate of 5% per annum. The note is unsecured. No interest has been accrued on the note during the year (2017: Nil).

(b) Staff loans are disbursed for periods up to six years with interest charged at 3% to 18% depending on the purpose of the loan.

5. Finance lease receivable

	2018	2017
	\$'000	\$'000
Minimum lease payments		
Not later than one year	8,333	-
Later than one year but not later than five years	24,792	-
	<u>33,125</u>	<u>-</u>
Less unearned finance income	-	-
Present value of minimum lease payments receivable	<u>33,125</u>	<u>-</u>
Non-cash portion of lease receivable	<u>15,000</u>	<u>-</u>
	<u><u>48,125</u></u>	<u><u>-</u></u>
Represented as:		
Current asset	8,333	-
Non-current asset	39,792	-
	<u><u>48,125</u></u>	<u><u>-</u></u>

The Authority sold and transferred three buses to the Caribbean Maritime University (CMU) during the year for an amount of \$60 million under finance lease arrangements. The two leases which commenced on 31 July 2017 and 30 September 2017 are to be repaid over five years by monthly installments of \$0.417 million and \$0.208 million respectively. Included is a non-cash component of \$10 million and \$5 million respectively which is to be reduced through organized training to be provided by CMU to the Authority over the life of the leases.

Given the special nature of the arrangement no interest was inherent in the leases with repayments of the cash portion at nominal amounts.

Installments past due at the end of the reporting period were \$0.417 million and \$0.417 million respectively for both leases.



**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

Trade and other receivables

	2018	2017
	\$'000	\$'000
Trade receivables	50,209	50,209
Less: Allowance for doubtful debts	<u>(50,209)</u>	<u>(50,209)</u>
	-	-
Staff advances and receivables	976	968
Other receivables	5,425	4,367
	<u>6,401</u>	<u>5,335</u>

(i) Trade receivables include related party balances:

	2018	2017
	\$'000	\$'000
Jamaica Urban Transit Company Limited	47,993	47,993
Metropolitan Transport Holding Limited	405	405
	<u>48,398</u>	<u>48,398</u>

A doubtful debt allowance has been made for the balance of \$48.398 million (2017: \$48.398 million).

(ii) Reconciliation of allowance for doubtful debts on trade receivables:

	2018	2017
	\$'000	\$'000
Balance at the beginning of the year	50,209	34,308
Impairment losses recognized on trade receivables	-	15,901
Balance at the end of the year	<u>50,209</u>	<u>50,209</u>

7. Deposits and prepayments

	2018	2017
	\$'000	\$'000
Prepaid insurance	10	-
Other prepayments	1	662
Deposit on fixed assets	9,741	2,432
Deferred expenditure - Jamintel Building	-	205
Guarantee deposits	157	157
Rent deposits	1,200	1,200
Miscellaneous deposits	4,307	3,942
	<u>15,416</u>	<u>8,598</u>

**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

8. Cash and Deposits

	2018	2017
	\$'000	\$'000
Cash	801	774
Bank balances (Note 8(a))	77,800	65,496
Cash and cash equivalents	<u>78,601</u>	<u>66,270</u>
Certificate of deposits	-	127,000
Resale agreements	485,559	243,365
	564,160	436,635
Accrued interest	3,525	974
	<u>567,685</u>	<u>437,609</u>

Bank balances include interest bearing accounts totaling \$1.725 million (2017: \$23.287 million) at a weighted average effective interest rate of 2.68% (2017: 2.08%). The weighted average effective rates for resale agreements is 4.55% (2017: 7.02% and 6.75% for certificates of deposit and resale agreements respectively).

(a) A book bank overdraft of \$6.550 million (2017: \$7.101 million) is included in bank balances. A book bank overdraft is not an actual overdraft but arises as a result of unrepresented cheques exceeding the available bank balance. The Authority does not maintain an overdraft facility but management ensures that available balances are not exceeded by managing the individual components of cash and deposits collectively.

9. Provisions

	Litigation	
	2018	2017
	\$'000	\$'000
Opening balance	13,818	-
Provision recognised in the year	-	13,818
	<u>13,818</u>	<u>13,818</u>
Closing balance	<u>13,818</u>	<u>13,818</u>

The provision for legal claims represents management's best estimate of anticipated cost that will be required to settle ongoing litigation on proceedings that are assessed, based on their progress are most likely to be resolved against the Authority. The provision covers several separate claims, none of which are expected to have a material adverse impact on the Authority's financial position. The timing of outflows are uncertain as it depends upon the outcome of the proceedings and it is not possible to make assumptions on final outcome beyond the end of the reporting period or shortly thereafter, therefore the provision is not discounted.



**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

10. Payable and accruals

	2018	2017
	\$'000	\$'000
Accounts payable	8,834	17,181
GOJ distribution (Note 22)	-	1,417
Stale dated cheques	13,212	11,345
Other payables	16,274	3,196
Pension refund	1,795	1,795
Accrued vacation leave	26,280	26,187
Accruals	13,452	19,552
	<u>79,847</u>	<u>80,673</u>

11. Deferred income

Deferred income represents processing fees received in advance for licence applications relating to the following year and includes amounts received for road licences not yet collected by licensees.

	2018	2017
	\$'000	\$'000
Balance, beginning of the year	522,711	477,884
Amortized during the year	(445,874)	(386,193)
Transfer to other income expired fees (Note 17(b))	(14,226)	(23,681)
Additions	486,338	454,701
Balance, end of the year	<u>548,949</u>	<u>522,711</u>

**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Jamaican dollars)

12. Property, plant and equipment

	Land and building	Freehold and leasehold improvements	Furniture, fixtures and equipment	Motor vehicles and motor cycles	Computer hardware	Signs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At cost:							
1 April 2016	197,935	183,476	130,899	107,743	58,645	1,579	680,277
Additions	-	19,879	12,774	122,365	5,784	-	160,802
Disposals	-	-	(78)	(4,904)	-	-	(4,982)
Write-off to expense	-	-	(45)	-	(74)	-	(119)
31 March 2017	197,935	203,355	143,550	225,204	64,355	1,579	835,978
Additions	-	10,131	14,833	23,994	7,028	-	56,036
Disposals	-	-	-	(70,237)	-	-	(70,237)
Write-off to expense	-	-	-	-	(79)	-	(79)
31 March 2018	197,935	213,486	158,433	178,961	71,304	1,579	821,698
Depreciation:							
31 March 2016	16,857	62,121	72,274	79,308	37,540	310	268,410
Charge for the year	4,257	31,443	9,885	22,338	6,589	150	74,662
Eliminated on disposals	-	-	-	(2,991)	(64)	-	(3,055)
31 March 2017	21,114	93,564	82,159	98,655	44,065	460	340,017
Charge for the year	4,257	33,311	10,485	23,003	6,970	149	78,175
Eliminated on disposals	-	-	-	(10,969)	-	-	(10,969)
31 March 2018	25,371	126,875	92,644	110,689	51,035	609	407,223
Carrying amount:							
31 March 2018	172,564	86,611	65,789	68,272	20,269	970	414,475
31 March 2017	176,821	109,791	61,391	126,549	20,290	1,119	495,961

Land and buildings include land at a cost of \$35.709 million (2017: \$35.709 million).



**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31 MARCH 2018**

(Expressed in Jamaican dollars)

13. Intangible assets

	Computer Software \$'000
At cost:	
1 April 2016	33,866
Additions	<u>11,036</u>
31 March 2017	44,902
Additions	<u>6,958</u>
31 March 2018	<u>51,860</u>
Amortisation:	
1 April 2016	24,554
Charge for the year	<u>3,528</u>
31 March 2017	28,082
Charge for the year	<u>5,278</u>
31 March 2018	<u>33,360</u>
Carrying amount:	
31 March 2018	<u>18,500</u>
31 March 2017	<u>16,820</u>

14. Investment securities

	2018 \$'000	2017 \$'000
5.25% Government of Jamaica fixed rate benchmark note (2020) US\$500,000 (Held-to-maturity)	-	63,870
US\$ 500,000, 5% Notes due September 2020	62,595	-
Accrued interest	<u>34</u>	<u>1,294</u>
	<u>62,629</u>	<u>65,164</u>

**TRANSPORT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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The Held-to-maturity investment security matured in September 2017 as the Government of Jamaica made an early call on the instrument. The funds were reinvested in managed funds with a financial institution.

The market value of the GOJ investment at March 31, 2017 was \$64.12 million (US\$501,960).

15. Deferred tax assets (liabilities)

The following is the analysis of the deferred tax balance:

	2018	2017
	\$'000	\$'000
Deferred tax assets	29,562	21,776
Deferred tax liabilities	(765)	(845)
	<u>28,797</u>	<u>20,931</u>

The movement during the period in the Authority's deferred tax position was as follows:

	2018	2017
	\$'000	\$'000
Opening balance	20,931	13,786
Credit to income for the period (Note 21(a))	7,866	7,145
Closing balance	<u>28,797</u>	<u>20,931</u>

The following are the major deferred tax assets and liabilities recognised by the Authority and the movements, thereon during the current and prior period:

Deferred tax assets

	Depreciation changes in excess of capital allowances \$'000	Provision \$'000	Accrued vacation \$'000	Total \$'000
Balance, 1 April 2016	9,187	-	6,118	15,305
Credit to income for the year	2,588	3,454	429	6,471
Balance 31 March 2017	11,775	3,454	6,547	21,776
Credit to income for year	7,763	-	23	7,786
Balance, 31 March 2018	<u>19,538</u>	<u>3,454</u>	<u>6,570</u>	<u>29,562</u>

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15. Deferred tax asset (liabilities) (continued)
Deferred tax liabilities

	Interest receivable \$'000	Unrealised Foreign exchange gain \$'000	Total \$'000
Balance, 1 April 2016	1,519	-	1,519
Charge to income for the year	(951)	277	(674)
Balance 31 March 2017	568	277	845
Charge (credit) to income for year	322	(402)	(80)
Balance, 31 March 2018	890	(125)	765

16. Capital reserve

This represents realised surplus on disposal of property, plant and equipment.

17. Revenue

(a) Revenue comprise processing fees for road license applications, franchise fees received from franchise operators, and storage and administrative fees from the impounding of motor vehicles, as well as miscellaneous income.

(b) Other income

	2018 \$'000	2017 \$'000
Gain on disposal of property, plant and equipment	962	3
Foreign exchange (loss)/gain, net	(1,884)	4,329
Transfer from deferred income – expired vouchers	14,226	23,681
Operating lease rental income	2,309	3,850
Waterlane bus park	7,965	9,019
Pension refund	-	2,071
Other	30	85
	<u>23,608</u>	<u>43,038</u>

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(c) Interest income

	2018	2017
	\$'000	\$'000
Financial institution deposits	23,002	17,060
Other loans and receivables	310	435
Held-to-maturity investment	1,603	3,314
	<u>24,915</u>	<u>20,809</u>

18. Expense by nature

	2018	2017
	\$'000	\$'000
Staff cost (Note 19)	617,635	651,114
Electricity, telephone and water	41,853	35,831
Repairs and maintenance – buildings & roadways	8,658	8,240
Repairs and maintenance- furniture & equipment	4,441	5,131
Motor vehicle repairs and maintenance	24,044	25,357
Computer expenses	80	25
Depreciation and amortisation	83,453	78,189
Support Fees/ Internet Charges	11,939	11,586
Insurance	6,036	9,392
Security	75,285	86,110
Printing, stationery and lamination	35,422	31,398
Postage/Courier Services	1,392	970
Office expenses	7,593	10,384
Public relations and advertising	9,060	11,998
Property tax	1,258	622
Audit and accounting	1,549	1,396
Legal and other professional fees	9,418	12,152
Legal damages and claims	5,215	31,322
Directors' fees	1,981	2,297
Travelling and subsistence	18,365	31,544
Meeting expenses	6,912	8,365
Rental expenses	17,160	20,803
Donation and subscriptions	10,448	5,832
Surveys and investigations	83	113
Disposal of seized vehicles	709	886
Sector outreach expenses	10,099	184
Bank charges	6,201	5,229
Allowance for doubtful debt	-	47,153
Jamintel deferred expenses	-	27,243
Other property cost write-off	-	5,915
Miscellaneous	46	3,076
Irrecoverable G.C.T.	32,522	25,484
	<u>1,048,857</u>	<u>1,195,341</u>

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19. Staff cost

	2018	2017
	\$'000	\$'000
Salaries and wages	379,889	404,064
Statutory deductions	38,222	40,393
Pension contributions	19,461	20,690
Staff allowance	151,373	167,457
Staff welfare	28,302	16,644
Training	388	1,866
	<u>617,635</u>	<u>651,114</u>

20. Surplus (Deficit) before taxation is stated after charging:

	2018	2017
	\$'000	\$'000
Depreciation and amortization	83,453	74,662
Auditors' remuneration	1,600	1,600
Staff cost, excluding staff welfare	589,333	634,470
Staff welfare	28,302	16,644
Foreign exchange losses (gains), net	<u>1,884</u>	<u>(4,329)</u>

21. Taxation

Income tax is based on surplus/(deficit) for the year, adjusted for tax purposes. Current and deferred taxes have been calculated using the tax rate of 25% (2017: 25%).

	2018	2017
	\$'000	\$'000
(a) Recognised in surplus or deficit		
The total tax (credit) charge for the year comprises:		
Current tax	13,396	-
Prior year over-provision	-	(3,193)
Deferred tax adjustment (Note 15)	(7,866)	(7,145)
	<u>5,530</u>	<u>(10,338)</u>
(b) Reconciliation of expected tax charge (credit)		
Surplus (Deficit) before taxation	<u>73,545</u>	<u>(119,762)</u>



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Tax at domestic income tax rate of 25%	18,386	(29,941)
Tax effect of current tax losses not recognised	-	19,585
Tax effect of tax losses utilized	(13,147)	-
Tax over provision prior year		(1,032)
Tax effect of income or gains that are not chargeable in determining taxable surplus	(241)	(805)
Tax effect of expenses that are not deductible in determining taxable surplus	541	2,875
Other	(9)	(1,020)
Tax expense (credit) for the year	<u>5,530</u>	<u>(10,338)</u>

(c) Tax losses of approximately \$64.94 million (2017: \$78.34 million) (subject to the agreement of the Commissioner General, Tax Administration Jamaica) is available for set-off against future taxable surpluses. No deferred tax asset has been recognised in respect of these losses due to the uncertainty of the timing of surpluses to utilise these losses.

22. Allocation to Government of Jamaica

At the request of the Ministry of Finance and Planning, a financial distribution of \$2.9 million was made out of the surplus for the year ended 31 March 2015 to the Government of Jamaica. The distribution was approved by the Board of Directors and paid to the Accountant General on 28 September 2016 in the previous financial year. The distribution approved for the financial year ended 31 March 2016 of \$1.471 million was accrued (Note 10).

23. Pension scheme

A defined -contribution pension scheme is administered by Guardian Life Limited for all employees of the Authority who have satisfied certain minimum service requirements. The scheme is funded by employer's contribution of 7½ % and employees' contributions of 5% pensionable salaries, plus an option for employees to contribute an additional 5%. Based on the last unaudited financial statements provided by the scheme's administrators, net assets available for benefits as at 31 March 2018 amounted to \$538.140 million (31 March 2017: \$500.988 million (audited).

The Authority's contributions for the year amounted to \$19.461 million (2017: \$20.690 million).

24. Related party balances and transactions

(a) At the end of the reporting period the following receivable balances were recognized for related parties:

	2018	2017
	\$'000	\$'000
Jamaica Urban Transit Company Limited	158,273	158,273
Metropolitan Transport Holdings Limited	<u>405</u>	<u>405</u>



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An allowance for doubtful debt has been made against these balances amounting to \$121.75 million (2017: \$121.75 million). This includes bad debt provisions made during the 2017 financial year of \$47.153 million (See Notes 4 and 6).

(b) The remuneration of directors and other members of key management during the year were as follows:

	2018	2017
	\$'000	\$'000
Key management personnel compensation:		
Directors' emoluments - fees	1,981	2,513
- expenses	369	257
	<u>2,350</u>	<u>2,770</u>
Short-term benefits (included in staff costs):		
Managing Directors' remuneration	7,216	9,021
Other key management personnel	19,228	34,790
	<u>26,444</u>	<u>43,811</u>

The remuneration of directors and key executives is determined by the Board of Directors having considered the recommendations and guidelines of the Government of Jamaica.

25. Leases and commitments

(i) Leases as a lessee:

At March 31, the Authority as had lease commitments under operating leases expiring up to 2029. Operating leases relate to rental of several premises for carrying out its operation and are negotiated for an average of five or ten years. At the end of the reporting period the company had outstanding commitments under operating leases which fall due as follows:

	2018	2017
	\$'000	\$'000
Not later than one year	23,361	6,889
Later than one year and not later than five years	22,811	15,104
Later than five years	30,856	5,774
	<u>77,028</u>	<u>27,767</u>

(ii) Capital commitments:

As at 31 March 2018, the Authority's capital contracts that were still open amounted to \$1.6 million (2017: \$20.5 million), in respect of which deposits amounting to \$0.16m (2017: \$4.7 million) have been made.



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26. Contingent liabilities

In the normal course of business, the Authority is liable to claims for damages for tortuous actions allegedly committed by its servants and/or agents. Provision is made in cases where, in the opinion of management and its legal counsel, it is highly likely that the Authority will be called upon to pay compensation to the claimant (See Note 9).

At the end of the reporting period, the Authority had a number of claims for damages pending in the Supreme Court and Resident Magistrate's Courts in Jamaica amounting to approximately \$83.62 million (2017: \$127 million) of which \$13.80 million (2017 \$13.80 million) was provided for.

With respect to the pending claims, the Authority is of the opinion that the matters can either be successfully defended or are not yet at a stage where a reasonable estimate of the likely outcome can be assessed, therefore, no provision has been recognised in the financial statements for these matters.

27. Financial Instruments and financial risk management

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Categories of financial instruments

The following table sets out the financial instruments as at the end of each reporting period:

	2018	2017
	\$'000	\$'000
Financial Assets		
Cash, bank and short-term deposits	630,212	437,609
Finance lease receivable	48,125	-
Investment securities (Held-to-maturity)	-	65,164
Loans and receivables (at amortised cost)		
Trade and other receivables	4,571	10,004
Loans receivable	38,043	37,786
Deposits	16,790	7,650
	<u>737,741</u>	<u>558,213</u>
Financial Liabilities (at amortised cost)		
Payables	<u>28,182</u>	<u>33,139</u>

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.



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The Ministry of Finance is ultimately responsible for the establishment and oversight of the Authority's risk management framework. The Managers provide guidelines for overall risk management and areas, such as foreign exchange risk, interest rate risk and credit risk, and investment of excess liquidity. The Managers manage and monitor risks, as follows:

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

The Authority does not hold or issue derivative financial instruments.

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

The Authority takes on exposure to market risks, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market

prices. Market risks mainly arise from changes in foreign currency exchange rates ((i) below), interest rates ((ii) below) and market price ((iii) below).

The market risk of the Authority's investment portfolio is reviewed regularly using quantitative and qualitative risk measures and analyses.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Authority is exposed to currency risk due to fluctuation in the exchange rates on balances that are denominated in currencies other than the Jamaican Dollar. Management ensures that the net exposure is kept to an acceptable level by monitoring currency positions and ensuring adherence to predetermined limits.

The carrying amounts of the Authority's foreign currency denominated monetary assets at the end of the reporting date are as follows:

	2018		2017	
	US\$'000	J\$'000 Equivalent	US\$'000	J\$'000 Equivalent
US\$	220	27,547	681	88,322

There was no foreign currency related liabilities at the reporting date.



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Foreign currency sensitivity

The following table indicates the currency to which the Authority had significant exposure on its monetary assets. The change in currency rate below represents the Finance Director's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a revaluation of 2% and devaluation of 4% in foreign currency rates. The sensitivity analysis includes cash and short term investments and investment securities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be analysed on an individual basis:

	<u>Change in Currency</u> %	<u>Effect on Surplus</u> 2018 \$'000	<u>Change in Currency</u> %	<u>Effect on Surplus</u> 2017 \$'000
United States Dollar				
Revaluation	2	(551)	1	(883)
Devaluation	4	1,102	6	5,299

(ii) Interest rate risk

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

Floating rate instruments exposes the Authority to cash flow interest risk whereas fixed interest rate instruments expose the Authority to fair value interest risk.

The Authority's exposure to interest rate risk is affected by its holding in cash and bank deposits. In respect of liabilities, the Authority does not enter into transactions involving interest costs and is therefore not affected by interest rate risk on liabilities.

The following tables indicate the level of interest rate exposure of the Authority for Jamaican dollar and United States Dollar denominated securities at the end of the reporting period:

	<u>2018 \$'000</u>	<u>2017 \$'000</u>
J\$ Denominated securities	487,283	371,368
USD Denominated securities	<u>27,547</u>	<u>88,322</u>
Total	<u>514,830</u>	<u>459,690</u>

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement.



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27. Financial instruments and financial risk management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

The sensitivity of net surplus is the effect of the assumed changes in interest rates on surplus for the year based on the floating rate non-trading financial assets and financial liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be analysed on an individual basis.

	Effect on surplus 2018 \$'000	Effect on surplus 2017 \$'000
Change in interest rates on J\$ Securities		
-1% (2017: -1%)	(4,873)	(3,714)
+1% (2017: +1%)	4,873	3714

	Effect on surplus 2018 \$'000	Effect on surplus 2017 \$'000
Change in interest rates on USD Securities		
-0.5% (2017: -0.5%)	(138)	(442)
+0.5% (2017: +1%)	138	883

The following tables summarise the company's exposure to interest rate risk at the end of the reporting period. It includes financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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27. Financial instruments and financial risk management (Continued)
(a) Market risk (continued)
(ii) Interest rate risk

	2018					Total \$'000
	Within 1 Month or on Demand \$'000	1 to 3 Months \$'000	3 to 12 \$'000	1 to 5 years \$'000	Non- Interest Bearing \$'000	
Financial Assets						
Cash and deposits	-	514,830	-	-	52,855	567,685
Investment security	-	-	-	62,629	-	62,629
Finance lease receivable	-	-	-	-	48,125	48,125
Trade and other receivables	-	-	-	-	6,401	6,401
Deposits	-	-	-	-	15,405	15,405
Loans receivable	32,928	903	2,709	5,098	-	41,638
Total financial assets	32,928	515,733	2,709	67,727	122,786	741,883
Financial Liabilities						
Accounts payable	-	-	-	-	(38,320)	(38,320)
Total financial liabilities	-	-	-	-	(38,320)	(38,320)
Total interest re-pricing gap	32,928	515,733	2,709	67,727	84,466	703,563

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(Expressed in Jamaican dollars)

27. Financial instruments and financial risk management (Continued)
(a) Market risk (continued)
(ii) Interest rate risk

	2017					Total \$'000
	Within 1 Month or on Demand \$'000	1 to 3 Months \$'000	3 to 12 \$'000	1 to 5 years \$'000	Non- Interest Bearing \$'000	
Financial Assets						
Cash and deposits	23,288	371,339	-	-	42,982	437,609
Investment securities	-	1,294	-	63,870	-	65,164
Trade and other receivables	-	-	-	-	5,335	5,335
Deposits	-	-	-	-	7,650	7,650
Loans receivable	41,597	-	-	858	-	42,455
Total financial assets	64,885	372,633	-	64,728	55,967	558,213
Financial Liabilities						
Accounts payable	-	-	-	-	(33,139)	(33,139)
Total financial liabilities	-	-	-	-	(33,139)	(33,139)
Total interest re-pricing gap	60,216	372,633	-	64,728	27,497	525,074

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, other than those arising from currency or interest rate risk, whether those changes are caused by factors specific to the instrument or affecting all similar instruments in the market.

The Authority is no measurable exposure to price risk.

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Investments are allowed principally in secure liquid instruments and with counterparties that management believe do not offer any significant credit risk. Based on their assessment, management does not expect any counterparties to fail to meet their obligations. The managers manage credit risk by having an investment policy which includes written authority levels and prior approval by the Ministry of Finance of any investment transaction.

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(Expressed in Jamaican dollars)

27. Financial instruments and risk management (Continued)
(b) Credit risk (Continued)

At the end of the financial year, there were significant concentrations of credit risk in two financial institutions which held approximately 25% and 18 % of total bank and deposit balances (2017: two financial institutions holding 36.8% and 32.5%). There are no off-balance-sheet investments and, therefore, the maximum exposure to credit risk is represented by the total carrying amount of financial assets as disclosed in the 'categories of financial instruments' above.

The carrying amounts of financial assets in respect of trade and other receivables and loans receivable are net of impairment of \$123.561 million (2017: \$123.561 million) representing the Authority's maximum exposure to these classes of financial assets. Significant concentration of credit risk in these classes relate to balances with a related entity for which substantial impairment adjustments have been recognised.

(c) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the authority will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities. Due to the nature of the Authority, which accumulates and invests funds to pay liabilities which crystallise principally in the short term and in a measured predictable manner, the managers believe that liquidity risk for the Authority is negligible.

The maturity of all financial instruments is shown in the following tables:

	2018	2017
	\$'000	\$'000
Financial assets maturing in one year or less or on demand:		
Cash and deposits	567,685	437,609
Finance lease receivable	8,333	-
Trade and other receivables	6,401	5,335
Deposits	15,405	7,650
Loans receivable	36,540	42,455
	<u>634,364</u>	<u>493,049</u>
In more than one year:		
Finance lease receivable	39,792	-
Staff loans	5,098	858
Investments	62,629	65,164
	<u>107,519</u>	<u>66,022</u>
Financial liabilities maturing in one year or less or on demand:		
Accounts payable	38,320	33,139
	<u>38,320</u>	<u>33,139</u>



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 NOTES TO THE FINANCIAL STATEMENTS
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28. Fair value estimation

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

:

- (1) The fair value of held-to-maturity investment securities are determined by reference to quoted market prices where available.
- (2) The carrying amounts included in the financial statements for financial assets and financial liabilities that are classified as current assets and current liabilities reflect their approximate fair values because of the short-term maturity of these instruments.
- (3) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

The estimated fair values of the following financial instruments differ from the carrying values:

	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Investment securities -				
Held to maturity	-	-	65,164	64,120

At the end of the financial year, there were no financial instruments that were measured subsequent to initial recognition at fair value in the statement of financial position. The estimated fair value of the investment security is assessed as Level 2 of the fair value hierarchy.



SENIOR EXECUTIVES COMPENSATION TABLE

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Traveling Allowance or Value of Assignment of Motor Vehicle	Pension or Other Retirement Benefits	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Cecil Morgan – Managing Director	2017/2018	7,036,272.00	nil	4,855,670.40	nil	180,000.00	nil	12,071,942.40
Ewan Simpson – Senior Legal Officer	2017/2018	3,143,328.96	nil	1,491,696.00	nil	828,489.48	nil	5,463,514.44
Col. (Ret'd.) Audley Carter – GM-Operations	2017/2018	3,825,844.26	1,158,380.65	1,491,696.00	nil	520,074.96	nil	6,995,995.87
Petra-Kene Williams – GM-HRD & Administration *	2017/2018	299,516.92	nil	234,882.49	nil	243,667.79	nil	778,067.20
Rushen Anderson – GM-Finance & Planning	2017/2018	3,400,749.96	917,494.01	1,491,696.00	nil	180,000.00	nil	5,989,939.97
Total (\$)		17,705,712.10	2,075,874.66	9,565,640.89	nil	1,952,232.23	nil	31,299,459.88

Note: The Value of the Motor Vehicle assigned to the Managing Director is not reflected in Note 23b of the AFS, as this does not represent disbursement to the Officer.
 * Acting tenure ended 5th May 2017



NOTES TO SENIOR EXECUTIVES EMOLUMENTS TABLE

NOTES TO EXECUTIVE EMOLUMENTS TABLES

Position of Senior Executive	Uniform Allowance	Duty Allowance	Library/Roving	Special Allowance	Laundry Allowance	Lunch Allowance	Total
2017/2018							
Cecil Morgan - Managing Director						180,000.00	180,000.00
Petra-Kene Williams - GM-HRD & Administration*	201,291.51			24,115.42		18,260.86	243,667.79
Roshen Anderson - GM- Finance & Planning						180,000.00	180,000.00
Ewan Simpson - Senior Legal Officer		280,654.44	327,835.08		39,999.96	180,000.00	828,489.48
Col. (Ret'd.) Audley Carter - GM-Operations		340,074.96				180,000.00	520,074.96
Total 2017/2018							1,952,232.23

*Acting tenure ended May 5, 2017



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BOARD FEES FOR THE PERIOD APRIL 2017 TO MARCH 2018

BOARD DIRECTORS	Fees	Motor Vehicle Upkeep/Traveling	Honoraria	All Other Compensation including Non-Cash Benefits as applicable	Total
CHAIRMAN					
JOSEPH SHOUCAIR	407,000.00	-	-	-	407,000.00
EX-OFFICIO MEMBERS					
EVERTON HUNTER	178,250.00	-	-	-	178,250.00
WARREN CLARKE	132,000.00	-	-	-	132,000.00
MELANIE GILCHRIST	126,650.00	-	-	-	126,650.00
JOAN WYNTER	124,900.00	-	-	-	124,900.00
CO-OPTED MEMBERS					
SALEEM LAZARUS	66,200.00	-	-	-	66,200.00
RICHARD DEPASS	126,650.00	-	-	-	126,650.00
JOAN FLETCHER	138,050.00	-	-	-	138,050.00
BINDLEY SANGSTER	167,450.00	-	-	-	167,450.00
APPOINTED MEMBERS					
DENNIS MEADOWS	145,250.00	-	-	-	145,250.00
JOEL WILLIAMS	368,800.00	-	-	-	368,800.00
Total	1,981,200.00	-	-	-	1,981,200.00



NOTES



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