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2023 - 2024

# Annual Report

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# About Us

**Vision** A trusted guardian of world-class air services connecting Bermuda to the world.

**Mission** We manage Bermuda’s aviation, weather and climate services with excellence ensuring safety, sustainability and efficiency while supporting economic growth through responsible and strategic leadership.

**Core Values** Protect Public Interest | Collaboration | Respect | Safety-Driven | Trust | Accountability | Integrity | Innovation & Challenging Status Quo

**Who We Are** The Government of Bermuda established the Bermuda Airport Authority (the “Airport Authority” or the “Authority”) on 2 March 2017 as the owner of the LF Wade International Airport.

As a body corporate, quasi-autonomous non-governmental organization (“QUANGO”), the Authority is governed by the Bermuda Airport Authority Act 2017.

The Authority’s Board of Directors are responsible for the actions and general administration of its affairs and business. The Minister of Tourism & Transport, Culture & Sport may also give direction.



# Message from The Chairman

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The Bermuda Airport Authority's vision and mission is to connect Bermuda to the world by providing safe and efficient aviation and weather services. From 1 April 2023 to 31 March 2024, Bermuda's air connections increased with the launch of a new Bermuda-based airline, which also helped the recovery of the airport's passenger arrivals since the 2020 global pandemic. During the period, the Airport Authority also commissioned a new instrument landing system to facilitate safe aircraft landings at Bermuda's L.F. Wade International Airport.

In September 2023, BermudAir, a Bermuda-based airline, departed from L.F. Wade International Airport on its inaugural flight to Boston's Logan International Airport. BermudAir is a private business venture and the first Bermuda-registered airline. By the end of the period, BermudAir had expanded its network to four additional U.S. cities, including Fort Lauderdale and Orlando, FL; Baltimore, MD; and Westchester, NY. The Airport Authority, its strategic partner Skyport, and Bermuda residents and visitors alike all benefited from BermudAir's rapidly expanding network.

Air passenger arrivals and airline seat capacity increased during the period compared with the previous period, with total passenger arrivals at approximately 80% of pre-pandemic passenger levels from 2019. However, the Bermuda Airport Authority continued to receive support from the Government for the Authority's obligation under the project agreement between the Authority and Skyport, which guarantees Skyport minimum regulated revenues. During the period, Skyport was paid just over \$350,000, compared with just over \$10 million in the previous period. While this was a significant improvement, the goal is to eliminate guaranteed minimum regulated revenue payments to Skyport, which will be achieved with increased passenger volumes.

Since the Airport Authority's inception in March 2017, the Authority has received Government funds for capital development projects each year. During the 2023/24 period, the Authority successfully installed and commissioned an instrument landing system (ILS) at a total cost of just under \$1 million. This critical aviation technology is the most popular and widely used landing aid for pilots worldwide. The Airport Authority team and vendor partners are to be congratulated on the project's success.

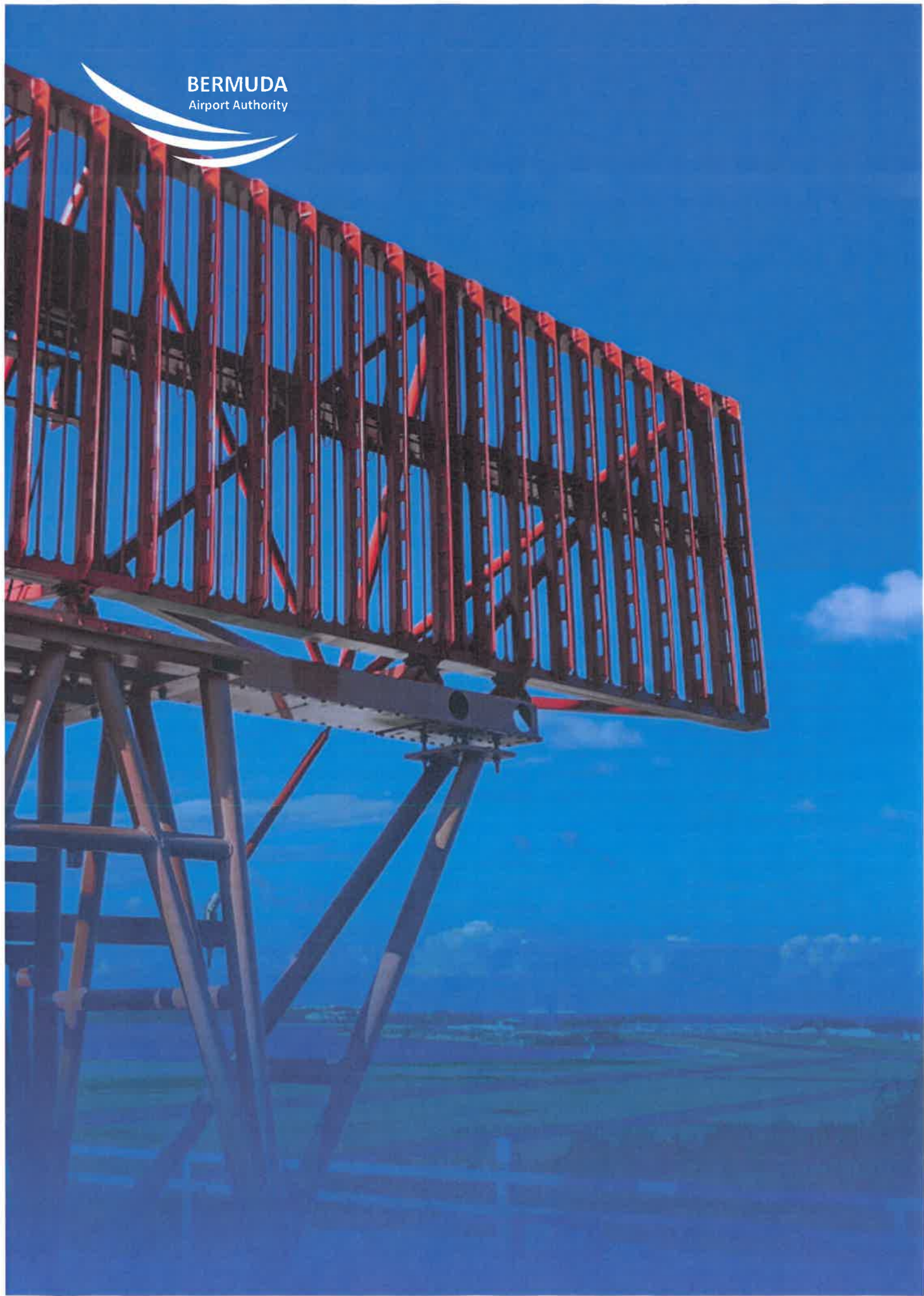
In closing, I would like to thank the Bermuda Airport Authority's Board, management, and staff for their stewardship of L.F. Wade International Airport, including the essential aviation and weather services delivered directly by the Authority.

A handwritten signature in black ink, appearing to be 'L. Scott', written over a light blue horizontal line.

**Lawrence Scott, JP, MP**  
Chairman  
Bermuda Airport Authority



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Airport Authority





## Message from the Chief Executive Officer

The year ended 31 March 2024 was the fourth year since the global pandemic, with passenger volumes at airports in North America and the Caribbean surpassing 2019 levels. While Bermuda's air passenger arrivals and seat capacity grew due to increased aviation activity, including the commencement of operations by startup airline BermudAir, air passenger arrivals did not fully recover to pre-pandemic levels. During this period, L.F. Wade International Airport (LFWIA) received an Airport Service Quality award based on passenger experience in the new passenger terminal building. The Airport Authority team also successfully completed a project to replace the airport's instrument landing system and oversaw upgrades to the airport's airfield approach lighting system and air cargo facility.

During the fiscal year, a group of private investors achieved a first for Bermuda by launching BermudAir, a Bermuda-based airline with its base at L.F. Wade International Airport. The Airport Authority congratulated the airline's management team on their achievement and welcomed them to the LFWIA family. BermudAir was granted an Air Operator's Certificate by the Bermuda Civil Aviation Authority, and the airline's two Embraer 175 aircraft are registered in Bermuda. The main purpose of an airline is to safely transport passengers and cargo from point A to point B. With BermudAir, all flights begin and end at point "B"—Bermuda. By the end of the period, the airline had expanded its network to five cities. The airline's inaugural route was to Boston, Bermuda's second-largest tourism market. The other four routes provided new direct connections, including Baltimore and Orlando—popular destinations for residents because of their access to medical facilities and entertainment venues, respectively. In addition to new air access for Bermuda, BermudAir's operations also increased activity for the Airport Authority's air traffic control specialists and created new aviation jobs for pilots, flight attendants, and aircraft maintenance personnel.

The Airport Authority was actively involved in the Air Service Development Committee, engaging with Bermuda's incumbent and potential airline partners. The other committee members are the Bermuda Tourism Authority and Skyport. Engagement included frequent virtual interactions and several in-person visits to various airline headquarters. During this period, JetBlue began seasonal, direct air service between New York's LaGuardia Airport and Bermuda, and year-round, direct air service between Boston and Bermuda. American Airlines also announced the resumption of seasonal, direct air service between Washington National Airport and Bermuda, and United Airlines extended its seasonal, direct air service between New York's Newark Airport and Bermuda.

The Airport Authority's largest capital project during the reporting period was the replacement and commissioning of the airport's instrument landing system (ILS). The Authority's Air Traffic Engineering and Aerodrome Development and Technical Services teams successfully delivered the ILS project in coordination with the ILS manufacturer, Indra Group USA, and Bermuda-based construction firms. The Authority's strategic partner, the U.S. Federal Aviation Administration, conducted the commissioning flight inspection. In addition to the ILS, for which the Authority is directly responsible, we oversaw upgrades to the airport's approach lighting system and air cargo facility. These critical infrastructure upgrades facilitate safe and efficient aircraft operations at LFWIA.

In closing, I would like to thank the Airport Authority's Board, management, and staff for their hard work, professionalism, and dedication, all of which contribute to the Airport Authority's success.



**Lester Nelson**  
Chief Executive Officer  
Bermuda Airport Authority



# Airport Development and Project Oversight

During the fiscal year ending 31 March 2024, the Bermuda Airport Authority maintained its oversight of aerodrome infrastructure and technical projects in support of the safe and efficient operation of L.F. Wade International Airport (LFWIA). The Authority continued to monitor the aerodrome operator (Skyport's) performance under the Project Agreement and advanced several Authority-led capital initiatives focusing on aviation safety, airfield integrity, and critical systems modernization.

## Authority Projects

Key Authority works in 2023–24 included ongoing security upgrades across Authority facilities, with considerations for biometric access enhancements for the Air Traffic Control (ATC) Tower required by international regulations. Additionally, engineering reviews and digital point cloud survey information were obtained to support future ATC facility maintenance and development. Structural assessments were conducted for the Weather Radar (Doppler) radome, alongside project scoping for a lifecycle replacement of the Weather radar EG to improve resilience. Civil enabling works progressed for the Instrument Landing System (ILS) and Distance Measuring Equipment (DME) replacement project, with overall construction completed ahead of critical path equipment installation and FAA flight inspection (March 2024).

Capital projects carried out by Skyport on the Authority's leased lands included:

- **Renovations of the existing Cargo Facility, where structural, mechanical, electrical, and interior fit-out activities advanced through 2023 alongside Government stakeholder coordination, and consideration for critical BELCO infrastructure modifications and the location of a future generator.**
- **Remediation at Longbird Hill was completed with the removal of contaminated soil and abandoned steel tanks, restoring the site for future airfield use.**
- **Airfield lighting improvements continued with upgrades to LED runway edge lights, PAPI units, and taxiway edge lighting to enhance energy efficiency and visual aids performance.**
- **Exterior refurbishment of the Goddard Building was advanced as part of ongoing terminal ancillary building asset management.**

## Energy Oversight

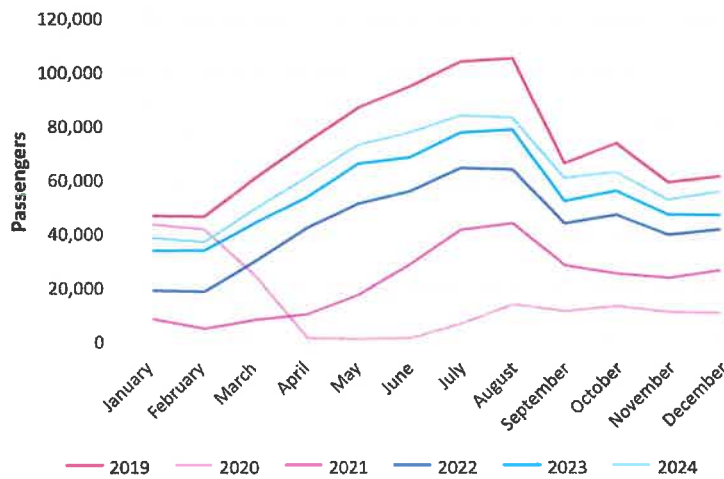
The Authority continued its oversight of energy consumption and energy efficiency at the Airport with the aim of reducing the energy costs, which the Authority is responsible for covering under the Project Agreement. The Authority engaged both local and overseas energy consultants to assist with oversight efforts for both the old and new terminal buildings. For the old terminal, the review focus is the proposed decommissioning plan and ensuring that consumption for legacy systems and infrastructure is either eliminated or reduced to a minimum where possible. For the new terminal, the focus is the review and validation of the proposed energy modelling for the terminal, aimed at ensuring building systems operate at optimal energy levels.

## Guaranteed Minimum Regulated Revenue (GMRR) Payment

Net GMRR Payments from the Authority to Skyport	
FY 2020 - 2021	\$16,815,000
FY 2021 - 2022	\$19,255,923
FY 2022 - 2023	\$10,400,267
FY 2023 - 2024	\$351,534

Post-pandemic recovery continued in 2023/24 with increased passenger traffic and aviation activity. The positive impacts of the recovery were reflected in a major decrease of 97% in net payments which the Authority (on behalf of the Bermuda Government) was required to make to Skyport for shortfalls in the guaranteed minimum revenue, as stipulated in the 30-year concession agreement. Payments decreased from \$10,400,267 in 2022/23 to \$351,534 in 2023/24.

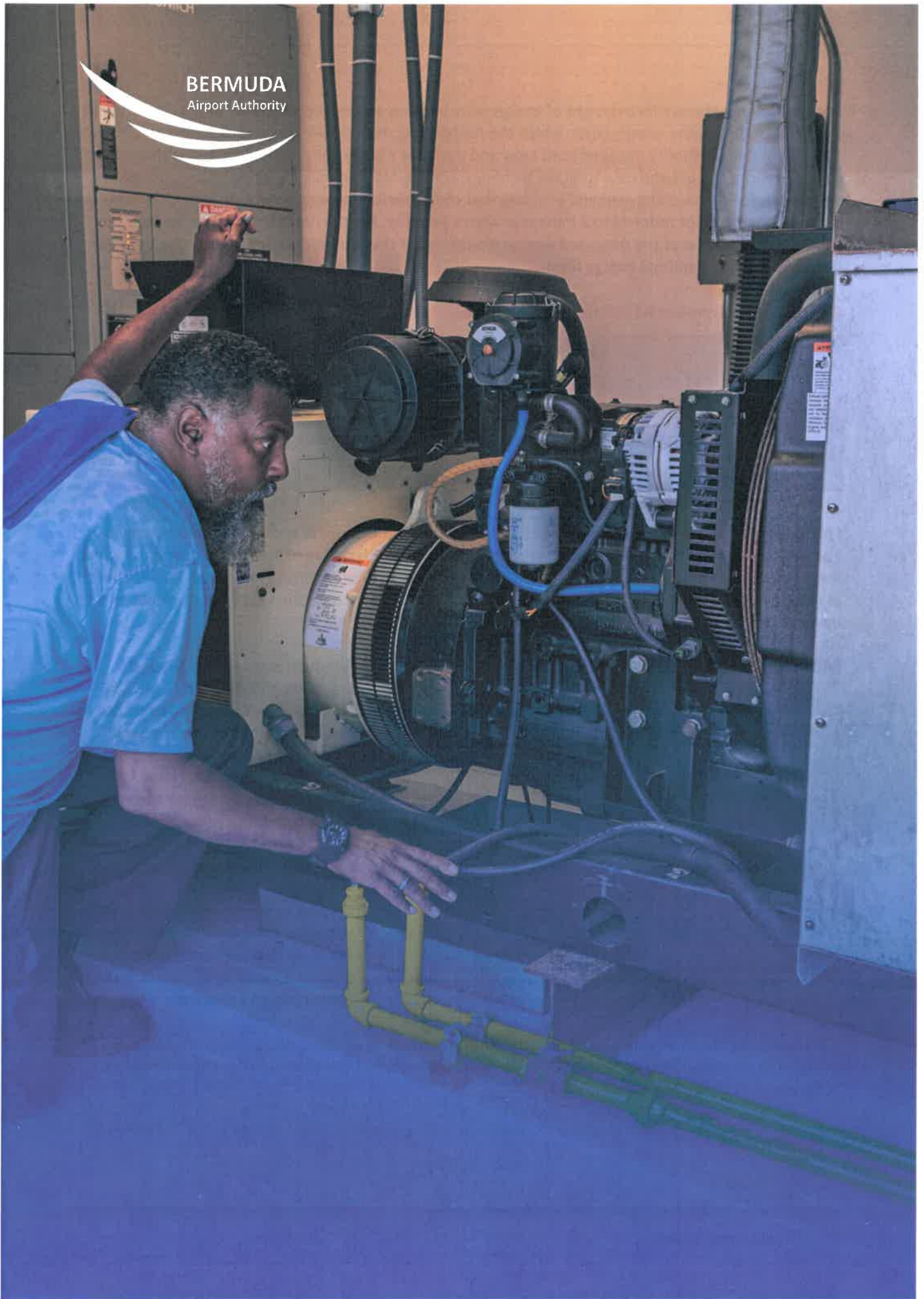
## Monthly Passengers 2019 - 2024



Although payments to Skyport are made on a quarterly basis, an annual reconciliation is carried out to ensure that the quarterly payments when summed on an annual basis do not exceed the total shortfall in guaranteed minimum for the year. As a result of this reconciliation, Skyport returned \$544,309 to the Authority. There was no additional return of funds to the Authority from Skyport as was done in some prior years, for the excess of Guaranteed Revenue Reserve Account funds, over Skyport's senior debt service for the forthcoming 12 months.

On a net basis, the Authority's payments less funds returned by Skyport, decreased from \$10,400,267 in 2022/23 to \$351,534 in 2023/24, a 97% decrease, reflective of the embedded post-pandemic recovery.

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# Airport Service Delivery, Air Navigation & Regulated Activities

Airport Service Delivery Unit & Regulated Activities represent the largest portion of the Airport Authority's annual budget and encompass the following critical divisions:

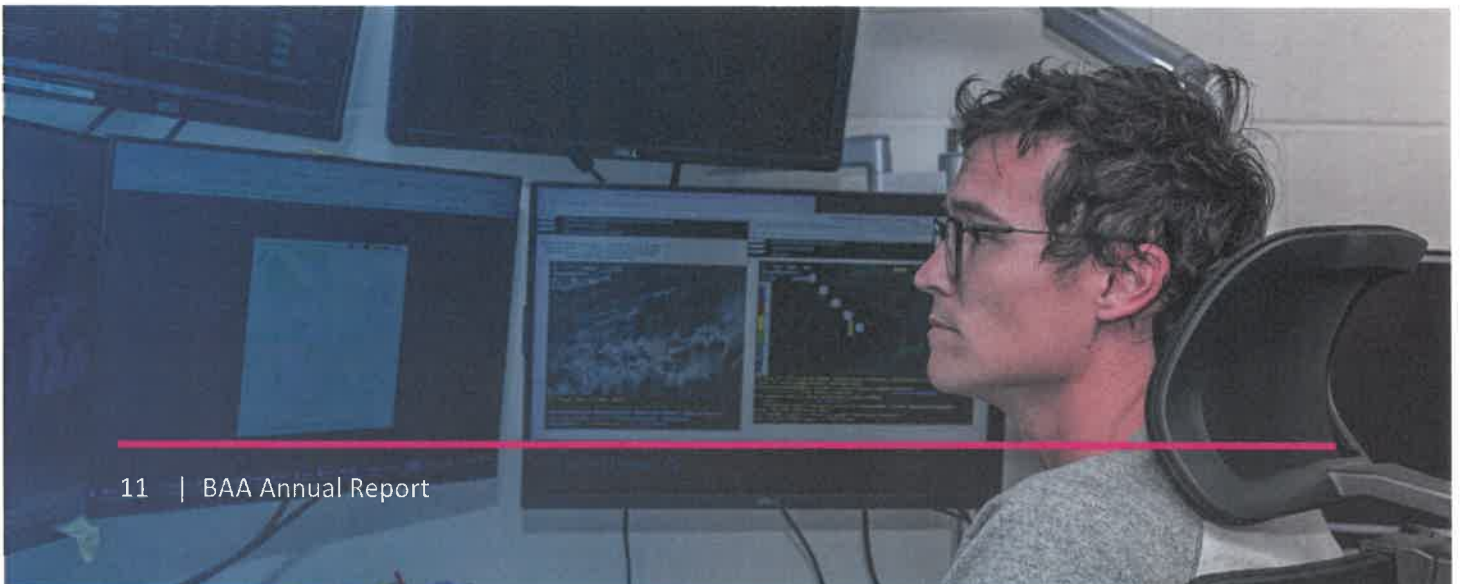
- **Bermuda Weather Service**
- **Air Traffic Control**
- **Air Traffic Engineering**
- **Airport Maintenance Services**
- **Aeronautical Information Services**
- **Airport Rescue & Fire Fighting**

## **Bermuda Weather Service**

Providing both national and aviation meteorological services remains central to the Bermuda Weather Service's mandate.

The 2023 Atlantic Hurricane season was the fourth-most active season on record with twenty named storms, and Bermuda was impacted by four of those tropical cyclones. Hurricane Franklin passed to the north-west as a category 2 storm on 30th August bringing tropical storm force winds across the island. On the 1st of September Hurricane Idalia passed to our south as a post-tropical storm leaving the island with almost 2 inches of rain, and on 14th of September Hurricane Lee passed to the west as a category 1 storm. Then, on the 6th of October, Tropical Storm Phillipe passed directly overhead as a post-tropical cyclone.

Bermudian meteorological technician Lawrence Doughty commenced training with the UK Met Office as part of his development plan to become a certified meteorological forecaster by the end of 2024. A further two Bermudians, Lucy Hollis and Sakeena Todd-Easton, completed on the job training in December to become certified meteorological technicians.

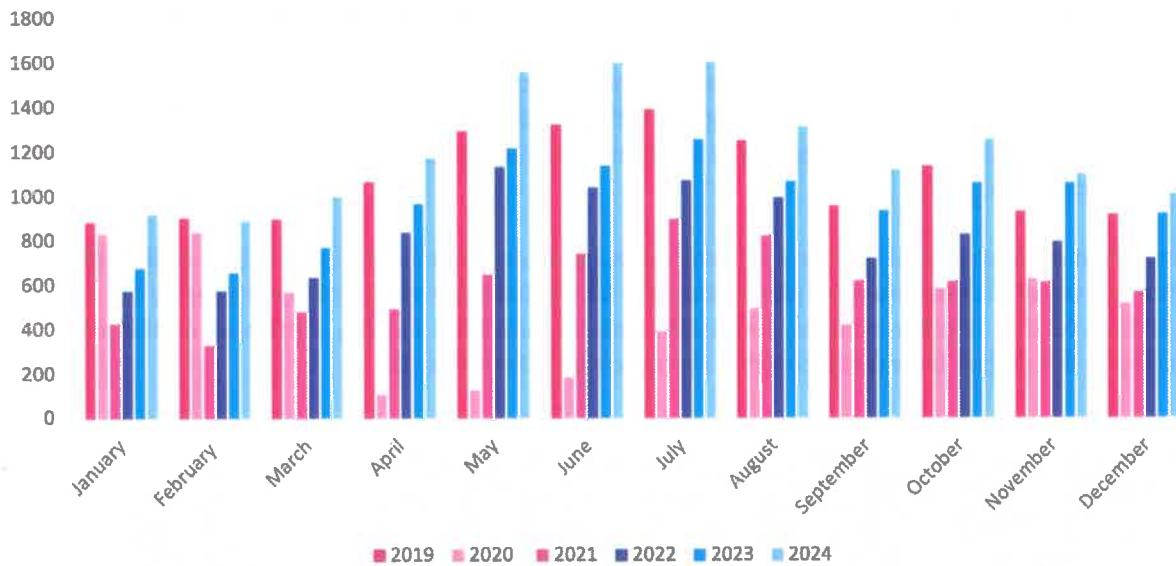




### Air Traffic Control Services

Air traffic activities at LF Wade International Airport continued their post-pandemic recovery, with FY 2023–24 movements aligning with pre-COVID levels and industry expectations.

### Air Traffic Movements 2019 - 2024



2023 saw the implementation in Bermuda of a new fatigue management system for air traffic control staff, which was introduced by the UK Civil Aviation Authority throughout the UK overseas territories. Maximum working hours and minimum rest intervals between work shifts became the norm for air traffic controllers, reducing controller fatigue and enhancing aviation safety.

## Air Traffic Engineering Services

The Air Traffic Engineering team operates and maintains critical systems at LF Wade International Airport (LFWIA), supporting both air navigation and ground operations. Air Traffic Engineering also supports the installation, preventative, and corrective maintenance of a number of aviation meteorological systems, including airfield instruments and sensors which measure wind speed and direction, atmospheric pressure, air temperature, horizontal visibility, cloud coverage, and precipitation.

Key Performance Indicators (KPIs) for these activities include availability or 'up time' of the systems which Air Traffic Engineering operates and maintains. Some KPIs worth noting for the calendar year 2023, which exclude 'down time' due to planned maintenance, include the availability of the following systems:

Asset	Expected Availability (Days)	Actual Availability (Days)	Availability for Period	Unavailable
Secondary Surveillance Radar (SSR) MODE-S	365	365	100%	0.00%
VHF Omni-directional Radio Range (VOR)	365	348	95.34%	4.66%
Remote Communications Air to Ground (RCAG)	365	365	100.00%	0.00%
Complete Instrument Landing System (ILS)*	365	217	59.45%	40.55%
ILS Localizer / DME only*	365	217	59.45%	40.55%
ILS Glideslope only*	365	63	17.26%	82.74%
Automatic Weather Observing System (AWOS)	365	365	100.00%	0.00%
Weather Radar	365	362	99.18%	0.82%

*\*ILS replacement project August 2023 – March 2024*

An eight-month capital project, at a cost of approximately \$700,000, ended in March 2024 when a replacement Instrument Landing System (ILS) was successfully commissioned at the LF Wade International Airport. An ILS is a precision approach system providing both lateral and vertical guidance to aircraft when on final approach to land, and is intended for use in low visibility conditions. Bermuda operates a Category 1 ILS, with Distance Measuring Equipment (DME), for its runway 30 operations providing guidance for pilots down to approximately 250' above aerodrome level. The new ILS was purchased from US-based Indra Air Traffic, and the project also included extensive civil work to replace concrete foundations used by the two-part ILS antenna system which is used to broadcast position information to the aircraft cockpit instruments. In order for the new ILS to be brought into service, the system was required to successfully complete an airborne flight inspection; this service is carried out by the US FAA flight inspection team and forms part of the longstanding agreement between the Airport Authority and the FAA. During the extended time when an ILS service was unavailable, alternative instrument approach procedures were available for pilot use.

### **Airport Maintenance Services**

The Airport Maintenance Services (AMS) team, though small, covers a vast and complex operational footprint. The Authority's campus comprises of over 500 acres, and the LF Wade International Airport spans from Cooper's Island in the east to the west side of St. David's Island. The AMS team are collectively responsible for maintaining gates, fences, and signage at all Airport Authority sites, together with general facilities management. They also manage vegetation and pest control, and ensure HVAC is kept running at all our sites, which is critical if some of our systems are to remain operational. The AMS team maintains infrastructure, plant and equipment as well as maintaining and servicing the Airport Authority's vehicle fleet. The provision of back-up electrical power systems is regulated for some of the aerodrome's air navigation systems and the AMS maintain and regularly assess our inventory of fixed and portable electrical generators.

Five Belco power failures occurred during the period which impacted Airport Authority assets, four of which were unplanned. In each case, back-up engine generators were automatically engaged to restore electricity to critical aviation and weather systems.

### **Aeronautical Information Services**

The Airport Authority continues to advance the International Civil Aviation Organization (ICAO) initiative to transition from a paper-based Aeronautical Information Service (AIS) to a data-centric Aeronautical Information Management (AIM) environment. With the support of an international AIM contractor the Airport Authority has developed a formatted database of all Bermuda aeronautical data and charting information. The review and updating of the published instrument flight procedures used at LF Wade International airport is awaiting local regulatory approval to proceed. Training was provided by our AIM contractor to Airport Authority staff in February 2024 to support the transition to in-house production of the Bermuda Aeronautical Information Publication (AIP).

### **Airport Rescue & Fire Fighting Services**

The Airport Authority maintains legal responsibility for the provision of Airport Rescue & Fire Fighting Services (RFFS) through its agreement with the Bermuda Fire & Rescue Service (BFRS). By October 2023, all overseas RFFS staff previously employed in response to new aviation regulations had been replaced with fully trained Bermudian RFFS firefighters. Over the course of the period RFFS provided response and support to nine precautionary and/or emergency aviation incidents.

### **The United Nations Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO)**

The CTBTO plays an essential role in the international nuclear arms control and disarmament framework by monitoring nuclear arms testing across the globe, through the establishment of over 330 seismic, infrasound, hydroacoustic, and radionuclide measuring stations. The Airport Authority operates and maintains a CTBTO infrasound station in Bermuda comprising of four separate listening sites.



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# Financial Statements

### **Management's Responsibility for the Financial Statements**

These financial statements have been prepared by management, who are responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements necessarily involves using management's best estimates and judgments, where appropriate.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies and management practices, designed to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislation, assets are safeguarded, and reliable financial records are properly maintained and available on a timely basis.

The Bermuda Airport Authority's Board of Directors through the Finance Committee, are responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Finance Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Finance Committee also reviews the financial statements before recommending approval by the Board of Directors. The financial statements have been approved by the Board of Directors and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.



Mr. Lester Nelson  
Chief Executive Officer



Mrs. Julie Grant  
Chief Financial Officer



## ***Office of the Auditor General***

Reid Hall, Penthouse  
3 Reid Street  
Hamilton HM 11, Bermuda

Tel: (441) 296-3148

Fax: (441) 295-3849

Email: [oag@oagbermuda.bm](mailto:oag@oagbermuda.bm)

Website: [www.oagbermuda.bm](http://www.oagbermuda.bm)

### **INDEPENDENT AUDITOR'S REPORT**

**To the Minister of Tourism, Transport, Culture and Sport**

#### **Opinion**

I have audited the financial statements of the Bermuda Airport Authority, which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bermuda Airport Authority as at March 31, 2024, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

#### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Bermuda Airport Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada, 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 Bermuda Airport 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 Bermuda Airport Authority or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from 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 Bermuda Airport 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 Bermuda Airport Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bermuda Airport Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at [www.oagbermuda.bm](http://www.oagbermuda.bm). This description forms part of our auditor's report.

Hamilton, Bermuda  
February 24, 2026



Heather Thomas, CPA, CFE, CGMA  
Auditor General

BERMUDA AIRPORT AUTHORITY  
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024  
*(Expressed in Bermuda dollars)*

	2024 \$	2023 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 4)	14,308,464	12,675,167
Accounts receivable (Note 5)	458,275	276,744
Due from the Government of Bermuda (Notes 5 and 11)	237,269	19,926
Contractual recoveries (Notes 3, 5 and 8)	<u>1,102,599</u>	<u>934,521</u>
<b>TOTAL FINANCIAL ASSETS</b>	<u>16,106,607</u>	<u>13,906,358</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 3)	6,412,744	4,778,700
Due to the Government of Bermuda (Note 11)	1,722,963	1,699,637
Asset Retirement Obligation (Note 10)	1,345,920	1,345,920
Post Retirement Benefit (Note 12b)	1,659,930	1,409,025
Deferred revenues (Notes 7 and 11)	1,504,329	1,504,329
Other non-current liability (Notes 3 and 9)	<u>415,205,134</u>	<u>394,439,855</u>
<b>TOTAL LIABILITIES</b>	<u>427,851,020</u>	<u>405,177,466</u>
<b>NET DEBT</b>	<u>(411,744,413)</u>	<u>(391,271,108)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses and other assets	606,068	422,214
Tangible capital assets (Notes 3 and 6)	<u>419,141,053</u>	<u>420,387,615</u>
<b>TOTAL NON-FINANCIAL ASSETS</b>	<u>419,747,121</u>	<u>420,809,829</u>
<b>ACCUMULATED SURPLUS</b>	<u>8,002,708</u>	<u>29,538,721</u>
<b>CONTRACTUAL OBLIGATIONS, RECOVERIES AND CONTINGENCIES (Note 8)</b>		

  
Chairman of the Board

19 February 2026

Date

  
Chief Executive Officer

19 February 2026

Date

*The accompanying notes are an integral part of these financial statements.*

## BERMUDA AIRPORT AUTHORITY

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2024

*(Expressed in Bermuda dollars)*

	<b>Budget 2024</b>	<b>Actual 2024</b>	<b>Actual 2023</b>
	\$	\$	\$
	(Note 16)		
REVENUES			
Foregone revenues (Note 3)	46,330,003	47,089,921	45,311,394
Government of Bermuda grants (Notes 7 and 11)	24,200,000	15,997,102	18,514,831
Other revenues	<u>1,200,664</u>	<u>1,534,293</u>	<u>813,277</u>
TOTAL REVENUES	<u>71,730,667</u>	<u>64,621,316</u>	<u>64,639,502</u>
EXPENSES			
Terminal operating cost contribution (Note 3)	33,026,845	34,592,906	34,516,715
Financing charges (Note 3)	-	26,909,964	25,479,831
Amortisation of tangible capital assets (Notes 3 and 6)	-	9,051,836	9,033,584
Retained services (Note 3)	8,451,930	5,823,541	5,437,202
General and administrative (Note 14)	4,055,937	4,418,025	3,647,350
Energy subsidy (Note 3)	3,015,000	2,893,563	3,035,329
Air service development (Notes 8 and 17)	3,000,000	1,743,416	1,678,295
Minimum regulated revenue guarantee (Notes 3 and 8)	5,000,000	351,534	7,219,686
Retirement benefit obligation (Note 12b)	-	250,905	1,409,025
Redevelopment consultants	<u>77,798</u>	<u>121,639</u>	<u>122,097</u>
TOTAL EXPENSES	<u>56,627,510</u>	<u>86,157,329</u>	<u>91,579,114</u>
(DEFICIT) OPERATING SURPLUS	<u>15,103,157</u>	(21,536,013)	(26,939,612)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>29,538,721</u>	<u>56,478,333</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>8,002,708</u>	<u>29,538,721</u>

*The accompanying notes are an integral part of these financial statements.*

BERMUDA AIRPORT AUTHORITY

STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2024

*(Expressed in Bermuda dollars)*

	<b>Budget 2024</b>	<b>Actual 2024</b>	<b>Actual 2023</b>
	\$	\$	\$
	(Note 16)		
(Deficit) operating surplus	15,103,157	(21,536,013)	(26,939,612)
Additions to tangible capital assets (Note 6)	(1,800,000)	(7,805,274)	(6,604,458)
Amortisation of tangible capital assets (Note 6)	-	9,051,836	9,033,584
Change in prepaid expenses and other assets	<u>-</u>	<u>(183,854)</u>	<u>(82,336)</u>
Change in net debt	<u><b>13,303,157</b></u>	(20,473,305)	(24,592,822)
NET DEBT, BEGINNING OF YEAR		<u>(391,271,108)</u>	<u>(366,678,286)</u>
NET DEBT, END OF YEAR		<u><b>(411,744,413)</b></u>	<u>(391,271,108)</u>

*The accompanying notes are an integral part of these financial statements.*

BERMUDA AIRPORT AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

*(Expressed in Bermuda dollars)*

	2024 \$	2023 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit	(21,536,013)	(26,939,612)
Adjustments made for:		
Amortisation of tangible capital assets	9,051,836	9,033,584
Changes in non-cash working capital:		
Increase in accounts receivable	(181,531)	(131,944)
(Increase) decrease in due from the Government of Bermuda	(217,343)	3,180,581
Increase in contractual recoveries	(168,078)	(168,078)
Increase in prepaid expenses and other assets	(183,854)	(82,336)
Increase (decrease) in accounts payable and accrued liabilities	1,634,044	(2,024,083)
Increase in post-retirement benefits obligation	250,905	1,409,025
Increase in due to the Government of Bermuda	23,326	624,945
Increase in deferred revenues	-	772,854
Increase in other non-current liability	<u>20,765,279</u>	<u>20,962,544</u>
Net cash provided by operating activities	<u>9,438,571</u>	<u>6,637,480</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Additions to tangible capital assets	<u>(7,805,274)</u>	<u>(6,604,458)</u>
Net cash used for capital activities	<u>(7,805,274)</u>	<u>(6,604,458)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,633,297	33,022
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,675,167</u>	<u>12,642,145</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>14,308,464</u>	<u>12,675,167</u>

*The accompanying notes are an integral part of these financial statements.*

1. OPERATIONS

The Bermuda Airport Authority (the "Authority") was established as an authority under the Bermuda Airport Authority Act 2017 (the "Act") on March 2, 2017. The principal functions and powers of the Authority, as set out in Part 2, Section 4 of the Act, are to oversee the administration, maintenance, management, operations and redevelopment of the L.F. Wade International Airport (the "Airport"; Note 3).

The Authority has direct responsibility for Retained Services at the Airport, which include air traffic control, airspace communications, navigation and surveillance, meteorological services, ground electronics and airport rescue and firefighting services. The Authority is also responsible for ensuring compliance with international aviation safety and regulatory requirements and for regulating passenger fees, aircraft servicing fees and other ancillary service fees associated with airport operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, the Authority is classified as an "other government organization" and has adopted policies appropriate for the classification. The accounting policies considered particularly significant are set out as follows:

(a) Basis of accounting

These financial statements have been prepared by management in accordance with Public Sector Accounting Standards generally accepted in Bermuda and Canada and reflect the results of operations for the years ended March 31, 2024 and 2023. These financial statements have been prepared on a going concern basis.

(b) Measurement uncertainty

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the statement of financial position, and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates and assumptions include (i) determining the appropriate inputs to the financial model used to derive the imputed liabilities incurred and revenues foregone under the terms of a multi-year public private partnership agreement (Note 3); (ii) evaluating the useful life of tangible capital assets; (iii) estimating the allowance for the provision of doubtful accounts receivable; (iv) estimating pension obligation and retirement benefits; (v) estimating environmental obligations; and (vi) asset retirement obligations. Actual amounts could differ from these estimates.

(c) Cash and cash equivalents

Cash includes cash on hand and held in banks. The Authority considers all time deposits with an original maturity of 90 days or less and short-term securities readily convertible to known amounts of cash as equivalent to cash.

(d) Financial instruments

The Authority's financial instruments consist of cash and cash equivalents, accounts receivable, contractual recoveries, accounts payable and accrued liabilities, and amounts due from and to the Government of Bermuda. All financial instruments are measured at cost or amortised cost using the effective interest method, less any impairment losses on financial assets.

Management assesses impairment of accounts receivable balances, based on historical collection experience with each customer (Note 5), and makes an allowance for impairment when necessary.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
**(e) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Prepaid expenses and other assets relate primarily to deferred costs for contracts which extend beyond the current year. Tangible capital assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

*Tangible capital assets and amortisation*

Tangible capital assets are recorded at cost which represents fair value, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at an estimated fair value. Fair value is interpreted to mean the price a willing market participant would pay for an equivalent infrastructure asset with the same service potential and risk profile.

Costs include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortised on a straight-line basis over their estimated useful lives as follows:

New airport terminal	50 years
Other buildings and structures	10-20 years
Leasehold improvements	20-40 years
Leasehold improvements – old terminal	up to 3 years
Furniture and fixtures	7 years
Vehicles, machinery and equipment	5 years
Computer equipment and software	3 years

Assets under development are included in tangible capital assets as construction in progress and are not amortised until the asset is available for productive use. Amortisation of tangible capital assets is charged from the first day of the month following the date of acquisition, completion, or placement into service of the asset.

*Contributions of tangible capital assets*

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

*Methods used for determining the cost of each major category of tangible capital assets*

The financial information recorded includes actual or estimated historical cost of the tangible capital assets. Tangible capital assets are carried at the lower of cost less accumulated amortisation and estimated net recoverable value. If cost is greater than the estimated net recoverable value, an impairment provision is recorded. Impairment provisions are determined on a specific asset basis and are recognised in the statement of operations in the year they become known.

**(f) Government of Bermuda grants**

Government contributions are the major source of operating revenue for the Authority. Restricted contributions are deferred and recognised as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognised as revenue when received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Asset Retirement Obligations (ARO)

Public Sector Accounting Standard *PS 3280 Asset Retirement Obligations* came into effect on April 1, 2022. This accounting standard provides guidance on the reporting of legal obligations associated with the retirement of tangible capital assets.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The estimate of a liability would include costs directly attributable to asset retirement activities. Costs would include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. The estimate would include costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

The carrying amount of the liability for asset retirement obligations is remeasured at each financial reporting date and any changes to the liability are recognized at the time of remeasurement.

(h) Revenue recognition

The Authority recognizes revenue in accordance with Public Sector Accounting Standard *PS 3400 Revenue*, which came into effect April 1, 2023. Revenue is recognized when the services are performed, the airport facilities are utilised or the performance obligations have been satisfied pursuant to related agreements, and the Authority has the right to receive consideration.

Foregone revenues represent all collected revenues generated by operations at the existing and new Airport terminals, which are surrendered to Skyport in accordance with the Project Agreement as consideration for costs incurred by Skyport to design, build, finance, operate, and maintain the Airport over the term of the Project Agreement (Note 3).

Terminal fee revenue is recognised as income when passengers depart from the Airport. Landing fees are generated principally from scheduled flights and non-scheduled commercial aviation and are recognised when the airport facilities are utilised. Rentals and fees, vehicle parking revenue, aircraft and apron equipment parking and other revenue are recognised when the airport facilities are utilised.

When consideration is received in advance of the performance obligations being satisfied, the amount is recorded as deferred revenue and recognized as revenue when the related services are delivered.

Contractual rights revenue are recognized as receivables when the Authority has an enforceable right to consideration.

(i) Statement of re-measurement gains and losses

A statement of re-measurement gains and losses has not been presented as there were no re-measurement gains or losses arising during the year.

(j) Changes in accounting standards

Each year new standards and amendments to standards may be issued by the PSAB of the Chartered Professional Accountants of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Changes in accounting standards (continued)

New standards implemented during the fiscal year ending March 31, 2024:

*PS 3400 Revenue* – addresses the recognition, measurement and presentation of revenues that are common in the public sector.

*PSG-8 Purchased Intangibles* – explains what a purchased intangible is and provides guidance on the recognition of, accounting for, and classification of purchased intangible assets.

*PS 3160 Public Private Partnerships* – provides guidance for the recognition, measurement, presentation, and disclosure of infrastructure procured through certain types of public-private partnership arrangements. This standard was early adopted by the Authority on a prospective basis from April 1, 2020.

New standard effective for fiscal years beginning on or after April 1, 2026:

*PS 1202 Financial Statement Presentation* - sets out general and specific requirements for the presentation of information in general purpose financial statements.

*The Conceptual Framework for Financial Reporting in the Public Sector* – replaces the conceptual aspects of Section PS1000, Financial Statement Concepts, and Section PS1100, Financial Statement Objectives.

The Authority does not intend to adopt the new standards prior to the effective dates. Management is currently assessing the impact that these standards will have on the financial statements.

3. L.F. WADE INTERNATIONAL AIRPORT REDEVELOPMENT

On March 15, 2017 (the “effective date”), the Government of Bermuda (the “Government”) entered into a Public Private Partnership Agreement (the “Project Agreement” or the “Agreement”) with the Canadian Commercial Corporation (“CCC”) and affiliates of Aecon Group Inc. (collectively, the “Project Partner”) to redevelop the Airport, including the construction of a new airport terminal (the “Project”).

The Project Partner assigned its obligations under the Project Agreement to a special purpose vehicle, Bermuda Skyport Corporation Limited (“Skyport”), which has been established for the purposes of completion of the Project. The Government has assigned its responsibilities under the Agreement to the Authority. Under the terms of the Agreement, Skyport is to design, build, finance, operate, and maintain the Airport for a period of 30 years from the date the concession commences.

On March 14, 2020, Skyport issued a Supervening Event Notice (“SEN”) to the Authority claiming that a Force Majeure Event (“FME”) had arisen from the outbreak of the novel coronavirus (“COVID-19”). The Authority has agreed that COVID-19 constitutes a FME under the terms of the Project Agreement (Note 8).

As a result of the impact of the COVID-19 pandemic, the operations and profitability of Skyport were negatively impacted by the significantly reduced level of revenues from airport traffic. Schedules for the supply, delivery, installation, testing and commissioning of equipment, and the commencement of operations, at the new air terminal building had to be revised to reflect new timelines once the initial situation stabilised and commercial airline traffic at the Airport was again authorised in July 2020. As a result, substantial completion of the construction activities and the planned opening of the new air terminal building were delayed until September 25, 2020 and December 9, 2020 respectively.

## 3. L.F. WADE INTERNATIONAL AIRPORT REDEVELOPMENT (continued)

Under the terms of the Project Agreement, the Authority retains ownership of the Airport, and the land and facilities are leased to Skyport for a 30-year term, commencing from the effective date of the Agreement. At the end of the lease term, the land, assets and operation of the Airport will transfer back to the Authority. The Airport's new facilities will become the property of the Authority upon expiry or early termination of the lease, without any payment.

Skyport raised financing for the Project through a combination of senior debt and equity, with at least 35% of the latter being held by the Project Partner. If the new terminal was not completed by the agreed July 2020 completion date, the Project Partner would have been liable to pay damages of between \$5,000 and \$15,000 per day of delay. Although substantial completion of the new terminal was not achieved by the originally scheduled date, Skyport was entitled to claim relief by way of an extension of time due to the FME and no liability for damages was therefore attributed to the Project Partner for the delay.

From the effective date of the Project Agreement through the end of the concession term, Skyport has sole entitlement to the "Regulated Fees and Charges" ("foregone revenues") and all other revenues from the operation of the Airport, including terminal fees, landing fees and other Airport facilities utilisation and service fees. Skyport has responsibility for Airport operations and maintenance, from the effective date of the Agreement until the end of the concession term, in order to hand back the property in accordance with agreed standards.

Skyport receives all revenues, both regulated and unregulated, that are generated from the Airport operations during this time and is responsible for the majority of Airport related expenses during this period, including employee remuneration, debt service and maintenance costs. The excess of foregone revenues over capital expenditures, maintenance expenses and interest expense incurred by Skyport is recognised in the statement of operations as an operating cost contribution. The expense for the current year represents the annual amortisation on a straight-line basis of the estimated total operating costs to be incurred over the remaining life of the contract. These estimates and the resulting operating cost contribution are reassessed on an annual basis.

The Authority pays an "Energy Subsidy" to Skyport for electricity costs at the Airport and remains responsible for certain Retained Services operating expenses and any related capital expenditure that previously fell under the remit of the Government Department of Airport Operations (the "DAO"); including air traffic control operations, meteorological services, airport fire and rescue services and ground electronics.

In accordance with PS 3160, the Authority determines the financing charges embedded in the financial liability related to the project agreement for the purposes of expense recognition over the course of the arrangement. As the implicit contract rate for the project agreement is not determinable, the weighted cost of capital ("WACC") specific to the arrangement is used by the Authority. The financing charges have been calculated using the WACC of 6.82% (2023 - 6.82%) applied to the non-current liability balance brought forward each year.

*Minimum regulated revenue guarantee*

The Authority guarantees certain minimum levels of revenue to ensure sufficient liquidity is maintained by Skyport on a quarterly basis to repay the Senior Debt incurred by Skyport to fund the project. As defined in the Project Agreement, if the "Actual Regulated Revenues" ("ARR") generated in any quarter are less than the Guaranteed Minimum Regulated Revenue ("GMRR") minimum guaranteed amount, the Authority is required to transfer an amount equal to the difference into the Guaranteed Revenue Reserve Account ("GRRR"), a Skyport bank account which has been opened for this purpose at Bank of New York Mellon (Notes 8 and 18).

Funds deposited into this account remain the property of the Authority until drawn by Skyport in accordance with the Agreement. At the end of the "Revenue Guarantee Term", which starts on the effective date and continues until the final repayment of the Senior Debt, the balance of funds remaining in this account will be returned to the Authority.

BERMUDA AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

3. L.F. WADE INTERNATIONAL AIRPORT REDEVELOPMENT (continued)

*Revenue sharing*

The Authority, subject to certain conditions precedent which must be satisfied, will be entitled to a portion of the amount by which ARR exceeds certain annual revenue sharing thresholds (Note 8).

The amounts recognised in these financial statements in connection with the Agreement are as follows:

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>STATEMENT OF OPERATIONS</b>		
Foregone revenues	47,089,921	45,311,394
Terminal operating cost contribution	(34,592,906)	(34,516,715)
Financing charges	(26,909,964)	(25,479,831)
Minimum regulated revenue guarantee (Notes 8 and 18)	(351,534)	(7,219,686)
Amortisation of tangible capital assets	(8,585,922)	(8,565,159)
Energy subsidy	(2,893,563)	(3,035,329)
<b>STATEMENT OF FINANCIAL POSITION</b>		
Contractual recoveries (Note 8)	1,102,599	934,521
Tangible capital assets (Note 6)	414,184,023	416,441,040
Accounts payable	(609,424)	(817,634)
Other non-current liability (Note 9)	(415,205,134)	(394,439,855)

4. CASH AND CASH EQUIVALENTS

	<b>2024</b>	<b>2023</b>
	\$	\$
Cash at bank	11,838,020	12,399,414
Call account	2,466,944	272,253
Petty cash	<u>3,500</u>	<u>3,500</u>
Total cash and cash equivalents	<u><b>14,308,464</b></u>	<u><b>12,675,167</b></u>

The effective interest rate for the Authority cash at bank was less than 0.01% at March 31, 2024 and 2023.

Call accounts include a term deposit of \$1,600,000 as at March 31, 2024. The interest rate for the term deposit is 3.25% per annum.

5. RECEIVABLES

	<b>2024</b>	<b>2023</b>
	\$	\$
Accounts receivable – retained services	458,275	276,744
Due from the Government of Bermuda (Note 11)	237,269	19,926
Contractual recoveries (Note 8)	<u>1,102,599</u>	<u>934,521</u>
Total receivables	<u><b>1,798,143</b></u>	<u><b>1,231,191</b></u>

No bad debts were provided for and no specific accounts were written off during the year ended March 31, 2024 and 2023 (Note 13b).

BERMUDA AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

6. TANGIBLE CAPITAL ASSETS

	Land	New	Other	Leasehold	Furniture	Vehicles,	Computer	Total
	\$	terminal	buildings	improve-	and	machinery	equipment	
		\$	and	ments	fixtures	and	and	\$
			structures			equipment	software	
			\$	\$	\$	\$	\$	\$
<b>Year ended March 31, 2024</b>								
<u>Cost</u>								
Opening balance	1	424,807,852	4,452,753	17,718,409	204,906	364,168	595,487	448,143,576
Additions	-	-	957,044	6,352,330	14,779	76,342	404,779	7,805,274
Closing balance	1	424,807,852	5,409,797	24,070,739	219,685	440,510	1,000,266	455,948,850
<u>Accumulated amortisation</u>								
Opening balance	-	18,817,959	1,110,339	7,078,825	84,020	176,582	488,236	27,755,961
Amortisation	-	8,095,062	304,356	494,114	21,910	70,577	65,817	9,051,836
Closing balance	-	26,913,021	1,414,695	7,572,939	105,930	247,159	554,053	36,807,797
Net book value	1	397,894,831	3,995,102	16,497,800	113,755	193,351	446,213	419,141,053
<b>Year ended March 31, 2023</b>								
<u>Cost</u>								
Opening balance	1	421,806,055	4,250,657	14,442,814	186,814	297,942	554,835	441,539,118
Additions	-	3,001,797	202,096	3,275,595	18,092	66,226	40,652	6,604,458
Closing balance	1	424,807,852	4,452,753	17,718,409	204,906	364,168	595,487	448,143,576
<u>Accumulated amortisation</u>								
Opening balance	-	10,678,430	817,569	6,637,543	57,117	121,439	410,279	18,722,377
Amortisation	-	8,139,529	292,770	441,282	26,903	55,143	77,957	9,033,584
Closing balance	-	18,817,959	1,110,339	7,078,825	84,020	176,582	488,236	27,755,961
Net book value	1	405,989,893	3,342,414	10,639,584	120,886	187,586	107,251	420,387,615

Land and other tangible capital assets transferred to the Authority from the DAO in 2018 were recorded on the books of the Authority at a nominal value of \$1.

During the year, capital expenditure of \$nil (2023 – \$3,001,797) was incurred by Skyport in relation to construction of the new airport terminal.

6. TANGIBLE CAPITAL ASSETS (continued)

Leasehold improvements includes construction in progress at existing airport facilities of \$9,690,140 (2023 - \$5,001,323) incurred by Skyport. Other buildings and structures includes construction in progress comprising \$155,213 (2023 - \$140,402) incurred by the Authority.

7. GOVERNMENT OF BERMUDA GRANTS

The Government provides non-refundable annual grants to the Authority to meet its operating expenses and to purchase capital assets. The Authority is economically dependent on these contributions to enable it to fulfill its mandate; including supplementary operating grants amounting to \$nil (2023 - \$7,219,686) required to meet quarterly GRRR funding obligations under the Project Agreement (Notes 3 and 8). The total amount of grants received for the year ended March 31, 2024 were \$14,400,000 (2023 - \$18,019,686) for operations and \$1,597,102 (2023 - \$1,268,000) for capital expenditures. As at March 31, 2024, there was no movement to the deferred capital grant (2023 - \$772,855) (Note 11).

8. CONTRACTUAL OBLIGATIONS, RECOVERIES AND CONTINGENCIES

The Authority had a three-year contract with CI<sup>2</sup> Aviation (Bermuda) Limited (“CI<sup>2</sup>”), which expired on March 31, 2019, for the provision of certain Retained Services required at the Airport. Effective April 1, 2019, all remaining Bermuda staff of CI<sup>2</sup> became direct employees of the Authority. The Authority continues to withhold some payment of the final billings to CI<sup>2</sup> for the period ended March 31, 2019 (Note 13c).

Effective May 31, 2019, the Authority entered into an Amended and Restated Agency Procurement Principles Agreement (the “APPA”) with Skyport, for the acquisition of certain equipment to be utilised by Government agencies in the new air terminal building, at a total estimated cost of \$3,500,000. Consideration in respect of this agreement is by way of an incremental aviation security fee charged to airline passengers, and collected by Skyport, commencing in September 2019.

Effective November 1, 2019, the Authority entered into a contract with Canadian Bank Note Limited, a Canadian corporation, for the manufacture, delivery, installation, commissioning and annual maintenance of an automated passport control system and its integration with a new border management system (the “eGate Solution”) for use by a Government agency in the new air terminal building, at a total estimated cost of \$1,260,502.

A payment of \$200,000 was due on delivery of the equipment and an additional payment of \$200,000 was due on satisfactory completion of installation, training and user acceptance testing of the eGate Solution in November 2020; with the balance payable in five equal annual maintenance fee installments of \$168,078 starting in December 2020. These costs are to be recovered by the Authority from the incremental aviation security fees, annually in arrears, once Skyport have recovered 100% of their APPA costs. As at March 31, 2024, cumulative costs incurred by the Authority and recognized as contractual recoveries amounted to \$1,102,599 (2023 - \$934,521).

The impact of COVID-19, reduced passenger arrivals, which triggered Minimum Revenue Guarantee payments to Skyport. The Authority is required to fund the GRRR for any resulting shortfall in ARR collected by Skyport below the quarterly GMRR (Note 3).

8. CONTRACTUAL OBLIGATIONS, RECOVERIES AND CONTINGENCIES (continued)

At the end of any quarterly reporting period, if the GRRRA balance exceeds the forecast Skyport Senior Debt Service obligations for the forthcoming twelve months, the funding requirement for that quarter will be suspended.

During the year ended March 31, 2024, the Authority transferred a total of \$895,835 (2023 - \$10,400,267) to the GRRRA in respect of the ARR shortfall for the calendar year ending December 31, 2023 and was reimbursed \$544,301 (2023 - \$nil) from the account. Skyport withdrew a total of \$504,512 (2023 - \$7,100,000) from the GRRRA, leaving a net balance of \$12,668,795 in the account at the end of the fiscal year. Skyport have reported a total of ARR shortfall of \$nil for the calendar year ended December 31, 2024.

Effective September 25, 2020, the Authority entered into an air service development agreement with a carrier, with U.K. based airlift (Note 17). This agreement requires the Authority to make service fee credit payments, semi-annually in arrears, in support of regularly scheduled airlift from the U.K for the period commencing March 28, 2021 and ending April 30, 2025.

Effective February 9, 2023, the Authority entered into an air service development agreement with a carrier, with North American based airlift (Note 17). This agreement requires the Authority to make payments, based on minimum revenue guarantees in the contract, in support of regularly scheduled airlift from North America for the period commencing February 9, 2023 and ending March 31, 2025.

On December 21, 2020, Skyport gave notice to the Authority that it had obtained Airport property windstorm insurance coverage for less than the full replacement value of all property as required under the terms of the PA. Effective September 24, 2021, the Authority purchased annual property excess of loss windstorm insurance coverage at a cost of \$1.63 million, to increase the limit to the full replacement value of \$393 million. This expired in September 2022.

Skyport reimbursed the Authority in full for the cost of this additional insurance coverage, until such time as an Independent Expert (or "IE"; as defined in the PA) can determine whether this additional coverage exceeds a prudent coverage amount (or "PCA"; as defined in the PA). The Authority will be liable to reimburse Skyport for the portion of premium costs relating to any coverage limits above the PCA determined by the IE.

The Authority has sought legal and insurance advice on the windstorm insurance matter. Under the terms of the PA, if all or any part of the Leased Premises or the Airport Equipment is damaged or destroyed, Skyport must repair, replace or restore the part of the Leased Premises and/or Airport Operation Equipment damaged or destroyed. If Skyport does not agree to pay the amount by which the cost exceeds the Skyport's Insurance Proceeds and Insurance Receivable, then either party may, by notice to the other party, terminate the PA, in which case, the Authority must pay compensation to Skyport in accordance with the PA's provisions for termination.

During the term of the Project Agreement, a contingent asset may arise for the Authority under certain revenue sharing provisions of the Agreement. Where all the conditions precedent are deemed to be met, the Authority will be entitled to 50% of the amount by which Actual Regulated Revenues exceed certain annual revenue thresholds, as defined in the Agreement. As at March 31, 2024, all the conditions have not been met and no contingent asset has been recognised or disclosed.

BERMUDA AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

9. OTHER NON-CURRENT LIABILITY

Other non-current liability of \$415,205,134 (2023 - \$394,439,855) as at March 31, 2024 comprises the Authority's obligation to Skyport, for the fair value of the new airport terminal and other related leasehold improvements, under the terms of the Project Agreement (Note 3). The liability is reduced by the amount of the foregone revenues to Skyport from airport operations, including actual regulated and unregulated revenues, less interest and operating expenses incurred, which the Authority recognises over the life of the Project.

	2024	2023
	\$	\$
Opening balance	394,439,855	373,477,311
Foregone revenues	(47,089,921)	(45,311,394)
Terminal operating cost contribution	34,592,906	34,516,715
Financing charges	26,909,964	25,479,831
Capital expenditure	6,352,330	6,277,392
Closing balance	<u>415,205,134</u>	<u>394,439,855</u>

10. ASSET RETIREMENT OBLIGATION

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within the old Airport terminal building that will undergo major renovations or demolition in the future.

Skyport has not yet finalized its formal plan for the repurposing or demolition of the old airport terminal building, with the scope currently under development. Under the terms of the APPA, the Authority would be responsible for the full costs of any environmental remediation required once the project begins.

Since the old airport terminal building was retired in 2020 and is considered to have no future value, a reasonable estimate of the fair value of the obligation has been recognized using the modified retroactive approach as at April 1, 2021. The obligation was measured at current cost as the timing of future cash flows cannot be reasonably determined.

There were no changes in the asset retirement obligation during the years ended March 31, 2023 and March 31, 2024.

BERMUDA AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

11. RELATED PARTY TRANSACTIONS

The Authority is related to all Government departments, ministries, agencies, funds and quasi-autonomous non-governmental organisations under the common control of the Government. Also, the Authority is related to organisations that the Government jointly controls or significantly influences.

The Authority enters into transactions with these entities in the normal course of business and such transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

	2024	2023
	\$	\$
<b>Transactions during the year</b>		
<b>Revenue</b>		
Government of Bermuda grants	15,997,102	18,514,831
<b>Expenses</b>		
Salaries, wages, employee benefits and related		
Payroll tax	141,830	126,888
Social insurance	73,816	75,288
Work permit fees	22,306	13,384
Leasehold expenses	75,095	78,159
	<u>313,047</u>	<u>293,719</u>
	2024	2023
	\$	\$
<b>Balance at end of year</b>		
Retained services cost receivable	19,031	19,031
Other	895	895
Government of Bermuda grant	217,343	-
Due from the Government of Bermuda	<u>237,269</u>	<u>19,926</u>
Government of Bermuda grant	1,600,000	1,600,000
Payroll taxes payable	122,963	99,637
Due to the Government of Bermuda	<u>1,722,963</u>	<u>1,699,637</u>
Deferred revenues	<u>1,504,329</u>	<u>1,504,329</u>

Amounts due from/to the Government of Bermuda are unsecured, interest-free and with no fixed repayment terms. Deferred revenues represent the unspent portion of current year grants committed for certain capital projects due to be completed post year-end.

## 12. EMPLOYEE BENEFITS

*a) Pension Plans*

Employees participate in a company sponsored defined contribution plan. Contributions to this plan are required equally from both the employee and the Authority at a rate of 5% of gross salary. These contributions represent the total liability of the Authority and are recognised in the financial statements on the accruals basis. During the year, the Authority's contributions to the plan, as recorded in salaries, employee benefits and related costs were \$230,094 (2023 - \$225,495).

*b) Post-employment benefits*

The Authority revised its compensation package and commenced post-employment benefits to management effective October 1, 2022. Subject to a minimum of five year's continuous service immediately prior to retirement from the Authority on the grounds of age, retired management employees aged 60 or older (excluding their spouse and dependents) can elect to remain on the Authority's health insurance plan post-retirement. The health insurance premiums for the retirees are shared equally between the retiree and the Authority.

An actuarial calculation of the Authority's ABO for retirement benefits was performed for accounting purposes. Using various long-term assumptions, the estimates were actuarially produced and are included in the financial statements.

The principal actuarial assumptions at the date of valuation:

	March 31, 2024	March 31, 2023
Discount Rate	6.00%	5.75%
Claim and Insurance Premium Trend Rates	12.5% per annum commencing in fiscal 2025 declining by 1% per annum to an ultimate rate of 4.5%	12.5% per annum commencing in fiscal 2024 declining by 1% per annum to an ultimate rate of 4.5%
Retirement age	Later of age 62 and 5 years of service	Later of age 62 and 5 years of service
Mortality	Post retirement: Canadian Pensioner Mortality table (CPM2014)	Post retirement: Canadian Pensioner Mortality table (CPM2014)

BERMUDA AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

12. EMPLOYEE BENEFITS (continued)

*b) Post-employment benefits (continued)*

The Authority's liability for post-employment benefits is as follows	2024	2023
	\$	\$
Balance, April 1	1,409,025	1,156,133
Current service cost	239,770	103,668
Interest cost	87,665	37,686
Benefit payments	(8,588)	(4,041)
Change in discount rate	(67,942)	115,579
Balance, March 31	1,659,930	1,409,025

*c) Compensated absences*

Compensated absences include maternity leave, paternity leave, sick leave and vacation days. All of these benefits are unfunded. Vacation days accumulate and vest and therefore a liability is accrued each year. The accrued vacation liability at March 31, 2024 was \$175,364 (2023 – \$140,077) and is included in accounts payable and accrued liabilities.

Maternity, paternity and sick leave do not accumulate or vest and therefore an expense and liability is only recognised when applied for and approved. There were no maternity, paternity or sick leave benefits applied for or approved during the current year (other than already completed maternity and sick leave) and therefore, no liability has been accrued in the financial statements.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Authority has designated its financial instruments as follows:

	2024	2023
	Carrying value	Carrying value
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	14,308,464	12,675,167
Accounts receivable	458,275	276,744
Due from the Government of Bermuda	237,269	19,926
Contractual recoveries	1,102,599	934,521
<b>Liabilities</b>		
Accounts payable and accrued liabilities	6,412,744	4,778,700
Due to the Government of Bermuda	1,722,963	1,699,637

MARCH 31, 2024

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The carrying values of cash and cash equivalents, accounts receivable, due from and to the Government of Bermuda, contractual recoveries and accounts payable and accrued liabilities approximate their fair value as they are short-term in nature or can earn interest at market rates.

a) *Interest rate risk*

The Authority is not exposed to significant interest rate risk on its financial assets.

b) *Credit risk*

Credit risk arises from cash held with banks and other receivables. Credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are invested with highly rated financial institutions.

The maximum exposure to credit risk for receivables at the reporting date is represented by the carrying values on the statement of financial position. The Authority continually monitors receivables and establishes an allowance for impairment as needed that represents its estimate of incurred losses in respect of accounts receivable. The aging of these receivables at the reporting date was:

	Current to past 30 days \$	Past 60 days \$	Past 90 days \$	Total \$
<b>As at March 31, 2024</b>				
Contractual recoveries	-	-	1,102,599	1,102,599
Accounts receivable	263,760	-	194,515	458,275
Due from the Government of Bermuda	217,343	-	19,926	237,269
<b>Total receivables</b>	<b>481,103</b>	<b>-</b>	<b>1,317,040</b>	<b>1,798,143</b>

There have been no significant changes during the year in exposure to risk or policies, procedures and methods used to measure the credit risk.

c) *Liquidity risk*

Liquidity risk is the risk that the Authority will encounter difficulties meeting its financial obligations as they become due. The Authority mitigates such risk by monitoring cash activities and projected outflows through budgeting and maintaining liquid cash balances. Balances due within 12 months are met within the Authority's normal 30-day cycle of disbursements.

The following are contractual maturities of liabilities as at March 31, 2024:

Carrying Amount	Contractual cash flows				Total \$
	12 months or less \$	1-2 years \$	2-5 years \$		
<b>Liabilities</b>					
Accounts payable and accrued liabilities	6,412,744	6,412,744	-	-	6,412,744
Due to the Government of Bermuda	1,722,963	845,823	877,140	-	1,722,963
<b>Total liabilities</b>	<b>8,135,707</b>	<b>7,258,567</b>	<b>877,140</b>	<b>-</b>	<b>8,135,707</b>

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) *Liquidity risk (continued)*

The following are contractual maturities of obligations as at March 31, 2024:

	Carrying amount \$	Contractual cash flows				Total \$
		12 months or less \$	1-2 years \$	2-5 years \$		
<b>Obligations (Note 8)</b>						
Retained services	183,739	91,054	66,790	25,895		183,739
Redevelopment consultants	254,880	168,078	86,802	-		254,880
Professional fees	195,296	46,755	97,557	50,984		195,296
Air Service Development	1,335,602	1,335,602	-	-		1,335,602
Communication	52,968	52,968	-	-		52,968
Office expenses, repairs and maintenance	429,428	252,705	163,663	13,060		429,428
<b>Total obligations</b>	<b>2,451,913</b>	<b>1,947,162</b>	<b>414,812</b>	<b>89,939</b>		<b>2,451,913</b>

There have been no significant changes during the year in exposure to risk or in policies, procedures and methods used to measure the liquidity risk.

## 14. GENERAL AND ADMINISTRATIVE EXPENSES

	Budget 2024 \$	Actual 2024 \$	Actual 2023 \$
Salaries and employee benefits	2,701,225	2,737,815	2,168,226
Insurance	535,078	537,608	591,188
Professional fees	407,311	479,853	482,185
Communication and information technology related	105,329	236,168	103,666
Office expenses, repair and maintenance	135,410	224,003	120,617
Rent and service charges	81,684	78,598	81,661
Meetings, travel and accommodation	35,900	64,449	42,530
Other general and administrative	54,000	50,797	51,029
Foreign exchange loss	-	8,734	6,248
	<b>4,055,937</b>	<b>4,418,025</b>	<b>3,647,350</b>

## BERMUDA AIRPORT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

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#### 15. CAPITAL MANAGEMENT

The Authority's objective when managing capital is to hold sufficient accumulated surplus to enable it to withstand negative unexpected financial events. The Authority seeks to achieve this objective through receipt of airport and other revenues, grants from the Government and from operating surplus. The Authority is not subject to any externally imposed capital requirements.

#### 16. BUDGET

The 2024 budget amounts for foregone revenues and operating cost contribution are as per the Project Agreement financial model. All other Budget amounts were approved by the Board on March 29, 2023 and funded by Government grant contributions (Note 7).

#### 17. AIR SERVICE DEVELOPMENT

Effective September 25, 2020, the Authority entered into an air service development agreement with a carrier in support of commercial airline service from a major U.K. international airport (Note 8). The Authority was liable for a \$400,000 deposit on signing of the agreement and an additional \$403,000 on commencement of regular airline service in March 2021. At March 31, 2024 the Authority was liable for accrued service fee credits totaling \$4,023,501 (2023- \$3,002,865). The Authority settled an amount of \$4,023,501 in relation to the agreement post year-end.

Effective February 9, 2023, the Authority entered into an air service development agreement with a carrier, with North American based airlift (Note 8). This agreement requires the Authority to make payments, based on minimum revenue guarantees in the contract, in support of regularly scheduled airlift from North America for the period commencing February 9, 2023 and ending March 31, 2025. At March 31, 2024, the Authority was liable for \$722,860 (2023 - \$nil) as a result of the agreement. The Authority settled an amount of \$722,860 in relation to the agreement post year-end.

#### 18. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

#### 19. SUBSEQUENT EVENTS

On October 14, 2024, the Authority paid \$55,782 into the GRRRA for the quarter ended September 30, 2024. The Authority did not receive a grant from the Government of Bermuda to cover this GRRRA payment, as on January 9, 2025, Skyport returned \$55,782 from the GRRRA.

The Authority has entered into air service development agreements with multiple carriers servicing North American destinations. These agreements require the Authority to make payments, based on minimum revenue guarantees in the contracts, in support of regularly scheduled airlifts. Payments with respect to these agreements have totaled \$1,581,818 from April 1, 2024 to the date of issuance of the financial statements.

Between April 1, 2024 and the date of issuance of the financial statements of the Authority, no other events occurred that in the opinion of management could have a significant effect on the financial statements.



**BERMUDA**  
Airport Authority



# Board Members



**Lawrence Scott, JP, MP**  
Chair



**Marshall E. Minors, B. Eng, P. Eng,**  
Deputy Chair



**Calvin C. C. White Sr.**



**Kimberley Caines-Best, LLB**



**Lovitta Foggo, JP, MP**



**M. Jean Siggins**



**Scott Simmons, JP, MP**



**Lester Nelson**  
Chief Executive Officer  
(ex-officio)

# Corporate Information

## Board Committees

- Committee Chair

Directors	Finance	Governance and Risk	Human Resources	Technical
Lawrence Scott		•		
Marshall Minors	•	•		•
Calvin C. C. White Sr.	•	•		
Kimberley Caines-Best		•	•	
Lovitta Foggo	•			•
M. Jean Siggins			•	•
Scott Simmons			•	•

**Finance:** Assists the Board in determining the Authority’s key financial objectives and leads the review, approval, and appropriate allocation of the Authority’s capital and operating budgets. The Finance Committee also ensures the Authority maintains appropriate accounting policies and internal controls, reviews and approves the Authority’s annual audit plan, and guides the Authority’s response to audit findings.

**Governance and Risk:** Assists the Board in fulfilling its oversight responsibilities for the Authority’s governance framework, including determining and reviewing the organisation’s policies, systems, and processes, and providing recommendations on Board appointments, development assessment, and remuneration.

**Human Resources:** Assists the Board in determining the Authority’s key talent and human resources objectives, including ensuring organisational alignment to the Bermuda Employment Act and related legislation, and overseeing the development of appropriate organisational HR policies. The HR Committee also recommends CEO and Authority Director appointments, ensures effective performance evaluation and staff compensation processes, and provides general oversight of performance reviews, diversity initiatives, and other HR activities.

**Technical:** Assists the Board in determining the Authority’s key technical objectives and ensures the Authority has the necessary management systems, processes, documents, and standards to effectively oversee risk management, quality assurance, and occupational health, safety and environmental practices. The Technical Committee also oversees the Authority’s Retained Government Services and Skyport activities to ensure compliance with Aerodrome certification requirements. In addition, the Energy Sub-Committee of the Technical Committee focuses on the optimization of existing energy usage and reports on energy related activities.

# Senior Management



**Lester Nelson**  
Chief Executive Officer



**Julie Grant**  
Chief Financial Officer



**Jamie Sapsford**  
Chief Operations Officer



**Michelle Bean**  
Director,  
PPP Contract Management



**Mark Bourne**  
Director,  
Air Navigation Services



**Tanecia Burgess**  
Director,  
Human Resources



**Ari Ming**  
Director,  
Aerodrome  
Development and  
Technical Services



**Michelle Pitcher**  
Director,  
Bermuda Weather  
Service

airportauthority.bm  
441-242-2000 | info@airportauthority.bm

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