

Consolidated financial statements of

**TRINIDAD AND TOBAGO CREATIVE
INDUSTRIES COMPANY LIMITED**

September 30, 2017



KPMG
Chartered Accountants
Savannah East
11 Queen's Park East
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel.: (868) 612-KPMG
Email: kpmg@kpmg.co.tt
Web: www.kpmg.com/tt

Independent Auditors' Report to the Shareholder of Trinidad and Tobago Creative Industries Company Limited

Report on the Consolidated financial statements

We have audited the accompanying consolidated financial statements of Trinidad and Tobago Creative Industries Company Limited (the Company), which comprise the consolidated statement of financial position as at September 30, 2017, the consolidated statements of comprehensive income, consolidated changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated financial statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

K P M G

Chartered Accountants
Port of Spain
Trinidad and Tobago
October 23, 2019

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

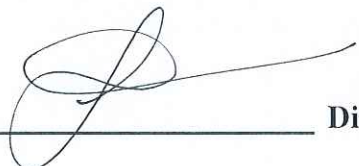
Consolidated Statement of Financial Position

For the year ended September 30, 2017

| | Notes | 2017 \$ | 2016 \$ |
|---|-------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | <u>230,071</u> | <u>326,399</u> |
| Current assets | | | |
| Grant and other receivables | 4 | 379,192 | 694,227 |
| Cash and cash equivalents | | <u>2,006,578</u> | <u>672,876</u> |
| | | <u>2,385,770</u> | <u>1,367,103</u> |
| Total assets | | <u>2,615,841</u> | <u>1,693,502</u> |
| Shareholder's Equity and Liabilities | | | |
| Shareholder's equity | | | |
| Stated capital | 5 | <u>10</u> | <u>10</u> |
| Current liabilities | | | |
| Deferred revenue | 6 | 1,044,453 | 523,639 |
| Accrued expenses | | <u>1,571,378</u> | <u>1,169,853</u> |
| | | <u>2,615,831</u> | <u>1,693,492</u> |
| Total shareholder's equity and liabilities | | <u>2,615,841</u> | <u>1,693,502</u> |

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of the Board



Director



Director

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Consolidated Statement of Comprehensive Income and Accumulated Fund

For the year ended September 30, 2017

| | Notes | 2017 \$ | 2016 \$ |
|---|-------|--------------------|--------------------|
| Revenue | | | |
| Government subventions | | 11,233,186 | 14,583,362 |
| Other income | | 8,000 | 80,000 |
| | | <u>11,241,186</u> | <u>14,663,362</u> |
| Public Sector Investment Programme (PSIP) | 8 | <u>(3,021,016)</u> | <u>(5,404,462)</u> |
| Operating surplus | | <u>8,220,170</u> | <u>9,258,900</u> |
| Other expenses | | | |
| Administrative expenses – (Schedule 1) | | (8,111,378) | (9,212,139) |
| Finance cost | | - | - |
| | | <u>(8,111,378)</u> | <u>(9,212,139)</u> |
| Surplus for the year before taxation | | 108,792 | 46,761 |
| Taxation | 7 | <u>(108,792)</u> | <u>(46,761)</u> |
| Net surplus for the year being the total comprehensive income and accumulated fund | | <u>-</u> | <u>-</u> |

The accompanying notes form an integral part of these consolidated financial statements.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Consolidated Statement of Cash Flows

For the year ended September 30, 2017

| | 2017 | 2016 |
|---|---------------------|---------------------|
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Net surplus for year before taxation | 108,792 | 46,761 |
| Adjustments to reconcile net surplus for the year before taxation to net cash used in operating activities: | | |
| Grants utilized | (11,233,186) | (14,583,362) |
| Depreciation | 96,328 | 141,959 |
| Loss on disposal of property, plant and equipment | - | - |
| Changes in accounts receivables | 315,035 | 27,549 |
| Changes in accounts payables | 401,525 | 201,734 |
| Taxes paid | (108,792) | (46,761) |
| Net cash used in operating activities | <u>(10,420,298)</u> | <u>(14,212,120)</u> |
| Cash Flows from Investing Activities | | |
| Acquisition of property, plant and equipment | - | - |
| Cash Flows from Financing Activities | | |
| Proceeds from government grants | 11,754,000 | 13,147,821 |
| Net decrease in cash and cash equivalents for the year | 1,333,702 | (1,064,299) |
| Cash and cash equivalents at beginning of the year | <u>672,876</u> | <u>1,737,175</u> |
| Cash and cash equivalents at the end of the year | <u>2,006,578</u> | <u>672,876</u> |
| Analysis of cash and cash equivalents | | |
| Cash and cash equivalents | <u>2,006,578</u> | <u>672,876</u> |

The accompanying notes form an integral part of these consolidated financial statements.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

1. Reporting entity

Trinidad and Tobago Creative Industries Company Limited (the Company) was incorporated in the Republic of Trinidad and Tobago on July 29, 2013 and commenced operations in January 2014. The registered office of the Company is situated at 47 Long Circular Road, St James.

The principal activity of the Company is to stimulate and facilitate the business development and export activities of the creative industries in Trinidad and Tobago to generate national wealth.

In accordance with Cabinet by Minute No. 1565 of June 6, 2013 agreed:

- (a) that Creative TT be responsible for the strategic and business development of the three (3) niche areas and sub-sectors under its purview (namely, Film, Music and Fashion).
- (b) that the undermentioned three (3) companies operate as subsidiary companies under Creative TT:

Trinidad and Tobago Film Company Limited to be branded as Film TT

Trinidad and Tobago Music Company Limited to be branded as Music TT

Trinidad and Tobago Fashion Company Limited to be branded as Fashion TT

- (c) that Creative TT, as the holding company, provide the administration and support services in the areas of Human Resource, Information and Communication Technology, Finance, Marketing, Legal, etcetera, for its subsidiaries as indicated in the organizational structure.

Within the framework above, the Administrative Expense category is significantly higher than the PSIP expenses.

During the period, seven film production crews expended \$2,264,544 into the economy of Trinidad and Tobago.

These consolidated financial statements were approved for issue by the directors on October 23, 2019.

2. Significant accounting policies

(a) *Statement of compliance*

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board.

(b) *Basis of preparation*

These consolidated financial statements have been prepared on the historical cost basis.

2. Significant accounting policies

(c) Functional and reporting currency

The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(e) Property, plant and equipment and depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

2. Significant accounting policies (continued)

(e) *Property, plant and equipment and depreciation (continued)*

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is charged using the reducing balance basis at the following rates which are designed to write off the cost of the assets over their estimated useful lives:

| | |
|------------------------|-------|
| Furniture and fittings | 25.0% |
| Computers | 33.3% |
| Computer software | 33.3% |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) *Cash and cash equivalents*

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at hand and in bank and amounts held in a money market account.

(g) *Accounts payable*

Accrued expenses are stated at cost.

(h) *Provisions*

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments at the time value of money and, where appropriate, the risks specific to the liability.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

2. Significant accounting policies (continued)

(i) *Revenue recognition*

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs, or the possible return of goods.

Unconditional grants related to the ongoing operations of the Company are recognised in the statement of comprehensive income as revenue when the grant becomes receivable.

Subventions that compensate the Company for expenses incurred are recognised as revenue in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Company for the cost of an asset are recognised in the statement of comprehensive income as revenue on a systematic basis over the life of the asset.

All other revenue is recorded on an accruals basis.

(j) *Lease payments*

Payments under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives are recognised in the statement of comprehensive income as an integral part of the total lease expense.

(k) *Taxation*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or subsequently enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

2. Significant accounting policies (continued)

(l) *Impairment*

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income

The recoverable amount of other assets is the greater of their net selling price 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) *IFRS not yet effective*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9, which is not expected to become effective for accounting periods beginning any earlier than January 1, 2017 and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact is likely to be insignificant

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

3. Property, Plant and Equipment

| | Furniture and equipment | Computers | Software | Total |
|--|-------------------------------|----------------|----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Year ended September 30, 2017 | | | | |
| Cost | | | | |
| Balance at September 30, 2017 and 2016 | <u>736,523</u> | <u>634,886</u> | <u>479,204</u> | <u>1,850,613</u> |
| Accumulated depreciation | | | | |
| Balance as at October 01, 2016 | 673,609 | 482,423 | 368,182 | 1,524,215 |
| Charge for the year | <u>15,728</u> | <u>50,808</u> | <u>29,792</u> | <u>96,328</u> |
| Balance at September 30, 2017 | <u>689,337</u> | <u>533,231</u> | <u>397,975</u> | <u>1,620,543</u> |
| Net book value | | | | |
| Balance at September 30, 2017 | <u>47,186</u> | <u>101,655</u> | <u>81,230</u> | <u>-</u> |
| Year ended September 30, 2016 | | | | |
| Cost | | | | |
| Balance at September 30, 2016 and 2015 | <u>736,523</u> | <u>634,886</u> | <u>479,204</u> | <u>1,850,613</u> |
| Accumulated depreciation | | | | |
| Balance as at October 01, 2016 | 652,638 | 402,495 | 327,122 | 1,382,256 |
| Charge for the year | <u>20,971</u> | <u>79,928</u> | <u>41,060</u> | <u>141,959</u> |
| Balance at September 30, 2016 | <u>673,609</u> | <u>482,423</u> | <u>368,182</u> | <u>1,524,215</u> |
| Net book value | | | | |
| Balance at September 30, 2016 | <u>62,914</u> | <u>152,463</u> | <u>111,022</u> | <u>326,399</u> |

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| | \$ | \$ |
| 4. Grant and other Receivable | | |
| Government grant | 290,000 | 624,000 |
| Other receivables | 925 | - |
| Prepayments | <u>88,267</u> | <u>70,227</u> |
| | <u>379,192</u> | <u>694,227</u> |
| 5. Stated Capital | | |
| <i>Authorised capital</i> | | |
| Unlimited number of common shares on no par value | | |
| <i>Issued and fully paid capital</i> | | |
| 10 common shares of no par value | <u>10</u> | <u>10</u> |
| 6. Deferred Revenue | | |
| Balance at October 01, 2016 | 523,639 | 1,335,180 |
| Grants received for the year | 11,754,000 | 13,771,821 |
| Grant receivable at the year end | - | - |
| Amortization for the year | <u>(11,233,186)</u> | <u>(14,583,362)</u> |
| Balance at September 30, 2017 | <u>1,044,453</u> | <u>523,639</u> |

Funding for the operations of the Company is provided via grants from the Government of the Republic of Trinidad and Tobago (GORTT). The deferred income of \$1,044,453 (2016:\$523,639) relates to the funding of committed or deferred projects at the year end.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Financial Statements

For the year ended September 30, 2017

| | <u>2017</u> | <u>2016</u> |
|---|----------------|---------------|
| | \$ | \$ |
| 7. Taxation | | |
| <i>Income tax recognised in profit and loss</i> | | |
| Business fund levy | 72,528 | 14,803 |
| Green fund levy | <u>36,264</u> | <u>31,958</u> |
| | <u>108,792</u> | <u>46,761</u> |
| <i>Reconciliation of effective tax rate</i> | | |
| Net surplus for the year | <u>108,792</u> | <u>46,761</u> |
| Tax calculation at the statutory rate of 25% | 27,198 | 11,690 |
| Non-deductible expenses | (27,198) | (11,690) |
| Business fund levy | 72,528 | 14,803 |
| Green fund levy | <u>36,264</u> | <u>31,958</u> |
| | <u>108,792</u> | <u>46,761</u> |

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Financial Statements

For the year ended September 30, 2017

8. Public Sector Investment Programme (PSIP)

These are the projects for which PSIP funds were expended

by Trinidad and Tobago Creative Industries Company Limited

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|-------------|----------------|
| | \$ | \$ |
| Music | | |
| '2+2 = A better TT' musical | - | - |
| Decibel 2014 | - | 97,500 |
| Mission to Midem 2014 | - | - |
| Mission to Rotterdam Carnival 2014 | - | - |
| Music Video Workshop | - | 8,405 |
| | <u>-</u> | <u>105,905</u> |
| | | |
| Multi | | |
| Marketing and Promotional Support | - | 63,437 |
| Web Portal | - | 219,665 |
| | <u>-</u> | <u>283,102</u> |
| | <u>-</u> | <u>389,007</u> |

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

8. Public Sector Investment Programme (PSIP) (continued)

These are the projects for which PSIP funds were expended (continued)

By Trinidad and Tobago Music Company Limited

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| | \$ | \$ |
| Advanced Song Writing Workshop | - | 35,000 |
| Artist Management and Branding | 189,838 | - |
| Artist Portfolio Development Programme | 22,559 | 40,760 |
| Music Content Creation | - | 7,500 |
| Music IP Valuation Workshop | - | 182,484 |
| Music Publishing Camp | - | 78,736 |
| Merchandising | - | 10,114 |
| Open Call for Proposals | 373,529 | 224,000 |
| Stakeholders' Engagement | 44,669 | 139,275 |
| Strategic Plan | 481,103 | 120,000 |
| Writing and Production Workshop | - | 243,882 |
| Jointpop | - | 12,000 |
| | <u>1,111,698</u> | <u>1,093,751</u> |

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

8. Public Sector Investment Programme (PSIP) (continued)

These are the projects for which PSIP funds were expended (continued)

By Trinidad and Tobago Fashion Company Limited

| | <u>2017</u> | <u>2016</u> |
|--|----------------|----------------|
| | \$ | \$ |
| Capacity Building Workshop | 128,587 | 247,472 |
| Caribbean Style Week 2015 | - | 2,600 |
| Coco Velvet Workshop | - | 3,000 |
| Co-ordinate Sector Members | - | 10,000 |
| Fashion Fundamentals Technical Camp | - | 5,300 |
| Fashion Industry Development Programme | 63,979 | 158,900 |
| French Caribbean Inward Buyers Mission | - | 102,163 |
| Local Production Facility | 209,297 | 140,586 |
| Local Retail Channel | - | 9,200 |
| Value Chain Investment Programme | 392,921 | 278,327 |
| | <u>794,784</u> | <u>957,548</u> |

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

8. Public Sector Investment Programme (PSIP) (continued)

These are the projects for which PSIP funds were expended (continued)

By Trinidad and Tobago Film Company Limited

| | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| Animae Caribe | - | 200,000 |
| Feature Film Programme 'Play the Devil' | - | 78,000 |
| Feature Film Programme 'The Cutlass' | - | 577,507 |
| Feature Film Programme 'Moving parts of Love' | 60,000 | 517,507 |
| Film Commission Re-engineering | - | 33,168 |
| Film Production Facilitation | 107,391 | - |
| Green Screen Environmental Film Festival | - | 60,000 |
| Market Growth and Development | 129,253 | - |
| Marketing and Distribution | 215,187 | 189,980 |
| Production Assistance and Script Development (PASD) | - | 252,881 |
| Production Rebate | - | 499,278 |
| Promotional Items | - | - |
| Secondary Schools' Short Film Festival | 179,560 | 109,796 |
| Stakeholders' Engagement | 81,577 | - |
| Strategic Plan | 341,566 | 13,736 |
| Trinidad and Tobago Film Festival | - | 360,000 |
| Trinidad and Tobago Smart Phone Film Festival | - | 68,803 |
| Website Costs | - | 3,500 |
| | <u>1,114,534</u> | <u>2,964,156</u> |
| Total expended by the Company and its subsidiaries | <u>3,021,016</u> | <u>5,404,462</u> |

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

9. Operating leases

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| | \$ | \$ |
| Non cancellable operating lease rentals are payable as follows: | | |
| Less than one year | 472,500 | 614,250 |
| Between one and five years | <u>1,890,000</u> | <u>651,375</u> |
| | <u>2,362,500</u> | <u>1,265,625</u> |

During the year, \$608,063 (2016: \$846,456) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

10. Capital management

The Company has no formal policy in regards to capital management, as the Company is currently financed through Government subventions.

11. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset and a financial liability or equity instrument of another enterprise. For the purpose of these consolidated financial statements, financial assets have been determined to include accounts receivable, prepayments and cash. Financial liabilities have been determined to include long-term debt, accounts payable and interest payable.

The Company has exposure to credit, liquidity and market risks from its use of financial instruments:

Derivative financial instruments are not presently used to reduce exposure to fluctuations in these risks.

Credit risk

Management monitors exposure to credit risk on an on-going basis. The maximum exposure to credit risk is represented by the carrying amount of the financial asset in the balance sheet. The maximum exposure to credit risk at year end was:

| | <u>2017</u> | <u>2016</u> |
|---------------------|------------------|------------------|
| | \$ | \$ |
| Accounts receivable | 379,192 | 694,227 |
| Cash at bank | <u>2,006,578</u> | <u>672,876</u> |
| | <u>2,385,770</u> | <u>1,367,103</u> |

No provision for impairment for losses was considered necessary.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

9. Financial instruments (continued)

Liquidity risk

The Company manages its liquidity risk by maintaining cash to meet its cash obligations as they fall due. Further, the Company also maintains flexibility through established credit facilities with its Bankers.

The following are the contractual maturities of financial liabilities, including interest payments:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|---------------------------|--------------------|---------------------------|---------------------|----------------|--------------|--------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>September 30, 2017</i> | | | | | | | |
| Accrued expenses | 1,571,378 | 1,571,378 | 1,571,378 | - | - | - | - |
| <i>September 30, 2016</i> | | | | | | | |
| Accrued expenses | 1,169,853 | 1,169,853 | 1,169,853 | - | - | - | - |

Market risk

Market risk arises in the normal course of business and encompasses the risk to earnings that arises from changes in foreign exchange rates, interest rates and equity prices.

(a) *Foreign currency risk*

The Company does not incur significant foreign currency risk on purchases that are denominated in a currency other than the Trinidad and Tobago dollar. The currency giving rise to any risk is primarily the United States dollar. The Company was not exposed at the year end.

The exchange rate of the United States dollar to the Trinidad and Tobago dollar at the year end was as follows:

At September 30, 2017: TT\$6.78

At September 30, 2016: TT\$6.71

Sensitivity analysis:

The Company has not performed a sensitivity analysis on the effect of a strengthening of the Trinidad and Tobago dollar against the United States dollar at year end, because there was not a significant exposure.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Notes to Consolidated financial statements

For the year ended September 30, 2017

9. Financial instruments (continued)

Market risk (continued)

(b) Interest rate risk

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

At year end, the interest rate profile of the Company's interest bearing instruments was:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|------------------|----------------|
| | \$ | \$ |
| <i>Fixed rate instruments</i> | | |
| Financial assets | 2,006,578 | 672,876 |
| Exposure | <u>2,006,578</u> | <u>672,876</u> |

Estimation of Fair values

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act and is best evidenced by a quoted market price if one exists. The estimated fair value of the Company's financial instruments is based on the market prices and valuation methodologies.

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Schedule 1

Schedule of Administrative Expenses

For the year ended September 30, 2017

| | 2017 | 2016 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Advertising | 34,709 | 21,969 |
| Audit fee | 57,158 | 56,250 |
| Bank charges | 9,015 | 6,966 |
| Depreciation | 53,568 | 79,888 |
| Directors' fees | 684,285 | 528,000 |
| Information technology expenses | 60,534 | 260,702 |
| Insurance | 80,040 | 87,631 |
| Legal Fees | 63,914 | - |
| Meals | 18,529 | 15,149 |
| Motor vehicle expense | 71,655 | 322,405 |
| Office supplies | 54,335 | 59,241 |
| Penalty and interest | 4,501 | 45 |
| Production Expenditure Rebate | 359,973 | - |
| Professional fees | 13,736 | 82,404 |
| Rent | 549,008 | 544,000 |
| Repairs and maintenance | 51,357 | 60,549 |
| Salaries | 2,315,350 | 2,878,516 |
| Security | 28,537 | 62,912 |
| Travel | 5,430 | 409 |
| Utilities | <u>137,551</u> | <u>174,353</u> |
| Expended by Trinidad and Tobago Creative Industries Company Limited | <u>4,653,185</u> | <u>5,241,389</u> |
| Audit fees | 50,804 | 50,625 |
| Director fees | 190,925 | 223,200 |
| Penalties and interest | - | 25 |
| Professional fees | - | 7,201 |
| Salaries | <u>844,236</u> | <u>839,097</u> |
| Expended by Trinidad and Tobago Music Company Limited | <u>1,085,965</u> | <u>1,120,148</u> |

TRINIDAD AND TOBAGO CREATIVE INDUSTRIES COMPANY LIMITED

Schedule 1

Schedule of Administrative Expenses

For the year ended September 30, 2017

| | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| Advertising | 2,000 | - |
| Audit fee | 50,871 | 50,625 |
| Consultants | - | 525,015 |
| Depreciation | 42,760 | 62,071 |
| Director's fees | 215,635 | 312,000 |
| IT expenses | 9,760 | 13,806 |
| Office rent | - | 35,860 |
| Penalty and interest | 174 | 1,000 |
| Professional fees | - | 8,970 |
| Rent Facilities | 27,024 | - |
| Salaries | 908,393 | 579,291 |
| Utilities | 4,403 | 26,836 |
| Expended by Trinidad and Tobago Film Company Limited | <u>1,261,020</u> | <u>1,615,474</u> |
| Audit fees | 50,788 | 50,625 |
| Director fees | 178,914 | 267,600 |
| Penalties and interest | - | 128 |
| Professional fees | - | 24,738 |
| Salaries | 881,506 | 892,037 |
| Expended by Trinidad and Tobago Fashion Company Limited | <u>1,111,208</u> | <u>1,235,128</u> |
| Total expended by the Company and its subsidiaries | <u>8,111,378</u> | <u>9,212,139</u> |