

EXPORT CENTRES COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2018



Grant Thornton

**EXPORT CENTRES COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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EXPORT CENTRES COMPANY LIMITED

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

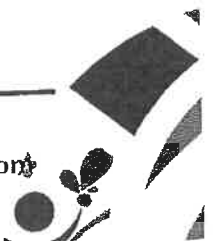
Export Centres Company Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Export Centres Company Limited ("the Company"), which comprise the statement of financial position as at September 30, 2018, the statement of comprehensive income, the statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standard as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances. Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.

Kaisha Ince
Chief Executive Officer (Interim)
August 26, 2022





Independent Auditors' Report

To the Shareholders of Export Centres Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Export Centres Company Limited ("the Company"), which comprise the statement of financial position as at September 30, 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

Inventory

The Company's inventory balance is included in the statement of financial position at \$793,983. We were not appointed as auditors of the Company until after September 30, 2018 and thus did not observe the counting of physical inventories at the end of the year. Additionally, the Company was unable to provide the inventory subledger to substantiate the existence, completeness, valuation and allocation and presentation as at September 30, 2018, and the occurrence, completeness and accuracy of related expenditure for the year ended September 30, 2018. We were unable to confirm or verify by alternative means the existence, completeness, valuation and allocation and presentation as at September 30, 2018 and the occurrence, completeness and accuracy of related expenditure for the year ended September 30, 2018. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded balances and the elements making up the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows.

Deferred Government Grants

We draw attention to Note 12 of the financial statements; the Company was unable to provide the required supporting documentation to substantiate the allocation of government grants between deferred capital grants and deferred income grants. As a result, we were unable to confirm or verify by alternative means the accuracy of presentation and disclosure of deferred capital grants brought forward of \$14,825,228 and carried forward of \$12,922,835 and deferred income grants brought forward and carried forward of nil for the year ended September 30, 2018.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the financial statements" section of our report. We are independent of the Company in accordance with the 'International Ethics Standards Board for Accountants' Code of Ethics of Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our ethical responsibilities in accordance with these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



Independent Auditors' Report (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. Key audit matters are selected from matters communicated with those charged with governance. There were no key audit matters to communicate with those charged with governance.

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 International Financial Reporting Standards, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue the auditors' report that includes our opinion.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 Company's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Nicole Lawrence.

A handwritten signature in cursive script that reads "Grant Thornton".

Grant Thornton
ORBIT Solutions
Port of Spain,
Trinidad
August 26, 2022

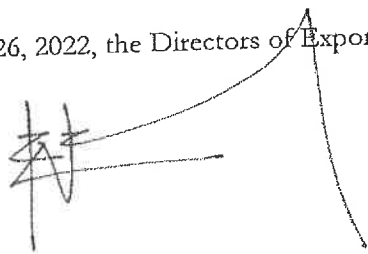
EXPORT CENTRES COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)

	Notes	2018 \$	2017 \$
ASSETS			
Non-current assets			
Property, plant and equipment	7	<u>9,286,843</u>	<u>10,433,029</u>
Total non-current assets		<u>9,286,843</u>	<u>10,433,029</u>
Current assets			
Cash and cash equivalents		3,819,290	4,348,380
Trade and other receivables	8	9,793	135,105
Inventories	9	<u>793,983</u>	<u>793,989</u>
	10		
Total current assets		<u>4,623,066</u>	<u>5,277,474</u>
TOTAL ASSETS		<u>13,909,909</u>	<u>15,710,503</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	11	<u>2</u>	<u>2</u>
Total equity		<u>2</u>	<u>2</u>
Non-current liabilities			
Deferred government grants	12	<u>12,922,835</u>	<u>14,825,228</u>
Total non-current liabilities		<u>12,922,835</u>	<u>14,825,228</u>
Current liabilities			
Trade and other payables	13	986,777	884,978
Taxation payable	14	<u>295</u>	<u>295</u>
Total current liabilities		<u>987,072</u>	<u>885,273</u>
TOTAL EQUITY AND LIABILITIES		<u>13,909,909</u>	<u>15,710,503</u>

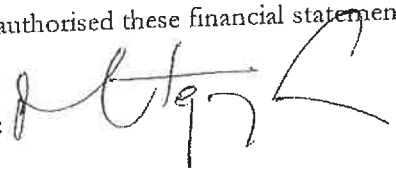
The accompanying notes form an integral part of these financial statements

On August 26, 2022, the Directors of Export Centre Company Limited authorised these financial statements for issue.

Director:



Director:



EXPORT CENTRES COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)

	Notes	2018 \$	2017 \$
INCOME			
Government grants - released		9,077,702	10,027,784
Other income		<u>21,417</u>	<u>18,278</u>
		<u>9,099,119</u>	<u>10,046,062</u>
EXPENDITURE			
Administrative and other expenses	16	803,522	621,293
Other expenses	17	8,288,103	9,417,391
Finance expense	18	<u>7,494</u>	<u>7,378</u>
		<u>9,099,119</u>	<u>10,046,062</u>
Profit before taxation		-	-
Taxation		<u>-</u>	<u>-</u>
Profit for the year		<u>-</u>	<u>-</u>

The notes on pages form an integral part of these financial statements

EXPORT CENTRES COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)

	Stated capital \$	Retained earnings \$	Total \$
Balance at October 01, 2017	2	-	2
Net profit for the year	—	—	—
Balance at September 30, 2018	<u>2</u>	<u>-</u>	<u>2</u>
Balance at October 01, 2016	2	-	2
Net loss for the year	—	—	—
Prior year adjustment	—	—	—
Balance at September 30, 2017	<u>2</u>	<u>-</u>	<u>2</u>

The notes on pages form an integral part of these financial statements

EXPORT CENTRES COMPANY LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)

	2018	2017
	\$	\$
Cash flows from operating activities	-	-
Profit before taxation	-	-
Adjustment for non-cash items:		
Depreciation	1,166,320	1,344,973
Deferred government grants	(1,902,389)	(2,047,096)
Loss on disposal of asset	<u>-</u>	<u>162</u>
	736,068	701,961
Movements in working capital:		
Increase in inventories	-	(3)
Decrease/(increase) in trade and other receivables	125,312	15,119
Increase/(decrease) in trade and other payables	<u>101,799</u>	<u>221,218</u>
Net cash generated from operating activities	(508,955)	(465,624)
Cash flows from investing activities		
Purchase of fixed assets	(20,135)	(2,338)
Disposal of fixed assets	<u>-</u>	<u>1,600</u>
Net cash used in investing activities	<u>(20,135)</u>	<u>(738)</u>
Net change in cash and cash equivalents	<u>(529,090)</u>	<u>(455,362)</u>
Cash and cash equivalents at the beginning of the year	<u>4,348,381</u>	<u>4,814,743</u>
Cash and cash equivalents at the end of the year	<u>3,819,290</u>	<u>4,348,381</u>
Represented by:		
Cash at bank and cash on hand	<u>3,819,290</u>	<u>4,348,381</u>

The notes on pages form an integral part of these financial statements

EXPORT CENTRES COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)

1. Incorporation and principal activity

The Export Centres Company Limited (“the Company”) was incorporated in 1996 in the Republic of Trinidad & Tobago. The principal activity of the Company is the overall development of the Craft Industry and the resulting maximisation of the industry’s contribution to the economic diversification of Trinidad & Tobago.

The Company shall develop the craft industry by:

- (i) Training citizens to become certified craft entrepreneurs, thus creating sustainable employment in the craft industry and,
- (ii) The facilitation of all activities, including strategic alliances/partnerships, which will enable the craft industry practitioners to identify products, access the appropriate international markets and sell its products in the global market space.

2. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board.

b) Basis of measurement

These financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties equity investments at fair value.

c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The Trinidad and Tobago Dollar (TT\$) is the Company’s functional currency and its presentation currency. These financial statements are presented in Trinidad and Tobago Dollars. This is because the main stakeholders are the Government of the Republic of Trinidad and Tobago (“GORTT”), the Ministry of Finance and its employees.

Transactions and balances

Transactions in currencies other than TT\$ are recorded at rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgement of complexity or areas where assumptions and judgements are significant to the financial statements are disclosed in Note 6.

EXPORT CENTRES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)
(Continued)

3. Changes in accounting policy

a) New standards, amendments and interpretations adopted

There were no new standards, adoptions and amendments and interpretations effective for the Company's period beginning October 01, 2018 which were adopted in the current year.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The following standards, amendments and interpretations to existing standards are not yet effective for the Company's accounting period beginning October 01, 2018.

- (i) IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 01, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.
- (ii) IFRS 15, Revenue from Contracts with Customers, effective for accounting periods beginning on or after January 01, 2018, replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange nonmonetary assets to facilitate sales to other parties.

The Company will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance. There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

EXPORT CENTRES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)
(Continued)

3. Changes in accounting policy (continued)

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (continued)

- (iii) IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 01, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognizing new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short term leases and for low-value items with value of US\$5,000 or less. Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Early adoption is permitted if IFRS 15, Revenue from Contracts with Customers is also adopted.

4. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements have been applied consistently to all periods in the financial statements set out below.

a) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation at rates which are expected to apportion the cost of the assets on a systematic basis over their estimated useful lives.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the diminishing balance method. The following annual rates are used for the depreciation of property, plant and equipment:

Buildings and improvements	- 10%
Machinery and equipment	- 25%
Furniture and office equipment	- 25%
Motor vehicles	- 25%
Computers	- 33%

Property, plant and equipment under construction are recorded as construction in progress until ready for their intended use; thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives.

Repairs and renovations are normally expensed as they are incurred. Expenses are reported as assets only if the amounts involved are substantial and one or more of the following conditions is satisfied: the original useful life is prolonged, the production capacity is increased, the quality of the products is enhanced materially, or production costs are reduced considerably.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of income and retained earnings.

The carrying amount of property, plant and equipment is reviewed whenever events or changes in circumstances indicate that impairment may have occurred.

EXPORT CENTRES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)
(Continued)

4. Summary of significant accounting policies (continued)

b) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less at the time of purchase, which are subject to an insignificant risk of changes in value.

c) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of comprehensive income. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

d) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling, marketing and distribution expenses.

e) Stated capital

Stated capital represents the nominal value of shares that have been issued.

f) Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into the functional currency using the exchange rate at the reporting date. Foreign exchange gains or losses are included in the statement of comprehensive income.

g) Provisions

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

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

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

EXPORT CENTRES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)
(Continued)

4. Summary of significant accounting policies (continued)

g) Provisions (continued)

Grants from the government are recognised at their fair value in the statement of income and retained earnings where there is reasonable assurance that the grants will be received, and the Company has complied with all attached conditions. Grants received where the Company has yet to comply with all attached conditions are recognised as a liability (within deferred grants) and released to income when all attached conditions have been complied with.

h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the term of the relevant lease.

i) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products in the ordinary course of the Company's activities. Revenue is shown net of rebates and discounts and after eliminating any sales within the company.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, the transfer of ownership, which generally coincides with the time of shipment to the customer and any other specific criteria have been met for each of the company's activities.

j) Government grants

Grants from the government are recognised at their fair value in the statement of income and retained earnings where there is reasonable assurance that the grants will be received and the Company has complied with all attached conditions. Grants received where the Company has yet to comply with all attached conditions are recognised as a liability (within deferred grants) and released to income when all attached conditions have been complied with.

EXPORT CENTRES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)
(Continued)

4. Summary of significant accounting policies (continued)

j) Government grants

Deferred capital grants

Grants related to capital expenditure are recorded and credited to the statement of comprehensive income on a reducing-balance basis over the expected lives of the respective capital assets.

Deferred income

Grants related to operating expenditure are recorded and recognised in the statement of comprehensive income over the period necessary to match them with costs they are qualified to compensate.

k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting year.

Deferred tax

Deferred tax is recognised in full, using the liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

EXPORT CENTRES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Expressed in Trinidad and Tobago Dollars)
(Continued)

4. Summary of significant accounting policies (continued)

k) Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

l) Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

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

When financial assets are recognised initially, they are measured at fair value, or the consideration given plus transaction costs directly attributable to the acquisition of the asset. Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

The Company classifies its financial assets in the following categories:

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Trade and other receivables

Trade and other receivables are measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are the-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

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4. Summary of significant accounting policies (continued)

l) Financial instruments (continued)

Financial liabilities (continued)

The Company classifies its financial liabilities in the following categories:

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Borrowings

Bank loans are recognised initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the loan using the effective interest method.

l) Impairment

Non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that these assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of these assets is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Financial assets

At the end of each reporting period, the carrying amounts of accounts receivable are reviewed to determine whether there is objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of comprehensive income.

m) Comparatives

When necessary, comparative figures are adjusted to conform with changes in presentation in the current year.

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5. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Company to manage these risks are discussed below:

The following table summarizes the carrying amounts and fair values of the Company's financial assets and liabilities.

	2018	
	Carrying value \$	Fair value \$
Financial assets		
Cash and cash equivalents	3,819,290	3,819,290
Trade and other receivables	<u>9,793</u>	<u>9,793</u>
	<u>3,829,083</u>	<u>3,829,083</u>
Financial liabilities		
Deferred government grants	12,922,835	12,922,835
Trade and other payables	986,777	986,777
Tax payable	<u>295</u>	<u>295</u>
	<u>13,909,907</u>	<u>13,909,907</u>
	2017	
	Carrying value \$	Fair value \$
Financial assets		
Cash and cash equivalents	4,348,380	4,348,380
Trade and other receivables	<u>135,105</u>	<u>135,105</u>
	<u>4,483,485</u>	<u>4,483,485</u>
Financial liabilities		
Deferred government grants	14,825,228	14,825,228
Trade and other payables	884,978	884,978
Tax payable	<u>295</u>	<u>295</u>
	<u>15,710,501</u>	<u>15,710,501</u>

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5. Financial risk management (continued)

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including loans. The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

	Effective rate	2018				Total
		Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
		\$	\$	\$	\$	
Financial assets						
Cash and cash equivalents		3,819,290	-	-	-	3,819,290
Trade and other receivables		<u>9,793</u>	<u>-</u>	<u>-</u>	<u>9,793</u>	<u>9,793</u>
		<u>3,829,083</u>	<u>-</u>	<u>-</u>	<u>9,793</u>	<u>3,829,083</u>
Financial liabilities						
Deferred government grant		12,922,835	-	-	-	12,922,835
Trade and other payables		986,777	-	-	986,777	986,777
Tax payable		<u>295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295</u>
		<u>13,909,907</u>	<u>-</u>	<u>-</u>	<u>986,777</u>	<u>13,909,907</u>
	Effective rate	2017				Total
		Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
		\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents		4,348,380	-	-	-	4,348,380
Trade and other receivables		<u>135,105</u>	<u>-</u>	<u>-</u>	<u>135,105</u>	<u>135,105</u>
		<u>4,483,485</u>	<u>-</u>	<u>-</u>	<u>135,105</u>	<u>4,483,485</u>
Financial liabilities						
Deferred government grant		14,825,228	-	-	-	14,825,228
Trade and other payables		884,978	-	-	884,978	884,978
Tax payable		<u>295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295</u>
		<u>15,710,501</u>	<u>-</u>	<u>-</u>	<u>884,978</u>	<u>15,710,501</u>

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5. Financial risk management (continued)

b) Credit risk

The Company's loan portfolio is managed and consistently monitored and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of exposure to any single financial institution. The Company also actively monitors global economic developments and government policies that may affect the growth rate of local economy.

c) Liquidity risk

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. The Company is able to make daily calls on its available cash resources to settle financial and other liabilities.

Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Company. The Company employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Company's assets. To manage and reduce liquidity risk the Company's management actively seeks to match cash inflows with liability requirements.

Liquidity gap	Up to 1 year \$	2017		Total \$
		1 to 5 years \$	Over 5 years \$	
Financial assets				
Cash in hand and bank	3,819,290	-	-	3,819,290
Trade and other receivables	<u>9,793</u>	<u>-</u>	<u>-</u>	<u>9,793</u>
	<u>3,829,083</u>	<u>-</u>	<u>-</u>	<u>3,829,083</u>
Financial liabilities				
Deferred government grants	12,922,835	-	-	12,922,835
Trade and other payables	<u>986,777</u>	<u>-</u>	<u>-</u>	<u>986,777</u>
Tax payable	<u>295</u>	<u>-</u>	<u>-</u>	<u>295</u>
	<u>13,909,907</u>	<u>-</u>	<u>-</u>	<u>13,909,907</u>

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5. Financial risk management (continued)

c) Liquidity risk (continued)

Risk management (continued)

Liquidity gap	2017			Total \$
	Up to 1 year \$	1 to 5 years \$	Over 5 years \$	
Financial assets				
Cash in hand and bank	4,348,380	-	-	4,348,380
Trade and other receivables	<u>135,105</u>	<u>-</u>	<u>-</u>	<u>135,105</u>
	<u>4,483,485</u>	<u>-</u>	<u>-</u>	<u>4,483,485</u>
Financial liabilities				
Deferred government grants	14,825,228	-	-	14,825,228
Trade and other payables	884,978	-	-	884,978
Tax payable	<u>295</u>	<u>-</u>	<u>-</u>	<u>295</u>
	<u>15,710,501</u>	<u>-</u>	<u>-</u>	<u>15,710,501</u>

d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

e) Operational risk

Operational risk is the risk derived from deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

f) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Securities and Exchange Commission of Trinidad and Tobago, as well as by the monitoring controls applied by the company. The company has an Internal Audit Department, which does routine reviews on compliance.

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5. Financial risk management (continued)

g) Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company engages in public social endeavours to engender trust and minimize the risk.

6. Critical judgments and the use of estimates

The preparation of financial statements in conformity with IFRS requires management to make critical judgments and use estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from the estimates and assumptions used. Key sources of uncertainty, which requires the use of estimates, include:

Useful lives and residual values of property, plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment policy above. These rates and the residual lives of the assets are reviewed annually.

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7. Property, Plant & Equipment

	Building & Improvement \$	Machinery & Equipment \$	Furniture & Office \$	Motor Vehicle \$	Computers \$	Total \$
Cost						
At October 1, 2017	19,081,727	3,221,296	1,454,115	642,470	905,892	25,305,500
Additions	-	<u>20,135</u>	-	-	-	<u>20,135</u>
At September 30, 2018	<u>19,081,727</u>	<u>3,241,431</u>	<u>1,454,115</u>	<u>642,470</u>	<u>905,892</u>	<u>25,325,635</u>
Depreciation						
At October 1, 2017	(9,384,348)	(2,879,055)	(1,263,591)	(575,913)	(769,565)	(14,872,472)
Depreciation charge	<u>(969,738)</u>	<u>(86,916)</u>	<u>(47,631)</u>	<u>(16,639)</u>	<u>(45,396)</u>	<u>(1,166,320)</u>
At September 30, 2018	<u>(10,354,086)</u>	<u>(2,965,971)</u>	<u>(1,311,222)</u>	<u>(592,552)</u>	<u>(814,961)</u>	<u>(16,038,792)</u>
Carrying Amount						
At October 1, 2017	<u>9,697,379</u>	<u>342,241</u>	<u>190,524</u>	<u>66,557</u>	<u>136,327</u>	<u>10,433,028</u>
At September 30, 2018	<u>8,727,641</u>	<u>275,460</u>	<u>142,893</u>	<u>49,918</u>	<u>90,931</u>	<u>9,286,843</u>

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	2018	2017
	\$	\$
8. Cash and cash equivalents		
Cash at bank	2,718,800	3,261,455
TT Income fund	<u>1,100,490</u>	<u>1,086,925</u>
	<u>3,819,290</u>	<u>4,348,380</u>
9. Trade and other receivables		
Accounts receivable	3,429	61,429
Employee advances and loans	(1,080)	(1,080)
Prepayment	<u>7,444</u>	<u>74,756</u>
	<u>9,793</u>	<u>135,105</u>
10. Inventory		
Raw materials	<u>793,983</u>	<u>793,986</u>
	<u>793,983</u>	<u>793,986</u>
11. Share capital		
Authorised:		
Unlimited number of ordinary shares of no par value		
Issued and fully paid:		
2 ordinary shares of no par value	<u>2</u>	<u>2</u>

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12. Deferred government grant

	Deferred capital grants \$	Deferred income grants \$	Total \$
Balance as at October 01, 2017	14,825,228	-	14,825,228
Received for the year	-	7,200,000	7,200,000
Released to statement of comprehensive income	(3,755,404)	(5,322,298)	(9,077,702)
Other	(24,691)	-	(24,691)
Capital allocation	<u>1,877,702</u>	<u>(1,877,702)</u>	-
Balance as at September 30, 2018	<u>12,922,835</u>	<u>-</u>	<u>12,922,835</u>
Balance as at October 01, 2016	16,872,322	-	16,872,322
Received for the year	-	8,000,000	8,000,000
Released to statement of comprehensive income	(4,055,566)	(5,972,216)	(10,027,782)
Other	(19,312)	-	(19,312)
Capital allocation	<u>2,027,784</u>	<u>(2,027,784)</u>	-
Balance as at September 30, 2017	<u>14,825,228</u>	<u>-</u>	<u>14,825,228</u>

13. Trade and other payables

	2018 \$	2017 \$
Trade payables	176,234	80,831
Accrued liabilities	710,366	662,828
Other taxes and social security costs	<u>100,177</u>	<u>141,319</u>
	<u>986,777</u>	<u>884,978</u>

14. Tax liability

Balance as at October 1	295	295
Prior year difference	-	-
	<u>295</u>	<u>295</u>

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15. Administrative and other expenses

	2018	2017
	\$	\$
Advertising	750	1,971
Professional fees	127,267	87,329
Director fees	256,700	139,950
Board of directors expense	1,335	-
Entertainment	33,073	20,626
Training expenses	10,027	26,468
Repairs and maintenance	103,412	67,264
Insurance	85,097	86,725
Rental	49,472	51,030
General and other	<u>136,389</u>	<u>139,930</u>
	<u>803,522</u>	<u>621,293</u>

16. Other expenses

Staff costs	6,163,455	7,026,572
Depreciation	1,166,320	1,344,973
Loss on disposal of assets	-	162
Security	226,665	226,665
Repairs and maintenance	356,818	425,380
Telephone	192,198	194,140
Utilities	<u>182,647</u>	<u>199,499</u>
	<u>8,288,103</u>	<u>9,417,391</u>

17. Finance expense

Bank charges	<u>7,494</u>	<u>7,378</u>
	<u>7,494</u>	<u>7,378</u>

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18. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transactions with related parties and key management personnel during the year were as follows;

	2018	2017
	\$	\$
Expenses		
Director fees	256,700	139,950
Director expenses	<u>1,336</u>	<u>-</u>
	<u>258,036</u>	<u>139,950</u>
Key management compensation		
Short term benefits	<u>193,852</u>	<u>214,800</u>

19. Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

Short term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, trade and other receivables, borrowings, trade and other payables and tax payable, are a reasonable estimate of their fair values because of the short maturity of these instruments.

Long term financial assets and liabilities

In the absence of an active market for the Company's long-term floating rate financial asset, it is not possible to determine the fair value of these financial instruments. The Company's long-term financial liability is assumed to equate with market as the interest rate is fixed.

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20. Capital commitment

The Company has no capital commitment as at the reporting date.

21. Contingent liability

The Company has no contingent liability as at the reporting date.

22. Impact of covid-19

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. There has also been a precipitous decline in the spot price of crude oil on global markets as a result of both market forces and COVID-19. The extent and duration of the impact of these events on global and local economies, financial markets, and sectors in which the Company operates is uncertain at this point.

23. Subsequent events

Management evaluated all the events that occurred from October 1, 2018 through August 26, 2022, the date the financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the financial statements.