



Chartered Accountants  
& Business Advisors

PKF LIMITED

**EAST PORT OF SPAIN  
DEVELOPMENT COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**



Chartered Accountants  
& Business Advisors

PKF LIMITED

## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

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## STATEMENT OF MANAGEMENT RESPONSIBILITIES


Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of East Port of Spain Development Company Limited, which comprise the statement of financial position as at 30 September 2018 the statements of income 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 company's assets, detection/prevention of fraud, and the achievement of company 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 audited financial statements, management utilised the International Financial Reporting Standards, 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.



Signed

Date: 13/3/2023



Signed

Date: 13/3/2023



Chartered Accountants  
& Business Advisors

PKF LIMITED

## INDEPENDENT AUDITORS' REPORT

**The Shareholder**  
**East Port of Spain Development Company Limited**

### Opinion

We have audited the financial statements of East Port of Spain Development Company Limited, which comprise the statement of financial position as at 30 September 2018, and the statements of comprehensive income and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the East Port of Spain Development Company Limited as at 30 September 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

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

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

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

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

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

PKF Limited (Trinidad) is a member of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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Address: 111 Eleventh Street, Barataria, Trinidad, West Indies  
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Directors: Renée-Lisa Philip Mark K. Superville Jenine Felician-Romain Darcel Corbin

## INDEPENDENT AUDITORS' REPORT (Cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.
- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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




Barataria  
TRINIDAD  
13 March 2023

## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

		<u>ASSETS</u>	
		30 September	
	<u>Notes</u>	<u>2018</u> \$	<u>2017</u> \$ (Restated)
<b>Current Assets:</b>			
Cash and cash equivalents	5	6,634,957	5,270,945
Accounts receivables and prepayments	6	<u>68,437</u>	<u>64,293</u>
		6,703,394	5,335,238
<b>Non-Current Assets:</b>			
Fixed assets	7	<u>1,229,666</u>	<u>1,616,434</u>
<b>Total Assets</b>		<b><u>7,933,060</u></b>	<b><u>6,951,672</u></b>
<b><u>LIABILITIES AND SHAREHOLDER'S EQUITY</u></b>			
<b>Current Liabilities:</b>			
Accounts payable and accruals	8	3,378,856	3,748,512
Deferred income - government grants	9	9,287,415	7,551,339
Taxation payable		<u>24,964</u>	<u>23,228</u>
		12,691,235	11,323,079
<b>Non-Current Liabilities:</b>			
Deferred income – capital expenditure grants	10	<u>1,091,934</u>	<u>1,478,702</u>
<b>Total Liabilities</b>		13,783,169	12,801,781
<b>Shareholder's Equity:</b>			
Stated Capital	11	10	10
Accumulated loss		<u>(5,850,119)</u>	<u>(5,850,119)</u>
<b>Total Shareholder's Equity</b>		<u>(5,850,109)</u>	<u>(5,850,109)</u>
<b>Total Liabilities and Shareholder's Equity</b>		<b><u>7,933,060</u></b>	<b><u>6,951,672</u></b>

These financial statements were approved by the Board of Directors and authorised for issue on 13 March 2023 and signed on their behalf by:

  
Director

  
Director

(The accompanying notes form an integral part of these financial statements)

## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

	<u>Notes</u>	For the year ended 30 September	
		<u>2018</u> \$	<u>2017</u> \$ (Restated)
<b>Income:</b>			
Management and design fees		484,154	1,034,287
Other income		<u>48,855</u>	<u>2,035</u>
Total income		<u>533,009</u>	<u>1,036,322</u>
<b>Expenditure:</b>			
Administrative charges	13	799,341	1,542,506
Advertising and public relations		65,468	315,355
Depreciation		401,642	518,830
Directors' fees and allowances		216,593	289,279
Impairment provision – fraud loss		-	10,916,456
Professional fees		1,408,086	329,446
Property expenses		724,570	718,217
Staff related expenses		<u>4,076,080</u>	<u>4,777,757</u>
Total expenditure		<u>7,691,780</u>	<u>19,407,846</u>
Loss from operations		(7,158,771)	(18,371,524)
<b>Other Income:</b>			
Government grants	14	7,158,751	12,509,026
Interest income		<u>1,756</u>	<u>15,507</u>
Net profit/(loss) before taxation		1,736	(5,846,991)
Taxation (Note 15)		<u>(1,736)</u>	<u>(3,128)</u>
Net loss for the year		-	(5,850,119)
Accumulated loss brought forward		<u>(5,850,119)</u>	<u>-</u>
Accumulated loss carried forward		<u>(5,850,119)</u>	<u>(5,850,119)</u>

(The accompanying notes form an integral part of these financial statements)



## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2018</u> \$	<u>2017</u> \$ (Restated)
<b>Operating Activities:</b>		
Net profit/(loss) before taxation	1,736	(5,846,991)
Depreciation	401,642	518,830
Impairment provision – fraud loss	-	10,916,456
Loss on disposal of asset	-	<u>209,337</u>
	403,378	5,797,632
Net change in accounts receivables and prepayments	(4,144)	(10,949,620)
Net change in accounts payable and accruals	(369,656)	(208,206)
Net change in deferred income – capital expenditure grants	(386,768)	895,572
Net change in deferred income – government grants	<u>1,736,076</u>	<u>2,385,185</u>
Funds provided by/(used in) operating activities	<u>1,378,886</u>	<u>(2,079,437)</u>
<b>Investing Activities:</b>		
Fixed assets acquired	(14,874)	(1,414,402)
Proceeds from disposal of asset	-	<u>50,000</u>
Funds used in investing activities	<u>(14,874)</u>	<u>(1,364,402)</u>
Net change in cash balances	1,364,012	(3,443,839)
Cash and cash equivalent balances, beginning of year	<u>5,270,945</u>	<u>8,714,784</u>
Cash and cash equivalent balances, end of year	<u><u>6,634,957</u></u>	<u><u>5,270,945</u></u>
<b>Represented by:</b>		
Cash and cash equivalents	<u><u>6,634,957</u></u>	<u><u>5,270,945</u></u>

(The accompanying notes form an integral part of these financial statements)



**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****1. Incorporation and Principal Business Activity:**

East Port of Spain Development Company Limited was incorporated in the Republic of Trinidad and Tobago on 28 September 2005. The principal business activity of the company is to develop and redevelop a zone in East Port of Spain, bounded by Charlotte Street, Lady Young Road and the Eastern Main Road, including Morvant, Never Dirty, Caledonia, Beetham Estates, Sea Lots and Katanga. This development includes the improvement of the economic, social and physical environment of these areas. The company commenced operations on 1 May 2006.

**2. Going Concern:**

The company current liabilities exceed its current assets by **\$5,987,841** as at the year-end. Notwithstanding this fact, the financial statements have been prepared on the going concern basis. This basis has been deemed appropriate in view of the company's ability to continue its operation using funding from its shareholder.

**3. Significant Accounting Policies:****(a) Basis of preparation -**

These financial statements have been prepared under the historical cost convention and no account has been taken of the effects of inflation. These financial statements have been prepared in accordance with International Financial Reporting Standards approved in the Republic of Trinidad and Tobago.

**(b) Use of estimates -**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of the income and expenditure during the reporting period. Actual results could differ from those estimated.

**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**3. Summary of Significant Accounting Policies:**

**(c) New Accounting Standards and Interpretations -**

The company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 1	First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
IFRS 2	Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
IFRS 12	Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).

## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

2. Summary of Significant Accounting Policies (Cont'd):(c) **New Accounting Standards and Interpretations (cont'd) -**

IAS 7	Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
IAS 12	Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
IAS 28	Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
IAS 40	Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
IFRIC 23	Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

(d) **Fixed assets -**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the reducing balance basis at rates sufficient to write-off the cost of the assets over their estimated useful economic lives with the exception of leasehold improvements which is depreciated using the straight line method. The following rates per annum were used:

Leasehold improvements	-	16.67%	Straight line
Computers	-	33.33%	Reducing balance
Office equipment	-	25%	Reducing balance
Fixtures and fittings	-	10%	Reducing balance
Furniture	-	25%	Reducing balance
Motor vehicles	-	25%	Reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****3. Significant Accounting Policies (Cont'd):****(e) Government grant -**

Grants from the Government of the Republic of Trinidad and Tobago are recognised at their fair values, where there is a reasonable assurance that the grant will be received, and the Company will comply with all conditions attached.

Government grants relating to recurrent expenditure (for operating expenses) are deferred and included in non-current liabilities. They are recognised in the Statement of Comprehensive Income over the period necessary to match them with net expenses they are intended to compensate.

Government grants relating to Government sponsored projects are deferred and matched against the relevant costs when they are incurred. Any short fall in grants received against the approved budget was reported as a receivable in the Statement of Financial Position, however, effective 1 October 2014 all grants are recorded on a cash basis.

Government grants relating to capital expenditure (for the purchase and construction of fixed assets) are included to non-current liabilities. They are credited to the Statement of Comprehensive Income on a systematic and rational basis over the expected useful lives of these assets.

**(f) Financial instruments -**

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

**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 receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

**Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****2. Significant Accounting Policies (Cont'd):****(g) Comparative figures -**

Certain changes in the presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the net profit reported for the previous year.

**(h) Taxation -****Current tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

**Deferred tax**

Deferred income tax is provided in full, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the enacted tax rate at the statement of financial position date. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. In the opinion of management, the effect of temporary differences at 30 September 2010 is not considered material.

**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****3. Financial Risk Management:****Financial risk factors**

The Company is exposed to interest rate 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:

**(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 and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

**(b) Liquidity risk -**

Liquidity risk is the risk that arises when the maturity 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.

To manage and reduce liquidity risk the Company's management actively seeks to match cash inflows with liability requirements.

**(c) Operational risk -**

Operational risk is the risk that derives 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.

**(d) 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.

**(e) 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 in its revenue from social events. The Company applies procedures to minimize this risk.

**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****3. Financial Risk Management (Cont'd):****Financial risk factors cont'd**Fair Value Estimation

The fair values of the Company's financial assets and liabilities approximates to their carrying amounts at the Statement of Financial Position date.

**4. Critical Accounting Estimates and Judgments:**

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future and actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements is the determination of which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Fixed assets

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



## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

5. Cash and Cash Equivalents:

	30 September	
	<u>2018</u>	<u>2017</u>
	\$	\$
First Citizens Bank Limited – Abercrombie Fund	568,597	51,078
First Citizens Bank Limited – Current account	3,089,163	1,724,807
First Citizens Bank Limited – Projects account	2,958,351	3,495,060
Unit Trust Corporation	<u>18,846</u>	<u>-</u>
	<u><b>6,634,957</b></u>	<u><b>5,270,945</b></u>

6. Accounts Receivable and Prepayments:

	30 September	
	<u>2018</u>	<u>2017</u>
	\$	\$
Fraud loss (see note below)	23,337,646	23,337,646
Prepaid expenses	54,803	60,659
Employee advances	<u>13,634</u>	<u>3,634</u>
	23,406,083	23,401,939
Less: Impairment provision for fraud loss	<u>(23,337,646)</u>	<u>(23,337,646)</u>
	<u><b>68,437</b></u>	<u><b>64,293</b></u>
<b>Provision for fraud loss:</b>		
Balance, beginning of year	23,337,646	12,421,190
Charge for the year	<u>-</u>	<u>10,916,456</u>
Balance, end of year	<u><b>23,337,646</b></u>	<u><b>23,337,646</b></u>

This balance relates to the judgement in default of defence in the amount of \$16,641,146 entered in the High Court of Justice, Trinidad, in favour of the Company on 3 July 2018. As at the end of financial year 2018, the amount of \$23,337,646 was determined to have been removed from the Company by the Judgement Debtors without permission. At a Board meeting held on the 23 February 2021, the Board of Directors agreed to make provision for the amount uncovered during the financial years 2014 to 2017. The confirmed minutes of the 173rd Meeting of the Board of Directors reflect the decision of the Board in relation to the decision to make provision for the loss in the amount of \$23,337,646.

## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

**7. Fixed Assets:**

<b>Cost</b>	<b>Leasehold Improvements \$</b>	<b>Computers \$</b>	<b>Office Equipment \$</b>	<b>Fixtures and Fittings \$</b>	<b>Furniture \$</b>	<b>Motor Vehicles \$</b>	<b>Total \$</b>
Balance as at 1 October 2017	593,521	1,016,086	157,046	174,384	935,700	829,944	3,706,681
Additions	-	14,874	-	-	-	-	14,874
Balance as at 30 September 2018	<u>593,521</u>	<u>1,030,960</u>	<u>157,046</u>	<u>174,384</u>	<u>935,700</u>	<u>829,944</u>	<u>3,721,555</u>
<b>Accumulated Depreciation</b>							
Balance as at 1 October 2017	109,163	659,590	118,654	74,554	520,695	607,591	2,090,247
Charge for the year	98,940	123,792	10,557	9,984	102,792	55,577	401,642
Balance as at 30 September 2018	<u>208,103</u>	<u>783,382</u>	<u>129,211</u>	<u>84,538</u>	<u>623,487</u>	<u>663,168</u>	<u>2,491,889</u>
<b>Net Book Value</b>							
Balance as at 30 September 2018	<u>385,418</u>	<u>247,578</u>	<u>27,835</u>	<u>89,846</u>	<u>312,213</u>	<u>166,776</u>	<u>1,229,666</u>
Balance as at 30 September 2017	<u>484,358</u>	<u>356,496</u>	<u>38,392</u>	<u>99,830</u>	<u>415,005</u>	<u>222,353</u>	<u>1,616,434</u>

## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

8. Accounts Payable and Accruals:

	30 September	
	<u>2018</u>	<u>2017</u>
	\$	\$
Audit fees payable	445,250	362,250
Statutory and other salary deductions payable	649,212	855,169
Penalties and interest	541,644	900,681
Stale dated cheques	28,772	-
Gratuity payable	597,930	1,018,687
Sundry creditors and accruals	<u>1,116,048</u>	<u>611,724</u>
	<u><u>3,378,856</u></u>	<u><u>3,748,512</u></u>

9. Deferred Income – Government Grants:

	30 September	
	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Recurrent Expenditure</u>		(Restated)
Balance brought forward	-	2,284,298
Government grants received for recurrent expenditure	9,617,871	9,705,898
Reclassify deferred income from project to recurrent	2,319,860	-
Recurrent expenditure utilising government grants (net)	<u>(6,757,109)</u>	<u>(11,990,196)</u>
	5,180,622	-
<u>Project Expenditure</u>		
Balance brought forward	7,551,339	2,881,856
To reclassify deferred income from project to recurrent	(2,319,860)	-
Government grants for project expenditure	8,687,057	12,848,232
Project expenditure for the year (Note 16)	<u>(9,811,743)</u>	<u>(8,178,749)</u>
	<u>4,106,793</u>	<u>7,551,339</u>
	<u><u>9,287,415</u></u>	<u><u>7,551,339</u></u>

10. Deferred Income – Capital Expenditure Grants:

	30 September	
	<u>2018</u>	<u>2017</u>
	\$	\$
Balance brought forward	1,478,702	583,130
Government grants received for capital expenditure	14,874	1,414,402
Transferred to Statement of Comprehensive Income	<u>(401,642)</u>	<u>(518,830)</u>
	<u><u>1,091,934</u></u>	<u><u>1,478,702</u></u>

## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

7. Fixed Assets:

	<u>Leasehold Improvements</u> \$	<u>Computers</u> \$	<u>Office Equipment</u> \$	<u>Fixtures and Fittings</u> \$	<u>Furniture</u> \$	<u>Motor Vehicles</u> \$	<u>Total</u> \$
<b>Cost</b>							
Balance as at 1 October 2016	139,058	1,004,628	538,512	495,925	659,034	1,062,444	3,899,601
Additions	548,894	424,012	-	61,049	380,447	-	1,414,402
Disposals	(94,431)	(412,554)	(381,466)	(382,590)	(103,781)	(232,500)	(1,607,322)
Balance as at 30 September 2017	<u>593,521</u>	<u>1,016,086</u>	<u>157,046</u>	<u>174,384</u>	<u>935,700</u>	<u>829,944</u>	<u>3,706,681</u>
<b>Accumulated Depreciation</b>							
Balance as at 1 October 2016	92,195	875,447	455,554	278,916	481,893	735,397	2,919,402
Charge for the year	96,898	178,287	17,913	11,070	133,244	81,418	518,830
Disposal	(79,930)	(394,144)	(354,813)	(215,432)	(94,442)	(209,224)	(1,347,985)
Balance as at 30 September 2017	<u>109,163</u>	<u>659,590</u>	<u>118,654</u>	<u>74,554</u>	<u>520,695</u>	<u>607,591</u>	<u>2,090,247</u>
<b>Net Book Value</b>							
Balance as at 30 September 2017	<u>484,358</u>	<u>356,496</u>	<u>38,392</u>	<u>99,830</u>	<u>415,005</u>	<u>222,353</u>	<u>1,616,434</u>
Balance as at 30 September 2016	<u>46,863</u>	<u>129,181</u>	<u>82,958</u>	<u>217,009</u>	<u>177,141</u>	<u>327,047</u>	<u>980,199</u>

**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**11. Stated Capital:**

	<b>30 September</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	\$	\$
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
10 ordinary shares of no par value	<u>10</u>	<u>10</u>

**12. 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 transaction with related parties and key management personnel during the year were as follows:

	<b>30 September</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	\$	\$
<b>Expenses</b>		
Directors' fees and allowances	<u>192,000</u>	<u>284,779</u>
<b>Key management compensation</b>		
Short-term benefits	<u>1,261,200</u>	<u>1,058,350</u>

## EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

13. Administrative Charges:

	30 September	
	<u>2018</u>	<u>2017</u>
	\$	\$
Auto expenses	81,987	79,414
Bank charges	4,866	5,135
Books and periodicals	368	1,758
Donations	65,626	198,994
Insurance	48,193	54,624
Licenses and Permits	11,495	-
Loss on disposal of assets	-	209,337
Meeting expense	6,759	9,184
Office expenses	64,180	279,073
Penalties and interest	11,168	310,614
Rental of equipment	94,650	62,123
Rental of vehicles	174,600	197,437
Security	17,567	24,048
Telephone expense	155,547	110,765
	<u>799,342</u>	<u>1,542,506</u>

14. Government Grants:

	30 September	
	<u>2018</u>	<u>2017</u>
	\$	\$
Recurrent expenditure	6,757,109	11,990,196
Capital expenditure	401,642	518,830
	<u>7,158,751</u>	<u>12,509,026</u>

15. Taxation:

	30 September	
	<u>2018</u>	<u>2017</u>
	\$	\$
Business Levy	1,156	2,073
Green Fund Levy	580	1,055
	<u>1,736</u>	<u>3,128</u>

**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**16. Projects Expenditure for the year:**

	<b>30 September</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	\$	\$ (Restated)
Business Improvement District	532,818	-
Central Statistical Office	3,447,402	-
Community Impact Centres	98,152	273,031
Construction Skills Training	339,311	456,031
Cooking with Confidence	35,500	-
Desperadoes Pan Theatre	8,000	40,989
Emergency Relief Projects and Community Enhancement	38,350	-
Gerbera Ave, Washroom, Bleachers	66,948	-
Harlem Syncopator Pan Theatre	-	254,808
Land Mapping	-	150,090
Latrine Eradication	3,712,621	220,000
Laventille Serenaders	-	637,837
Never Dirty Pavilion	-	34,566
Pelican Street Extension Washrooms	-	259,038
Pleasant Park Recreation Grounds	-	730,024
Road Paving and Drainage	1,144,098	2,751,097
Romain Land Box Drain	42,723	-
Sports and Recreational Facilities	-	950,664
Social and Economic Programmes	-	942,167
Social and Economic Programmes - Sports Programme	166,612	335,510
Youth Entrepreneurship Program	179,208	23,571
You Biz Youth Camp	-	119,326
	<u>9,811,743</u>	<u>8,178,749</u>

**17. Contingent Assets:**

Between the 1 October, 2017 and the 30 September 2018, the Company filed no claims against any third parties.

The Modern Fabricators Company Limited matter was ongoing during this period. Judgment was handed down in favour of EPOS on the 4 December 2017. MFCL was ordered to pay \$399,993 in liquidated damages with interest thereon at the rate of 2.5% from 2 September 2008 to 30 August 2012 [rendering a judgment sum of \$439,970], together with Prescribed Costs in the sum of \$65,497 and statutory interest at the rate of 12% per annum from 4 December 2017. It was further agreed that the sum under the Performance Bond would be assessed based on the value of the work completed by MFCL. MFCL's Insurers, Furness Anchorage General Insurance Limited, executed a Performance Bond and Advance Payment Bond up to \$799,986.00. The Judgment was registered during this period and efforts began to have the Judgement Debtor [Modern Fabricators Company Limited] honour the terms of the Judgement.



**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**17. Contingent Assets:**

On the 13 December, 2017 EPOS filed a civil claim against a former employee of EPOS, a former Accountant and two (2) companies to which he is affiliated, for breach of trust and/or his contract of employment with EPOS as trustee thereof for EPOS. The civil claim, which was commenced in the High Court, sought to recover the total sum of \$16,641,146 allegedly removed, without authorization, by the former Accountant, whether by himself or through the two (2) affiliate companies.

**18. Contingent Liability:**

Between the 1 October, 2017 and the 30 September 2018, no claims were filed against the Company.

The Inch by Inch Construction matter, which commenced on the 22 January, 2013 was ongoing. During the subject period, the parties were engaging in efforts to agree Terms of Reference for the Arbitrator. The nature of the claim, during the period, was for an Order that an Arbitrator be appointed to make a final determination on the amounts owing to the Claimant [Inch by Inch Construction & Manufacturing Limited] by EPOS, if any.

The CARICO matter, which was instituted on the 19 May, 2016 against EPOS for the sum of \$621,601 was ongoing. The Claimant claimed that there was a sum due and owing under the original contract in the sum of \$122,151 and the sum of \$434,330 as the cost for variation works, together with interest at a rate of 12% and costs.

**19. Restatement:**

A review of the Deferred Income – Project Expenditure balance as at 30 September 2018 highlighted errors in the classification of Project Expenditure totalling **\$4,587,400** under Recurrent Expenditure for the years 2015 to 2017. The Project Expenditure values incorrectly classified were as follows:

2015	715,330
2016	2,114,791
2017	1,757,279
<b>TOTAL</b>	<b><u>\$4,587,400</u></b>

**EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**19. Restatement (cont'd) :**

The brought forward balances for Deferred Income – Recurrent and Project Expenditure as at 1 October 2016 were restated for the correct classification of the project expenditure for financial years 2015 and 2016 (\$2,830,121) to the Deferred Income – Project Expenditure. The effect of this adjustment, net of the accumulated losses of \$545,823 (which were offset), resulted in an amended brought forward balance of \$2,284,298 on the Deferred Income - Recurrent Expenditure as at 30 September 2017. The previously reported balance was NIL.

The adjustment also amended the brought forward balance on the Deferred Income - Project Expenditure to \$2,881,856 from the previously reported balance of \$5,711,977.

The financial statements were also restated for the error in 2017 of \$1,757,279. This adjustment, together with the transfer of the revised brought forward balance of \$2,284,298 on the Deferred Income - Recurrent Expenditure, reduced the previously reported Net Loss for the year ended 30 September 2017 from \$9,891,695 to \$5,850,119. The following balances under Deferred Income – Government Grants as at 30 September 2017 were also restated:

	<b>Previously Reported</b>	<b>Adjustment</b>	<b>Restated Balance</b>
Recurrent expenditure utilising government grants (net)	9,705,898	2,284,298	11,990,196
Project Expenditure for the year - 2017	6,421,470	1,757,279	8,178,749

**20. Events after the Reporting Date:**

In March 2020, a global pandemic was declared by the World Health Organization related to the novel coronavirus disease 2019 (COVID-19). COVID-19, and the actions being taken to respond to same, has impacted on individuals and businesses in the markets and communities where the Company operates.

The following areas have been impacted negatively:

- Earnings and productivity
- Completion of projects
- Supply chain
- Hours of operations of the Company
- Availability of Company personnel