

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 30 Subsequent Events

- a) The Company has been mandated by GORTT to act in the role of project manager to complete the Research and Development Facility at the Tamana InTeCK Park in Wallerfield. This facility was started in 2009 and was put on hold/suspended pending availability of funding.
- a) The Month-to-Month Management Agreement with VHL's operator, NEFM and Associates Limited was brought to an end on February 28, 2019. The General Manager has been tasked with responsibility for continued operations of the hotel reporting directly to the VHL Board of Directors and the President of the Parent Company, e TeCK.
- b) In correspondence dated March 29, 2019 to eTeCK (Parent), GORTT has confirmed funding in the amount of \$135.13M for capital upgrade works at the Magdalena Grand Beach and Golf Resort for the purpose for securing an internationally recognized brand manager.
- c) In June, eTeCK entered into a MoU with Beijing Construction Engineering Group (BCEG) as part of government's plan to finance the construction of our 133-acre Phoenix Industrial Park at Point Lisas. Further, in October, commercial agreements were submitted to the GORTT for review and approval to commence the project. PriceSmart Limited has already been identified as a tenant and negotiations are in progress for the issuance of a new lease.
- d) eTeCK secured approved plans for new leases at Macoya and Trincity Industrial Parks. Rate revisions for these leases are currently underway for sixteen (16) properties located at these parks.
- e) On 25 September 2018, eTeCK entered into a contract with SCG "Caribbean" Group Limited to construct the Alutech Manufacturing Facility. The project was launched on 3 October 2018 at an official ceremony.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 29 Contingent Assets and Liabilities

#### a) Litigation and claims

At the Consolidated Statement of Financial Position date, the Group had contingent assets and contingent liabilities in respect of litigation and claims arising in the ordinary course of business. Some of these claims are for material amounts. Management has carefully considered these claims and have obtained external professional advice as considered necessary. Amounts in respect of some have been recognised and or disclosed in the financial statements where appropriate. The outcome of these matters is however uncertain.

#### b) VAT audits

- (i) The parent company received proposed adjustments from the VAT Administration Centre for material amounts in respect of several VAT return periods. The parent has responded to the proposed adjustments and is awaiting a reply from the VAT Administration Centre. A provision was established in the current year for all VAT refunds due to the parent. Refer to Note 9.
- (ii) The subsidiary received an assessment from the VAT Administration Centre for principal, penalties and interest in respect of several VAT return periods. A provision of \$5m was established in respect of the assessment. To date no amounts have been settled.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 26 Impairment Reversal

The amount of \$214m relates to the reversal of the impairment loss of the value of e Teck's investment in Vanguard Hotel Limited which was eliminated upon consolidation.

Vanguard Hotel Limited (VHL) became a subsidiary in 2008. VHL owns a 200 room hotel situated at Plantations Estate, Lowlands, Tobago. The initial cost of the acquisition was approximately \$139m and eTeck continued to provide funding to VHL for subsequent expenditure in respect of refurbishment works of the hotel property and for the operations of the hotel. The total of which has been recognised as part of the Company's investment in VHL. The impairment was a consequence of an external valuation performed by CBRE to decrease the value of the investment to \$9.6m. Subsequently, upon consolidation, the impairment was reversed to eliminate the carrying value of the investment to the Group.

### 27 Forensic Investigation

In 2010, the Attorney General of Trinidad and Tobago advised eTeck of a forensic investigation of certain aspects of its operations. Based on the reported findings of the forensic audit, the Attorney General recommended that legal action be taken against the then Board of Directors of eTeck regarding an investment of US\$5m in a foreign entity, which was subsequently impaired. Legal action was initiated by eTeck's Board of Directors in 2011 and the matter is currently before the High Court of Trinidad and Tobago. The effect of this matter, if any, on the operations and/or financial statements cannot be determined.

### 28 Related Party Transactions

- (i) The Group receives funding from the state which is accounted for as Capital Contributions as described in accounting policy Note 2.12 and Note 14.
- (ii) Key management compensation is made up of senior management at e Teck and VHL. The compensation paid or payable to key management for employee services amounted to approximately \$6.2m (2017 - \$5.3m).

# Evolving TecNologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued)

30 September 2018

### 25 Commitments

- a) The Group has entered into significant contracts in the normal course of its business operations. The following are commitments for which contracts have been executed at the Statement of Financial Position date and subsequently:

	2018	2017
	\$'000	\$'000
Investment Properties	<u>187,469</u>	<u>111,454</u>

- b) Cabinet, by Minutes dated 26 September 2013 and 12 December 2013, has agreed to the development of Seven Economic Zones (SEZ) through two projects. These SEZs will be developed through and managed by eTeck.

- Project 1 (estimated development cost of US\$151m) encompasses the development of infrastructural works for the Connector Road, Dow Village, Factory Road, Frederick Settlement, Preysal and Reform Parks.
- Project 2 (estimated development cost of US\$94m) encompasses the development of infrastructural works for the Endeavour Business Park and the construction of one building (10,000 sq. meters) to be used for business process outsourcing.

Proposals, inclusive of preliminary designs and drawings were received from contractors for both Projects 1 and 2.

The Board of Directors accepted the proposals submitted for the development of the Seven Economic Zones (SEZ). Further developmental works were put on hold/suspended, due to funding availability.

As at 30 September 2018, there has been no further update in respect of this project.

- c) The Group is committed to the following minimum lease payments:

	2018	2017
	\$'000	\$'000
Less than 1 year	3,352	3,352
Greater than 1 year and not later than 5 years	8,700	8,700
Later than 5 years	<u>19,575</u>	<u>21,750</u>
	<u>31,627</u>	<u>33,802</u>

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 23 Financial Instruments By Category

	2018 \$'000	2017 \$'000
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The accounting policies for financial instruments have been applied to the line items below:

#### Assets as per Consolidated Statement of Financial Position

Restricted Cash	182,359	90,866
Trade Receivables	7,331	7,386
Cash and Cash Equivalents	29,892	76,064
	219,582	174,316

The only category of financial assets held by the Group is cash and receivables. There are no assets held at fair value through profit or loss, derivatives used for hedging and available-for-sale financial instruments.

#### Liabilities as per Consolidated Statement of Financial Position

Bank Overdraft	486	679
Trade and Other Payables	38,396	39,839
Borrowings	514,258	490,998
	553,140	531,516

The only category of financial liabilities held by the Group is liabilities at amortised cost. There are no liabilities held at fair value through profit or loss and derivatives used for hedging.

### 24 Credit quality of Financial Assets

The credit quality of the financial assets can be assessed by reference to historical information about the counterparty default rates:

Counterparties without external credit rating:

Group 1	6,761	7,386
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Group 1 – Customers with no history of default

#### Cash and Cash Equivalents

Group A	29,306	75,257
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The rest of the statement of financial position items "Cash At Bank and In Hand" and "Bank Overdraft" is cash in hand.

Group A – Trinidad and Tobago based banking institutions.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 22 Subsidiary And Associate

Entity	Interest (%)	Country of Incorporation
Vanguard Hotel Limited	98.28	Trinidad and Tobago

The 1.72% remaining interest is Class X Non-voting Redeemable shares held by F&K Holdings Limited.

- a) Effective 30 September 2008, the Group acquired a controlling interest in Vanguard Hotel Limited (VHL). VHL ceased its main activity, that of hotel operations, in late 2008. The purchase consideration for the acquisition was \$139m. The assets and liabilities of VHL were not fair valued at the date of acquisition, in accordance with IFRS 3 – Business Combinations. The book values of assets and liabilities at the date of acquisition are based on unaudited results to 30 September 2008 were as follows:

*Carrying amounts on acquisition:*

	\$'000
Property, Plant and Equipment	173,577
Inventories	1,157
Trade and Other Receivables	11,592
Cash and Cash Equivalents	10,758
Trade and Other Payables	<u>(20,019)</u>
<b>TOTAL</b>	<b><u>177,065</u></b>

*Details of net assets acquired and goodwill are as follows:*

Purchase consideration	139,000
Carrying amount of net assets acquired	<u>(177,065)</u>
<b>Negative Goodwill</b>	<b><u>(38,065)</u></b>

*The negative goodwill was immediately recognised in the statement of comprehensive income within the impairment provision as follows:*

Impairment of VHL assets (excluding cash)	186,326
Negative goodwill	<u>(38,065)</u>
<b>Impairment provision</b>	<b><u>148,261</u></b>

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 21 Net Cash Used In Operating Activities

	2018 \$'000	2017 \$'000
<b>Operating Activities</b>		
Loss before Taxation	(230,884)	(40,483)
<b>Adjustments for:</b>		
Depreciation (Note 6)	40,642	43,202
Impairment of Asset (Note 6)	41,856	-
Decrease in Fair Value of Investment Property (Note 5)	327,691	(27,016)
Disposals of Property Plant and Equipment (Note 6)	2	1
Adjustment to Property, Plant and Equipment (Note 6)	(4)	306
Interest Capitalised (Note 17)	18,198	20,011
	<u>197,502</u>	<u>(3,979)</u>
<b>Changes in Working Capital:</b>		
Inventory	(271)	(554)
Trade Receivables	625	1,037
Other Receivables and Prepayments	(5,225)	(294)
Deferred Income	(1,548)	3,144
Trade and Other Payables	(1,446)	(9,095)
	<u>189,637</u>	<u>(9,741)</u>
Taxation Paid	<u>(745)</u>	<u>(847)</u>
<b>Net Cash Generated From/(Used In) Operating Activities</b>	<u>188,892</u>	<u>(10,588)</u>

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued)

30 September 2018

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### 20 Taxation

	2018 \$'000	2017 \$'000
Current	<u>745</u>	<u>847</u>

The Company's effective tax rate varies from the statutory rate as a result of the differences shown below:

Loss Before Taxation	<u>(445,464)</u>	<u>(40,483)</u>
Tax calculated at a rate of 25%	(133,639)	(12,145)
Deferred Tax Asset not recognised	133,639	12,145
Business and Green Fund Levy	<u>745</u>	<u>847</u>
Tax Charge	<u>745</u>	<u>847</u>

At the reporting date the Group had significant accumulated taxation losses. These losses have not yet been agreed with the Board of Inland Revenue.

The Group has no corporation tax liabilities due to significant accumulated tax losses in the individual group entities. The parent company had taxation losses of approximately \$515m (2016 - \$514m). The operating subsidiary, Vanguard Hotel Limited had significant accumulated tax losses, the amount of which could not be reliably estimated due to issues related to its corporation tax returns, which its Management are taking steps to address.

At the reporting date no deferred tax assets on the tax losses were recognised on account of uncertainty over the timing of their recovery.



# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 19 Expenses By Nature

	2018 \$'000	2017 \$'000
<b><u>Parent Company</u></b>		
Staff Cost	20,332	20,466
Depreciation	14,853	16,560
Other Expenses	7,016	10,227
Asset Operating Cost	7,537	9,544
Trinidad Hilton - Head Lease Rent	2,175	3,480
Insurance	1,285	2,652
Professional Fees	3,417	1,669
Repairs and Maintenance - Investment Properties	5,500	1,280
Movement in Provision for VAT Refundable	500	1,083
Board of Directors Expenses	832	837
Movement in Provision for Bad Debts	338	150
Investment Promotions	57	131
Corporate Events	142	110
Other Operational Expenses	82	28
	<u>64,066</u>	<u>68,217</u>
<b><u>Subsidiary - VHL</u></b>		
Salaries and Wages	19,631	20,478
Depreciation	25,789	26,642
Expenditure -- Hotel Operations	17,071	17,947
Utilities	2,101	2,351
Marketing and Promotions	1,722	2,084
Insurance	1,284	1,426
Management Fees	1,222	1,311
Common Service Charge	1,255	1,166
Penalties	2,133	-
	<u>72,208</u>	<u>73,405</u>
<b>Total Expenses</b>	<u>136,274</u>	<u>141,622</u>
<b>19.1 Staff Costs</b>		
Parent	20,332	20,466
Subsidiary	<u>19,631</u>	<u>20,478</u>
	<u>39,963</u>	<u>40,944</u>
Salaries	36,075	36,956
Retirement Benefit Costs	1,543	1,548
National Insurance	<u>2,345</u>	<u>2,440</u>
	<u>39,963</u>	<u>40,944</u>

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 18 Revenue

	2018	2017
	\$'000	\$'000
Income from Trinidad Hilton (Note 18a)	16,878	23,806
Income from Industrial Estates	23,187	26,546
Services and Rental Outlet Income	5,973	5,633
Income from VHL (trading as Magdalena Grang Beach & Golf Resort)	<u>33,096</u>	<u>38,612</u>
	<u>79,134</u>	<u>94,597</u>

- 18a. The Group has sub-let the Trinidad Hilton Property (Note 5b) to Hilton International Trinidad Limited under the terms of a deed of lease for a period of 20 years from 1 October 2003.

# Evolving TecNologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 17 Borrowings (Continued)

#### b) Scotiabank and Merchant Bank Limited - \$148m

This represents a 10 year loan facility commencing in April 2011 at a rate of interest of 4.25% to be used as follows in respect of the Tamana Intech Park Project:

- \$98m to complete the flagship building and related works and
- \$50m to meet outstanding payments to contractors and consultants

The principal is to be repaid in equal semi-annual amortizations and interest on a reducing balance, semi-annually in arrears. This loan facility is managed by First Citizens Trustee Services Limited with a related annual fee of \$9k per year.

#### c) ANSA Merchant Bank Limited - \$488m

The Group entered into a ten (10) year, fixed rate loan agreement with ANSA Merchant Bank Limited on 19 December 2012. The proceeds of this facility were used to settle an existing short term facility with First Caribbean International Bank (FCIB), the balance of which was approximately \$485m.

The indicative terms and conditions are as follows:

- Term: 10 years
- Security: Initially, Letter of Guarantee from GORTT and thereafter by a Guarantee by GORTT
- Interest Rate: 3%
- Principal Repayment: Amortized and repayable semi-annually in instalments
- Interest Repayment: Calculated on a reducing balance, 30/360 day basis and repayable semi-annually in arrears

Cabinet, by Minute dated 26 June 2014, agreed that GORTT through the Ministry of Finance and the Economy meet the outstanding payments under this loan, effective from the due date of the third loan instalment on 19 June 2014.

#### d) Scotia Bank Limited - \$87m

The Company entered into a five (5) year, fixed rate loan agreement with Scotia Bank Limited on 23 August 2018. The proceeds of this facility is intended for completion of the Alutech Research and Development Facility building at Tamana InTech Park.

The indicative terms and conditions are as follows:

- Term: 5 years
- Security: Letter of Guarantee from GORTT
- Interest Rate: 3.5%
- Principal Repayment: Bullet at Maturity
- Interest Repayment: Calculated on a reducing balance, 30/365 day basis and repayable semi-annually in arrears

# Evolving Tecknologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued)

30 September 2018

### 17 Borrowings

As at 30 September 2018, eTeck had four (4) loan facilities that have been guaranteed by the Government of the Republic of Trinidad and Tobago. They are as follows.

	2018 \$'000	2017 \$'000
<b>Amount Due within 12 Months</b>		
First Citizens Bank Limited	--	--
Scotiabank and Merchant Bank Limited	15,654	15,939
ANSA Merchant Bank Limited	50,649	51,059
	<u>66,303</u>	<u>66,998</u>
<b>Amount Due in Over 1 Year</b>		
First Citizens Bank Limited	160,000	160,000
Scotiabank and Merchant Bank Limited	29,600	44,400
ANSA Merchant Bank Limited	170,800	219,600
Scotia Bank Limited	87,555	--
	<u>447,955</u>	<u>424,000</u>
<b>Finance Costs</b>		
Interest on Bank Borrowings	18,198	20,011
Other Bank Charges	702	655
Loan Administration Fee	9	9
	<u>18,909</u>	<u>20,675</u>

#### a) First Citizens Bank Limited - \$160m

In August 2011, the Group entered into a 10 year loan of TT\$ 160m from First Citizens Bank to finance the development and management plan for the refurbishment and operationalization of the Magdalena Grand Beach Resort (formerly VHL Hotel) in an effort to ensure that the hotel becomes operational by November 1, 2011.

The loan is secured by a Letter of Comfort from the Ministry of Finance which shall be substituted in due course by an unconditional guarantee and indemnity from the Government of the Republic of Trinidad and Tobago. It carries an interest rate of 5.25% and is a bullet-type loan facility with interest payable semi-annually with a principal payment due at maturity.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 15 Deferred Income

	2018 \$'000	2017 \$'000
Lease Premiums from Industrial Estates (15a)	76,298	77,169
Deferred Revenue pertaining to Land Rent (15b)	5,713	5,592
Deferred Revenue pertaining to projects with Government bodies (15c)	<u>5,917</u>	<u>6,715</u>
Deferred Income as at Year End	<u>87,928</u>	<u>89,476</u>

#### a) Leases of industrial estates

The Group offers leases for varying periods to its tenants. Long term leases (i.e. those in excess of 35 years) are generally subject to the payment of a contract sum at the beginning of the lease term (or over a short period, typically 1 to 5 years) with a nominal annual rent being due for the remainder of the term. The contract sum is recorded as Deferred Income and recognised over the term of the lease.

Total unamortised premiums received in prior years	77,169	74,555
Total premiums invoiced during the financial year	—	3,520
Premium income recognised during the financial year	<u>(871)</u>	<u>(906)</u>
Deferred Income as at year end	<u>76,298</u>	<u>77,169</u>

#### b) Deferred Revenue pertaining to Land Rent

In some instances eTecK charges an annual Land Rent to its tenants. This amount is initially recorded as Deferred Land Rent Income and subsequently recognised as revenue over the annual rental term.

#### c) Deferred revenue pertaining to project with Government Bodies

The brought forward balance of \$6.7m relates to amounts invoiced and received in connection with the development of a payroll system.

### 16 Trade And Other Payables

	2018 \$'000	2017 \$'000
Trade Payables	16,465	8,604
Tax Payable	2	5
Accruals and Other Payables	<u>21,926</u>	<u>31,230</u>
	<u>38,393</u>	<u>39,839</u>

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 12 Cash and Cash Equivalents

	2018 \$'000	2017 \$'000
Cash at Bank and In Hand	28,959	75,143
Fixed Deposits and Money Market Instruments	<u>933</u>	<u>921</u>
Subtotal	29,892	76,064
Bank Overdraft	<u>(486)</u>	<u>(679)</u>
	<u>29,406</u>	<u>75,385</u>
Interest income on short-term bank deposits	<u>43</u>	<u>47</u>

### 13 Share Capital

Authorised  
20,000,000 ordinary shares of no par value

Issued and fully paid  
2 ordinary shares of no par value

<u>1</u>	<u>1</u>
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### 14 Capital Contributions

<u>2,359,718</u>	<u>2,276,223</u>
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This balance comprises amounts received from the Government of the Republic of Trinidad and Tobago (GORTT) in connection with the Group's mandate regarding specific projects, debt service on behalf of the Group and the value of assets received.

The Group accounts for these balances as Capital Contributions in the absence of specific directives from GORTT regarding either conversion or repayment terms and conditions.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 10 Other Receivables and Prepayments

	2018 \$'000	2017 \$'000
Value Added Tax (VAT) Refundable	181,826	181,287
Less: Impairment Provision	<u>(181,787)</u>	<u>(181,287)</u>
Other Receivables and Prepayments	<u>7,524</u>	<u>2,299</u>
	<u>7,524</u>	<u>2,299</u>

The balance reflects the effect of a full provision against Value Added Tax (VAT) refunds of approximately \$182m (2017 - \$181 million). Most of this VAT balance relates to the parent company \$178m (2017 - \$177 million) and the remainder of \$4m (2017 - \$4m) relates to VHL.

For financial statement reporting purposes, The Board of Directors and Management consider it is prudent to establish and maintain a provision against these refunds.

### 11 Trade Receivables

	2018 \$'000	2017 \$'000
Trade Receivables	22,086	22,396
Less: Provision for Doubtful Debts	<u>(15,325)</u>	<u>(15,010)</u>
Net Trade Receivables	<u>6,761</u>	<u>7,386</u>

#### 11.1 Ageing analysis

The analysis of these balances is as follows:

0 - 90 Days	17,734	8,642
Over 90 Days	<u>4,352</u>	<u>13,754</u>
	<u>22,086</u>	<u>22,396</u>

#### 11.2 Movement in Provision for Doubtful Debts

Opening Balance	15,010	24,900
Increase/(Decrease) in Provision	<u>315</u>	<u>(9,890)</u>
Closing Balance	<u>15,325</u>	<u>15,010</u>

## Evolving TecKologies and Enterprise Development Company Limited

### Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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#### 8 Restricted Cash

	2018 \$'000	2017 \$'000
Cash held for restricted use	<u>182,359</u>	<u>90,866</u>

By correspondence dated 15 October 2014 from the Ministry of Trade and Industry, eTeck obtained the sum of \$90,867,307 from GORTT. The correspondence indicated that the amount is to be strictly used by eTeck to meet the funding requirements of an infrastructure development project for the Endeavour Business and Commercial Park. The amount represents fifteen percent (15%) funding for the project and is to be used strictly to meet the 15% payment to be met by GORTT once its loan application to the China Export-Import Bank for concessional financing for the project is approved. The funds are not to be co-mingled with any other sources of funding by eTeck.

In addition, prior approval from the Ministry's Permanent Secretary for utilisation of any portion of the funds must be obtained before incurring any expenditure. The correspondence does not indicate the terms of repayment of the amounts received and whether the balance attracts interest. Management's understanding is that the amount is non-interest bearing. The funds are accounted for as a non-current asset with a corresponding increase in Capital Contributions (Refer to Note 13) and are held in a bank account at First Citizens Bank Limited.

During the year, however, approval was granted for the use of \$8.1M for contractor payments for the Moruga Agro Processing Project which will be reimbursed by the Ministry to return the balance to the original sum of \$90,867,307.

Further, also contained in restricted funds is \$87.7M derived from loan disbursement for fulfilment of the Alutech Manufacturing Facility Building project and \$3.7M insurance proceeds for settlement as a result of fire at Trincity Industrial Park.

#### 9 Inventories

	2018 \$'000	2017 \$'000
Food and Beverage	885	605
Linen	498	491
Golf Supplies	376	437
Operating Supplies	1,192	1168
Guest Supplies	51	30
	<u>3,002</u>	<u>2,731</u>

All inventories relate to the subsidiary, Vanguard Hotel Limited. A provision for obsolescence is not required because of the nature of inventory held by VHL. During the year, there were no write-downs of inventory.



# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 7 Investments

	Unibio \$'000	Bamboo Networks \$'000	TOTAL \$'000
<b>Year ended 30 September 2018</b>			
Cost as at 1 October 2017	10,110	31,500	41,610
Provision for impairment	(10,110)	(31,500)	(41,610)
	<hr/>	<hr/>	<hr/>
Carrying Value as at 30 September 2018	--	--	--

	Unibio \$'000	Bamboo Networks \$'000	TOTAL \$'000
<b>Year ended 30 September 2017</b>			
Cost as at 1 October 2016	10,110	31,500	41,610
Provision for impairment	(10,110)	(31,500)	(41,610)
	<hr/>	<hr/>	<hr/>
Carrying Value as at 30 September 2017	--	--	--

Investment	Cost
UniBio	\$10m

The Group, in partnership with the National Energy Corporation, has entered into an agreement with UniBio A/S of Denmark to fund a gas to protein pilot plant in Trinidad and Tobago. The Group is required under the arrangement to partner in the funding to the value of 50% of the investment. An initial payment of approximately \$10m was provided by the University of Trinidad and Tobago (UTT) on behalf of the Group. This amount was subsequently offset against payments made by eTeck, in respect of the training of medical transcriptionists at MDCL, on behalf of UTT. Full provision has been made against this investment due to uncertainty over its viability.

Investment	Cost
Bamboo Networks Limited	\$32m

On the 1 July 2005, eTeck invested US\$5,000,000 representing a 5% interest, in Bamboo Networks Limited, a company incorporated in the Cayman Islands. A total of 8,333,333 shares were purchased at a share price of US\$0.60 each. The gross cost incurred of \$32m was fully impaired several years ago. Refer to note 26.

## Evolving TechNologies and Enterprise Development Company Limited

### Notes to the Consolidated Financial Statements (Continued) 30 September 2018

#### 6 Property, Plant and Equipment

	Land \$000s	Buildings \$000s	Furnishings And Equipment \$000s	Machinery And Equipment \$000s	Information Systems \$000s	Work In Progress \$000s	Total \$000s
<b>Year ended 30 September 2018</b>							
Opening Net Book Value	15,750	152,047	34,189	17,933	449	709	221,076
Additions	--	1,100	1,396	12	226	801	3,535
Disposals	--	--	(2)	--	--	--	(2)
Adjustments	--	4	--	--	--	--	4
Depreciation	--	(29,770)	(6,558)	(3,998)	(316)	--	(40,642)
Impairment	(12,812)	(93)	(16,086)	(11,345)	(292)	(1,228)	(41,856)
Closing Net Book Value	2,938	123,287	12,939	2,602	67	282	142,114
<b>As at 30 September 2018</b>							
Cost	18,737	476,855	168,375	39,990	1,597	1,510	707,063
Accumulated Depreciation and Impairment	(15,799)	(353,568)	(155,436)	(37,398)	(1,530)	(1,228)	(564,949)
Net Book Value	2,938	123,287	12,939	2,602	67	282	142,114
<b>Year ended 30 September 2017</b>							
Opening Net Book Value	15,750	179,753	40,425	21,577	532	--	258,037
Additions	--	4,679	676	329	257	709	6,550
Disposals	--	--	(2)	--	--	--	(2)
Adjustments	--	--	(306)	--	--	--	(306)
Depreciation	--	(32,285)	(6,604)	(3,973)	(340)	--	(43,202)
Closing Net Book Value	15,750	152,047	34,189	17,933	449	709	221,077
<b>As at 30 September 2017</b>							
Cost	18,737	475,755	166,981	39,978	1,371	709	703,531
Accumulated Depreciation and Impairment	(2,987)	(323,708)	(132,792)	(22,045)	(922)	--	(482,454)
Net Book Value	15,750	152,047	34,189	17,933	449	709	221,077

In June 2018, the Board commissioned PKF/CBRE to perform a valuation study on Vanguard Hotel Limited which resulted in an impairment of TT\$41.9m adjusting the hotel property downwards to TT\$9.6m. The impairment charge was apportioned to each class of asset on a prorate basis.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 5 Investment Properties (Continued)

#### c) Tamana Intech Park (TIP)

The movement in its carrying amount is as follows:

	Total \$'000
<b>Year ended 30 September 2018</b>	
Balance at 1 October 2017	652,448
Adjustments	<u>(511,383)</u>
Balance at 30 September 2018	<u>141,065</u>
<b>Year ended 30 September 2017</b>	
Balance at 1 October 2016	652,578
Adjustments	<u>(130)</u>
Balance at 30 September 2017	<u>652,448</u>

Tamana Intech Park is a technology park under construction which is located at Wallerfield in Trinidad. Development works commenced in 2006. The land component of the park is stated at a valuation of \$100m.

The current status is that the flagship building and 21 fully serviced lots have been completed and there is a medium-term plan in place regarding the development of certain lots for occupation by potential tenants.

The Board of Directors commissioned a valuation by the Commissioner of Valuations in November 2017 that was carried out and completed in February 2019. The basis of value is the market value which is defined by the Royal Institute of Chartered Surveyors.

TIP was valued at \$300m, resulting in a fair value loss of \$512m. The fair value loss was applied in full to the Investment Property portion of TIP reducing the value to \$141m, thus the Flagship portion maintained the value of \$159m.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 5 Investment Properties (Continued)

The following sets out the details of each investment property.

#### a) Industrial Estates

The Company entered into a contract with BCQS International Limited for the provision of valuation services of its Industrial Parks (exclusive of Tamana Intech Park). BCQS International was instructed to provide an assessment of the fair value of these properties in accordance with IAS 40. This exercise was completed during the financial year and resulted in a fair value gain of \$184M.

The professional valuator used the following methodologies in determining the valuations:

- i) **Direct Comparison Method**  
This method was used to determine the valuator's opinion on the value for the properties which were of vacant possession (having no lessee). This method was used to estimate the value of all vacant land sites.
- ii) **The Investment or Income Capitalisation Method**  
This method was used to determine the valuator's opinion on value for the properties which were tenanted. It was used to estimate the value of factory shells, and land sites that were leased to tenants.

#### b) Trinidad Hilton Property

This property, also known as the Trinidad Hilton and Conference Centre, comprises a four-star hotel occupying approximately 30 acres of land at Lady Young Road, St Ann's, Trinidad. As noted above the buildings were acquired from TIDCO for a nominal consideration. The land is leased from the State for a term of 30 years commencing 25 February 2003. This property is sublet to Hilton International Trinidad Limited. The land together with the buildings are being carried in the financial statements at fair value on the basis that the Company is a wholly-owned state enterprise and the lease for the land is expected to be renewed for the foreseeable future when the lease expires.

In 2017, the Company received a valuation of the Trinidad Hilton Property from the Commissioner of Valuations. This valuation stated a notional apportionment of the values attributable to land and buildings/site improvements, of approximately \$200m and \$50m respectively. Management used this assessment as the basis for the carrying value as at year end. This resulted in an increase in the fair value of \$25m. Subsequently, the Group expended a further \$7m during the year on capital works to the hotel.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 5 Investment Properties

	2018 \$'000	2017 \$'000
Opening Balance	1,657,588	1,624,016
Additions - subsequent expenditure on Investment Property	228,401	6,556
Movement in Fair Value	<u>(327,691)</u>	<u>27,016</u>
Closing Balance	<u>1,558,298</u>	<u>1,657,588</u>

The Group has 3 major investment properties:

- Industrial estates
- Trinidad Hilton property
- Tamana Intech Park (TIP), which is under construction and development

The valuation and costs of the above properties are as follows:

	Total \$m
<b>Year ended 30 September 2018</b>	
Industrial Estates	1,160
Trinidad Hilton Property	257
Tamana Intech Park	<u>141</u>
Balance at 30 September 2018	<u>1,558</u>
<b>Year ended 30 September 2017</b>	
Industrial Estates	756
Trinidad Hilton Property	250
Tamana Intech Park	<u>652</u>
Balance at 30 September 2017	<u>1,658</u>

Industrial Estates, the Trinidad Hilton property and Tamana Intech Park (TIP) are stated at fair value. In 2003 all industrial park assets as well as the Trinidad Hilton Property) were transferred from Tourism and Industrial Development Company of Trinidad and Tobago Limited (TIDCO) for a consideration of \$1.

# **Evolving TecKnologies and Enterprise Development Company Limited**

## **Notes to the Consolidated Financial Statements (Continued)**

**30 September 2018**

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### **4 Critical Accounting Estimates and Judgments**

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.

#### **4.1 Critical accounting Estimates and Assumptions**

The Group makes estimates and assumptions concerning the future. The accounting policies applied by the Group in which judgments, estimates and assumptions may significantly differ from actual results are discussed below:

##### **(a) Going Concern**

The financial statements have been prepared on a going concern basis on the assumption that continued financial support will be forthcoming from the shareholder.

##### **(b) Income taxes**

Some judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### **(c) Valuation of Investment Properties**

This is considered a key management estimate because the valuations are based on a variety of factors including assumptions about current and expected market conditions, earnings, etc., which are subject to change. Refer to Note 5.

##### **(d) Leasehold interests in Trinidad Hilton Property and Tamana Intech Park**

Refer to Note 5.

##### **(e) Carrying amount of Property, Plant and Equipment**

The subsidiary's hotel property is carried at a Board of Directors' valuation which is based on the results of an external market position study conducted in 2009, less subsequent depreciation, as explained in Note 6.1. The valuation is impacted by various markets, financial, operating and economic assumptions including occupancy rates, room rates, demand/supply expectations, the airlift to Tobago and the inclusion of amenities such as golf and spa facilities. Estimates of the assets useful lives are based on a combination of industry norms and the physical conditions present at the hotel premises.

An updated valuation has not been obtained. However, management is of the view that given the past experience of the parent and Government's commitment to the hotel and positive indicators of continued commitment, the carrying amount as reported in the financial statements is reasonable.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

### 3 Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### Maturity Analysis of Financial Liabilities

###### Year ended 30 September 2017

Bank Overdraft	679	679	--
Trade and Other Payables	39,839	39,839	--
Borrowings	<u>490,998</u>	<u>82,195</u>	<u>469,395</u>
Total	<u>531,516</u>	<u>122,713</u>	<u>469,395</u>

#### 3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2018 \$000	2017 \$000
Total Borrowings	514,258	490,998
Less Restricted Cash	(182,359)	(90,866)
Less Cash and Cash Equivalents (Net of Overdraft)	<u>(29,406)</u>	<u>(75,385)</u>
Net Debt	302,493	324,747
Total Equity	<u>1,288,884</u>	<u>1,437,019</u>
Total Capital	<u>1,591,377</u>	<u>1,761,766</u>
Gearing Ratio	<u>19%</u>	<u>18%</u>

#### 3.3 Fair Value Estimation

The carrying value less impairment provision of Trade Receivables and Payables are assumed to approximate their fair values. The fair value of Financial Liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued)

30 September 2018

### 3 Financial Risk Management

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by Management. Management identifies and evaluates financial risks.

##### (a) Market risk

###### *Foreign exchange risk*

The Group has no significant foreign exchange risk.

##### (b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group has no significant concentration of credit risk.

##### (c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

#### Liquidity Risk Analysis

The table below analyses the Group's financial liabilities based on the remaining period at the Consolidated Statement of Financial Position date to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cash flows.

#### Maturity Analysis of Financial Liabilities

Financial Liabilities	Carrying Amount \$000	Contractual Cashflows	
		Less than One Year \$000	More than One Year \$000
<b>Year ended 30 September 2018</b>			
Bank Overdraft	486	486	--
Trade and Other Payables	38,392	38,392	--
Borrowings	514,258	83,161	389,303
Total	<u>553,136</u>	<u>122,039</u>	<u>389,303</u>



# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 2 Summary Of Significant Accounting Policies (Continued)

#### 2.16 Leases

(i) The Group is the Lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(ii) The Group is the Lessor

Assets leased out under operating leases are included in Property, Plant and Equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similarly owned Property, Plant and Equipment. Rental income (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

#### 2.17 Share Capital

Ordinary shares are classified as equity.

#### 2.18 Impairment of Assets

The Group assesses its assets for impairment whenever events or changes in circumstances indicate that the carrying value of its assets may not be recoverable. If any such indication of impairment exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

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

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued)

30 September 2018

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### 2 Summary of Significant Accounting Policies (Continued)

#### 2.14 Current and Deferred Income Taxes

The tax expense for the period comprises current tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Parent Company and its Subsidiaries and Associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.15 Borrowings

Borrowings are recognised initially at the loan principal amount. Related transaction costs incurred are expensed.

Borrowings are recognised at the full face value of outstanding principal and interest repayments to maturity.

Borrowings are classified as current liabilities for amounts due within 12 months and non-current liabilities for amounts due after 12 months.

Any breach of loan covenants will result in total Borrowings being classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued)

30 September 2018

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### 2 Summary of Significant Accounting Policies (Continued)

#### 2.10 Cash At Bank and In Hand

Cash and cash equivalents include cash in hand, deposits held at call with bank and other bank balances with original maturities of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and in hand, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

#### 2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### 2.12 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at fair value.

#### 2.13 Capital Contributions

Capital Contributions comprise:

- Amounts received from the state for the execution of projects stipulated by the shareholder. Project expenditure is capitalised or expensed in accordance with company policy.
- The value of assets transferred to the Group for which no or less than market consideration is required.

These amounts are unsecured, interest free and have no fixed repayment terms.

Included in Capital Contributions are amounts received by the Group under the Public Sector Investment Programme (PSIP), debt service by GORTT on behalf of the Group, amounts received from GORTT to liquidate VHL's debt at acquisition and amounts transferred from former parent, Tourism Development Company Limited (TDC).

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 2 Summary of Significant Accounting Policies (Continued)

#### 2.5 Foreign Currencies

##### (a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

##### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

#### 2.6 Revenue recognition

Revenue earned as rental income is recognised on an accrual basis in accordance with the terms of the individual lease agreements with tenants for industrial parks and hotel property. Revenue in respect of long-term leases (premiums) are deferred and recognised as Revenue over the term of the lease. With respect to VHL, the hotel recognises revenue when: control of goods or services is transferred to the customer at an amount that reflects the consideration due to the Company.

#### 2.7 Employee Benefits

The Group's permanent monthly paid employees are required to participate in a registered deferred annuity scheme. This scheme is intended to provide a pension to those who participate and therefore constitutes the Group pension plan. The plan is a defined contribution plan. Employees contribute 5% of their basic salary and the Group contributes 10% of the employees' basic salary. The Group's contributions to the pension plan are charged to statement of comprehensive income in the year to which they relate.

#### 2.8 Trade Receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of sale.

The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to statement of comprehensive income.

#### 2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognized immediately in the statement of comprehensive income.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 2 Summary of Significant Accounting Policies (Continued)

#### 2.4 Consolidation

##### a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Consolidation ceases from the date that control ends.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

##### b) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in Associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its Associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves, if applicable. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an Associate equals or exceeds its interest in the Associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

Unrealised gains on transactions between the Group and its Associate(s) are eliminated to the extent of the Group's interest in the Associate(s). Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 2 Summary of Significant Accounting Policies (Continued)

#### 2.3 Property, Plant and Equipment

Apart from the parent company's administrative building and equipment and furniture, which are stated at historical cost less accumulated depreciation, all other property, plant and equipment which represents the property and chattel of Vanguard Hotel Limited, were stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The current net book value was the result of a valuation performed by CBRE in June 2018.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases/decreases in the carrying amount arising on revaluations are credited/charged to other comprehensive income/loss and shown as revaluation reserve in shareholders' equity. Going forward from the initial directors' valuation, decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings/accumulated deficit.

Land which is held on a leasehold basis for 999 years that commenced in 1997 is not depreciated however was impaired as a result of the revaluation of the entire hotel asset done by CBRE. Depreciation on other assets held by the subsidiary is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

- Buildings (Hotel)	10 years
- Buildings (Administrative)	10 years
- Building improvements	7.5 years
- Furniture and fittings	10 years
- Machinery and equipment	10 years

Equipment and furniture held by the parent company as described above are depreciated as follows:

Buildings	10%	Reducing Balance
Equipment and furniture	10% - 33⅓%	Reducing Balance
Hilton: Furniture, Fixtures & Fittings	25%	Straight Line
Leasehold Improvements	N/A	Depreciated Over Lease Term

The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, if there is an indication of significant change since the last reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 2 Summary of Significant Accounting Policies (Continued)

#### 2.2 Investment Property

Property that is held for long-term rental and that is not occupied by the Group, is classified as investment property. Investment Property also includes property that is being constructed or developed for future use as Investment Property.

Property held under operating leases that meet the qualification criteria as Investment Property is classified and accounted for as such by the Group. The operating lease is accounted for as if it were a finance lease.

Investment Property is measured initially at cost, including related transaction costs and where applicable, borrowing costs.

After initial recognition, Investment Property is carried at fair value. Investment Property under construction is measured at fair value if the fair value is considered to be reliably determined. Investment Properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determined when construction is completed, are measured at cost less impairment until the fair value becomes reliably determined or construction is completed – whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed periodically by professional valuers who hold recognised and relevant professional qualifications. These valuations form the basis for the carrying amounts in the financial statements. Investment Property that is being redeveloped for continuing use as Investment Property or for which the market has become less active continues to be measured at fair value.

The fair value of Investment Property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an Investment Property is replaced, the carrying amount of the replaced part is derecognised. Changes in fair values are recognised in profit or loss.

# Evolving TeckNologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued)

30 September 2018

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### 2 Summary of Significant Accounting Policies (Continued)

#### 2.1 Basis of preparation (Continued)

##### 2.1.2 New standards and interpretations (Continued)

###### *New standards and interpretations not yet adopted* (Continued)

At the date of authorization of the financial statements, there were new standards, amendments to standards and interpretations which were in issue but not yet effective for the year ended 30 September 2018 and have not been applied in preparing these financial statements. The Company is yet to assess the impact of these new standards:

- IFRS 16, *Leases* sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17, *Leases*. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. There are no significant changes to lessor accounting aside from enhanced disclosure requirements. IFRS 16 will become effective on January 1, 2019.



# Evolving TecNologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements (Continued) 30 September 2018

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### 2 Summary of Significant Accounting Policies (Continued)

#### 2.1 Basis of preparation (Continued)

##### 2.1.1 Going Concern (Continued)

The GORTT's continued support to date has been evidenced by:

- By letter dated 15 May 2014, the Ministry of Finance (MOF) informed that it is the convention of the Ministry to make annual GORTT subventions to eTeck to enable the Company to meet its operating and capital expenditures. The MOF further confirmed that in the post balance sheet period, it has committed and disbursed GORTT funding to support eTeck in its expenditure as described below.
- eTeck's continued receipt of funds under the Public Sector Investment Programme (PSIP) in respect of ongoing initiatives and projects of \$7.8m in 2018 and a further budgeted allocation of \$23m in 2019 towards the construction of an agro-processing and light industrial park in Moruga.
- eTeck's continuing ability to consistently and adequately meet its liabilities as they fall due.

The ability of the Company to continue to trade and to meet its obligations is dependent on the continued support of the shareholder in the form of direct financing and or the provision of appropriate guarantees to third parties. There are no indications that such support will not be forthcoming.

##### 2.1.2 New standards and interpretations

###### *New and amended standards*

The following standards have been issued and are effective for periods beginning on or after 1 January 2018. eTeck has not early-adopted any on these and therefore they have not been applied in preparing these financial statements.

- IFRS 9, *Financial Instruments*, addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 became effective on January 1, 2018. Management is in the process of reviewing the expected impact to the financial statements for adoption from October 1, 2018 but estimates that the impact will be immaterial.
- IFRS 15, *Revenue from Contracts with Customers*, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 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* and became effective on January 1, 2018. Management is in the process of reviewing the expected impact to the financial statements for adoption from October 1, 2018 and estimates that the impact may be material.

# Evolving TecKnologies and Enterprise Development Company Limited

## Notes to the Consolidated Financial Statements 30 September 2018

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### 1 Incorporation and Principal Business Activities

The Parent Company was incorporated in the Republic of Trinidad and Tobago on 30 January 1997 as Property and Industrial Development Company of Trinidad and Tobago Limited (PIDCOTT) and commenced operations in September 1997. The address of its registered office is # 9 - 15 eTeck Blvd. Tamana InTech Park, Wallerfield. At its inception the Company was a wholly owned subsidiary of the Tourism and Industrial Development Company of Trinidad and Tobago Limited (TIDCO) until August 2003 when its issued shares were transferred to the Corporation Sole. PIDCOTT's name was subsequently changed to Evolving TecKnologies and Enterprise Development Company Limited (eTeck). Its principal activities are the provision of industrial estate properties to the business sector, the rental of its Hilton property located in Port of Spain, Trinidad (Note 5b), and development of new industrial estates. The Company is also an investment holding company with Vanguard Hotel Limited (VHL), (trading as Magdalena Grand Beach and Golf Resort) being its main operating subsidiary. The Company also receives mandates from the shareholder to project-manage other specific state sector projects.

### 2 Summary of Significant Accounting Policies

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

#### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention except for investment properties which are measured at fair value.

These consolidated financial statements are presented in Trinidad & Tobago dollars, which is the Group's functional currency. All financial information presented in Trinidad and Tobago dollars has been rounded to the nearest thousands, except when otherwise indicated.

##### 2.1.1 Going Concern

The Group as at 30 September 2018 had an Accumulated Deficit of \$1b and a Total Comprehensive Loss of \$232m for the year then ended. Additionally, the Group's Current Liabilities exceed Current Assets by \$58m. Current Liabilities which total \$105m include the current portion of Borrowings of \$66m. There is a guarantee by the Government of the Republic of Trinidad and Tobago (GORTT) for the Total Borrowings of \$514m and these are serviced in full by GORTT through the Ministry of Finance.

For fiscal 2018, GORTT's debt service, on behalf of the Group was \$84m. This debt service is accounted for as Capital Contributions (Refer to Note 2.13).

These financial statements are prepared on the going concern basis, in accordance with IAS 1, since the Board of Directors and Management are of the view that the Group can continue to rely on the support of the Shareholder, the Government of the Republic of Trinidad and Tobago (GORTT), as required, in meeting its obligations as they fall due.

# Evolving TecKnologies and Enterprise Development Company Limited

## Consolidated Statement of Cash Flows

	Notes	Year Ended September 30	
		2018 \$'000	2017 \$'000
<b>Net Cash Generated From (Used In) Operating Activities</b>	21	188,892	(10,588)
<b>Investing Activities</b>			
Purchase of Property, Plant and Equipment		(3,535)	(6,550)
Expenditure on Investment Properties		(228,401)	(6,556)
Proceeds on Disposal of Plant and Equipment		-	1
Increase in restricted cash		(3,828)	-
<b>Net Cash Used In Investing Activities</b>		(235,764)	(13,105)
<b>Financing Activities</b>			
Capital Contributions Received		83,495	102,286
Repayment of Borrowings		(82,602)	(84,297)
<b>Net Cash Generated From Financing Activities</b>		893	17,989
<b>Decrease In Cash And Cash Equivalentts</b>		(45,979)	(5,704)
<b>Cash and Cash Equivalentts at Beginning of Year</b>		75,385	81,089
<b>Cash and Cash Equivalentts at End of Year</b>		29,406	75,385
<b>Represented by</b>			
Cash at Bank and In Hand		29,892	76,064
Bank Overdraft		(486)	(679)
	12	29,406	75,385

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

**Evolving TecKnologies and Enterprise Development Company Limited**  
**Consolidated Statement of Changes in Equity**

	Note	Share Capital \$000	Capital Contributions \$000	Accumulated Deficit \$000	TOTAL \$000
<b>Year ended 30 September 2018</b>					
Balance at 1 October 2017		1	2,276,223	(839,205)	1,437,019
Total Comprehensive Loss for the year		--	--	(231,629)	(231,629)
Capital Contributions	14	--	83,495	--	83,495
<b>Balance as at 30 September 2018</b>		<b>1</b>	<b>2,359,718</b>	<b>(1,070,834)</b>	<b>1,288,885</b>
<b>Year ended 30 September 2017</b>					
Balance at 1 October 2016		1	2,173,937	(797,875)	1,376,063
Total Comprehensive Loss for the year		--	--	(41,330)	(41,330)
Capital Contributions	14	--	102,286	--	102,286
<b>Balance as at 30 September 2017</b>		<b>1</b>	<b>2,276,223</b>	<b>(839,205)</b>	<b>1,437,019</b>

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

# Evolving TecKologies and Enterprise Development Company Limited

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year Ended September 30	
	Notes	2018 \$'000	2017 \$'000
Revenue	18	79,134	94,597
Other Operating Income		89	154
Expenses		79,223	94,751
Operating		(87,840)	(87,887)
Administrative		(48,377)	(53,604)
Marketing		(57)	(131)
Operating Loss	19	(136,274)	(141,622)
Net (Loss)/Gain from Fair Value Adjustment on Investment Properties	5	(327,691)	27,016
Impairment Reversal	26	214,580	--
Impairment Loss on Property, Plant and Equipment	6	(41,856)	--
Finance Costs	17	(18,909)	(20,675)
Interest Income		43	47
Loss Before Taxation		(230,884)	(40,483)
Taxation Charge	20	(745)	(847)
Total Comprehensive Loss For The Year		(231,629)	(41,330)
Attributable To:			
Owners of the Parent		(231,629)	(41,330)
Non-Controlling Interests		--	--
		(231,629)	(41,330)

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

# Evolving TecKnologies and Enterprise Development Company Limited

## Consolidated Statement of Financial Position

		September 30	
		2018	2017
		\$'000	\$'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment Properties	5	1,558,298	1,657,588
Property, Plant and Equipment	6	142,114	221,077
Investments	7	--	--
Restricted Cash	8	182,359	90,866
		<u>1,882,771</u>	<u>1,969,531</u>
<b>Current Assets</b>			
Inventory	9	3,002	2,731
Other Receivables and Prepayments	10	7,524	2,299
Trade Receivables	11	6,761	7,386
Cash At Bank and In Hand	12	29,892	76,064
		<u>47,179</u>	<u>88,480</u>
<b>Total Assets</b>		<b>1,929,950</b>	<b>2,058,011</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital And Reserves</b>			
Share Capital	13	1	1
Capital Contributions	14	2,359,718	2,276,223
Accumulated Deficit		(1,070,834)	(839,205)
<b>Total Equity</b>		<b>1,288,885</b>	<b>1,437,019</b>
<b>Non-Current Liabilities</b>			
Borrowings - Long Term Portion	17	447,955	424,000
Deferred Income	15	87,928	89,476
		<u>535,883</u>	<u>513,476</u>
<b>Current Liabilities</b>			
Bank Overdraft	12	486	679
Tax Payable	16	2	5
Trade and Other Payables	16	38,391	39,834
Borrowings - Short Term Portion	17	66,303	66,998
		<u>105,182</u>	<u>107,516</u>
<b>Total Liabilities</b>		<b>641,065</b>	<b>620,992</b>
<b>Total Equity And Liabilities</b>		<b>1,929,950</b>	<b>2,058,011</b>

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

On Sep. 17<sup>th</sup> 2019, the Board of Directors authorised these financial statements for issue.

Muhammad Director

Ala Director



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

- 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 Group'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 Group'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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

K P M G

Chartered Accountants

Port of Spain  
Trinidad and Tobago  
October 30, 2019



## **Responsibilities of Management and those charged with Governance for the Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.





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

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

## **Independent Auditors' Report to the Shareholders of Evolving Technologies and Enterprise Development Company Limited**

### **Opinion**

We have audited the financial statements of Evolving Technologies and Enterprise Development Company Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at September 30, 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements 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 (IFRS).

### **Basis of Opinion**

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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for 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 other 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 opinion.

# Evolving TecKnologies and Enterprise Development Company Limited

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## Statement of Management's Responsibility


Management is responsible for the following:


- Preparing and fairly presenting the accompanying consolidated financial statements of Evolving TecKnologies and Enterprise Development Company Limited (the Company), which comprise the statement of financial position as at September 30, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgment in the determination of estimates.

In preparing these 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.

  
\_\_\_\_\_  
Name Imtiaz Ahmad  
Title Chairman  
Date: 17/9/2019

  
\_\_\_\_\_  
Name Kelvon Morris  
Title Director  
Date: 17/9/2019

# **Evolving TecKnologies and Enterprise Development Company Limited**

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Consolidated Financial Statements of

**EVOLVING TECHNOLOGIES AND ENTERPRISE  
DEVELOPMENT COMPANY LIMITED**

September 30, 2018

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