



Chartered Accountants
& Business Advisors

**EAST PORT OF SPAIN
DEVELOPMENT COMPANY LIMITED**

FINANCIAL STATEMENTS

30 SEPTEMBER 2016



Chartered Accountants
& Business Advisors

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

INDEX

	<u>Page</u>
Statement of Management Responsibilities	1
Independent Auditors' Report	2 – 3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 21



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 2016 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: 29/9/2020


Signed

Date: 29/9/2020



Chartered Accountants
& Business Advisors

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 2016, 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 2016 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.

Telephone: (868) 235-5063
Address: 111 Eleventh Street, Barataria, Trinidad, West Indies
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

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
29 September 2020

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

	<u>ASSETS</u>	<u>Notes</u>	<u>30 September</u>	
			<u>2016</u>	<u>2015</u>
			\$	\$
Current Assets:				
Cash and cash equivalents		5	8,714,784	14,537,718
Accounts receivables and prepayments		6	<u>31,129</u>	<u>64,557</u>
			8,745,913	14,602,275
Non-Current Assets:				
Fixed assets		7	<u>980,199</u>	<u>1,038,421</u>
Total Assets			<u>9,726,112</u>	<u>15,640,696</u>
<u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>				
Current Liabilities:				
Accounts payable and accruals		8	3,956,718	1,836,582
Deferred income - government grants		9	5,711,977	13,143,624
Taxation payable			<u>20,100</u>	<u>19,127</u>
			9,688,795	14,999,333
Non-Current Liabilities:				
Deferred income – capital expenditure grants		10	<u>583,130</u>	<u>641,353</u>
Total Liabilities			10,271,925	15,640,686
Shareholder's Equity:				
Stated Capital		11	10	10
Accumulated loss			<u>(545,823)</u>	<u>-</u>
			<u>(545,813)</u>	<u>10</u>
Total Liabilities and Shareholder's Equity			<u>9,726,112</u>	<u>15,640,696</u>

These financial statements were approved by the Board of Directors and authorised for issue on 29 September 2020 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

		For the year ended 30 September	
	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		\$	\$
Income:			
Management and design fees		296,675	1,748,174
Other income		<u>14,315</u>	<u>44,400</u>
Total income		<u>310,990</u>	<u>1,792,574</u>
Expenditure:			
Administrative charges	14	1,048,484	1,459,409
Advertising and public relations		117,658	190,692
Depreciation		291,324	316,699
Directors' fees and allowances		584,716	628,768
Impairment provision – fraud loss		6,492,524	3,096,951
Professional fees		211,835	241,992
Property expenses		687,082	669,585
Project development expense		2,148,174	719,233
Staff related expenses		<u>5,721,704</u>	<u>5,449,161</u>
Total expenditure		<u>17,303,501</u>	<u>12,772,490</u>
Loss from operations		(16,992,511)	(10,979,916)
Other Income:			
Government grants	15	16,407,623	10,984,204
Interest income		<u>40,038</u>	<u>1,091</u>
Net (loss)/surplus for the year before taxation		(544,850)	5,379
Taxation (Note 15)		<u>(973)</u>	<u>(5,379)</u>
Net (loss)/ surplus for the year		(545,823)	-
Accumulated loss brought forward		<u>-</u>	<u>-</u>
Accumulated loss carried forward		<u>(545,823)</u>	<u>-</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>2016</u>	<u>2015</u>
	\$	\$
Operating Activities:		
Net (loss)/surplus for the year before taxation	(544,850)	5,379
Depreciation	291,324	316,699
Impairment provision – fraud loss	6,492,524	3,096,951
Less: Gain disposal of asset	<u>-</u>	<u>-</u>
	6,238,998	3,419,029
Net change in accounts receivables and prepayments	(6,459,096)	(2,883,039)
Net change in accounts payable and accruals	2,120,136	342,358
Net change in deferred income – capital expenditure grants	(58,223)	(292,786)
Net change in deferred income – government grants	<u>(7,431,647)</u>	<u>3,843,742</u>
Funds provided by operating activities	<u>(5,589,832)</u>	<u>4,429,304</u>
Investing Activities:		
Fixed assets acquired	<u>(233,102)</u>	<u>(23,913)</u>
Funds used in investing activities	<u>(233,102)</u>	<u>(23,913)</u>
Net change in cash balances	(5,822,934)	4,405,391
Cash and cash equivalent balances, beginning of year	<u>14,537,718</u>	<u>10,132,327</u>
Cash and cash equivalent balances, end of year	<u>8,714,784</u>	<u>14,537,718</u>
Represented by:		
Cash and cash equivalents	<u>8,714,784</u>	<u>14,537,718</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 2016****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 liabilities exceed its current assets by **\$1,526,012** 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 2016****3. Significant Accounting Policies (Cont'd):****(c) New Accounting Standards and Interpretations -**

- i) 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 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (effective for accounting periods beginning on or after 1 January 2016).

IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016)

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).

IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).

IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2016****3. 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).
- IFRS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue (effective for accounting periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IAS 34 Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report" (effective for accounting periods beginning on or after 1 January 2016).
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

3. Significant Accounting Policies (Cont'd):

(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.

(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.

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2016****2. Significant Accounting Policies (Cont'd):****(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.

(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 2016****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 2016****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 2016

5. Cash and Cash Equivalents:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
First Citizens Bank Limited – Abercrombie Fund	5,173,302	3,517,624
First Citizens Bank Limited – Current account	620,163	4,047,742
First Citizens Bank Limited – Projects account	2,919,319	6,970,298
Petty cash	<u>2,000</u>	<u>2,054</u>
	<u>8,714,784</u>	<u>14,537,718</u>

6. Accounts Receivable and Prepayments:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
Fraud loss (see note below)	12,421,190	5,928,666
Prepaid expenses	28,745	62,173
Employee advances	<u>2,384</u>	<u>2,384</u>
	12,452,319	5,993,223
Less: Impairment provision for fraud loss	<u>(12,421,190)</u>	<u>(5,928,666)</u>
	<u>31,129</u>	<u>64,557</u>
Provision for fraud loss:		
Balance, beginning of year	5,928,666	2,831,715
Charge for the year	<u>6,492,524</u>	<u>3,096,951</u>
Balance, end of year	<u>12,421,190</u>	<u>5,928,666</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 2016, the amount of **\$12,421,190** was determined to have been removed from the Company by the Judgement Debtors without permission. At a Board meeting held on the 1 October 2019, the Board of Directors agreed to make provision for the amount uncovered during the financial years 2014 to 2016. The confirmed minutes of the 158th 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 **\$12,421,190**.

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

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> \$
Cost							
Balance as at 1 October 2015	103,402	983,804	515,540	493,526	507,783	1,062,444	3,666,499
Additions	<u>35,656</u>	<u>20,824</u>	<u>22,972</u>	<u>2,399</u>	<u>151,251</u>	<u>-</u>	<u>233,102</u>
Balance as at 30 September 2016	<u>139,058</u>	<u>1,004,628</u>	<u>538,512</u>	<u>495,925</u>	<u>659,034</u>	<u>1,062,444</u>	<u>3,899,601</u>
Accumulated Depreciation							
Balance as at 1 October 2015	82,821	810,866	427,901	254,802	422,854	628,834	2,628,078
Charge for the year	9,374	64,581	27,653	24,114	59,039	106,563	291,324
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 30 September 2016	<u>92,195</u>	<u>875,447</u>	<u>455,554</u>	<u>278,916</u>	<u>481,893</u>	<u>735,397</u>	<u>2,919,402</u>
Net Book Value							
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>
Balance as at 30 September 2015	<u>20,581</u>	<u>172,938</u>	<u>87,639</u>	<u>238,724</u>	<u>84,929</u>	<u>433,610</u>	<u>1,038,421</u>

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

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> \$
Cost							
Balance as at 1 October 2014	103,402	983,804	515,540	493,526	507,783	1,062,444	3,666,499
Additions	35,656	20,824	22,972	2,399	151,251	-	233,102
Disposal	-	-	-	-	-	-	-
Balance as at 30 September 2015	<u>139,058</u>	<u>1,004,628</u>	<u>538,511</u>	<u>495,925</u>	<u>659,035</u>	<u>1,062,444</u>	<u>3,899,601</u>
Accumulated Depreciation							
Balance as at 1 October 2014	82,821	810,866	427,901	254,802	422,854	628,834	2,628,078
Charge for the year	9,374	64,581	27,653	24,115	59,039	310,563	291,324
Disposal	-	-	-	-	-	-	-
Balance as at 30 September 2015	<u>92,195</u>	<u>875,447</u>	<u>455,554</u>	<u>278,917</u>	<u>481,892</u>	<u>735,397</u>	<u>2,919,402</u>
Net Book Value							
Balance as at 30 September 2015	<u>46,863</u>	<u>129,181</u>	<u>82,957</u>	<u>217,008</u>	<u>177,142</u>	<u>327,047</u>	<u>980,199</u>
Balance as at 30 September 2014	<u>20,581</u>	<u>172,938</u>	<u>87,639</u>	<u>238,724</u>	<u>84,929</u>	<u>433,610</u>	<u>1,331,207</u>

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

8. Accounts Payable and Accruals:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
Audit fees payable	277,875	168,750
Statutory and other salary deductions payable	567,445	909,716
Penalties and interest	778,380	151,007
Stale dated cheques	133,865	133,865
Gratuity payable	474,387	17,600
Sundry creditors and accruals	<u>1,724,766</u>	<u>455,644</u>
	<u>3,956,718</u>	<u>1,836,582</u>

9. Deferred Income – Government Grants:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
<i><u>Recurrent Expenditure</u></i>		
Balance brought forward	4,069,759	941,865
Government grants received for recurrent expenditure	12,046,537	13,795,399
Recurrent expenditure utilising government grants (net)	<u>(16,116,297)</u>	<u>(10,667,505)</u>
	-	4,069,759
<i><u>Project Expenditure</u></i>		
Balance brought forward	9,073,865	8,358,017
Government grants for project expenditure	3,718,548	20,972,816
Project expenditure for the year (Note 16)	<u>(7,080,436)</u>	<u>(20,256,968)</u>
	<u>5,711,977</u>	<u>9,073,865</u>
	<u>5,711,977</u>	<u>13,143,624</u>

10. Deferred Income – Capital Expenditure Grants:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
Balance brought forward	641,353	934,139
Government grants received for capital expenditure	233,103	23,913
Transferred to Statement of Comprehensive Income	<u>(291,326)</u>	<u>(316,699)</u>
	<u>583,130</u>	<u>641,353</u>

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

11. **Stated Capital:**

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
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:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
Expenses		
Directors' fees and allowances	<u>584,716</u>	<u>628,768</u>
Key management compensation		
Short-term benefits	<u>954,200</u>	<u>1,129,300</u>

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

13. Administrative Charges:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
Auto expenses	66,052	81,408
Bank charges	5,927	5,461
Books and periodicals	4,330	2,580
Donations	140,637	107,712
Insurance	60,299	61,401
Licenses and Permits	750	2,360
Meeting expense	6,571	11,779
Office expenses	358,911	197,454
Overseas travel	4,672	45,348
Penalties and interest	41,103	492,207
Project Department expenses	-	8,121
Rental of equipment	71,687	87,081
Rental of vehicles	197,640	198,720
Security	8,178	9,376
Telephone expense	81,727	148,401
	<u>1,048,484</u>	<u>1,459,409</u>

14. Government Grants:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
Recurrent expenditure	16,116,297	10,667,505
Capital expenditure	291,326	316,699
	<u>16,407,623</u>	<u>10,984,204</u>

15. Taxation:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
Business Levy	623	3,585
Green Fund Levy	351	1,794
	<u>973</u>	<u>5,379</u>

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

16. Projects Expenditure for the year:

	30 September	
	<u>2016</u>	<u>2015</u>
	\$	\$
Anthony Pantin Project	5,765	903,210
Beetham Pavilion	1,326,928	2,275,896
Blue Diamonds	47,425	2,030,946
Boxing Programme CSP	32,758	162,120
Calvary Hill Heritage Walk	365,494	290,962
Community Festival Programme	356,000	47,088
Community Impact Center	278,546	382,273
Desperadoes Pan Theatre	2,024,418	2,480,056
East Dry River Linear Park Phase 1	-	43,215
Girls Matter	119,844	40,807
Harlem Synocofator Pan Theatre	370,116	-
Joe Sam Connector Road	39,593	-
Land Mapping	74,951	299,805
Latrine Eradication	225,000	3,001,823
Laventille Serenaders	352,773	-
Mobile Homework Centres	-	892,854
Morvant Pavilion Upgrade	-	2,351,816
Mount Pleasant Park Pavilion	-	1,391,385
Never Dirty Pavillion	1,019,578	726,322
Picton Road Retaining Wall	-	1,619,787
Road Paving and Drainage	356,338	681,119
Sports and Recreational Facilities	84,909	-
Sustainable Community Based Water Management Project	-	407,000
Wireless Connectivity	-	51,750
You Biz Youth Camp	-	176,734
	<u>7,080,436</u>	<u>20,256,968</u>

17. Contingent Assets:

As at 31 December 2015, the Company had a claim filed against a contractor for damages for breach of contract. A claim was also filed against the insurance company who provided performance bond insurance to the contractor. The court has stayed the matter with the insurance company pending the outcome of the claim against the contractor. The Company's attorneys have indicated that there is a realistic prospect of a successful claim. Additionally, the process to file a claim for damages for breach of contract against another contractor, and the insurance company who provided the performance bond, has been initiated.

EAST PORT OF SPAIN DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2016****18. Contingent Liability:**

A pre-action protocol letter was issued in July 2015 by a contractor who claimed that it was owed **\$621,601** for works completed in accordance with the terms of the contract with the Company. The contractor instituted legal proceedings against the Company in May 2016 for breach of contract and payment of the sum outstanding in addition to interest at the rate of 12% plus costs. A defence was filed on behalf of the Company denying the claimant is owed the sum or any sum as claimed in the said proceedings. The Company has maintained that the contractor was paid the full sum due and owing in accordance with the approved works performed under the contract. The Company's attorneys have indicated that there is a realistic prospect of a successful claim.

19. 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:

- Fair values of assets
- Earnings and productivity
- Completion of projects
- Supply chain
- Hours of operations of the Company between 27 March to 8 June 2020
- Availability of Company personnel