



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE AGRICULTURAL DEVELOPMENT BANK OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED 30TH SEPTEMBER 2018

OPINION

The financial statements of the Agricultural Development Bank of Trinidad and Tobago (the Bank) for the year ended 30th September 2018 have been audited. The statements as set out on pages 1 to 20 comprise a Statement of Financial Position as at 30th September 2018, and the Statement of Income, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year then ended, and Notes to the Financial Statements numbered 1 to 21, including a summary of significant accounting policies.

2. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agricultural Development Bank of Trinidad and Tobago as at 30th September 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

3. The audit was conducted in accordance with the principles and concepts of International Standards of Supreme Audit Institutions (ISSAIs). The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Bank in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

5. In preparing the financial statements, management is responsible for assessing the ability of the Bank 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 Bank or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

7. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 8 (1) (a) of the Agricultural Development Bank Act, Chapter 79:07.

8. The Auditor General's 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 audit report that includes her opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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.

9. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.
- Obtains 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 internal control of the Bank.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 ability of the Bank to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in her audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluates 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.

10. The Auditor General communicates 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 were identified during the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PENSION PLAN

11. A Pension Scheme has not been established by the Bank as required by section 25 of the Act which states:

“The Bank shall, within a period of three years from the date of its establishment with the approval of the Minister, provide for the establishment and maintenance of a compulsory Pension Scheme for the benefit of the officers and servants of the Bank, and in every such Scheme different provisions may be made for different classes of officers and servants.”

SUBMISSION OF REPORT

12. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

13. A similar Report has been forwarded to the Secretary of the Bank for presentation to the Shareholders.



**9TH MARCH 2023
PORT OF SPAIN**


**LORELLY PUJADAS
AUDITOR GENERAL**



Financial Statements

30th September 2018

Agricultural Development Bank of Trinidad and Tobago

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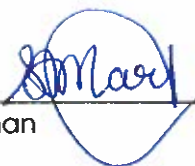
Agricultural Development Bank of Trinidad and Tobago

Statement of Financial Position as at 30th September 2018

	Notes	30th September	
		2018 \$'000	2017 \$'000
ASSETS			
Non-current Assets			
Fixed assets	4	43,086	23,384
Intangible assets	5	520	624
Long term investments	6	91,423	89,070
Loans to customers	7	251,462	263,620
Other assets	8	<u>1,830</u>	<u>1,696</u>
		<u>388,321</u>	<u>378,394</u>
Current Assets			
Short-term investments	9	140,428	132,185
Loans to customers	7	114,856	95,759
Other assets	8	11,438	11,871
Cash on hand and at bank		<u>12,095</u>	<u>52,224</u>
		<u>278,817</u>	<u>292,039</u>
TOTAL ASSETS		<u>667,138</u>	<u>670,433</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	10	258,375	258,375
Shareholder's funding	11	529,330	529,330
Revaluation reserves	12	25,299	2,246
Accumulated losses		<u>(333,438)</u>	<u>(303,570)</u>
		<u>479,566</u>	<u>486,381</u>
Non-current Liabilities			
Redeemable preference shares	13	127,486	127,486
Customer deposits	15	<u>20,789</u>	<u>21,120</u>
		<u>148,275</u>	<u>148,606</u>
Current Liabilities			
Customer deposits	15	27,989	26,555
Accounts payable	14	<u>11,308</u>	<u>8,891</u>
		<u>39,297</u>	<u>35,446</u>
TOTAL EQUITY AND LIABILITIES		<u>667,138</u>	<u>670,433</u>

The notes on pages 8 to 20 form an integral part of these financial statements.

Chairman




Director



Agricultural Development Bank of Trinidad and Tobago

Statement of Income for the year ended 30th September 2018

		30th September	
	Notes	2018 \$'000	2017 \$'000
Income			
Interest income	16	20,912	22,396
Interest expense		<u>(308)</u>	<u>(338)</u>
Net Interest Income		20,604	22,058
Investment income		4,374	3,456
Decrease in Provisioning		-	3,317
Other income	17	<u>1,349</u>	<u>1,278</u>
Total Income		<u>26,327</u>	<u>30,109</u>
Expenses			
Operating expenses	20	<u>(56,802)</u>	<u>(35,254)</u>
Total Expenses		<u>(56,802)</u>	<u>(35,254)</u>
Net Loss for the year		<u><u>(30,475)</u></u>	<u><u>(5,145)</u></u>

The notes on pages 8 to 20 form an integral part of these financial statements.

Agricultural Development Bank of Trinidad and Tobago

Statement of Comprehensive Income for the year ended 30th September 2018

	Notes	30th September	
		2018 \$'000	2017 \$'000
Net Loss for the year		<u>(30,475)</u>	<u>(5,145)</u>
Other Comprehensive Income			
Items that may be reclassified to profit and loss			
Foreign exchange gain/ (loss)		2	(32)
Appreciation/ (Depreciation) in market value of investments		<u>1,098</u>	<u>286</u>
		<u>1,100</u>	<u>254</u>
Total Comprehensive (Loss)/Income for the year		<u><u>(29,375)</u></u>	<u><u>(4,891)</u></u>

The notes on pages 8 to 20 form an integral part of these financial statements.

Agricultural Development Bank of Trinidad and Tobago

Statement of Changes in Equity for the year ended 30th September 2018

	Note	Shareholder Funding \$'000	Share Capital \$'000	Other Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
Year Ended 30th September 2018						
Balance at 1st October 2017		529,330	258,375	2,246	(303,570)	486,381
Total Comprehensive Loss for year		--	--	--	(29,375)	(29,375)
Prior Period Adjustments		--	--	--	(1,063)	(1,063)
Transfer from other reserves	12	--	--	23,053	570	23,623
Balance at 30th September 2018		<u>529,330</u>	<u>258,375</u>	<u>25,299</u>	<u>(333,438)</u>	<u>479,566</u>
Year Ended 30th September 2017						
Balance at 1st October 2016		529,330	258,375	2,344	(298,777)	491,272
Total Comprehensive Loss for year		--	--	--	(4,891)	(4,891)
Transfer from other reserves	12	--	--	(98)	98	--
Balance at 30th September 2017		<u>529,330</u>	<u>258,375</u>	<u>2,246</u>	<u>(303,570)</u>	<u>486,381</u>

The notes on pages 8 to 20 form an integral part of these financial statements.

Agricultural Development Bank of Trinidad and Tobago

Statement of Cash Flows for the year ended 30th September 2018

	Year Ended 30th September	
	2018 \$'000	2017 \$'000
Operating Activities		
Net Loss	(30,475)	(5,145)
Less: Prior Period Adjustments	<u>(1,063)</u>	<u>-</u>
	(31,538)	(5,145)
Adjustments for:		
Current Year Depreciation and amortisation	2,203	1,725
Prior Period Depreciation Adjustment	1,035	-
Gain/(Loss) on disposal of fixed assets	1	-
Gain/(Loss) on revaluation of investment	1,098	286
Foreign exchange gain/(loss)	<u>2</u>	<u>(32)</u>
	(27,199)	(3,166)
Decrease/ (Increase) in loans to customers	(6,938)	(7,603)
Decrease/ (Increase) in other assets	298	(364)
Increase/ (Decrease) in accounts payable	2,417	79
Increase/ (Decrease) in customer deposits	<u>1,104</u>	<u>(309)</u>
Net Cash Used In Operating Activities	<u>(30,318)</u>	<u>(11,363)</u>
Cash Flows from Investing Activities		
Decrease / (Increase) in investments	(10,597)	(41,658)
Purchase of fixed assets	(2,514)	(409)
Purchase of intangible assets	-	(17)
Prior Period Fixed Asset Adjustment	28	-
Fair value Loss on revaluation of Tobago Property	<u>3,272</u>	<u>-</u>
Net Cash from Investing Activities	<u>(9,811)</u>	<u>(42,084)</u>
Cash Flows From Financing Activities		
Proceeds from Government	-	-
Net Cash from Financing Activities	<u>-</u>	<u>-</u>
Net Increase/ (Decrease) In Cash and Cash Equivalents	(40,129)	(53,447)
Cash and Cash Equivalents at Beginning of Year	<u>52,224</u>	<u>105,671</u>
Cash and Cash Equivalents at End of Year	<u>12,095</u>	<u>52,224</u>
Represented By:		
Cash on hand and at bank	<u>12,095</u>	<u>52,224</u>
	<u>12,095</u>	<u>52,224</u>

The notes on pages 8 to 20 form an integral part of these financial statements.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

1 Incorporation and Nature of Activity

The Agricultural Development Bank of Trinidad and Tobago (the Bank) was established on 25 January 1968 by Act No. 3 of 1968 under the Laws of Trinidad and Tobago, Chapter 79:07.

Its principal activity is the granting of loans, in keeping with its objectives of encouraging and fostering the development of agriculture and commercial fishing and industries connected therewith and the mobilisation of funds for the purpose of such development.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies.

Standards, amendments and interpretations effective in 2012 but not relevant

- *IAS 1 Presentation of items of Other Comprehensive Income – Amendments to IAS1*

This is effective for annual periods beginning on or after 1 July 2012. The amendment to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that would be reclassified (or recycled) to the statement of income at a future point in time (for example de-recognition or settlement) would be presented separately from items that will be reclassified. The amendments do not change the nature of the items that are currently recognised in OCI, nor do they impact the determination of whether items in OCI are reclassified through statement of income in future periods.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

Standards, amendments and interpretations effective in 2012 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2012 but are not relevant to the Bank's operations:

- IAS 12 – Income Taxes

2.2 Fixed Assets

Fixed assets are stated at cost less depreciation except for freehold land and building. The Head Office land and building and Duke Street properties are stated at revaluation based on an independent professional valuation carried out in July 2016 while the Scarborough property had a revaluation carried out in February 2017. Increases in the carrying amount on revaluation were credited to revaluation reserve. The difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

Depreciation is computed on the straight-line basis to write off the cost of each asset, or the revalued amounts, to their residual values over the estimated useful lives of the related assets based on the following rates per annum:

Freehold buildings	-	2%
Leasehold improvements	-	33 $\frac{1}{3}$ %
Equipment	-	20% - 33 $\frac{1}{3}$ %
Furniture and fittings	-	10% - 20%
Motor vehicles	-	25%

2.3 Intangible Assets

Intangible assets include the purchase and implementation costs of the Bank's primary software. This balance is measured at cost less any accumulated amortisation and any accumulated impairment losses in accordance with IAS 38. This balance is being amortised on the straight-line basis over an estimated useful life of 10 years.

2.4 Foreign Currencies

a) Functional and Presentation Currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the 'functional' currency). These financial statements are presented in Trinidad and Tobago dollars, which is the Bank's functional and presentation currency.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

2 Summary of Significant Accounting Policies (Continued)

2.4 Foreign Currencies (Continued)

b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end exchange rates are recognised in the Statement of Comprehensive Income.

2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held with banks.

2.6 Investments

The Bank classifies its investments into the following two categories:

- (i) held-to-maturity
- (ii) available-for-sale assets

Investments comprising securities with fixed maturity dates and fixed interest rates are classified as held-to-maturity and are stated at cost. Money market and equity mutual investments are classified as available-for-sale assets which are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity, exchange rates or equity prices.

Interest is accrued on all held-to-maturity investments and is reported under "Other Assets" (Note 8 refers).

Money market mutual funds are carried at cost plus interest earned.

Equity mutual fund investments are initially recognised at cost and are subsequently re-measured at fair value based on quoted prices. Unrealised gains or losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income.

Purchases and sales of investments are recognised on the trade date, which is the date that the Bank commits to purchase or sell the asset.

Investments classified as short-term investments in the Statement of Financial Position comprise available-for-sale assets. Investments classified as long-term comprise held-to-maturity investments, available-for-sale assets and investments held as security against borrowings.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

2 Summary of Significant Accounting Policies (Continued)

2.7 Loans to customers

Loans are recognised when funds are disbursed to borrowers. Loans are stated net of unearned interest and net of provision for loan losses. General provisions are made for potential losses based on management's evaluation of the loan portfolio. Specific provisions are made for loans, recovery of which is considered doubtful.

2.8 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable Preference Shares are classified as liabilities.

2.9 Provisions

A provision shall be recognized when: (a) the entity has a present obligation (legal or constructive) as a result of past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

2.10 Revenue recognition

Revenue is recognised as follows:

(i) Loan interest income

Interest income is recognised on the accrual basis. The accrual of interest is suspended automatically when principal is in arrears for more than 180 days on any loan.

(ii) Investment income

Income from investments is recognised on an accrual basis.

2.11 Financial instruments

Financial assets of the Bank include cash and accounts receivable. Financial liabilities of the Bank include accounts payable and loans.

3 Financial Risk Management

3.1 Financial risk factors

The activities of the Bank expose it to a number of risks.

(i) Foreign exchange risk

The bank has US dollar investments and is exposed to foreign exchange risk arising from currency exposure.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(ii) Price risk

The Bank is exposed to equity securities price risk because of certain investments held, which have fluctuating face values.

(iii) Credit risk

The Bank is exposed to credit risk, which is the risk that its customers, clients and counterparties may cause a financial loss by failing to discharge their contractual obligations. The credit risk exposures arise primarily from the Bank's receivables on loans to customers and cash held on deposit at various financial institutions.

The Bank has policies that limit the amount of credit risk exposure to any individual loan customer.

The carrying value best represents the maximum credit risk exposure at the Statement of Financial Position date, without taking into account the fair value of any collateral.

(iv) Market risk

Market risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Bank does not have any significant exposure to market risks from changes in foreign exchange rates and interest rates.

(v) Interest rate risk

The Bank's exposure to interest rate risk on cash held on deposit is not significant.

(vi) Liquidity risk

Liquidity risk arises when the Bank is unable to meet its payment obligations associated with its financial liabilities. In order to effectively manage this risk, the following are considered:

- (i) Daily monitoring of cash flows;
- (ii) Review of projections to ensure that the daily requirements can be met.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(vii) Capital management

The Bank's objectives when managing capital are to safeguard its ability to continue as a going concern as well as to maintain a strong capital base to support the development of the business.

The table below analyses the Bank's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts disclosed in the table are the contractual discounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 September 2018	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 Years \$'000
Accounts payable	11,308	-	-

At 30 September 2017	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 Years \$'000
Accounts payable	8,891	-	-

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

4 Fixed Assets

	Properties \$'000	Equipment \$'000	Furniture and Fittings \$'000	Motor Vehicles \$'000	Total \$'000
Year Ended 30th September 2018					
Opening net book value	21,771	1,130	483	-	23,384
Additions	1,241	495	301	477	2,514
Disposals	-	(2)	-	-	(2)
Revaluation	20,044	-	-	-	20,044
Prior Period Adjustment	(846)	(314)	114	-	(1,046)
Depreciation charge	(895)	(639)	(229)	(46)	(1,809)
Depreciation disposal	-	1	-	-	1
Closing net book value	<u>41,315</u>	<u>671</u>	<u>669</u>	<u>431</u>	<u>43,086</u>
At 30th September 2018					
Cost/valuation	44,962	13,016	4,063	1,804	63,845
Accumulated depreciation	<u>(3,647)</u>	<u>(12,345)</u>	<u>(3,394)</u>	<u>(1,373)</u>	<u>(20,759)</u>
Net book value	<u>41,315</u>	<u>671</u>	<u>669</u>	<u>431</u>	<u>43,086</u>
Year Ended 30th September 2017					
Opening net book value	22,217	1,422	609	49	24,297
Additions	-	328	81	-	409
Disposals	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Depreciation charge	(446)	(620)	(207)	(49)	(1,322)
Depreciation disposal	-	-	-	-	-
Closing net book value	<u>21,771</u>	<u>1,130</u>	<u>483</u>	<u>-</u>	<u>23,384</u>
At 30th September 2017					
Cost/valuation	27,271	12,523	3,790	1,327	44,911
Accumulated depreciation	<u>(5,500)</u>	<u>(11,393)</u>	<u>(3,307)</u>	<u>(1,327)</u>	<u>(21,527)</u>
Net book value	<u>21,771</u>	<u>1,130</u>	<u>483</u>	<u>-</u>	<u>23,384</u>

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

5 Intangible Assets		2018 \$'000	2017 \$'000
Cost of software		6,836	6,819
Asset Additions		-	17
Prior Period Adjustment		290	-
Accumulated amortisation		<u>(6,606)</u>	<u>(6,212)</u>
		<u>520</u>	<u>624</u>
6 Long-Term Investments	Note	2018 \$'000	2017 \$'000
Trinidad and Tobago Unit Trust Corporation			
- Growth and Income Fund	6.1	81,594	78,414
- CLICO Investment Fund	6.2	9,829	10,656
		<u>91,423</u>	<u>89,070</u>

6.1 Growth and Income Fund

This relates to a floating unit account held with the Trinidad and Tobago Unit Trust Corporation which earns dividends semi-annually and was quoted at \$17.75 per unit at year-end 2018. (2017 - \$17.30).

6.2 CLICO

During the financial year ending 30th September 2018, the Agricultural Development Bank converted the total of twelve million, three hundred and eighty-five thousand dollar value worth (\$12,385,000.00) of its Zero Coupon Bonds to the Clico Investment Fund, an equity mutual fund domiciled in Trinidad and Tobago that takes the form of RBL Shares and Government Securities.

The Clico Investment Fund earns dividends semi-annually and was quoted at \$19.84 per unit at year-end 2018.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

7 Loans to Customers

	Current \$'000	Non-current \$'000	2018 \$'000	2017 \$'000
Principal and interest receivable	146,795	251,462	398,257	388,517
Employee Loans	2,114		2,114	2,578
Sundry deposits receivable	7,084	--	7,084	6,773
Provision for loan losses (Note 7.1)	<u>(41,137)</u>	<u>--</u>	<u>(41,137)</u>	<u>(38,489)</u>
	<u>114,856</u>	<u>251,462</u>	<u>366,318</u>	<u>359,379</u>

	2018 \$'000	2017 \$'000
7.1 Provision for loan losses		
Balance at beginning of year	38,489	41,806
Net (write back)/increase of provision	<u>2,648</u>	<u>(3,317)</u>
Balance at end of year	<u>41,137</u>	<u>38,489</u>

8 Other Assets	Notes	Current Portion \$'000	Non-current Portion \$'000	2018 \$'000	2017 \$'000
Due from the Government of Trinidad and Tobago	8.1	--	257	257	257
Accrued interest receivable on investments	8.2	--	176	176	139
Other receivables and Prepayments	8.3	<u>11,438</u>	<u>1,397</u>	<u>12,835</u>	<u>13,171</u>
		<u>11,438</u>	<u>1,830</u>	<u>13,268</u>	<u>13,567</u>

8.1 The balance represents an amount outstanding on an Inter-American Development Bank (IDB) loan drawdown.

8.2 The balance represents accrued interest receivable on investments.

8.3 Other receivables and prepayments represent amounts paid in advance for services to be rendered and amounts to be collected from the Ministry of Finance (Corporate Sole) with regards to the repurchase of the Bank's shares.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

9 Short-term Investments	Notes	2018 \$'000	2017 \$'000
Trinidad and Tobago Unit Trust Corporation -TT Dollar Income Fund	9.1	24,273	27,927
Roytrin TTD Income Fund	9.1	2,554	2,593
Roytrin Money Market Fund Class A TT	9.1	46,364	45,667
Guardian Group Trust Limited	9.1	15,342	15,115
JMMB Investments (REPO)	9.2	9,443	9,208
Bourse Securities Savinvest Structured Fund	9.1	20,022	19,675
Bourse Securities (REPO)	9.2	<u>22,430</u>	<u>12,000</u>
		<u>140,428</u>	<u>132,185</u>

9.1 The investments in Trinidad and Tobago Unit Trust Corporation, Roytrin TTD Income Fund, Roytrin Money Market Fund, Bourse Securities Savinvest Structured Fund and Guardian Asset Management are money market funds which can be readily converted into cash.

9.2 The investment in **Jamaica Money Market Brokers Ltd (JMMB)** and **Bourse Securities** are in the form of repurchase agreements for a period of ninety (90) days with the option of rollover at maturity.

10 Share Capital	2018 \$'000	2017 \$'000
Authorised		
50,000,000 Ordinary Shares of \$10 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid		
The Government of the Republic of Trinidad and Tobago is the majority shareholder.		
25,837,500 Ordinary Shares of \$10 each	<u>258,375</u>	<u>258,375</u>

11 Shareholder's Funding	2018 \$'000	2017 \$'000
The Government of the Republic of Trinidad and Tobago	<u>529,330</u>	<u>529,330</u>

This balance relates to funding received from the Government of the Republic of Trinidad and Tobago to facilitate loans to customers. This balance carries no fixed terms of repayment. No funding was received for the financial year ending 30th September 2018.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

12 Revaluation Reserves	2018 \$'000	2017 \$'000
Revaluation reserves brought forward	2,246	2,344
Revaluation Increase	23,623	-
Transfer to retained earnings	<u>(570)</u>	<u>(98)</u>
	<u>25,299</u>	<u>2,246</u>

13 Redeemable Preference Shares	2018 \$'000	2017 \$'000
Authorised		
15,000,000 Preference Shares of \$10 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid		
12,748,613 8% Non-cumulative redeemable Preference Shares of \$10 each	<u>127,486</u>	<u>127,486</u>

The Government of Trinidad and Tobago holds 12,748,613 8% non-cumulative redeemable Preference Shares valued at \$127,486,130 which were issued on 29 May 1997. These shares are redeemable semi-annually over ten years commencing on 29 May 2001.

As at 30th September 2018 shares redeemable in May and November 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 totalling \$127,486,613 have not been redeemed as a result of the Bank's accumulated losses position.

14 Accounts Payable	2018 \$'000	2017 \$'000
Accounts payable	1,995	2,054
Trust funds	3,373	2,421
Other liabilities and accruals	<u>5,940</u>	<u>4,416</u>
	<u>11,308</u>	<u>8,891</u>

15 Customer Deposits	Note	2018	2017
Non-current			
Deposits held as security	15.1	<u>20,789</u>	<u>21,120</u>
Current			
Customers savings accounts	15.2	<u>27,989</u>	<u>26,555</u>

15.1 Deposits held as security represent cash and fixed deposits pledged as collateral against loans held at the Bank.

15.2 Customer savings accounts represent regular savings accounts invested by customers in the retail banking portfolio offered by the Bank.

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

16 Interest Income	2018 \$'000	2017 \$'000
Traditional loans	<u>20,912</u>	<u>22,396</u>
	<u>20,912</u>	<u>22,396</u>
17 Other Income	2018 \$'000	2017 \$'000
Loan processing fees	1,137	1,177
Bad debts recovered/(expense)	3	1
Miscellaneous income	102	100
Rental income	107	-
Commission received	<u>-</u>	<u>-</u>
	<u>1,349</u>	<u>1,278</u>

18 Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

Assets as per Statement of Financial Position	2018 \$'000	2017 \$'000
Cash and cash equivalents	12,095	52,224
Loans to customers	366,318	359,379
Other assets	13,268	13,567
Short-term investments	140,428	132,185
Long-term investments	<u>91,423</u>	<u>89,070</u>
	<u>623,532</u>	<u>646,425</u>
Liabilities as per Statement of Financial Position		
Accounts payable	11,308	8,891
Customer deposits	<u>48,778</u>	<u>47,675</u>
	<u>60,086</u>	<u>56,566</u>

Agricultural Development Bank of Trinidad and Tobago

Notes to the Financial Statements 30th September 2018

19 Contingent Liabilities

19.1 Pension obligations

Under Section 25 of the Agricultural Development Bank Act Chapter 79:07, the Bank is required to establish and maintain a compulsory pension scheme for the benefit of all permanent employees.

As at 30th September 2018 the pension scheme was not established. The employees of the Bank are, however, covered under the Pensions Extension Act. No provision has been made in these financial statements for any contingent liability.

20 Operating Expenses

	2018 \$'000	2017 \$'000
Salaries and other employee benefits	21,505	20,980
Back-pay and allowances (Period 2011 to 2013)	14,163	-
Promotion and advertising	904	733
Depreciation/amortisation	2,203	1,725
Communication	896	1,066
Professional and consultancy fees	519	700
Fair value Loss on revaluation of Tobago Property	3,272	-
General administrative expenses	318	394
Security services	1,801	1,488
Legal fees	307	227
Lease rental	2,890	2,509
Utilities	506	464
Repairs and property maintenance	1,212	1,096
Computer software – licence fees	1,902	1,773
Directors' fees and expenses	593	504
Printing, stationery and supplies	389	365
Insurance	153	192
Motor vehicle expenses	57	52
Other	<u>3,212</u>	<u>986</u>
	<u>56,802</u>	<u>35,254</u>

21 Key Management Compensation

Salaries and other short term employee benefits	<u>2,889</u>	<u>2,855</u>
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