

**RURAL DEVELOPMENT COMPANY OF
TRINIDAD AND TOBAGO LIMITED**

FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2020



RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2020

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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED**

Report on the Financial Statements

We have audited the financial statements of Rural Development Company of Trinidad and Tobago Limited which comprises the statement of financial position as at 30th September 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and incorporating summary of significant accounting policies and other explanatory notes, as stated on pages 6 to 18.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rural Development Company of Trinidad and Tobago Limited as at 30th September 2020 and the results of its operations and 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 the Company 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 Those Charged with Governance 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 have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 skepticism throughout the audit. We also:

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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.

A handwritten signature in blue ink that reads 'Maharaj Mohammed & Co.' in a cursive script.

Maharaj Mohammed & Co.
Chartered Accountants
Trinidad & Tobago

26th July 2021

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of the Rural Development Company of Trinidad and Tobago Limited, which comprise the statement of financial position as at 30th September, 2020, the statements of comprehensive income, changes in equity, statement of 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's 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 Company's Act; and
- Using reasonable and prudent judgement in the determination of estimates.


In preparing these audited financial statements, Management utilized the International Financial Reporting Standard, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, Management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of Management to indicate that The Rural Development Company of Trinidad and Tobago Limited 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 authorized for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Director
26th July 2021



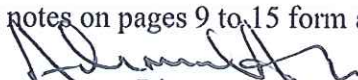
Director
26th July 2021

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2020

| <u>ASSETS</u> | Notes | 2020 \$ | 2019 \$ |
|---|-------|---------------------------|--------------------------|
| Current assets | | | |
| Cash and bank balances | 4 | 49,840,408 | 2,376,784 |
| Accounts and other receivables | 5 | 1,193,923 | 220,146 |
| Amounts due by related parties | 6 | 81,981,276 | 33,858,660 |
| Taxation recoverable | | <u>248,594</u> | <u>248,594</u> |
| Total current assets | | <u>133,264,201</u> | <u>36,704,184</u> |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 682,694 | 651,443 |
| NRWRP software investment | 12 | <u>57,375</u> | - |
| Total non-current assets | | <u>740,069</u> | <u>651,443</u> |
| Total Assets | | <u>134,004,270</u> | <u>37,355,627</u> |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Shareholders' Equity | | | |
| Stated capital | 9 | 10 | 10 |
| Retained earnings | | <u>4,479,041</u> | <u>(582,695)</u> |
| Total shareholders' equity | | <u>4,479,051</u> | <u>(582,685)</u> |
| Current liabilities | | | |
| Accounts payable and accruals | 8 | 29,297,307 | 36,591,277 |
| Amounts due to related parties | 7 | 121,914 | 1,281,550 |
| Taxation payable | | <u>43,080</u> | <u>7,964</u> |
| Total current liabilities | | <u>29,462,301</u> | <u>37,880,791</u> |
| Non-current liabilities | | | |
| Loan | 14 | 100,000,000 | - |
| Deferred tax liability | 15 | <u>62,918</u> | <u>57,521</u> |
| Total non-current liabilities | | <u>100,062,918</u> | <u>57,521</u> |
| Total Liabilities | | <u>129,525,219</u> | <u>37,938,312</u> |
| Total Liabilities and Shareholders' Equity | | <u>134,004,270</u> | <u>37,355,627</u> |

The accompanying notes on pages 9 to 15 form an integral part of these financial statements.


:Director


:Director

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|-------------------|------------------|
| Revenues | | | |
| Project management fees | | 3,853,392 | 2,392,620 |
| Government subventions | | 3,169,556 | 1,000,000 |
| NRWRP department surplus from operations | 13 | 5,594,531 | - |
| Other income | | 2,861,439 | 462,419 |
| Gain on disposal of property plant and equipment | | <u>33,259</u> | <u>-</u> |
| Total revenue | | 15,512,177 | 3,855,039 |
| Direct costs | | | |
| Project management expenses | | <u>(2,652)</u> | <u>(135,044)</u> |
| Gross income | | 15,509,525 | 3,719,995 |
| Expenses | | | |
| Personnel costs and expenses | | 5,979,160 | 2,866,550 |
| Depreciation | | 122,973 | 103,257 |
| Administrative and other | | 1,007,602 | 894,688 |
| Interest and bank charges | | <u>3,293,882</u> | <u>7,076</u> |
| | | <u>10,403,617</u> | <u>3,871,571</u> |
| Profit / (loss) before taxation | | 5,105,908 | (151,576) |
| Taxation charge | 15 | <u>(44,172)</u> | <u>(259)</u> |
| Net profit / (loss) for the year | | <u>5,061,736</u> | <u>(151,835)</u> |

The accompanying notes on pages 9 to 15 form an integral part of these financial statements.

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | Stated Capital \$ | Retained Earnings \$ | Total \$ |
|---|----------------------------------|-------------------------------------|---------------------|
| Balance as at 1 st October 2019 | 10 | (582,695) | (582,685) |
| Loss for the year | <u>-</u> | <u>5,061,736</u> | <u>5,061,736</u> |
| Balance as at 30 th September 2020 | <u>10</u> | <u>4,479,041</u> | <u>4,479,051</u> |
| | | | |
| Balance as at 1 st October 2018 | 10 | (430,860) | (430,850) |
| Loss for the year | <u>-</u> | <u>(151,835)</u> | <u>(151,835)</u> |
| Balance as at 30 th September 2019 | <u>10</u> | <u>(582,695)</u> | <u>(582,685)</u> |

The accompanying notes on pages 9 to 15 form an integral part of these financial statements.

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|---------------------|------------------|
| Operating Activities | | | |
| Net profit / (loss) before taxation | | 5,105,908 | (151,576) |
| Adjustments for: | | | |
| Gain on disposal of property, plant and equipment | | (33,259) | |
| Depreciation of property, plant and equipment | | <u>122,973</u> | <u>103,257</u> |
| Net loss before working capital changes | | 5,195,622 | (48,319) |
| Movements in working capital | | | |
| Increase in accounts and other receivables | | (973,777) | (135,922) |
| Increase in amounts due from related parties | | (48,122,615) | (26,461,136) |
| (Decrease) / increase in accounts payable and accruals | | (7,293,968) | 27,510,857 |
| (Decrease) / increase in amounts due to related parties | | <u>(1,159,636)</u> | <u>205,224</u> |
| Cash (used in) / generated from operating activities | | (52,354,374) | 1,070,704 |
| Taxation | | <u>(3,662)</u> | <u>(5,511)</u> |
| Net cash (used in) / generated from operations | | <u>(52,358,036)</u> | <u>1,065,193</u> |
| Investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | 42,000 | - |
| NRWRP payroll software investment | | (57,375) | - |
| Purchase of property, plant and equipment | | (162,965) | (60,894) |
| Cash used in investing activities | | <u>(178,340)</u> | <u>(60,894)</u> |
| Financing activities | | | |
| Proceeds from drawdown on new loan | | <u>100,000,000</u> | <u>-</u> |
| Cash provided by financing activities | | <u>100,000,000</u> | <u>-</u> |
| Net increase in cash and cash equivalents | | <u>47,463,624</u> | <u>1,004,299</u> |
| Cash and cash equivalents | | | |
| - at the beginning of the year | | 2,376,784 | 1,372,485 |
| - at the end of the year | 3 | <u>49,840,408</u> | <u>2,376,784</u> |
| | | <u>47,463,624</u> | <u>1,004,299</u> |

The accompanying notes on pages 9 to 14 form an integral part of these financial statements.

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2020

1. Incorporation and principal activities

The company was incorporated in the Republic of Trinidad and Tobago on 2nd May 2005. The registered office is situated at Bunglow #221058 LP# 6 Skid Row Road, Brechin Castle, Couva. The company is a Special Purpose State Enterprise, with the Ministry of Finance as Corporation Sole.

The principal activities of the company are to provide project management services in the development and implementation of projects to improve the infrastructure, utilities and community facilities in rural communities of Trinidad and Tobago. These services were expanded to include the contract administration and supervision of construction of the contracts awarded.

In the main, the projects are identified by the Ministry of Rural Development and Local Government and implemented by the company as part of the Government of Trinidad and Tobago's development programme. The project management services include procuring of contractors on approved development projects, administration and supervision, and where applicable, design fee services.

The financial statements were authorized for issue by the Board of Directors on 26th July 2021.

2. Significant accounting policies

(a) Basis of preparation

These financial statements are expressed in Trinidad and Tobago dollars and have been prepared under the historical cost convention, in accordance with International Financial Reporting Standards.

(b) Use of estimates

The preparation of financial statements, in conformity with International Financial Reporting Standards, require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and comprise cash in hand and bank balances disclosed in Trinidad and Tobago dollars, and other short-term highly liquid investments.

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant accounting policies (continued)

(d) Foreign currency

Foreign currency transactions during the year are translated into Trinidad and Tobago dollars at the exchange rates ruling at the dates of the transactions. Current assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date. Gains or losses thus arising are included in the Statement of Comprehensive Income.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost and are being depreciated on the reducing balance basis, at varying rates which are sufficient to write off the cost of the assets over their estimated useful lives as follows:

| | |
|--------------------------------|-----------------------------|
| Leasehold improvements | Straight-line over 15 years |
| Security and other equipment | 15% - 20% |
| Office furniture and equipment | 15% - 20% |
| Motor vehicles | 25% |
| Computer equipment | 25% |

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

As 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 recognized in the Statement of Comprehensive Income.

(f) Accounts receivable

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. All collections from sales are expected in one year or less and are classified as current assets. Accounts receivable are initially recognized at the transaction price. They are subsequently measured at cost less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the company will not be able to recover all amounts due according to the original terms of the receivables.

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant accounting policies (continued)

(g) Accounts payable

Accounts payable are obligations on the basis of normal credit terms and do not bear interest.

(h) Revenue

(i) Project management services rendered

Revenue from services rendered is recognised in Statement of Comprehensive Income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

(ii) Government Income

These are Subventions received from the government towards the operation of the Company. Government Subventions are accounted for on a cash basis due to the uncertainty of the timing of the receipt.

(iii) Design fees and other income

Design fees and other income are recognized on an accrual basis.

(i) Deferred taxation

Deferred income tax is provided 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 realized or the liability is settled, based on the enacted tax rate at the statement of financial position date.

(j) Taxation

The company is subject to Corporation Tax based on the stipulated rate for the respective year of income, in addition to Green Fund Levy at the rate of 0.3% of gross revenue.

(k) Stated capital

Ordinary shares are classified as equity.

3. Comparative information

The prior year balances have been restated to conform to current year presentation.

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

4. Cash and bank balances

Cash and cash equivalents consist of cash on hand, balances with banks and short-term investments. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

| | 2020 | 2018 |
|-------------------------|-------------------|------------------|
| | \$ | \$ |
| Cash on hand | 1,752 | (767) |
| Cash at bank | 44,262,228 | 2,365,449 |
| NRWRP operating account | 5,564,156 | - |
| Short-term investments | <u>12,272</u> | <u>12,102</u> |
| | <u>49,840,408</u> | <u>2,376,784</u> |

The short-term investments comprise Money-Market deposits in the Abercrombie Fund of First Citizens Bank Limited.

5. Accounts receivables and other

| | 2020 | 2019 |
|-------------------|------------------|----------------|
| | \$ | \$ |
| Other receivables | 1,190,565 | 101,526 |
| Prepayments | 3,358 | 3,572 |
| Retention | <u>-</u> | <u>115,048</u> |
| | <u>1,193,923</u> | <u>220,146</u> |

6. Amounts due by related parties:

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Ministry of Rural Development and Local Government - (current period 2020 projects) | 62,042,101 | - |
| Ministry of Rural Development and Local Government | <u>19,939,175</u> | <u>33,858,660</u> |
| | <u>81,981,276</u> | <u>33,858,660</u> |

This represents payments due from various projects that were approved by the Ministry of Rural and Local Development. These amounts were billed upon completion of the contracts and inspection by the Company's as well as the Ministry of Rural Development's engineering department.

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | | |
|--|----------------|------------------|
| 7. Amounts due to related parties: | 2020 | 2019 |
| | \$ | \$ |
| Ministry of Agriculture, Land and Fisheries | 121,914 | 126,611 |
| Ministry of Rural Development and Local Government | <u>-</u> | <u>1,154,939</u> |
| | <u>121,914</u> | <u>1,281,550</u> |

The transactions conducted with related parties were carried out on commercial terms and conditions at market rates.

The company had related company transactions during the year as follows:

| | | |
|----------------------------|-------------------|-------------------|
| Sales to related companies | <u>14,431,310</u> | <u>34,217,282</u> |
|----------------------------|-------------------|-------------------|

| | | |
|---|-------------------|-------------------|
| 8. Accounts payable and accruals | 2020 | 2019 |
| | \$ | \$ |
| Trade payables | 25,951,594 | 30,068,222 |
| Due to contractors | 1,388,717 | 6,224,131 |
| Accruals | 849,200 | 177,215 |
| Gratuity provisions | <u>1,107,796</u> | <u>121,709</u> |
| | <u>29,297,307</u> | <u>36,591,277</u> |

| | | |
|--|-------------|-------------|
| 9. Stated capital | 2020 | 2019 |
| | \$ | \$ |
| Authorized | | |
| An unlimited number of ordinary shares | | |
| Issued | | |
| 10 ordinary shares | <u>10</u> | <u>10</u> |

| | | |
|--|-------------|-------------|
| 10. Employees | 2020 | 2019 |
| The number of employees at 30th September: | <u>24</u> | <u>24</u> |

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

11. Property, plant and equipment

| Year ended 30 th September 2020 | Computer Equipment \$ | Office Equipment \$ | Motor Vehicles \$ | Leasehold Improvements \$ | Office Furniture \$ | Security Services \$ | Site Equipment \$ | Total \$ |
|--|-----------------------------|---------------------------|-------------------------|---------------------------------|---------------------------|----------------------------|-------------------------|------------------|
| Cost | | | | | | | | |
| Beginning of the year | 619,913 | 470,581 | 309,634 | 1,077,330 | 415,116 | 56,220 | - | 2,948,794 |
| Additions | 115,378 | 33,225 | - | - | - | 7,563 | 6,800 | 162,966 |
| Disposal | - | - | (309,634) | - | - | - | - | (306,634) |
| End of the Year | <u>735,291</u> | <u>503,806</u> | <u>-</u> | <u>1,077,330</u> | <u>415,116</u> | <u>63,783</u> | <u>6,800</u> | <u>2,802,126</u> |
| Accumulated depreciation | | | | | | | | |
| Beginning of the year | 526,664 | 360,930 | 300,892 | 679,971 | 382,608 | 46,286 | - | 2,297,351 |
| Charge for the year | 30,229 | 17,446 | - | 66,227 | 6,502 | 2,539 | 30 | 122,973 |
| Disposal | - | - | (300,892) | - | - | - | - | (300,892) |
| End of the Year | <u>556,893</u> | <u>378,376</u> | <u>-</u> | <u>746,198</u> | <u>389,110</u> | <u>48,825</u> | <u>30</u> | <u>2,119,432</u> |
| Net book value 2020 | <u>178,398</u> | <u>125,430</u> | <u>-</u> | <u>331,132</u> | <u>26,006</u> | <u>14,958</u> | <u>6,770</u> | <u>682,694</u> |
| Year ended 30 th September 2019 | | | | | | | | |
| Cost | | | | | | | | |
| Beginning of the year | 581,669 | 447,931 | 309,634 | 1,077,330 | 415,116 | 56,220 | - | 2,887,900 |
| Additions | 38,244 | 22,650 | - | - | - | - | - | 60,894 |
| End of the Year | <u>619,913</u> | <u>470,581</u> | <u>309,634</u> | <u>1,077,330</u> | <u>415,116</u> | <u>56,220</u> | <u>-</u> | <u>2,948,794</u> |
| Accumulated depreciation | | | | | | | | |
| Beginning of the year | 508,330 | 345,577 | 297,979 | 623,925 | 374,482 | 43,802 | - | 2,194,095 |
| Charge for the year | 18,334 | 15,353 | 2,913 | 56,046 | 8,126 | 2,484 | - | 103,257 |
| End of the Year | <u>526,664</u> | <u>360,930</u> | <u>300,892</u> | <u>679,971</u> | <u>382,608</u> | <u>46,286</u> | <u>-</u> | <u>2,297,351</u> |
| Net book value 2019 | <u>93,249</u> | <u>109,651</u> | <u>8,742</u> | <u>397,359</u> | <u>32,508</u> | <u>9,934</u> | <u>-</u> | <u>651,443</u> |

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | | |
|--------------------------------------|---------------|-------------|
| 12. NRWRP software investment | 2020 | 2019 |
| | \$ | \$ |
| Paymaster Software | <u>57,375</u> | <u>-</u> |

The balance represents funds paid for the setup and installation of a payroll software to be used by the National Reforestation and Watershed Rehabilitation Programme division and RDC. The software is expected to be fully operational in the subsequent period.

No depreciation has been charged on the software.

13. National Reforestation and Watershed Rehabilitation Programme (NRWRP)

By way of Cabinet Note Number 634 dated 9th April 2020, the NRWRP was transferred from the Ministry of Agriculture, Land and Fisheries to the RDC. In turn the NRWRP was established as a separate organizational department of the RDC in June of 2020.

The following income statement reflects the outcome of the operations of NRWRP for the five month period May 2020 to September 2020:

*STATEMENT OF COMPREHENSIVE INCOME
FOR THE 5 MONTH PERIOD ENDED 30TH SEPTEMBER 2020*

| | |
|-------------------------------|---------------------|
| | 2020 |
| Revenue | \$ |
| Government subventions | <u>20,660,330</u> |
| Direct costs | |
| Contractor's payments | (1,556,007) |
| Salary and wages | <u>(12,853,145)</u> |
| | <u>(14,409,152)</u> |
| Gross income | 6,251,178 |
| Expenses | |
| Office supplies | 1,798 |
| Salary expenses - fortnightly | 438,096 |
| Salary expenses – Monthly | 123,539 |
| Bank interest and charges | 3,606 |
| Advertising | 25,106 |
| National insurance | <u>64,502</u> |
| | <u>656,647</u> |
| Net surplus | <u>5,594,531</u> |

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | | |
|---------------------------|--------------------|-------------|
| 14. Bank loans | 2020 | 2019 |
| | \$ | \$ |
| Principal amount approved | <u>100,000,000</u> | <u>-</u> |

A loan facility in the sum of TT\$100 million was granted in November of 2019, to offset expenses for projects approved and as instructed by the Ministry of Rural Development and Local Government.

Interest is fixed on dated issue at Central Bank of Trinidad and Tobago Prime Lending Rate (average) less 3.76% p.a.; to be reset every 2 years. A floor rate of 5.5% p.a. Current effective 5.5p.a.

The term of the loan is seven (7) years with interest to be semi-annually. Principal to be repaid via equal semi-annual payments of TTD\$7,777,777.78 commencing six months from the 2nd anniversary of the facility with balloon payment of 30% at maturity. Interest charged at 6.45% per annum.

The Government of the Republic of Trinidad & Tobago has issued an unconditional irrevocable guarantee in respect of the above obligation.

| | | |
|--|----------------|---------------|
| 15. Deferred taxation | 2020 | 2019 |
| | \$ | |
| <i>Deferred Tax Liability</i> | | |
| Net book value per accounting records | 682,694 | 651,443 |
| Tax written down value | (472,966) | (459,707) |
| Temporary differences | 209,728 | 191,736 |
| Deferred tax liability @ 30% | <u>62,918</u> | <u>57,521</u> |
| <i>Net Deferred Tax (charge) / benefit (Note 16)</i> | <u>(5,397)</u> | <u>5,240</u> |

| | | |
|--|-----------------|--------------|
| 16. Taxation | 2020 | 2019 |
| | | \$ |
| <i>Taxation (charge)/ benefit is made up as follows:</i> | | |
| Business levy | (25,850) | (3,666) |
| Green Fund levy | (12,925) | (1,833) |
| Deferred tax (charge) / benefit (Note 15) | <u>(5,397)</u> | <u>5,240</u> |
| | <u>(44,172)</u> | <u>(259)</u> |

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

16. Going concern

We draw your attention to the Statement of Financial Position where Retained earnings reflect a balance of \$4,479,041 at year end 30th September 2020 (2019: Unrelieved losses of \$582,695). During the current period the Company generated additional revenue of \$5,594,531 from the newly transferred NRWRP division which was enough to recover accumulated losses brought forward.

The assumption that the Company will continue as a going concern is based on its ability to continue to obtain financing from its primary shareholder, in the form of annual subventions per budgetary allocations of the Ministry of Finance, Trinidad & Tobago. Additionally, profits are expected to be derived from the NRWRP Division and management of projects for the Ministry of Rural Development and Local Government.

17. Subsequent events

On March 11th 2020, the World Health Organization declared the novel Coronavirus (COVID-19) outbreak a global pandemic. Management has considered the consequences of Covid-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.

Between 30th September 2020 and the date on which the Board of Directors approved financial statements (26th July 2021), no event took place, to the entity's knowledge, that would justify being mentioned under post-balance sheet events.

RURAL DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

SCHEDULES TO THE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | | |
|---|------------------|------------------|
| 1. Finance costs | 2020 | 2019 |
| | \$ | \$ |
| Loan interest | 3,280,556 | - |
| Bank interest and charges | <u>13,326</u> | <u>7,076</u> |
| | <u>3,293,882</u> | <u>7,076</u> |
| | | |
| 2. Personnel expenses | 2020 | 2019 |
| | \$ | \$ |
| Staff welfare | 2,927 | 8,372 |
| Gratuity | 1,022,078 | 465,750 |
| Salaries and wages | <u>4,954,155</u> | <u>2,392,428</u> |
| | <u>5,979,160</u> | <u>2,866,550</u> |
| | | |
| 3. Administrative and other expenses | 2020 | 2019 |
| | \$ | \$ |
| Advertising | 73,774 | 46,692 |
| Motor vehicle | 85,445 | 11,088 |
| Subscriptions and donations | 2,000 | 5,100 |
| Meetings and annual events | 11,193 | 21,261 |
| Insurance | 27,487 | 35,222 |
| Professional fees | 52,811 | 250,884 |
| Repairs and maintenance | 103,774 | 19,028 |
| Janitorial and cleaning | 71,876 | - |
| Office and general | 158,694 | 84,147 |
| Penalties and interest | 273,788 | 2,307 |
| Telephone and utilities | 63,983 | 87,553 |
| Rental of machinery & equipment | 46,490 | 3,500 |
| Security | - | 12,685 |
| Traveling | - | 324,539 |
| Cash over and short | (5,544) | (9,318) |
| Health and safety | <u>41,833</u> | <u>-</u> |
| | <u>1,007,602</u> | <u>894,688</u> |