



Chartered Accountants
& Business Advisors

**THE SPORTS COMPANY OF
TRINIDAD AND TOBAGO LIMITED**

FINANCIAL STATEMENTS

30 SEPTEMBER 2018



Chartered Accountants
& Business Advisors

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

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National Cycling Velodrome
Off Couva Main Road
Balmora, Couva, Trinidad, W.I.
Tel: (868) 225 4884
E-mail: communication@sport-tt.com
Web: www.sport-tt.com

The Sports Company of Trinidad and Tobago Ltd.

13th December 2018

Statement of Management Responsibility

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of The Sports Company of Trinidad and Tobago Limited, which comprise the statement of financial position as at 30 September 2018, the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

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

Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

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



Signed

Date 13/12/18



Signed

Date 13/12/18

Directors: Mr. Douglas Camacho – Chairman

Mr. Jeffrey Guller, Ms. Dionne Ugure, Mr. Marcus Daniel, Mr. Vyash Nandlal, Mr. Philip Whiteman, Mr. Hayden Mitchell, Ms. Marilyn Gordon, Mr. Deryck Murray



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholder
The Sports Company of Trinidad and Tobago Limited

Opinion

We have audited the financial statements of The Sports Company of Trinidad and Tobago Limited, which comprise the statement of financial position as at 30 September 2018, the statements of comprehensive income, changes in shareholder's equity 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 Sports Company of Trinidad and Tobago Limited as at 30 September 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Sports Company of Trinidad and Tobago 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.

Emphasis of Matter – Material Uncertainty Relating to Going Concern

We draw attention to **Note 2(k)** to the financial statements, which indicates that as at 30 September 2018, the company's current liabilities exceeded its current assets by **\$3,951,801**. This condition indicates the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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



Chartered Accountants
& Business Advisors

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PKF

13 December 2018
Barataria
TRINIDAD

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

	<u>Notes</u>	<u>30 September</u> <u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Current Assets:			
Cash and cash equivalents	5	120,094,042	213,331,789
Accounts receivable and prepayments	6	91,471,844	80,194,449
Other financial assets	7	<u>1,283</u>	<u>1,272</u>
Total Current Assets		<u>211,567,169</u>	<u>293,527,510</u>
Non-Current Assets:			
Bond receivable	8	364,659,926	393,832,721
Property, plant and equipment	9	<u>3,951,811</u>	<u>3,869,086</u>
Total Non-Current Assets		<u>368,611,737</u>	<u>397,701,807</u>
Total Assets		<u>580,178,906</u>	<u>691,229,317</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:			
Accounts payable and accruals	10	108,769,762	104,818,694
Deferred income	11	<u>106,749,208</u>	<u>192,577,892</u>
Total Current Liabilities		215,518,970	297,396,586
Non-Current Liabilities:			
Bond payable	8	<u>364,659,926</u>	<u>393,832,721</u>
Total Liabilities		580,178,896	691,229,307
Shareholder's Equity:			
Stated capital	12	<u>10</u>	<u>10</u>
Total Liabilities and Shareholder's Equity		<u>580,178,906</u>	<u>691,229,317</u>

These financial statements were approved by the Board of Directors and authorised for issue on 13 December 2018 and signed on their behalf by:


Director


Director

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 30 September	
	<u>Notes</u>	<u>2018</u> (\$)	<u>2017</u> (\$)
Income:			
Government grant	13	167,565,433	174,654,724
Interest income		12	11
Gain on disposal of property, plant and equipment		-	13,051
Other income	14	74,000	328,615
Life Sport income		<u>360</u>	<u>360</u>
Total income		<u>167,639,805</u>	<u>174,996,761</u>
Expenditure:			
Books and periodicals		9,165	9,901
Building maintenance		1,663	77,138
Communities, athletes and other sporting organisations		682,375	448,394
Conference and seminars		14,642	47,662
Contract gratuities		1,246,625	2,659,903
Court settlement and expenses		807,442	-
Depreciation		809,312	796,482
Directors' stipend		541,670	547,622
Equipment rental		139,271	103,147
Facility expenses		52,911,044	73,417,712
Finance charges		16,105	15,910
Impairment expense		41,000	-
Infrastructure development		76,595,606	48,208,870
Life Sport expenses		360	360
Loss on disposal of property, plant and equipment		1,442	-
National governing bodies and other sporting initiatives	15	9,881,789	20,380,592
Office expenses		926,076	1,156,623
Official overseas travel		-	(2,390)
Penalties and interest		2,328,346	87,090
Professional fees		5,511,654	3,346,654
Promotion		1,355,654	4,668,950
Salaries and staff benefits		13,342,444	18,042,817
Telephone		203,045	679,999
Training		8,207	3,565
Travelling and subsistence		12,473	63,362
Vehicle maintenance		54,126	83,285
Vehicle rental		<u>198,269</u>	<u>153,113</u>
Total expenditure		<u>167,639,805</u>	<u>174,996,761</u>
Total Comprehensive Income for the year		<u><u>-</u></u>	<u><u>-</u></u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	<u>Stated Capital</u> (\$)	<u>Shareholder's Equity</u> (\$)
Balance as at 1 October 2016	10	10
Total Comprehensive Income for the year	<u>-</u>	<u>-</u>
Balance as at 30 September 2017	<u>10</u>	<u>10</u>
Balance as at 1 October 2017	10	10
Total Comprehensive Income for the year	<u>-</u>	<u>-</u>
Balance as at 30 September 2018	<u>10</u>	<u>10</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Operating Activities:		
Depreciation	809,312	796,482
Impairment expense	41,000	-
(Gain)/loss on disposal of property, plant and equipment	<u>1,442</u>	<u>(13,051)</u>
	851,754	783,431
Net change in accounts receivable and prepayments	(11,318,395)	(30,001,724)
Net change in accounts payable and accruals	3,951,068	30,628,266
Net change in other financial assets	(11)	(11)
Net change in deferred income	<u>(85,828,684)</u>	<u>(53,246,580)</u>
Funds used in Operating Activities	<u>(92,344,268)</u>	<u>(51,836,618)</u>
Investing Activities:		
Net change in bond receivable	29,172,795	29,172,794
Purchase of property, plant and equipment	(905,466)	(596,043)
Adjustments to property, plant and equipment	-	(74,227)
Proceeds from the sale of property, plant and equipment	<u>11,987</u>	<u>2,140</u>
Funds provided by Investing Activities	<u>28,279,316</u>	<u>28,504,664</u>
Financing Activities:		
Net change in bond payable	<u>(29,172,795)</u>	<u>(29,172,794)</u>
Fund used in Financing Activities	<u>(29,172,795)</u>	<u>(29,172,794)</u>
Net change in cash balances	(93,237,747)	(52,504,748)
Cash balances, beginning of year	<u>213,331,789</u>	<u>265,836,537</u>
Cash balances, end of year	<u><u>120,094,042</u></u>	<u><u>213,331,789</u></u>
Represented by:		
Cash and cash equivalents	<u><u>120,094,042</u></u>	<u><u>213,331,789</u></u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

1. Incorporation and Principal Business Activity:

The Sports Company of Trinidad and Tobago Limited was incorporated in the Republic of Trinidad and Tobago on the 27 September 2004. The principal business activity of the company is to act as an agent on behalf of the Government of Trinidad and Tobago to enhance local sporting ventures. The principal place of business is the National Cycling Velodrome, Couva Main Road, Balmain Couva.

2. Summary of Significant Accounting Policies:

(a) Basis of financial statements preparation -

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and are stated in Trinidad and Tobago dollars rounded to the nearest whole dollar. These financial statements have been prepared on the historical cost basis, except for the measurement at fair value of available-for-sale investments.

(b) Use of estimates -

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the company's accounting policies. It also requires the use of 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(c) New Accounting Standards and Interpretations -

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

IFRS 1	First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
IFRS 2	Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
IFRS 3	Business combinations – Amendments regarding the re-measurement of previously held interest (effective for accounting periods beginning on or after 1 January 2019).

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

2. Summary of Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations (cont'd) -

IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
IFRS 11	Joint Arrangements - Amendments regarding the re-measurement of previously held interest (effective for accounting periods beginning on or after 1 January 2019).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).
IAS 12	Income Taxes - Amendments resulting from the income tax consequence of dividends (effective for accounting periods beginning on or after 1 January 2019).
IAS 19	Employee Benefits – Amendments regarding plan amendments, curtailments or settlements (effective for accounting periods beginning on or after 1 January 2019).
IAS 23	Borrowing Costs - Amendments regarding the borrowing costs eligible for capitalisation (effective for accounting periods beginning on or after 1 January 2019).
IAS 28	Investment in Associates - Amendments clarifying certain fair value measurements (effective for accounting periods beginning on or after 1 January 2018).

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

2. Summary of Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations (cont'd) -

- IAS 28 Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
- IAS 40 Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 January 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

(d) Property, plant and equipment -

Plant and equipment are stated at cost. Depreciation is provided at varying rates sufficient to write off the cost of the assets over their estimated useful economic lives as follows:

Gym equipment	-	12.5%	Reducing balance
Furniture and fixtures	-	10%	Reducing balance
Computer equipment	-	33%	Reducing balance
Office equipment	-	12.5%-33 1/3%	Reducing balance
Motor vehicles	-	20%	Reducing balance
Equipment & machinery	-	20%	Reducing balance

Leasehold improvements are being depreciated over the life of the initial lease of three (3) years.

Depreciation is charged on a pro rata basis in the year of acquisition as well as in the year of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining the total comprehensive income for the year.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****2. Summary of Significant Accounting Policies (Cont'd):****(e) Accounts receivable -**

Accounts receivable is carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

(f) Investments -

The company's investments are classified as available-for-sale.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as "available-for-sale", in accordance with International Accounting Standards (IAS) #39.

These investments are carried at their fair values. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in equity in the period they arise. All short-term investments of the company are considered available-for-sale.

(g) Income recognition -**Investment Income**

Income from investments is accounted for on the accruals basis, consistent with International Accounting Standard (IAS) #18.

(h) Provisions -

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(i) Foreign currencies -

Foreign currency transactions during the year are recorded in Trinidad and Tobago Dollars at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the reporting date are translated into Trinidad and Tobago dollars at the exchange rate ruling at that date. Gains or losses thus arising are dealt with in the current year's Statement of Comprehensive Income.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****2. Summary of Significant Accounting Policies (Cont'd):****(j) Comparative information -**

Where necessary, comparative amounts have been adjusted to conform with changes in presentation in the current year.

(k) Going concern -

These financial statements have been prepared on the going concern basis despite the excess of current liabilities over current assets. This basis has been deemed appropriate in view of the company's ability to continue its operation using funding from its shareholder.

(l) 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.

Grants relating to 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.

Grants relating to infrastructure development 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.

Grants relating to the purchase and construction of property and plant and equipment are credited to the Statement of Comprehensive Income in an amount equal to the period's depreciation of acquired assets, over the expected useful lives of these assets.

Grants intended for on-lending purposes are recorded as capital grants and presented as equity in the company's Statement of Financial Position.

(m) Financial instruments -

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****2. Significant Accounting Policies (Cont'd):****(m) Financial instruments (cont'd) -**

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date on which the company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset. Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

Impairment of financial assets

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the company about the following loss events:

- i) Significant financial difficulty of the issuer or obligor.
- ii) A breach of contract, such as default or delinquency in interest or principal payments.
- iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv) The disappearance of an active market for that financial asset because of financial difficulties.
- v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the company or national or economic conditions that correlate with defaults on assets in the company.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****2. Significant Accounting Policies (Cont'd):****(m) Financial instruments (cont'd) -**

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i) Financial assets measured at amortised cost

Amortised cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Loans, receivables and held-to-maturity financial assets are measured at amortised cost.

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****2. Significant Accounting Policies (Cont'd):****(m) Financial instruments (cont'd) -****ii) Financial assets measured at cost**

Similar to financial assets measured at amortised cost, the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. However, unlike financial assets measured at amortised cost, these losses cannot be reversed. Cash and cash equivalents and Investments in equity instruments that do not have a quoted price in an active market and whose fair values cannot be reliably measured are carried at cost.

iii) Financial liabilities

A financial liability is a contractual obligation to deliver cash or similar to another entity. Accounts payable, loans from other entities, and debt instruments issued are examples of financial liabilities.

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

3. Financial Risk Management:

Financial risk factors

The following table summarizes the carrying amounts and fair values of the company's financial assets and liabilities:

	30 September 2018	
	Carrying Value (\$)	Fair Value (\$)
Financial Assets		
Cash and cash equivalents	120,094,042	120,094,042
Accounts receivable and prepayments	91,471,844	91,471,844
Other financial assets	1,283	1,283
Bond receivable	364,659,926	364,659,926
Financial Liabilities		
Accounts payable and accruals	108,769,762	108,769,762
Bond payable	364,659,926	364,659,926
	30 September 2017	
	Carrying Value (\$)	Fair Value (\$)
Financial Assets		
Cash and cash equivalents	213,331,789	213,331,789
Accounts receivable and prepayments	80,194,449	80,194,449
Other financial assets	1,272	1,272
Bond receivable	393,832,721	393,832,721
Financial Liabilities		
Accounts payable and accruals	104,818,694	104,818,694
Bond payable	393,832,721	393,832,721

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

3. Financial Risk Management (Cont'd):

The company is exposed to interest rate risk, credit 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's exposure to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities is minimal and is monitored closely by management. Interest rate risk is not considered a material risk.

Interest rate sensitivity analysis

The company's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

	Effective Rate	30 September 2018				Non - Interest Bearing (\$)	Total (\$)
		Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)			
Financial Assets							
Cash and cash equivalents	0.5 – 1.5%	120,075,542	-	-	18,500	120,094,	
Accounts receivable and prepayments	0 – 3.8%	3,887,680	-	-	87,584,164	91,471,	
Other financial assets	0 – 2%	1,283	-	-	-	1,	
Bond receivable	3.8%	-	-	364,659,926	-	364,659,	
		<u>123,964,505</u>	<u>-</u>	<u>364,659,926</u>	<u>87,602,664</u>	<u>576,227,</u>	
Financial Liabilities							
Accounts payable and accruals	0 – 3.8%	3,887,680	-	-	104,882,082	108,769,	
Bond payable	3.8%	-	-	364,659,926	-	364,659,	
		<u>3,887,680</u>	<u>-</u>	<u>364,659,926</u>	<u>104,882,082</u>	<u>473,429,</u>	

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

3. Financial Risk Management (Cont'd):

(a) Interest rate risk (cont'd) -

		30 September 2017			Non - Interest Bearing	Total
	Effective Rate	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	(\$)	(\$)
Financial Assets						
Cash and cash equivalents	0.5 – 1.5%	213,317,289	-	-	14,500	213,331,789
Accounts receivables and prepayments	0 – 3.8%	4,198,694	-	-	75,995,755	80,194,449
Other financial assets	0 – 2%	1,272	-	-	-	1,272
Bond receivable	3.8%	-	-	<u>393,832,721</u>	-	<u>393,832,721</u>
		<u>217,517,255</u>	-	<u>393,832,721</u>	<u>76,010,255</u>	<u>687,360,231</u>
Financial Liabilities						
Accounts payables and accruals	0 – 3.8%	4,198,694	-	-	100,620,000	104,818,694
Bond payable	3.8%	-	-	<u>393,832,721</u>	-	<u>393,832,721</u>
		<u>4,198,694</u>	-	<u>393,832,721</u>	<u>100,620,000</u>	<u>498,651,415</u>

(b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The company relies heavily on its written Policies and Procedures Manuals, which sets out in detail the current policies governing the granting of credit function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the company's credit philosophy; provide policy guidelines to team members; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

Cash balances are held with high credit quality financial institutions and the company has policies to limit the amount of exposure to any single financial institution.

The company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

3. Financial Risk Management (Cont'd):

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates 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.

The company is able to make daily calls on its available cash resources to settle financial and other liabilities. Liquidity risk is not considered a material risk.

Liquidity gap

The company's exposures to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

	2018			
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Total (\$)
Financial Assets				
Cash and cash equivalents	120,094,042	-	-	120,094,042
Accounts receivables and prepayments	91,471,844	-	-	91,471,844
Other financial assets	1,283	-	-	1,283
Bond receivable	-	-	364,659,926	364,659,926
	<u>211,567,169</u>	<u>-</u>	<u>364,659,926</u>	<u>576,227,095</u>
Financial Liabilities				
Accounts payable and accruals	-	-	-	-
Bond payable	108,769,762	-	-	108,769,762
	<u>-</u>	<u>-</u>	<u>364,659,926</u>	<u>364,659,926</u>
	<u>108,769,762</u>	<u>-</u>	<u>364,659,926</u>	<u>473,429,688</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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3. Financial Risk Management (Cont'd):

(c) Liquidity risk (cont'd)

	2017			
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Total (\$)
Financial Assets				
Cash and cash equivalents	213,331,789	-	-	213,331,789
Accounts receivables and prepayments	80,194,449	-	-	80,194,449
Other financial assets	1,272	-	-	1,272
Bond receivable	-	-	393,832,721	393,832,721
	<u>293,527,510</u>	<u>-</u>	<u>393,832,721</u>	<u>687,360,231</u>
Financial Liabilities				
Accounts payables and accruals	104,818,694	-	-	104,818,694
Bond payable	-	-	393,832,721	393,832,721
	<u>104,818,694</u>	<u>-</u>	<u>393,832,721</u>	<u>498,651,415</u>

(d) Currency risk -

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The company's exposure to foreign exchange risk is minimal and the company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. Currency risk is not considered a material risk.

(e) Operational risk -

Operational risk is the risk derived 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. Supervisory controls are installed to minimise human error.

(f) 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. The risk is limited to a significant extent due to the strong monitoring controls applied by the company's management.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****3. Financial Risk Management (Cont'd):****(g) 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 of its clientele, reduction in revenue and legal cases against the company. The company engages in public social endeavours to engender trust and minimize this risk.

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the company's accounting policies. See Note 2 (b).

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. However, 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 judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether investments are classified as held-to-maturity investments, available-for-sale or loans and receivables.
- ii) Whether leases are classified as operating lease or finance lease.
- iii) Which depreciation method for property, plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgments) 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:

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

4. Critical Accounting Estimates and Judgments (Cont'd):

i) Impairment of assets

Management assesses at each reporting 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) Property, Plant and Equipment

Management exercises judgment 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.

5. Cash and Cash Equivalents:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
First Citizens Bank Limited – Operations	1,805,062	11,396,731
First Citizens Bank Limited – Infrastructure Development	3,888,783	7,386,716
First Citizens Bank Limited – Life Sport	1,955,590	1,955,950
First Citizens Bank Limited – ANSA Bond	112,426,107	192,577,892
Petty Cash	<u>18,500</u>	<u>14,500</u>
	<u>120,094,042</u>	<u>213,331,789</u>

6. Accounts Receivable and Prepayments:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Accounts receivable - Other	421,000	561,000
Recoverable expenses - Ministry of Sport – Life Sport	9,393,609	9,393,249
Recoverable expenses - Ministry of Sport – Recurrent*	74,342,113	45,330,541
Recoverable expenses - Infrastructure Development Fund*	3,403,181	20,675,780
Prepayments	65,261	35,185
3.8% Bond interest receivable	<u>3,887,680</u>	<u>4,198,694</u>
	91,512,844	80,194,449
Provision for doubtful debt	<u>(41,000)</u>	<u>-</u>
	<u>91,471,844</u>	<u>80,194,449</u>

*Recoverable expenses represent the excess of expenses incurred over the subventions received. These are deemed reimbursable from the Ministry of Sport.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2018****7. Other Financial Assets:**

This balance represents an investment held with the Abercrombie Fund at First Citizens Bank Limited.

8. Bond Receivable/(Payable):

This held-to-maturity financial instrument is measured to amortised cost and represents a **TT\$495.94 million 3.80% Fixed Rate Bond** issued by The Sports Company of Trinidad and Tobago Limited on 19 December 2013 to be repaid by 19 December 2030. Principal and interest are payable semi-annually on 19 June and 19 December. The principal and interest are guaranteed irrevocably and unconditionally by the Government of the Republic of Trinidad and Tobago. The purpose of the bond is to finance the development of the following nine (9) recreational facilities:

- Irvin Park, Siparia
- Penal Recreation Ground, Penal
- India Recreation Ground, Malabar
- Buen Intento Recreation Ground, Princes Town
- Eddie Hart Recreation Ground, Tacarigua
- Brian Lara Recreation Ground, Santa Cruz
- Dass Trace Recreation Ground, Cunupia
- Carapo Recreation Ground, Carapo
- Northern Recreation Ground, Diego Martin.

In 2016, the bond was repurposed to allow for the payments to the following National facilities.

- Cycling Velodome
- Aquatic Centre
- National Tennis Centre

In 2017, the bond was repurposed to finance the development of the Diego Martin Regional Complex – UDECOTT/SRI Construction.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

9. Property, Plant and Equipment:

	<u>Motor Vehicle</u> (\$)	<u>Furniture and Fixtures</u> (\$)	<u>Office Equipment</u> (\$)	<u>Computer Equipment</u> (\$)	<u>Leasehold Improvements</u> (\$)	<u>Gym Equipment</u> (\$)	<u>Equipment and Machinery</u> (\$)	<u>Total</u> (\$)
Cost:								
Balance, 1 October 2017	316,130	2,160,415	1,388,462	3,847,483	4,594,554	1,275,660	580,975	14,163,679
Additions	-	3,374	21,530	210,525	-	-	670,037	905,466
Disposals	-	-	(2,299)	(27,800)	(4,594,554)	-	-	(4,624,653)
Balance, 30 September 2018	<u>316,130</u>	<u>2,163,789</u>	<u>1,407,693</u>	<u>4,030,208</u>	<u>-</u>	<u>1,275,660</u>	<u>1,251,012</u>	<u>10,444,492</u>
Accumulated Depreciation:								
Balance, 1 October 2017	215,151	1,046,429	731,836	2,801,421	4,594,554	570,726	334,476	10,294,593
Charge for the year	20,196	111,511	84,713	399,093	-	88,117	105,682	809,312
Disposals	-	-	(846)	(15,824)	(4,594,554)	-	-	(4,611,224)
Balance, 30 September 2018	<u>235,347</u>	<u>1,157,940</u>	<u>815,703</u>	<u>3,184,690</u>	<u>-</u>	<u>658,843</u>	<u>440,158</u>	<u>6,492,681</u>
Net Book Value								
Balance, 30 September 2018	<u>80,783</u>	<u>1,005,849</u>	<u>591,990</u>	<u>845,518</u>	<u>-</u>	<u>616,817</u>	<u>810,854</u>	<u>3,951,811</u>
Balance, 30 September 2017	<u>100,979</u>	<u>1,113,986</u>	<u>656,626</u>	<u>1,046,062</u>	<u>-</u>	<u>704,934</u>	<u>246,499</u>	<u>3,869,086</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

9. Property, Plant and Equipment (Cont'd):

Cost:	Motor Vehicle (\$)	Furniture & Fixtures (\$)	Office Equipment (\$)	Computer Equipment (\$)	Leasehold Improvements (\$)	Gym Equipment (\$)	Equipment and Machinery (\$)	Total (\$)
Balance, 1 October 2016	-	1,975,060	1,225,122	3,366,785	4,594,554	1,275,660	580,975	13,018,156
Additions	32,743	185,355	143,562	234,383	-	-	-	596,043
Disposals	-	-	(9,222)	-	-	-	-	(9,222)
Adjustments	283,387	-	29,000	246,315	-	-	-	558,702
Balance, 30 September 2017	316,130	2,160,415	1,388,462	3,847,483	4,594,554	1,275,660	580,975	14,163,679
Accumulated Depreciation:								
Balance, 1 October 2016	-	939,371	625,453	2,131,519	4,594,554	470,021	272,851	9,033,769
Charge for the year	5,992	107,058	90,169	430,933	-	100,705	61,625	796,482
Disposals	-	-	(2,999)	-	-	-	-	(2,999)
Adjustments	209,159	-	19,213	238,969	-	-	-	467,341
Balance, 30 September 2017	215,151	1,046,429	731,836	2,801,421	4,594,554	570,726	334,476	10,294,593
Net Book Value								
Balance, 30 September 2017	100,979	1,113,986	656,626	1,046,062	-	704,934	246,499	3,869,086
Balance, 30 September 2016	-	1,035,689	599,669	1,235,266	-	805,639	308,124	3,984,387

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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10. Accounts Payable and Accruals:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Audit fees accrual	106,875	85,000
Accruals – Other	40,803,223	59,130,067
Refundable deposit	505,480	581,276
Retention fees – Infrastructure Development Fund	7,776,262	7,776,262
Accounts payable – Operations	55,690,242	33,047,395
3.80% Bond interest payable	<u>3,887,680</u>	<u>4,198,694</u>
	<u>108,769,762</u>	<u>104,818,694</u>

11. Deferred Income:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Infrastructure Development Fund	<u>106,749,208</u>	<u>192,577,892</u>

The above balances relate to the proceeds from the **TT\$495.94 million** bond issued on 19 December 2014, to finance the development of nine (9) recreational facilities (Infrastructural Development Fund).

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

12. Stated Capital:

	30 September	
	<u>2018</u>	<u>2017</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>

13. Government Grant:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Infrastructure Development Fund	76,595,605	48,208,870
Recurrent expenditure	<u>90,969,828</u>	<u>126,445,854</u>
	<u>167,565,433</u>	<u>174,654,724</u>

14. Other Income:

Other sources of revenues for the Company are receipts from purchase of pre-qualification and tender packages in addition to funds received from rental of facilities. The main contributor to the increase in the current financial period is income received from the issuance of pre-qualification packages.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

15. National Governing Bodies and Other Sporting Initiatives:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Athletics	557,506	1,984,634
Basketball	-	247,534
Boxing	106,477	791,865
Cricket	210,000	531,291
Cycling	684,342	1,711,024
Draughts	-	30,000
Football	5,229,626	5,728,627
Golf	-	430,662
Gymnastics	61,912	-
Hockey	1,069,281	1,676,079
Netball	207,520	593,706
Other - EDPU	156,436	701,617
Rugby	397,768	824,682
Sailing	-	293,600
Swimming	117,443	2,944,691
Tennis	332,035	602,836
Trinidad Youth Sports Camps	3,300	26,432
Volleyball	748,143	1,261,312
	<u>9,881,789</u>	<u>20,380,592</u>

16. Contingent Liabilities:

As at 30 September 2018 the company had contingent liabilities in respect to pending litigation. The potential liability amounts to \$31,196,905. No provision has been made for this amount in the financial statements.

17. 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 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.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

17. Related Party Transactions (Cont'd):

Balances and transaction with related parties and key management personnel during the year were as follows:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Expenses		
Directors' stipend	<u>541,670</u>	<u>547,622</u>
Key management compensation		
Short-term benefits	4,922,199	2,050,560
Post employment benefits	<u>963,360</u>	<u>347,640</u>
	<u><u>5,885,559</u></u>	<u><u>2,398,200</u></u>

18. Contractual Commitments

Contracts approved and committed amounted to **\$76,940,150** as at 30 September 2018.

19. Capital Risk Management:

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder, whilst providing value to the clients. The company's overall strategy remains unchanged from previous years.

The capital structure of the company consists of equity attributable to its shareholder, and comprises capital grants.

