

**Telecommunications Services
of Trinidad and Tobago Limited**



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2021

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

Corporate Information

DIRECTORS:

Mr. Sean Roach – Chairman - BA Industrial and Systems Engineering

Mr. Wendell Berkley – Dip. General Agriculture, Cert. Agriculture, Cert. Sports Psychology

Mr. Vishnu Dhanpaul – BSc. Economics (Hons), PGDip. International Relations, MBA Finance

Mr. Conrad Enill (Audit Chairman) – MBA, CaribDE, CUDE, ICUDE

Ms. Kimberly Erriah-Ali – LLB (Hons.), LEC, MBA, CPAML, ACAMS

Ms. Annalean Inniss – LLB (Hons.), LEC, EMBA

Ms. Ingrid L.A. Lashley – CPA, CMA, CA, MBA

Ms. Judith Sobion – BA Social Sciences & History, PGDip. Human Resources Management, MBA International Business

CHIEF EXECUTIVE OFFICER:

Ms. Lisa Agard – LLB (Hons), LLM (London School of Economics), Degree of Utter Barrister (Gray's Inn)

CORPORATE SECRETARY:

Mrs. Gayle Allick Solomon – LLB (Hons.), LEC, MA

REGISTERED OFFICE:

1 Edward Street
Port of Spain
Trinidad, W.I.

PRINCIPAL BANKERS:

Scotiabank of Trinidad and Tobago Limited
Corner Park and Richmond Streets
Port of Spain
Trinidad, W.I.

AUDITOR:

Ernst and Young
5-7 Sweet Briar Road
St. Clair, Port of Spain
Trinidad, W.I.

PRINCIPAL ATTORNEYS:

MG Daly and Partners
115A Abercromby Street
Port of Spain
Trinidad, W.I.

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

Directors' Report

The Directors have pleasure in submitting their Report and the Consolidated Financial Statements for the year ended 31 March 2021.

Financial Results	\$'000
Total comprehensive income for the year attributable to equity holders of the Parent	208,635
Total equity brought forward	<u>292,361</u>
	500,996
Dividends declared	—
Total equity carried forward	<u>500,996</u>

Directors

The following Directors served during the period under review:

Mr. Sean Roach, Mr Wendell Berkley, Mr. Vishnu Dhanpaul, Mr. Conrad Enill, Mrs. Kimberly Erriah-Ali, Ms. Annalean Inniss, Ms. Ingrid L.A. Lashley, Mr. Ian Narine (resigned on 2 October 2020) and Ms. Judith Sobion.

Auditors

The Auditors, Ernst and Young, have expressed their willingness to be re-appointed.

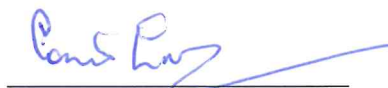
Annual Meeting

The Fifty first Annual Meeting of the Group was held on 10th September 2020.

On behalf of the Board of Directors,



Sean Roach
CHAIRMAN



Conrad Enill
DIRECTOR

Date: 17 June 2021



Ernst & Young Services Limited
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Telecommunications Services of Trinidad and Tobago Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income/(loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

Material uncertainty relating to Going Concern

We draw attention to Note 28 to the consolidated financial statements which indicates that as at 31 March 2021, and for the year then ended, the Group reported a total comprehensive income of \$208.6m (2020: total comprehensive loss of \$474.5m), held outstanding borrowings (short-term and long-term) of \$2,946.3m (2020: \$3,220.5m) and its current liabilities exceeded current assets by \$153.2m (2020: \$47.9m). As at 31 March 2021, the accumulated deficit was \$71.7m (2020: \$280.4m), and total equity stood at \$505.2m. (2020: \$296.6m). This may bring into question the entity's ability to continue in the foreseeable future as a going concern.

As discussed in Note 28, the Group has begun to implement strategies to improve liquidity and reduce operating costs, and the Directors have maintained the going concern assumption in the preparation of these consolidated financial statements. This basis of preparation presumes that the Group will realize its assets and discharge its liabilities in the ordinary course of business. Given the financial condition of the Group, a material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern. Our opinion is not qualified in relation to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

Report on the Audit of the Consolidated Financial Statements

(Continued)

Key Audit Matters

(Continued)

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<p>Allowance for Expected Credit Losses (ECLs)</p> <p>Refer to related disclosure in note 10 and accounting policy notes 2 (vi) and 2 (viii) to the consolidated financial statements. Trade receivables (net of provision) amounted to \$679 million as at 31 March 2021.</p> <p>IFRS 9 “Financial Instruments” requires the Group to use a forward-looking approach to record an allowance for ECLs for trade receivables.</p> <p>The determination of ECLs is a highly subjective area due to the level of judgment applied by management, involving various assumptions and factors, such as the estimate of the likelihood of default and the potential loss given default. Key areas of judgment include the quantification of subjective overlays to reflect current or future external factors that are not appropriately captured by the ECL model. These overlays include additional credit risk that could stem from the impact of the pandemic for the Group’s customers, or the outcome of legal proceedings where recoveries are being pursued.</p> <p>Given the combination of the inherent subjectivity in the valuation, and the material nature of the balance, we considered the measurement of ECLs to be a key audit matter in our audit of the consolidated financial statements.</p>	<p>We understood and critically assessed the methodology and assumptions used by the Group in its ECL models while evaluating its compliance with IFRS 9 requirements.</p> <p>We tested the completeness and accuracy of the inputs used in the models, including the calculation of the ECL factors. We also assessed the reasonableness of Management’s judgmental provisions considering the uncertainty brought on by the pandemic.</p> <p>For ECLs calculated on an individual basis, we tested the accuracy of the underlying data, cash flow forecasts and considered other qualitative information such as legal opinions received.</p> <p>Finally, we focussed on the adequacy of the Group’s financial statement disclosures as to whether they appropriately reflected the requirements of the IFRSs.</p>



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INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

Report on the Audit of the Consolidated Financial Statements

(Continued)

Key Audit Matters

(Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Defined Benefit Plan Assets</p> <p>Refer to related disclosure in note 7 and accounting policy note 2 (xiv) to the consolidated financial statements. Defined benefit plan assets amounted to \$982 million as at 31 March 2021.</p> <p>IAS 19 “Employee Benefits” requires actuarial assumptions to measure the obligation and the expense of defined benefit plans. As a result, the accounting for defined benefit plans is complex as there would be a recognition of either actuarial gains or losses and the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The key assumptions of the defined benefit plan would also be impacted by the economic conditions as a result of the pandemic</p> <p>Due to the inherent subjectivity in the valuation, and the material nature of the balance, we considered the measurement of the defined benefit plan assets to be a key audit matter in our audit of the consolidated financial statements.</p>	<p>We obtained the actuarial report for the year ended 31 March 2021 to assess the actuary’s assessment of the defined benefit plan asset.</p> <p>We evaluated the key assumptions used in the actuarial report which included the discount rates and projected salary increases to determine reasonableness as well as tested the underlying data used by the actuary. The existence of the plan’s assets were confirmed and the valuation of these assets were tested.</p> <p>We also reviewed and assessed the appropriateness and completeness of the related disclosures in the notes to the consolidated financial statements, with reference to that prescribed by IFRSs.</p>



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

Report on the Audit of the Consolidated Financial Statements

(Continued)

Other information with the Consolidated Financial Statements

Other information consists of the Corporate Information and Directors' Report included with the consolidated financial statements. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

Report on the Audit of the Consolidated Financial Statements

(Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

Report on the Audit of the Consolidated Financial Statements

(Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

(Continued)

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

We communicate with the Audit Committee 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.

The engagement partner in charge of the audit resulting in this independent auditor's report is Pria Narinesingh.

Port of Spain,
TRINIDAD:
17 June 2021

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

(Expressed in thousands of Trinidad and Tobago Dollars)

	Notes	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,308,963	2,598,016
Right-of-use assets	6	130,400	117,366
Intangible assets	4	13,778	19,170
Defined benefit plan assets	7	981,800	533,100
Deferred tax assets	8(c)	510,548	360,844
Long-term prepayment	24	<u>87,651</u>	<u>101,565</u>
		<u>4,033,140</u>	<u>3,730,061</u>
Current assets			
Inventories	9	47,282	104,208
Trade and other receivables	10	811,267	1,188,823
Contract assets	11	4,202	5,802
Current tax recoverable		9,728	10,158
Cash at bank	12	433,657	343,585
Assets held for sale	5	<u>67,889</u>	<u>—</u>
		<u>1,374,025</u>	<u>1,652,576</u>
Total assets		<u>5,407,165</u>	<u>5,382,637</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	13	572,717	572,717
Accumulated deficit		<u>(71,721)</u>	<u>(280,356)</u>
Attributable to equity holders of the Parent		500,996	292,361
Non-controlling interest		<u>4,233</u>	<u>4,233</u>
Total equity		<u>505,229</u>	<u>296,594</u>
Non-current liabilities			
Deferred tax liabilities	8(c)	510,548	372,674
Borrowings	14	2,759,443	2,929,072
Lease liabilities	6	<u>104,761</u>	<u>83,765</u>
		<u>3,374,752</u>	<u>3,385,511</u>

The accompanying notes form an integral part of these consolidated financial statements.

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

(Expressed in thousands of Trinidad and Tobago Dollars)

(Continued)

	Notes	2021	2020
Current liabilities			
Employee benefits	21	374,054	306,625
Contract liabilities	11	44,966	72,996
Trade and other payables	15	888,423	991,738
Borrowings	14	186,890	291,478
Lease liabilities	6	<u>32,851</u>	<u>37,695</u>
		<u>1,527,184</u>	<u>1,700,532</u>
Total liabilities		<u>4,901,936</u>	<u>5,086,043</u>
Total equity and liabilities		<u>5,407,165</u>	<u>5,382,637</u>

The accompanying notes form an integral part of these consolidated financial statements.

These consolidated financial statements were authorised for issue on 17 June 2021.



 Director:



 Director:

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)
FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in thousands of Trinidad and Tobago Dollars)

	Notes	2021	2020
Rendering of services		2,041,316	2,450,895
Sale of goods		<u>4,153</u>	<u>47,350</u>
Revenue from contracts with customers	17	2,045,469	2,498,245
Cost of sales	18	<u>(332,177)</u>	<u>(396,901)</u>
Gross profit		1,713,292	2,101,344
Operating expenses			
Personnel costs	19(a)	(501,489)	(471,157)
Re-organisation costs	19(b)	–	(1,787)
Maintenance and repairs	19(e)	(253,477)	(342,484)
Other administrative expenses	19(c)	<u>(349,912)</u>	<u>(694,001)</u>
		608,414	591,915
Gain on disposal of assets		165	–
Depreciation and amortisation	3,4&6	(516,437)	(521,753)
Impairment expense	5	<u>(5,096)</u>	<u>–</u>
Operating profit		87,046	70,162
Finance income		636	2,861
Finance costs	19(d)	<u>(309,749)</u>	<u>(247,490)</u>
Loss before tax		(222,067)	(174,467)
Taxation credit/(expense)	8(b)	<u>128,442</u>	<u>(103,498)</u>
Loss after tax		<u>(93,625)</u>	<u>(277,965)</u>
Other comprehensive income/(loss):			
Net other comprehensive income/(loss) (not to be reclassified to profit or loss in subsequent periods)			
Re-measurement income/(loss) on defined benefit plans	7	431,800	(280,800)
Income tax effect	8(c)	<u>(129,540)</u>	<u>84,240</u>
Other comprehensive income/(loss) for the year, net of tax		<u>302,260</u>	<u>(196,560)</u>
Total comprehensive income/(loss) for the year		<u><u>208,635</u></u>	<u><u>(474,525)</u></u>
Attributable to:			
Equity holders of the Parent		208,635	(474,002)
Non-controlling interest		<u>–</u>	<u>(523)</u>
		<u><u>208,635</u></u>	<u><u>(474,525)</u></u>

The accompanying notes form an integral part of these consolidated financial statements.

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in thousands of Trinidad and Tobago Dollars)

	Notes	Stated capital	Accumulated deficit	Equity attributable to the Parent	Non-controlling Interest	Total equity
Year ended 31 March 2020						
Balance as at 1 April 2019		572,717	193,646	766,363	4,756	771,119
Total comprehensive loss for the year		—	(474,002)	(474,002)	(523)	(474,525)
Balance at 31 March 2020		<u>572,717</u>	<u>(280,356)</u>	<u>292,361</u>	<u>4,233</u>	<u>296,594</u>
Year ended 31 March 2021						
Balance as at 1 April 2020		572,717	(280,356)	292,361	4,233	296,594
Total comprehensive income for the year		—	208,635	208,635	—	208,635
Balance at 31 March 2021		<u>572,717</u>	<u>(71,721)</u>	<u>500,996</u>	<u>4,233</u>	<u>505,229</u>

The accompanying notes form an integral part of these consolidated financial statements.

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in thousands of Trinidad and Tobago Dollars)

	Notes	2021	2020
Operating activities			
Loss before tax		(222,067)	(174,467)
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	3 & 4	467,437	478,675
Depreciation of leases	6	49,000	43,078
Impairment expense	5	5,096	–
Finance costs	19(d)	277,191	247,490
Finance income		(636)	(2,862)
Rent concession		(384)	–
Net benefit cost	7	<u>35,100</u>	<u>9,700</u>
Operating profit before working capital changes		610,737	601,614
Decrease/(increase) in trade and other receivables		391,470	(266,490)
Decrease in inventories		56,926	13,793
Decrease/(increase) in contract assets		1,600	(593)
Increase in employee benefits		67,429	27,544
Decrease in contract liabilities		(28,030)	(22,645)
(Decrease)/increase in trade and other payables		<u>(100,804)</u>	<u>222,298</u>
Cash flows generated from operating activities		999,328	575,521
Interest paid		(280,071)	(224,652)
Taxes paid		(12,036)	(14,753)
Pension contributions paid	7	<u>(52,000)</u>	<u>(56,800)</u>
Net cash flows generated from operating activities		<u>655,221</u>	<u>279,316</u>
Investing activities			
Purchase of property, plant and equipment		(245,811)	(339,080)
Interest received		224	3,178
Increase in restricted cash		<u>(119)</u>	<u>(134)</u>
Net cash flows used in investing activities		<u>(245,706)</u>	<u>(336,036)</u>

The accompanying notes form an integral part of these consolidated financial statements.

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2021
 (Expressed in thousands of Trinidad and Tobago Dollars)
 (Continued)

	Notes	2021	2020
Financing activities			
Proceeds from borrowings		–	2,920,415
Repayment of borrowings		(274,217)	(2,660,241)
Lease payments		<u>(45,345)</u>	<u>(39,152)</u>
Net cash flows (used in)/generated from financing activities		<u>(319,562)</u>	<u>221,022</u>
Net increase in cash and cash equivalents		89,953	164,302
Cash and cash equivalents at the beginning of year		<u>336,754</u>	<u>172,452</u>
Cash and cash equivalents at end of year	12	<u>426,707</u>	<u>336,754</u>

The accompanying notes form an integral part of these consolidated financial statements.

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in thousands of Trinidad and Tobago Dollars)

1. Incorporation and principal activity

Telecommunications Services of Trinidad and Tobago Limited (“TSTT” or “the Company” or “the Parent”) is a limited liability company incorporated in Trinidad and Tobago in May 1968, and on 15 April 1999 obtained its Certificate of Continuance under the Companies Act 1995. Its operations are regulated by the Telecommunications Act of 2001, subsequently amended in 2004.

The Company is domiciled in Trinidad and Tobago and its registered office is located at 1 Edward Street, Port of Spain. TSTT and its fully owned subsidiary, Amplia Communications Limited (collectively, “the Group”) are principally engaged in the provision of fixed, mobile and broadband telecommunications products and services, security surveillance and digital television services to domestic and corporate customers in Trinidad and Tobago.

Cable and Wireless (West Indies) Limited holds a 49% interest in the Company and the remaining 51% is held by National Enterprises Limited (NEL). NEL is incorporated in Trinidad and Tobago with the controlling interest held by the Ministry of Finance (Corporation Sole). NEL has a primary listing on the Trinidad and Tobago Stock Exchange.

Cable and Wireless (West Indies) Limited had continued their expressed interest in the disposal of their 49% shareholding in the Company. Final pronouncements have not been made and this decision has no effect on the financial position of the current year under review.

On 1 August 2017, the Company acquired 100% of the issued ordinary shares of Amplia Communications Limited (formerly Massy Communications Limited), a company incorporated in Trinidad and Tobago which currently provides Internet Services, Voice Services, HD TV and Security Services.

On 19 September 2017, the Company partnered with E-IDCOT in a joint venture arrangement, whereby the Company will acquire majority interest in the subsidiary, Nuklyus Company of Tobago Limited. TSTT has controlling interest with majority representation on the board of Nuklyus and voting rights. Nuklyus Company of Tobago Limited was incorporated in Trinidad and Tobago to provide Data Centre Services.

2. Significant accounting policies

i) Statement of compliance and basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), under the historical cost convention except as otherwise permitted or required by IFRS. The consolidated financial statements are presented in Trinidad and Tobago dollars, which is also its functional currency and all values have been rounded to the nearest thousand (\$'000), except when otherwise indicated.

The Group presents its consolidated statement of financial position broadly in order of liquidity based on non-current/current classification.

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in thousands of Trinidad and Tobago Dollars)

(Continued)

2. **Significant accounting policies** (continued)

ii) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of TSTT and its controlled subsidiaries (“the Group”), with coterminous year ends as at 31 March. Subsidiaries are all entities over which the Parent has the power to direct the relevant activities, has exposure or rights to variable returns, and the ability to use its power to affect the returns of the investee, generally accompanying a shareholding of more than 50% of the voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control.

The Group entered into a joint venture agreement with E-IDCOT, whereby the Group acquired 75% of the equity of Nuklyus Company of Tobago Limited. The Group assessed whether or not it controls this investment in accordance with IFRS 10 – Consolidated Financial Statements. Based on the application of the criteria specified in this standard, the Group has consolidated this entity into these consolidated financial statements.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases and any resultant gain or loss is recognised in the consolidated statement of comprehensive income/(loss). Any investment retained is recognised at fair value.

iii) **Changes in accounting policies and disclosures**

New and amended standards and interpretations

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020 except for the standards and interpretations noted below which became effective this year. The nature and impact of each new standard and amendment are described below.

TELECOMMUNICATIONS SERVICES OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in thousands of Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

iii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

• **Amendments to IFRS 3 Business Combinations**

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.

This amendment had no impact on the Group's consolidated financial statements.

• **Amendments to IFRS 7, IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest rate benchmarks such as Interbank Offered Rates (IBORs). They (i) modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform and (ii) require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

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2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

- **Amendments to IFRS 7, IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform** (continued)

The amendment also provides temporary exceptions from applying specific hedge accounting requirements in IFRS 9 and IAS 39 to all hedging relationships directly affected by interest rate benchmark reform. In addition, the amendments to IFRS 7 provide specific disclosure requirements regarding uncertainty arising from interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020.

This amendment had no impact on the Group's consolidated financial statements as it does not have any interest rate hedge relationships.

- **Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in Accounting Estimates - Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the consolidated financial statements. A misstatement of information is material if it could reasonably be expected to influence the decisions made by the primary users.

The amendments must be applied prospectively. Early adoption is permitted and must be disclosed.

This amendment had no impact on the Group's consolidated financial statements.

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2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

• **Amendments to IFRS 16 Leases - Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification to rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all the following conditions are met:

1. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
2. Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
3. There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

This amendment had no impact on the Group's consolidated financial statements.

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2. Significant accounting policies (continued)

iii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

• **Conceptual Framework for Financial Reporting**

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. For Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments are effective for annual reporting periods beginning on or after 1 January 2020 had no impact on the consolidated financial statements.

iv) Standards issued but not yet effective

The Group is currently assessing the potential impact of these new standards and interpretations and will adopt them, if applicable, when they become effective:

- IFRS 17 – Insurance Contracts - Effective 1 January 2023
- Amendments to IAS 1: Classification of liabilities as current or non-current - Effective 1 January 2023
- IAS 16 – Amendments regarding proceeds before intended use - Effective 1 January 2022
- Annual improvements to IFRS standards 2018-2020 - Effective 1 January 2022
- IAS 37 – Amendments regarding onerous contracts - Effective 1 January 2022
- IFRS 3 – Amendments regarding a reference to the conceptual framework - Effective 1 January 2022

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(Continued)

2. Significant accounting policies (continued)

v) Improvements to International Financial Reporting Standards

The annual improvement process of the International Accounting Standards Board deals with non-urgent, but necessary clarifications and amendments to IFRS. The following amendments are applicable to periods beginning on or after 1 January 2020, but have resulted in no material change to the consolidated financial statements.

IFRS Subject of Amendment

IFRS 1 IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

IFRS 9 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

IAS 41 IAS 41 Agriculture – Taxation in fair value measurements

vi) Significant accounting judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are shown below:

- Going Concern – The Group's management has made an assessment of the Group's ability to continue as a going concern and has concluded that the Group has the resources to continue in business for the foreseeable future. Therefore, the Group's consolidated financial statements are prepared on the going concern basis. The Group had disclosed its going concern assessment in Note 28.
- Mobile rollover minutes - The Group has estimated the value of mobile rollover minutes based on an average price per minute within the base bundle of the various plans.
- Provision for back-pay - A provision for the potential increase in employee costs (retroactive salaries) is included as employee benefits in the consolidated statement of financial position, as negotiations between the Group and the Recognised Bargaining Unit continues. The final impact of this provision will be determined upon settlement of these negotiations.
- Provision for expected credit losses - The Group's policy on the provision for expected credit losses reflects the nature of each revenue stream, customer payment patterns and responses to the credit policies established and enforced (see Note 2 (viii) and Note 10).

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(Expressed in thousands of Trinidad and Tobago Dollars)
(Continued)

2. Significant accounting policies (continued)

vi) Significant accounting judgements, estimates and assumptions (continued)

- Provision for inventory obsolescence - The Group reviews on an annual basis its inventory to determine the provision that should be carried for items that are in good condition but will not be used in the foreseeable future. Provision is also made for items that have deteriorated, expired or become damaged while in stock. The provision also includes the adjustment required to write down mobile inventory to the lower of cost and net realisable value (see Note 9).
- Pension - The cost of the pension plans for the Group is determined by the use of actuarial valuations performed by external professional actuaries. Valuation results involve the use of assumptions for items such as discount rates, salary and pension increases as well as the expected rate of return on pension plan assets. The costs are best estimates and thus are subject to some uncertainty given the long-term nature of pension plans.

In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on the publicly available mortality table. Future salary increases and pension increases are based on expected future inflation rates (see Note 7).

- Impairment of non-financial assets – The Group reviews on an annual basis its impairment on the Cash Generating Unit (CGU). Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from pre-tax forecast cash flow for the next five years and do not include restructuring activities that the Group has not yet committed or significant future investments that will enhance the asset's performance of the CGU being tested. Judgement is also involved in the determination of the Cash Generating Unit (CGU) for impairment testing (see note 2 (xii)).
- Change in Useful Lives of Property, Plant and Equipment - The Group performs an annual review of the useful lives of its property, plant and equipment. Based on the results of this review, adjustments are made to the relevant depreciation rates as necessary (see Note 2 (x) and Note 3).

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(Continued)

2. Significant accounting policies (continued)

vi) Significant accounting judgements, estimates and assumptions (continued)

- Assets held for sale - Assets are classed as held for sale if they meet the criteria to be classed as held for sale under IFRS 5. The following conditions must be met for an asset to be classified as held for sale:
 - i. The asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets.
 - ii. The sale is highly probable, within 12 months of classification as held for sale.
 - iii. It must genuinely be sold, not abandoned.

For the sale to be highly probable:

- i. The appropriate level of management must be committed to a plan to sell the assets.
- ii. An active programme to locate a buyer and complete the plan must have been initiated.
- iii. The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- iv. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

For more details on the assets held for sale refer to Note 2 (xxx) and Note 5.

- Leases

Estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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2. Significant accounting policies (continued)

vi) Significant accounting judgements, estimates and assumptions (continued)

• Leases (continued)

Determining the lease term of contract with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Taxes - Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has \$1,901.1m (2020: \$1,811.4m) of tax losses carried forward. These losses do not expire. The Group does not have any taxable temporary difference or any tax planning opportunities available that could support the recognition a deferred tax asset on the total unutilized tax losses. On this basis, the Group has written down its deferred tax asset to match its deferred tax liabilities. Further details on taxes are disclosed in Note 8.

• Impact of Covid-19

Background

Covid-19, is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organization (WHO) on March 11, 2020. Covid-19 and the measures to slow the spread of the virus had a significant impact on global economies. The Group has considered the impact of Covid-19 in preparing its consolidated financial statements.

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(Continued)

2. Significant accounting policies (continued)

vi) Significant accounting judgements, estimates and assumptions (continued)

- Impact of Covid-19 (continued)

Consideration of the consolidated statement of financial position and further disclosures

Provision for inventory obsolescence

The Group reviews on an annual basis its inventory to determine the provision that should be carried for items of inventory held at the end of each period.

In response to the COVID-19 pandemic, the Group assessed the need to adjust its policy for the possible deterioration, expiration or damage of its stock inclusive of the adjustment required to write down mobile inventory to the lower of cost and net realizable value. Based on the analysis performed as at 31 March 2021, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

Expected credit losses

The Group adopted the simplified approach for determining the provision for expected credit losses, as permitted by IFRS 9.

In response to the COVID-19 pandemic, the Group assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of receivables and various applicable macroeconomic factors. Based on the analysis performed as at 31 March 2021, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

Going concern

In accordance with the requirements of IAS 1 'Presentation of Financial Statements', the Group performed a going concern assessment as of the reporting date. While the COVID-19 pandemic has heightened the inherent uncertainty in the going concern assessment, the Group has concluded that there are no material uncertainties that may cast significant doubt on the ability of its subsidiaries to continue to operate as a going concern. The consolidated financial statements have therefore been prepared on the going concern basis. The Group had disclosed its going concern assessment in Note 28.

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(Continued)

2. Significant accounting policies (continued)

vii) Foreign currency translation

Foreign currency transactions during the period are converted at the rates ruling at the date of the transaction or at a rate which approximates the actual rate. Monetary assets and liabilities in foreign currencies at the reporting date are translated at rates ruling at that date. Exchange differences thus arising are recognised in the consolidated statement of comprehensive income/(loss).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

viii) Trade and other receivables

Trade receivables are recognised initially at fair value which equates to the original invoice and subsequently measured at amortised cost using the effective interest rate method less loss allowance. The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of sale. The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income/(loss).

When an account receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of comprehensive income/(loss).

ix) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its contracted obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

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(Continued)

2. Significant accounting policies (continued)

ix) Contract balances (continued)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

x) Property, plant and equipment

a. Plant in service

Property, plant and equipment are stated at cost, net of accumulated depreciation, accumulated impairment losses, if any, with the exception of land. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Cost does not include routine servicing and repair but includes major replacements once the recognition criteria of IAS 16 *Property, Plant and Equipment* are met.

Depreciation is charged so as to amortise the cost of assets, other than plant under construction, over their estimated useful lives, using the straight-line method.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income/(loss).

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2. **Significant accounting policies** (continued)

x) **Property, plant and equipment** (continued)

a. **Plant in service** (continued)

The estimated useful lives of depreciable property, plant and equipment are as follows:

Properties

Freehold properties	50 years
Leasehold properties	Over the period of lease

Technical assets

Central office equipment	3-15 years
Customers' installations	3 years
External cable plant	8-18 years
Plant and machinery	15 years
Towers	20 years
Underground conduit	40 years
Share of cable systems	15 years
Security equipment	3-5 years

Other

Air conditioning	10 years
Furniture and office equipment including computers	3-10 years
Tools and implements	5 years
Vehicles	4-5 years

Land is not depreciated as it is deemed to have an indefinite life. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b. **Plant under construction**

Property, plant and equipment under construction are recorded as plant under construction (PUC) until they are ready for their intended use. Thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives. The cost of PUC includes allocation of labour and overhead which are directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management in accordance with IAS 16 *Property, Plant and Equipment*.

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2. Significant accounting policies (continued)

x) Property, plant and equipment (continued)

c. Repairs and renovations

Repairs and renovations are normally expensed as they are incurred. Expenditure is reported as assets only if the amounts involved are substantial and one or more of the following conditions are satisfied:

- the original useful life is prolonged;
- the production/service capacity is increased;
- the quality of the products/services is enhanced materially; or
- production/service costs are reduced considerably.

xi) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group does not have intangible assets with indefinite lives.

Intangible assets with finite lives are amortised over their estimated economic useful lives and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least once for each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the consolidated statement of comprehensive income/(loss) in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognising an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income/(loss) when the asset is derecognised.

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2. Significant accounting policies (continued)

xi) Intangible assets (continued)

Intangible assets comprise expenditure on Indefeasible Rights of Use (IRUs) which are contracts with related and third parties that provide the Group with dedicated wavelength bandwidth arising from the submarine cable system (Note 2 xiii). These intangible assets are amortised over the shorter of the expected period of use and the life of the contract on a straight-line basis. The expected useful life of intangible assets is between 3 – 10 years.

xii) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset is impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. Judgement is involved in the determination of the CGU.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows for a period of five (5) years are discounted to their present value using a pre-tax discount rate, which reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

An impairment loss is recognised immediately in the consolidated statement of comprehensive income/(loss).

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2. Significant accounting policies (continued)

xii) Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. The reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income/(loss). Judgement is also involved in the determination of the CGU. During the year, based on a re-assessment of the applicable CGU as performed by Management, it was concluded that the Group consisted of two CGU's at the year end.

xiii) Interest in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and other operating policy decisions relating to the joint venture's activities require the unanimous consent of the parties sharing control.

The Group has interests in joint ventures via jointly controlled assets. Each venturer may take a share of the output from the assets and each bears an agreed share of the expenses incurred. The Group recognises its interest in the joint venture as an item of property, plant and equipment e.g. submarine cable system. Any expenses that it has incurred in respect of its interest in the joint venture, for example operating and maintenance costs are recognised as operating expenditure in the consolidated statement of comprehensive income/(loss).

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2. Significant accounting policies (continued)

xiv) Employee benefits

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan.

a. Defined benefit plans

The Group operates two defined benefit plans, namely the TELCO Staff Pension Plan and the TSTT Pension Plan. The current employees are all covered by either the TELCO Staff Pension Plan or the TSTT Pension Plan.

For defined benefit plans, the cost of providing benefits is determined separately for each plan using the projected unit credit method, with actuarial valuations being carried out at each reporting date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to accumulated deficit through the other comprehensive income/(loss) component of the consolidated statement of comprehensive income/(loss) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'personnel costs' in the consolidated statement of comprehensive income/(loss):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income.

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2. Significant accounting policies (continued)

xiv) Employee benefits (continued)

b. Defined contribution plans

Amplia Communications Limited operate a defined contribution plan. They pay contributions to a financial institution on a mandatory, contractual or voluntary basis. Amplia employees make defined contributions toward a tax incentive saving plan.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

For the year ending 31 March 2021, Amplia Communications Limited contributions were \$1.8m. The expected contributions for year ended 31 March 2022 is \$1.8m.

xv) Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments carried on the consolidated statement of financial position include cash at bank, trade and other receivables, trade and other payables, borrowings and lease liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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2. Significant accounting policies (continued)

xvi) Taxation

a. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Current and deferred tax shall be recognised as income or as expenses and included in the consolidated statement of comprehensive income/(loss) for the period, except to the extent that the tax arises from a transaction or event which is recognised in the same or a different period, outside profit or loss, either in other comprehensive income/(loss) or directly in equity irrespectively.

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(Expressed in thousands of Trinidad and Tobago Dollars)
(Continued)

2. Significant accounting policies (continued)

xvii) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of comprehensive income/(loss).

Following a business combination, the Group has a period of not more than twelve months from the date of acquisition to finalise the acquisition fair values of assets acquired and liabilities assumed including the valuations of identifiable intangible assets.

xviii) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past transaction or event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognised in the consolidated statement of comprehensive income/(loss).

Provisions are measured as management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Restructuring provision

The restructuring provision is recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the number of employees affected, detailed estimate of the associated costs and an appropriate timeline and the employees have been notified of the plan's main feature.

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2. **Significant accounting policies** (continued)

xix) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

a) **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and Building	1 to 15 years
- Motor Vehicle	1 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

b) **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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2. Significant accounting policies (continued)

xix) Leases (continued)

Group as a lessee (continued)

b) Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

xx) Trade and other payables

Trade and other payables, which are normally settled on 30-90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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(Continued)

2. Significant accounting policies (continued)

xxi) Inventories

Inventories held for use in the maintenance of the Group's telecommunications systems are stated at landed cost, less provision for deterioration and obsolescence. Inventory held for resale are stated at the lower of cost and net realisable value.

xxii) Cash and cash equivalents

Cash and cash equivalents for the purpose of the consolidated statement of cash flows comprise cash at banks (excluding restricted cash), cash on hand, short-term deposits and is net of bank overdraft. Short-term deposits are repayable within 24 hours' notice with insignificant loss of interest and with no loss on principal.

xxiii) Revenue from contracts with customers

The Group applies the five-step model to determine when to recognise revenue and at what amount. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, for example Value Added Tax. The Group recognises revenue when it transfers control over a product or service to a customer at the amount to which the Group expects to be entitled i.e. transaction price. Depending on whether certain criteria are met, revenue is recognised either:

- a. over time, in a manner that best reflects the entity's performance; or
- b. at a point in time, when control of the products or services is transferred to the customer.

Part of the Group's offerings include add-on services. These contract modifications are not part of the customer's original contract and as such revenue is recognised for add-on services as incurred.

Amplia Communications Limited delivers its security service to its customers by utilising the Parent's equipment and alarm monitoring services. The Parent is responsible for the installation, upholding service level agreements with the end customer, providing support and maintenance.

Based on the considerations identified in IFRS 15, Amplia concludes that it is the principal to the contract with the end customer considering that Amplia bears the credit risk associated with the sale.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

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(Continued)

2. Significant accounting policies (continued)

xxiii) Revenue from contracts with customers (continued)

Bundled Sales Packages

These bundled services are provided concurrently, therefore the Group has concluded that it is acceptable to account for such packages as a single performance obligation as they have the same pattern of transfer.

Installation Fees

The Group previously recognised installation fees as revenue when they were incurred. Under IFRS 15, the Group has continued to recognise the revenue on those installation fees immediately upon inception of the contract as it is considered to be a separate performance obligation and is satisfied at the point in time in which the Group completes the installation activities.

Termination Fees

These fees, whilst applicable and enforceable, were considered to be immaterial and as a result the accounting for contracts with such fees were recognised on a monthly basis as incurred.

Nature of goods and services/ performance obligations

i. Fixed line

Fixed line revenues are recorded based on usage of the Group's network, facilities and contract fees. Fixed rental fees are billed one month in advance on a cyclical basis and recognised as revenue in the month in which the service is provided. This is classified under Converged revenue (see Note 17).

ii. Mobile services

Mobile services include airtime usage, data, text services and roaming. The Group recognises revenue as mobile services are provided to customers.

Post-paid mobile service revenue is recorded based on monthly package rental fees plus additional revenue for any usage in excess of allocated package minutes, whether billed or unbilled. Access revenue is billed one month in advance and recognised as revenue when earned. Mobile services are billed and paid on a monthly basis.

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(Expressed in thousands of Trinidad and Tobago Dollars)
(Continued)

2. Significant accounting policies (continued)

xxiii) Revenue from contracts with customers (continued)

Nature of goods and services/performance obligations (continued)

ii. Mobile services (continued)

Prepaid mobile service credits are recognised based upon usage of prepaid credits by customers. Revenue relating to unused prepaid credits is deferred into a deferred revenue account until usage occurs. This is classified under Mobile revenue (see Note 17).

iii. Mobile dealers

For equipment sales made to intermediaries, the Group determines the nature of the performance obligation (i.e. whether the obligation is to transfer the product to the dealer or to transfer the product to the end-customer). This determination is based on whether control of the product passes to the intermediaries at delivery. The Group has concluded that all control is passed on to the intermediaries at delivery and therefore revenue is recognised at this point. This is classified under Mobile revenue (see Note 17).

iv. Broadband, security and digital television

The Group typically offers arrangements that include varying service combinations, such as broadband, IPTV and security. Each service is also regularly sold separately.

For unbundled services, revenue is recognised based on monthly package rental except when a customer usage exceeds its package additional revenue is recognised as incurred.

For these services sold in a bundle arrangement, for practical reasons, dissimilar services delivered concurrently can be treated as one performance obligation when they have the same pattern of transfer. Broadband and digital television is classified under Converged revenue, whilst security revenue is classified under Security revenue (see Note 17).

v. Directory advertising

This represents amounts billed to customers for published directory yellow pages and online advertising. Revenue is recognised when publication and delivery of the books have taken place and for the online advertising when the advertisements are placed online. This is classified under Enterprise revenue (see Note 17).

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2. Significant accounting policies (continued)

xxiii) Revenue from contracts with customers (continued)

Nature of goods and services/performance obligations (continued)

vi. Business services

This represents, in general, revenues on contracts to supply and install equipment. The contracts are generally completed within one to two years. On completion of the contracts, revenues are recognised and the related costs are offset against the deferred charges which had been recorded over the life of the contracts and the resulting profit or loss is recognised in the consolidated statement of comprehensive income/(loss). This is classified under Enterprise revenue (see Note 17).

vii. Other revenues

Other telecommunication services revenues, including leased circuits are recorded when the services are rendered to customers. This is classified under Carrier and Legacy revenue (see Note 17).

viii. Interest revenue

Interest revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless recoverability is in doubt.

xxiv) Loans and borrowings

Loans are recognised initially at fair value net of directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated statement of comprehensive income/(loss) when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the consolidated statement of comprehensive income/(loss).

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender under substantially different terms, such an exchange is treated as a derecognition of the original liability and the recognition of a new liability and the difference between the respective carrying amounts is recognised in the consolidated statement of comprehensive income/(loss).

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2. Significant accounting policies (continued)

xxv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

xxvi) Equity movements

Stated capital

Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares or options are shown as a reduction in equity, net of tax.

Dividends

Dividend distribution to the Group's shareholders is recognised as an appropriation in the consolidated financial statements in the period in which the dividends are approved by the Board of Directors.

xxvii) Fair value measurement

Fair values of financial instruments measured at amortised cost are disclosed in Note 22 e). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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2. Significant accounting policies (continued)

xxvii) Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

See Note 22 e) for further details on the valuation techniques and inputs used to account for financial instruments measured at fair value.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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(Continued)

2. Significant accounting policies (continued)

xxviii) Consolidation

The consolidated financial statements comprise the financial statements of TSTT and the controlled subsidiaries, Amplia Communications Limited and Nuklyus Company of Tobago Limited. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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2. Significant accounting policies (continued)

xxviii) Consolidation (continued)

Non-controlling interests represent the interests not held by the Group, in Nuklyus Company of Tobago Limited. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

xxvix) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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2. Significant accounting policies (continued)

xxx) Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

xxxi) Comparative information

Changes in presentation were made to the comparative information of the previous year (2020) for property, plant and equipment and inventory in the consolidated financial statements to allow consistent presentation with the current year. These changes had no effect on the operating result, profit after taxation, net cashflows or net assets of the Group for the previous year (2020).

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3. Property, plant and equipment

	Properties	Technical assets	Furniture office & other equipment	Plant under construction	Total
At 31 March 2021					
Cost	628,748	9,052,627	2,040,670	517,903	12,239,948
Accumulated depreciation	(237,353)	(7,139,387)	(1,730,272)	–	(9,107,012)
Accumulated impairment	–	(779,704)	(5,568)	(38,701)	(823,973)
Net book value	<u>391,395</u>	<u>1,133,536</u>	<u>304,830</u>	<u>479,202</u>	<u>2,308,963</u>
At 1 April 2020	472,700	1,220,679	419,092	485,545	2,598,016
Additions	–	16,813	2,055	226,943	245,811
Transfers from WIP	604	226,235	6,447	(233,286)	–
Transfers to held for sale (Note 5)	(69,425)	(736)	(2,824)	–	(72,985)
Other movements	–	166	–	–	166
Depreciation charge	(12,485)	(329,620)	(119,940)	–	(462,045)
31 March 2021	<u>391,395</u>	<u>1,133,536</u>	<u>304,830</u>	<u>479,202</u>	<u>2,308,963</u>

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3. Property, plant and equipment (continued)

	Properties	Technical assets	Furniture office & other equipment	Plant under construction	Total
At 31 March 2020					
Cost	757,366	9,177,635	2,186,473	534,624	12,656,098
Accumulated depreciation	(284,666)	(7,187,628)	(1,761,813)	–	(9,234,107)
Accumulated impairment	–	(769,328)	(5,568)	(49,079)	(823,975)
Net book value	<u>472,700</u>	<u>1,220,679</u>	<u>419,092</u>	<u>485,545</u>	<u>2,598,016</u>
At 1 April 2019	477,333	1,299,154	499,274	398,504	2,674,265
Additions	–	24,128	348	372,556	397,032
Transfers from WIP	10,281	257,282	17,952	(285,515)	–
Depreciation charge	(14,914)	(359,885)	(98,482)	–	(473,281)
31 March 2020	<u>472,700</u>	<u>1,220,679</u>	<u>419,092</u>	<u>485,545</u>	<u>2,598,016</u>

Capitalised borrowing costs

TSTT commenced deployment of its Mobile Long-Term Evolution Strategy, referred to as the MLTS Program in October 2015. The MLTS program was initially scheduled to be undertaken using a phased approach which include the expansion (coverage) and upgrade (enhanced capacity) of the existing mobile radio access, circuit core and packet core networks. The MLTS was developed to improve the quality of the wireless voice and high-speed broadband data services being demanded by our customers and thus to ensure the continued viability of the TSTT's Mobile Business. The MLTS program, is expected to be completed in March 2022 and is financed by a third party in a common arrangement with the related liability recorded as part of borrowings (see Note 14). The total expenditure on the MLTS program as at 31 March 2021 was \$647.8m (2020: \$587.3m)

The amount of borrowing costs capitalised during the year ended 31 March 2021 in relation to the MLTS program was \$3.0m (2020: \$5.3m).

Changes in useful lives

The Group has no idle property, plant and equipment. The total labour costs capitalised for the year ended 31 March 2021 amounted to \$6.9m (2020: \$6.2m).

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3. Property, plant and equipment (continued)

Share of cable systems

Share of cable systems refers to the Group's interest in jointly controlled submarine cable systems built by a consortium of telecommunication operators.

4. Intangible assets

	2021	2020
Cost		
At 1 April	158,756	158,756
Disposal	<u>(1,138)</u>	<u>—</u>
At 31 March	<u>157,618</u>	<u>158,756</u>
Accumulated amortisation and impairment		
At 1 April	139,586	134,192
Charge for the year	5,392	5,394
Disposals	<u>(1,138)</u>	<u>—</u>
At 31 March	<u>143,840</u>	<u>139,586</u>
Net carrying amount	<u>13,778</u>	<u>19,170</u>

The intangible assets recognised during the year relates to the purchase of exclusive and indefeasible rights of use of capacity in an international subsea fibre optic cable system.

5. Assets held for sale

Due to the restructuring of the Group in 2018, a number of properties owned by the Group became vacant. During the current financial period, eleven (11) properties were identified as "excess" properties and approval was given by the Board of Directors for the sale of these properties.

The Group is undertaking the sale of eleven (11) properties which includes land and building. These properties are being sold free from all encumbrances and prior to the completion of sale.

As at 31 March 2021, seven (7) properties met the criteria to be classified as 'Held for Sale' under IFRS 5 and therefore have been reclassified from property, plant and equipment to held for sale (current assets) on the statement of financial position.

As at the date of reclassification to held for sale, an impairment review was conducted as required by IFRS 5. An impairment is recognized where the carrying value is lower than the fair value less cost to sell. Based on this impairment assessment an impairment expense of \$5.1m was recognized in the consolidated statement of comprehensive income/(loss).

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5. Assets held for sale (continued)

As at 31 March 2021 assets held for sale are as follows:

	Properties	Technical assets	Furniture office & other equipment	Total
At 31 March 2021				
Cost	129,223	4,550	7,530	141,303
Accumulated depreciation	<u>(59,798)</u>	<u>(3,814)</u>	<u>(4,706)</u>	<u>(68,318)</u>
Net book value (Note 3)	69,425	736	2,824	72,985
Impairment charge	<u>(5,096)</u>	—	—	<u>(5,096)</u>
Assets held for sale	<u>64,329</u>	<u>736</u>	<u>2,824</u>	<u>67,889</u>

6. Leases

Set out below, are the carrying amount of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Land and building	Right of use assets Motor vehicles	Total assets
Balance as at 1 April 2020	97,734	19,632	117,366
Additions during the year	46,685	17,416	64,101
Disposals	(2,067)	—	(2,067)
Depreciation expense	<u>(30,660)</u>	<u>(18,340)</u>	<u>(49,000)</u>
As at 31 March 2021	<u>111,692</u>	<u>18,708</u>	<u>130,400</u>

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6. Leases (continued)

	Land and building	Lease liabilities Motor vehicles	Total liabilities
Balance as at 1 April 2020	101,353	20,107	121,460
Additions during the year	46,647	17,417	64,063
Disposals	(2,183)	–	(2,183)
Interest expense	8,234	1,017	9,251
Rent concession	(384)	–	(384)
Payments	<u>(34,923)</u>	<u>(19,673)</u>	<u>(54,596)</u>
As at 31 March 2021	<u>118,744</u>	<u>18,868</u>	<u>137,612</u>
Current lease liabilities	24,619	8,232	32,851
Non-current lease liabilities	<u>94,126</u>	<u>10,635</u>	<u>104,761</u>
As at 31 March 2021	<u>118,745</u>	<u>18,867</u>	<u>137,612</u>

Maturity analysis of lease and interest payments as at 31 March 2021:

	One year	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	After 5 years	Total
Land and building	24,619	24,006	24,262	23,539	22,319	118,745
Motor vehicles	<u>8,232</u>	<u>6,261</u>	<u>4,374</u>	–	–	<u>18,867</u>
	<u>32,851</u>	<u>30,267</u>	<u>28,636</u>	<u>23,539</u>	<u>22,319</u>	<u>137,612</u>

	Land and building	Right of use assets Motor vehicles	Total assets
Balance as at 1 April 2019	118,694	37,980	156,674
Additions during the year	3,801	–	3,801
Depreciation expense	<u>(24,761)</u>	<u>(18,348)</u>	<u>(43,109)</u>
As at 31 March 2020	<u>97,734</u>	<u>19,632</u>	<u>117,366</u>

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6. Leases (continued)

	Land and building	Lease liabilities Motor vehicles	Total liabilities
Balance as at 1 April 2019	118,694	37,980	156,674
Additions during the year	3,801	–	3,801
Interest expense	6,407	1,787	8,194
Payments	<u>(27,549)</u>	<u>(19,660)</u>	<u>(47,209)</u>
As at 31 March 2020	<u>101,353</u>	<u>20,107</u>	<u>121,460</u>
Current lease liabilities	19,287	18,408	37,695
Non-current lease liabilities	<u>81,007</u>	<u>2,758</u>	<u>83,765</u>
As at 31 March 2020	<u>100,294</u>	<u>21,166</u>	<u>121,460</u>

Maturity analysis of lease and interest payments as at 31 March 2020:

	One year	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	After 5 years	Total
Land and building	19,287	20,057	17,822	13,277	30,910	101,353
Motor vehicles	<u>18,408</u>	<u>1,689</u>	<u>10</u>	<u>–</u>	<u>–</u>	<u>20,107</u>
	<u>37,695</u>	<u>21,746</u>	<u>17,832</u>	<u>13,277</u>	<u>30,910</u>	<u>121,460</u>

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 5.11%

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6. Leases (continued)

The Group's leasing activities

The Group leases land, buildings and vehicles:

- Buildings are leased for administrative purposes;
- Land is generally leased for the purpose of setting up cell sites; and
- The lease of vehicles is generally for terms of 3 to 5 years. These vehicles are generally used in the day to day activities of the Group which includes maintenance and operational activities.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After that commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

The Group included the renewal period as part of the lease term for leases of buildings due to the significance of these assets to its operations. The renewal options for other leases were not included as part of the lease term because these are not reasonably certain to be exercised.

7. Defined benefit plan assets

The Group currently operates two defined benefit plans, namely the TELCO Staff Pension Fund Plan and the TSTT Pension Plan (the pension plans). The current employees are all contributors to either the TELCO Staff Pension Fund Plan or the TSTT Pension Plan. These plans are governed by the deeds and rules of the specific plan and the employment laws relevant to the jurisdictions in which they operate. The level of pension benefits provided under the defined benefit plans depends on the member's length of service and salary at retirement age. The defined benefit pension plans require contributions to be made to separately administered funds. These funds have a separate legal form and are governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Other than the historic purchases of immediate annuity policies for some of the TELCO Plan's longer standing pensioners, there are no asset-liability matching strategies used by the pension plans.

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7. **Defined benefit plan assets** (continued)

The Board of Trustees periodically reviews the level of funding in the pension plans. Such a review includes the asset-liability matching strategy and investment risk management policy. The pension plans are exposed to inflation, interest rate risks and changes in the life expectancy for pensioners in the relevant jurisdictions. As the plan assets include significant investments in quoted equity shares, the Group is also exposed to equity market risk.

The TEXTEL Pension Plan has been wound up based on a judgment issued by the High Court on 12 June 2009 and its assets were distributed in accordance with the Settlement Agreement dated 26 January 2009. In particular, the closing defined benefit asset as at 31 March 2021 included \$18.5m from the TEXTEL Plan, representing the residual amount that will eventually be paid to the Group under the Settlement Agreement.

Method and Assumptions

The defined benefit obligation as at 31 March 2021 was made on the following assumptions:

- a) The TSTT and TELCO Pension Plans will be merged into a single Merged Plan in the foreseeable future with no change to the scale of benefits provided.
- b) The merger will be completed in such a way that the entire amount of both the TSTT and TELCO Plans will remain as surplus in the Merged Plan surplus. This means that:
 - (i) No part of the TSTT and TELCO Plan surplus will be vested as additional benefits payable to former members of the two plans in the Merged Plan;
 - (ii) Whilst the Merged Plan is ongoing the surplus that originated in the TSTT and TELCO Plan will be available to support reduced Company contributions in respect of all contributors to the Merged Plan rather than just the respective former members of those two Plans.
- c) A discount rate of 5.75% per annum and allowances for future general salary increases of 3.5% per annum.

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7. **Defined benefit plan assets** (continued)

Amounts recognised in the consolidated statement of financial position	2021	2020
Present value of defined benefit plan obligation	(3,698,000)	(3,770,600)
Fair value of defined benefit plan assets	<u>4,679,800</u>	<u>4,303,700</u>
Net defined benefit plan asset	<u>981,800</u>	<u>533,100</u>
Amounts recognised in the consolidated statement of comprehensive income/(loss)		
Current service cost	44,900	49,700
Net interest income	(29,400)	(42,300)
Curtailment	17,500	–
Expense allowance	<u>2,100</u>	<u>2,300</u>
Net benefit cost	<u>35,100</u>	<u>9,700</u>
Changes in the present value of the defined benefit plan obligation		
At 1 April	3,770,600	3,703,800
Service cost	44,900	49,700
Interest costs	203,900	198,600
Members' contribution	14,200	14,000
Curtailment	17,500	–
Experience adjustments	(9,700)	10,300
Actuarial losses from changes in demographic assumptions	–	46,800
Actuarial gains from changes in financial assumptions	(157,000)	–
Benefits paid	<u>(186,400)</u>	<u>(252,600)</u>
At 31 March	<u>3,698,000</u>	<u>3,770,600</u>
Changes in the fair value of the defined benefit plan assets		
At 1 April	4,303,700	4,470,600
Interest income	233,300	240,900
Expected return on plan asset	265,100	(223,700)
Employer contributions	52,000	56,800
Members' contributions	14,200	14,000
Expense allowance	(2,100)	(2,300)
Benefits paid	<u>(186,400)</u>	<u>(252,600)</u>
At 31 March	<u>4,679,800</u>	<u>4,303,700</u>

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7. **Defined benefit plan assets** (continued)

Reconciliation of the opening and closing consolidated statement of financial position entries	2021	2020
Opening defined benefit plan asset	533,100	766,800
Net benefit cost (Note 19 a))	(35,100)	(9,700)
Re-measurements recognised in other comprehensive income/(loss)	431,800	(280,800)
Employer contributions	<u>52,000</u>	<u>56,800</u>
Closing benefit plan asset	<u>981,800</u>	<u>533,100</u>

The fair value of defined benefit plan assets at the reporting date is analysed as follows:

	2021	2020
Locally listed equities	1,365,800	1,387,800
Overseas equities	719,100	575,300
TT\$ bonds	1,478,400	1,525,600
US\$ bonds	611,900	458,700
Cash and cash equivalents	502,200	351,300
Other (annuity policies)	<u>2,400</u>	<u>5,000</u>
Total	<u>4,679,800</u>	<u>4,303,700</u>

The plan assets do not include any of the Group's own financial instruments, nor any property controlled by, or other assets used by the Group.

Summary of principal actuarial assumptions:

	2021	2020
	% pa	% pa
Discount rate	5.75	5.50
Salary increases	3.50	4.00
Pension increases	1.00	1.00

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7. Defined benefit plan assets (continued)

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at 31 March are as follows:

	2021	2020
Life expectancy at age 60 for current pensioners in years		
Male	21.8	21.8
Female	26.1	26.0
Life expectancy at age 60 for current members age 40 in years		
Male	22.7	22.7
Female	27.0	27.0

The weighted average duration of the defined benefit obligation at the end of the reporting period is 13.5 years (2020: 13.5yrs). 100% of the value of the benefits for active members is vested. 27% of the defined benefit obligation for active members is conditional on future salary increases.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation would have changed as a result of a change in the assumptions used.

31 March 2021	1% p.a. increase	1% p.a. decrease
Discount rate	(357,100)	440,800
Future salary increases	68,500	(59,200)
31 March 2020	1% p.a. increase	1% p.a. decrease
Discount rate	(394,000)	490,700
Future salary increases	95,000	(83,100)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 March 2021 by \$71.4m (2020: \$69.6m).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

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7. Defined benefit plan assets (continued)

Estimated expected Company pension plans contributions

The best estimate of expected Group's pension plan contributions to be paid for the period 1 April 2020 to 31 March 2021 amounts to approximately \$37.4m (1 April 2020 to 31 March 2021: \$55.1m).

The Plans' financial funding position is assessed by means of actuarial valuations carried out by an independent professional actuary. The Group meets the balance of the cost of funding the defined benefit Pension Plans and the Group must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plans and the assumptions used to determine the funding required may differ from those set out above. The statutory funding valuation which was due as at 31 March 2021 has not been completed and is still ongoing. It was recommended that the Group's contributions be at a rate of 16.1% on TSTT plan and 5% on the TELCO plan until the next actuarial valuation.

8. Income tax (income)/expense

a) Components of the taxation (income)/expense	2021	2020
Deferred tax (income)/expense (Note 8 (c))	(141,370)	87,963
Business levy	<u>12,928</u>	<u>15,535</u>
Taxation (income)/expense	<u>(128,442)</u>	<u>103,498</u>
 b) Reconciliation of expected taxation (income)/expense to effective taxation (income)/expense		
Loss before tax	<u>(222,067)</u>	<u>(174,467)</u>
Tax at 30%	(66,620)	(52,340)
Business levy	12,928	15,535
Non-taxable income	(26,469)	(9,492)
Non-deductible expense	22,796	66,358
Other permanent differences	1,113	5,688
Movement in deferred tax asset	<u>(72,190)</u>	<u>77,749</u>
Taxation (income)/expense	<u>(128,442)</u>	<u>103,498</u>

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8. Income tax (income)/expense (continued)

c) Movement in deferred tax

	2020	(Charge)/ credit to income	Credit/ (charge) to OCI	2021
Deferred tax asset				
Interest payable	34,946	(864)	–	34,082
Restructuring payable	1,651	(1,181)	–	470
Provisions – IFRS 9 impact	81,465	(58,826)	–	22,639
Lease liabilities	1,116	840	–	1,956
Provision - inventory	7,213	(5,855)	–	1,358
Unrealized currency loss	–	3,220	–	3,220
Unutilised tax losses	<u>234,453</u>	<u>212,370</u>	<u>–</u>	<u>446,823</u>
	<u>360,844</u>	<u>149,704</u>	<u>–</u>	<u>510,548</u>
Deferred tax liabilities				
Unrealised currency loss	(2,080)	2,080	–	–
Defined benefit plan asset	(244,170)	79,168	–	(165,002)
Re-measurement of defined benefit plan	84,240	(84,240)	(129,540)	(129,540)
Property, plant and equipment	<u>(210,664)</u>	<u>(5,342)</u>	<u>–</u>	<u>(216,006)</u>
	<u>(372,674)</u>	<u>(8,334)</u>	<u>(129,540)</u>	<u>(510,548)</u>
Net deferred tax		<u>141,370</u>	<u>(129,540)</u>	

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8. Income tax (income)/ expense (continued)

c) Movement in deferred tax (continued)

	2019	(Charge)/ credit to income	Credit/ (charge) to OCI	2020
Deferred tax asset				
Interest payable	5,796	29,150	–	34,946
Restructuring payable	8,963	(7,312)	–	1,651
Provision – IFRS 9 impact	50,535	30,930	–	81,465
Lease liabilities	–	1,116	–	1,116
Provision - inventory	–	7,213	–	7,213
Unutilised tax losses	<u>351,546</u>	<u>(117,093)</u>	<u>–</u>	<u>234,453</u>
	<u>416,840</u>	<u>(55,996)</u>	<u>–</u>	<u>360,844</u>
Deferred tax liabilities				
Unrealised currency loss	267	(2,347)	–	(2,080)
Defined benefit plan asset	(205,862)	(38,308)	–	(244,170)
Re-measurement of defined benefit plan	(24,180)	24,180	84,240	84,240
Property, plant and equipment	<u>(195,172)</u>	<u>(15,492)</u>	<u>–</u>	<u>(210,664)</u>
	<u>(424,947)</u>	<u>(31,967)</u>	<u>84,240</u>	<u>(372,674)</u>
Net deferred tax		<u>(87,963)</u>	<u>84,240</u>	

d) Tax losses

The Group presently has significant unutilised tax losses of \$1,901.1m (2020: \$1,811.4m) to be carried forward and offset against future taxable income. Tax losses do not expire in Trinidad and Tobago.

e) Impairment provision

Deferred tax assets on unutilised tax losses of \$446.8m have been recognised as at 31 March 2021 (2020: \$234.5m). Management considered all the evidence that could result in recognition of the deferred tax assets prior to the impairment of the assets. As at 31 March 2021 \$83.1m (2020: \$155.3m) was impaired in relation to the deferred tax asset on unutilised losses.

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9. Inventories	2021	2020
Material and supplies	63,042	77,546
Cable	13,927	15,977
Cellular	4,391	20,789
Business systems	27,549	30,335
Goods in transit	3,894	23,930
Broadband	<u>1,814</u>	<u>874</u>
	114,617	169,451
Provision for inventory obsolescence	<u>(67,335)</u>	<u>(65,243)</u>
	<u>47,282</u>	<u>104,208</u>

The write-down of inventories included under “other administrative expenses” in the consolidated statement of comprehensive income/(loss) was \$2.1m in March 2021 (2020: \$67.6m) (see Note 19(c)).

10. Trade and other receivables	2021	2020
Amount due from customers	1,393,703	1,635,048
Telecommunications administrators	<u>31,379</u>	<u>50,476</u>
Gross trade receivables	1,425,082	1,685,524
Less: Provision for expected credit losses	<u>(746,373)</u>	<u>(627,102)</u>
	678,709	1,058,422
Cable and Wireless entities (Note 20 (a)) (net of provision for expected credit losses)	217	646
Sundry debtors and prepayments	<u>132,341</u>	<u>129,755</u>
	<u>811,267</u>	<u>1,188,823</u>

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

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10. Trade and other receivables (continued)

Movements on the provision for expected credit losses is as follows:

	2021	2020
Balance as at 1 April	627,102	394,653
Charge for the year (Note 19 (c))	78,775	242,433
Additional impairment of aged receivables	22,196	–
Write backs/collections	<u>18,300</u>	<u>(9,984)</u>
At 31 March	<u>746,373</u>	<u>627,102</u>

The ageing analysis is as follows:

March 2021	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	4%	11%	14%	64%	
Gross trade receivables	141,681	50,923	107,771	1,124,707	1,425,082
Loss allowance	<u>(5,101)</u>	<u>(5,687)</u>	<u>(15,568)</u>	<u>(720,017)</u>	<u>(746,373)</u>
Net trade receivables	<u>136,580</u>	<u>45,236</u>	<u>92,203</u>	<u>404,690</u>	<u>678,709</u>
March 2020					
Expected loss rate	5%	15%	24%	45%	
Gross trade receivables	292,842	94,070	155,024	1,143,588	1,685,524
Loss allowance	<u>(15,607)</u>	<u>(16,036)</u>	<u>(42,423)</u>	<u>(553,036)</u>	<u>(627,102)</u>
Net trade receivables	<u>277,235</u>	<u>78,034</u>	<u>112,601</u>	<u>590,552</u>	<u>1,058,422</u>

See Note 22 (c) on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

The expected loss rates are based on the payment profiles of sales over a period of three (3) years before 31 March 2021 and 1 April 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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11. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2021	2020
Contract assets	4,202	5,802
Contract liabilities	44,966	72,996

The amount of revenue recognised in 2021 from performance obligations satisfied (or partially satisfied) in previous periods, is mainly due to usage of its network for prepaid services and the completion of contract obligations (see Note 16).

The contract assets primarily relate to the revenue recognised on post-paid handset and plan sales when the entity has transferred the handset to the customer and the customer has not yet paid the related consideration (see Note 16).

12. Cash and cash equivalents

	2021	2020
Short-term deposits	136,476	69,454
Cash at bank and in hand	290,231	267,300
Restricted cash	<u>6,950</u>	<u>6,831</u>
Total cash at bank	433,657	343,585
Less: Restricted cash	<u>(6,950)</u>	<u>(6,831)</u>
Total cash and cash equivalents	<u>426,707</u>	<u>336,754</u>

Restricted cash consists of a sinking fund relating to Ansa Merchant Bank Limited loans, escrow accounts established by the Group on behalf of the permanent employees within the junior and senior staff categories, as well as the estate police officers based on collective agreements.

13. Stated capital

	2021	2020
Authorised 1,300,000,000 ordinary shares of no par value		
Issued and fully paid 282,820,361(2020: 282,820,361) ordinary shares of no par value	<u>572,717</u>	<u>572,717</u>

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14. Borrowings

	Interest rate	Maturity date	2021	2020
Current interest-bearing loans and borrowings:				
Vendor financing Cisco US \$18,168,832.79	2.50%-5.24%	8-Feb-24	18,639	21,745
Vendor financing Huawei US \$84,990,254	5.50%	20-Jul 23	162,441	162,593
RBL TT\$100,000,000 commercial paper Series 1	5.21%	31-Dec-20	–	59,284
RBL TT\$100,000,000 commercial paper Series 2	5.21%	31-Dec-20	–	40,716
Other current borrowings			<u>5,810</u>	<u>7,140</u>
Total current loans and borrowings			<u>186,890</u>	<u>291,478</u>
Non-current interest-bearing loans and borrowings:				
Vendor financing Cisco US \$18,168,832.79	2.50%-5.24%	8-Feb-24	13,584	32,079
Vendor financing Huawei US \$84,990,254	5.50%	20-Jul-23	101,249	262,500
Oppenheimer US\$300,000,000 Senior Secured Notes	8.875%	18-Oct-29	1,974,681	1,960,722
Oppenheimer TT\$680,000,000 Senior Secured Notes	8.30%	18-Oct-29	662,256	660,594
Other non-current borrowings			<u>7,673</u>	<u>13,177</u>
Total non-current loans and borrowings			<u>2,759,443</u>	<u>2,929,072</u>
Total borrowings			<u>2,946,333</u>	<u>3,220,550</u>

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14. Borrowings (continued)

Currency denomination of borrowings:	2021	2020
US dollar	2,270,594	2,459,956
TT dollar	<u>675,739</u>	<u>760,594</u>
	<u>2,946,333</u>	<u>3,220,550</u>
Interest rate profile:		
Fixed rate	<u>2,946,333</u>	<u>3,220,550</u>

Cisco Capital Corporation Vendor Financing

Cisco USD\$18,168,333

This vendor financing agreement has a 60-month term for each drawdown, with quarterly payments and 3 months of payment deferrals. As at 31 March 2021, there are 23 separate drawdowns with the last payment being due February 2024. The prevailing interest rate is 2.5%-5.24% per annum for service, equipment and maintenance.

Huawei International Co. Limited and Huawei Technologies (T&T) Ltd Vendor Credit Facility

Huawei US\$84,990,254

This facility has been drawn down under 8 tranches, with total principal amounting to US\$84,990,254. Repayment is made through semiannual payments, with the first payment processed on 20 July 2017 and the last payment due 20 July 2023. The prevailing interest rate is 5.5% per annum.

Republic Bank Limited Commercial Paper

In February 2020, the Group entered into a Commercial Paper facility with Republic Bank Limited, valued at TT\$100,000,000, for working capital purposes. This facility is broken down into two parts: Series 1 for TT\$75,000,000 and Series 2 for TT\$25,000,000. The facility bears interest at a rate of 5.213% per annum, with interest due quarterly. The total principal amount outstanding was repaid on 31 December 2020.

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14. Borrowings (continued)

Oppenheimer Senior Secured Note

US\$300,000,000 and a TT\$680,000,000 Senior Secured Notes.

This facility is listed on the Luxembourg Stock Exchange and was issued effective 18 October 2019 at an interest rate of 8.875% and 8.30% per annum on the US\$300,000,000 and TT\$680,000,000 facilities respectively. Both facilities have a maturity date of 18 October 2029. Interest payments are to be made on 18 April and 18 October of each year commencing 18 April 2020. Principal repayments are to be made via six (6) semi-annual instalments commencing 18 April 2027.

The Notes are secured by a lien on substantially all assets of the Group, except the assets of the 54.5% owned subsidiary, Nuklyus. Nuklyus will be an unrestricted subsidiary and will not provide any security over its assets.

The indenture relating to the Notes will contain certain covenants, including limitations on the Group's ability to:

- a. Incur additional indebtedness;
- b. Pay dividends or make distributions in respect of capital stock or make certain other restricted payments or investments;
- c. Make certain investments;
- d. Sell assets;
- e. Create liens;
- f. Consolidate, merge, sell or otherwise dispose of all or substantially all assets;
- g. Engage in certain transactions with affiliates.

Each of the following will be an "Event of Default" under the Indenture:

- a. Default for 30 days in the payment when due of any interest or any additional amounts on the Note;
- b. Default in the payment of the principal on the note at its Maturity (upon acceleration, optional or mandatory redemption, if any, required repurchase or otherwise);
- c. Failure to comply with any covenant or agreement of the Group that is contained in the Indenture (other than specified in clause (a) or (b) above) and such failure continues for a period of 45 days or more after the written notice by the Trustee or the Holders of 25% or more in aggregate U.S. dollar equivalent amount of the Notes;

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14. Borrowings (continued)

Oppenheimer Senior Secured Note (continued)

- d. Default under the terms of any instrument evidencing or securing the debt of the Group, if that default: (i) results in the acceleration of the payment of such debt or ii) is caused by the failure to pay any principal of such debt when due by its terms after giving effect to the expiration of any applicable grace periods and such failure to make any payment has not been waived or the maturity of such debt has not been extended, and in either case the total amount of such debt unpaid or accelerated exceeds US\$15.0 million or its equivalent at the time;
- e. One or more final judgments, orders or decrees (not subject to appeal and not covered by insurance) shall be rendered against the Group (excluding the unrestricted subsidiary), either individually or in an aggregate amount, in excess of US\$15.0 million, and either a creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or there shall have been a period of 30 consecutive days or more during which a stay of enforcement of such judgment, order or decree was not (by reason of pending appeal or otherwise) in effect;
- f. The occurrence of certain events of bankruptcy, insolvency, receivership or reorganization with respect to the Group (excluding the unrestricted subsidiary).
- g. Failure to complete perfection of the liens created under the collateral documents within 30 days after the issue date or any collateral document or any lien purported to be granted thereby is held in any judicial proceeding to be unenforceable or invalid, in whole or in part, or ceases for any reason (other than pursuant to a release that is delivered or becomes effective as set forth in the Indenture) to be fully enforceable and perfected, or the Issuer shall so assert.

Other borrowings (Cisco Capital Corporation Vendor Financing)

This vendor financing agreement has a 60-month term for each drawdown, with quarterly payments and 3 months of payment deferrals. At as 31 March 2021, there are 3 separate drawdowns with the last payment being due January 2024 for the most recent draw down. The most recent agreement was updated 4 March 2020 and runs until 4 March 2023. The prevailing interest rate is 2.466% for service, equipment, and maintenance.

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15. Trade and other payables	2021	2020
Trade payables	236,016	363,562
Telecom administrators	40,191	25,657
Cable and Wireless entities (Note 20 (a))	1,834	9,778
Accrual expenses	366,530	364,425
Interest and other payables	<u>243,852</u>	<u>228,316</u>
	<u>888,423</u>	<u>991,738</u>
 16. Deferred revenues		
Mobile	39,625	64,764
Directory	(25)	20
Other	<u>5,366</u>	<u>8,212</u>
	44,966	72,996
Amount transferred to contract liabilities (Note 11)	<u>(44,966)</u>	<u>(72,996)</u>
	<u>—</u>	<u>—</u>
 Mobile deferred revenue movement:		
At 1 April	64,764	61,527
Additions during the year	440,354	550,641
Released to the consolidated statement of comprehensive income/(loss) during the year	<u>(465,493)</u>	<u>(547,404)</u>
	39,625	64,764
Transferred out of contract liabilities	<u>(39,625)</u>	<u>(64,764)</u>
As at 31 March	<u>—</u>	<u>—</u>

Deferred revenues of \$44.9m as at March 2021 (2020: \$73.0m) were reclassified under contract liabilities in accordance with IFRS 15 (Note 11).

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17. Revenue from contracts with customers

Disaggregation of revenue

In the following table, revenue is disaggregated by major products/service lines, timing of revenue recognition, contract duration, and sales channels.

2021	Converged	Carrier	Enterprise	Mobile	Security	Legacy	Total
Timing							
Transferred at a point in time	–	–	17,770	8,113	490	–	26,373
Transferred over time	<u>516,489</u>	<u>62,180</u>	<u>448,847</u>	<u>882,931</u>	<u>107,069</u>	<u>1,580</u>	<u>2,019,096</u>
Total	<u>516,489</u>	<u>62,180</u>	<u>466,617</u>	<u>891,044</u>	<u>107,559</u>	<u>1,580</u>	<u>2,045,469</u>
Customer type							
Residential	503,212	–	–	891,044	21,510	–	1,415,766
Commercial	<u>13,277</u>	<u>62,180</u>	<u>466,617</u>	–	<u>86,049</u>	<u>1,580</u>	<u>629,703</u>
Total	<u>516,489</u>	<u>62,180</u>	<u>466,617</u>	<u>891,044</u>	<u>107,559</u>	<u>1,580</u>	<u>2,045,469</u>
Contract duration							
Short term	331,828	–	17,770	488,312	490	–	838,400
Long term	<u>184,661</u>	<u>62,180</u>	<u>448,847</u>	<u>402,732</u>	<u>107,069</u>	<u>1,580</u>	<u>1,207,069</u>
Total	<u>516,489</u>	<u>62,180</u>	<u>466,617</u>	<u>891,044</u>	<u>107,559</u>	<u>1,580</u>	<u>2,045,469</u>

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17. Revenue from contracts with customers (continued)

Disaggregation of revenue (continued)

2020	Converged	Carrier	Enterprise	Mobile	Security	Legacy	Total
Timing							
Transferred at a point in time	–	–	29,653	9,590	25,604	–	64,847
Transferred over time	<u>671,142</u>	<u>82,952</u>	<u>402,147</u>	<u>1,024,162</u>	<u>246,684</u>	<u>6,311</u>	<u>2,433,398</u>
Total	<u>671,142</u>	<u>82,952</u>	<u>431,800</u>	<u>1,033,752</u>	<u>272,288</u>	<u>6,311</u>	<u>2,498,245</u>
Customer type							
Residential	659,402	–	–	1,033,752	12,749	–	1,705,903
Commercial	<u>11,740</u>	<u>82,952</u>	<u>431,800</u>	<u>–</u>	<u>259,539</u>	<u>6,311</u>	<u>792,342</u>
Total	<u>671,142</u>	<u>82,952</u>	<u>431,800</u>	<u>1,033,752</u>	<u>272,288</u>	<u>6,311</u>	<u>2,498,245</u>
Contract duration							
Short term	480,449	–	29,653	580,911	583	–	1,091,596
Long term	<u>190,693</u>	<u>82,952</u>	<u>402,147</u>	<u>452,841</u>	<u>271,705</u>	<u>6,311</u>	<u>1,406,649</u>
Total	<u>671,142</u>	<u>82,952</u>	<u>431,800</u>	<u>1,033,752</u>	<u>272,288</u>	<u>6,311</u>	<u>2,498,245</u>

18. Cost of sales

	2021	2020
Equipment usage	55,201	73,826
Out payments	158,220	225,257
Commissions	<u>118,756</u>	<u>97,818</u>
	<u>332,177</u>	<u>396,901</u>

19. Operating expenses

a) Personnel costs

Salaries and related costs	466,389	461,457
Post-employment benefits (Note 7)	<u>35,100</u>	<u>9,700</u>
	<u>501,489</u>	<u>471,157</u>

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19. Operating expenses (continued)

b) Re-organisation costs

As at 31 March 2021, the restructuring provisions amounted to nil (2020: \$1.8m) and is included as part of employee benefits provisions.

c) Other administrative expenses	2021	2020
Contract services	124,045	137,795
Provision for obsolescence (Note 9)	2,092	67,599
Rentals	15,917	62,100
License fees	35,067	20,406
Advertising	7,911	24,023
Miscellaneous	7,059	70,157
Utility expenses	24,085	25,166
Insurance	20,208	22,659
Training and foreign travel	1,760	5,949
Supplies and related expenses	4,037	6,773
Green fund levy	5,735	7,150
Janitorial service	5,293	7,524
Stationery	1,702	989
Foreign exchange loss/(gain)	12,754	(10,056)
Directors' remuneration	2,394	2,382
Rates and taxes	1,078	952
Expected credit losses charge (Note 10)	<u>78,775</u>	<u>242,433</u>
	<u>349,912</u>	<u>694,001</u>

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19.	Operating expenses (continued)	2021	2020
	d) Finance costs		
	Interest on overdrafts and other finance costs	2,084	4,353
	Interest on lease liabilities	8,722	7,539
	Interest on borrowings	<u>298,943</u>	<u>235,598</u>
		<u>309,749</u>	<u>247,490</u>
	e) Maintenance and repairs		
	Fleet costs	3,645	3,279
	Motor vehicle rentals	3,264	10,854
	Maintenance hardware, software and office equipment	98,477	121,250
	Maintenance of premises	10,160	17,601
	Maintenance of plant	88,806	148,087
	IRU Maintenance and Wet side capacity charges	<u>49,125</u>	<u>41,413</u>
		<u>253,477</u>	<u>342,484</u>

20. Related party disclosure

Transactions with related parties are conducted at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances are provided for in accordance with the Group's policy.

a) Cable & Wireless entities

	Sales to related parties	Purchases from related parties	Amounts due from related parties (Note 10)	Amounts due to related parties (Note 15)
March 2021				
Technical and professional fees	–	9,244	–	9,515
Traffic settlement	<u>190</u>	<u>2,773</u>	<u>217</u>	<u>(7,681)</u>
Total	<u>190</u>	<u>12,017</u>	<u>217</u>	<u>1,834</u>
March 2020				
Technical and professional fees	–	13,643	–	9,515
Traffic settlement	<u>292</u>	<u>(551)</u>	<u>646</u>	<u>263</u>
Total	<u>292</u>	<u>13,092</u>	<u>646</u>	<u>9,778</u>

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20. Related party disclosure (continued)

a) Cable & Wireless entities (continued)

The sales to and purchases from, related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables.

b) Government – related entities

National Enterprises Limited (NEL), the majority shareholder of the Group, is majority owned by the Government of the Republic of Trinidad and Tobago. As such, NEL and its related subsidiaries are related to other government-owned entities. The Group has entered into a contract with the Ministry of National Security for the provision of video surveillance services at their respective business locations. The revenue earned from the Ministry of National Security for the current year amounts to \$46.5m (2020: \$229.5m). Revenues earned from the Water and Sewage Authority for the year ended 31 March 2021 amounted to \$4.8m (2020: \$1.7m).

The Group provides fixed, mobile and broadband telecommunications products and services to various agencies of the Government. The Group also purchases water and electricity from other Government agencies through the regular course of their business.

c) Compensation of key management personnel

The remuneration of key management recognised as an expense during the year are as follows:

	2021	2020
Short-term benefits	5,311	6,725
Post-employment pension and medical benefits	<u>2,411</u>	<u>767</u>
	<u>7,722</u>	<u>7,492</u>

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21. Employee benefits

Employee benefits are comprised mainly of earned vacation leave, back pay, short-term incentive plans and restructuring provisions (Note 19(b)). The table below reflects the movement in these provisions for the current financial year.

	2021	2020
At 1 April	306,625	279,081
Additional provision during the year	71,667	62,163
Amounts paid	<u>(4,239)</u>	<u>(34,619)</u>
At 31 March	<u>374,054</u>	<u>306,625</u>

22. Financial risk management objectives and policies

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. The Group's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of such risks on the Group's financial performance. The Group does not use derivative financial instruments. A central treasury department is responsible for risk management. Transactions in financial instruments have resulted in the Group assuming the financial risks.

a) Foreign exchange risk

The Group trades with foreign companies and is exposed to foreign exchange risk arising primarily with respect to the United States (US) dollar. Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rate. The Treasury department is responsible for managing the net position in each foreign currency.

The following table demonstrates the sensitivity to possible changes in the US dollar and the UK pound exchange rates, with all other variables held constant, on the Group's profit before tax. The Group's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in exchange rate	Effect on loss before tax \$'000
March 2021	US\$	+3%	(70,003)
	US\$	-3%	70,003
March 2020	US\$	+3%	(78,486)
	US\$	-3%	78,486

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22. Financial risk management objectives and policies (continued)

a) Foreign exchange risk (continued)

The following table shows the Group's financial assets and liabilities in various currencies:

	TT\$	US\$	UK£	Total
At 31 March 2021				
Financial assets				
Cash at bank	344,249	89,408	–	433,657
Trade and other receivables	<u>798,174</u>	<u>13,093</u>	<u>–</u>	<u>811,267</u>
	<u>1,142,423</u>	<u>102,501</u>	<u>–</u>	<u>1,244,924</u>
Financial liabilities				
Total borrowings	662,256	2,284,077	–	2,946,333
Trade and other payables	723,014	165,327	82	888,423
Lease liabilities	<u>137,612</u>	<u>–</u>	<u>–</u>	<u>137,612</u>
	<u>1,522,882</u>	<u>2,449,404</u>	<u>82</u>	<u>3,972,368</u>
At 31 March 2020				
Financial assets				
Cash at bank	205,735	137,850	–	343,585
Trade and other receivables	<u>1,174,180</u>	<u>14,643</u>	<u>–</u>	<u>1,188,823</u>
	<u>1,379,915</u>	<u>152,493</u>	<u>–</u>	<u>1,532,408</u>
Financial liabilities				
Total borrowings	758,036	2,462,514	–	3,220,550
Trade and other payables	685,416	306,176	146	991,738
Lease liabilities	<u>121,460</u>	<u>–</u>	<u>–</u>	<u>121,460</u>
	<u>1,564,912</u>	<u>2,768,690</u>	<u>146</u>	<u>4,333,748</u>

b) 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. In the current financial year, the Group managed its exposure to interest rate risk by engaging solely in fixed rate loans.

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22. Financial risk management objectives and policies (continued)

c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument, leading to a financial loss. The Group is exposed to credit risks from its cash and cash equivalents with banks and financial institutions and trade and other receivables.

(i) Cash and cash equivalents

The Group manages its exposure in cash and short-term investments by investing in institutions with a satisfactory Caribbean Information and Credit Rating Services (CariCRIS) rating.

(ii) Trade and other receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. Outstanding customer receivables are regularly monitored by the Group's Credit Management Department. The Group's receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually established provision policies. Additionally, specific provisions are made for outstanding receivables from major customers who have been assessed as impaired. The Group does not hold collateral as security.

The maximum exposure to credit risk as at 31 March 2021 is the carrying value of cash at bank (Note 12) and trade and other receivables (Note 10).

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22. Financial risk management objectives and policies (continued)

d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term investments, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying operations, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Trade and other payables are short-term in nature and are due within one year.

The table below summarises the maturity profile of the Group's borrowings based on contractual undiscounted payments.

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Year ended 31 March 2021				
Borrowings	441,573	1,079,485	3,361,995	4,888,053
Trade and other payables	888,424	–	–	888,424
Employee benefits	374,054	–	–	374,054
Lease liabilities	<u>32,851</u>	<u>82,442</u>	<u>22,319</u>	<u>137,612</u>
	<u>1,736,902</u>	<u>1,161,927</u>	<u>3,384,314</u>	<u>6,283,143</u>
Year ended 31 March 2020				
Borrowings	366,683	1,267,633	894,128	2,528,444
Trade and other payables	991,738	–	–	991,738
Employee benefits	306,625	–	–	306,625
Lease liabilities	<u>37,654</u>	<u>68,073</u>	<u>15,692</u>	<u>121,460</u>
	<u>1,702,741</u>	<u>1,335,706</u>	<u>909,820</u>	<u>3,948,267</u>

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22. Financial risk management objectives and policies (continued)

e) Fair value

The carrying amounts of the Group's cash and cash equivalents, trade and other receivables and trade and other payables approximate to their fair values because of the short-term maturities of these instruments.

The fair values of the fixed rate long-term loans are based on estimated future cash flows discounted using the current market rates for debt with similar maturities and credit risks.

	Carrying amounts		Fair values	
	2021	2020	2021	2020
Borrowings	<u>2,946,333</u>	<u>3,220,550</u>	<u>2,892,838</u>	<u>3,168,033</u>

23. Financial commitments

Capital expenditure commitments

At 31 March 2021, the Group has commitments of \$56m (2020: \$112.1m) for the acquisition of property, plant and equipment incidental to the ordinary course of business.

The Group has contractual obligations to Huawei International PTE Limited and Huawei Technologies (T&T) Limited of \$7.1m (2020: \$39.8m) for hardware and software services relating to the expansion of the GSM 4G mobile network, as well as the development of the TD-LTE network for the enhancement of broadband services.

Operating lease commitments

The Group has entered into a number of commercial leases on certain motor vehicles and properties, with an average life of between three and ten years. The operating lease expense was \$34.5m and \$36.2m for the years ended 31 March 2021 and 31 March 2020 respectively. These amounts comprise of operating lease commitments and ad hoc rentals.

Future minimum rentals payable under operating leases as at 31 March are as follows:

	2021	2020
Within one year	19,080	22,153
After one year but not more than five years	15,460	—
More than five years	—	—
Total	<u>34,540</u>	<u>22,153</u>

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24. Long term prepayment

The Group has entered into prepaid, long-term capacity service contracts with international telecommunication administrators. The advance payments have been recognised as long-term prepayments and are being amortised over the 15-year term. The current portion of \$13.9m (2020: \$13.9m) is included in sundry debtors and prepayments, which form part of trade and other receivables (see Note 10)

The minimum amounts to be released in the future are as follows:

	2021	2020
Within one year	<u>13,914</u>	<u>13,914</u>
After one year but not more than five years	55,655	55,655
More than five years	<u>31,996</u>	<u>45,910</u>
Non-current	<u>87,651</u>	<u>101,565</u>
Total	<u>101,565</u>	<u>115,479</u>

25. Contingent liabilities

- a) In the normal course of business, the Group is the defendant in certain litigation matters, claims and other legal proceedings. Provisions have been established for such matters where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

The Group remains contingently liable in respect of other litigation matters which are considered possible but not probable and thus no provision is made in these consolidated financial statements. These are considered contingent liabilities and amounts to \$16.4m as at year end (2020: \$9.8m).

The Group is currently in dispute with a government related entity regarding the rates for the new contractual period.

- b) The Group facilitates loans for its employees with Republic Bank Limited. These loans are used for the purchase of vehicles and computers, as well as for general-purpose vacation.
- c) The Group's contingent liabilities with Scotia Bank for various performance bonds is approximately \$14.6m as at 31 March 2021 (2020: \$10.5m)

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25. Contingent liabilities (continued)

- d) The Parent was assessed by the Board of Inland Revenue for income year 2012. Based on the assessment, the Group has an additional tax payable of \$60.3m along with interest of \$42.6m. Based on advice received from the Group's tax advisers, the Group has formally objected to the matter and will be able to defend its position and as a result a tax liability was not recorded as at year end in respect of this matter.

26. Dividends paid and proposed

No dividends were paid or proposed for the year ended 31 March 2020 and 21 March 2021.

27. Capital disclosures

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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

The Group's short-term objectives for the financial year 2020/2021 were to restructure its operations and re-organize its debt portfolio. The Group, by its nature, is experiencing exponential changes in its technology infrastructure and is also operating in a competitive marketplace. As such, the Group considers itself a growth Group and requires 'patient capital' shareholders that are willing to sacrifice short-term maximization of returns in exchange for medium to long term capital growth.

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27. Capital disclosures (continued)

The gearing ratios at 31 March were as follows:	2021	2020
Total borrowings (Note 14)	2,946,333	3,220,550
Less: Cash and cash equivalents (Note 12)	<u>(426,707)</u>	<u>(336,754)</u>
Net debt	<u>2,519,626</u>	<u>2,883,796</u>
Total equity	505,229	296,594
Total capital	3,024,855	3,180,390
Gearing ratio	83%	91%

28. Going concern

As at 31 March 2021 and for the year then ended, the Group reported a total comprehensive gain after tax of \$208.6m (2020: loss after tax \$474.5m), held outstanding borrowings (short-term and long-term) of \$2,946.3m (2020: \$3,220.5m) and its current liabilities exceeded current assets by \$143.7m (2020: \$47.9m). As at 31 March 2021, accumulated deficit was \$71.7m (2020: \$280.4m), and total equity stood at \$505.2m. (2020: \$296.6m). The financial performance of the Group has improved year on year, favourably impacting the accumulated deficit by \$208.4m.

The significant improvement year over year further emphasizes the Board of Directors and Management's decision to continue as a going concern. The Group remains engaged in its principal activities and Management is committed to continuing operations into the foreseeable future.

Cost saving measures implemented by the Group has allowed for a decreased annualized spend of \$160m and other initiatives to further reduce costs in the coming twelve (12) months are in train. These efforts, coupled with the cash collection projects, are aimed at further improving cash flow within the same time period. Management's efforts in the prior period can be reflected in the free cash flow which stood at \$425m (2020: (\$56.7m)).

A ten-year forecast accompanying a Board approved detailed Strategic Plan has incorporated reduction in annualized spend. Both the ten-year forecast and the Strategic Plan show that the Group will continue operations into the foreseeable future.

On the basis of the above, the Directors have maintained the going concern assumption in the preparation of these consolidated financial statements. This basis of preparation presumes that the Group will realize its assets and discharge its liabilities in the ordinary course of business.