



Chartered Accountants
& Business Advisors

PKF LIMITED

**TRINIDAD AND TOBAGO TOURISM BUSINESS
DEVELOPMENT LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2020



Chartered Accountants
& Business Advisors

PKF LIMITED

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

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TRINIDAD & TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

Statement of Management Responsibilities

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of Trinidad and Tobago Tourism Business Development Limited, which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

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

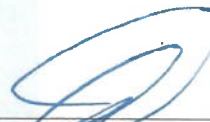
Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

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



John Tang Nain
Chairman

20th October 2022



Greig Laughlin
Director

20th October 2022

Chairman: Mr. John Tang Nain
Directors: Mr. Greig Laughlin; Mr. Rene Seepersadsingh;
Mr. Chinua Alleyne; Ms. Alissa Adams



EXIM HOUSE
#30 Queen's Park West, Port of Spain.
Tel: (868) 628-2762 or (868) 628-1382
www.eximbanktt.com



Chartered Accountants
& Business Advisors

PKF LIMITED

INDEPENDENT AUDITORS' REPORT

The Shareholder
Trinidad and Tobago Tourism Business Development Limited

Opinion

We have audited the financial statements of Trinidad and Tobago Tourism Business Development Limited, which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Trinidad and Tobago Tourism Business Development Limited as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Trinidad and Tobago Tourism Development Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

Directors: Renée-Lisa Philip Mark K. Superville Darcel Corbin Jenine Felician-Romain



Chartered Accountants
& Business Advisors

PKF LIMITED

INDEPENDENT AUDITORS' REPORT
(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF

Barataria
TRINIDAD
20 October 2022

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

		31 December	
	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		(\$)	(\$)
Current Assets:			
Cash and cash equivalents	5	40,703,287	48,830,381
Accounts receivable and prepayments	6	331,067	94,765
Investments at amortised cost	7	<u>7,000,000</u>	<u>-</u>
Total Current Assets		<u>48,034,354</u>	<u>48,925,146</u>
Non-Current Assets:			
Deferred taxation	8	505	714
Intangible asset	9	-	-
Property, plant and equipment	10	<u>-</u>	<u>-</u>
Total Non-Current Assets		<u>505</u>	<u>714</u>
Total Assets		<u>48,034,859</u>	<u>48,925,860</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:			
Corporation tax payable		-	-
Accounts payable and accruals	11	<u>1,015,567</u>	<u>174,611</u>
Total Current Liabilities		<u>1,015,567</u>	<u>174,611</u>
Non-Current Liabilities:			
Government guarantee	12	38,641,057	39,501,016
Deferred income	13	7,148,950	8,145,174
Guarantee liability	14	<u>229,285</u>	<u>105,059</u>
Total Non-Current Liabilities		<u>46,019,292</u>	<u>47,751,249</u>
Total Liabilities		<u>47,034,859</u>	<u>47,925,860</u>
Shareholder's Equity:			
Stated capital	15	<u>1,000,000</u>	<u>1,000,000</u>
Total Shareholder's Equity		<u>1,000,000</u>	<u>1,000,000</u>
Total Liabilities and Shareholder's Equity		<u>48,034,859</u>	<u>48,925,860</u>

These financial statements were approved by the Board of Directors and authorised for issue on 20 October 2022 and signed on their behalf by:



Director



Director

(The accompanying notes form an integral part of these financial statements)

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
	<u>Notes</u>	<u>2020</u> (\$)	<u>2019</u> (\$)
Income:			
Guarantee fees		123,491	197,409
Government subvention – recurrent		996,224	898,824
Government subvention – guarantee		859,959	763,519
Interest income		<u>116,781</u>	<u>-</u>
Total income		2,096,455	1,859,752
Expenditure:			
Administrative expenses	16	<u>(2,095,498)</u>	<u>(1,857,856)</u>
Net profit before taxation		957	1,896
Taxation	18	<u>(957)</u>	<u>(1,896)</u>
Net comprehensive income for the year		<u><u>-</u></u>	<u><u>-</u></u>

(The accompanying notes form an integral part of these financial statements)

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Stated Capital</u> (\$)
Balance as at 1 January 2019	1,000,000
Net comprehensive income for the year	_____ -
Balance as at 31 December 2019	<u>1,000,000</u>
Balance as at 1 January 2020	1,000,000
Net comprehensive income for the year	_____ -
Balance as at 31 December 2020	<u>1,000,000</u>

(The accompanying notes form an integral part of these financial statements)

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	<u>2020</u> (\$)	<u>2019</u> (\$)
Operating Activities:		
Net profit before taxation	957	1,896
Adjustments for:		
Expected credit loss	(30,976)	64,203
Bad debt written off	-	-
Guarantee expense	<u>124,226</u>	<u>63,422</u>
Operating surplus before working capital changes	94,207	129,521
Net change in accounts receivable and prepayments	(205,326)	(158,034)
Net change in accounts payable and accruals	840,956	120,371
Taxation paid	<u>(748)</u>	<u>(2,047)</u>
Cash provided by operating activities	<u>729,089</u>	<u>89,811</u>
Investing Activities:		
Net change in investment activities	<u>(7,000,000)</u>	-
Cash used in investment activities	<u>(7,000,000)</u>	-
Financing Activities:		
Net change in deferred income	(996,224)	(898,824)
Net change in government guarantee	<u>(859,959)</u>	<u>(763,520)</u>
Cash used in financing activities	<u>(1,856,183)</u>	<u>(1,662,344)</u>
Net change in cash resources	(8,127,094)	(1,572,533)
Cash resources, beginning of year	<u>48,830,381</u>	<u>50,402,914</u>
Cash resources, end of year	<u><u>40,703,287</u></u>	<u><u>48,830,381</u></u>
Represented by:		
Cash and cash equivalents	<u><u>40,703,287</u></u>	<u><u>48,830,381</u></u>

(The accompanying notes form an integral part of these financial statements)

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2020****1. Incorporation and Principal Business Activity:**

Trinidad and Tobago Tourism Business Development Limited (TTTBDL) was incorporated on 3 August 2012 in the Republic of Trinidad and Tobago and commenced operations in October 2012 as a special purpose company of the Government of the Republic of Trinidad and Tobago (GORTT). Its registered office is level 16, Ministry of Finance and the Economy, Eric Williams Financial Complex, Independence Square, Port of Spain. Its principal business activity is the provision of guarantees to tourism and tourism related businesses.

2. Summary of the Significant Accounting Policies:**(a) Basis of financial statements preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS's) and are stated in Trinidad and Tobago dollars rounded to the nearest whole dollar. These financial statements are stated on the historical cost basis, except for the measurement at fair value of certain financial instruments.

(b) Use of estimates -

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(c) New accounting standards and interpretations -

The company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they:

- do not apply to the activities of the company;
- have no material impact on its financial statements; or
- have not been early adopted by the entity.

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2020****2. Summary of the Significant Accounting Policies (Cont'd):****(c) New accounting standards and interpretations (cont'd) -**

- | | |
|----------|---|
| IFRS 3 | Business Combinations - Amendments to clarify the definition of a business (effective for accounting periods beginning on or after 1 January 2020). |
| IFRS 3 | Business Combinations - Amendments resulting from Annual Improvements 2015–2017 Cycle – Re-measurement of previously held interest (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 9 | Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 9 | Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 11 | Joint Arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle – Re-measurement of previously held interest (effective for accounting periods beginning on or after 1 January 2019). |
| IAS 23 | Borrowing Costs - Amendments resulting from Annual Improvements 2015–2017 Cycle - Borrowing costs eligible for capitalization (effective for accounting periods beginning on or after 1 January 2019). |
| IAS 28 | Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019). |
| IAS 40 | Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018). |
| IFRIC 23 | Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019). |

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(d) Comparative information -

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

(e) Foreign currency -

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the reporting date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Comprehensive Income.

(f) Cash and cash equivalents -

For the purposes of the cash flow statements, cash and cash equivalents comprise of cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdraft.

(g) Fixed assets -

Fixed assets are stated at historical cost or valuation less accumulated depreciation and impairment in value. Depreciation is provided for on a straight-line basis.

The following rates considered appropriate to write-off the assets over their estimated useful lives are applied:

Office furniture	-	20%
Office equipment	-	20%
Computer hardware	-	25%

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

The assets' residual values and useful lives are reviewed at each reporting date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of fixed assets are determined by reference to their carrying amounts and are taken into account in determining the net (deficit)/surplus for the year.

Repairs and maintenance costs are charged to the Statement of Comprehensive Income when expenditure is incurred.

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2020****2. Summary of the Significant Accounting Policies (Cont'd):****(h) Taxation -**Current tax

Current 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 amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided in full, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the year when the asset is realised or the liability is settled, based on the enacted tax rate at the reporting date. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

(i) Income recognition -

Income from guarantees is accounted for on the accruals basis.

(j) Government grant -

Grants from GORTT are recognised at fair values, where there is a reasonable assurance that the grant will be received, and the company will comply with all conditions attached.

Grants relating to operating expenses are deferred and included in non-current liabilities. They are recognised in the Statement of Comprehensive Income over the period necessary to match them against relevant expenses.

(k) Provisions -

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

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

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2020****2. Summary of the Significant Accounting Policies (Cont'd):****(l) Financial instruments -**

All recognised financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortised cost or fair value on the basis of:

- (i) the entity's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

The company reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

Initial measurement

All financial instruments are initially measured at the fair value of consideration given or received.

The company measures fair values in accordance with IFRS 13, which defines fair value as 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 company uses a fair value hierarchy that categorises valuation techniques into three levels:

- (i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.
- (ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.
- (iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2020****2. Summary of the Significant Accounting Policies (Cont'd):****(1) Financial instruments (cont'd) -****Subsequent measurement**

Those financial assets which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortised cost. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as movements in Expected Credit Loss (ECL). When a financial asset measured at amortised cost is derecognised, the gain/loss is reflected in profit or loss.

Those financial assets which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI). Gains/losses arising on remeasurement of such financial assets are recognised in OCI as *'Items that may be reclassified subsequently to P&L'* and are called *'Net FV gain/(loss) on financial assets classified as at FVOCP'*.

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL), except for equity investments, which the company has opted, irrevocably, to measure at FVTOCI. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as *'Net FV gain/(loss) on financial assets classified at FVTPL'*. When a financial asset measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Reclassification

If the business model under which the company holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model.

Write-off

Financial assets are written off when the company has no reasonable expectations of recovery, for example, when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the company's enforcement activities will result in gains.

Financial liabilities

Since the company does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. Financial liabilities recognised at amortised cost are not reclassified.

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Financial Risk Management:

Financial risk factors

The company is exposed to credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the company to manage these risks are discussed below:

Financial Instruments

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

	2020	
	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>
	(\$)	(\$)
Financial Assets		
Cash and cash equivalents	40,703,287	40,703,287
Accounts receivable and prepayments	331,067	331,067
Investments at amortised cost	7,000,000	7,000,000
Financial Liabilities		
Accounts payable and accruals	1,015,567	1,015,567
Government guarantee	38,641,057	38,641,057
Deferred income	7,148,950	7,148,950
	2019	
	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>
	(\$)	(\$)
Financial Assets		
Cash and cash equivalents	48,830,381	48,830,381
Accounts receivable and prepayments	300,091	94,765
Financial Liabilities		
Accounts payable and accruals	174,611	174,611
Government guarantee	39,501,016	39,501,016
Deferred income	8,145,174	8,145,174

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2020****3. Financial Risk Management (Cont'd):****(a) Credit risk -**

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

The company's debtors' portfolio is managed and consistently monitored by management and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

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

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

Significant increase in credit risk

The company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than thirty (30) days past due, unless the company has reasonable and supportable information that demonstrates otherwise. The company has monitoring procedures to ensure that significant increase in credit risk is identified before default occurs.

(b) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets. The company is able to make daily calls on its available cash resources to settle financial and other liabilities.

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Financial Risk Management (Cont'd):

(b) Liquidity risk (cont'd) -

i. Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the company. The company employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the company's assets as well as generating sufficient cash from government grants and loan repayments.

To manage and reduce liquidity risk the company's management actively seeks to match cash inflows with liability requirements.

ii. Liquidity gap

	2020			
	Up to	1 to	Over	Total
	1 year	5 years	5 years	Total
	(\$)	(\$)	(\$)	(\$)
Financial Assets				
Cash and cash equivalents	40,703,287	-	-	40,703,287
Accounts receivable and prepayments	310,671	-	-	331,067
Fixed deposits	<u>2,000,000</u>	<u>5,000,000</u>	-	<u>7,000,000</u>
	<u>43,034,354</u>	<u>5,000,000</u>	-	<u>48,034,354</u>
Financial Liabilities				
Accounts payable and accruals	1,015,567	-	-	1,015,567
Government guarantee	-	-	38,641,057	38,641,057
Deferred income	-	-	<u>7,148,950</u>	<u>7,148,950</u>
	<u>1,015,567</u>	<u>-</u>	<u>45,790,007</u>	<u>46,805,574</u>

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. Financial Risk Management (Cont'd):

(b) Liquidity risk (cont'd) -

ii. Liquidity gap (cont'd)

	2019			
	Up to	1 to	Over	Total
	<u>1 year</u>	<u>5 years</u>	<u>5 years</u>	<u>Total</u>
	(\$)	(\$)	(\$)	(\$)
Financial Assets				
Cash and cash equivalents	48,830,381	-	-	48,830,381
Accounts receivable and prepayments	<u>94,765</u>	<u>-</u>	<u>-</u>	<u>94,765</u>
	<u>48,925,146</u>	<u>-</u>	<u>-</u>	<u>48,925,146</u>
Financial Liabilities				
Accounts payable and accruals	174,611	-	-	174,611
Government guarantee	-	-	39,501,016	39,501,016
Deferred income	<u>-</u>	<u>-</u>	<u>8,145,174</u>	<u>8,145,174</u>
	<u>174,611</u>	<u>-</u>	<u>47,646,190</u>	<u>47,820,801</u>

(c) Currency risk -

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the company's measurement currency. The company is exposed to minimal foreign exchange risk. The company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(d) Operational risk -

Operational risk is the risk derived from deficiencies relating to the company's information technology and control systems, as well as the risk of human error and natural disasters. The company's systems are evaluated, maintained and upgraded continuously.

(e) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the monitoring controls applied by the company.

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2020****3. Financial Risk Management (Cont'd):****(f) Reputation risk -**

The risk of loss of reputation arising from the negative publicity relating to the company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the company. The company applies procedures to minimize this risk.

4. Critical Accounting Estimates and Judgments:

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgments) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Significant increase of credit risk

The company computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

ii) Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the company uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the company uses valuation models to determine the fair value of its financial instruments.

iii) Fixed assets

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets. Judgement is also used in determining which depreciation method for fixed assets is used.

5. Cash and Cash Equivalents:

	31 December	
	<u>2020</u> (\$)	<u>2019</u> (\$)
First Citizens Bank Limited – TT\$ Guarantee Account	32,590,252	39,620,130
First Citizens Bank Limited – Operational Account	<u>8,113,035</u>	<u>9,210,251</u>
	<u><u>40,703,287</u></u>	<u><u>48,830,381</u></u>

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. Accounts Receivable and Prepayments:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Guarantee fees receivable	524,955	433,816
Other receivables	120,218	6,750
Prepayments	<u>719</u>	<u>-</u>
	645,892	440,566
Less: Expected credit loss allowance	<u>(314,825)</u>	<u>(345,801)</u>
	<u>331,067</u>	<u>94,765</u>
Expected credit loss allowance:		
Balance brought forward	345,801	281,598
Charge for the year	<u>(30,976)</u>	<u>64,203</u>
Balance carried forward	<u>314,825</u>	<u>345,801</u>

7. Investments at Amortised Cost:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
<u>Fixed Deposits</u>		
First Citizens Bank Limited	<u>7,000,000</u>	<u>-</u>
	<u>7,000,000</u>	<u>-</u>

8. Deferred Taxation:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Balance at beginning of year	714	1,012
Effect on the Statement of Comprehensive Income	<u>(209)</u>	<u>(298)</u>
Balance at end of year	<u>505</u>	<u>714</u>
Deferred taxation is attributable to the following item:		
Excess of written-down value over net book value	<u>505</u>	<u>714</u>

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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9. Intangible Asset:

	<u>Computer Software</u> (\$)	<u>Total</u> (\$)
Cost		
Balance, 1 January 2020	12,797	12,797
Additions	-	-
Balance, 31 December 2020	<u>12,797</u>	<u>12,797</u>
Accumulated Amortisation		
Balance, 1 January 2020	12,797	12,797
Charge for the year	-	-
Balance, 31 December 2020	<u>12,797</u>	<u>12,797</u>
Net Book Value		
Balance, 31 December 2020	<u>-</u>	<u>-</u>
Balance, 31 December 2019	<u>-</u>	<u>-</u>
	<u>Computer Software</u> (\$)	<u>Total</u> (\$)
Cost		
Balance, 1 January 2019	12,797	12,797
Additions	-	-
Balance, 31 December 2019	<u>12,797</u>	<u>12,797</u>
Accumulated Amortisation		
Balance, 1 January 2019	12,797	12,797
Charge for the year	-	-
Balance, 31 December 2019	<u>12,797</u>	<u>12,797</u>
Net Book Value		
Balance, 31 December 2019	<u>-</u>	<u>-</u>
Balance, 31 December 2018	<u>-</u>	<u>-</u>

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

10. Property, Plant and Equipment:

	<u>Office Furniture</u> (\$)	<u>Office Equipment</u> (\$)	<u>Computer Hardware</u> (\$)	<u>Total</u> (\$)
Cost				
Balance, 1 January 2020	6,440	2,271	7,900	16,611
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, 31 December 2020	<u>6,440</u>	<u>2,271</u>	<u>7,900</u>	<u>16,611</u>
Accumulated Depreciation				
Balance, 1 January 2020	6,440	2,271	7,900	16,611
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, 31 December 2020	<u>6,440</u>	<u>2,271</u>	<u>7,900</u>	<u>16,611</u>
Net Book Value				
Balance, 31 December 2020	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Balance, 31 December 2019	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	<u>Office Furniture</u> (\$)	<u>Office Equipment</u> (\$)	<u>Computer Hardware</u> (\$)	<u>Total</u> (\$)
Cost				
Balance, 1 January 2019	6,440	2,271	7,900	16,611
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, 31 December 2019	<u>6,440</u>	<u>2,271</u>	<u>7,900</u>	<u>16,611</u>
Accumulated Depreciation				
Balance, 1 January 2019	6,440	2,271	7,900	16,611
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, 31 December 2019	<u>6,440</u>	<u>2,271</u>	<u>7,900</u>	<u>16,611</u>
Net Book Value				
Balance, 31 December 2019	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Balance, 31 December 2018	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

11. Accounts Payable and Accruals:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Professional fees payable	72,213	130,057
Amounts due to Export Import Bank of T&T Limited	210,995	41,750
Other payable	(3,375)	2,804
Interest subsidy payable	<u>735,734</u>	<u>-</u>
	<u>1,015,567</u>	<u>174,611</u>

12. Government Guarantee:

This balance represents funds forwarded to the company from GORTT to execute the loan guarantee programme.

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Balance, beginning of year	39,501,016	40,264,536
Subsidy on interest	(735,733)	(334,831)
Guarantee liability	(124,226)	(63,422)
Guarantees paid	<u>-</u>	<u>(365,267)</u>
Balance, end of year	<u>38,641,057</u>	<u>39,501,016</u>

13. Deferred Income:

This balance represents funds from GORTT for the purpose of covering the recurrent expenditure of the company.

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Balance, beginning of year	8,145,174	9,043,998
Program expenses	<u>(996,224)</u>	<u>(898,824)</u>
Balance, end of year	<u>7,148,950</u>	<u>8,145,174</u>

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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14. Guarantee Liability:

This balance represents the present value of future defaults on loans guaranteed by the company and has been measured at fair value through profit and loss in accordance with IFRS 9. Fair value was determined by discounting future expected defaults using a rate equivalents to the difference between the current loan rate and the unguaranteed loan rate.

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Balance, beginning of year	105,059	41,637
Transfer to Statement of Comprehensive Income	<u>124,226</u>	<u>63,422</u>
Balance, end of year	<u><u>229,285</u></u>	<u><u>105,059</u></u>

15. Stated Capital:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
1,000,000 ordinary shares of no par value	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

16. Administrative Expenses:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Advertising expense	7,588	11,392
Agency fees	570,000	420,000
Expected credit loss	(30,976)	64,203
Guarantee expense	124,226	63,422
Guarantee write-off	-	365,267
Guarantee interest	735,734	334,831
Legal and professional fees	627,744	527,674
General expenses	<u>61,182</u>	<u>71,067</u>
	<u><u>2,095,498</u></u>	<u><u>1,857,856</u></u>

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

17. Contingent Liabilities:

As at 31 December 2020, TTTBDL gave bank guarantees of \$19,496,356. It is considered unlikely that the company will be held liable as a result of this commitment. At the reporting date the fair value of these is \$229,285 and the liability was recognised in the Statement of Financial Position. The Board of Directors is not aware of any other commitment with any material effect on the financial position and performance of the company.

18. Taxation:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Business Levy	(748)	(1,598)
Deferred taxation	<u>(209)</u>	<u>(298)</u>
	<u>(957)</u>	<u>(1,896)</u>
<p>The tax on the company's net income before taxation differs from the theoretical amount that would arise using the basic rate of tax as follows:</p>		
Net profit before taxation	<u>957</u>	<u>1,896</u>
Tax calculation	(287)	(569)
Expenses not deductible for tax purposes	(112)	(647)
Business Levy	(748)	(1,598)
Corporation tax adjustment	<u>190</u>	<u>918</u>
	<u>(957)</u>	<u>(1,896)</u>

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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19. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the company.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

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

	31 December	
	<u>2020</u> (\$)	<u>2019</u> (\$)
Expenses		
Directors' fees	<u>216,000</u>	<u>230,400</u>
Agency fees	<u>570,000</u>	<u>420,000</u>

20. Change in Government Loan Guarantee Programme:

Interest Rate Subsidy:

GORTT agreed that effective 1 December 2018, a subsidy of 5% would be provided on the interest charged by financial institutions for new and restructured loans.

Maturity Period for Loans:

Under the programme, GORTT, in conjunction with the commercial banks, extended the maturity periods for new loans and re-financing within the tourism sector from seven (7) years to fifteen (15) years.