



Trinidad and Tobago

Tourism Business Development Limited

**TRINIDAD AND TOBAGO TOURISM
BUSINESS DEVELOPMENT LIMITED
(TTBDL)**

ADMINISTRATIVE REPORT 2013

TABLE OF CONTENTS

Contents

Overview	3
<i>Establishment of Government Loan Guarantee Programme for Tobago: under 50 rooms</i>	3
Organizational Structure	4
Administration of the Fund	4
Performance of the Fund	4
<i>Business Activity Highlights</i>	6
Programme of Action for Advancing the Guarantees	7
Reporting Functions	9
<i>Departmental Reports</i>	9
<i>Reports to External Parties</i>	10
Appendix Figure 1.0 Statement of Financial Position	11
<i>Figure 1.1 Statement of Comprehensive Income</i>	12
<i>Figure 1.2 Statement of Changes in Shareholders Equity</i>	13
<i>Figure 1.3 Statement of Cash Flow</i>	14
<i>Figure 1.4 Notes to the Financial Statements</i>	15 - 23
<i>Figure 1.5 Organizational Structure</i>	24

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED (TTTBDL)

Overview

Establishment of Government Loan Guarantee Programme for Tobago: under 50 rooms

1. On July 5 2012, Cabinet by Minute No. 1848 established the Trinidad and Tobago Tourism Business Development Limited (TTTBDL) with a mandate to administer the Trinidad and Tobago Tourism Development Fund which would provide guarantees to financial institutions in Tobago as they seek to restructure debt relating to tourism and tourism-related businesses as well as to upgrade and maintain hotels and ancillary businesses with a cap valued at the equivalent cost of 50 rooms. The guarantees are being provided by the TTTBDL on the basis of an agreed capital contribution over a three year (3) period amounting to \$250.0 million. From the perspective of efficiency and cost effectiveness, the Export-Import Bank of Trinidad and Tobago Limited (EXIMBANK) was assigned the responsibility for administering the Trinidad and Tobago Tourism Development Fund under an agency agreement with the Trinidad and Tobago Tourism Business Development Limited.
2. Under this Facility 1, the capital contribution from Government is placed in a separate account at its bankers and forms the Guarantee Fund. On the basis of cash availability and for the benefit of the borrowers the Fund issues Letters of Undertaking to those four (4) financial institutions which executed The Agreement. These institutions are:-
 - Republic Bank Limited;
 - RBC Royal Bank (Trinidad and Tobago) Limited;
 - Scotia Bank Trinidad and Tobago Limited; and
 - First Citizens Bank Limited
3. The TTTBDL provides a Letter of Undertaking as security to the lender up to a maximum of \$10.0 million for each borrower, with up to 50.0 percent of the outstanding principal and interest balance on existing loan facilities and 100.0 percent of new loan facilities. Capital contributions from the Government amounted to \$60.0 million as at December 31 2013.
4. On June 10 2013, the TTTBDL began operations and in order to provide an incentive to borrowers for revitalizing the tourism industry in Tobago, the guarantee fee was waived if any borrower accessed the Fund during a period of one (1) year up to June 9 2014, with the guarantee fees being 1.5 percent in year one and 1.0 percent on the declining balance up to a period of five (5) years. This facility applied only to values equivalent to hotels and hotel-related services with values under 50 rooms. The rate of issuance of Letters of Undertaking depends on improved efforts on the part of all stakeholders in Tobago: applicants would be required to establish robust and viable applications, business bodies to provide technical and other assistance services to applicants, banks to strengthen

their credit analytic capability with some softening in terms and conditions and the Tobago House of Assembly (THA) to provide economic and financial data on economic trends in Tobago.

Organizational Structure

Mr. Jerry Hospedales	Chairman (Technical Advisor, Strategic Management and Execution Office (SMEO) Ministry of Finance)
Ms. Edwina Leacock	Director (Chief Technical and Operations Advisor Ministry of Trade and Industry)
Mr. Brian Awang	Director – (CEO Eximbank of Trinidad and Tobago Limited)
Agency	The Export-Import Bank of Trinidad & Tobago (EXIMBANK) Limited (Agency) Administers the Fund

Administration of the Fund

The Export-Import Bank of Trinidad and Tobago Limited (EXIMBANK) Limited was assigned the responsibility for administering the Trinidad and Tobago Development Fund under an Agency Agreement with the Trinidad and Tobago Tourism Business Development Limited. The Agency is paid a management fee per month for services provided. In addition, an Account Executive was hired in January 2013, to provide technical and administrative support with respect to the operations of Facility 1, inclusive of liaising with Banks and clients, analyzing and recommending facilities for approval, processing and following up as required.

Performance of the Fund

1. On a general level, the establishment of the Government Loan Guarantee Programme for Tobago in respect of hotel and hotel-related businesses with values of under 50 rooms equivalence represented an important public policy initiative; however, implementation effectiveness depended critically on each one of the stakeholders discharging its function in an effective and efficient manner. The four (4) banks in Tobago were experiencing a deterioration in their local portfolios through the increase in non-performing loans of small and medium-size businesses involved in tourism and tourism-related businesses and with the emerging associated problem of property repossession, there emerged a clear need for a mechanism to bring a degree of stability into the relationship between the banks and the clients. The four (4) banks executed the Guarantee Agreement with the TTTBDL with the aim to revitalize the tourism sector in Tobago and by extension the Tobago economy. The implementation of a policy for restructuring debt or for granting new credit is taking place in an environment which needs to strike a balance between the liquidation of non-viable businesses and the re-organization of viable ones with due regards for the protection of rights of creditors and other stakeholders. Striking the right balance with a Government Guarantee would require closer collaboration between the head

offices of the banks and their local offices in Tobago and in that framework, it might be possible that a degree of flexibility could be applied in the application of credit underwriting standards for debt restructuring and new loans with re-possession and sales of assets being last resort initiatives.

2. The experience has been mixed. The Fund envisaged a process which would involve in respect of the banks, an increasing degree of flexibility in loan underwriting standards with a short period of grace and in the context of a slow pick-up in the Tobago economy and in respect of the clients, an adherence to meet bank requirements for credit appraisals represented a critical success factor. In the ultimate, projections and medium-term plans by clients could only be appropriately formulated in the context of economic trends in Tobago in particular, trends in the tourism business: airlift, hotel occupancy rates, tourist arrivals, expansion and articulation of various tourism products etc. In other words, tourism arrivals could only be optimized if those visitors are provided with increasingly available products and the opportunity to experience those products in an environment of safety and security.
3. Experience since June 10th 2013:
 - (i.) Government had advanced \$60.0 million to the Trinidad and Tobago Tourism Business Development Company to meet the issuance of the Letters of Undertaking to eligible applicants;
 - (ii.) Applications involved a range of hotel and hotel-related businesses, with the TTTBDL having issued ten (10) Letters of Undertaking with a total Guarantee amount of \$16.444 million, of which two (2) were issued in respect of hotels and guest houses with a total Guarantee amount of \$9.682 million;
 - (iii.) Applications recommended by the Account Executive amounted to nine (9) with a Guarantee value of \$17.697 million. Of the nine (9) applications, six (6) were in respect of hotels and guest houses with a total Guarantee amount of \$11.135 million. The Account Executive had provided those applicants with technical assistance in the preparation of their applications and those applicants had taken their applications to the banks of their choice. It was clearly understood that the Account Executive was not always advised as to the bank with which the client was treating, although the Account Executive had an idea as to the banks which were involved in the applications. In the light of the indications that the applications might not have passed the benchmark test by the banks, the EXIMBANK had undertaken a second review of the applications with a view to improving the presentations of the applications and requesting the banks to have a second look at the applications; and
 - (iv.) The Account Executive in Tobago had requested additional information from ten (10) applicants without values.
4. In summary, with a capital balance of \$60.0 million, the TTTBDL has issued Letters of Undertaking in a total amount of \$16.444 million and if those applications recommended by the Account Executive

were approved by the banks, there would be an additional draw down of \$17.697 million, making the total possible call on the Fund \$34.14 million.

5. That notwithstanding, the Board was of the view that co-operative and collaborative efforts were needed from all stakeholders in order to strengthen the application process, it being clearly understood that the restructuring of loans represented technical appraisals by financial institutions; but which capacity might not always be available. For that reason, the Board took comfort in the knowledge that the Tobago Division of the Trinidad and Tobago Chamber of Industry and Commerce had met with the banks, both individually and collectively, with a view to ensuring that the proposals were appropriately appraised by the banks. In a similar effort, on December 3rd 2013, the Chairman of the TTTBDL also met with the four (4) banks collectively. The Chamber also met with the Central Bank of Trinidad and Tobago. The Ministry of Finance and the Economy would meet shortly, possibly before March 31st 2014, with the Heads of the four (4) commercial banks which executed the Services Agreement.
6. The banks have stated that the lending or restructuring decisions would be based on the credit worthiness of the proposal and not merely on the existence of a Guarantee (partial). The banks are also arguing that all relevant supporting documents, including business cases, projections etc. should be provided to assess the feasibility of applications and that approvals would be in accordance with the relevant regulatory guidelines, including those of the Central Bank of Trinidad and Tobago whose provisioning guidelines might tend to keep the restructured loan for some time in a substandard category.

Business Activity Highlights 2013

TTTBDL	Applications	Hoteliers	Tourism Related Business
Debt Restructuring	0	0	0
Debt Restructuring/ New Funds	2	0	2
New Funds	7	3	4
Total	9	3	6

Programme of Action for Advancing the Guarantees

The Board of Directors of the TTTBDL is of the view that the structural nature of the problems in Tobago requires a programme of immediate action by all parties concerned.

(i.) *In respect of the TTTBDL:*

- the Board is strengthening its role in the facilitation of the application process by ensuring that all applications are remitted by its agent, the EXIMBANK, to the relevant head officers of the banks after confirming that the applications met the underwriting standards of the banks including, the submission of business cases, projections, financial statements etc; and
- the Board is preparing a brochure which would outline the detail, the structure of the Guarantee Programme with a list of the underwriting requirements of the banks.

(ii.) *In respect of the Tobago House of Assembly, the Board envisages that the Assembly:*

- would continue to provide and expand economic information relating to economic developments in Tobago. In that connection, the Central Statistical Office (CSO) had embarked on a project which would seek to disaggregate the Gross Domestic Product as between Trinidad and Tobago and the Central Bank of Trinidad and Tobago (CBTT) was also working on a project which would disaggregate financial information as between Trinidad and Tobago; and
- would collaborate with the security establishment with a view to creating a core group of tourism security officers to patrol the key areas where tourism product offerings are being provided.

(iii.) *In respect of the Ministry of Tourism:*

- The Ministry of Tourism would continue to publicise data on tourism developments in Tobago, including existing and potential airlift, hotel occupancy rates, visitor arrivals etc;
- the Ministry of Tourism would roll-out shortly a plan of action which could lead to the rehabilitation of 1,000 hotel rooms in Tobago and the construction of 1,500 new rooms. In that respect, Public-Private Partnerships (PPPs) were being justified as appropriate mechanisms to ensure that hotel rooms were available to meet increased tourism arrivals; and
- the Ministry of Tourism, in collaboration with the Tobago House of Assembly (THA), should seek to co-ordinate action with respect to airlift expansion for Tobago. The recent introduction of JetBlue represents a step in the right direction.

- (iv.) *In respect of the Ministry of Transport:* the process for establishing a PPP for a concessionaire for the Piarco and ANR Robinson International Airports would be expedited. The Board of Directors of the Tourism Development Company was now giving due consideration to the engagement of a Transaction Advisor to provide advisory services for the project;
- (v.) *In respect of the tourism and tourism-related industries:* a plan of action for advertising their product offerings, including rehabilitated and new rooms for accommodating increased tourism arrivals;
- (vi.) *In respect of the Trinidad and Tobago Chamber of Commerce:* the Chamber would provide the appropriate technical assistance to its members in meeting the underwriting requirements of local banks;
- (vii.) *In respect of the banks:* a closer collaborative relationship should exist between local and head offices to allow for greater flexibility in the credit appraisal process, while at the same time ensuring that such flexibility will not compromise business viability and regulatory standards; and
- (viii.) *In respect of Caribbean Airlines Limited (CAL):* marketing packages for visitors from Trinidad would be developed and Tobago would be marketed as a destination of choice for visitors from Europe and North America.

Finally the Board is prepared to work with all stakeholders on ensuring that the Guarantee Programme introduced in June 2013, becomes an important catalyst for revitalizing the tourism industry in Tobago.

Reporting Functions

1. Departmental Reports

The following reports are prepared for use by Management and the Board of Directors:-

REPORT NAME	PREPARED BY:	FREQUENCY	USED BY:
Performance of Facility 1	Account Executive	Monthly	Board of Directors
Status of Proposals <ul style="list-style-type: none">• Disbursed Facilities• Recommended Facilities• Facilities Awaiting Documents• Facilities Lacking Customers Interest• Declined Applications	Account Executive	Monthly	Board of Directors
Visitations Weekly Report	Account Executive	Weekly	Management
Weekly Deliverables Report	Account Executive	Weekly	Management
Monthly Activity Report	Account Executive	Monthly	Management
Proposed Work Schedule	Account Executive	Weekly	Board of Directors
Internal Auditors Report	Account Executive	Once Per Year	Board of Directors
Financial Statements	Finance	Monthly	Management/Board of Directors

2. Reports to External Parties:- Ministries

The following standard reports are prepared for submission to external parties: -

REPORT NAME	SUBMISSION DATE:	RECEIVING AGENCY
Strategic Plan	3 months prior to start of Financial Year	Investments Division
Annual Budget	2 months prior to commencement of Financial Year	Investments Division
Annual Financial Statements	3 months after end of Financial Year	Investments Division
Board Minutes	1 week following confirmation	Investments Division
Cash Statements of Operations	Within 3 weeks after month end	Investments Division
Administrative Report	3 months after the end of the Financial Year	Investments Division
Quarterly Return on Status of Litigation Proceedings against Company	Quarterly	Investments Division
Quarterly Reports	End of First month after Quarter	Investments Division

APPENDIX

TRINIDAD AND TOBAGO TOURISM BUSINESS DEVELOPMENT LIMITED FINANCIAL PERFORMANCE 2013

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2013

ASSETS

		31 December	
	Notes	2013	2012
Current Assets:			
Cash and cash equivalents	4	\$ 60,071,942	\$ 1,000,440
Trade and other receivables and prepayments	5	1,090,065	78,279
Total Current Assets		61,162,007	1,078,719
Non-Current Assets:			
Intangible asset	6	10,786	-
Property, plant and equipment	7	13,716	-
Total Non-Current Assets		24,502	-
Total Assets		\$ 61,186,509	\$ 1,078,719

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:			
Trade and other payables and accruals	8	\$ 186,509	\$ 78,719
Total Current Liabilities		186,509	78,719
Non-Current Liabilities:			
Government Guarantee	9	60,000,000	-
Total Liabilities		60,186,509	78,719
Shareholder's Equity:			
Stated Capital	10	1,000,000	1,000,000
Total Shareholder's Equity		1,000,000	1,000,000
Total Liabilities and Shareholder's Equity		\$ 61,186,509	\$ 1,078,719

Figure 1.0

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	For the year ended 31 December 2013	For the three-month period ended 31 December 2012
Income:			
Government subvention - recurrent		\$ 1,011,649	\$ 78,279
Total income		1,011,649	78,279
Expenditure:			
Administrative expenses	11	1,011,649	78,279
Total expenditure		1,011,649	78,279
Net surplus/(deficit) for the year/period		\$ -	\$ -

Figure 1.1

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Stated Capital
Balance as at 1 October 2012	\$ -
Equity Injection	1,000,000
Net surplus/(deficit) for the year	-
Balance as at 31 December 2012	<u>\$ 1,000,000</u>
Balance as at 1 October 2013	\$ 1,000,000
Net surplus/(deficit) for the period	-
Balance as at 31 December 2013	<u>\$ 1,000,000</u>

Figure 1.2

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	For the year ended 31 December	For the three-month period ended 31 December
	2013	2012
Operating Activities:		
Net surplus/(deficit) for the year/period	\$ -	\$ -
Adjustments for:		
Amortisation of intangible asset	2,011	-
Depreciation	2,895	-
Operating surplus before working capital changes	4,906	-
Net change in trade and other receivables and prepayments	(1,011,786)	(78,279)
Net change in trade and other payables and accruals	107,790	78,719
Cash (used in)/provided by operating activities	<u>(899,090)</u>	<u>440</u>
Investing Activities:		
Purchase of intangible asset	(12,797)	-
Purchase of fixed assets	(16,611)	-
Cash used in investing activities	<u>(29,408)</u>	<u>-</u>
Financing Activities:		
Government Guarantee	60,000,000	-
GORTT Equity Injection	-	1,000,000
Cash provided by financing activities	<u>60,000,000</u>	<u>1,000,000</u>
Net change in cash resources	59,071,502	1,000,440
Cash resources, beginning of year/period	<u>1,000,440</u>	<u>-</u>
Cash resources, end of year/period	<u>\$ 60,071,942</u>	<u>\$ 1,000,440</u>
Represented by:		
Cash and cash equivalents	<u>\$ 60,071,942</u>	<u>\$ 1,000,440</u>

Figure 1.3

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 Trinidad and Tobago. 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 for Small and Medium-Sized Entities (IFRS for SMEs) as adopted by the Institute of Chartered Accountants of Trinidad and Tobago, 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 judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of 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) 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.

(d) 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.

Figure 1.4

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (Cont'd):

(e) 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 Statement of Financial Position 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.

(f) Adoption of IFRS for SMEs and Restatement -

During the current year, the Company adopted the IFRS for SMEs which was issued by the International Accounting Standards Board in July 2009. These standards were adopted by the Institute of Chartered Accountants of Trinidad and Tobago effective 1 February 2010 for use in the presentation of financial statements for 2009 and prior periods.

In accordance with Section 35 of the IFRS for SMEs (Transition to IFRS for SME), the previous year's accounts have been restated.

Figure 1.4 Cont'd

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (Cont'd):

(g) 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 income tax is provided in full, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the enacted tax rate at the statement of financial position 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. In the opinion of management, the effect of temporary differences at 30 September 2012 is not considered material.

(h) Financial Instruments -

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Trade and other receivables and prepayments

Trade and other receivables and prepayments are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Figure 1.4 Cont'd

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (Cont'd):

(h) Financial instruments (Cont'd) -

Trade and other payables and accruals

Trade and other payables and accruals are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank loans

Bank loans are recognised initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the loan using the effective interest method.

Stated Capital

The Company's shares are classified as equity and are recorded at fair value of consideration less direct costs associated with the share issue.

(i) 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.

(j) Comparative figures -

Certain changes in the presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the net profit reported for the previous year.

Figure 1.4 Cont'd

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (Cont'd):

(k) Government grant -

Grants from the Government of the Republic of Trinidad and Tobago 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 with net expenses they are intended to compensate.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS:

The preparation of financial statements in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies. See Note 2 (b).

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) 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) Whether leases are classified as operating leases or finance leases.**
- ii) Which depreciation method for property, plant and equipment is used.**

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

Figure 1.4 Cont'd

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd):

i) Impairment of assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Property, plant and equipment

Management exercises 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.

4. CASH AND CASH EQUIVALENTS:

	31 December	
	2013	2012
First Citizens Bank Limited – TT\$ Guarantee Account	\$ 60,000,110	\$ 999,970
First Citizens Bank Limited – Operational Account	71,832	470
	\$ 60,071,942	\$ 1,000,440

5. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS:

	31 December	
	2013	2012
Prepayments	\$ 137	\$ -
Subvention receivables	1,089,928	78,279
	\$ 1,090,065	\$ 78,279

Figure 1.4 Cont'd

6. INTANGIBLE ASSETS:

	31 December	
	2013	2012
Computer software, brought forward	\$ -	\$ -
Additions	12,797	-
Amortisation	(2,011)	-
Computer software, carried forward	\$ 10,786	\$ -

7. PROPERTY, PLANT AND EQUIPMENT:

	Office Furniture	Office Equipment	Computer Hardware	Total
Cost				
Balance as at 1 January 2013	\$ -	\$ -	\$ -	\$ -
Additions	6,440	2,271	7,900	16,611
Balance as at 31 December 2013	6,440	2,271	7,900	16,611
Accumulated Depreciation				
Balance as at 1 January 2013	-	-	-	-
Charge for the year	1,073	341	1,481	2,895
Balance as at 31 December 2013	1,073	341	1,481	2,895
Net Book Value				
Balance as at 31 December 2013	\$ 5,367	\$ 1,930	\$ 6,419	\$ 13,716
Balance as at 31 December 2012	\$ -	\$ -	\$ -	\$ -

Figure 1.4 Cont'd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

8. TRADE AND OTHER PAYABLES AND ACCRUALS:

	31 December	
	2013	2012
Audit fees payable	\$ 23,000	\$ 2,300
Amounts due to Eximbank	163,509	76,419
	\$ 186,509	\$ 78,719

9. GOVERNMENT GUARANTEE:

This balance represents funds forwarded to the company from the Government of Trinidad and Tobago in order to facilitate the payment of Guarantees.

10. STATED CAPITAL:

	31 December	
	2013	2012
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
1,000,000 ordinary shares of no par value	\$ 1,000,000	\$ 1,000,000

11. ADMINISTRATIVE EXPENSES:

	31 December	
	2013	2012
Amortisation of intangible asset	\$ 2,011	\$ -
Audit fees	20,700	2,300
Agency fees	406,875	-
Bank charges	1,495	60
Depreciation expense	2,895	-
Directors' fees	216,000	54,000
Legal expense	5,593	-
Marketing and promotions	19,210	-
Meals and entertainment expense	1,294	-
Office expense	1,555	-
Professional fees	290,445	21,919
Rent or lease expense	24,849	-
Software maintenance expense	688	-
Travel expense	18,039	-
	\$ 1,011,649	\$ 78,279

Figure 1.4 Cont'd

12. CONTINGENT LIABILITIES:

Contingent Liability -

Trinidad and Tobago Tourism Business Development Limited (TTTBDL) gave bank guarantees of TT \$16,166,080 for the year ended 31 December 2013. It is considered unlikely that the Company will be held liable as a result of their commitment. At the reporting date the fair value of these is nil, thus no 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.

13. 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/period were as follows:

	31 December	
	2013	2012
Expenses		
Directors' fees	\$ 216,000	\$ 54,000

Figure 1.4 Cont'd

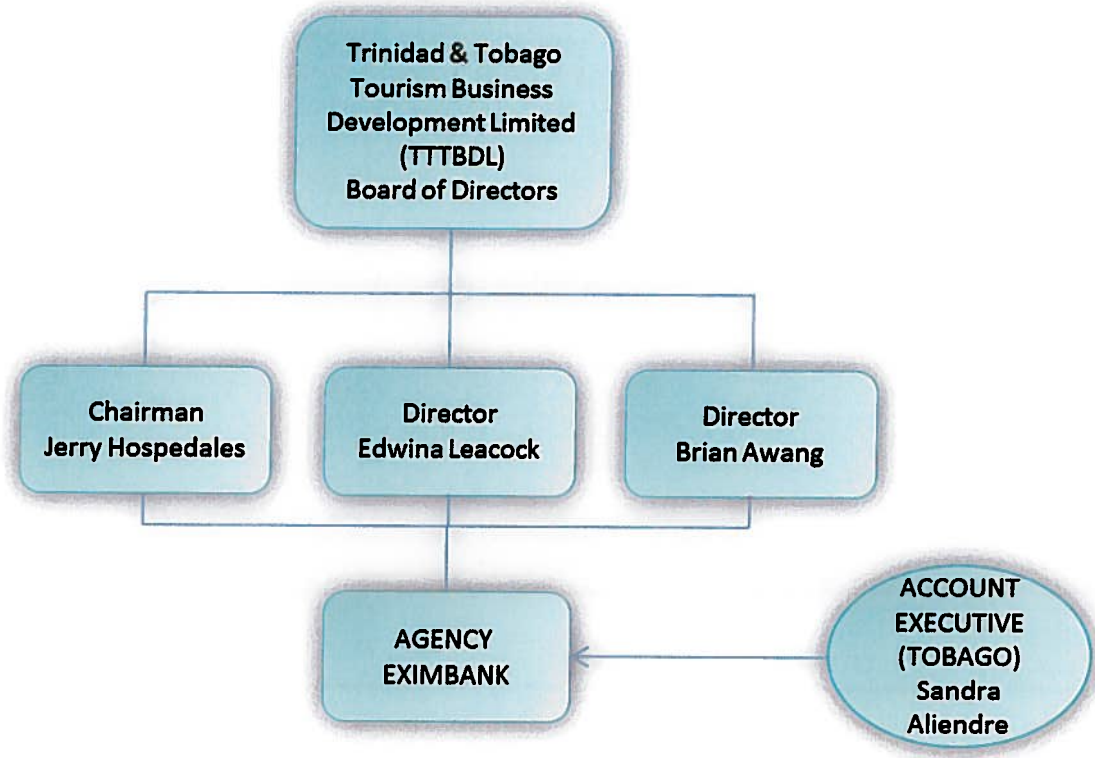


Figure 1.5