



Chartered Accountants
& Business Advisors

PKF LIMITED

**URBAN DEVELOPMENT CORPORATION OF
TRINIDAD AND TOBAGO LIMITED**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017



Chartered Accountants
& Business Advisors

PKF LIMITED

URBAN DEVELOPMENT OF TRINIDAD AND TOBAGO LIMITED

INDEX

	<u>Page</u>
Statement of Management Responsibilities	1
Independent Auditors' Report	2 – 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 – 68

**URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO LIMITED
GROUP OF COMPANIES**

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of **Urban Development Corporation of Trinidad and Tobago Limited Group of Companies**, which comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies;
- 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.



Tamlea Charles-Phillips
Chief Executive Officer
Date: 13.3.2023



Burton Andre Hinkson
Divisional Manager, Finance
Date: 13/3/23



Chartered Accountants
& Business Advisors

PKF LIMITED

INDEPENDENT AUDITORS' REPORT

The Shareholder

Urban Development Corporation of Trinidad and Tobago Limited and its Subsidiaries

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Urban Development Corporation of Trinidad and Tobago Limited ("Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements...

Basis for Disclaimer of Opinion

The qualification arose from issues within the unconsolidated financial statements of Urban Development Corporation of Trinidad and Tobago Limited, which impacted the group report, as the issues relate to a lack of sufficient and appropriate audit evidence and are considered material and pervasive to the Group

The Group was unable to provide the required evidence to substantiate the existence, completeness, valuation, ownership and disclosure of construction in progress, investment properties, value added tax recoverable, accounts payable and accruals and contributed capital as at 31 December 2017.

No evidence was provided to support the cost used in the valuation of construction in progress as required by International Accounting Standard (IAS) 16 - Property, Plant, and Equipment.

No evidence was provided to support the valuation of investment properties as required by IAS 40 - Investment Properties. We were not provided with sufficient and appropriate audit evidence to determine the accuracy and existence of these costs.

No evidence was provided to support the valuation of the value added tax recoverable as at 31 December 2017.

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 250623, Trinidad, West Indies
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

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



Chartered Accountants
& Business Advisors

PKF LIMITED

INDEPENDENT AUDITORS' REPORT (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

The Group did not provide sufficient and appropriate audit evidence to support the valuation of accounts payable and accruals as at 31 December 2017.

The Group did not provide sufficient and appropriate audit evidence to support the valuation of contributed capital as at 31 December 2017.

We were unable to confirm or verify by alternative means, the existence, completeness, valuation, ownership and disclosure of construction in progress, investment properties, value added tax recoverable, accounts payable and accruals and contributed capital as at 31 December 2017.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary, in respect of construction in progress, investment properties, value added tax recoverable, accounts payable and accruals and contributed capital as at 31 December 2017.

Responsibilities of Management and the Board of Directors 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 Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 independent 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 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:

INDEPENDENT AUDITORS' REPORT (Cont'd)**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- 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 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 independent auditors' 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 financial statements, including the disclosures, and whether the consolidated 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.

Other Matters

The previous year's accounts were audited by another firm of Chartered Accountants. The Independent Auditor's Report on the financial statements as at and for the year ended 31 December 2016 was dated 4 March 2022 and contained a Disclaimer of Opinion. The reasons for the Disclaimer of Opinion were as follows:

In relation to the separate financial statements of Urban Development Corporation of Trinidad and Tobago Limited:

- The other firm of Chartered Accountants was unable to obtain a complete understanding of certain processes that existed during the year ended 31 December 2016.
- The other firm of Chartered Accountants was unable to obtain sufficient and/or appropriate audit evidence to support the completeness, existence, accuracy and valuation of certain account balances for the year ended 31 December 2016.



Chartered Accountants
& Business Advisors

PKF LIMITED

INDEPENDENT AUDITORS' REPORT (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

Other Matters (Cont'd)

As a result, the other firm of Chartered Accountants was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements comprising the separate Statement of Financial Position, Separate Statements of Profit or Loss and Other Comprehensive Income and Changes in Equity and Cash Flows and disclosures in the notes to the Separate Financial Statements as at and for the year ended 31 December 2016.

In relation to the financial statements of Port of Spain Waterfront Development Company Limited:

- Certain account balances were either incompletely analysed or supporting documentation was not available and accordingly, the other firm of Chartered Accountants was unable to obtain sufficient and/or appropriate audit evidence over the respective account balances as at 31 December 2016 and the notes to the financial statements for the year then ended.
- The other firm of Chartered Accountants were not able to obtain sufficient and appropriate audit evidence that the certain balances and/or disclosure were complete, existed, were accurate or were appropriately measured.

As a result, the other firm of Chartered Accountants was unable to determine whether any adjustments might have been found necessary in respect of the elements making up the Statements of Financial Position, Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows and disclosures in the notes to the financial statements as at and for the year ended 31 December 2016.

PKF

Barataria
TRINIDAD
13 March 2023

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

		<u>ASSETS</u>		
		-----31 December-----		
<u>Notes</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
	(\$)	(\$)	(\$)	
		(Restated)	(Restated)	
<u>ASSETS</u>				
Non-Current Assets:				
Investment properties	5	7,397,235,194	6,406,998,847	1,203,448,477
Inventory - Land	7	69,707,941	69,707,941	69,707,941
Construction in progress	6	192,111,841	1,344,837,900	5,994,177,653
Property plant and equipment	8	1,503,744,815	1,581,417,046	1,602,470,771
Value and tax recoverable	9	611,784,351	602,295,203	543,874,468
Accounts receivable and prepayments	13	1,102,846,533	580,542,603	-
Investment securities	25	62,084,400	71,059,008	49,633,580
Deferred tax asset	12	2,811,535	19,632,760	196,850,826
Restricted cash	10	20,153,098	13,402,287	41,987,359
		<u>10,962,479,708</u>	<u>10,689,893,595</u>	<u>9,702,151,075</u>
Current Assets:				
Projects receivables	11	565,877,342	514,006,020	510,008,462
Accounts receivable and prepayments	13	731,786,316	462,551,475	1,215,757,376
Short term investment	25	205,446,000	205,446,000	5,446,000
Cash and cash equivalent	14	209,938,954	567,407,160	1,172,974,760
		<u>1,713,048,612</u>	<u>1,749,410,655</u>	<u>2,904,186,598</u>
Total Assets		<u>12,675,528,320</u>	<u>12,439,304,250</u>	<u>12,606,337,673</u>
<u>EQUITY AND LIABILITIES</u>				
Capital and Reserve:				
Stated capital	16	999,602	999,602	999,602
Accumulated deficit		(603,491,214)	(640,307,736)	(421,195,054)
Contributed capital	17	4,204,733,320	3,725,599,965	3,083,301,017
		<u>3,602,241,708</u>	<u>3,086,291,831</u>	<u>2,663,105,565</u>
Non-Current Liabilities:				
Borrowings	18	6,835,924,625	7,512,368,328	8,033,760,423
Deferred liability	19	10,350,000	10,350,000	10,350,000
Tax liability	20	-	26,833,083	28,338,405
Deferred revenue	21	2,689,601	10,546,819	8,122,710
		<u>6,848,964,226</u>	<u>7,560,098,230</u>	<u>8,080,571,538</u>
Current Liabilities:				
Accounts payable and accruals	22	1,261,447,595	988,287,291	929,346,935
Borrowings	18	802,901,355	696,343,522	653,336,324
Reserve development fund	23	46,481,191	40,942,096	20,184,115
Deposit on account	24	1,410,641	1,316,353	1,311,203
Deferred tax liability	12	103,660,882	60,048,971	252,506,037
Tax payable		8,420,722	5,975,956	5,975,956
		<u>2,224,322,386</u>	<u>1,792,914,189</u>	<u>1,862,660,570</u>
Total Equity and Liabilities		<u>12,675,528,320</u>	<u>12,439,304,250</u>	<u>12,606,337,673</u>

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 13 March 2023 and signed on their behalf by:



Director



Director

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

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
	<u>Notes</u>	<u>2017</u> (\$)	<u>2016</u> (\$)
Income:			
Hotel operation	26	237,148,666	240,049,238
Rental income	27	279,016,882	280,062,451
Project management fees		30,905,396	19,962,881
Development fees		16,195,633	21,009,049
Other income	28	<u>32,050,062</u>	<u>25,853,974</u>
		<u>595,316,639</u>	<u>586,937,593</u>
Operating expenses:			
Revaluation gain/(loss) on investment property		(679,961)	26,979,699
Impairment allowance		341,846,238	(265,336,999)
Hyatt Regency Trinidad operating expenses		(158,874,196)	(168,245,531)
Other expenses	29	<u>(587,237,529)</u>	<u>(202,578,070)</u>
Total operating expenses		<u>(404,945,448)</u>	<u>(609,180,901)</u>
Operating profit/(loss)		<u>190,371,191</u>	<u>(22,243,308)</u>
Non-operating expenses:			
Government grant	31	307,430,944	95,912,904
Finance income	31	8,239,034	3,628,009
Finance costs	32	<u>(404,499,670)</u>	<u>(296,566,093)</u>
Total non-operating expenses		<u>(88,829,692)</u>	<u>(197,025,180)</u>
Profit (loss) before taxation		101,541,499	(219,268,488)
Taxation	33	<u>(64,724,977)</u>	<u>155,806</u>
Total Comprehensive Income/(Loss) for the year		<u><u>36,816,522</u></u>	<u><u>(219,112,682)</u></u>

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

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 DECEMBER 2017

	<u>Stated Capital</u> (\$)	<u>Accumulated Deficit</u> (\$)	<u>Contributed Capital</u> (\$)	<u>Total Equity</u> (\$)
Balance, 1 January 2016	999,602	(235,112,285)	2,937,851,017	2,703,738,334
Impact of correction of errors	-	<u>(186,082,769)</u>	<u>145,450,000</u>	<u>(40,632,769)</u>
Re-stated balance, 1 January 2016	999,602	(421,195,054)	3,083,301,017	2,663,105,565
Total comprehensive loss for the year	-	(219,112,682)	-	(219,112,682)
Contributed capital for the year	-	-	<u>642,298,948</u>	<u>642,298,948</u>
Balance, 31 December 2016	<u>999,602</u>	<u>(640,307,736)</u>	<u>3,725,599,965</u>	<u>3,086,291,831</u>
Balance, 1 January 2017	999,602	(640,307,736)	3,725,599,965	3,086,291,831
Total comprehensive income for the year	-	36,816,522	-	36,816,522
Contributed capital for the year	-	-	<u>479,133,355</u>	<u>479,133,355</u>
Balance, 31 December 2017	<u>999,602</u>	<u>(603,491,214)</u>	<u>4,204,733,320</u>	<u>3,602,241,708</u>

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

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended	
	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Cash Flow from Operating Activities:		
Profit/(loss) profit before taxation	101,541,499	(219,268,488)
Adjustment for:		
Depreciation	137,650,706	122,897,701
Interest on construction-in-progress	35,459	1,609,314,474
Interest in capital contribution	479,133,355	646,492,403
Acquisition of other property, plant and equipment	(54,358,465)	-
Borrowings paid by GORTT	(192,509,312)	(175,672,425)
Interest expense	311,126,759	100,956,555
Interest income	(307,429,059)	(95,911,622)
Foreign exchange loss	-	70,139,662
	<u>475,190,942</u>	<u>2,058,948,260</u>
Changes in Operating Assets and Liabilities:		
Accounts receivable and prepayments	(791,538,772)	145,433,298
Accounts payable and accruals	276,133,782	57,700,157
Reserve development fund	5,633,383	20,763,131
Increase in value added tax recoverable	(9,489,146)	(58,420,737)
Project receivables	(51,871,322)	(3,997,558)
Deferred revenue	(7,857,218)	2,424,109
Deferred tax liability	(6,427)	-
Taxation paid	(28,673,899)	(4,551,884)
Interest paid	<u>(311,126,759)</u>	<u>(100,956,555)</u>
	<u>(443,605,436)</u>	<u>2,117,342,221</u>
Net cash (used in)/provided by Operating Activities		
Cash Flows From Investing Activities:		
Decrease in Hyatt Replacement Reserve Fund	(6,750,811)	28,585,072
Net change in Investments	8,974,608	(194,195,428)
Purchase of property, plant and equipment	(5,842,789)	(106,779,663)
Proceeds from sale of property, plant and equipment	-	53,478
Net change in construction-in-progress	162,677,031	(2,162,836,334)
Taxation written off	-	(10,796,433)
Interest received	<u>307,429,059</u>	<u>95,911,622</u>
	<u>466,487,098</u>	<u>(2,350,057,686)</u>
Net cash provided by/(used in) Investing Activities		

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

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	For the year ended	
	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Cash Flows From Financing Activities:		
Repayment of borrowings	<u>(380,349,868)</u>	<u>(372,852,135)</u>
Net cash from financing activities	<u>(380,349,868)</u>	<u>(372,852,135)</u>
Net increase in cash and cash equivalent	(357,468,206)	(605,567,600)
Cash resources, beginning of year	<u>567,407,160</u>	<u>1,172,974,760</u>
Cash resources, end of year	<u><u>209,938,954</u></u>	<u><u>567,407,160</u></u>
Represented by:		
Cash and cash equivalent	<u><u>209,938,954</u></u>	<u><u>567,407,160</u></u>

Restricted cash of **\$20,153,098** (2016: **\$13,402,287**) has not been treated as part of cash and cash equivalent. See **Note 10**.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

1. Incorporation and Principal Activities:

Urban Development Corporation of Trinidad and Tobago Limited (the "Corporation" or "UDeCOTT") is incorporated in Trinidad and Tobago and is wholly owned by the Government of the Republic of Trinidad and Tobago (the "GORTT"). The Corporation commenced operations on 13 January 1995. The address of its registered office is 38-40 Sackville Street, Port of Spain. Details of the subsidiary companies are included in **Note 15**.

The consolidated financial statements of the Corporation as at and for the year ended 31 December 2017 incorporate the operations of the Corporation and its subsidiaries (together referred to as "the Group").

On 13 March 2023 the Board of Directors of Urban Development Corporation of Trinidad and Tobago Limited authorised these consolidated financial statements for issue.

The Group undertakes project development work on behalf of the GORTT. The work performed by the Group can be segregated into six (6) principal categories:

(i) Project management activities

The Group provides full scale project development and management services which includes identifying appropriate site location, assisting in project design, selecting contractors, overseeing project execution and completing and procuring funding. For these activities, the Group earns a project management fee.

(ii) Development of projects to be retained

The Group also undertakes project development work on assets that are expected to be retained on completion. These assets are expected to generate future returns in the form of rental income, facility management fees or sale of the assets.

The GORTT communicates development projects to be undertaken by the Group by way of letters, Cabinet Minutes or through Directives. The Group's Project Management activities are carried out in accordance with an agreement with the Ministry of Public Administration dated 1 July 1999.

(iii) Hotel operations

The Corporation entered into a Multi-Party Agreement dated 2 June 2014 with Hyatt Trinidad Limited (the "Hyatt" or "hotel") and the Port of Spain Waterfront Development Limited ("POSWDL"), wherein it was agreed that the Corporation is the sole "Owner" under the Hotel Management Agreement dated 27 July 2005. The Multi-Party Agreement specified that Hyatt shall manage and operate the hotel for the account and benefit of the Corporation in accordance with the Hotel Management Agreement. Accordingly, the operations of the Hyatt, which began operations on 19 January 2008, have been included in these consolidated financial statements.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

1. Incorporation and Principal Activities (Cont'd):

(iv) Facilities management activities

The Group provides facility management services which includes full scale maintenance of properties in UDeCOTT's care. The Group's Project Management activities are carried out in accordance with an agreement with the Ministry of Public Administration dated 1 July 1999.

(v) Car park operations

The Corporation undertakes the operation of a car park. The GP Parkade is operated by the Corporation's staff.

(vi) Sale of leasehold land

The Group facilitates the sale of leasehold land located at Rincon North Coast Road, Las Cuevas. The 476 acres of leasehold land for 999 years is divided into different types of lots: namely homestead, farmstead, residential, commercial and nature reserves. The land will be sold as leasehold land for a duration of 199 years with the exception of nature reserves.

2. Summary of Significant Accounting Policies:

(a) Basis of financial statements preparation -

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in Trinidad and Tobago dollars rounded to the nearest whole dollar. They have been prepared using the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies in **Note 2 (g)**.

(b) Use of estimates -

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in **Note 4**.

(c) Functional and presentation currency -

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(d) New accounting standards and interpretations -

The Group 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 Corporation or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

- | | |
|---------|--|
| IFRS 1 | First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 2 | Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 4 | Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 9 | Financial Instruments (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 9 | Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 9 | Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 12 | Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017). |
| IFRS 15 | Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 16 | Leases (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 17 | Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021). |

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(d) New accounting standards and interpretations (cont'd) -

IAS 7	Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
IAS 12	Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
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 22	Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
IFRIC 23	Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

The Group has not applied IFRS 9 which has been issued but is not yet effective. Although its effect is likely to be significant, the impact cannot be determined with any degree of certainty, particularly with regard to twelve-month and life-time expected credit loss.

(e) Going concern –

The consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be in operation in the foreseeable future.

The existence of the following factors as at the reporting date raises concerns about the use of the going concern assumption by the Group in the preparation of the financial statements for the year:

- (i) The gearing ratio of the Group is 67.54% (2016: 72.02%) which is comprised mainly of third party debt obligations guaranteed by the GORTT.
- (ii) The Group is dependent on the GORTT to provide guarantees in order for the Group to restructure and/or repay existing loan facilities and to obtain new loan facilities. The Group is also dependent on capital contributions from the GORTT to support its primary operating activities.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(e) Going concern (cont'd) -

However, these financial statements are prepared on the going concern basis, in accordance with IAS 1, since the Board of Directors and Management are of the view that the Group can continue to rely on the support of the shareholder, the GORTT, as required, in meeting its obligations as they fall due.

This support is evidenced by the fact that all of the Group's borrowings have been guaranteed by GORTT and are being serviced in full by GORTT. This debt service is accounted for as Capital Contributions in these financial statements.

Further evidence of support is in the active participation of GORTT in the activities of the Board of Directors of the Group along with assignment of various capital projects of GORTT to the Group.

The Group's strategic, corporate and business plans are noted by Cabinet. These plans were prepared by the Group's Management and are based on prudent assumptions which are considered realistic and achievable by the Board of Directors.

The ability of the Group to continue to trade and to meet its obligations is dependent on the continued support of the shareholder in the form of direct financing and or the provision of appropriate guarantees to third parties. There are no indications that such support will not be forthcoming.

(f) Consolidation -

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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. All subsidiaries were established by the Urban Development Corporation of Trinidad and Tobago Limited and are wholly-owned since incorporation. See **Note 15**.

All inter-group transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated on consolidation.

Where necessary the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(g) Financial instruments -

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

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

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

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

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

A financial asset or group of financial assets is impaired and impairment losses are recognised if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets which can be reliably estimated.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(g) Financial instruments (cont'd) -

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

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

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

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(g) Financial instruments (cont'd) -

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

i) Financial assets measured at amortised cost

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

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

ii) Financial assets measured at cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed.

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.

Cash and cash equivalent

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

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(g) Financial instruments (cont'd) -

Accounts receivable

Accounts receivable 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 the Statement of Comprehensive Income 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.

Trade payables

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

Stated capital

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

(h) Foreign currencies -

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Corporation's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(i) Construction in progress -

Construction in progress represents amounts expended on capital projects which the Corporation will retain in order to generate future revenue. Construction in progress are stated at historical cost less accumulated depreciation and impairment losses.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

(j) Contract works -

The Group carries out project management activities on behalf of GORTT based on an agreement with GORTT on a project-by-project basis. Instructions are provided to the Group regarding the projects that are to be executed. The following functions are performed by the Group in its project management role:

- i. assisting in project design, selection of and entering into contracts with sub-contractors;
- ii. certifying work performed by sub-contractors; and
- iii. settling amounts due to sub-contractors.

The Group is responsible for transferring the project to GORTT upon completion.

The Group accounts for this type of development work undertaken on behalf of GORTT on a cost reimbursement basis, as it is expected to be reimbursed for allowable or defined costs, together with project management fees.

Construction contract costs are recognised when incurred. Variations in contract work are included in construction contract revenue to the extent they are recoverable and are capable of being reliably measured. Costs incurred in the year in connection with future activity on a contract are excluded from construction contract costs in determining the stage of completion for the work performed.

The Group presents as an asset, the gross amount due from GORTT for contract work for all work-in-progress in which the costs incurred plus project management fees recognised exceed progress billings. Amounts billed and not yet paid are included within accounts receivable and prepayments.

The Group presents as a liability, the gross amount due to GORTT for contract work for all contracts in progress for which the amounts paid by GORTT exceeds the cost incurred plus the project management fees recognised.

Advances received from GORTT where work has not yet been undertaken are reflected in the consolidated financial statements, included within accounts payable and accruals.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(k) Investment property -

Investment properties are initially recognised at cost and subsequently recognised at market value with any change therein recognised in profit or loss. Market value is either determined by management or an independent valuator. The market value is reviewed every three years.

(l) Property, plant and equipment -

Buildings held for the Group's own use are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in the separate statement of comprehensive income as incurred.

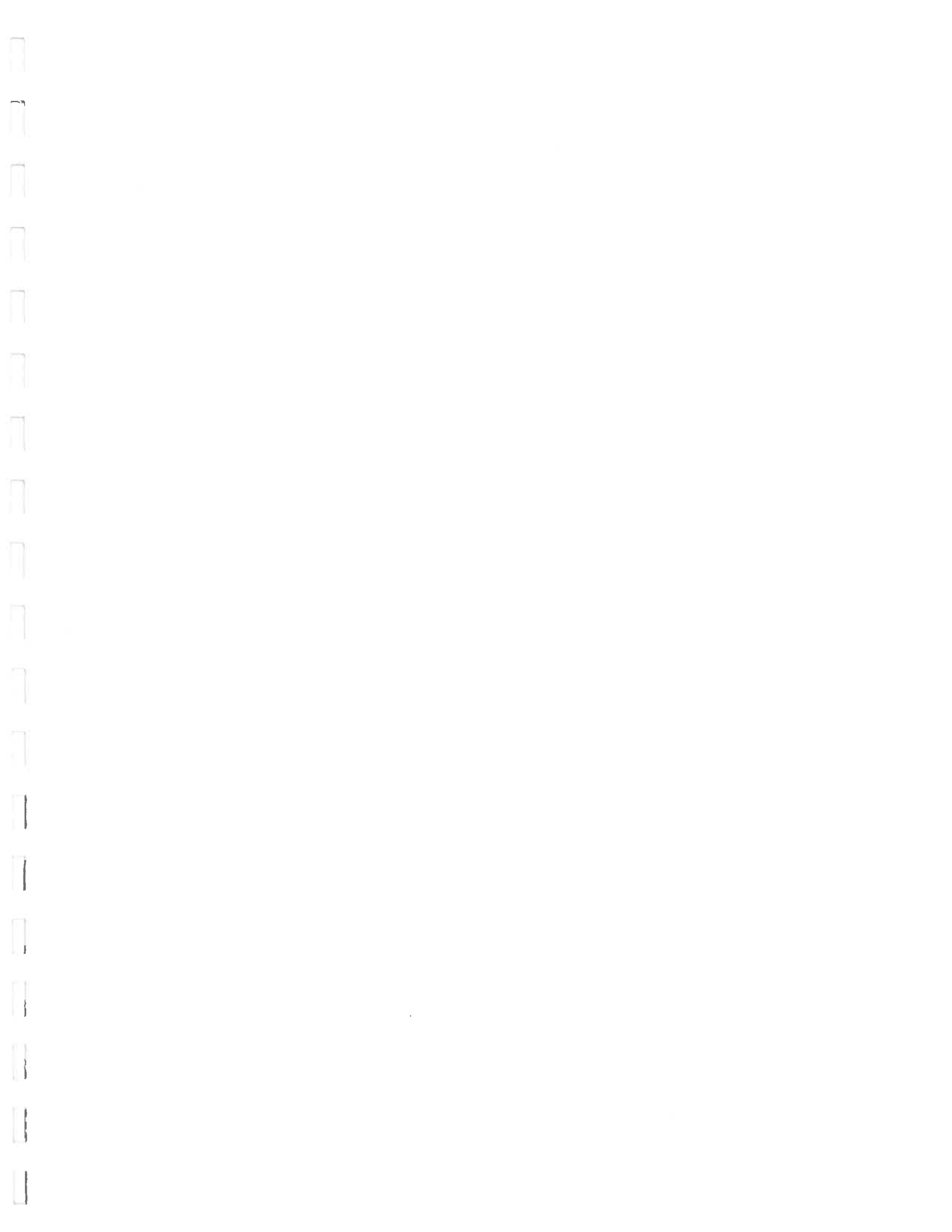
Depreciation is calculated on other assets using the straight-line method to allocate their cost to their residual values over their estimate useful lives, as follows:

Building	-	5%
Furniture and fixtures	-	10%
Office equipment	-	20%
Motor vehicles	-	20%
Computer equipment	-	30%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Where the carrying amount of an asset is greater than its recoverable amount, it is written down to its recoverable amount.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use. Gains or losses arising upon derecognition of the asset are calculated as the difference between the net disposal proceeds and the carrying amount of the asset. Such gains or losses are included in the Consolidated Statement of Comprehensive Income in the year the asset is derecognised.



**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(m) Borrowings –

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(n) Income -

Income is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable for the provision of services rendered in the ordinary course of the Group's activities.

The following specific recognition criteria must also be met before revenue is recognised:

i. Construction contract revenue and project management fees

Revenue for contract work performed on behalf of GORTT is recognised based on the recoverable costs incurred by the Group during the period plus the project management fees earned for the period which are measured based on surveys of work performed. The project management fees are calculated as a percentage of the construction costs incurred for the period.

ii. Interest income

Revenue is recognised using the amortized cost method.

iii. Rental income

Rental income is recognised on the accruals basis using the straight line method.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(n) Income (cont'd) -

iv. Income – hotel operations

Revenue is recognised when the services are provided. Additionally, the hotel arm of the Corporation collects sales, occupancy and similar taxes, which are presented on a net basis (excluded from revenues).

v. Other Revenue

Revenue from operations is recognized in the statement of comprehensive income on the accrual basis.

vi. Deferred Revenue

Deferred revenue is fees received from the client at the beginning of a project, it is recorded as a non-current liability. Revenue is recognised when the work has actually been executed or as detailed in the respective agreements.

(o) Provisions -

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, 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. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(p) Taxation -

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability that at the time of the transaction affects neither accounting nor the taxable profit or loss. Currently enacted rates are used to determine deferred income tax.

A deferred tax asset relating to the carry forward of unused tax losses is recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(q) Leases –

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Assets held under operating leases are not recognised in the organisation's statement of financial position. Payments made under operating leases are charged to the separate profit and loss statement on a straight line basis over the period of the lease.

(r) Impairment of non-financial assets -

Assets that are subject to depreciation and/or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(s) Intangible assets -

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis, utilising rates which are sufficient to write off the assets over their estimated useful economic lives. The intangible assets' estimated useful economic lives and the amortisation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation rate utilised for computer software is 30%.

(t) Employee benefits -

The Group does not have a retirement benefit plan for its employees. The Group makes contributions to approved pension policies held by employees. The Group's contributions to these policies are expensed in the consolidated financial statements.

(u) Inventories -

Inventories consist primarily of food and beverage and are stated at the lower of cost or net realisable value. Cost is determined generally by the first-in, first-out method.

(v) Government grants -

The Corporation recognises a conditional government grant related to interest on loan facilities which the Corporation has been given permission by the GORTT to procure.

The grants that compensate the Corporation are recognised in the profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

(w) Contributed capital -

The corporation recognises as contributed capital amounts paid by the GORTT which covers the payment of the principal amounts on loan facilities which the Corporation has been given permission by the GORTT to procure. These amounts are recognised in the statement of financial position.

(x) Reserve development fund -

Funds received in advance from the GORTT in preparation for a project are allocated to the Reserve Development Fund. Upon commencement of the project, the funds are used to settle the respective project costs.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(y) Related parties -

A party is related to the Group, if:

- i. Directly, or indirectly through one or more intermediaries, the party:
 - (a) is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);
 - (b) has a direct or indirect interest in the Group that gives it significant influence; or
 - (c) has joint control over the Group;
- ii. the party is an associate of the Group;
- iii. the party is a joint venture in which the Group is a venturer;
- iv. the party is a member of the key management personnel of the Group or its parent;
- v. the party is a close member of the family of any individual referred to in (i) or (iv);
- vi. the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii. the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Group has a related party relationship with its Directors and Key Management Personnel, representing certain senior officers of the Group and all their affiliates.

(z) Comparative information -

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

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management:

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk) credit risk and liquidity risk. The Group's risk management policies and procedures which seeks to minimise the potential adverse effects of these financial risks on the Group's financial performance are as follows:

a) Market Risk

i) Currency risk

Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Management mitigates its exposure to currency risk by obtaining contracts in its functional currency where possible. In the event that the Group enters into a foreign currency contract, its exposure to currency risk is managed through the use of its foreign currency available cash resources and the sourcing of financing for its projects in the relevant foreign currency. The Group maintains foreign currency cash resources to meet its expected foreign currency liabilities in any given period.

The Group's foreign currency debt facility is secured by a lease agreement for which the lessee is the GORTT. The lease agreement is structured to ensure the rental income is obtained in the same currency as the debt facility and as a result, mitigates the Group's exposure to currency risk.

Sensitivity analysis

In the performance of the sensitivity analysis, a 1% movement in the United States Dollar exchange rates was assumed, however, all other variables, including interest rates remain the same.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

a) Market risk (cont'd) -

i) Currency risk (cont'd)

Effect on Income

US dollar denominated	Pre-Tax Effect on Income 2017		
	<u>As reported</u>	1% <u>Appreciation</u>	1% <u>Depreciation</u>
	(\$)	(\$)	(\$)
Cash and cash equivalent	13,295,133	(132,951)	132,951
Borrowings	(1,810,716,453)	18,107,165	(18,107,165)
Accounts payable and accruals	<u>(47,996,729)</u>	<u>479,967</u>	<u>(479,967)</u>
Total	<u>(1,845,418,049)</u>	<u>18,454,181</u>	<u>(18,454,181)</u>
	Post-Tax Effect on Income		
Total	<u>(1,384,063,537)</u>	<u>13,840,635</u>	<u>(13,840,635)</u>

US dollar denominated	Pre-Tax Effect on Income 2016		
	<u>As reported</u>	1% <u>Appreciation</u>	1% <u>Depreciation</u>
	(\$)	(\$)	(\$)
Financial Assets			
Cash and cash equivalent	3,147,315	31,473	(31,473)
Borrowings	(2,135,921,755)	(21,359,218)	21,359,218
Accounts payable and accruals	<u>(51,896,498)</u>	<u>(518,965)</u>	<u>518,965</u>
Total	<u>(2,184,670,938)</u>	<u>(21,846,710)</u>	<u>21,846,710</u>
	Post-Tax Effect on Income		
Total	<u>(1,638,503,204)</u>	<u>(16,385,032)</u>	<u>(16,385,032)</u>

There were no changes in the assumptions and method used in performing the sensitivity analysis as compared to prior years. The following significant exchange rates have been applied.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

a) Market risk (cont'd) -

i) Currency risk (cont'd)

The following significant exchange rates have been applied.

Year-end selling rate

	2017	2016
TTD to USD	6.7731	6.753

ii) Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and future cash flows. Fair value interest rate risk is the risk that the fair values of a financial instrument will fluctuate because of changes in the market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from long-term debt obligations. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. As at the balance sheet date, forty-three per cent of the Group's long-term borrowings are fixed rate instruments and fifty-seven per cent are floating rate instruments. During the year the Group's borrowings were denominated in the functional currency and the United States Dollar.

The Group manages its interest rate risk through the following mechanisms:

a) Repayment of certain loan obligations by the GORTT

In some instances, the Corporation's floating rate instruments are repaid by the GORTT. This injection by the GORTT is treated as capital contributions in the Corporation in the period of payment.

b) Structuring of its security arrangements

The Group's floating rate facilities are secured in some instances by lease agreements with the GORTT. The debt facilities are structured to allow a moratorium period for the repayment of the facility. This moratorium period is utilised to ensure that lease income and the timing of repayments on the facilities are synchronised. The lease agreements are also structured to ensure that both the principal and interest payments on the debt facility will be fully settled by the rental income gained from the lease.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

a) Market risk (cont'd) -

ii) Interest rate risk (cont'd)

Some of the Group's financing arrangements are repriced regularly at current market interest rates. This assists the Group in ensuring that the fair value interest rate risk associated with these instruments are minimised.

The following shows the cash flow sensitivity of the variable-rate instruments to a change of 100 basis points in the interest rate at the reporting date. All other factors, particularly, the foreign currency rates, remain unchanged.

	<u>Current Carrying Amount</u> (\$)	<u>Effect of 1% Increase in Interest Rate</u> (\$)	<u>Effect of 1% Decrease in Interest Rates</u> (\$)
<u>Pre-tax</u>			
Variable-rate instruments			
31 December 2017	4,335,588,364	43,355,883	(43,355,883)
31 December 2016	4,401,391,237	44,013,911	(44,013,911)
<u>Post-tax</u>			
Variable-rate instruments			
31 December 2017	3,251,691,097	32,516,911	(32,516,911)
31 December 2016	3,301,043,249	33,010,432	(33,010,432)

There were no changes in the assumptions and method used in performing the sensitivity analysis as compared to prior years.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

a) Market risk (cont'd) -

ii) Interest rate risk (cont'd)

The carrying amount and fair values of the fixed rate interest borrowings are as follows:

As at 31 December 2017	Carrying Amount <u>2017</u> (\$)	Fair Value <u>2017</u> (\$)
Carrying Amount		
Fixed rate instruments	3,303,237,617	3,303,237,617
Variable rate instruments	<u>4,335,588,363</u>	<u>4,335,588,363</u>
	<u>7,638,825,980</u>	<u>7,638,825,980</u>
As at 31 December 2016	Carrying Amount <u>2016</u> (\$)	Fair Value <u>2016</u> (\$)
Fair Value		
Fixed rate instruments	3,807,320,614	3,807,320,614
Variable rate instruments	<u>4,401,391,236</u>	<u>4,401,391,236</u>
	<u>8,208,711,850</u>	<u>8,208,711,850</u>

The fair values for the floating rate instruments are deemed to be equal to the carrying amounts by virtue of the interest reset periods being six months or less and as a result of minimal changes in the credit risk profile of the Group.

The Group's fixed rate financial liabilities are measured at amortised cost. There will be no impact on income due to fair value changes if there were interest movements on fixed rate financial instruments.

iii) Other price risk

The Group is not exposed to commodity price risk and does not possess any financial instruments that are affected by changes in commodity prices.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

b) Liquidity risk –

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Liquidity risk management

The Group's main financial liabilities are its trade payables and borrowings. The Group monitors the expected repayment of these liabilities against its available cash resources and the expected timing of its cash inflows.

The Group's trade payables comprise mainly of project payables. The Group finances these projects mainly through debt facilities. The Group manages its exposure to liquidity risk arising as a result of its project payables by ensuring the timing of drawdowns on these facilities coincides with its settlement terms on its project payables.

The exposure to liquidity risk on its debt facilities is mitigated mainly through the following factors:

- a) The GORTT makes repayments on certain debt facilities on behalf of the Group.
- b) The Group enters into lease arrangements with the GORTT. These lease agreements are structured to ensure the lease income is sufficient to meet the principal and interest payments on the debt facility in the periods in which they arise.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

b) Liquidity Risk cont'd -

The table below summarises the Group's exposure to liquidity risk based on the contracted undiscounted cash flows on the instruments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying Amount \$	Contractual Cash Flow \$	Less than one year \$	More than 1 Year but less than 5 Years \$	More than 5 years \$
Financial Assets					
31 December 2017					
Borrowings	7,638,825,980	9,115,062,659	2,122,728,499	5,179,365,495	1,812,968,665
Accounts payable and accruals	1,261,447,595	1,261,447,595	1,261,447,595	-	-
Reserve development fund	46,481,191	46,481,191	46,481,191	-	-
Deposit on account	1,410,641	1,410,641	1,410,641	-	-
Deferred revenue	<u>2,689,601</u>	<u>2,689,601</u>	<u>2,689,601</u>	<u>-</u>	<u>-</u>
	<u>8,950,855,008</u>	<u>10,427,091,687</u>	<u>3,434,757,527</u>	<u>5,179,365,495</u>	<u>1,812,968,665</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

b) Liquidity Risk cont'd -

Financial Assets

31 December 2016

Borrowings	8,208,711,850	9,803,997,373	1,579,111,744	3,825,391,979	4,399,493,650
Accounts payable and accruals	988,287,291	988,287,291	988,287,291	-	-
Reserve development fund	40,942,096	40,942,096	40,942,096	-	-
Deposit on account	1,316,353	1,316,353	1,316,353	-	-
Deferred revenue	10,546,819	10,546,819	10,546,819	-	-
	<u>9,249,804,409</u>	<u>10,845,089,932</u>	<u>2,620,204,303</u>	<u>3,825,391,979</u>	<u>4,399,493,650</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

c) Credit risk –

Credit risk is the potential for loss due to the failure of a counter-party to meet its financial obligations. The Group's credit risk arises from cash and cash equivalent, as well as credit exposures relating to outstanding receivables and committed transactions. For banks and financial institutions, only reputable commercial banks and financial institutions are accepted.

The Group undertakes project development work based on directives/instructions received from the GORTT. The Group currently does not execute project development work on behalf of third parties. Receivable balances for project development work included in the consolidated financial statements relate to amounts due to the Group by the GORTT and Government agencies.

The Group's major client is the Government of the Republic of Trinidad and Tobago (GORTT). The GORTT possesses an A+/A-1 (Standard and Poors) local currency credit rating and is considered to be creditworthy.

The Group also makes advance payments to contractors which are reflected as a receivable balance in the consolidated financial statements. Credit risk arises in the event that the contractor is unable to repay the advance in accordance with the terms of the contract. Contractors are evaluated during the tender evaluation process to ensure that they can demonstrate the requisite financial capacity. In addition, the Group requires contractors to provide an advance payment bond equivalent to the advance being provided which is issued by a reputable bonding agent.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

c) Credit risk (cont'd) –

Analysis of financial assets that are exposed to credit risk:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Contract works billed to GORTT	764,252,353	516,499,464
Advances to contractors	323,294,890	128,455,232
Other receivables excluding prepayments	<u>742,116,659</u>	<u>735,253,745</u>
	1,829,663,902	1,380,208,441
Project receivables	711,037,811	659,166,489
Cash and cash equivalent	<u>209,938,954</u>	<u>567,407,160</u>
Total	<u>2,750,640,667</u>	<u>2,606,782,090</u>

The analysis of the account receivable is as follows:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Advances to contractors	323,294,890	128,455,232
Contract works billed to GORTT	764,252,353	516,499,464
Other receivables	<u>742,116,659</u>	<u>735,253,745</u>
Total accounts receivable - gross	1,829,663,902	1,380,208,441
Less: Allowance for impairment	<u>-</u>	<u>(341,846,238)</u>
Account receivables – net	<u>1,829,663,902</u>	<u>1,038,362,203</u>
Project receivables	711,037,811	659,166,489
Less: Provision for impairment	<u>(145,160,469)</u>	<u>(145,160,469)</u>
Project receivables – net	<u>565,877,342</u>	<u>514,006,020</u>
Prepayments	<u>4,968,847</u>	<u>4,731,875</u>
Total	<u>2,400,510,091</u>	<u>1,557,100,098</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

c) Credit risk (cont'd) –

Analysis of receivable balances that were not impaired is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Past due 1-30 days	397,883,957	246,291,644
Past due 91-120 days	207,630,119	152,117,725
Over 120 but less than 365 days	121,303,293	59,410,231
Over 365 days	<u>1,102,846,533</u>	<u>534,879,493</u>
	<u>1,829,663,902</u>	<u>992,699,093</u>

The impairment allowance can be analysed as follows:

	Accounts Receivables	Project Receivable	Total	Total
	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
	\$	(\$)	(\$)	(\$)
At beginning of year	341,846,238	145,160,469	487,006,707	427,864,592
Additional provision recognized (written off)	<u>(341,846,238)</u>	<u>-</u>	<u>(341,846,238)</u>	<u>59,142,115</u>
	<u>-</u>	<u>145,160,469</u>	<u>145,160,469</u>	<u>487,006,707</u>

The Group's receivable balances are mainly denominated in the functional currency.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable balances above.

The impairment of trade receivables was determined by examining the opening balances to see where any movement took place. The Group's main debtor is the Government of the Republic of Trinidad and Tobago (GORTT), hence it is Management's belief that based on historical payment behaviour that all funds are collectible in full.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):

c) Credit risk (cont'd) –

The Group does not hold any collateral as security for the impaired balances noted above. The Group's receivable balances are mainly denominated in the functional currency. The maximum exposure to credit risk at the reporting date is the carrying value of the receivable balances above and the value of its cash and cash equivalent.

d) Capital Risk Management

The objective of the Corporation's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise stakeholders' value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total borrowings (current and non-current borrowings) less cash and cash equivalent. Capital includes stated capital, accumulated deficit and contributed capital.

Project development work undertaken by the Corporation is mainly funded by debt financing which significantly contributes to the high gearing ratio.

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Total borrowings	7,638,825,980	8,208,711,850
Less: cash and cash equivalent	<u>(144,420,992)</u>	<u>(264,030,108)</u>
Net debt	<u>7,494,404,988</u>	<u>7,944,681,742</u>
Stated capital	999,602	999,602
Accumulated deficit	(603,491,214)	(640,307,736)
Contributed capital	<u>4,204,733,320</u>	<u>3,725,599,965</u>
Total capital	<u>3,602,241,708</u>	<u>3,086,291,831</u>
Capital and net debt	<u>11,096,646,696</u>	<u>11,030,973,573</u>
Gearing ratio	67.54%	72.02%

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

4. Critical Accounting Estimates and Judgments:

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. Actual results could differ from those estimates and assumptions concerning the future.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the 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.

(i) Revenue recognition

The Group recognises revenue for work performed on behalf of GORTT by reference to recoverable costs incurred during the year plus the project management fees earned for the period which are measured based on surveys of work performed. If there was a 10% change in the amount of work surveyed by the Group compared to management's estimate, the amount of revenue and receivables recognised would change by approximately \$3 million (2016: \$1 million).

(ii) Income taxes

Significant estimates are required in determining the Group's provision for income taxes. There are some transactions for which the ultimate tax determination may be uncertain in the ordinary course of business. Management has made estimates of tax deductions based on current information available. If these deductions were to be different from management's estimate, such differences may impact the current and deferred income tax in the period in which such determination is made.

(iii) Valuation of properties

Leased properties included in the consolidated financial statements are recognised at revalued amounts at the year end. In applying this method, the Group utilises advice from independent valuers regarding changes in market prices and other external factors which would have an impact on property prices for the current year. If the estimate of fair values were to change by 10%, this would result in a change in leased property value and the capital contribution account of approximately \$739,728,183 (2016: \$640,699,885).

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(b) Critical judgements in applying the Corporation's accounting policies

(i) *Revenue recognition*

The Group activities include project development work carried out on behalf of the GORTT. The projects that are undertaken by the Corporation fall into two categories.

(a) Projects that the GORTT directs the Corporation to retain in the business in order to generate future revenue.

(b) Projects that will be transferred to the GORTT upon completion.

The GORTT via a letter from the Ministry of Planning, Housing and the Environment advised the Group of its intention regarding projects that are to be retained and projects that are to be transferred on completion.

Revenue from projects being transferred on completion include amounts for recoverable project costs incurred and the project management fees earned for the period. No revenue is recorded for assets being retained. These projects are capitalised and are included in construction in progress.

The Group has applied its accounting policies to projects included in the consolidated financial statements based on this directive.

If there is a change in the intention of the GORTT, this could materially affect the revenue earned in the consolidated statement of comprehensive income as well as the categorisation of assets on the consolidated balance sheet.

If the projects that the Group is capitalising are required to be transferred to the GORTT on completion, the impact is that the project costs included in construction in progress will have to be reflected in the consolidated statement of comprehensive income and the appropriate project management fees will be recorded on these costs.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(b) Critical judgements in applying the Group's accounting policies (cont'd)

(ii) *Measurement of fair values*

The following fair value hierarchy is used to determine the valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(iii) *Principal and interest payments being made by the GORTT on behalf of the Group*

The GORTT has guaranteed certain loans on behalf of the Group and in some instances is meeting the principal and interest payments due on these loans on behalf of the Group. These loans are being utilised by the Group to fund the following projects:

- Projects being retained by the Group
- Projects being transferred to the GORTT on completion.

There is no formal agreement between the GORTT and the Group for the treatment of the loan repayments. However, the practice is as follows:

- (a) Where the principal and interest payments are being made towards loans that are being used to finance projects retained, the principal and interest payments are being treated as capital contributions into the Group by the GORTT (See Note 17).
- (b) Where the principal and interest payments are being made towards loans that are being used to finance projects being transferred on completion, the principal and interest payments are being set off against accounts receivable balances due from the GORTT in relation to these projects.

During the year principal and interest payments by the GORTT applied against receivable balances totalled \$17,402,301 (2016: \$18,528,438).

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

5. Investment Properties:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
The Group's investment properties include the following:		
Richmond Street	160,000,000	160,000,000
GP Plaza	3,471,426,475	2,498,935,435
Scarborough Tobago	102,000,000	102,000,000
Chancery Lane, San Fernando	1,168,176,751	1,164,307,733
The GCP Parkade	826,070,082	823,964,178
Memorial Park	87,000,000	87,000,000
NAPA South	16,000,000	16,000,000
Invader's Bay	56,829,247	56,829,247
13-15 St. Clair Avenue	119,643,586	119,643,586
Real Springs, Valsayn	13,000,000	13,000,000
Salvatori Building	23,119,465	4,755,339
Tower C & D Fit Out	376,385,386	376,385,386
Ministry of Education Tower	718,905,434	722,482,101
St. Vincent Place	20,792,214	20,792,214
Other properties	13,886,554	16,903,628
POSWDL - Port Authority Lands, Wrightson Road	<u>224,000,000</u>	<u>224,000,000</u>
	<u>7,397,235,194</u>	<u>6,406,998,847</u>

The movement in the account balance over the year can be analysed as follows:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Opening net book amount	6,406,998,847	1,203,948,478
Transfers/Additions	<u>990,236,347</u>	<u>5,203,050,369</u>
Closing net book amount	<u>7,397,235,194</u>	<u>6,406,998,847</u>

Included in Investment Properties are long-term leases for five properties which have lease terms ranging between 99-199 years. These properties have nominal rentals of \$1.00 per annum. The Group has accounted for these leasehold properties at fair value since management is of the opinion that they have the risks and rewards associated with the properties for the current lease term and that the GORTT may renew the leases on the same terms and conditions. These properties are carried in the consolidated financial statements at fair value based on valuations performed by qualified independent valuers. When these properties were recognised as assets in the consolidated financial statements, the corresponding entry was made to a contributed capital account (See Note 17).

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

6. Construction in Progress:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Various projects	-	240,567,862
Sackville Street Renovations	8,073,587	5,420,850
Chancery Lane Complex	-	-
Ministry of Education Office Tower	-	-
Invaders' Bay	-	-
Memorial Park	-	679,961
Board of Inland Revenue	-	895,989,626
Real Springs	183,296,579	183,296,579
San Fernando General Hospital Car Park Extension	500	500
Waterfront Development	86,625	86,625
Strategic Redevelopment POS – Health City	243,016	243,016
Rincon Building Renovations	411,534	188,756
Salvatori Building	-	18,364,125
	<u>192,111,841</u>	<u>1,344,837,900</u>

The movement in the account balance over the year can be analysed as follows:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Opening net book amount	1,344,837,901	5,994,177,653
Additions	-	526,730,917
Transfers	<u>(1,152,726,060)</u>	<u>(5,176,070,670)</u>
Closing net book amount	<u>192,111,841</u>	<u>1,344,837,900</u>

7. Inventory-Land:

This represents the value of 476 acres of land at Las Cuevas Bay Estate. Inventory – land is initially recognized at cost and subsequently recognized at market value. Market value is determined by an independent valuator. The market value is reviewed every three years. To date the entire parcel of land has not been valued.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

8. Property, Plant and Equipment:

Cost	<u>Construction in Progress</u> (\$)	<u>Land</u> (\$)	<u>Buildings</u> (\$)	<u>Furniture, Fittings & Office Equipment</u> (\$)	<u>Computer Software & Equipment</u> (\$)
Balance, 1 January 2017	100,146,638	7,000,000	2,366,362,318	82,670,641	9,983,637
Reclassification	(154,505,103)	-	-	154,505,103	-
Write-off foreign exchange	(2,648,415)	-	-	-	-
Additions	<u>57,006,880</u>	<u>-</u>	<u>3,300,917</u>	<u>1,918,545</u>	<u>400,548</u>
Balance, 31 December 2017	<u>-</u>	<u>7,000,000</u>	<u>2,369,663,235</u>	<u>239,094,289</u>	<u>10,384,185</u>
Accumulated Depreciation					
Balance, 1 January 2017	-	-	903,210,363	72,738,737	8,802,488
Charge for the year	<u>-</u>	<u>-</u>	<u>119,255,771</u>	<u>20,169,764</u>	<u>(1,780,229)</u>
Balance, 31 December 2017	<u>-</u>	<u>-</u>	<u>1,022,466,134</u>	<u>92,908,501</u>	<u>7,022,259</u>
Net Book Value					
Balance, 31 December 2017	<u>-</u>	<u>7,000,000</u>	<u>1,347,197,101</u>	<u>146,185,788</u>	<u>3,361,926</u>
Balance, 31 December 2016	<u>100,146,638</u>	<u>7,000,000</u>	<u>1,463,151,955</u>	<u>9,931,904</u>	<u>1,181,149</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

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

Cost	Construction in Progress (\$)	Land (\$)	Buildings (\$)	Furniture, Fittings & Office Equipment (\$)	Computer Software & Equipment (\$)	Motor Vehicles (\$)	Total (\$)
Balance, 1 January 2016	-	7,000,000	2,366,351,510	81,251,510	9,162,760	974,361	2,464,740,141
Disposals	-	-	-	-	-	(53,478)	(53,478)
Additions	100,146,638	-	10,808	1,419,131	820,877	-	102,397,454
Balance, 31 December 2016	<u>100,146,638</u>	<u>7,000,000</u>	<u>2,366,362,318</u>	<u>82,670,641</u>	<u>9,983,637</u>	<u>920,883</u>	<u>2,567,084,117</u>
Accumulated Depreciation							
Balance, 1 January 2016	-	-	784,742,355	68,997,812	8,142,920	886,282	862,769,369
Charge for the year	-	-	118,468,008	3,740,925	659,568	29,201	122,897,702
Balance, 31 December 2016	-	-	903,210,363	72,738,737	8,802,488	915,483	985,667,071
Net Book Value							
Balance, 31 December 2016	<u>100,146,638</u>	<u>7,000,000</u>	<u>1,463,151,955</u>	<u>9,931,904</u>	<u>1,181,149</u>	<u>5,400</u>	<u>1,581,417,046</u>
Balance, 31 December 2015	<u>-</u>	<u>7,000,000</u>	<u>1,581,609,155</u>	<u>12,253,698</u>	<u>1,019,840</u>	<u>88,079</u>	<u>1,601,970,772</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

9. Value Added Tax (VAT) Recoverable:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
VAT recoverable	<u>611,784,351</u>	<u>602,295,203</u>

The Group is VAT registered and will generate future taxable supplies in the form of lease rentals which will be subject to output VAT, the VAT previously capitalised in development work in progress was reclassified to VAT recoverable. The Group has initiated communication with the VAT authorities to commence the recovery process on this balance.

10. Restricted Cash:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Restricted Cash	<u>20,153,098</u>	<u>13,402,287</u>

This relates to the hotel operations of the Group and includes the cash account related to the fund for replacement of and additions to fixtures, furniture, furnishings and equipment and other qualifying expenditures. This restricted cash balance is not available for use in the hotel operations of the Group and has therefore been classified as a non-current asset.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

11. Project Receivables:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Contract works billed to GORTT	507,207,286	423,002,412
Contract works not billed	61,783,210	118,563,651
Facilities work not billed	<u>142,047,315</u>	<u>117,600,426</u>
	711,037,811	659,166,489
Write-back (allowance) for impairment	<u>(145,160,469)</u>	<u>(145,160,469)</u>
	<u>565,877,342</u>	<u>514,006,020</u>

The Contract works billed to GORTT balance can be analysed as follows:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
(i) Project expenditure on NHA Refurbishment Projects	-	25,777,904
(ii) Project expenditure on the Brian Lara Cricket Academy	<u>507,207,286</u>	<u>397,224,508</u>
	<u>507,207,286</u>	<u>423,002,412</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

11. Project Receivables (Cont'd):

- (i) These project costs relate to expenditure incurred on the refurbishment of the National Housing Authority (NHA) apartments on behalf of the GORTT.
- (ii) This relates to costs incurred on the Brian Lara Cricket Academy.

The impairment allowance included above represents the difference between the recoverable amount and the carrying value after discounting the future cash flow.

12. Deferred Taxation:

Deferred income taxes are calculated in full on temporary differences under the liability method using the statutory tax rate of 25%. The movement in the deferred income tax account is as follows:

	<u>2017</u>	<u>(Credit)/ Charge to Profit or Loss</u>	<u>2016</u>
	\$	\$	\$
Deferred income tax asset			
- Accumulated tax losses	(4,910,156)	(15,999,674)	(20,909,830)
	(4,910,156)	(15,999,674)	(20,909,830)
Deferred income tax asset			
- Accelerated tax depreciation	2,098,621	(821,551)	1,277,070
Net deferred income tax asset	<u>(2,811,535)</u>	<u>(16,821,225)</u>	<u>(19,632,760)</u>
Deferred income tax liability			
- Accumulated tax losses	(185,317,586)	8,675,850	(176,641,731)
	(185,317,586)	8,675,855	(176,641,731)
Deferred income tax liability			
- Accelerated tax depreciation	288,978,468	(52,287,766)	236,690,702
Net deferred income tax liability	<u>103,660,882</u>	<u>(43,611,911)</u>	<u>60,048,971</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

13. Accounts Receivable and Prepayments:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Amounts due from GORTT for Contract Works	764,252,353	516,499,464
Prepayments and other receivables	743,641,087	738,052,653
Advances to contractors	323,294,890	128,455,232
Inventory – Hotel	3,444,519	1,932,967
Allowance for impairment	<u>-</u>	<u>(341,846,238)</u>
	<u>1,834,632,849</u>	<u>1,043,094,078</u>
Non-current	1,102,846,533	580,542,603
Current	<u>731,786,316</u>	<u>462,551,475</u>
	<u>1,834,632,849</u>	<u>1,043,094,078</u>

The Group is responsible for executing projects on behalf of the GORTT. The Group's major source of funding for project development work is from debt financing. Some of the Group's debts are guaranteed by the GORTT with repayments being made by the Corporation or in some instances by the GORTT.

- (a) These amounts represent construction contract costs incurred on projects which have been billed to the GORTT and upon which the organisation is awaiting payment.
- (b) These amounts represent payments made to contractors in advance of work being performed under the relevant construction contracts. The Group requires contractors to provide an advance payment bond issued by a reputable bonding agent for an amount equivalent to the amount of the advance being provided.

These amounts are reduced when advance payments are offset against progress billings from the contractor for construction work performed.

The impairment provision included above represents the account balances which have not shown any movement in over twelve months.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

14. Cash and Cash Equivalent:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Short-term investments		
Bank accounts	30,583,852	241,291,509
Deposit accounts	179,327,102	326,092,912
Petty cash	<u>28,000</u>	<u>22,739</u>
	<u>209,938,954</u>	<u>567,407,160</u>

The following cash balances reported by Hyatt are also included in the Group's cash and cash equivalent:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
House Bank	334,000	334,000
Demand Deposits	<u>36,264,606</u>	<u>64,780,053</u>
	<u>36,598,606</u>	<u>65,114,053</u>

15. Subsidiary Companies:

	31 December	
	% of Equity Capital Held	
	<u>2017</u> (\$)	<u>2016</u> (\$)
(i) Rincon Development Limited	100	100
(ii) Port of Spain Waterfront Development Limited	100	100
(iii) Oropune Development Limited	100	100
(iv) San Fernando Development Limited	<u>100</u>	<u>100</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

15. Subsidiary Companies (Cont'd):

All subsidiary companies are incorporated in Trinidad and Tobago.

- (i) Rincon Development Limited was incorporated on 12 October 1999 with its principal activity being the development and sale of property.
- (ii) Port of Spain Waterfront Development Limited was incorporated on 12 October 1998 with its principal activity being the development of the Port of Spain Waterfront.
- (iii) Oropune Development Limited began its operations on 13 January 1995 with its principal activity being the development of a property into a housing development. This company is in liquidation.
- (iv) San Fernando Development Limited was incorporated on 7 September 1998 with its principal activity being the development of the city of San Fernando. This company is currently dormant.
- (v) International Waterfront Resources Limited was incorporated on 18 April 2007 with its principal activity being the management and operation of the Hyatt Regency Hotel.

16. Stated Capital:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Authorised		
1,000,000 ordinary shares of no par value		
Issued and fully paid		
999,602 ordinary shares of no par value	<u>999,602</u>	<u>999,602</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

17. Contributed Capital:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Leasehold properties	585,207,941	585,207,941
Loan and interest payments made by the GORTT on behalf of the Group	<u>3,619,525,379</u>	<u>3,140,392,024</u>
	<u>4,204,733,320</u>	<u>3,725,599,965</u>
 <i>Movement in loan repayments guaranteed by the GORTT</i>		
Balance at beginning of year	3,140,392,024	2,352,643,076
Add loan payments made by the GORTT for the year	<u>479,133,355</u>	<u>787,748,948</u>
Balance at end of year	<u>3,619,525,379</u>	<u>3,140,392,024</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

18. Borrowings:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Maturity of Borrowing:		
Not later than one year	802,901,355	696,343,522
More than one year	<u>6,835,924,625</u>	<u>7,512,368,328</u>
	<u>7,638,825,980</u>	<u>8,208,711,850</u>
(a) RBTT Trust Limited - Fixed- rate bonds	8,000,000	24,000,000
(b) ANSA 233.1M	198,213,185	221,532,383
(c) Citibank USD	238,173,760	297,158,400
(d) First Citizens Bank Limited - TTD facility	108,759,075	131,529,667
(e) The Home Mortgage Bank	5,611,140	8,774,871
(f) First Citizens Bank - USD facility	48,671,026	58,656,185
(g) First Caribbean International Bank Limited	237,212,500	303,912,000
(h) First Caribben Bank Limited BLCA \$497M Loan	128,963,475	185,778,602
(i) The Home Mortgage Bank \$108M OPM	59,658,430	65,798,861
(j) First Citizens Bank Limited	230,100,000	230,100,000
(k) CBTT \$214.7 M Bond	213,000,000	213,000,000
(l) ANSA 223.1M	123,942,778	148,731,333
(m) ANSA 399M	199,509,500	249,386,875
(n) First Caribbean International Bank Limited (180M)	180,300,000	180,300,000
(o) Republic Bank Limited Long Term Bonds	2,891,718,832	3,087,901,924
(p) RBC Royal Bank	439,556,211	512,815,580
(q) First Caribbean International Bank Limited	496,000,000	496,000,000
(r) Republic Bank Limited	212,943,750	227,140,000
(s) ANSA Merchant Bank Medium Term Facility	90,000,000	90,000,000
(t) First Citizens Bank – USD \$36.5M	241,833,150	-
(u) Barclays US \$375M	<u>1,286,659,168</u>	<u>1,476,195,169</u>
	<u>7,638,825,980</u>	<u>8,208,711,850</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

18. Borrowings (Cont'd):

	Loan Facility	Financial Institution	Original Facility Amount	Interest Rate	Tenure	Security of the Facility include the following:	Repayment Terms	Purpose
(a)	Fixed Rate Bonds 2006-2018	RBTT Trust Limited	TT\$192,000,000	7%	12 years	Guaranteed by the GORTT	24 equal semi-annual installments of principal and Interest commencing July 18, 2006	To refinance previous bond to cover start-up costs for the Interchange project and the Housing Programme
(b)	ANSA 233.19M	ANSA Merchant Bank Limited	TT\$233,191,981.93	5.05%	10 years	Guaranteed by the GORTT	semi-annual installments December / June	To finance the initial works on CCH, Penal Hospital and MNS
(c)	Interim Facility	Citibank N.A.	TT\$563,340,800	5.63%	10 years	Guaranteed by GORTT	Semi-annually, commencing six (6) months from date of close	To facilitate the construction of Ministry of Education
(d)	Commercial Paper	First Citizens Bank Limited	TT\$374,000,000	7.67%	13 years	Guaranteed by the GORTT	By bullet payment at maturity.	Commercial Paper
(e)	Mortgage	Home Mortgage Bank	\$33,900,000	8.75%	10 years	Mortgage of land and buildings and assignment of sub-lease rentals	To finance the purchase of the Head Office building in Sackville Street, Port of Spain	

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

18. Borrowings (Cont'd):

	Loan Facility	Financial Institution	Original Facility Amount	Interest Rate	Tenure	Security of the Facility include the following:	Repayment Terms
(f)	Commercial Paper	First Citizens Bank Limited	TT\$93,375,655	5.46%	13 years	Guaranteed by the GORTT	To finance various projects.
(g)	Long Term Bridge Loan	First Caribbean International and Financial Corporation	TT\$641,230,000	6.06%	10 years	Guaranteed by the GORTT	To finance the fit out of the Port of Spain Waterfront
(h)	Syndicated Loan	First Citizens Bank Limited	TT\$497,342,684	6.35%	10 years	Guaranteed by the GORTT	Semi-annual payments of principal and interest commencing six (6) months after first drawdown
(i)	Mortgage	Home Mortgage Bank	TT\$108,000,000	7.00%	15 years	Mortgage over Property 13-15 St Clair Avenue	Amortized monthly starting one month after disbursement
(j)	Medium Term Loan: TTD230.1M	First Citizens Bank Limited	TT\$230,100,000	4.30%	5 years	Guaranteed by the GORTT	Semi-annually commencing six (6) months from date of disbursement with Principal payable at maturity
(k)	Fixed Rate Bond 2012-2020	Central Bank of Trinidad & Tobago	TT\$213,000,000	3.35%	18 Years	Guaranteed by GORTT	36 equal semi-annual installments commencing April 30, 2013
(l)	Medium Term Facility	ANSA Merchant Bank	TT\$233,097,000	1.95%	8 Years	Guaranteed by GORTT	Semi-annual installments commencing April /Oct

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

18. Borrowings (Cont'd):

	Loan Facility	Financial Institution	Original Facility Amount	Interest Rate	Tenure	Security of the Facility include the following:	Repayment Terms
(m)	Medium Term Facility	ANSA Merchant Bank	TT\$399,019,000	1.95%	8 Years	Guaranteed by GORTT	Semi-annual installments commencing May/Nov
(n)	Short Term Facility	First Caribbean International and Financial Corporation	TT\$180,300,000	1.50%	1 Year	Guaranteed by GORTT	Full Payment at Maturity
(o)	Fixed Rate Bond	Republic Bank Ltd	TT\$3,457,773,340	4.75%	15 Years	Guaranteed by GORTT	Semi-annual installments May / November
(p)	Long Term Facility	RBC	TT\$512,815,580	3.70%	7 Years	Guaranteed by GORTT	Semi-annual installments January / July
(q)	Short Term Facility	First Caribbean International and Financial Corporation	TT\$496,000,000	1.20%	2 Years	Guaranteed by GORTT	Semi Annual Interest payments with Principal repayment at Maturity
(r)	Short Term Facility	Republic (FINCOR)	TT\$227,100,000	0.55%	1 Year	Guaranteed by GORTT	Semi Annual Interest payments with Principal repayment at Maturity
(s)	Medium Term Facility	ANSA Merchant Bank	TT\$90,000,000	3.30%	5 Years	Guaranteed by GORTT	Semi Annual Interest payments with Principal repayment at Maturity
(t)	Short Term Facility	First Citizens Bank Limited	US\$ 41,125,650	3.01%	6 months	Guaranteed by the GORTT	Quarterly interest payments and principal paid at maturity
(u)	Fixed Rate Notes	US Private Placement (Wells Fargo Bank)	TT\$2,372,303,000	6.09%	15 years	Land and Buildings thereon and assignment of sublease rentals	To finance construction and fit out costs of the Port of Spain International Waterfront Project and repayment of the interim facility.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

18. Borrowings (Cont'd):

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
TT Dollar	5,586,276,377	6,072,790,096
US Dollar	<u>2,052,549,603</u>	<u>2,135,921,754</u>
	<u><u>7,638,825,980</u></u>	<u><u>8,208,711,850</u></u>

19. Deferred Liability:

In accordance with Cabinet Minute No. 399 of 4 April 2001, the subsidiary company, Oropune, was required to acknowledge its indebtedness equivalent to the cost of construction of the houses incurred by the Ministry of Housing Settlement estimated at **\$10.35 million** as a condition of vesting of the property to the Oropune.

The Minute also stated that an arrangement should be made for the replacement of the loan. As at the year end, the Ministry of Finance has not yet communicated the terms and conditions of settlement.

20. Tax Liability:

The movement on the tax liability is as follows:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
At beginning of year	26,833,083	28,338,405
Charge for the year	<u>(26,833,083)</u>	<u>(1,505,322)</u>
At end of year	<u><u>-</u></u>	<u><u>26,833,083</u></u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

21. Deferred Revenue:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Deferred revenue	<u>2,689,601</u>	<u>10,546,819</u>

Deferred revenue arises from works still to be certified for which funds have been received.

22. Accounts Payable and Accruals:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Due to GORTT	595,130,621	482,032,878
Project payables	302,445,263	176,096,843
Retentions payable	113,503,845	156,907,939
Other payables	130,226,628	49,782,379
Accrued interest on loans	<u>120,141,238</u>	<u>123,467,252</u>
	<u>1,261,447,595</u>	<u>988,287,291</u>

23. Reserve Development Fund:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Other Development Projects	<u>46,481,191</u>	<u>40,942,096</u>

These balances represent the unused portion of funds received by the Group from the GORTT for the development of specific projects, which have been completed or suspended.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

24. Deposit on Account:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Deposit on Account	<u>1,410,641</u>	<u>1,316,353</u>

These represent monies from our subsidiaries Rincon and Oropune. Rincon's \$929,581 represents deposits from their clients as consideration for the purchase of the land at Rincon. This amount is held on account until the finalisation and issue of the deeds. Oropune's portion of \$386,502 represents deposits for the housing project where the sale have not yet been finalised.

25. Investment Securities:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Investment securities designated at fair value through profit or loss	<u>62,084,400</u>	<u>71,059,008</u>

This represents an investment with the Clico Investment Fund (CIF). The loss on the investment securities at fair value recognised through profit or loss amounted to \$3,528,608 for the year ending 31 December 2017.

Short-Term Investment	<u>205,446,000</u>	<u>205,446,000</u>
-----------------------	--------------------	--------------------

The short-term investment represents a six month fixed deposit, which is invested at a rate of 1.50%. It also includes the current portion of the zero coupon bond to be received within the next twelve months.

26. Hotel Operations:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Hyatt Regency Fees	<u>237,148,666</u>	<u>240,049,238</u>

This consists of booking rates, income from meals etc. charged in relation to the operations of the Hyatt Regency Hotel Trinidad Limited.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

27. Rental Income:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Rental Income	<u>279,016,882</u>	<u>280,062,451</u>

28. Other Income:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Other	11,956,778	3,568,911
Carpark revenue	18,068,248	18,251,268
Management fees	<u>2,025,036</u>	<u>4,033,795</u>
	<u>32,050,062</u>	<u>25,853,974</u>

29. Other Expenses:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Employee benefit (Note 30)	61,561,425	44,944,695
Depreciation and amortisation	137,650,705	122,897,701
Office expenses	29,515,170	29,297,574
Rent and utilities	9,077,773	6,877,905
Advertising	1,812,418	2,251,504
Other expenses	<u>347,620,038</u>	<u>(3,691,309)</u>
	<u>587,237,529</u>	<u>202,578,070</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

30. Employee Benefit Expense:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Wages and salaries	58,904,602	43,108,807
National Insurance cost	<u>2,656,823</u>	<u>1,835,888</u>
	<u>61,561,425</u>	<u>44,944,695</u>

Number of employees at year-end 803 (2016: 721)

31. Finance Income/Government Grants:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Government grants to cover interest expenses	307,430,944	95,912,904
Interest income	<u>8,239,034</u>	<u>3,628,009</u>
	<u>315,669,978</u>	<u>99,540,913</u>

32. Finance Costs:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Interest expense on GORTT borrowings	307,429,059	95,911,622
Interest expense on bank borrowings	88,732,371	99,143,185
Foreign exchange loss on bank borrowings	7,316,089	101,427,806
Bank charges	<u>1,022,151</u>	<u>83,480</u>
	<u>404,499,670</u>	<u>296,566,093</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

31 DECEMBER 2017

33. Taxation:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Deferred tax	60,439,395	(4,442,569)
Green Fund Levy	815,253	827,173
Business Levy	<u>3,470,329</u>	<u>3,459,590</u>
	<u>64,724,977</u>	<u>(155,806)</u>
Profit/(loss) before taxation	<u>101,541,499</u>	<u>(219,268,488)</u>
Tax deductible at 25%	25,385,436	-
Expense (deductible) non-deductible for tax purposes	(25,382,436)	-
Deferred tax	60,439,395	(4,442,569)
Green Fund Levy	815,253	827,173
Business Levy	<u>3,470,329</u>	<u>3,459,590</u>
Understatement of corporation tax	<u>64,724,977</u>	<u>(155,806)</u>

34. Related Party Balances:

(a) Key management compensation

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Directors' fee	531,484	487,006
Senior Management remuneration	5,679,088	5,319,951

The Group is controlled by the GORTT, which owns 100% of the Corporation's shares.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

34. Related Party Balances (Cont'd):

(b) GORTT

The GORTT in its capacity as the sole shareholder of the Corporation has leased properties to the Corporation and is financing certain projects which the Corporation is retaining through the repayment of certain Government Guaranteed Loans on behalf of the Corporation. The balances included in the separate financial statements in relation to these transactions are as follows:

At this time the GORTT has not indicated any repayment terms on the amounts due from GORTT.

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Investment properties	7,397,235,194	6,406,998,847
Contributed capital	4,204,733,230	3,725,599,965
Contract works billed to the GORTT	764,252,353	516,499,464
Allowance for impairment	145,160,569	341,846,238
Impairment expense	-	59,142,115
Amounts due from GORTT	507,207,286	423,002,412
Reserve development fund	46,481,191	40,942,096
Development work in progress expenditure not yet billed to GORTT	203,830,525	236,164,077

(c) Other Transactions with the GORTT

In addition to the balances in (b) above, the Group in the ordinary course of its business carries out project development work solely for the GORTT and state agencies.

Transactions and balances between the Group and these related parties are as follows:

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Project management fees	30,905,396	19,962,881
Contract revenue	497,949,417	557,225,977
Contract costs incurred	497,949,417	557,225,977

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

35. Financial Instruments by Category:

(i) Receivables

	Carrying Value <u>2017</u> (\$)	Fair Value <u>2017</u> (\$)
Receivables for contract work due from GORTT	507,207,286	464,464,904
Contractor work billed to the GORTT	764,252,353	699,848,770
Advances to contractors	323,294,890	296,050,814
Other receivables excluding prepayments	<u>742,116,659</u>	<u>679,578,452</u>
	<u>2,336,871,188</u>	<u>2,139,942,940</u>

	Carrying Value <u>2016</u> (\$)	Fair Value <u>2016</u> (\$)
Receivables for contract work due from GORTT	423,002,412	370,675,577
Contractor work billed to the GORTT	516,499,464	452,606,726
Advances to contractors	128,455,232	112,564,884
Other receivables excluding prepayments	<u>683,632,759</u>	<u>599,065,065</u>
	<u>1,751,589,867</u>	<u>1,534,912,252</u>

(ii) Financial liabilities carried at amortised cost

	31 December	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Borrowings	7,638,825,980	8,208,711,850
Accounts payable and accruals	1,261,447,595	988,287,291
Reserve development fund	<u>46,481,191</u>	<u>40,942,096</u>
	<u>8,946,754,766</u>	<u>9,237,941,237</u>

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

36. Capital and Lease Commitments:

As at 31 December 2017, capital commitments amounting to approximately **\$567M** (2016: **\$833M**) existed.

37. Contingent Liabilities:

The Corporation is a party to various legal actions, the final outcome of which is uncertain. Based on matters which have concluded during this audit, the following should be noted:

- a) Sunway was awarded a settlement of **TT\$6,000,000**, for breach of contract for the schematic design and fit out of the Ministry of Legal Affairs, this was paid out in June 2018.
- b) Sherma Ramoutar Boodhoo filed a claim of wrongful dismissal in the amount of **\$771,427.000** plus exemplary damages in 2016. The matter will be heard on April 16 and 18, 2018. A date for decision will then be given by the Court. Counsel for UDeCOTT filed submissions on October 31, 2019. Awaiting date for judgment.
- c) Notice of Violation served by the Environmental Management Authority to UDeCOTT on April 4 2018 for breach of the Noise Pollution Control Rules 2001, for an event held at the Brian Lara Cricket Academy on December 8, 2017. Matter resolved by Consent Agreement executed by the EMA with costs payable in the sum of \$2,530.23 and damages in the sum of **\$5,666.66**.
- d) Notice of Violation served by the Environmental Management Authority to UDeCOTT on April 4, 2018 for breach of the Noise Pollution Control Rules 2001, for an event held at the Brian Lara Cricket Academy on December 26, 2017. Matter resolved by Consent Agreement executed by the EMA with costs payable in the sum of **\$1,688.11** and damages in the sum of **\$4,500.00**

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

38. Subsequent Events:

The following events were noted subsequent to the year-end:

- a) The Corporation has entered into several contracts amounting to approximately **\$569 million** in the normal course of business.
- b) Communications Workers' Union - Kenneth Crichlow issued a pre-action protocol letter seeking damages for breach of contract due to dismissal. This matter is currently before the industrial court. Applicant has since died. Email sent to Senior Counsel on February 11, 2021 requesting the next steps. Senior Counsel has advised that he will liaise with the Industrial Court on same and advise.
- c) Sunway issued a pre-action protocol letter with respect of claim for damages for breach of contract for the schematic Design and Fit out of the Ministry of Legal Affairs office tower for **TT\$55,006,143**. This matter was last heard on April 4, 2017 in the High Court. It has been sent to a Judicial Settlement conference set for September 26, 2017. UDeCOTT submitted a counter offer of **TT\$6,000,000**. The consent order was signed on April 23 2018 by the Court. The full payment made on June 20, 2018.
- d) Dipcon Engineering filed claim against the Corporation relating to the Oropune Housing Project for outstanding amounts. The judgement is to be delivered in October 2017. Judgment given on March 22, 2019 in favour of UDeCOTT for the Claimant to pay costs of **\$151,176.00**. A stay of execution of 42 days was granted which expired on the May 3, 2019. The Claimant paid the sum of **\$151,176.00** in or about December 2019.
- e) Spancrete Ltd filed a claim for \$7,000,000.00 on April 5 2017. Pursuant to Judgment on December 17 2019, the Claimant paid UDeCOTT's costs in the matter on September 30, 2020 in the sum of **\$274,758.40**. Order entered on January 8, 2021 without hearing, for preparation and filing of Notes of Evidence from transcripts of trial and for Record of Appeal.
- f) PRD Security filed a claim against Safety Security, UDeCOTT was named as joined Garnishee as we are named debtor to Safety Security. The matter was heard on February 22, 2019. Costs awarded to UDeCOTT assessed at **\$4,500.00**. The first payment of **\$312,500.00** made March 14, 2019. The last payment was made June 14, 2019. A cheque in the sum of **\$188,291.70** prepared in Claimant's name for collection. Matter now deemed complete.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

38. Subsequent Events (Cont'd):

- g) Keisha Scrubb, Carol Hosein, Judy Gomez and Fulami Collingwood filed a claim for injunctive relief, trespass and nuisance as well as interest, costs and any other costs the Court may deem just and expedient. Trial scheduled for October 26, 27 and 28 2022.
- h) B Ramsamooj filed a claim of wrongful dismissal. The Court ordered payment of the damages to the Worker in the following tranches:
 - i) The sum of **\$302,000.00** on or before the August 30, 2022
 - ii) The sum of **\$302,000.00** on or before the September 30, 2022

The first tranche was paid by UDeCOTT on August 29, 2022.
- i) ANSA McAL Enterprises Limited filed a claim for wrongful termination of contract in the amount of **TT\$14,118,236.23**. The claimant is also seeking potential claims against the defendant. The Appeal Management Conference adjourned to November 3, 2022, to seek to settle the final account .
- j) Adanna Francois filed a claim for damages in the amount of **TT\$ 32,681.50** for personal injuries and consequential losses and damages against The Attorney General of Trinidad & Tobago & UDeCOTT. An amended claim and Statement of Case was filed on July 11, 2022. As a result, the Case Management Conference was rescheduled from July 7, 2022 to March 24, 2023 .
- k) D Geawan filed a claim of negligence, breach of statutory duty under OSHA. Case Management Conference scheduled for October 26, 2021.
- l) D Geawan filed a claim of breach of statutory duty under OSHA claimed by worker. Hearing set for February 25, 2022. .
- m) D Geawan filed a claim of unlawful dismissal in the amount of **TT\$350,000**. Matter adjourned to October 6, 2022.
- n) K. Frection-Thomas filed a claim of breach of statutory duty under OSHA claimed by worker. Hearing set for March 10, 2022.
- o) Mouche Ali filed a claim on August 21, 2019 of unlawful dismissal in the amount of **TT\$2,398,960.00**. Matter is ongoing.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

38. Subsequent Events (Cont'd):

- p) Adam's Project Management & Construction Ltd filed a claim for monies owing for works done on the Black Rock Fire Station in the amount of TT \$2,535,983.89 plus legal fees.
- q) Adam's Project Management & Construction Ltd filed a claim for monies owing for works done on the Mayaro Fire Station in the amount of TT\$1,108,897.35 plus legal fees.
- r) Jamila Prescod-Grant filed a claim for compensation in the amount of TT\$6,000 for repair of the vehicle damaged at the Hyatt Car Park. Letter issued to the Claimant's Attorney on July 13, 2022 requesting extension of time to respond.
- s) Rozana Gaffoor-Ali filed a claim of trespass on lands earmarked for the construction of the Indian Trail Community Centre. The claimant sent correspondence on September 6, 2019 requesting \$10M for the sale of land and \$2.5M in damages for trespass. UDeCOTT offered claimant the sum of \$1.5M being the value of the property as determined by a valuation conducted by Linden Scott & Associates in November 2018, in full and final settlement of this matter. Matter is still ongoing.
- t) Although the COVID 19 pandemic has developed rapidly in 2020 with a significant number of cases internationally, measures taken by our governments to contain the virus, while having a positive impact on the spread of COVID-19, has affected economic activity. They have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). Two main revenue streams have been impacted, namely, the car parking operations which would have seen a reduction in revenue during the official work from home period and the hotel operations which would have been impacted by the closing of the borders. To date the GORTT has continued to assign projects to UDeCOTT under the project management fee revenue stream. At this moment, management is of the belief that the entity's ability to continue as a going concern is not affected.

Stricter cash flow management has been implemented at the hotel to ensure its survival during this period. Due to the nature of UDeCOTT's core business, liquidity is not negatively impacted.

**URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

39. Segment information

	December 2017		
	<u>Construction</u>	<u>Hotel Operation</u>	<u>Total</u>
	(\$)	(\$)	(\$)
Revenue	358,167,973	237,148,666	595,316,639
Operating (loss) profit	121,627,690	68,743,501	190,371,191
Assets	12,582,987,202	92,541,118	12,675,528,320
Liabilities	9,039,760,682	33,525,930	9,073,286,612

	December 2016		
	<u>Construction</u>	<u>Hotel Operation</u>	<u>Total</u>
	(\$)	(\$)	(\$)
Revenue	346,888,355	240,049,238	586,937,593
Operating profit	(85,301,911)	63,058,603	(22,243,308)
Assets	12,335,739,795	103,564,455	12,439,304,250
Liabilities	9,311,426,612	41,585,807	9,353,012,419

