udecott
Urban Development Corporation of
Trinidad and Tobago Limited

April 6th, 2022

**The Honorable Minister Colm Imbert**
**Minister of Finance**
**Ministry of Finance**
Eric Williams Financial Complex
Independence Square
**Port of Spain**

Dear Honorable Minister,

**Re: Annual General Meeting of Shareholders of the Urban Development Corporation of Trinidad and Tobago Limited**

This serves to inform that in keeping with paragraph 12.1 of the By-Laws of the Urban Development Corporation of Trinidad and Tobago Limited (UDeCOTT), the Board has determined that the Annual Shareholders Meeting be held on Thursday, April 28th 2022.

In this regard please find enclosed, the Notice given in accordance with section 12.3 of the By-Laws.

Also enclosed, is a copy of the Annual Report of UDeCOTT and the Audited Financial Statements of UDeCOTT and its Subsidiaries for the financial year ending 31st day of December 2016. The original of the Audited Financial Statements is provided, together with three (3) copies and one (1) electronic copy.

We would be grateful for your confirmation of availability on the stated day and time. In the event that a proxy would be in attendance, we ask that pursuant to section 68(1) of the Securities Act, Chap. 83:02 that the attached Form 12 be completed and submitted to the Corporation for filing at the Securities & Exchange Commission of Trinidad and Tobago.

Yours sincerely,

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

**Kimberly Carr-Hamilton**
**Corporate Secretary**

*Encl. 7*
*Cc: Ms. Tamica Charles-Phillips – Chief Executive Officer, UDeCOTT*

# NOTICE OF MEETING

**Notice** is hereby given that an Annual Meeting of the Shareholders of the **URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO LIMITED** (UDeCOTT) will be held on **Thursday April 28th, 2022** at **8:45 am** at the 5th Floor Conference Room, the Urban Development Corporation of Trinidad and Tobago Limited Head Office, 38-40 Sackville Street, Port of Spain 100622, to transact the following business:

1. To confirm the Minutes of the Annual Meeting, held on June 6th 2019;
2. To receive the Audited Financial Statements of the Urban Development Corporation of Trinidad and Tobago Limited and its Subsidiaries for the year ended December 31st 2016;
3. To re-elect Directors holding office in accordance with sub-clause 4.4 of UDeCOTT's By-Laws;
4. To appoint auditors and empower the Directors to determine their remuneration.

Dated this 6th day of April, 2022.

**BY ORDER OF THE BOARD**

**KIMBERLY CARR-HAMILTON**
**CORPORATE SECRETARY**

*Note: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place.*

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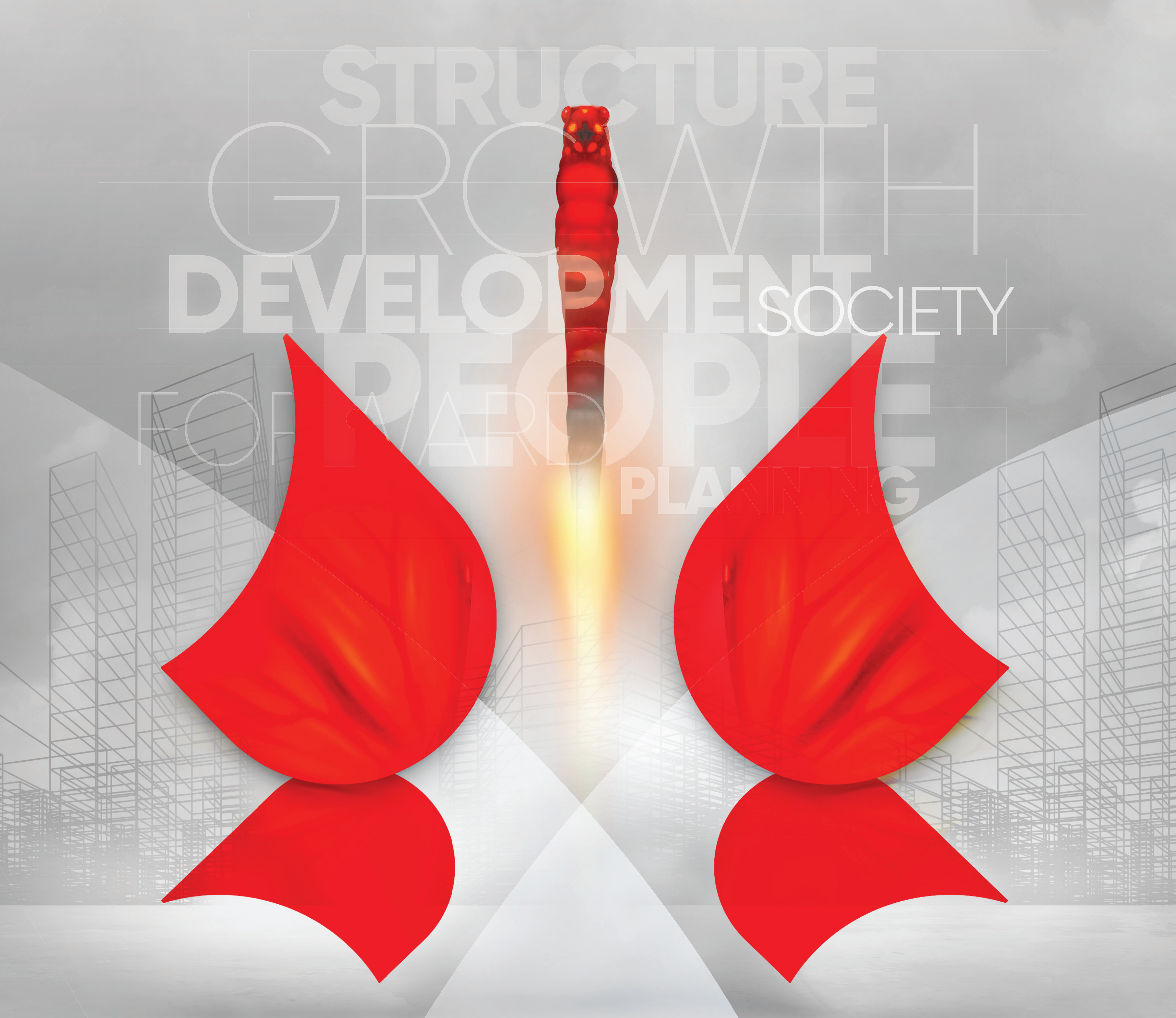
Urban Development Corporation
of Trinidad and Tobago Limited




# ANNUAL REPORT 2016

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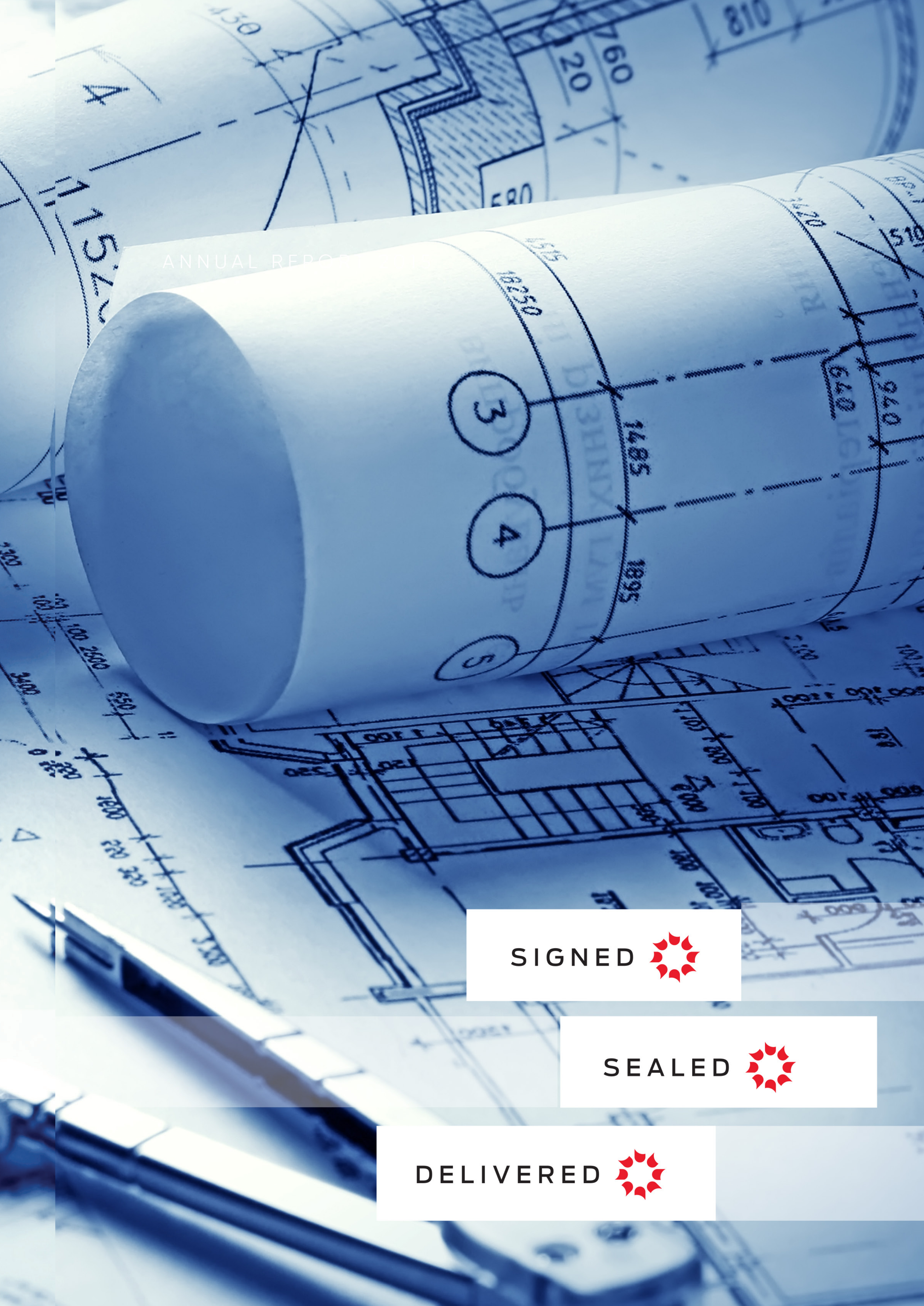
Urban Development Corporation
of Trinidad and Tobago Limited


SIGNED
SEALED
DELIVERED

## OUR MISSION

We stimulate national development by transforming our urban landscapes in a sustainable manner through value-driven conceptualisation, planning, construction and facilities management.

## OUR VISION

To be the zenith of innovative, service-driven, self-sustaining urban development and management, igniting and inspiring our national, regional and global communities.

## CORE VALUES

**Good Governance | Integrity | Transformative | Service Driven | Cost Efficient (value driven) | Results Oriented**

Our Core Values form the foundation on which work is performed and how people conduct themselves. The Core Values underlie work, how people interact with each other, and which strategies will be employed to fulfil the Mission.

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Urban Development Corporation of Trinidad and Tobago Limited

# CORE VALUES

**Good Governance**
We strictly adhere to the principles of transparency and accountability in all of our operations, decision making and policy setting, following the rule of law for the benefit and protection of our stakeholders.

**Service Excellence**
We are the best-in-class service provider, proactively and professionally conducting our operations via responsible decision making and effective leadership and management.

**Integrity**
We (the Board of Directors, Management and Staff) are guided by sound moral judgement, honesty, trustworthiness and the highest ethical standards in all facets of our operations.

**Transformative**
We are committed to using innovation and creativity to transform our landscape for the optimal benefit of our communities.

**Service Driven**
Our people are purposely geared to use gold standards in our core competencies with a view to continuously providing service excellence to our clients.

**Cost Efficient (value driven)**
We perform our activities in the most economical manner to produce the optimum result in all our operations.

**Results Oriented**
We are a purpose-driven organisation focused on the timely delivery and cost-effective execution of our mandate to satisfy all of our stakeholders.

# Company Overview

While the Urban Development Corporation of Trinidad and Tobago Limited (UDeCOTT) has a reporting relationship to The Office of the Prime Minister, it is a private company that is wholly owned by the Government of the Republic of Trinidad and Tobago and is responsible to the Corporation Sole – the Minister of Finance.

UDeCOTT's primary objective is to deliver projects that meet our clients' objectives using the highest quality project management and development services. Its critical focus over the last few years has been on social infrastructure projects including hospitals, police stations and fire stations. Within the broader context, however, UDeCOTT is responsible for developing the urban renewal of the capital city, Port of Spain, into a business and financial centre, and San Fernando for positioning as Trinidad and Tobago's energy capital. Finally, UDeCOTT has been tasked with developing 13 major urban centres as identified in the National Development Strategy 2016-2030.

The urban centre of the 21st century is a community in which the critical needs of the people including interests and culture, history and education, entertainment and government are met and balanced with commercial activity. The realisation of this vision will create a rich urban environment comprising well-designed and managed public spaces, the preservation of historic sites, medium and large scale commercial and residential needs and the development of small business.

# Corporate Addresses

**Trinidad**
38-40 Sackville Street
Port of Spain
Trinidad, West Indies

17 Richmond Street
Port of Spain
Trinidad, West Indies
Tel: 868-225-4004

**Tobago**
Ashora Court
Lower Milford Road
Scarborough
Tobago, West Indies
Tel: 868-225-4007

# Board of Directors

**Mr. Noel Garcia**
Chairman

**Ms. Janelle Berkley**
Director
Ms. Janelle Berkley became a member of the Board of Directors in October 2015.

Ms. Berkley chairs the Human Resource and the Tobago Projects Committees and serves as the Programme Coordinator of the Community-based Environmental Protection and Enhancement Programme (CEPEP), Tobago House of Assembly.

Ms. Berkley earned a Bachelor of Science in Geology from The University of the West Indies, Mona, Jamaica and a Master of Arts in Landscape Architecture from the University of Greenwich, London, United Kingdom.

**Ms. Maureen Braveboy**
Director
Ms. Maureen Daniel-Braveboy was appointed to the Board of Directors in October 2015.

Ms. Daniel-Braveboy served for 10 years as a Corporate Attorney with the Trinidad and Tobago Oil Company (Trintoc), the Petroleum Company of Trinidad and Tobago Limited (Petrotrin) and has over 26 years in private practice.

**Mr. Jade Brown**
Director
Mr. Jade Brown became a member of the Board of Directors in October 2015.

Mr. Brown is a Structural Engineer and a member of the Association of Professional Engineers of Trinidad and Tobago (APETT). Mr. Brown is also a registered Engineer with the Board of Engineering of Trinidad and Tobago (BOETT) and has over 15 years of experience in the Structural Engineering and Construction Management fields.

**Mrs. Jacqueline Ganteaume-Farrell**
Director
Mrs. Jacqueline Ganteaume-Farrell became a member of the Board of Directors of UDeCOTT in October 2015.

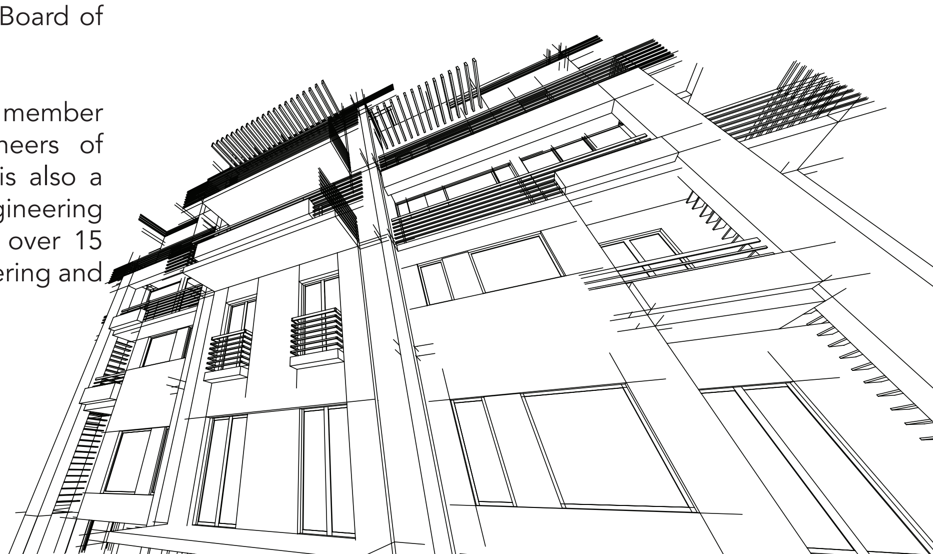
Mrs. Ganteaume-Farrell is a retired Permanent Secretary of the Public Service of Trinidad and Tobago, with over forty (40) years of service to the public of Trinidad and Tobago having increasing responsibility for executive leadership and management of the State's resources.

Mrs. Ganteaume-Farrell has extensive knowledge and experience of the workings of the Public Service and its regulations, procedures, policies and programmes. Since retirement from the Public Service, Mrs. Ganteaume-Farrell has functioned as an independent consultant/advisor on organisational development and management, State land administration and management.

**Ms. Vashti Phekoo**
Director
Ms. Vashti Phekoo joined the Board of Directors of UDeCOTT in October 2015.

Ms. Phekoo recently retired from First Citizens Bank after a 37-year career with the bank.

Ms. Phekoo earned a Bachelor's degree in Management Studies from The University of the West Indies, St Augustine and graduated with an MBA from Andrews University, Michigan.



# Chairman's Review

I consider it a privilege to submit the Annual Financial Report for the Financial Year 2016 on behalf of the Board of Directors of the Urban Development Corporation of Trinidad and Tobago Limited (UDeCOTT).

UDeCOTT closed out its financial year, December 2016, with an increased asset base under management of **TT$12,415,451,739** in 2016 compared to TT$12,405,267,097 in 2015.

This company continues to provide the Government of the Republic of Trinidad and Tobago with a stable, financially viable channel through which to improve the national urban landscape.

By engaging a team of talented, versatile and competent professionals, UDeCOTT successfully delivers on its mandates, which include, full-scale project development, construction management and facilities



maintenance services while maintaining an asset base that would attract the interest of investors and encourage shareholder confidence.

UDeCOTT's asset, The Hyatt Regency is the lead performer in the local hotel industry and continues along its steady business path.

The Corporation's business also extends to leasing of commercial spaces at The Government Plaza Parkade, operating Car Park Facilities, and through its subsidiary, Rincon Development Limited, the sale of leasehold lands located at Rincon, North Coast Road, Las Cuevas.

Given stable fiscal indicators, projections for continued growth of assets under management remain positive.

# FINANCIAL REPORT
# 2016

**Statement of Management's Responsibilities**
**Urban Development Corporation of Trinidad and Tobago Limited**

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Urban Development Corporation of Trinidad and Tobago Limited (the "Corporation" or "UDeCOTT"), which comprise the statement of financial position as at December 31, 2016, the statements of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;

- Ensuring that the Corporation 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 Corporation's assets, detection/prevention of fraud and the achievement of the Corporation's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these 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.

Tamica Charles-Phillips
Chief Executive Officer

Date: March 4, 2022

Burton Andre Hinkson
Divisional Manager Finance

Date: March 4, 2022

KPMG
Chartered Accountants
Savannah East
11 Queen's Park East
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel: (868) 612-KPMG
Email: kpmg@kpmg.co.tt
Web: https://home.kpmg/tt



**Independent Auditors' Report**
**To the shareholder of**
**Urban Development Corporation of Trinidad and Tobago Limited**

## Disclaimer of Opinion

We were engaged to audit the accompanying consolidated financial statements Urban Development Corporation of Trinidad and Tobago Limited (the "Corporation" , "UDeCOTT" or "Group"), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Corporation. Because of the significance of the matter 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 two entities with the group, namely Urban Development Corporation of Trinidad and Tobago Limited and Port of Spain Waterfront Development Limited. These have 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.

Over the time between the period being audited and our engagement for the audit, there has been turnover of key accounting and management personnel. There were also changes in the Corporation's system of internal controls that have not been adequately documented. Accordingly, we were unable to obtain a complete understanding of the Cash and Bank, Construction Management and Purchases and Payables processes that existed during the period being audited. This has limited our ability to conduct the audit in accordance with International Standards on Auditing ("ISA").

**Basis for Disclaimer of Opinion** (continued)

Documentation to support the completeness, existence, accuracy and valuation of the balances noted below could not be provided due to the inability of management to locate the supporting evidence. As a result, we were unable to obtain sufficient appropriate audit evidence over the relevant account balances noted below for the year ended 31 December 2016 and we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements comprising the consolidated 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 financial statements as follows:

**Investment property**

(a) Management did not provide information to support the valuation of the opening balance of investment properties. In addition, no supporting documentation was provided to support the valuation of $6,156,019,148 of investment properties at 31 December 2016.

(b) An amount of $1,478,678,972 was transferred to investment property from construction in progress which relates to the cost of 5 incomplete projects. We were not provided with sufficient and appropriate audit evidence to determine the accuracy and validity of these costs.

(c) Management has not provided $880,793,425 of completion certificates for projects transferred to investment property from construction in progress. We were not provided with sufficient and appropriate audit evidence to determine the existence and accuracy of these projects that were transferred.

**Impairment**

We were unable to obtain sufficient and appropriate evidence to determine if the following balances were impaired and the magnitude of any potential impact:

(1) Project receivables which is stated in the consolidated statement of financial position as $514,006,020.

(2) Construction in progress which is stated in the consolidated statement of financial position as $1,344,649,901.

**Basis for Disclaimer of Opinion** (continued)

**Other Property Plant and Equipment**

(d) IAS 16.43 *Property, Plant and Equipment* requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The Corporation has not identified major components of the hotel to be depreciated separately given the likely different useful life for each component. We were therefore unable to assess the impact on these consolidated financial statements.

**Value Added Tax (VAT)**

(e) The Value Added Tax (VAT) Act Section 21 provides that a company that makes or which intends to make commercial supplies in excess of $500,000 over a twelve month period or less is required to register for VAT. The Group's subsidiary meets these requirements and has not registered for VAT. This represents non-compliance with the VAT Act. The Act stipulates a fine of $15,000 and interest and penalties for outstanding taxes due and payable. We were unable to obtain sufficient appropriate audit evidence to quantify the impact of this non-compliance.

**Other**

(f) We have not been able to obtain sufficient and appropriate audit evidence that the following balances are complete, exist, they are accurate and are appropriately measured:

(1) Contributed Capital recorded on the Consolidated Statement of Financial Position at $3,584,475,029;

(2) Cash and Cash Equivalents of $205,494,856 recorded within the line item on the Consolidated Statement of Financial Position at $ 567,380,862;

(3) Advanced payments of $128,455,232, Receivable from Hyatt of $27,657,040 and Interest Receivable Projects $550,860,101 recorded within accounts receivables and prepayments stated in the Consolidated Statement of Financial Position as $1,043,094,078;

(4) Trade payables of $13,157,771, Retention payable of $54,827,330 and Due to Government of Trinidad and Tobago of $482,032,878 recorded in Accounts Payable and Accruals stated in the Consolidated Statement of Financial Position as $988,287,291;

**Basis for Disclaimer of Opinion** (continued)

**Other** (continued)

(5) Construction in progress $1,297,231,455 recorded within on the Consolidated Statement of Financial Position $1,344,649,145;

(6) Project receivables representing contract works billed to GORTT (Government of the Republic of Trinidad and Tobago) of $423,002,412 (2015 $510,008,462) reported on the Consolidated Statement of Financial Position as $514,006,020;

(7) The borrowings fair value disclosed in the note to the note to the financial statement 4(a)(ii) of $8,208,711,850;

(g) Management was unable to provide a Consolidated Statement of Cash Flow that complies with the requirements of IAS 7 *Statement of Cash Flows*. Specifically, the cash flow statement presented does not:

i. appropriately exclude non-cash transactions such as borrowings paid on behalf of UDeCOTT and transfers.
ii. appropriately adjust for capital contributions;
iii. consider accrued interest in deriving the interest paid; and

(i) Management was unable to disclose specific inputs into the valuation models, sensitivity of inputs of Investment Securities, Short Term Investments and Investment Property in accordance with IFRS 13 *Fair Value Measurement.*

(j) Management has not appropriately disclosed judgments applied with respect to accounting for transactions with GORTT. Specifically:
i. how it distinguishes payments made in the capacity as a shareholder vs a government grant; and
ii. how it accounts for the extinguishment of debt by a parent

(k) Management has not disclosed an IAS 18 *Revenue* accounting policy on the recognition and measurement of project management and development fees.

(l) Management was unable to provide appropriate and sufficient evidence that the GORTT will continue to support the entity in the foreseeable future. The entity was also not able to provide appropriate and sufficient evidence to support its ability to continue in the foreseeable future. This situation indicates that a material uncertainty may exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not adequately disclose this matter.

**Basis for Disclaimer of Opinion** (continued)

(m) We were unable to obtain updated legal confirmations as at the date of the opinion for eight out of the 14 external lawyers. As such, we were unable to determine the completeness and existence of any potential liabilities that may arise from legal claims.

(n) Management was unable to provide the terms of the sublease between GORTT and UDeCoTT for the land, hotel and buildings. Accordingly, we are unable to conclude on the appropriate accounting treatment for the lease in accordance with IAS 17, *Leases*, as to whether or not the lease arrangement is a finance or an operating lease.

(o) The operations of the Hyatt Regency Trinidad included in these IFRS financial statements are prepared in accordance with the Uniform System of Accounting for the Lodging Industry (USALI). We have not received an analysis from management that concludes that the accounting policies applied in preparing the USALI statements are consistent with those required by IFRS, and that accordingly it is appropriate to include the USALI amounts in these financial statements.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect, to the elements making up the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Corporation's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Corporation's consolidated financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, including, the International Ethics Standards Board for Accountants' Code of Ethics of Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
March 4, 2022

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

Consolidated Statement of Financial Position

December 31, 2016

| | Notes | 2016 | *Restated 2015 | *Restated 2014 |
|---|---|---|---|---|
| | | $ | $ | $ |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Investment properties | 6 | 6,476,706,788 | 1,273,656,419 | 1,271,180,825 |
| Construction in progress | 7 | 1,344,837,901 | 5,994,177,653 | 5,408,018,014 |
| Property, plant and equipment | 8 | 1,577,223,591 | 1,597,777,316 | 1,719,635,118 |
| Value added tax recoverable | 9 | 602,295,204 | 543,874,468 | 470,380,548 |
| Investment securities | 24 | 71,059,008 | 76,863,580 | 82,309,580 |
| Restricted cash | 10 | 13,402,287 | 41,987,359 | 47,150,240 |
| | | 10,085,524,779 | 9,528,336,795 | 8,998,674,325 |
| **Current assets** | | | | |
| Projects receivables | 11 | 514,006,020 | 510,008,462 | 83,391,326 |
| Accounts receivable and prepayments | 12 | 1,043,094,078 | 1,188,527,376 | 701,579,357 |
| Short term investment | 24 | 205,446,000 | 5,446,000 | 5,446,000 |
| Cash and cash equivalents | 13 | 567,380,862 | 1,172,948,464 | 1,697,792,903 |
| | | 2,329,926,960 | 2,876,930,302 | 2,488,209,586 |
| **Total assets** | | 12,415,451,739 | 12,405,267,097 | 11,486,883,911 |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and reserves** | | | | |
| Share capital | 15 | 999,602 | 999,602 | 999,602 |
| Accumulated deficit | | (504,899,086) | (235,112,285) | (582,844,740) |
| Contributed capital | 16 | 3,584,475,029 | 2,937,851,017 | 2,261,364,665 |
| | | 3,080,575,545 | 2,703,738,334 | 1,679,519,527 |
| **Non-current liabilities** | | | | |
| Borrowings | 17 | 7,512,368,328 | 8,033,760,423 | 8,761,032,256 |
| Deferred liability | 18 | 10,350,000 | 10,350,000 | 10,350,000 |
| Tax liability | 19 | 73,070,893 | 39,141,097 | 44,320,637 |
| Deferred revenue | 20 | 10,546,819 | 8,122,710 | 8,111,106 |
| | | 7,606,336,040 | 8,091,374,230 | 8,823,813,999 |
| **Current liabilities** | | | | |
| Accounts payable and accruals | 21 | 988,287,291 | 929,346,935 | 315,410,818 |
| Borrowings | 17 | 696,343,522 | 653,336,324 | 547,991,530 |
| Reserve development fund | 22 | 36,617,032 | 20,184,115 | 113,656,711 |
| Deposit on account | 23 | 1,316,353 | 1,311,203 | 1,301,863 |
| Tax payable | | 5,975,956 | 5,975,956 | 5,189,463 |
| | | 1,728,540,154 | 1,610,154,533 | 983,550,385 |
| **Total equity and liabilities** | | 12,415,451,739 | 12,405,267,097 | 11,486,883,911 |

*The comparative information is restated on account of correction of error. See Note 40.

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

Director

Director

# Consolidated Statement of Comprehensive Income

## Year ended December 31, 2016

| | Notes | 2016 | *Restated 2015 |
|---|---|---|---|
| | | $ | $ |
| Income – hotel operations | 25 | 240,049,238 | 274,367,084 |
| Rental income | 26 | 280,062,451 | 269,281,777 |
| Project management fees | | 19,962,881 | 64,615,486 |
| Development fees | | 21,009,049 | - |
| Other income | 28 | 25,853,974 | 18,105,441 |
| | | 586,937,593 | 626,369,788 |
| Revaluation reserve on investment property | | 26,979,699 | - |
| Provision for bad debt | | (265,336,999) | 281,791,998 |
| Hyatt operating expenses | | (168,245,531) | (188,729,483) |
| Other administrative expenses | | (212,471,879) | (225,146,741) |
| Total administrative expenses | 29 | (619,074,710) | (132,084,226) |
| **Operating (loss)/profit** | | (32,137,117) | 494,285,562 |
| Government grant | 31 | 95,912,904 | 62,707,727 |
| Finance income | 31 | 3,628,009 | 2,704,413 |
| Finance costs | 32 | (296,566,093) | (209,429,567) |
| Finance costs - net | | (197,025,180) | (144,017,427) |
| **(Loss)/profit before taxation** | | (229,162,297) | 350,268,135 |
| Taxation | 33 | (40,624,504) | (2,535,681) |
| **Profit (loss) for the year being total comprehensive income for the year** | | (269,786,801) | 347,732,454 |

*The comparative information is restated on account of correction of error. See Note 40.

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

# Consolidated Statement of Changes in Equity
## Year ended December 31, 2016

| | Note | Share Capital $ | Accumulated Deficit $ | Contributed Capital $ | Revaluation Reserve $ | Total Equity $ |
|---|---|---|---|---|---|---|
| ***Year ended December 31, 2015*** | | | | | | |
| Balance at January 1, 2015, as previously reported | | 999,602 | (588,708,828) | 2,261,364,665 | 16,019,241 | 1,689,674,680 |
| Impact of correction of errors | 40 | - | 5,864,089 | - | (16,019,241) | (10,155,152) |
| Restated balance at January 1, 2015 | | 999,602 | (582,844,739) | 2,261,364,665 | - | 1,679,519,528 |
| Profit for the year | | - | 347,732,454 | - | - | 347,732,454 |
| Contributed capital for the year | | - | - | 676,486,352 | - | 676,486,352 |
| ***Restated balance at December 31, 2015*** | | 999,602 | (235,112,285) | 2,937,851,017 | - | 2,703,738,334 |
| ***Year ended December 31, 2016*** | | | | | | |
| Balance at January 1, 2016 | | 999,602 | (235,112,285) | 2,937,851,017 | - | 2,703,738,334 |
| Profit for the year | | - | (269,786,801) | - | - | (269,786,801) |
| Contributed capital for the year | | - | - | 646,624,012 | - | 646,624,012 |
| **Balance at December 31, 2016** | | 999,602 | (504,899,086) | 3,584,475,029 | - | 3,080,575,545 |

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

# Consolidated Statement of Cash Flows
Year ended December 31, 2016

| | 2016<br>$ | *Restated<br>2015<br>$ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit (loss) before taxation | (229,162,298) | 350,268,135 |
| Adjustments to reconcile profit (loss) to net cash from operating activities: | | |
| Depreciation and amortisation | 122,897,701 | 123,373,084 |
| Interest on CIP | 1,609,314,474 | 14,874,122 |
| Increase in Capital Contribution | 646,624,012 | 676,486,352 |
| Transfer from Investment Properties | (5,203,050,369) | (2,475,594) |
| Interest expenses | 194,140,942 | 194,625,233 |
| Interest income | (95,911,622) | (65,410,993) |
| Foreign exchange (gain) loss | 70,139,662 | (2,273) |
| | (2,885,007,498) | 1,291,738,066 |
| **Changes in operating assets and liabilities:** | | |
| Accounts receivable and prepayments | 111,521,158 | (526,272,630) |
| Accounts payable and accruals | 89,304,710 | 637,768,440 |
| Reserve development fund | 16,438,067 | (93,472,596) |
| Increase in value added tax recoverable | (58,420,737) | (58,001,632) |
| Project receivables | (3,997,558) | (426,617,136) |
| Deposit on Account | - | 9,340 |
| Deferred revenue | 2,424,109 | 11,605 |
| Tax paid | (718,752) | (6,926,454) |
| Interest paid | (194,140,942) | (194,625,233) |
| Taxation paid | | |
| **Net cash (used in) from operating activities** | (2,922,597,443) | 623,611,770 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of investment property | (100,335,394) | - |
| Decrease in Hyatt Replacement Reserve Fund | 28,585,072 | 5,162,881 |
| Purchase of Investments | (200,000,000) | - |
| Purchase of property, plant and equipment | (2,197,338) | (1,515,283) |
| Increase in construction in progress | 3,040,214,034 | (601,033,761) |
| Investment received | 5,804,572 | 5,446,000 |
| Interest received | 95,911,622 | 65,410,993 |
| **Net cash from (used in) investing activities** | 2,867,982,568 | (526,529,170) |

# Consolidated Statement of Cash Flows (continued)
## Year ended December 31, 2016

| | 2016<br>$ | *Restated<br>2015<br>$ |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Foreign Exchange | (93,353,121) | 13,058,306 |
| Net Proceeds from borrowings | (457,599,606) | (634,985,345) |
| **Net cash from financing activities** | (550,952,727) | (621,927,039) |
| **Net decrease in cash and cash equivalents** | (605,567,602) | (524,844,439) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | 1,172,948,464 | 1,697,792,903 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 567,380,862 | 1,172,948,464 |
| **Represented by** | | |
| Cash | 567,380,862 | 1,172,948,464 |
| | 567,380,862 | 1,172,948,464 |

*The comparative information is restated on account of correction of error.  See Note 40.

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

# Notes to the Consolidated Financial Statements
December 31, 2016

## 1. Incorporation and Principal Activities

Urban Development Corporation of Trinidad and Tobago Limited (the "Company" 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 Company commenced operations on January 13, 1995. The address of its registered office is 38-40 Sackville Street, Port of Spain. Details of the subsidiary companies are included in Note 14.

The consolidated financial statements of the Company as at and for the year ended December 31, 2016 comprise the Company and its Subsidiaries (together referred to as "the Group").

On February 24, 2022, 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 four principal categories:

### *(i) Project management activities*

The Group provides full scale project development and management services which includes identification of appropriate site location, assisting in project design, selection of contractors, overseeing project execution and completion and procurement of 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 July 1, 1999.

### *(iii) Hotel operations*

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

### *(iv) Car park operations*

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

### *(v) Sale of leasehold land*

The Group facilitates the sale of the 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. Basis of Preparation

### (a) *Statement of accounting*

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

### (b) *Basis of measurement*

The consolidated financial statements 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 3.

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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

### (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.

### (d) *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 71.3% (2015: 73.5%) 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.

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 Government of the Republic of Trinidad and Tobago (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.

# Notes to the Consolidated Financial Statements
December 31, 2016

## 2. Basis of Preparation (continued)

### (d) *Going concern (continued)*

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.

## 3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) *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 14).

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.

### (b) *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 Company'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.

## 3. Summary of Significant Accounting Policies (continued)

### *(c) Financial assets*

The Group classifies its financial assets in the following categories: receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. Receivables are recognised initially at fair value and subsequently measured at amortised less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial assets at fair value through profit or loss are classified as such on initial recognition. Directly attributable transaction costs are recognised in the profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the separate statement of comprehensive income. When an accounts receivable balance is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited in the separate statement of comprehensive income.

Dividends on available-for-sale equity instruments are recognised in the separate statement of comprehensive income as part of other income when the Group's right to receive payment is established.

### *(d) 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 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.

## 3. Summary of Significant Accounting Policies (continued)

### *(e) Managed developments in progress*

The Group carries out project management activities on behalf of the GORTT based on an agreement with the 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: assisting in project design, selection of and entering into contracts with sub-contractors, certification of work performed by sub-contractors and settlement of amounts due to the sub-contractors. The Group is responsible for transferring the project to the GORTT on completion.

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

Contract costs are recognised when incurred. Variations in contract work are included in contract revenue to the extent that 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 contract costs in determining the stage of completion for the work performed.

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

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

Advances received from the GORTT where work has not yet been undertaken are reflected as liabilities in the separate financial statements.

## 3. Summary of Significant Accounting Policies (continued)

### *(f) 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 (annually) when determining carrying value or an independent valuator every three years.

### *(g) 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 consolidated 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, using the following percentage rates 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 statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

# Notes to the Consolidated Financial Statements
December 31, 2016

**3. Summary of Significant Accounting Policies (continued)**

***(h) Cash and cash equivalents***

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments and short-term investments with a maturity of three months or less, net of bank overdraft.

***(i) Accounts receivable***

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When an accounts receivable balance is uncollectible, it is written off against the allowance account for accounts receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

***(j) Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

***(k) Trade payables***

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

## 3. Summary of Significant Accounting Policies (continued)

### *(l) 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.

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 statement of financial position 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.

### *(m) Revenue recognition*

Revenue 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:

*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.

*Interest income*

Revenue is recognised using the amortised cost method.

*Rental income*

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

*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).

*Other Revenue*

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

*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.

# Notes to the Consolidated Financial Statements
December 31, 2016

## 3. Summary of Significant Accounting Policies (continued)

### *(n) 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.

### *(o) Current and deferred income taxes*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position 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.

### *(p) 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.

## Notes to the Consolidated Financial Statements
December 31, 2016

### 3. Summary of Significant Accounting Policies (continued)

#### (q) *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).

#### (r) *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.

#### (s) *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.

#### (t) *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.

#### (u) *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.

#### (v) *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.

## 3. Summary of Significant Accounting Policies (continued)

### *(w) 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, its parent company and all their affiliates.

## 3. Summary of Significant Accounting Policies (continued)

### *(x) New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these separate financial statements. Those that may be relevant to the Group are set out below. The Corporation does not plan to adopt these standards early.

- IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised. The Group is assessing the impact that the standard will have on its 2018 financial statements.

- IFRS 15, Revenue from Contracts with Customers is effective for periods beginning on or after January 1, 2018. It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- IFRS 16, Leases is effective for periods beginning on or after January 1 2019. It replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27. Evaluating the Substance of Transactions involving the Legal Form of a Lease. It introduces a single on-balance sheet accounting model for lessees. The Corporation has not yet quantified the impact that the standard will have on its 2019 financial statements.

## 4. 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.

The Audit Committee has the overall responsibility for monitoring the establishment's risk management framework. The Internal Audit Department performs the entity's risk assessment and the findings are reported to the Audit Committee. These risks are then analysed and appropriate mitigation techniques implemented via targeted internal audits, which are executed to minimise risks faced by the organisation.

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.

## 4. Financial Risk Management (continued)

### (a) Market Risk (continued)

#### (i) Currency risk (continued)

**Pre-tax Effect on Income**

| | As reported TT$ | Effect on Income 1% Appreciation TT$ | Effect on Income 1% Depreciation TT$ |
|---|---|---|---|
| **December 31, 2016** | | | |
| ***US dollar denominated*** | | | |
| Cash and cash equivalents | 3,147,315 | 31,473 | (31,473) |
| Borrowings | (2,135,921,755) | (21,359,218) | 21,359,218 |
| Accounts payables and accruals | (51,896,498) | (518,965) | 518,965 |
| **Total** | (2,184,670,938) | (21,846,710) | 21,846,710 |
| **Post-tax Effect on Income** | | | |
| **Total** | (2,184,670,938) | (16,385,033) | (16,385,033) |

| | As reported TT$ | Effect on Income 1% Appreciation TT$ | Effect on Income 1% Depreciation TT$ |
|---|---|---|---|
| **December 31, 2015** | | | |
| ***US dollar denominated*** | | | |
| Cash and cash equivalents | 3,184,381 | 31,844 | (31,844) |
| Borrowings | (2,318,849,959) | (23,188,500) | 23,188,500 |
| Accounts payables and accruals | (341,272,680) | (3,412,727) | 3,412,727 |
| **Total** | (2,656,938,258) | (26,569,383) | 26,569,383 |
| **Post-tax Effect on Income** | | | |
| **Total** | (2,656,938,258) | (19,927,037) | (19,927,037) |

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.

**Year End Selling Rate USD**

| | 2016 | 2015 |
|---|---|---|
| TTD to USD | 6.7793 | 6.4500 |

# Notes to the Consolidated Financial Statements
December 31, 2016

## 4. Financial Risk Management (continued)

### *(a) Market Risk (continued)*

#### *(ii) Fair value and cash flow 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-six per cent of the Group's long-term borrowings are fixed rate instruments and fifty-four 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 Group's floating rate instruments are repaid by the GORTT. This injection by the GORTT is treated as capital contributions in the Company 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.

## 4. Financial Risk Management (continued)

### *(a) Market Risk (continued)*

#### *(ii) Fair value and cash flow interest rate risk (continued)*

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.

| | Current Carrying Amount | Effect of 1% Increase in Interest Rates | Effect of 1% Decrease in Interest Rates |
|---|---|---|---|
| | $ | $ | $ |
| **Pre-tax** | | | |
| **Variable-rate instruments** | | | |
| December 31, 2016 | 4,628,531,237 | 46,285,311 | (46,285,311) |
| December 31, 2015 | 4,583,757,211 | 45,837,571 | (45,837,571) |
| **Post-tax** | | | |
| **Variable-rate instruments** | | | |
| December 31, 2016 | 4,628,531,237 | 34,713,983 | (34,713,983) |
| December 31, 2015 | 4,583,757,211 | 34,378,178 | (34,378,178) |

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

## 4. Financial Risk Management (continued)

### *(a) Market Risk (continued)*

#### *(ii) Fair value and cash flow interest rate risk (continued)*

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

| | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| Fixed rate instruments | 3,807,320,614 | 4,100,379,536 | 3,807,320,614 | 4,100,379,536 |
| Variable rate instruments | 4,401,391,236 | 4,586,717,211 | 4,401,391,236 | 4,586,717,211 |
| | 8,208,711,850 | 8,687,096,747 | 8,208,711,850 | 8,687,096,747 |

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 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.

### *(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.

**4. Financial Risk Management (continued)**

***(b) Liquidity Risk (continued)***

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.

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 1 year $ | More than 1 year but less than 5 years $ | More than 5 years $ |
|---|---|---|---|---|---|
| **As at December 31, 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 | 36,617,032 | 36,617,032 | 36,617,032 | - | - |
| Deposit on account | 1,316,353 | 1,316,353 | 1,316,353 | - | - |
| | 9,234,932,526 | 10,830,218,049 | 2,605,332,420 | 3,825,391,979 | 4,399,493,650 |
| **As at December 31, 2015** | | | | | |
| Borrowings | 8,687,096,747 | 11,086,914,385 | 2,156,238,743 | 3,849,276,400 | 5,081,399,242 |
| Accounts payable and accruals | 929,346,935 | 929,346,935 | 929,346,935 | - | - |
| Reserve development fund | 20,184,115 | 20,184,115 | 20,184,115 | - | - |
| Deposit on account | 1,311,203 | 1,311,203 | 1,311,203 | - | - |
| | 9,637,939,000 | 12,037,756,638 | 3,107,080,996 | 3,849,276,400 | 5,081,399,242 |

# Notes to the Consolidated Financial Statements
December 31, 2016

## 4. Financial Risk Management (continued)

### *(c) Credit risk*

Credit risk is the potential for loss due to the failure of a counter-party to meets its financial obligations. The Group's credit risk arises from cash and cash equivalents, 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 (both Accounts Receivables and Project Receivables) for project development work and facility management work included in the separate financial statements relate to amounts due to the Group by the GORTT and Government agencies. Accounts Receivables have been invoiced to the respective clients, whilst project receivables are items awaiting invoicing.

The Group's major client is the Government of the Republic of Trinidad and Tobago (GORTT). The GORTT possesses a BBB+ (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.

## 4. Financial Risk Management (continued)

### (c) Credit risk (continued)

***Analysis of financial assets that are exposed to credit risk:***

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Project works billed to GORTT | 423,002,412 | 419,493,936 |
| Contract works not billed | 118,563,651 | (97,889,273) |
| Facilities works not billed | 117,600,426 | 118,263,994 |
| Contract works billed to the GORTT | 516,499,464 | 515,715,573 |
| Advances to contractors | 128,455,232 | 279,138,192 |
| Other receivables excluding prepayments | 729,295,869 | 667,180,318 |
| | 2,033,417,054 | 1,901,902,740 |
| Cash and cash equivalents | 567,380,862 | 1,172,948,464 |
| | 2,600,797,916 | 3,074,851,204 |

***The analysis of the accounts receivable is as follows:***

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Project works billed to the GORTT | 423,002,412 | 419,493,936 |
| Contract works not billed | 118,563,651 | (97,889,273) |
| Facilities works not billed | 117,600,426 | 118,263,994 |
| Advances to contractors | 128,455,232 | 279,138,192 |
| Contract works billed to GORTT | 516,499,464 | 515,715,573 |
| Other receivables excluding prepayments | 729,295,869 | 667,180,318 |
| Total accounts receivable | 2,033,417,054 | 1,901,902,740 |
| Less: Provision for impairment | (341,846,238) | (282,704,123) |
| Accounts receivables | 1,691,570,816 | 1,619,198,617 |

# Notes to the Consolidated Financial Statements
December 31, 2016

## 4. Financial Risk Management (continued)

### *(c) Credit risk (continued)*

***The fair values of the accounts receivables balances are as follows:***

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Project works billed to GORTT | 390,358,962 | 387,121,238 |
| Contract work not billed | 109,413,995 | (90,335,076) |
| Facilities works not billed | 318,755,895 | 189,546,860 |
| Contract works not billed to the GORTT | 476,640,768 | 475,917,371 |
| Advances to contractors | 118,542,234 | 257,596,864 |
| Other receivables excluding prepayments | 729,295,869 | 667,180,318 |

The fair value of the balances due from the GORTT are based on future cash flows discounted using rates of 5.5%-8.04%.

***Analysis of receivable balances:***

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Fully performing | 873,355,841 | 873,706,544 |
| Past due but not impaired (i) | 1,172,423,555 | 564,071,186 |
| Impaired (discounted balances) (ii) | 204,989,496 | 547,543,122 |
| | 2,250,768,892 | 1,985,320,852 |
| The impairment provision can be analysed as follows: | | |
| At beginning of year | 282,704,123 | 494,474,117 |
| Additional provision (written off) recognised | 59,142,115 | (211,769,994) |
| | 341,846,238 | 282,704,123 |
| Ageing analysis of past due but not impaired balances: | | |
| 6 to 12 months | 1,106,463,911 | 112,567,240 |
| Over 12 months | 65,959,644 | 451,503,946 |
| | 1,172,423,555 | 564,071,186 |
| Ageing analysis of impaired balances: | | |
| 12 to 18 months | 2,426,415 | 2,265,427 |
| Over 18 months | 202,563,081 | 545,277,695 |
| | 204,989,496 | 547,543,122 |

# Notes to the Consolidated Financial Statements
December 31, 2016

## 4. Financial Risk Management (continued)

### *(c) Credit risk (continued)*

The impairment of trade receivables was determined by examining the opening balances to see where any movement took place. The Corporation'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.

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 equivalents.

### *(d) Capital risk management*

The objective of the Group'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 equivalents. Capital includes share capital, accumulated deficit and contributed capital.

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

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Total borrowings | 8,208,711,850 | 8,687,096,747 |
| Less: Cash and cash equivalents | (567,380,862) | (1,172,948,464) |
| Net debt | 7,641,330,988 | 7,514,148,283 |
| Share capital | 999,602 | 999,602 |
| Accumulated deficit | (504,899,086) | (235,112,285) |
| Contributed capital | 3,584,475,029 | 2,937,851,017 |
| Total capital | 3,080,575,545 | 2,703,738,334 |
| Capital and net debt | 10,721,906,533 | 10,217,886,617 |
| Gearing ratio | 71.27% | 73.53% |

# Notes to the Consolidated Financial Statements

December 31, 2016

## 5. Critical Accounting Estimates and Judgements

Estimates and judgements 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.

### *(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) 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 valuators 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 profit or loss of approximately $647,670,679 (2015: $127,365,642).

#### *(ii) Impairment of receivables*

Annually, the Corporation assesses whether its receivable balances due are impaired in accordance with the accounting policy stated in Note 3(c). Receivables are measured at amortised cost.

5. **Critical Accounting Estimates and Judgements (continued)**

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

***(i) Revenue recognition***

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

(a) Projects that the GORTT directs the Company 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 respective Line Ministry advises 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. A Development fee 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.

***(ii) Measurement of fair values***

The measurement of fair values and non-financial assets and liabilities are required for UDeCOTT's accounting policies and procedures disclosures.

Valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value are used.

# Notes to the Consolidated Financial Statements
December 31, 2016

**5. Critical Accounting Estimates and Judgements (continued)**

***(b) Critical judgements in applying the Group's accounting policies (continued)***

***(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 16).

(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 $18,528,438 (2015: $19,642,301).

## 6. Investment Properties

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| The Group's investment properties include the following: | | |
| Richmond Street | 160,000,000 | 160,000,000 |
| GP Plaza | 1,478,678,972 | - |
| Scarborough, Tobago | 102,000,000 | 102,000,000 |
| Chancery Lane, San Fernando | 1,164,307,733 | 29,500,000 |
| The GCP Parkade | 823,964,178 | 20,395,572 |
| Memorial Park | 87,000,000 | 60,020,301 |
| NAPA South | 16,000,000 | 16,000,000 |
| Invaders Bay | 56,829,247 | 42,918,364 |
| 13-15 St. Clair Avenue | 119,643,586 | 119,644,706 |
| Real Springs, Valsayn | 13,000,000 | 13,000,000 |
| Salvatori Building | 4,755,339 | 2,388,609 |
| Tower C & D Fit Out | 376,385,386 | 376,385,386 |
| Ministry of Education Tower | 722,482,101 | - |
| Customs and Excise Building | 327,453,282 | - |
| Ministry of Legal Affairs | 428,102,808 | - |
| Immigration Building | 264,700,374 | - |
| St. Vincent Place | 20,792,214 | 20,792,214 |
| Other properties | 16,903,627 | 16,903,326 |
| POSWDL - Port Authority Lands, Wrightson Road | 224,000,000 | 224,000,000 |
| RINCON - North Coast Road, Las Cuevas | 69,707,941 | 69,707,941 |
| | 6,476,706,788 | 1,273,656,419 |
| The movement in the account balance over the year can be analysed as follows: | | |
| Opening net book amount | 1,273,656,419 | 1,271,180,825 |
| Transfers from CIP | 5,176,070,670 | 2,475,594 |
| Change in Fair Value | 26,979,699 | - |
| Closing net book amount | 6,476,706,788 | 1,273,656,419 |

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 valuators.

## 6. Investment Properties (continued)

When these properties were recognised as assets in the consolidated financial statements, the corresponding entry was made to a contributed capital account (See Note 16).

The fair value measurement for all the investment properties has been categorised as a Level 3 fair value measurement based on the inputs to the valuation technique used.

## 7. Construction-In-Progress

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Various projects | 240,567,862 | 48,630,918 |
| Sackville Street Renovations | 5,420,850 | 971,871 |
| Chancery Lane Complex | - | 1,135,161,982 |
| Ministry of Education Office Tower | - | 624,662,556 |
| Invaders' Bay | - | 13,026,391 |
| Memorial Park | 679,961 | 679,961 |
| Government Campus Plaza | - | 3,233,018,395 |
| Board of Inland Revenue | 895,989,626 | 734,494,126 |
| Real Springs | 183,296,579 | 182,933,900 |
| San Fernando General Hospital Car Park Extension | 500 | 500 |
| Water Front Development | 86,625 | 86,625 |
| Strategic Redevelopment POS – Health City | 243,016 | - |
| Rincon Building Renovations | 188,756 | - |
| Salvatori Building | 18,364,126 | 20,510,428 |
| | 1,344,837,901 | 5,994,177,653 |

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

| | 2016 | 2015 |
|---|---|---|
| Opening net book amount | 5,994,177,653 | 5,408,018,014 |
| Additions | 526,730,918 | 586,159,639 |
| Transfers | (5,176,070,670) | - |
| Closing net book amount | 1,344,837,901 | 5,994,177,653 |

## Notes to the Consolidated Financial Statements
December 31, 2016

### 8. Property, Plant and Equipment

| | Land and Buildings $ | Other Equipment $ | Computer Equipment $ | Motor Vehicles $ | Total $ |
|---|---|---|---|---|---|
| **Year ended December 31, 2016** | | | | | |
| Opening net book amount | 1,584,415,699 | 12,253,698 | 1,019,840 | 88, 079 | 1,597,777,316 |
| Additions | 100,157,446 | 1,419,131 | 820,877 | - | 102,397,454 |
| Disposal | - | - | - | (53,478) | (53,478) |
| Depreciation charge | (118,468,007) | (3,740,925) | (659,568) | (29,201) | (122,897,701) |
| Closing net book amount | 1,566,105,138 | 9,931,904 | 1,181,149 | 5,400 | 1,577,223,591 |
| **At December 31, 2016** | | | | | |
| Cost or valuation | 2,469,315,501 | 82,676,641 | 9,977,638 | 920,883 | 2,562,890,663 |
| Accumulated depreciation | (903,210,363) | (72,744,737) | (8,796,489) | (915,483) | (985,667,072) |
| Net book amount | 1,566,105,138 | 9,931,904 | 1,181,149 | 5,400 | 1,577,223,591 |
| **Year ended December 31, 2015** | | | | | |
| Opening net book amount | 1,702,634,851 | 16,205,804 | 634,454 | 160,008 | 1,719,635,117 |
| Additions | - | 551,117 | 954,666 | 9,500 | 1,515,283 |
| Depreciation charge | (118,219,152) | (4,503,223) | (569,280) | (81,429) | (123,373,084) |
| Closing net book amount | 1,584,415,699 | 12,253,698 | 1,019,840 | 88,079 | 1,597,777,316 |
| **At December 31, 2015** | | | | | |
| Cost or valuation | 2,369,158,055 | 81,257,510 | 9,156,760 | 2,513,797 | 2,462,086,122 |
| Accumulated depreciation | (784,742,356) | (69,003,812) | (8,136,920) | (2,425,718) | (864,308,806) |
| Net book amount | 1,584,415,699 | 12,253,698 | 1,019,840 | 88,079 | 1,597,777,316 |

The Head Office situated at 38-40 Sackville Street and the land and buildings of the Port of Spain International Waterfront are currently pledged as security for borrowings.

# Notes to the Consolidated Financial Statements
December 31, 2016

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |

## 9. Value Added Tax (VAT) Recoverable

| | | |
|---|---|---|
| VAT recoverable | 602,295,204 | 543,874,468 |

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

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Restricted cash | 13,402,287 | 41,987,359 |

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.

## 11. Project Receivables

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Contract works not billed | 118,563,651 | (97,889,272) |
| Facilities work not billed | 117,600,426 | 118,263,994 |
| | 236,164,077 | 20,374,722 |
| (Provision) write-back for doubtful debt | (145,160,469) | 70,139,804 |
| | 91,003,608 | 90,514,526 |
| Contract works billed to GORTT | 423,002,412 | 419,493,936 |
| | 514,006,020 | 510,008,462 |

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

| | | |
|---|---|---|
| (i) Project expenditure on NHA Refurbishment Projects | 25,777,904 | 25,777,904 |
| (ii) Project expenditure on the Brian Lara Cricket Academy | 397,224,508 | 393,716,032 |
| | 423,002,412 | 419,493,936 |

**11. Project Receivables (continued)**

(i) These project costs relate to expenditure incurred on the refurbishment of the National Housing Authority (NHA) apartments on behalf of the GORTT.

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

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **12. Accounts Receivable and Prepayments** | | |
| Amounts due from GORTT for Contract works (a) | 516,499,464 | 515,715,573 |
| Provision for doubtful debt | (341,846,238) | (282,704,123) |
| | 174,653,226 | 233,011,450 |
| Prepayments and other receivables | 119,457,009 | 123,467,152 |
| Interest receivable from projects | 618,595,644 | 550,860,100 |
| Advances to contractors (b) | 128,455,232 | 279,138,192 |
| Inventory – Hotel | 1,932,967 | 2,050,482 |
| | 1,043,094,078 | 1,188,527,376 |

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 Group 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. These are costs that are recoverable from the GORTT for work performed. The GORTT is currently meeting the interest and principal payments associated with the loans that are funding these projects. The Group's accounting practice is to apply these payments made by the GORTT against the receivable balance due. However, there is no formal agreement with the GORTT which supports this accounting treatment.

(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.

# Notes to the Consolidated Financial Statements
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| | 2016 $ | Restated 2015 $ |
|---|---|---|
| **13. Cash and Cash Equivalents** | | |
| Bank accounts | 241,265,213 | 468,117,748 |
| Deposit accounts | 326,092,910 | 704,808,883 |
| Petty cash | 22,739 | 21,833 |
| | 567,380,862 | 1,172,948,464 |

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

| | 2016 $ | 2015 $ |
|---|---|---|
| House Bank | 334,000 | 346,500 |
| Demand deposits | 64,780,053 | 30,267,490 |
| | 65,114,053 | 30,613,990 |

## 14. Subsidiary Companies

| | % of Equity Capital Held 2016 | 2015 |
|---|---|---|
| (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 | 100 | 100 |

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. A request was made to the Registrar General's Department to have this company struck off the register in January 2019.

## Notes to the Consolidated Financial Statements
December 31, 2016

### 14. Subsidiary Companies

(iv) International Waterfront Resources Limited was incorporated on 18 April 2007 with its principal activity being the human resource management of the Hyatt Regency Hotel.

(v) Invaders Bay Development Limited was incorporated on 30 September 2002 with its principal activity being responsible for the reclamation of and development of lands at Invaders Bay Port of Spain. A request was made to the Registrar General's Department to have this company struck off the register in January 2019.

(vi) Oropune Gardens Management Association was incorporated on 12 October 2004 with its principal activity being responsible for the management of the housing project at Oropune Gardens, Piarco. A request was made to the Registrar General's Department to have this company struck off the register in January 2019.

(vii) Carib Gardens Management Association was incorporated on 12 October 2004 with its principal activity being responsible for the management of the housing project at Carib Gardens, Arima. A request was made to the Registrar General's Department to have this company struck off the register in January 2019.

(viii) Urban Development Company of San Fernando Limited was incorporated on 7 September 2001 with its principal activity being responsible for the development of the San Fernando Waterfront. A request was made to the Registrar General's Department to have this company struck off the register in January 2019. This has since been retracted via letter to the Registrar General's Department dated June 25, 2020 following a board decision at the 248th board meeting.

# Notes to the Consolidated Financial Statements
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## 15. Share Capital

| | 2016 | 2015 |
|---|---|---|
| ***Authorised*** | | |
| 1,000,000 ordinary shares of no par value | | |
| ***Issued and fully paid*** | | |
| 999,602 ordinary shares of no par value | 999,602 | 999,602 |

## 16. Contributed Capital

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Leasehold properties | 585,207,941 | 585,207,941 |
| Loan and interest payments made by the GORTT on behalf of the Group | 2,999,267,088 | 2,352,643,076 |
| | 3,584,475,029 | 2,937,851,017 |

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| ***Movement in loan repayments guaranteed by the GORTT*** | | |
| Balance at beginning of year | 2,352,643,076 | 1,676,156,724 |
| Add loan payments made by the GORTT for the year | 646,624,012 | 676,486,352 |
| Balance at end of year | 2,999,267,088 | 2,352,643,076 |

# Notes to the Consolidated Financial Statements
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## 17. Borrowings

***Maturity of borrowing:***

| | 2016 $ | Restated 2015 $ |
|---|---|---|
| Not later than one year | 696,343,522 | 653,336,324 |
| More than one year | 7,512,368,328 | 8,033,760,423 |
| | 8,208,711,850 | 8,687,096,747 |
| (a) RBTT Trust Limited – fixed rate bonds | 24,000,000 | 40,000,000 |
| (b) ANSA $233.1M | 221,532,383 | 233,151,656 |
| (c) Citibank USD | 297,158,400 | 340,523,040 |
| (d) First Citizens Bank – TTD facility | 131,529,667 | 152,875,981 |
| (e) The Home Mortgage Bank | 8,774,871 | 12,770,652 |
| (f) First Citizens Bank – USD facility | 58,656,185 | 65,100,947 |
| (g) First Caribbean Int'l Bank Limited | 303,912,000 | 354,711,500 |
| (h) First Caribbean Bank Limited BLCA $497M loan | 185,778,602 | 239,064,342 |
| (i) The Home Mortgage Bank $108M OPM | 65,798,861 | 72,758,470 |
| (j) First Citizens Bank Limited | 230,100,000 | 230,100,000 |
| (k) CBTT $214.7M Bond | 213,000,000 | 213,000,000 |
| (l) ANSA $223.1M | 148,731,333 | 173,519,889 |
| (m) ANSA $399M | 249,386,875 | 299,264,250 |
| (n) First Caribbean Int'l Bank Limited ($180M) | 180,300,000 | 180,300,000 |
| (o) Republic Bank Limited Long-Term Bonds | 3,087,901,924 | 3,275,088,089 |
| (p) RBC Royal Bank | 512,815,580 | 500,000,000 |
| (q) First Caribbean International Bank Limited | 496,000,000 | 496,000,000 |
| (r) Republic Bank Limited | 227,140,000 | 227,140,000 |
| (s) ANSA Merchant Bank Medium-Term Facility | 90,000,000 | - |
| (t) Barclays US$375M | 1,476,195,169 | 1,581,727,931 |
| | 8,208,711,850 | 8,687,096,747 |

## 17. Borrowings (continued)

| | 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 of Principal and Interest | 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 the GORTT | Semi-annually principal and interest payments, commencing six (6) months from date of close | To refinance the existing Commercial Paper in the amount of US$73.1M and provide additional funding in the amount of US$14.9M for the completion of the construction of the Ministry of Education Office Tower |
| (d) | Commercial Paper | First Citizens Bank Limited | TT$374,000,000 | 7.67% | 13 years | Guaranteed by the GORTT | Semi-annual amortised installments of principal and interest | To finance various projects |

## 17. Borrowings (continued)

| | Loan Facility | Financial Institution | Original Facility Amount | Interest Rate | Tenure | Security of the Facility include the following: | Repayment Terms | Purpose |
|---|---|---|---|---|---|---|---|---|
| (e) | Mortgage | Home Mortgage Bank | TT$33,900,000 | 8.75% | 10 years | Mortgage of land and buildings and assignment of sub-lease rentals | Amortised quarterly starting three (3) months after disbursement | To finance the purchase of the Head Office building in Sackville Street, Port of Spain |
| (f) | Commercial Paper | First Citizens Bank Limited | TT$93,375,655 | 5.46% | 13 years | Guaranteed by the GORTT | Semi-annual amortised installments of principal and interest | To finance various projects |
| (g) | 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 | To finance the cost of completing the Brian Lara Cricket Stadium and associated infrastructure at the Tarouba Estate |
| (h) | Mortgage | Home Mortgage Bank | TT$108,000,000 | 7.00% | 15 years | Mortgage over Property 13-15 St Clair Avenue | Amortised monthly starting one month after disbursement | To finance the Office of the Prime Minister (formerly known as the Ministry of Public Administration Building) |

## 17. Borrowings (continued)

| | Loan Facility | Financial Institution | Original Facility Amount | Interest Rate | Tenure | Security of the Facility include the following: | Repayment Terms | Purpose |
|---|---|---|---|---|---|---|---|---|
| (i) | Long-Term Bridge Loan | First Caribbean International and Financial Corporation | TT$641,230,000 | 6.06% | 10 years | Guaranteed by the GORTT | Semi-annual principal and interest payments commencing six (6) months from date of close | To finance the fit out of the Port of Spain Waterfront |
| (j) | Medium Term Loan: TTD230.1M | First Citizens Bank Limited | TT$230,100,000 | 4.30% | 5 years | Guaranteed by the GORTT | Semi-annual interest payments commencing six (6) months after disbursement, Principal payable at maturity | To finance various projects |
| (k) | Fixed Rate Bond 2012-2020 | Central Bank of Trinidad & Tobago | TT$213,000,000 | 3.35% | 18 Years | Guaranteed by GORTT | Semi-annual Interest Payments on 31 October and 30 April, Principal payable at maturity | Repayment of HMB TT$300M and TT$44M Bonds |
| (l) | Medium-Term Facility | ANSA Merchant Bank | TT$223,097,000 | 1.95% | 8 Years | Guaranteed by GORTT | Semi-annual principal and interest installments | To repay the HMB Real Spring Loan Facility |

## 17. Borrowings (continued)

| | Loan Facility | Financial Institution | Original Facility Amount | Interest Rate | Tenure | Security of the Facility include the following: | Repayment Terms | Purpose |
|---|---|---|---|---|---|---|---|---|
| (m) | Medium-Term Facility | ANSA Merchant Bank | TT$399,019,000 | 1.95% | 8 Years | Guaranteed by GORTT | Semi-annual installments of principal and interest | To repay Phase 1 and 2A loan facility for the San Fernando Teaching Hospital (formerly Chancery Lane Office Complex) |
| (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 | To finance San Fernando Teaching Hospital Phase 2B |
| (o) | Fixed Rate Bond | Republic Bank Ltd | TT$3,457,773,340 | 4.75% | 15 Years | Guaranteed by GORTT | Six (6) month moratorium on principal and interest, thereafter, semi-annual principal and interest payments | To refinance the Government Campus Plaza (Base Building) Interim Bond |
| (p) | Long-Term Facility | RBC | TT$512,815,580 | 3.70% | 7 Years | Guaranteed by GORTT | Semi-annual installments of Principal and Interest | To refinance bridge facility inclusive of capitalised interest for the fit out of Government Campus Plaza |
| (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 | To finance the fit out of the Government Campus Plaza |

## Notes to the Consolidated Financial Statements
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### 17. Borrowings (continued)

| | Loan Facility | Financial Institution | Original Facility Amount | Interest Rate | Tenure | Security of the Facility include the following: | Repayment Terms | Purpose |
|---|---|---|---|---|---|---|---|---|
| (r) | Short-Term Facility | Republic (FINCOR) | TT$227,100,000 | 4.25% | 1 Year | Guaranteed by GORTT | Semi-Annual Interest payments with Principal repayment at Maturity | To finance the fit out of the Minister of Education |
| (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 | To finance the completion of the Brian Lara Cricket Stadium |
| (t) | Fixed Rate Note | US Private Placement (Wells Fargo Bank) | TT$2,372,303,000 | 6.09% | 15 Years | Land and Buildings thereon and assignment of sublease rentals | Semi-annual installments of principal and interest | To finance fit out and construction of the Port of Spain International Waterfront Project and repayment of the interim facility |

## 17. Borrowings (continued)

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

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| TT Dollar | 6,072,790,096 | 6,345,033,329 |
| US Dollar | 2,135,921,754 | 2,342,063,418 |
| | 8,208,711,850 | 8,687,096,747 |

## 18. 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.

## 19. Tax Liability

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.

There were no deferred taxes in 2016 as all losses were exhausted.

The movement on the tax account is as follows:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| At beginning of year | 39,141,097 | 44,320,637 |
| Charge (credit) to income statement | 33,929,796 | (5,179,540) |
| At end of year | 73,070,893 | 39,141,097 |

# Notes to the Consolidated Financial Statements
December 31, 2016

## 20. Deferred Revenue

| | 2016 $ | 2015 $ |
|---|---|---|
| | 10,546,819 | 8,122,710 |

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

## 21. Accounts Payable and Accruals

| | 2016 $ | Restated 2015 $ |
|---|---|---|
| Due to GORTT | 482,032,878 | 402,500,173 |
| Project payables | 176,096,843 | 205,029,488 |
| Retentions payable | 156,907,939 | 120,757,276 |
| Other payables | 49,782,378 | 71,823,109 |
| Accrued interest on loans | 123,467,253 | 129,236,889 |
| | 988,287,291 | 929,346,935 |

## 22. Reserve Development Fund

| | 2016 $ | 2015 $ |
|---|---|---|
| Other development projects | 36,617,032 | 20,184,115 |

These balances represent the unused portion of funds received by the Group from the GORTT for the development of specific projects which are ongoing, have been completed or suspended. There are no specific repayment terms of these amounts.

## 23. Deposit on Account

| | 2016 $ | 2015 $ |
|---|---|---|
| Deposit on account | 1,316,353 | 1,311,203 |

These represent monies from our subsidiaries Rincon and Oropune. Rincon's $929,851 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 sales have not yet been finalised.

| | 2016<br>$ | Restated<br>2015<br>$ |
|---|---|---|

## 24. Investment

| | 2016<br>$ | Restated<br>2015<br>$ |
|---|---|---|
| Investment securities designated as at fair value through profit or loss | 71,059,008 | 76,863,580 |

The loss on the investment securities at fair value recognised through profit or loss amounted to $305,517 for the year ending 31 December 2016. These investments comprise GORTT Zero Coupon Bonds and CLICO Investment Funds.

| | 2016<br>$ | Restated<br>2015<br>$ |
|---|---|---|
| Short-term investments | 205,446,000 | 5,446,000 |

The short-term investments comprise a fixed deposit of $200,000,000 which matures every six months at 1.35% and the short-term portion of the GORTT Zero Coupon bonds.



## 25. Income from hotel operations

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Hyatt Regency Income | 240,049,238 | 274,367,084 |

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

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **26. Rental income** | 280,062,451 | 269,281,777 |

# Notes to the Consolidated Financial Statements
December 31, 2016

## 27. Leases

***Future minimum lease payments***

As at December 31, the future minimum lease payments under non-cancellable leases were payable as follows:

| | 2016 $ | 2015 $ |
|---|---|---|
| Less than one year | - | 174,600 |
| Between one and three years | 8,688,441 | 2,450,232 |
| | 8,688,441 | 2,624,832 |
| ***Amounts recognised in the profit and loss*** | | |
| Lease expense | 3,423,535 | 2,657,055 |

***Future minimum lessor receipts***

As at December 31, the future minimum lessor receipts under leases were receivable as follows:

| | 2016 $ | 2015 $ |
|---|---|---|
| Between one and three years | 850,473,940 | 817,302,690 |
| ***Amounts recognised in the profit and loss*** | | |
| Lease income | 280,062,451 | 269,281,777 |

# Notes to the Consolidated Financial Statements
December 31, 2016

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **28. Other Income** | | |
| Other | 3,568,911 | 2,271,153 |
| Car park revenue | 18,251,268 | 13,924,357 |
| Management fees | 4,033,795 | 1,909,931 |
| | 25,853,974 | 18,105,441 |
| **29. Administrative Expenses** | | |
| Employee benefit (Note 29) | 44,944,695 | 43,464,777 |
| Depreciation and amortisation | 122,897,701 | 123,373,083 |
| Office expenses | 29,297,574 | 27,214,541 |
| Rent and utilities | 6,877,905 | 7,572,582 |
| Advertising | 2,251,504 | 2,336,360 |
| Revaluation Reserve on Investment Properties (Gain) | (26,979,699) | - |
| Hyatt operating expenses | 168,245,531 | 188,729,483 |
| Other expenses | 6,202,500 | 21,185,398 |
| Bad debt expense | 265,336,999 | (281,791,998) |
| | 619,074,710 | 132,084,226 |
| **30. Employee Benefit Expense** | | |
| Wages and salaries | 43,108,807 | 42,024,548 |
| National Insurance costs | 1,835,888 | 1,440,229 |
| | 44,944,695 | 43,464,777 |

Number of employees at year end 721 (2015: 697).

### 31. Finance Income

| | 2016 | 2015 |
|---|---|---|
| Government grants to cover interest expenses | 95,912,904 | 62,707,727 |
| Interest income | 3,628,009 | 2,704,413 |
| | 99,540,913 | 65,412,140 |

# Notes to the Consolidated Financial Statements
December 31, 2016

## 32. Finance Costs

| | 2016 $ | 2015 $ |
|---|---|---|
| Interest expense on GORTT borrowings | 95,911,622 | 62,707,727 |
| Interest expense on bank borrowings | 99,143,185 | 145,834,279 |
| Foreign exchange loss on bank borrowings | 101,427,807 | 809,347 |
| Bank charges | 83,479 | 78,214 |
| | 296,566,093 | 209,429,567 |

## 33. Taxation

| | 2016 $ | 2015 $ |
|---|---|---|
| Deferred tax | - | (5,179,540) |
| Over payment of corporation tax | 35,435,119 | 5,843,957 |
| Green Fund levy | 1,729,795 | 623,755 |
| Business levy | 3,459,590 | 1,247,509 |
| | 40,624,504 | 2,535,681 |
| (Loss)/Profit before taxation | (229,162,297) | 350,268,135 |
| Tax deductible at 25% | - | 87,567,034 |
| Expense (deductible) non-deductible for tax purposes | - | (96,011,151) |
| Green Fund levy | 1,729,795 | 623,755 |
| Business levy | 3,459,590 | 1,247,509 |
| Overpayment of corporation tax | 35,435,119 | 9,108,534 |
| | 40,624,504 | 2,535,681 |

# Notes to the Consolidated Financial Statements
December 31, 2016

## 34. Related Party Balances

| | 2016 $ | 2015 $ |
|---|---|---|
| ***(a) Key management compensation*** | | |
| Directors' fees | 487,006 | 570,075 |
| Senior management remuneration | 5,319,951 | 4,907,379 |

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

***(b) GORTT***

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

| | 2016 $ | 2015 $ |
|---|---|---|
| Investment properties | 6,476,706,788 | 1,273,656,419 |
| Contributed capital | 3,584,475,029 | 2,937,851,017 |
| Contract work billed to GORTT | 516,499,464 | 515,715,573 |
| Provision for bad debts liability | 341,846,238 | 282,704,123 |
| Provision for bad debts expense | 59,142,115 | 113,382,808 |
| Reserve development fund | 36,617,032 | 20,184,115 |
| Loan repayments made by the GORTT on behalf of the Corporation | 16,000,000 | 16,000,000 |
| Deferred liability payable to the GORTT | 10,350,000 | 10,350,000 |
| Loan payments made by the GORTT being set off against receivables yet billed to GORTT | 504,957,464 | 478,576,373 |
| Development work in progress expenditure not yet billed to GORTT | 236,164,077 | 20,374,721 |

***(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:

| | 2016 $ | 2015 $ |
|---|---|---|
| Project Management fees | 19,962,881 | 64,615,486 |
| Contract revenue | 557,225,977 | 555,680,176 |
| Contract costs incurred | 557,225,977 | 555,680,176 |

# Notes to the Consolidated Financial Statements
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## 35. Financial Instruments by Category

### (i) *Receivables*

| | Carrying amount 2016 $ | Carrying amount 2015 $ | Fair value 2016 $ | Fair value 2015 $ |
|---|---|---|---|---|
| Receivables for contract work due from GORTT | 423,002,412 | 419,493,936 | 370,675,577 | 351,771,399 |
| Contract works billed to the GORTT | 516,499,464 | 515,715,573 | 452,606,726 | 432,459,144 |
| Advances to contractors | 128,455,232 | 279,138,192 | 112,564,884 | 234,074,497 |
| Other receivables excluding prepayments | 729,295,869 | 669,230,800 | 599,408,166 | 561,191,079 |
| | 1,797,252,977 | 1,883,578,501 | 1,535,255,353 | 1,579,496,119 |

### (ii) *Financial liabilities carried at amortised cost*

| | 2016 $ | 2015 $ |
|---|---|---|
| Borrowings | 8,208,711,850 | 8,687,096,747 |
| Accounts payables and accruals | 988,287,291 | 929,346,935 |
| Reserve development fund | 36,617,032 | 20,184,115 |
| | 9,233,616,173 | 9,636,627,797 |

## 36. Contingent Liabilities

The Group companies are parties 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: 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.

## 37. Capital and Lease Commitments

At the year-end capital commitments amounting to approximately $833M (2015: $430M) existed.

## 38. Segment Information

***Basis for segmentation***

The Group has organised its business units into two reportable segments as follows:

- Construction – in this category the Corporation provides project management services and facility management services for construction projects with the urban spaces of Trinidad and Tobago as mandated by the GORTT.
- Hotel Operations – this segment comprises the operations of the Hyatt Hotel.

These business units offer different services and are managed separately because they require different marketing strategies and resources.

The Group's Executive Management reviews the performance of the various segments of the corporation on a monthly basis.

Other operations include rental of shop spaces, spaces for advertising, rental of investment properties and rental of car park spaces, however none of these segments meet the quantitative thresholds for reportable segments in 2016 or 2015.

| | Construction Works | Hotel operation | Total |
|---|---|---|---|
| | $ | $ | $ |
| **December 31, 2016** | | | |
| Revenue | 346,888,355 | 240,049,238 | 586,937,593 |
| Operating profit | (95,195,720) | 63,058,603 | (32,137,117) |
| Assets | 12,311,887,284 | 103,564,455 | 12,415,451,739 |
| Liabilities | 9,293,290,387 | 41,585,807 | 9,334,876,194 |
| **December 31, 2015** | | | |
| Revenue | 352,002,704 | 274,367,084 | 626,369,788 |
| Operating profit | 420,857,385 | 73,428,177 | 494,285,562 |
| Assets | 12,317,151,831 | 88,115,266 | 12,405,267,097 |
| Liabilities | 9,662,449,353 | 39,079,410 | 9,701,528,763 |

### 39. Correction of Errors

During 2016 the Group discovered a number of errors:

- There was a misstatement in the foreign exchange on USD $375M Barclays loan. As a result of this, the liabilities would have been understated.
- VAT Payable was recognised separate from the VAT Receivable. However, as VAT is settled on a net basis it therefore should have been disclosed on a net basis.
- The fair value movements on investment property were incorrectly recognised in Revaluation Reserve instead of profit or loss.
- Investments were incorrectly classified as cash and cash equivalents. The investments did not meet the definition of cash and cash equivalents as they did not have an original maturity of three months or less.
- Short-term investments were incorrectly classified as cash and cash equivalents

The errors have been corrected by restating each of the affected financial statement line items for the periods. The following tables summarise the impacts on the Group's consolidated financial statements.

## Notes to the Consolidated Financial Statements
December 31, 2016

### 39. Correction of Errors (continued)

**Statement of Financial Position**

| | December 31 | | |
|---|---|---|---|
| | 2015 | Adjustments 2015 | Restated 2015 |
| | $ | $ | $ |
| **ASSETS** | | | |
| VAT recoverable | 554,992,987 | (11,118,519) | 543,874,468 |
| Investment | - | 76,863,580 | 76,863,580 |
| Short-term investment | - | 5,446,000 | 5,446,000 |
| Cash and cash equivalents | 1,255,258,044 | (82,309,580) | 1,172,948,464 |
| **Total Assets** | **1,810,251,031** | **(11,118,519)** | **1,799,132,512** |
| **EQUITY AND LIABILITIES** | | | |
| Retained earnings | (227,918,067) | (7,194,218) | (235,112,285) |
| **Non-current liabilities** | | | |
| Borrowings | 8,013,193,625 | 20,566,798 | 8,033,760,423 |
| **Current Liabilities** | | | |
| Accounts payable and accruals | 940,465,454 | (11,118,519) | 929,346,935 |
| Borrowings | 650,689,663 | 2,646,661 | 653,336,324 |
| **Statement of Comprehensive Income** | | | |
| Finance costs | (196,371,261) | (13,058,306) | (209,429,567) |
| Profit before tax | 363,326,442 | (13,058,306) | 350,268,136 |

## 39. Correction of Errors (continued)

### Statement of Financial Position

| | December 31 2014 | Adjustments 2014 | Restated 2014 |
|---|---|---|---|
| | $ | $ | $ |
| **ASSETS** | | | |
| Vat recoverable | 485,872,836 | (15,492,288) | 470,380,548 |
| Investment | - | 82,309,580 | 82,309,580 |
| Short-term investment | - | 5,446,000 | 5,446,000 |
| Cash and cash equivalents | 1,785,548,483 | (87,755,580) | 1,697,792,903 |
| **TOTAL ASSETS** | 2,270,015,358 | (15,492,288) | 2,255,929,031 |
| **EQUITY AND LIABILITIES** | | | |
| Retained earnings | (588,708,828) | 5,864,088 | (582,844,740) |
| **Non-current liabilities** | | | |
| Borrowings | 8,751,917,781 | 9,114,475 | 8,761,032,256 |
| **Current Liabilities** | | | |
| Accounts payable and accruals | 330,903,106 | (15,492,288) | 315,410,818 |
| Borrowings | 546,950,852 | 1,040,678 | 547,991,530 |
| **Statement of Comprehensive Income** | | | |
| Gain on revaluation of property | - | 16,019,241 | 16,019,241 |
| Finance costs | (241,293,436) | (10,155,153) | (251,448,589) |
| Profit before tax | (13,409,621) | 5,864,088 | (7,545,533) |

## 40. Contingent Liability

The Company is a defendant in various Industrial Relations matters at the reporting date. Management expects a favourable outcome from the matters.

## 41. Subsequent Events

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

(a) The Corporation has entered into several contracts amounting to approximately $747 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. The matter was heard on November 30, 2021, it was adjourned to September 12, 2022.

(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 was sent to a Judicial Settlement conference set for September 26, 2017. UDeCOTT submitted a counter offer of $6,000,000. The consent order was signed on April 23, 2018 by the Court. The full payment was made on June 20, 2018.

(d) Dipcon Engineering filed a claim against the Corporation relating to the Oropune Housing Project for outstanding amounts. The judgement was to be delivered in October 2017. Judgement was 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) Sherma Ramoutar Boodhoo filed a claim of wrongful dismissal in the amount of $771,427.00 plus exemplary damages in 2016. The matter was heard on April 16 and 18, 2018. A date for decision will then be given by the Court. Counsel for UDeCOTT filed submissions on the October 31, 2019. Awaiting date for judgement.

(g) Patrick Audie Baptiste filed a claim of injury while at Hyatt against UDeCOTT and Hyatt. The matter was settled by consent order on June 27, 2017. Hyatt was ordered to pay $15,000.00 to Mr. Baptiste.

(h) GYM Ltd filed a claim against UDeCOTT for breach of contract and monies owed for general maintenance services undertaken at the Government Campus Plaza Parkade in the amount of $672,736.48. The matter was settled by consent order on May 2, 2017. UDeCOTT made an agreed payment of $493,182.63 on June 30, 2017.

(i) PRD Security filed a claim against Safety Security, UDeCOTT was named as joined Garnishee as UDeCOTT is named debtor to Safety Security. The matter was heard on February 22, 2019. Costs awarded to UDeCOTT was assessed at $4,500.00. The first payment of $312,500.00 was made on March 14, 2019. The last payment was made on June 14, 2019. A cheque in the sum of $188,291.70 was prepared in the Claimant's name for collection. Matter is now deemed complete.

# Notes to the Consolidated Financial Statements
December 31, 2016

## 41. Subsequent Events (continued)

(j) 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 dates scheduled for October 26, 27 and 28, 2022.

(k) B. Ramsamooj filed a claim of wrongful dismissal. A trial date has been fixed for March 4, 2022.

(l) P. Ganesh filed a claim of wrongful dismissal. Currently awaiting a decision of the Registration Recognition and Certification Board. Case Management Conference was held on September 27, 2021 and January 17, 2022.

(m) ANSA McAL Enterprises Limited filed a claim for wrongful termination of contract. The claimant is also seeking potential claims against the defendant. UDeCOTT filed a record of appeal on March 8, 2021.

(n) Adanna Francois filed a claim for damages for personal injuries and consequential losses and damages against the Attorney General of Trinidad & Tobago & UDeCOTT. The matter is currently before the court. Defence was due June 7, 2021. Case Management Conference was heard on August 9, 2021. Defence and ancillary claim was filed on November 25, 2021.

(o) D. Geawan filed a claim of negligence, breach of statutory duty under OSHA. Case Management Conference was scheduled for October 26, 2021 and adjourned to June 14, 2022.

(p) D. Geawan filed a claim of breach of statutory duty under OSHA claimed by worker. Hearing set for February 25, 2022.

(q) D. Geawan filed a claim of unlawful dismissal in the amount of $350,000. The Ministry of Labour to issue the Certificate of unresolved dispute and refer the matter to the Industrial Court. Matter heard on October 25 2021. A hearing was listed for March 7, 2022.

(r) K. Frection-Thomas filed a claim of breach of statutory duty under OSHA claimed by worker. Hearing was set for March 10, 2022.

(s) The COVID-19 pandemic has developed rapidly in 2020 with a significant number of cases internationally. Measures taken by the government 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.

# Notes

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udecott

Urban Development Corporation
of Trinidad and Tobago Limited

**udecott.com**

Consolidated Financial Statements of

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

December 31, 2016

*(Presented in Trinidad and Tobago Dollars)*

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

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For the year ended December 31, 2016

**Statement of Management's Responsibilities**
**Urban Development Corporation of Trinidad and Tobago Limited**

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Urban Development Corporation of Trinidad and Tobago Limited (the "Corporation" or "UDeCOTT"), which comprise the statement of financial position as at December 31, 2016, the statements of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;

- Ensuring that the Corporation 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 Corporation's assets, detection/prevention of fraud and the achievement of the Corporation's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these 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.

| | |
|---|---|
| Tamica Charles-Phillips | Burton Andre Hinkson |
| Chief Executive Officer | Divisional Manager Finance |
| Date: March 4, 2022 | Date: March 4, 2022 |

KPMG
Chartered Accountants
Savannah East
11 Queen’s Park East
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel: (868) 612-KPMG
Email: kpmg@kpmg.co.tt
Web: https://home.kpmg/tt

**Independent Auditors’ Report**
**To the shareholder of**
**Urban Development Corporation of Trinidad and Tobago Limited**

## Disclaimer of Opinion

We were engaged to audit the accompanying consolidated financial statements Urban Development Corporation of Trinidad and Tobago Limited (the “Corporation” , “UDeCOTT” or “Group”), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Corporation. Because of the significance of the matter 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 two entities with the group, namely Urban Development Corporation of Trinidad and Tobago Limited and Port of Spain Waterfront Development Limited. These have 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.

Over the time between the period being audited and our engagement for the audit, there has been turnover of key accounting and management personnel. There were also changes in the Corporation's system of internal controls that have not been adequately documented. Accordingly, we were unable to obtain a complete understanding of the Cash and Bank, Construction Management and Purchases and Payables processes that existed during the period being audited. This has limited our ability to conduct the audit in accordance with International Standards on Auditing ("ISA").

**Basis for Disclaimer of Opinion** (continued)

Documentation to support the completeness, existence, accuracy and valuation of the balances noted below could not be provided due to the inability of management to locate the supporting evidence. As a result, we were unable to obtain sufficient appropriate audit evidence over the relevant account balances noted below for the year ended 31 December 2016 and we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements comprising the consolidated 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 financial statements as follows:

**Investment property**

(a) Management did not provide information to support the valuation of the opening balance of investment properties. In addition, no supporting documentation was provided to support the valuation of $6,156,019,148 of investment properties at 31 December 2016.

(b) An amount of $1,478,678,972 was transferred to investment property from construction in progress which relates to the cost of 5 incomplete projects. We were not provided with sufficient and appropriate audit evidence to determine the accuracy and validity of these costs.

(c) Management has not provided $880,793,425 of completion certificates for projects transferred to investment property from construction in progress. We were not provided with sufficient and appropriate audit evidence to determine the existence and accuracy of these projects that were transferred.

**Impairment**

We were unable to obtain sufficient and appropriate evidence to determine if the following balances were impaired and the magnitude of any potential impact:

(1) Project receivables which is stated in the consolidated statement of financial position as $514,006,020.

(2) Construction in progress which is stated in the consolidated statement of financial position as $1,344,649,901.

**Basis for Disclaimer of Opinion** (continued)

**Other Property Plant and Equipment**

(d) IAS 16.43 *Property, Plant and Equipment* requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The Corporation has not identified major components of the hotel to be depreciated separately given the likely different useful life for each component. We were therefore unable to assess the impact on these consolidated financial statements.

**Value Added Tax (VAT)**

(e) The Value Added Tax (VAT) Act Section 21 provides that a company that makes or which intends to make commercial supplies in excess of $500,000 over a twelve month period or less is required to register for VAT. The Group's subsidiary meets these requirements and has not registered for VAT. This represents non-compliance with the VAT Act. The Act stipulates a fine of $15,000 and interest and penalties for outstanding taxes due and payable. We were unable to obtain sufficient appropriate audit evidence to quantify the impact of this non-compliance.

**Other**

(f) We have not been able to obtain sufficient and appropriate audit evidence that the following balances are complete, exist, they are accurate and are appropriately measured:

(1) Contributed Capital recorded on the Consolidated Statement of Financial Position at $3,584,475,029;

(2) Cash and Cash Equivalents of $205,494,856 recorded within the line item on the Consolidated Statement of Financial Position at $ 567,380,862;

(3) Advanced payments of $128,455,232, Receivable from Hyatt of $27,657,040 and Interest Receivable Projects $550,860,101 recorded within accounts receivables and prepayments stated in the Consolidated Statement of Financial Position as $1,043,094,078;

(4) Trade payables of $13,157,771, Retention payable of $54,827,330 and Due to Government of Trinidad and Tobago of $482,032,878 recorded in Accounts Payable and Accruals stated in the Consolidated Statement of Financial Position as $988,287,291;

**Basis for Disclaimer of Opinion** (continued)

**Other** (continued)

(5) Construction in progress $1,297,231,455 recorded within on the Consolidated Statement of Financial Position $1,344,649,145;

(6) Project receivables representing contract works billed to GORTT (Government of the Republic of Trinidad and Tobago) of $423,002,412 (2015 $510,008,462) reported on the Consolidated Statement of Financial Position as $514,006,020;

(7) The borrowings fair value disclosed in the note to the note to the financial statement 4(a)(ii) of $8,208,711,850;

(g) Management was unable to provide a Consolidated Statement of Cash Flow that complies with the requirements of IAS 7 *Statement of Cash Flows*. Specifically, the cash flow statement presented does not:

i. appropriately exclude non-cash transactions such as borrowings paid on behalf of UDeCOTT and transfers.
ii. appropriately adjust for capital contributions;
iii. consider accrued interest in deriving the interest paid; and

(i) Management was unable to disclose specific inputs into the valuation models, sensitivity of inputs of Investment Securities, Short Term Investments and Investment Property in accordance with IFRS 13 *Fair Value Measurement.*

(j) Management has not appropriately disclosed judgments applied with respect to accounting for transactions with GORTT. Specifically:
i. how it distinguishes payments made in the capacity as a shareholder vs a government grant; and
ii. how it accounts for the extinguishment of debt by a parent

(k) Management has not disclosed an IAS 18 *Revenue* accounting policy on the recognition and measurement of project management and development fees.

(l) Management was unable to provide appropriate and sufficient evidence that the GORTT will continue to support the entity in the foreseeable future. The entity was also not able to provide appropriate and sufficient evidence to support its ability to continue in the foreseeable future. This situation indicates that a material uncertainty may exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not adequately disclose this matter.

**Basis for Disclaimer of Opinion** (continued)

(m) We were unable to obtain updated legal confirmations as at the date of the opinion for eight out of the 14 external lawyers. As such, we were unable to determine the completeness and existence of any potential liabilities that may arise from legal claims.

(n) Management was unable to provide the terms of the sublease between GORTT and UDeCoTT for the land, hotel and buildings. Accordingly, we are unable to conclude on the appropriate accounting treatment for the lease in accordance with IAS 17, *Leases*, as to whether or not the lease arrangement is a finance or an operating lease.

(o) The operations of the Hyatt Regency Trinidad included in these IFRS financial statements are prepared in accordance with the Uniform System of Accounting for the Lodging Industry (USALI). We have not received an analysis from management that concludes that the accounting policies applied in preparing the USALI statements are consistent with those required by IFRS, and that accordingly it is appropriate to include the USALI amounts in these financial statements.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect, to the elements making up the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Corporation's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Corporation's consolidated financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, including, the International Ethics Standards Board for Accountants' Code of Ethics of Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
March 4, 2022

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

Consolidated Statement of Financial Position

December 31, 2016

| | Notes | 2016 | *Restated 2015 | *Restated 2014 |
|---|---|---|---|---|
| | | $ | $ | $ |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Investment properties | 6 | 6,476,706,788 | 1,273,656,419 | 1,271,180,825 |
| Construction in progress | 7 | 1,344,837,901 | 5,994,177,653 | 5,408,018,014 |
| Property, plant and equipment | 8 | 1,577,223,591 | 1,597,777,316 | 1,719,635,118 |
| Value added tax recoverable | 9 | 602,295,204 | 543,874,468 | 470,380,548 |
| Investment securities | 24 | 71,059,008 | 76,863,580 | 82,309,580 |
| Restricted cash | 10 | 13,402,287 | 41,987,359 | 47,150,240 |
| | | 10,085,524,779 | 9,528,336,795 | 8,998,674,325 |
| **Current assets** | | | | |
| Projects receivables | 11 | 514,006,020 | 510,008,462 | 83,391,326 |
| Accounts receivable and prepayments | 12 | 1,043,094,078 | 1,188,527,376 | 701,579,357 |
| Short term investment | 24 | 205,446,000 | 5,446,000 | 5,446,000 |
| Cash and cash equivalents | 13 | 567,380,862 | 1,172,948,464 | 1,697,792,903 |
| | | 2,329,926,960 | 2,876,930,302 | 2,488,209,586 |
| **Total assets** | | 12,415,451,739 | 12,405,267,097 | 11,486,883,911 |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and reserves** | | | | |
| Share capital | 15 | 999,602 | 999,602 | 999,602 |
| Accumulated deficit | | (504,899,086) | (235,112,285) | (582,844,740) |
| Contributed capital | 16 | 3,584,475,029 | 2,937,851,017 | 2,261,364,665 |
| | | 3,080,575,545 | 2,703,738,334 | 1,679,519,527 |
| **Non-current liabilities** | | | | |
| Borrowings | 17 | 7,512,368,328 | 8,033,760,423 | 8,761,032,256 |
| Deferred liability | 18 | 10,350,000 | 10,350,000 | 10,350,000 |
| Tax liability | 19 | 73,070,893 | 39,141,097 | 44,320,637 |
| Deferred revenue | 20 | 10,546,819 | 8,122,710 | 8,111,106 |
| | | 7,606,336,040 | 8,091,374,230 | 8,823,813,999 |
| **Current liabilities** | | | | |
| Accounts payable and accruals | 21 | 988,287,291 | 929,346,935 | 315,410,818 |
| Borrowings | 17 | 696,343,522 | 653,336,324 | 547,991,530 |
| Reserve development fund | 22 | 36,617,032 | 20,184,115 | 113,656,711 |
| Deposit on account | 23 | 1,316,353 | 1,311,203 | 1,301,863 |
| Tax payable | | 5,975,956 | 5,975,956 | 5,189,463 |
| | | 1,728,540,154 | 1,610,154,533 | 983,550,385 |
| **Total equity and liabilities** | | 12,415,451,739 | 12,405,267,097 | 11,486,883,911 |

*The comparative information is restated on account of correction of error. See Note 40.

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

Director

Director

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

Consolidated Statement of Comprehensive Income

Year ended December 31, 2016

| | Notes | 2016 | *Restated 2015 |
|---|---|---|---|
| | | $ | $ |
| Income – hotel operations | 25 | 240,049,238 | 274,367,084 |
| Rental income | 26 | 280,062,451 | 269,281,777 |
| Project management fees | | 19,962,881 | 64,615,486 |
| Development fees | | 21,009,049 | - |
| Other income | 28 | 25,853,974 | 18,105,441 |
| | | 586,937,593 | 626,369,788 |
| Revaluation reserve on investment property | | 26,979,699 | - |
| Provision for bad debt | | (265,336,999) | 281,791,998 |
| Hyatt operating expenses | | (168,245,531) | (188,729,483) |
| Other administrative expenses | | (212,471,879) | (225,146,741) |
| Total administrative expenses | 29 | (619,074,710) | (132,084,226) |
| **Operating (loss)/profit** | | (32,137,117) | 494,285,562 |
| Government grant | 31 | 95,912,904 | 62,707,727 |
| Finance income | 31 | 3,628,009 | 2,704,413 |
| Finance costs | 32 | (296,566,093) | (209,429,567) |
| Finance costs - net | | (197,025,180) | (144,017,427) |
| **(Loss)/profit before taxation** | | (229,162,297) | 350,268,135 |
| Taxation | 33 | (40,624,504) | (2,535,681) |
| **Profit (loss) for the year being total comprehensive income for the year** | | (269,786,801) | 347,732,454 |

*The comparative information is restated on account of correction of error.  See Note 40.

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

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2016

| | Note | Share Capital | Accumulated Deficit | Contributed Capital | Revaluation Reserve | Total Equity |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| ***Year ended December 31, 2015*** | | | | | | |
| Balance at January 1, 2015, as previously reported | | 999,602 | (588,708,828) | 2,261,364,665 | 16,019,241 | 1,689,674,680 |
| Impact of correction of errors | 40 | - | 5,864,089 | - | (16,019,241) | (10,155,152) |
| Restated balance at January 1, 2015 | | 999,602 | (582,844,739) | 2,261,364,665 | - | 1,679,519,528 |
| Profit for the year | | - | 347,732,454 | - | - | 347,732,454 |
| Contributed capital for the year | | - | - | 676,486,352 | - | 676,486,352 |
| **Restated balance at December 31, 2015** | | 999,602 | (235,112,285) | 2,937,851,017 | - | 2,703,738,334 |
| ***Year ended December 31, 2016*** | | | | | | |
| Balance at January 1, 2016 | | 999,602 | (235,112,285) | 2,937,851,017 | - | 2,703,738,334 |
| Profit for the year | | - | (269,786,801) | - | - | (269,786,801) |
| Contributed capital for the year | | - | - | 646,624,012 | - | 646,624,012 |
| **Balance at December 31, 2016** | | 999,602 | (504,899,086) | 3,584,475,029 | - | 3,080,575,545 |

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

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

Consolidated Statement of Cash Flows

Year ended December 31, 2016

| | 2016 | Restated 2015 |
|---|---|---|
| | **$** | **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit (loss) before taxation | (229,162,298) | 350,268,135 |
| Adjustments to reconcile profit (loss) to net cash from operating activities: | | |
| Depreciation and amortisation | 122,897,701 | 123,373,084 |
| Interest on CIP | 1,609,314,474 | 14,874,122 |
| Increase in Capital Contribution | 646,624,012 | 676,486,352 |
| Transfer from Investment Properties | (5,203,050,369) | (2,475,594) |
| Interest expenses | 194,140,942 | 194,625,233 |
| Interest income | (95,911,622) | (65,410,993) |
| Foreign exchange (gain) loss | 70,139,662 | (2,273) |
| | (2,885,007,498) | 1,291,738,066 |
| **Changes in operating assets and liabilities:** | | |
| Accounts receivable and prepayments | 111,521,158 | (526,272,630) |
| Accounts payable and accruals | 89,304,710 | 637,768,440 |
| Reserve development fund | 16,438,067 | (93,472,596) |
| Increase in value added tax recoverable | (58,420,737) | (58,001,632) |
| Project receivables | (3,997,558) | (426,617,136) |
| Deposit on Account | - | 9,340 |
| Deferred revenue | 2,424,109 | 11,605 |
| Tax paid | (718,752) | (6,926,454) |
| Interest paid | (194,140,942) | (194,625,233) |
| Taxation paid | | |
| **Net cash (used in) from operating activities** | (2,922,597,443) | 623,611,770 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of investment property | (100,335,394) | - |
| Decrease in Hyatt Replacement Reserve Fund | 28,585,072 | 5,162,881 |
| Purchase of Investments | (200,000,000) | - |
| Purchase of property, plant and equipment | (2,197,338) | (1,515,283) |
| Increase in construction in progress | 3,040,214,034 | (601,033,761) |
| Investment received | 5,804,572 | 5,446,000 |
| Interest received | 95,911,622 | 65,410,993 |
| **Net cash from (used in) investing activities** | 2,867,982,568 | (526,529,170) |

| | 2016 | Restated 2015 |
|---|---|---|
| | **$** | **$** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Foreign Exchange | (93,353,121) | 13,058,306 |
| Net Proceeds from borrowings | (457,599,606) | (634,985,345) |
| **Net cash from financing activities** | (550,952,727) | (621,927,039) |
| **Net decrease in cash and cash equivalents** | (605,567,602) | (524,844,439) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | 1,172,948,464 | 1,697,792,903 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 567,380,862 | 1,172,948,464 |
| **Represented by** | | |
| Cash | 567,380,862 | 1,172,948,464 |
| | 567,380,862 | 1,172,948,464 |

*The comparative information is restated on account of correction of error.  See Note 40.

*The accompanying notes are an integral part of these financial statements.*

## 1. Incorporation and Principal Activities

Urban Development Corporation of Trinidad and Tobago Limited (the "Company" 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 Company commenced operations on January 13, 1995. The address of its registered office is 38-40 Sackville Street, Port of Spain. Details of the subsidiary companies are included in Note 14.

The consolidated financial statements of the Company as at and for the year ended December 31, 2016 comprise the Company and its Subsidiaries (together referred to as "the Group").

On February 24, 2022, 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 four principal categories:

***(i) Project management activities***

The Group provides full scale project development and management services which includes identification of appropriate site location, assisting in project design, selection of contractors, overseeing project execution and completion and procurement of 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 July 1, 1999.

***(iii) Hotel operations***

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

## 1. Incorporation and Principal Activities (continued)

### *(iv) Car park operations*

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

### *(v) Sale of leasehold land*

The Group facilitates the sale of the 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. Basis of Preparation

### *(a) Statement of accounting*

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

### *(b) Basis of measurement*

The consolidated financial statements 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 3.

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 5.

### *(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.

**2. Basis of Preparation** (continued)

***(d) 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 71.3% (2015: 73.5%) 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.

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 Government of the Republic of Trinidad and Tobago (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.

## 3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### *(b) 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 14).

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.

### *(b) 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 Company'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.

**3. Summary of Significant Accounting Policies** (continued)

***(c) Financial assets***

The Group classifies its financial assets in the following categories: receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. Receivables are recognised initially at fair value and subsequently measured at amortised less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial assets at fair value through profit or loss are classified as such on initial recognition. Directly attributable transaction costs are recognised in the profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the separate statement of comprehensive income. When an accounts receivable balance is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited in the separate statement of comprehensive income.

Dividends on available-for-sale equity instruments are recognised in the separate statement of comprehensive income as part of other income when the Group’s right to receive payment is established.

## 3. **Summary of Significant Accounting Policies** (continued)

### *(d) 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 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.

### *(e) Managed developments in progress*

The Group carries out project management activities on behalf of the GORTT based on an agreement with the 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: assisting in project design, selection of and entering into contracts with sub-contractors, certification of work performed by sub-contractors and settlement of amounts due to the sub-contractors. The Group is responsible for transferring the project to the GORTT on completion.

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

Contract costs are recognised when incurred. Variations in contract work are included in contract revenue to the extent that 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 contract costs in determining the stage of completion for the work performed.

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

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

Advances received from the GORTT where work has not yet been undertaken are reflected as liabilities in the separate financial statements.

**3. Summary of Significant Accounting Policies** (continued)

***(f) 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 (annually) when determining carrying value or an independent valuator every three years.

***(g) 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 consolidated 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, using the following percentage rates 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 statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

## 3. Summary of Significant Accounting Policies (continued)

### *(h) Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments and short-term investments with a maturity of three months or less, net of bank overdraft.

### *(i) Accounts receivable*

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When an accounts receivable balance is uncollectible, it is written off against the allowance account for accounts receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

### *(j) Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### *(k) Trade payables*

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

**3. Summary of Significant Accounting Policies** (continued)

***(l) 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.

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 statement of financial position 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.

***(m) Revenue recognition***

Revenue 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:

*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.

**3. Summary of Significant Accounting Policies** (continued)

***(m) Revenue recognition*** (continued)

*Interest income*

Revenue is recognised using the amortized cost method.

*Rental income*

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

*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).

*Other Revenue*

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

*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.

***(n) 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.

## 3. Summary of Significant Accounting Policies (continued)

### *(o) Current and deferred income taxes*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position 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.

### *(p) 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.

### *(q) 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).

**3. Summary of Significant Accounting Policies** (continued)

***(r) 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.

***(s) 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.

***(t) 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.

***(u) 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.

***(v) 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.

**3. Summary of Significant Accounting Policies** (continued)

***(w) 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, its parent company and all their affiliates.

## 3. Summary of Significant Accounting Policies (continued)

### *(x) New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these separate financial statements. Those that may be relevant to the Group are set out below. The Corporation does not plan to adopt these standards early.

- IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. The Group is assessing the impact that the standard will have on its 2018 financial statements.

- IFRS 15, Revenue from Contracts with Customers is effective for periods beginning on or after January 1, 2018. It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- IFRS 16, Leases is effective for periods beginning on or after January 1 2019. It replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27. Evaluating the Substance of Transactions involving the Legal Form of a Lease. It introduces a single on-balance sheet accounting model for lessees. The Corporation has not yet quantified the impact that the standard will have on its 2019 financial statements.

## 4. 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.

The Audit Committee has the overall responsibility for monitoring the establishment's risk management framework. The Internal Audit Department performs the entity's risk assessment and the findings are reported to the Audit Committee. These risks are then analysed and appropriate mitigation techniques implemented via targeted internal audits, which are executed to minimise risks faced by the organisation.

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.

## 4. Financial Risk Management (continued)

### (a) Market Risk (continued)

#### *(i) Currency risk* (continued)

**Pre-tax Effect on Income**

| | As reported TT$ | Effect on Income 1% Appreciation TT$ | Effect on Income 1% Depreciation TT$ |
|---|---|---|---|
| **December 31, 2016** | | | |
| ***US dollar denominated*** | | | |
| Cash and cash equivalents | 3,147,315 | 31,473 | (31,473) |
| Borrowings | (2,135,921,755) | (21,359,218) | 21,359,218 |
| Accounts payables and accruals | (51,896,498) | (518,965) | 518,965 |
| **Total** | (2,184,670,938) | (21,846,710) | 21,846,710 |
| **Post-tax Effect on Income** | | | |
| **Total** | (2,184,670,938) | (16,385,033) | (16,385,033) |

| | As reported TT$ | Effect on Income 1% Appreciation TT$ | Effect on Income 1% Depreciation TT$ |
|---|---|---|---|
| **December 31, 2015** | | | |
| ***US dollar denominated*** | | | |
| Cash and cash equivalents | 3,184,381 | 31,844 | (31,844) |
| Borrowings | (2,318,849,959) | (23,188,500) | 23,188,500 |
| Accounts payables and accruals | (341,272,680) | (3,412,727) | 3,412,727 |
| **Total** | (2,656,938,258) | (26,569,383) | 26,569,383 |
| **Post-tax Effect on Income** | | | |
| **Total** | (2,656,938,258) | (19,927,037) | (19,927,037) |

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.

**Year End Selling Rate USD**

| | 2016 | 2015 |
|---|---|---|
| TTD to USD | 6.7793 | 6.4500 |

## 4. Financial Risk Management (continued)

### (a) Market Risk (continued)

#### *(ii) Fair value and cash flow 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 six per cent of the Group's long-term borrowings are fixed rate instruments and fifty four 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 Group's floating rate instruments are repaid by the GORTT. This injection by the GORTT is treated as capital contributions in the Company 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.

## 4. Financial Risk Management (continued)

### (a) Market Risk (continued)

#### *(ii) Fair value and cash flow interest rate risk* (continued)

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.

| | Current Carrying Amount | Effect of 1% Increase in Interest Rates | Effect of 1% Decrease in Interest Rates |
|---|---|---|---|
| | $ | $ | $ |
| **Pre-tax** | | | |
| **Variable-rate instruments** | | | |
| December 31, 2016 | 4,628,531,237 | 46,285,311 | (46,285,311) |
| December 31, 2015 | 4,583,757,211 | 45,837,571 | (45,837,571) |
| **Post-tax** | | | |
| **Variable-rate instruments** | | | |
| December 31, 2016 | 4,628,531,237 | 34,713,983 | (34,713,983) |
| December 31, 2015 | 4,583,757,211 | 34,378,178 | (34,378,178) |

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

## 4. Financial Risk Management (continued)

### (a) Market Risk (continued)

#### *(ii) Fair value and cash flow interest rate risk* (continued)

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

| | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Fixed rate instruments | 3,807,320,614 | 4,100,379,536 | 3,807,320,614 | 4,100,379,536 |
| Variable rate instruments | 4,401,391,236 | 4,586,717,211 | 4,401,391,236 | 4,586,717,211 |
| | 8,208,711,850 | 8,687,096,747 | 8,208,711,850 | 8,687,096,747 |

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 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.

### (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.

## 4. Financial Risk Management (continued)

### (b) Liquidity Risk (continued)

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.

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 1 year | More than 1 year but less than 5 years | More than 5 years |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **As at December 31, 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 | 36,617,032 | 36,617,032 | 36,617,032 | - | - |
| Deposit on account | 1,316,353 | 1,316,353 | 1,316,353 | - | - |
| | 9,234,932,526 | 10,830,218,049 | 2,605,332,420 | 3,825,391,979 | 4,399,493,650 |
| **As at December 31, 2015** | | | | | |
| Borrowings | 8,687,096,747 | 11,086,914,385 | 2,156,238,743 | 3,849,276,400 | 5,081,399,242 |
| Accounts payable and accruals | 929,346,935 | 929,346,935 | 929,346,935 | - | - |
| Reserve development fund | 20,184,115 | 20,184,115 | 20,184,115 | - | - |
| Deposit on account | 1,311,203 | 1,311,203 | 1,311,203 | - | - |
| | 9,637,939,000 | 12,037,756,638 | 3,107,080,996 | 3,849,276,400 | 5,081,399,242 |

**4. Financial Risk Management** (continued)

**(c) Credit risk**

Credit risk is the potential for loss due to the failure of a counter-party to meets its financial obligations. The Group's credit risk arises from cash and cash equivalents, 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 (both Accounts Receivables and Project Receivables) for project development work and facility management work included in the separate financial statements relate to amounts due to the Group by the GORTT and Government agencies. Accounts Receivables have been invoiced to the respective clients, whilst project receivables are items awaiting invoicing.

The Group's major client is the Government of the Republic of Trinidad and Tobago (GORTT). The GORTT possesses a BBB+ (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.

## 4. Financial Risk Management *(continued)*

### (c) Credit risk (continued)

***Analysis of financial assets that are exposed to credit risk:***

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Project works billed to GORTT | 423,002,412 | 419,493,936 |
| Contract works not billed | 118,563,651 | (97,889,273) |
| Facilities works not billed | 117,600,426 | 118,263,994 |
| Contract works billed to the GORTT | 516,499,464 | 515,715,573 |
| Advances to contractors | 128,455,232 | 279,138,192 |
| Other receivables excluding prepayments | 729,295,869 | 667,180,318 |
| | 2,033,417,054 | 1,901,902,740 |
| Cash and cash equivalents | 567,380,862 | 1,172,948,464 |
| | 2,600,797,916 | 3,074,851,204 |

***The analysis of the accounts receivable is as follows:***

| | 2016 | 2015 |
|---|---|---|
| Project works billed to the GORTT | 423,002,412 | 419,493,936 |
| Contract works not billed | 118,563,651 | (97,889,273) |
| Facilities works not billed | 117,600,426 | 118,263,994 |
| Advances to contractors | 128,455,232 | 279,138,192 |
| Contract works billed to GORTT | 516,499,464 | 515,715,573 |
| Other receivables excluding prepayments | 729,295,869 | 667,180,318 |
| Total accounts receivable | 2,033,417,054 | 1,901,902,740 |
| Less: Provision for impairment | (341,846,238) | (282,704,123) |
| Accounts receivables | 1,691,570,816 | 1,619,198,617 |

**4. Financial Risk Management** (continued)

**(c) Credit risk** (continued)

***The fair values of the accounts receivables balances are as follows:***

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Project works billed to GORTT | 390,358,962 | 387,121,238 |
| Contract work not billed | 109,413,995 | (90,335,076) |
| Facilities works not billed | 318,755,895 | 189,546,860 |
| Contract works not billed to the GORTT | 476,640,768 | 475,917,371 |
| Advances to contractors | 118,542,234 | 257,596,864 |
| Other receivables excluding prepayments | 729,295,869 | 667,180,318 |

The fair value of the balances due from the GORTT are based on future cash flows discounted using rates of 5.5%-8.04%.

***Analysis of receivable balances:***

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Fully performing | 873,355,841 | 873,706,544 |
| Past due but not impaired (i) | 1,172,423,555 | 564,071,186 |
| Impaired (discounted balances) (ii) | 204,989,496 | 547,543,122 |
| | 2,250,768,892 | 1,985,320,852 |
| The impairment provision can be analysed as follows: | | |
| At beginning of year | 282,704,123 | 494,474,117 |
| Additional provision (written off) recognized | 59,142,115 | (211,769,994) |
| | 341,846,238 | 282,704,123 |
| Ageing analysis of past due but not impaired balances: | | |
| 6 to 12 months | 1,106,463,911 | 112,567,240 |
| Over 12 months | 65,959,644 | 451,503,946 |
| | 1,172,423,555 | 564,071,186 |
| Ageing analysis of impaired balances: | | |
| 12 to 18 months | 2,426,415 | 2,265,427 |
| Over 18 months | 202,563,081 | 545,277,695 |
| | 204,989,496 | 547,543,122 |

## 4. Financial Risk Management (continued)

### (c) Credit risk (continued)

The impairment of trade receivables was determined by examining the opening balances to see where any movement took place. The Corporation'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.

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 equivalents.

### (d) Capital risk management

The objective of the Group'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 equivalents. Capital includes share capital, accumulated deficit and contributed capital.

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

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Total borrowings | 8,208,711,850 | 8,687,096,747 |
| Less: Cash and cash equivalents | (567,380,862) | (1,172,948,464) |
| Net debt | 7,641,330,988 | 7,514,148,283 |
| Share capital | 999,602 | 999,602 |
| Accumulated deficit | (504,899,086) | (235,112,285) |
| Contributed capital | 3,584,475,029 | 2,937,851,017 |
| Total capital | 3,080,575,545 | 2,703,738,334 |
| Capital and net debt | 10,721,906,533 | 10,217,886,617 |
| Gearing ratio | 71.27% | 73.53% |

## 5. 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.

### (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) 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 valuators 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 profit or loss of approximately $647,670,679 (2015: $127,365,642).

#### *(ii) Impairment of receivables*

Annually, the Corporation assesses whether its receivable balances due are impaired in accordance with the accounting policy stated in Note 3(c). Receivables are measured at amortised cost.

## 5. Critical Accounting Estimates and Judgments (continued)

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

#### *(i) Revenue recognition*

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

(a) Projects that the GORTT directs the Company 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 respective Line Ministry advises 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. A Development fee 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.

#### *(ii) Measurement of fair values*

The measurement of fair values and non-financial assets and liabilities are required for UDeCOTT's accounting policies and procedures disclosures.

Valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value are used.

**5. Critical Accounting Estimates and Judgments** (continued)

**(b) Critical judgements in applying the Group's accounting policies** (continued)

***(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 16).

(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 $18,528,438 (2015: $19,642,301).

## 6. Investment Properties

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| The Group's investment properties include the following: | | |
| Richmond Street | 160,000,000 | 160,000,000 |
| GP Plaza | 1,478,678,972 | - |
| Scarborough Tobago | 102,000,000 | 102,000,000 |
| Chancery Lane, San Fernando | 1,164,307,733 | 29,500,000 |
| The GCP Parkade | 823,964,178 | 20,395,572 |
| Memorial Park | 87,000,000 | 60,020,301 |
| NAPA South | 16,000,000 | 16,000,000 |
| Invaders Bay | 56,829,247 | 42,918,364 |
| 13-15 St. Clair Avenue | 119,643,586 | 119,644,706 |
| Real Springs, Valsayn | 13,000,000 | 13,000,000 |
| Salvatori Building | 4,755,339 | 2,388,609 |
| Tower C & D Fit Out | 376,385,386 | 376,385,386 |
| Ministry of Education Tower | 722,482,101 | - |
| Customs and Excise Building | 327,453,282 | - |
| Ministry of Legal Affairs | 428,102,808 | - |
| Immigration Building | 264,700,374 | - |
| St. Vincent Place | 20,792,214 | 20,792,214 |
| Other properties | 16,903,627 | 16,903,326 |
| POSWDL - Port Authority Lands, Wrightson Road | 224,000,000 | 224,000,000 |
| RINCON - North Coast Road, Las Cuevas | 69,707,941 | 69,707,941 |
| | 6,476,706,788 | 1,273,656,419 |

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

| | 2016 | 2015 |
|---|---|---|
| Opening net book amount | 1,273,656,419 | 1,271,180,825 |
| Transfers from CIP | 5,176,070,670 | 2,475,594 |
| Change in Fair Value | 26,979,699 | - |
| Closing net book amount | 6,476,706,788 | 1,273,656,419 |

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 valuators.

**6. Investment Properties** (continued)

When these properties were recognised as assets in the consolidated financial statements, the corresponding entry was made to a contributed capital account (See Note 16).

The fair value measurement for all the investment properties has been categorised as a Level 3 fair value measurement based on the inputs to the valuation technique used.

**7. Construction-In-Progress**

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Various projects | 240,567,862 | 48,630,918 |
| Sackville Street Renovations | 5,420,850 | 971,871 |
| Chancery Lane Complex | - | 1,135,161,982 |
| Ministry of Education Office Tower | - | 624,662,556 |
| Invaders' Bay | - | 13,026,391 |
| Memorial Park | 679,961 | 679,961 |
| Government Campus Plaza | - | 3,233,018,395 |
| Board of Inland Revenue | 895,989,626 | 734,494,126 |
| Real Springs | 183,296,579 | 182,933,900 |
| San Fernando General Hospital Car Park Extension | 500 | 500 |
| Water Front Development | 86,625 | 86,625 |
| Strategic Redevelopment POS – Health City | 243,016 | - |
| Rincon Building Renovations | 188,756 | - |
| Salvatori Building | 18,364,126 | 20,510,428 |
| | 1,344,837,901 | 5,994,177,653 |

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

| | 2016 | 2015 |
|---|---|---|
| Opening net book amount | 5,994,177,653 | 5,408,018,014 |
| Additions | 526,730,918 | 586,159,639 |
| Transfers | (5,176,070,670) | - |
| Closing net book amount | 1,344,837,901 | 5,994,177,653 |

## 8. Property, Plant and Equipment

| | Land and Buildings | Other Equipment | Computer Equipment | Motor Vehicles | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Year ended December 31, 2016** | | | | | |
| Opening net book amount | 1,584,415,699 | 12,253,698 | 1,019,840 | 88,079 | 1,597,777,316 |
| Additions | 100,157,446 | 1,419,131 | 820,877 | - | 102,397,454 |
| Disposal | - | - | - | (53,478) | (53,478) |
| Depreciation charge | (118,468,007) | (3,740,925) | (659,568) | (29,201) | (122,897,701) |
| Closing net book amount | 1,566,105,138 | 9,931,904 | 1,181,149 | 5,400 | 1,577,223,591 |
| **At December 31, 2016** | | | | | |
| Cost or valuation | 2,469,315,501 | 82,676,641 | 9,977,638 | 920,883 | 2,562,890,663 |
| Accumulated depreciation | (903,210,363) | (72,744,737) | (8,796,489) | (915,483) | (985,667,072) |
| Net book amount | 1,566,105,138 | 9,931,904 | 1,181,149 | 5,400 | 1,577,223,591 |
| **Year ended December 31, 2015** | | | | | |
| Opening net book amount | 1,702,634,851 | 16,205,804 | 634,454 | 160,008 | 1,719,635,117 |
| Additions | - | 551,117 | 954,666 | 9,500 | 1,515,283 |
| Depreciation charge | (118,219,152) | (4,503,223) | (569,280) | (81,429) | (123,373,084) |
| Closing net book amount | 1,584,415,699 | 12,253,698 | 1,019,840 | 88,079 | 1,597,777,316 |
| **At December 31, 2015** | | | | | |
| Cost or valuation | 2,369,158,055 | 81,257,510 | 9,156,760 | 2,513,797 | 2,462,086,122 |
| Accumulated depreciation | (784,742,356) | (69,003,812) | (8,136,920) | (2,425,718) | (864,308,806) |
| Net book amount | 1,584,415,699 | 12,253,698 | 1,019,840 | 88,079 | 1,597,777,316 |

The Head Office situated at 38-40 Sackville Street and the land and buildings of the Port of Spain International Waterfront are currently pledged as security for borrowings.

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |

## 9. Value Added Tax (VAT) Recoverable

| | | |
|---|---|---|
| VAT recoverable | 602,295,204 | 543,874,468 |

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.

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |

## 10. Restricted Cash

| | | |
|---|---|---|
| Restricted cash | 13,402,287 | 41,987,359 |

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.

## 11. Project Receivables

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Contract works not billed | 118,563,651 | (97,889,272) |
| Facilities work not billed | 117,600,426 | 118,263,994 |
| | 236,164,077 | 20,374,722 |
| (Provision) write-back for doubtful debt | (145,160,469) | 70,139,804 |
| | 91,003,608 | 90,514,526 |
| Contract works billed to GORTT | 423,002,412 | 419,493,936 |
| | 514,006,020 | 510,008,462 |

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

| | | |
|---|---|---|
| (i) Project expenditure on NHA Refurbishment Projects | 25,777,904 | 25,777,904 |
| (ii) Project expenditure on the Brian Lara Cricket Academy | 397,224,508 | 393,716,032 |
| | 423,002,412 | 419,493,936 |

**11. Project Receivables** (continued)

(i) These project costs relate to expenditure incurred on the refurbishment of the National Housing Authority (NHA) apartments on behalf of the GORTT.

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

**12. Accounts Receivable and Prepayments**

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Amounts due from GORTT for Contract works (a) | 516,499,464 | 515,715,573 |
| Provision for doubtful debt | (341,846,238) | (282,704,123) |
| | 174,653,226 | 233,011,450 |
| Prepayments and other receivables | 119,457,009 | 123,467,152 |
| Interest receivable from projects | 618,595,644 | 550,860,100 |
| Advances to contractors (b) | 128,455,232 | 279,138,192 |
| Inventory – Hotel | 1,932,967 | 2,050,482 |
| | 1,043,094,078 | 1,188,527,376 |

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 Group 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. These are costs that are recoverable from the GORTT for work performed. The GORTT is currently meeting the interest and principal payments associated with the loans that are funding these projects. The Group's accounting practice is to apply these payments made by the GORTT against the receivable balance due. However, there is no formal agreement with the GORTT which supports this accounting treatment.

(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.

## 13. Cash and Cash Equivalents

| | 2016 $ | Restated 2015 $ |
|---|---|---|
| Bank accounts | 241,265,213 | 468,117,748 |
| Deposit accounts | 326,092,910 | 704,808,883 |
| Petty cash | 22,739 | 21,833 |
| | 567,380,862 | 1,172,948,464 |

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

| | 2016 $ | 2015 $ |
|---|---|---|
| House Bank | 334,000 | 346,500 |
| Demand deposits | 64,780,053 | 30,267,490 |
| | 65,114,053 | 30,613,990 |

## 14. Subsidiary Companies

| | % of Equity Capital Held 2016 | 2015 |
|---|---|---|
| (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 | 100 | 100 |

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. A request was made to the Registrar General's Department to have this company struck off the register in January 2019.

## 14. Subsidiary Companies

(iv) International Waterfront Resources Limited was incorporated on 18 April 2007 with its principal activity being the human resource management of the Hyatt Regency Hotel.

(v) Invaders Bay Development Limited was incorporated on 30 September 2002 with its principal activity being responsible for the reclamation of and development of lands at Invaders Bay Port of Spain. A request was made to the Registrar General's Department to have this company struck off the register in January 2019.

(vi) Oropune Gardens Management Association was incorporated on 12 October 2004 with its principal activity being responsible for the management of the housing project at Oropune Gardens, Piarco. A request was made to the Registrar General's Department to have this company struck off the register in January 2019.

(vii) Carib Gardens Management Association was incorporated on 12 October 2004 with its principal activity being responsible for the management of the housing project at Carib Gardens, Arima. A request was made to the Registrar General's Department to have this company struck off the register in January 2019.

(viii) Urban Development Company of San Fernando Limited was incorporated on 7 September 2001, with its principal activity being responsible for the development of the San Fernando Waterfront. A request was made to the Registrar General's Department to have this company struck off the register in January 2019. This has since been retracted via letter to the Registrar General's Department dated June 25, 2020, following a board decision at the 248$^{th}$ board meeting.

## 15. Share Capital

| | 2016 | 2015 |
|---|---|---|
| ***Authorised*** | | |
| 1,000,000 ordinary shares of no par value | | |
| ***Issued and fully paid*** | | |
| 999,602 ordinary shares of no par value | 999,602 | 999,602 |

## 16. Contributed Capital

| | 2016 $ | 2015 $ |
|---|---|---|
| Leasehold properties | 585,207,941 | 585,207,941 |
| Loan and interest payments made by the GORTT on behalf of the Group | 2,999,267,088 | 2,352,643,076 |
| | 3,584,475,029 | 2,937,851,017 |

| | 2016 $ | 2015 $ |
|---|---|---|
| ***Movement in loan repayments guaranteed by the GORTT*** | | |
| Balance at beginning of year | 2,352,643,076 | 1,676,156,724 |
| Add loan payments made by the GORTT for the year | 646,624,012 | 676,486,352 |
| Balance at end of year | 2,999,267,088 | 2,352,643,076 |

| | 2016 | Restated 2015 |
|---|---|---|
| | **$** | **$** |
| **17. Borrowings** | | |
| ***Maturity of borrowing:*** | | |
| Not later than one year | 696,343,522 | 653,336,324 |
| More than one year | 7,512,368,328 | 8,033,760,423 |
| | 8,208,711,850 | 8,687,096,747 |
| (a) RBTT Trust Limited - fixed rate bonds | 24,000,000 | 40,000,000 |
| (b) ANSA 233.1M | 221,532,383 | 233,151,656 |
| (c) Citibank USD | 297,158,400 | 340,523,040 |
| (d) First Citizens Bank – TTD facility | 131,529,667 | 152,875,981 |
| (e) The Home Mortgage Bank | 8,774,871 | 12,770,652 |
| (f) First Citizens Bank – USD facility | 58,656,185 | 65,100,947 |
| (g) First Caribbean Int'l Bank Limited - | 303,912,000 | 354,711,500 |
| (h) First Caribbean Bank Limited BLCA $497M loan | 185,778,602 | 239,064,342 |
| (i) The Home Mortgage Bank $108M OPM | 65,798,861 | 72,758,470 |
| (j) First Citizens Bank Limited | 230,100,000 | 230,100,000 |
| (k) CBTT $214.7M Bond | 213,000,000 | 213,000,000 |
| (l) ANSA 223.1M | 148,731,333 | 173,519,889 |
| (m) ANSA 399M | 249,386,875 | 299,264,250 |
| (n) First Caribbean Int'l Bank Limited (180M) | 180,300,000 | 180,300,000 |
| (o) Republic Bank Limited Long Term Bonds | 3,087,901,924 | 3,275,088,089 |
| (p) RBC Royal Bank | 512,815,580 | 500,000,000 |
| (q) First Caribbean International Bank Limited | 496,000,000 | 496,000,000 |
| (r) Republic Bank Limited | 227,140,000 | 227,140,000 |
| (s) ANSA Merchant Bank Medium Term Facility | 90,000,000 | - |
| (t) Barclays US $375M | 1,476,195,169 | 1,581,727,931 |
| | 8,208,711,850 | 8,687,096,747 |

## 17. Borrowings (continued)

| | 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 of Principal and Interest | 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 principal and interest payments, commencing six (6) months from date of close | To refinance the existing Commercial Paper in the amount of US$73.1M and provide additional funding in the amount of US$14.9M for the completion of the construction of the Ministry of Education Office Tower |
| (d) | Commercial Paper | First Citizens Bank Limited | TT$374,000,000 | 7.67% | 13 years | Guaranteed by the GORTT | Semi-annual amortized installments of principal and interest. | To finance various projects |

## 17. **Borrowings** (continued)

| | Loan Facility | Financial Institution | Original Facility Amount | Interest Rate | Tenure | Security of the Facility include the following: | Repayment Terms | Purpose |
|---|---|---|---|---|---|---|---|---|
| (e) | Mortgage | Home Mortgage Bank | TT$33,900,000 | 8.75% | 10 years | Mortgage of land and buildings and assignment of sub-lease rentals | Amortized quarterly starting three (3) months after disbursement | To finance the purchase of the Head Office building in Sackville Street, Port of Spain |
| (f) | Commercial Paper | First Citizens Bank Limited | TT$93,375,655 | 5.46% | 13 years | Guaranteed by the GORTT | Semi-annual amortized installments of principal and interest | To finance various projects. |
| (g) | 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 | To finance the cost of completing the Brian Lara Cricket Stadium and associated infrastructure at the Tarouba Estate. |
| (h) | 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 | To finance the Office of the Prime Minister (formerly known as the Ministry of Public Administration Building) |

## 17. Borrowings (continued)

| | Loan Facility | Financial Institution | Original Facility Amount | Interest Rate | Tenure | Security of the Facility include the following: | Repayment Terms | Purpose |
|---|---|---|---|---|---|---|---|---|
| (i) | Long Term Bridge Loan | First Caribbean International and Financial Corporation | TT$641,230,000 | 6.06% | 10 years | Guaranteed by the GORTT | Semi-annual principal and interest payments commencing six (6) months from date of close | To finance the fit out of the Port of Spain Waterfront |
| (j) | Medium Term Loan: TTD230.1M | First Citizens Bank Limited | TT$230,100,000 | 4.30% | 5 years | Guaranteed by the GORTT | Semi-Annual interest payments commencing six (6) months after disbursement, Principal payable at maturity | To finance various projects. |
| (k) | Fixed Rate Bond 2012-2020 | Central Bank of Trinidad & Tobago | TT$213,000,000 | 3.35% | 18 Years | Guaranteed by GORTT | Semi-Annual Interest Payments on 31 October and 30 April, Principal payable at maturity | Repayment of HMB TT$300M and TT$44M Bonds |
| (l) | Medium Term Facility | ANSA Merchant Bank | TT$223,097,000 | 1.95% | 8 Years | Guaranteed by GORTT | Semi-annual principal and interest installments | To repay the HMB Real Spring Loan Facility |

## 17. Borrowings (continued)

| | Loan Facility | Financial Institution | Original Facility Amount | Interest Rate | Tenure | Security of the Facility include the following: | Repayment Terms | Purpose |
|---|---|---|---|---|---|---|---|---|
| (m) | Medium Term Facility | ANSA Merchant Bank | TT$399,019,000 | 1.95% | 8 Years | Guaranteed by GORTT | Semi-annual installments of principal and interest | To repay Phase 1 and 2A loan facility for the San Fernando Teaching Hospital (formerly Chancery Lane Office Complex) |
| (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 | To finance San Fernando Teaching Hospital Phase 2B |
| (o) | Fixed Rate Bond | Republic Bank Ltd | TT$3,457,773,340 | 4.75% | 15 Years | Guaranteed by GORTT | Six (6) month moratorium on principal and interest, thereafter, semi-annual principal and interest payments | To refinance the Government Campus Plaza (Base Building) Interim Bond |
| (p) | Long Term Facility | RBC | TT$512,815,580 | 3.70% | 7 Years | Guaranteed by GORTT | Semi-annual installments of Principal and Interest | To refinance bridge facility inclusive of capitalized interest for the fit out of Government Campus Plaza |
| (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 | To finance the fit out of the Government Campus Plaza |

## 17. **Borrowings** (continued)

| | Loan Facility | Financial Institution | Original Facility Amount | Interest Rate | Tenure | Security of the Facility include the following: | Repayment Terms | Purpose |
|---|---|---|---|---|---|---|---|---|
| (r) | Short Term Facility | Republic (FINCOR) | TT$227,100,000 | 4.25% | 1 Year | Guaranteed by GORTT | Semi Annual Interest payments with Principal repayment at Maturity | To finance the fit out of the Minister of Education |
| (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 | To finance the completion of the Brian Lara Cricket Stadium |
| (t) | Fixed Rate Note | US Private Placement (Wells Fargo Bank) | TT$2,372,303,000 | 6.09% | 15 Years | Land and Buildings thereon and assignment of sublease rentals | Semi-annual installments of principal and interest | To finance fit out and construction of the Port of Spain International Waterfront Project and repayment of the interim facility |

## 17. Borrowings (continued)

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

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| TT Dollar | 6,072,790,096 | 6,345,033,329 |
| US Dollar | 2,135,921,754 | 2,342,063,418 |
| | 8,208,711,850 | 8,687,096,747 |

## 18. 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.

## 19. Tax Liability

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.
There were no deferred taxes in 2016 as all losses were exhausted.

The movement on the tax account is as follows:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| At beginning of year | 39,141,097 | 44,320,637 |
| Charge (credit) to income statement | 33,929,796 | (5,179,540) |
| At end of year | 73,070,893 | 39,141,097 |

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **20. Deferred Revenue** | 10,546,819 | 8,122,710 |

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

| | 2016 | Restated 2015 |
|---|---|---|
| | $ | $ |
| **21. Accounts Payable and Accruals** | | |
| Due to GORTT | 482,032,878 | 402,500,173 |
| Project payables | 176,096,843 | 205,029,488 |
| Retentions payable | 156,907,939 | 120,757,276 |
| Other payables | 49,782,378 | 71,823,109 |
| Accrued interest on loans | 123,467,253 | 129,236,889 |
| | 988,287,291 | 929,346,935 |

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **22. Reserve Development Fund** | | |
| Other development projects | 36,617,032 | 20,184,115 |

These balances represent the unused portion of funds received by the Group from the GORTT for the development of specific projects which are ongoing, have been completed or suspended. There are no specific repayment terms of these amounts.

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **23. Deposit on Account** | | |
| Deposit on account | 1,316,353 | 1,311,203 |

**23. Deposit on Account** (continued)

These represent monies from our subsidiaries Rincon and Oropune. Rincon's $929,851 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 sales have not yet been finalised.

| | 2016 | Restated 2015 |
|---|---|---|
| | $ | $ |
| **24. Investment** | | |
| Investment securities designated as at fair value through profit or loss | 71,059,008 | 76,863,580 |

The loss on the investment securities at fair value recognised through profit or loss amounted to $305,517 for the year ending 31 December 2016. These investments comprise GORTT Zero Coupon Bonds and CLICO Investment Funds.

| | 2016 | Restated 2015 |
|---|---|---|
| | $ | $ |
| Short- term investments | 205,446,000 | 5,446,000 |

The short-term investments comprise a fixed deposit of $200,000,000 which matures every six months at 1.35% and the short term portion of the GORTT Zero Coupon bonds.

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **25. Income from hotel operations** | | |
| Hyatt Regency Income | 240,049,238 | 274,367,084 |

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

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **26. Rental income** | 280,062,451 | 269,281,777 |

## 27. Leases

***Future minimum lease payments***

As at December 31, the future minimum lease payments under non-cancellable leases were payable as follows:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Less than one year | - | 174,600 |
| Between one and three years | 8,688,441 | 2,450,232 |
| | 8,688,441 | 2,624,832 |

***Amounts recognised in the profit and loss***

| | | |
|---|---|---|
| Lease expense | 3,423,535 | 2,657,055 |

***Future minimum lessor receipts***

As at December 31, the future minimum lessor receipts under leases were receivable as follows:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Between one and three years | 850,473,940 | 817,302,690 |

***Amounts recognised in the profit and loss***

| | | |
|---|---|---|
| Lease income | 280,062,451 | 269,281,777 |

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |

## 28. Other Income

| | 2016 $ | 2015 $ |
|---|---|---|
| Other | 3,568,911 | 2,271,153 |
| Carpark revenue | 18,251,268 | 13,924,357 |
| Management fees | 4,033,795 | 1,909,931 |
| | 25,853,974 | 18,105,441 |

## 29. Administrative Expenses

| | 2016 $ | 2015 $ |
|---|---|---|
| Employee benefit (Note 29) | 44,944,695 | 43,464,777 |
| Depreciation and amortisation | 122,897,701 | 123,373,083 |
| Office expenses | 29,297,574 | 27,214,541 |
| Rent and utilities | 6,877,905 | 7,572,582 |
| Advertising | 2,251,504 | 2,336,360 |
| Revaluation Reserve on Investment Properties (Gain) | (26,979,699) | - |
| Hyatt operating expenses | 168,245,531 | 188,729,483 |
| Other expenses | 6,202,500 | 21,185,398 |
| Bad debt expense | 265,336,999 | (281,791,998) |
| | 619,074,710 | 132,084,226 |

## 30. Employee Benefit Expense

| | 2016 $ | 2015 $ |
|---|---|---|
| Wages and salaries | 43,108,807 | 42,024,548 |
| National Insurance costs | 1,835,888 | 1,440,229 |
| | 44,944,695 | 43,464,777 |

Number of employees at year end 721 (2015: 697).

## 31. Finance Income

| | 2016 $ | 2015 $ |
|---|---|---|
| Government grants to cover interest expenses | 95,912,904 | 62,707,727 |
| Interest income | 3,628,009 | 2,704,413 |
| | 99,540,913 | 65,412,140 |

## 32. Finance Costs

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Interest expense on GORTT borrowings | 95,911,622 | 62,707,727 |
| Interest expense on bank borrowings | 99,143,185 | 145,834,279 |
| Foreign exchange loss on bank borrowings | 101,427,807 | 809,347 |
| Bank charges | 83,479 | 78,214 |
| | 296,566,093 | 209,429,567 |

## 33. Taxation

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Deferred tax | - | (5,179,540) |
| Over payment of corporation tax | 35,435,119 | 5,843,957 |
| Green Fund levy | 1,729,795 | 623,755 |
| Business levy | 3,459,590 | 1,247,509 |
| | 40,624,504 | 2,535,681 |
| (Loss)/Profit before taxation | (229,162,297) | 350,268,135 |
| Tax deductible at 25% | - | 87,567,034 |
| Expense (deductible) non-deductible for tax purposes | - | (96,011,151) |
| Green Fund levy | 1,729,795 | 623,755 |
| Business levy | 3,459,590 | 1,247,509 |
| Overpayment of corporation tax | 35,435,119 | 9,108,534 |
| | 40,624,504 | 2,535,681 |

## 34. Related Party Balances

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| ***(a) Key management compensation*** | | |
| Directors' fees | 487,006 | 570,075 |
| Senior management remuneration | 5,319,951 | 4,907,379 |

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

### *(b) GORTT*

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

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Investment properties | 6,476,706,788 | 1,273,656,419 |
| Contributed capital | 3,584,475,029 | 2,937,851,017 |
| Contract work billed to GORTT | 516,499,464 | 515,715,573 |
| Provision for bad debts liability | 341,846,238 | 282,704,123 |
| Provision for bad debts expense | 59,142,115 | 113,382,808 |
| Reserve development fund | 36,617,032 | 20,184,115 |
| Loan repayments made by the GORTT on behalf of the Corporation | 16,000,000 | 16,000,000 |
| Deferred liability payable to the GORTT | 10,350,000 | 10,350,000 |
| Loan payments made by the GORTT being set off against receivables yet billed to GORTT | 504,957,464 | 478,576,373 |
| Development work in progress expenditure not yet billed to GORTT | 236,164,077 | 20,374,721 |

## 34. Related Party Balances (continued)

### *(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:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Project Management fees | 19,962,881 | 64,615,486 |
| Contract revenue | 557,225,977 | 555,680,176 |
| Contract costs incurred | 557,225,977 | 555,680,176 |

## 35. Financial Instruments by Category

### *(i) Receivables*

| | *Carrying amount* | | *Fair value* | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Receivables for contract work due from GORTT | 423,002,412 | 419,493,936 | 370,675,577 | 351,771,399 |
| Contract works billed to the GORTT | 516,499,464 | 515,715,573 | 452,606,726 | 432,459,144 |
| Advances to contractors | 128,455,232 | 279,138,192 | 112,564,884 | 234,074,497 |
| Other receivables excluding prepayments | 729,295,869 | 669,230,800 | 599,408,166 | 561,191,079 |
| | 1,797,252,977 | 1,883,578,501 | 1,535,255,353 | 1,579,496,119 |

### *(ii) Financial liabilities carried at amortised cost*

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Borrowings | 8,208,711,850 | 8,687,096,747 |
| Accounts payables and accruals | 988,287,291 | 929,346,935 |
| Reserve development fund | 36,617,032 | 20,184,115 |
| | 9,233,616,173 | 9,636,627,797 |

## 36. Contingent Liabilities

The Group companies are parties 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: 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.

## 37. Capital and Lease Commitments

At the year-end capital commitments amounting to approximately $833M (2015: $430M) existed.

## 38. Segment Information

***Basis for segmentation***

The Group has organised its business units into two reportable segments as follows:

- Construction – in this category the Corporation provides project management services and facility management services for construction projects with the urban spaces of Trinidad and Tobago as mandated by the GORTT.

- Hotel Operations – this segment comprises the operations of the Hyatt Hotel.

These business units offer different services and are managed separately because they require different marketing strategies and resources.

The Group's Executive Management reviews the performance of the various segments of the corporation on a monthly basis.

Other operations include rental of shop spaces, spaces for advertising, rental of investment properties and rental of car park spaces, however none of these segments meet the quantitative thresholds for reportable segments in 2016 or 2015.

| | Construction Works | Hotel operation | Total |
|---|---|---|---|
| | $ | $ | $ |
| **December 31, 2016** | | | |
| Revenue | 346,888,355 | 240,049,238 | 586,937,593 |
| Operating profit | (95,195,720) | 63,058,603 | (32,137,117) |
| Assets | 12,311,887,284 | 103,564,455 | 12,415,451,739 |
| Liabilities | 9,293,290,387 | 41,585,807 | 9,334,876,194 |

## 38. Segment Information (continued)

***Basis for segmentation*** (continued)

**December 31, 2015**

| | | | |
|---|---|---|---|
| Revenue | 352,002,704 | 274,367,084 | 626,369,788 |
| Operating profit | 420,857,385 | 73,428,177 | 494,285,562 |
| Assets | 12,317,151,831 | 88,115,266 | 12,405,267,097 |
| Liabilities | 9,662,449,353 | 39,079,410 | 9,701,528,763 |

## 39. Correction of Errors

During 2016 the Group discovered a number of errors:

- There was a misstatement in the foreign exchange on USD $375M Barclays loan. As a result of this, the liabilities would have been understated.
- VAT Payable was recognised separate from the VAT Receivable. However, as VAT is settled on a net basis it therefore should have been disclosed on a net basis.
- The fair value movements on investment property were incorrectly recognised in Revaluation Reserve instead of profit or loss.
- Investments were incorrectly classified as cash and cash equivalents. The investments did not meet the definition of cash and cash equivalents as they did not have an original maturity of three months or less.
- Short term investments were incorrectly classified as cash and cash equivalents

The errors have been corrected by restating each of the affected financial statement line items for the periods. The following tables summarise the impacts on the Group's consolidated financial statements.

## 39. Correction of Errors (continued)

### Statement of Financial Position

| | December 31 | | |
|---|---|---|---|
| | 2015 | Adjustments 2015 | Restated 2015 |
| | $ | $ | $ |
| **ASSETS** | | | |
| VAT recoverable | 554,992,987 | (11,118,519) | 543,874,468 |
| Investment | - | 76,863,580 | 76,863,580 |
| Short term investment | - | 5,446,000 | 5,446,000 |
| Cash and cash equivalents | 1,255,258,044 | (82,309,580) | 1,172,948,464 |
| **Total Assets** | **1,810,251,031** | **(11,118,519)** | **1,799,132,512** |
| **EQUITY AND LIABILITIES** | | | |
| Retained earnings | (227,918,067) | (7,194,218) | (235,112,285) |
| **Non-current liabilities** | | | |
| Borrowings | 8,013,193,625 | 20,566,798 | 8,033,760,423 |
| **Current Liabilities** | | | |
| Accounts payable and accruals | 940,465,454 | (11,118,519) | 929,346,935 |
| Borrowings | 650,689,663 | 2,646,661 | 653,336,324 |
| **Statement of Comprehensive Income** | | | |
| Finance costs | (196,371,261) | (13,058,306) | (209,429,567) |
| Profit before tax | 363,326,442 | (13,058,306) | 350,268,136 |

## 39. Correction of Errors (continued)

**Statement of Financial Position**

| | December 31 2014 | Adjustments 2014 | Restated 2014 |
|---|---|---|---|
| | $ | $ | $ |
| **ASSETS** | | | |
| Vat recoverable | 485,872,836 | (15,492,288) | 470,380,548 |
| Investment | - | 82,309,580 | 82,309,580 |
| Short term investment | - | 5,446,000 | 5,446,000 |
| Cash and cash equivalents | 1,785,548,483 | (87,755,580) | 1,697,792,903 |
| **TOTAL ASSETS** | 2,270,015,359 | (15,492,288) | 2,255,929,031 |
| **EQUITY AND LIABILITIES** | | | |
| Retained earnings | (588,708,828) | 5,864,088) | (582,844,740) |
| **Non-current liabilities** | | | |
| Borrowings | 8,751,917,781 | 9,114,475 | 8,761,032,256 |
| **Current Liabilities** | | | |
| Accounts payable and accruals | 330,903,106 | (15,492,288) | 315,410,818 |
| Borrowings | 546,950,852 | 1,040,678 | 547,991,530 |
| **Statement of Comprehensive Income** | | | |
| Gain on revaluation of property | - | 16,019,241 | 16,019,241 |
| Finance costs | (241,293,436) | (10,155,153) | (251,448,589) |
| Profit before tax | (13,409,621) | 5,864,088 | (7,545,533) |

## 40. Contingent liability

The Company is a defendant in various Industrial Relations matters at the reporting date. Management expects a favourable outcome from the matters.

## 41. Subsequent Events

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

(a) The Corporation has entered into several contracts amounting to approximately $747 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. The matter was heard on November 30, 2021, it was adjourned to September 12, 2022.

**41. Subsequent Events** (continued)

(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 $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) Sherma Ramoutar Boodhoo filed a claim of wrongful dismissal in the amount of $771,427.00 plus exemplary damages in 2016. The matter was heard on April 16 and 18, 2018. A date for decision will then be given by the Court. Counsel for UDeCOTT filed submissions on the October 31, 2019. Awaiting date for judgment.

(g) Patrick Audie Baptiste filed a claim of injury while at Hyatt against UDeCOTT and Hyatt. The matter was settled by consent order on June 27, 2017. Hyatt was ordered to pay $15,000.00 to Mr. Baptiste.

(h) GYM Ltd filed a claim against UDeCOTT for breach of contract and monies owed for general maintenance services undertaken at the Government Campus Plaza Parkade in the amount of $672,736.48. The matter was settled by consent order on May 2, 2017. UDeCOTT made an agreed payment of $493,182.63 on June 30, 2017.

**40. Subsequent Events** (continued)

(i) PRD Security filed a claim against Safety Security, UDeCOTT was named as joined Garnishee as UDeCOTT is 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.

(j) 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 dates scheduled for October 26, 27 and 28, 2022.

(k) B Ramsamooj filed a claim of wrongful dismissal. A trial date has been fixed for March 4, 2022.

(l) P Ganesh filed a claim of wrongful dismissal. Currently awaiting a decision of the Registration Recognition and Certification Board. Case Management Conference held on September 27 2021 and January 17, 2022.

(m) ANSA McAL Enterprises Limited filed a claim for wrongful termination of contract. The claimant is also seeking potential claims against the defendant. UDeCOTT filed a record of appeal on March 8, 2021.

(n) Adanna Francois filed a claim for damages for personal injuries and consequential losses and damages against The Attorney General of Trinidad & Tobago & UDeCOTT. The matter is currently before the court. Defence was due due June 7, 2021. Case Management Conference was heard on August 9, 2021. Defense and ancillary claim was filed on November 25, 2021.

(o) D Geawan filed a claim of negligence, breach of statutory duty under OSHA. Case Management Conference was scheduled for October 26, 2021 and adjourned to June 14$^{th}$ 2022.

(p) D Geawan filed a claim of breach of statutory duty under OSHA claimed by worker. Hearing set for February 25, 2022.

(q) D Geawan filed a claim of unlawful dismissal in the amount of 350,000. The Ministry of Labour to issue the Certificate of unresolved dispute and refer the matter to the Industrial Court. Matter heard on October 25 2021. A Hearing was listed for March 7 2022.

**40. Subsequent Events** (continued)

(r) K. Frection-Thomas filed a claim of breach of statutory duty under OSHA claimed by worker. Hearing set for March 10, 2022.

(s) The COVID 19 pandemic has developed rapidly in 2020 with a significant number of cases internationally. Measures taken by the government 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.

# FORM 12

## FORM OF PROXY – NOTICE OF MEETING

**Pursuant to section 68(1) of the Securities Act, 2012**

______________________________________________ (Name of Reporting Issuer).

I / We ____________________________________________________________

of ______________________________________________________________

Shareholder in the above Reporting Issuer appoints

_______________________________________________________________

of ______________________________________________________________

or failing him _______________________________________________________

of ______________________________________________________________

to be my /our proxy to vote for me / us and on my/our behalf at the above meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof.

| ____________________ | ____________________ | ____________________ |
|---|---|---|
| **Print Name** | **Signature** | **Date** |
| ____________________ | ____________________ | ____________________ |
| **Print Name** | **Signature** | **Date** |