

# **Endeavour Holdings Limited**

Financial Statements

30 April 2020

*(Expressed in Trinidad and Tobago Dollars)*

# Endeavour Holdings Limited

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# Endeavour Holdings Limited

## Statement of Management's Responsibilities

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Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Endeavour Holdings Limited (the Company) which comprise the statement of financial position as at 30 April 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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



Chief Executive Officer  
27 August 2020



Chief Financial Officer  
27 August 2020



## *Independent auditor's report*

To the Shareholders of Endeavour Holdings Limited

### *Report on the audit of the financial statements*

#### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Endeavour Holdings Limited (the Company) as at April 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **What we have audited**

Endeavour Holdings Limited's financial statements comprise:

- the statement of financial position as at April 30, 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Our audit approach

### Overview



- Overall materiality: TT\$2,011,000 which represents 5% of average profit before tax for each of the last 3 years.
- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
  - the risk of material misstatement in the financial statements
  - significant accounting estimates
  - the risk of management override of internal controls
- Valuation of investment properties

### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b>Overall materiality</b>	TT\$2,011,000
<b>How we determined it</b>	5% of the average profit before tax for each of the last 3 years.
<b>Rationale for the materiality benchmark applied</b>	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmarks.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above TT\$100,600, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties</b>  <i>Refer to note 2(e) and 6 to the financial statements for disclosures of related accounting policies and balances.</i></p> <p>As at 30 April 2020, the Company's fair value of investment properties totalled TT\$837.6 million. A fair value loss adjustment of TT\$26.2 million was recognised in the statement of comprehensive income as a result of the revaluation of these properties.</p> <p>Management accounts for the fair value of the investment properties using the Income Approach Valuation Method, which includes unobservable inputs.</p> <p>We focused on this area because of the significant level of judgment required in arriving at the key assumptions used in management's valuation method, which have been impacted by COVID-19 uncertainty and can have a material impact on the calculation of the fair value of the investment properties, including:</p> <ul style="list-style-type: none"> <li>• Future rental cash inflows - based on the location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.</li> <li>• Capitalisation rates - based on actual location, size, and quality and age of the properties and maintenance programs and taking into account market data at the valuation dates.</li> </ul>	<p>We obtained, understood and evaluated management's valuation method which remained consistent with the prior year.</p> <p>With the assistance of our experts, we performed the following procedures, amongst others, over management's valuation of investment properties as follows:</p> <ul style="list-style-type: none"> <li>• Future rental cash inflows - agreed the square footage and rent rates to the underlying signed lease contracts. Recalculated vacancy rates based on the underlying signed lease contracts.</li> <li>• Capitalisation rates - evaluated and tested management's capitalisation rate assumption, including sensitivity analysis, using knowledge of the industry, current market conditions and comparable commercial transactions.</li> <li>• Tested the mathematical accuracy of management's calculations</li> </ul> <p>The results of our procedures indicated that the assumptions used by management for determining the fair value of investment properties were not unreasonable.</p>

### *Other information*

Management is responsible for the other information. The other information comprises the Annual Report 2020 (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *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 International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditor's responsibilities for the audit of the financial statements*

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



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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kerry-Ann Chevalier.

PricewaterhouseCoopers

Port of Spain  
Trinidad, West Indies  
28 August 2020



# Endeavour Holdings Limited

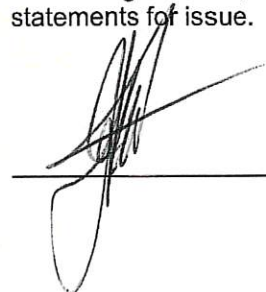
## Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	2020 \$	As at 30 April 2019 \$
<b>Assets</b>			
<i>Non-current assets</i>			
Investment properties	6	837,600,000	863,800,000
Property, plant and equipment	7	<u>801,171</u>	<u>655,956</u>
		<u>838,401,171</u>	<u>864,455,956</u>
<i>Current assets</i>			
Trade and other receivables	8	17,450,997	19,256,136
Due from related parties	9	--	9,685
Cash and cash equivalents	10	<u>31,530,019</u>	<u>16,284,227</u>
		<u>48,981,016</u>	<u>35,550,048</u>
<b>Total assets</b>		<u>887,382,187</u>	<u>900,006,004</u>
<b>Equity and liabilities</b>			
<i>Equity attributable to equity holders of the company</i>			
Share capital	13	43,058,438	32,003,200
Maintenance reserve fund	25	4,313,107	3,935,929
Retained earnings		<u>497,313,823</u>	<u>494,823,316</u>
Total equity		<u>544,685,368</u>	<u>530,762,445</u>
<i>Non-current liabilities</i>			
Deferred income tax liability	14	50,100,637	47,578,759
Borrowings	15	<u>241,803,973</u>	<u>269,807,854</u>
		<u>291,904,610</u>	<u>317,386,613</u>
<i>Current liabilities</i>			
Due to related parties	9	840,079	694,268
Borrowings	15	28,461,538	28,461,538
Trade and other payables	16	15,422,603	15,425,057
Taxation payable		6,067,989	6,968,655
Bank overdraft	10	<u>--</u>	<u>307,428</u>
		<u>50,792,209</u>	<u>51,856,946</u>
<b>Total equity and liabilities</b>		<u>887,382,187</u>	<u>900,006,004</u>

The notes on pages 11 to 46 are an integral part of these financial statements.

On 27 August 2020, the Board of Directors of Endeavour Holdings Limited authorised these financial statements for issue.



Director



Director

# Endeavour Holdings Limited

## Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

		Year ended 30 April	
	Notes	2020 \$	2019 \$
<b>Revenue from contracts with customers</b>	18	88,417,695	93,033,736
<b>Rental expenses</b>	17	<u>(22,638,524)</u>	<u>(21,653,934)</u>
<b>Net rental income</b>		<u>65,779,171</u>	<u>71,379,802</u>
<b>Other income</b>			
Fair value adjustment on investment properties	6	(26,200,000)	2,800,000
Other income	18	<u>281,660</u>	<u>272,111</u>
		<u>(25,918,340)</u>	<u>3,072,111</u>
<b>Expenses</b>			
Administrative	19	(2,111,095)	(1,478,442)
Operating	20	<u>(3,486,147)</u>	<u>(3,004,293)</u>
		<u>(5,597,242)</u>	<u>(4,482,735)</u>
<b>Operating profit</b>		34,263,589	69,969,178
Finance costs	21	<u>(17,742,786)</u>	<u>(19,424,376)</u>
<b>Profit before income tax</b>		<u>16,520,803</u>	<u>50,544,802</u>
<b>Taxation</b>			
Current	22	(7,561,904)	(9,781,255)
Deferred taxation	22	<u>(2,521,878)</u>	<u>(2,802,087)</u>
		<u>(10,083,782)</u>	<u>(12,583,342)</u>
<b>Profit for the year</b>		6,437,021	37,961,460
<b>Other comprehensive income</b>		<u>--</u>	<u>--</u>
<b>Total comprehensive income for the year</b>		<u>6,437,021</u>	<u>37,961,460</u>
<b>Earnings per share</b>			
Basic earnings per share including fair value adjustment on investment properties	26	<u>\$0.20</u>	<u>\$1.18</u>
Basic earnings per share excluding fair value adjustment on investment properties	26	<u>\$0.99</u>	<u>\$1.10</u>

The notes on pages 11 to 46 are an integral part of these financial statements.

# Endeavour Holdings Limited

## Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share capital \$	Maintenance reserve fund \$	Retained earnings \$	Total equity \$
<b>Balance at 1 May 2019</b>		32,003,200	3,935,929	494,823,316	530,762,445
<b>Total comprehensive income for the year</b>					
Profit for the year		--	--	6,437,021	6,437,021
Transfer to maintenance reserve	25	--	377,178	--	377,178
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares	13	11,055,238	--	--	11,055,238
Dividends for the period	24	--	--	(3,946,514)	(3,946,514)
<b>Balance at 30 April 2020</b>		<u>43,058,438</u>	<u>4,313,107</u>	<u>497,313,823</u>	<u>544,685,368</u>
<b>Balance at 1 May 2018</b>		32,003,200	3,558,757	466,911,856	502,473,813
<b>Total comprehensive income for the year</b>					
Profit for the year		--	--	37,961,460	37,961,460
Transfer to maintenance reserve	25	--	377,172	--	377,172
<b>Transactions with owners in their capacity as owners</b>					
Dividends for the period	24	--	--	(10,050,000)	(10,050,000)
<b>Balance at 30 April 2019</b>		<u>32,003,200</u>	<u>3,935,929</u>	<u>494,823,316</u>	<u>530,762,445</u>

The notes on pages 11 to 46 are an integral part of these financial statements.

# Endeavour Holdings Limited

## Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

		Year ended 30 April	
	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Profit before income tax		16,520,803	50,544,802
<i>Adjustments for:</i>			
Fair value adjustment on investment properties	6	26,200,000	(2,800,000)
Finance costs	21	17,742,786	19,424,376
Loss on disposal of asset		--	286,463
Depreciation	7	<u>508,925</u>	<u>1,838,324</u>
Operating profit before working capital changes		60,972,514	69,293,965
Decrease/(increase) in trade and other receivables		1,805,139	(1,482,411)
Increase/(decrease) in trade and other payables		35,917	(705,096)
Decrease in due from related parties		9,685	662,855
Increase in due to related parties		<u>145,811</u>	<u>110,789</u>
Net cash generated from operations		62,696,066	67,880,102
Interest paid		(17,323,502)	(18,888,996)
Tax paid		<u>(8,462,570)</u>	<u>(10,177,874)</u>
<b>Net cash flows generated from operating activities</b>		<u>37,182,994</u>	<u>38,813,232</u>
<b>Cashflows from investing activities</b>			
Purchase of property, plant and equipment	7	<u>(654,140)</u>	<u>(6,755)</u>
<b>Cashflows from financing activities</b>			
Issue of shares	13	11,055,238	--
Repayments of borrowings		(28,461,536)	(28,461,538)
Transfer to maintenance reserve fund		377,178	377,172
Dividends paid	24	<u>(3,946,514)</u>	<u>(10,050,000)</u>
<b>Net cash flows used in financing activities</b>		<u>(20,975,634)</u>	<u>(38,134,366)</u>
<b>Increase in cash and cash equivalents</b>		15,553,220	672,111
<b>Cash and cash equivalents at beginning of the year</b>		<u>15,976,799</u>	<u>15,304,688</u>
<b>Cash and cash equivalents at end of the year</b>	10	<u>31,530,019</u>	<u>15,976,799</u>

The notes on pages 11 to 46 are an integral part of these financial statements.

# Endeavour Holdings Limited

## Notes to the Financial Statements

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 1 General information

Endeavour Holdings Limited is incorporated in the Republic of Trinidad and Tobago and was re-registered under the Companies Act, 1995 on 1 March 2001. On 22 April 2015, articles of amalgamation were filed with the Company Registry. The principal activity of the Company is property rental and real estate holdings. Its registered address is Tradezone No.1 El Socorro Extension Road, San Juan.

The Company had an Initial Public Offering (IPO) that closed on 15 November 2019, and became listed on the Small and Medium Enterprises (SME) stock market of the Trinidad and Tobago Stock Exchange (TTSE) on 12 December 2019. 884,419 new ordinary shares were issued at the offer price of \$12.50 to the subscribers of the IPO.

### 2 Summary of significant accounting policies

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

#### a. *Going concern*

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### b. *Basis of preparation*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value.

The preparation of 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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### c. *Changes in accounting policies and disclosures*

##### (i) *New and amended standards adopted by the Company*

The Company has adopted the following new standards and interpretations as of 1 May 2019:

- IFRS 16 – Leases

The Company changed its accounting policies upon adoption of IFRS 16. It elected to adopt the new rules retrospectively using the simplified method permitted by the standard but recognised as applicable, the cumulative effect of initially applying the new standard on 1 May 2019. See impact in Note 2c (iii).



# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### c. *Changes in accounting policy and disclosures (continued)*

##### (i) *New and amended standards adopted by the Company (continued)*

- IFRIC 23 – Uncertain tax positions

IFRIC 23 clarifies the accounting for uncertainties in income taxes and is effective for annual reporting periods beginning on or after 1 January 2019. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

There were no such uncertain tax positions for the reporting period.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 May 2020 and have not been applied in preparing these financial statements. None of these standards are expected to have a significant effect on the financial statements of the Company.

##### (iii) *Changes in accounting policies*

This note explains the impact of the adoption of IFRS 16, Leases, on the Company's financial statements.

The Company has adopted IFRS 16, Leases, retrospectively from 1 May 2019 using the simplified method permitted by the standard but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. Any reclassifications and adjustments arising from the new standard are therefore recognised in the opening statement of financial position on 1 May 2019. However, the adoption of this new standard did not result in any impact on the opening retained earnings of the Company.

IFRS 16 allows adopters a lease accounting exemption for short-term leases as an accounting policy choice. The Company has utilised this exemption as the lease related to a month-to-month rental of an office space and did not contain any purchase or renewal options. The adoption of this standard has had no impact on the Company.

#### d. *Foreign currency translation*

##### (i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional currency.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### d. *Foreign currency translation (continued)*

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates 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 statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within finance costs or income. All other foreign exchange gains and losses are presented separately on the statement of comprehensive income.

#### e. *Investment properties*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs (Note I).

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are periodically performed by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Annually, management reviews these valuations and make the necessary amendments to the valuations if key assumptions and inputs have changed.

These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### e. *Investment properties (continued)*

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the statement of comprehensive income. Investment properties are derecognised when they have been disposed.

Where the Company disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net gain from fair value adjustment on investment property.

#### f. *Property, plant and equipment*

Property, plant and equipment comprise mainly fixtures and fittings and leasehold improvements and is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributed 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 Company and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land and buildings are not depreciated. Depreciation on other assets is calculated using the reducing balance basis to allocate their cost to their residual values over their estimated useful lives, or in the case of leasehold improvements, the shorter lease term as follows:

Furniture, fixtures and equipment	-	20%
Motor vehicles	-	25%
Leasehold improvements	-	33 1/3%
Office improvements	-	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### g. *Impairment of non-financial assets*

Assets that are subject to amortisation are reviewed for impairment at a minimum on an annual basis or 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's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

#### h. *Financial assets*

Trade receivables are amounts due from customers for rental income earned during the ordinary course of business. If receipt of funds is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

##### (i) *Classification*

The Company classifies its financial assets at amortised cost.

Trade receivables are amounts due from tenants for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 90 days and therefore are all classified as current.

##### (ii) *Recognition and derecognition*

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### (iii) *Measurement*

The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them initially at fair value and subsequently at amortised cost using the effective interest method, less impairment provision. The Company holds trade receivables with the objective to collect contractual cash flows.

##### (iv) *Impairment of financial assets*

The Company applies the simplified approach for trade receivables as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company applies specific provisions for higher risk accounts using a risk-based methodology based on certain factors, including tenant profile and the nature of products sold or services rendered. All other non-specific accounts were grouped together and aged using a 'provisions matrix'. Scaled loss rates were then calculated based in historical payment profiles and applied to the different aging buckets as of the statement of financial position date. The loss rates were adjusted to incorporate forward-looking information.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### i. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### j. *Cash and cash equivalents*

Cash and cash equivalents include cash in hand and at bank and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

#### k. *Borrowings*

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as non-current liabilities in the statement of financial position when the first repayment begins twelve months after statement of financial position date.

#### l. *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the financial year in which they occurred.



# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### m. *Share capital*

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

#### n. *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. 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 risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

#### o. *Trade payables*

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### p. *Maintenance reserve*

The purpose of the maintenance reserve fund is to ensure the availability of funds for the major capital expenditure for Briar Place as per tenants' lease terms.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### q. *Revenue recognition*

Revenue includes rental income, service charges (common area maintenance) and reimbursable electricity income.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

Revenue from service and electricity charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Some property management contracts may include multiple elements of service, which are provided to tenants. The Company assesses whether individual elements of service in contract are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts and rebates.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the Company is acting as an agent, the reimbursable cost is recorded as revenue.

The Company pays sales commissions in order to secure certain contracts; these sales commissions are assessed to be an incremental cost of obtaining a contract. Sales commissions are recognised in the period in which the expense is incurred.

#### r. *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### s. *Current and deferred income tax*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are due to tax losses and are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company's business model for investment properties is to hold for rental income until possible sale, although there are no specific plans for sale. The Company's business model is not to substantially consume all economic benefits of the investment properties over time through use. As such the presumption of recovery through sale is not rebutted. The deferred tax is then calculated based on the temporary differences and tax consequences arising from recovery through sale.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### t. Leases

*Up to 30 April 2019*

##### (a) *Company is the lessee*

###### (i) *Operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Properties leased under operating leases are included in investment properties. See Note 2(e) for the accounting policy relating to land held on an operating lease and used as investment property.

###### (ii) *Finance lease*

Leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is treated as borrowing costs and expensed/capitalised over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Investment properties recognised under finance leases are carried at their fair value.

The lease liabilities are not significant as only peppercorn rents (less than \$10.00 per annum) are paid for these leases.

##### (b) *Company is the lessor in an operating lease*

Properties leased out under operating leases are included in investment property in the statement of financial position.

##### (c) *Company is the lessor - fees paid in connection with arranging leases and lease incentives*

The Company makes payments to agents for services in connection with negotiating lease contracts with the Company's lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term.

Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### t. Leases (continued)

*From 1 May 2019*

At inception, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset

At inception or on assessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

#### *Short-term leases and leases of low-value assets*

The company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### u. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved.

#### v. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined that its chief operating decision-maker is the chief executive officer (CEO) of the Company.



# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management

#### a. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. Risk management is carried out by the finance department under policies approved by the Company's shareholders. There is no exposure to fair value interest rate risk or price risk as there are no financial instruments carried at fair value. There is no exposure to cash flow interest rate risk as there are no financial instruments with variable rates. There have been no changes to policies and procedures compared to prior year.

#### (i) Market risk

##### *Foreign exchange risk*

The Company does not operate internationally and is thus not exposed to foreign exchange risk arising from various currency exposures. The majority of the Company's financial assets, financial liabilities and rental income is determined and collected in Trinidad and Tobago dollars (TTD). However, there is some rental income billed in United States Dollars (USD), for which there is exposure to foreign exchange risk.

At 30 April 2020 if the USD had weakened/strengthened by 0.6% (2019: 0.1%), against the TTD with all other variables held constant, post-tax profit for the year would have been \$4,143 lower (2019: \$1,201), mainly as a result of foreign exchange gains/losses on translation of USD denominated trade receivables.

#### (ii) Credit risk

Credit risk is the risk of default on financial assets that may arise from a counterparty failing to make payments or honour an obligation. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only reputable local institutions are accepted. Customers consist of third parties who are involved in medium to long term contracts and as such risk of default is not considered significant or are long standing customers with no history of default. Credit limits were exceeded during the reporting period, but management does not expect any significant losses from non-performance by these counterparties.

The following is a summary of the Company's maximum exposure to credit risk.

	2020 \$	2019 \$
Cash and cash equivalents	31,530,019	16,284,227
Trade and other receivables	17,450,997	19,256,136
Total	48,981,016	35,540,363

The Company's trade and other receivables are subject to the Expected Credit Loss (ECL) model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was NIL.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 3 Financial risk management (continued)

#### (ii) Credit risk (continued)

##### *Incorporation of forward-looking information*

Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified indicators such as trends in days outstanding, concentration risk and macroeconomic fundamentals specific to our industry to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

##### *The simplified approach*

The Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are reasonable.

The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day one. To measure the lifetime loss allowance, the Company first considers whether any individual tenant accounts require specific provisions.

Loss rates are then assigned to these accounts based on qualitative and quantitative factors using a Loss Given Default matrix. All other non-specific trade receivables and work in progress are then grouped based on shared credit risk characteristics and the days past due.

The expected loss rates for non-specific accounts are based on the payment profiles of sales over a period of 12 months starting 1 May 2019 and ending on 30 April 2020 and the corresponding historical credit losses experienced within this period.

##### *Assets written off*

Trade and other receivables are written off when there is no reasonable expectation of recovery. The Company categorises a receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts.

Where receivables have been written off, the Company continues to engage in enforcement activity as necessary, to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Over the term of the financial asset, the Company accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Company considers historical loss rates for the financial assets and adjusts for forward looking macroeconomic data. The Company provides for credit losses on financial assets as follows:

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### a. Financial risk factors (continued)

##### (ii) Credit risk (continued)

	Current \$	30 to 90 days past due \$	More than 90 days past due \$	Total \$
<b>At 30 April 2020</b>				
Trade receivable	10,632,179	3,150,782	3,124,650	16,907,611
Loss allowance	--	--	--	--
Expected loss rate	0%	0%	0%	0%

	Current \$	30 to 90 days past due \$	More than 90 days past due \$	Total \$
<b>At 30 April 2019</b>				
Trade receivable	10,695,915	4,830,404	3,192,668	18,718,987
Loss allowance	--	--	--	--
Expected loss rate	0%	0%	0%	0%

##### (iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities.

The expected collection and repayment dates of assets and liabilities are important factors in assessing the liquidity of this Company.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
<b>As at 30 April 2020</b>				
Borrowings	47,650,192	60,740,598	148,576,351	80,051,395
Due to related parties	840,079	--	--	--
Trade and other payables, excluding non-financial liabilities	15,047,411	--	--	--
	<u>63,537,682</u>	<u>60,740,598</u>	<u>148,576,351</u>	<u>80,051,395</u>

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### a. Financial risk factors (continued)

##### (iii) Liquidity risk (continued)

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
<b>As at 30 April 2019</b>				
Borrowings	49,488,646	43,932,444	194,691,742	94,676,602
Due to related parties	694,268	--	--	--
Trade and other payables, excluding non-financial liabilities	14,830,437	--	--	--
	<u>65,013,351</u>	<u>43,932,444</u>	<u>194,691,742</u>	<u>94,676,602</u>

#### b. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and other stakeholders and to maintain an optimal capital structure.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. The decrease in this ratio was due to repayment of loans during the fiscal year. There have been no changes to policies and procedures from prior year.

	2020 \$	2019 \$
Total borrowings (Note 15)	270,265,511	298,269,392
Less: Cash and cash equivalents (Note 10)	<u>(31,530,019)</u>	<u>(15,976,799)</u>
Net debt	<u>238,735,492</u>	<u>282,292,593</u>
Total equity	<u>544,685,368</u>	<u>530,762,445</u>
Total capital	<u>783,420,860</u>	<u>813,055,038</u>
Gearing ratio	<u>30%</u>	<u>35%</u>

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 3 Financial risk management (continued)

#### b. Capital risk management (continued)

The following are the loan covenants arising from the borrowings (Note 15):

##### Covenant

(i)	Minimum debt service coverage ratio of 1.25:1	EBITDA	<u>\$60,972,514</u>	1.39
		Total debt repayment	<u>\$43,932,444</u>	
(ii)	Minimum free cashflow to total debt repayment of 1.0:1	Free cash flow	<u>\$35,420,618</u>	0.81
		Total debt repayment	<u>\$43,932,444</u>	
(iii)	Maximum total financial debt to tangible fixed assets of 50%	Total financial debt	<u>\$270,265,511</u>	32%
		Tangible fixed asset	<u>\$838,401,171</u>	

#### c. Fair value estimation

The carrying value less impairment provision of trade receivables, cash and cash equivalents and payables are assumed to approximate their fair values.

There were no investments measured at fair value at year end.



# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### a. *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### (i) *Fair value measurement of investment properties*

###### *Fair value of land and buildings*

The fair value of investment properties is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 6.

##### (ii) *Property tax*

Property tax has been estimated and accrued for the calendar years 2018 and 2019 as the moratorium under the Property Tax Act 2009 ended at the end of 2017. There is uncertainty surrounding when the tax authorities will commence collection of the tax and as such, no further provision has been made.

##### (iii) *Impairment*

###### *Impairment assessment of non-financial assets of the Company*

Estimates are required in determining the recoverable amount of assets to assess whether an impairment exists. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. An asset is impaired when its carrying amount exceeds its recoverable amount. IAS 36 'Impairment of non-financial assets' describes some indicators that an impairment loss may have occurred. If any of those indicators are present, the Company will make a formal estimate of recoverable amount. At the statement of financial position date, the market capitalisation of the Company was significantly less than the net assets of the Company. As such, management determined that an impairment assessment was required to determine if the net assets of the Company were impaired. See note 28.

#### b. *Critical judgments in applying the entity's accounting policies*

##### *Deferred tax on investment properties*

The Company has not rebutted the presumption contained within IAS 12 Income Taxes that the carrying amount of the investment properties will be recovered through sale.

The Company's business model is based on possible sale, although it currently has no specific plans to sell the investment properties and there is no business model to substantially consume all the economic benefits of the investment property over time. Accordingly, the deferred income tax implications have been calculated based on the tax consequences of sale.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 5 Operating segment

The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined that its chief operating decision-maker is the chief executive officer (CEO) of the Company, Mr. Anthony Rahael.

- (a) Management has determined there is one operating segment – Investment Property based on the reports reviewed by the CEO in making strategic decisions.

The operating segment derives its revenue primarily from rental income from lessees. The Company's main business activities is reported within the above segment. There is also a corporate office function which carries out support functions in the areas of accounting, information technology and human resources and is not considered an operating segment as its activities and expenses incurred are only incidental to the core business. Although not an operating segment, results for the corporate activities are also presented to show how the segmental information presented below reconciles to the statement of comprehensive income.

The segment information provided to the CEO for the operating segment for the year ended 30 April 2020 is as follows:

	<b>Investment properties \$</b>	<b>Corporate office \$</b>	<b>Total \$</b>
Total segment revenue:			
Revenue and other income			
from external customers	88,572,246	127,109	88,615,051
Operating profit/(loss)	37,083,389	(2,819,800)	34,263,589
Included in operating profit:			
Depreciation	66,266	442,659	508,925
Fair value adjustment on investment properties	(26,200,000)	--	(26,200,000)
Not included in operating profit			
Interest expense	17,170,682	572,104	17,742,786
Income tax expense	10,083,782	--	10,083,782

The segment information provided to the CEO for the operating segment for the year ended 30 April 2019 is as follows:

	<b>Investment properties \$</b>	<b>Corporate office \$</b>	<b>Total \$</b>
Total segment revenue:			
Revenue and other income			
from external customers	93,292,865	12,982	93,305,847
Operating profit/(loss)	74,144,221	(4,175,043)	69,969,178
Included in operating profit:			
Depreciation	1,800,288	38,036	1,838,324
Fair value adjustment on investment properties	2,800,000	--	2,800,000
Not included in operating profit			
Interest expense	19,424,376	--	19,424,376
Income tax expense	12,583,342	--	12,583,342

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 5 Operating segment (continued)

The CEO assesses the performance of the operating segment based on a measure of operating profit. The operating profit and profit or loss of the Company's operating segments reported to the CEO are measured in a manner consistent with that in profit or loss. A reconciliation of operating profit to profit before tax is therefore not presented separately.

The amounts provided to the CEO in respect of total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset. As all assets and liabilities have been allocated to the one operating/reportable segment, reconciliation of the reportable segment's assets to total assets, and of the reportable segment's liabilities to total liabilities, are not presented.

The breakdown of revenue from all services is as follows:

Analysis of revenue by category	2020 \$	2019 \$
Rental income		
- shopping mall	33,948,115	38,730,558
- commercial rental	36,522,855	36,980,031
- light industrial	<u>5,042,000</u>	<u>5,358,387</u>
Total rental income	75,512,970	81,068,976
Service and management charges	<u>13,186,385</u>	<u>12,236,871</u>
<b>Total revenue</b>	<u><b>88,699,355</b></u>	<u><b>93,305,847</b></u>

Revenues are derived from a large number of tenants and in 2020, there were 2 tenants who contributed more than 10% of the Company's revenue. Revenues from these tenants amounted to \$17,066,529 (2019: \$17,066,529) and are included within the commercial rental segment.

### 6 Investment properties

Year ended 30 April 2020

	1 May 2019 \$	Additions \$	Fair value adjustment \$	30 April 2020 \$
Shopping mall	418,600,000	--	(27,800,000)	390,800,000
Commercial rental	402,800,000	--	1,700,000	404,500,000
Light industrial property	<u>42,400,000</u>	--	<u>(100,000)</u>	<u>42,300,000</u>
Total carrying value	<u>863,800,000</u>	--	<u>(26,200,000)</u>	<u>837,600,000</u>

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

**30 April 2020**

*(Expressed in Trinidad and Tobago Dollars)*

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### 6 Investment properties (continued)

**Year ended 30 April 2019**

	<b>1 May 2018</b>	<b>Additions</b>	<b>Fair value adjustment</b>	<b>30 April 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Shopping mall	421,500,000	--	(2,900,000)	418,600,000
Commercial rental	396,300,000	--	6,500,000	402,800,000
Light industrial property	43,200,000	--	(800,000)	42,400,000
Total carrying value	<u>861,000,000</u>	<u>--</u>	<u>2,800,000</u>	<u>863,800,000</u>

All investment properties in the current and prior year are classified as Level 3 in the fair value hierarchy as per IFRS 13 Fair Value Measurement as the inputs for the valuations are not based on observable market data.

There were no investment properties measured at cost.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in fair value hierarchy levels in the current year.

At 30 April 2020, the Company had no unprovided contractual obligations for future repairs and maintenance (2019: Nil).

Bank borrowings are secured on investment properties valued at \$837,600,000 (2019: \$863,800,000), see Note 15.

Direct operating expenses recognised in the statement of comprehensive income of \$22,638,524 (2019: \$21,653,934) relate to investment properties that were let throughout the year (Note 17).

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 6 Investment properties (continued)

#### Sensitivity analysis of investment properties for 2020

##### *Future rental cash inflow*

The properties were sensitised using future cash flows in respect of rent and vacancy assumptions.

Segment	Current valuation \$	5% Rent reduction impact \$	5% Increased vacancy impact \$
Shopping mall	390,800,000	370,300,000	374,000,000
Commercial rental	404,500,000	383,700,000	395,800,000
Light industrial property	<u>42,300,000</u>	<u>39,800,000</u>	<u>42,300,000</u>
	<u>837,600,000</u>	<u>793,800,000</u>	<u>812,100,000</u>

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 6 Investment properties (continued)

#### Sensitivity analysis of investment properties for 2020 (continued)

##### *Capitalisation rates*

Property	Cap rate %	Current valuation \$	Impact \$	Cap rate (.5% higher) %	Impact \$	Cap rate (.5% lower) %
Lot 17 D to H Garden Road	9.25	92,400,000	87,600,000	9.75	97,600,000	8.75
Briar Place, Sweet Briar Road, St Clair	8.00	164,200,000	154,600,000	8.50	175,200,000	7.50
Lot 1# Price Plaza Mall	8.00	200,500,000	188,700,000	8.50	213,800,000	7.50
Price Plaza North Car Park Area	8.00	72,200,000	67,900,000	8.50	77,000,000	7.50
Price Plaza South	8.50	118,100,000	111,600,000	9.00	125,500,000	8.00
Lot H Price Plaza - Superpharm Chaguanas	8.00	29,200,000	27,500,000	8.50	31,200,000	7.50
#2 Kairi Road, Valsayn - Superpharm Valsayn	8.25	17,900,000	16,900,000	8.75	19,100,000	7.75
Lot #2 South Trunk, - Superpharm Gulf View	8.25	74,200,000	69,900,000	8.75	78,900,000	7.75
Lot L1A Columbus Boulevard Westmoorings - Superpharm	8.25	26,600,000	25,100,000	8.75	28,300,000	7.75
Tumpuna Park Limited	8.50	<u>42,300,000</u>	<u>39,900,000</u>	9.00	<u>44,900,000</u>	8.00
		<u>837,600,000</u>	<u>789,700,000</u>		<u>891,500,000</u>	

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 6 Investment properties (continued)

#### Sensitivity analysis of investment properties for 2019

The properties were sensitised using the capitalisation rates.

Property	Cap rate %	Current valuation \$	Impact \$	Cap rate (.5% higher) %	Impact \$	Cap rate (.5% lower) %
Lot 17 D to H Garden Road	9.50	89,900,000	85,400,000	10.00	94,900,000	9.00
Briar Place, Sweet Briar Road, St Clair	8.00	169,400,000	159,600,000	8.50	180,700,000	7.50
Lot 1# Price Plaza Mall	8.25	196,200,000	185,000,000	8.75	208,900,000	7.75
Price Plaza North Car Park Area	8.25	86,900,000	81,900,000	8.75	92,500,000	7.75
Price Plaza South	8.25	135,500,000	127,800,000	8.75	144,300,000	7.75
Lot H Price Plaza - Superpharm Chaguanas	8.25	28,600,000	27,000,000	8.75	30,500,000	7.75
#2 Kairi Road, Valsayn - Superpharm Valsayn	8.50	17,400,000	16,400,000	9.00	18,500,000	8.00
Lot #2 South Trunk, - Superpharm Gulf View	8.50	71,400,000	67,400,000	9.00	75,800,000	8.00
Lot L1A Columbus Boulevard Westmoorings - Superpharm	8.50	26,100,000	24,700,000	9.00	27,700,000	8.00
Tumpuna Park Limited	8.50	<u>42,400,000</u>	<u>40,100,000</u>	9.00	<u>45,100,000</u>	8.00
		<u>863,800,000</u>	<u>815,300,000</u>		<u>918,900,000</u>	

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 6 Investment properties (continued)

#### Valuation processes of the Company

The Company's management performed the valuation of the investment properties in the current year and prior year using the Income Approach Valuation method. The last external valuation was performed in 2014. The management team comprises of individuals with over 120 years of combined experience in property conceptualisation development, construction and management of a diverse portfolio of premier properties in Trinidad and Tobago. This method is used to estimate the value of properties which are regarded as investments and moreover, where the basis of arriving at the market price is directly related to the income which the property is producing or capable of producing.

Annual Rental Value is determined either from the actual rent income or calculated through the use of comparable rates and relevant expenses, outgoings and estimated vacancies are deducted from the rental income to arrive at a net income position. This figure is then capitalised using rates of return or yields from analysis of similar type transactions or against benchmarked interest parameters in addition to considering current market conditions and outlook.

Investment type properties are more heterogeneous than others and accordingly it is usually difficult to obtain useful comparable information, except for rental values.

For all properties, their current use equates to the highest and best use.

At each financial year end, Management:

- verifies all major inputs to calculate outgoings;
- assesses property income potential via rent rolls; and
- identifies appropriate capitalisation rates to apply to the cash flows.

As part of the assessment, the finance department reviews the reasons for the fair value movements.

#### a. *Future rental cash inflow*

Based on the location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.

#### b. *Maintenance costs*

Including necessary investments to maintain functionality of the property for its expected useful life.

#### c. *Capitalisation rates*

Based on actual location, size, quality and age of the properties and maintenance programs and taking into account market data at the valuation date.

#### d. *Covid-19 Pandemic*

Management has carried out an extensive review and taken into account the impact of Covid -19 to date on the fair value of Investment Properties. With the continued uncertainty and challenges presented by Covid -19 management will continue to monitor further developments and determine what further impact these will have on the portfolio.



# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 7 Property, plant and equipment

	Furniture, fixtures and equipment \$	Leasehold improvements \$	Motor vehicles \$	Total \$
<b>At 30 April 2018</b>				
Cost	856,763	5,154,921	1,481,536	7,493,220
Accumulated depreciation	(600,003)	(2,963,611)	(1,155,618)	(4,719,232)
Net book amount	<u>256,760</u>	<u>2,191,310</u>	<u>325,918</u>	<u>2,773,988</u>
<b>Year ended 30 April 2019</b>				
Opening net book amount	256,760	2,191,310	325,918	2,773,988
Additions	6,755	--	--	6,755
Disposal	--	--	(286,463)	(286,463)
Depreciation charge	(45,822)	(1,753,047)	(39,455)	(1,838,324)
Closing net book amount	<u>217,693</u>	<u>438,263</u>	<u>--</u>	<u>655,956</u>
<b>At 30 April 2019</b>				
Cost	863,518	5,154,921	--	6,018,439
Accumulated depreciation	(645,825)	(4,716,658)	--	(5,362,483)
Net book amount	<u>217,693</u>	<u>438,263</u>	<u>--</u>	<u>655,956</u>
<b>Year ended 30 April 2020</b>				
Opening net book amount	217,693	438,263	--	655,956
Additions	654,140	--	--	654,140
Depreciation charge	(70,662)	(438,263)	--	(508,925)
Closing net book amount	<u>801,171</u>	<u>--</u>	<u>--</u>	<u>801,171</u>
<b>At 30 April 2020</b>				
Cost	1,517,658	5,154,921	--	6,672,579
Accumulated depreciation	(716,487)	(5,154,921)	--	(5,871,408)
Net book amount	<u>801,171</u>	<u>--</u>	<u>--</u>	<u>801,171</u>

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 8 Trade and other receivables

	2020 \$	2019 \$
Gross rent and CAM receivable	23,612,726	22,575,565
Less provision for impairment	<u>(6,705,115)</u>	<u>(3,856,578)</u>
Rent and CAM receivable, net of provision for impairment	16,907,611	18,718,987
Insurance prepaid	<u>543,386</u>	<u>537,149</u>
	<u>17,450,997</u>	<u>19,256,136</u>

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values. Details about the Company's impairment policies and calculation of the loss allowance are provided in note 3a(ii).

The company is faced with increased concentration risk in the current year with respect to trade receivables, as there are a number of tenants within the Shopping Mall segment that have been negatively impacted by COVID-19. A provision is recognised for amounts not expected to be recovered. Movements in the accumulated impairment losses on trade receivables were as follows:

Accumulated impairment losses at 1 May	3,856,578	3,032,291
Additional impairment losses recognised during the year	2,848,527	923,490
Amounts written off during the year as uncollectible	<u>--</u>	<u>(99,203)</u>
Accumulated impairment losses at 30 April	<u>6,705,115</u>	<u>3,856,578</u>

The carrying value of trade and other receivables approximates the fair value. The Company does not hold any collateral as security. Trade receivables denominated in USD amount to \$729,993 (2019: \$1,358,846).

The other classes within trade and other receivables do not contain impaired assets.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 9 Related party transactions

#### a. Identity of related parties

The ownership of the Company is as follows:

Company	2020	2019
Pelican Investment Limited	--	50.00%
Rahael Holdings Limited	--	50.00%
Endeavour ABRA Holdings Limited	97.31%	--
Public Shareholders	2.69%	--
(Refer to Note 23 also)		

#### b. Related party transactions and balances

The following transactions were carried out with related parties:

The balances below are interest free and there are no fixed repayment terms.

	1 May 2019 \$	Purchases \$	Payments \$	30 April 2020 \$
<i>Due to related parties</i>				
Amalgamated Security Services Limited	323,819	1,736,984	(1,627,625)	433,178
Amera Caribbean Development Limited	293,006	3,723,330	(3,730,390)	285,946
Albertwood Limited	1,651	545,172	(500,628)	46,195
Wazifa Services Limited	75,792	883,280	(884,312)	74,760
Endeavour ABRA Holdings Limited	--	3,840,384	(3,840,384)	--
	694,268	6,888,766	(10,583,339)	840,079

	1 May 2018 \$	Purchases \$	Payments \$	30 April 2019 \$
<i>Due to related parties</i>				
Amalgamated Security Services Limited	325,290	1,044,764	(1,046,235)	323,819
Amera Caribbean Development Limited	256,907	3,316,940	(3,280,841)	293,006
Albertwood Limited	1,282	544,881	(544,512)	1,651
Wazifa Services Limited	--	158,562	(82,770)	75,792
Pelican Investment Limited	--	5,025,000	(5,025,000)	--
Rahael Holdings Limited	--	5,025,000	(5,025,000)	--
	583,479	15,115,147	(15,004,358)	694,268

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 9 Related party transactions (continued)

#### b. Related party transactions and balances (continued)

The balance payable to Amalgamated Security Services Limited represents security services provided to Endeavour Holdings Limited during the period.

Amera Caribbean Development Limited represents property management services as well as asset management services provided.

Endeavour Holdings Limited also has a rental agreement with Albertwood Limited for rental of premises of \$467,823 (2019: \$467,648) (Note 17).

	1 May 2019 \$	Purchases/ advances/transfers \$	Payments \$	30 April 2020 \$
<i>Due from related parties</i>				
Intercompany	9,685	9,060	(18,745)	--
	<u>9,685</u>	<u>9,060</u>	<u>(18,745)</u>	<u>--</u>
	1 May 2018 \$	Purchases/ advances/transfers \$	Payments \$	30 April 2019 \$
<i>Due from related parties</i>				
Intercompany	--	510,785	(501,100)	9,685
Pelican Investments Limited	336,270	--	(336,270)	--
Rahael Holdings Limited	336,270	--	(336,270)	--
	<u>672,540</u>	<u>510,785</u>	<u>(1,173,640)</u>	<u>9,685</u>

#### c. Transactions with key management personnel

The employee services of the Company are outsourced to Amera Caribbean Development Limited, who retains staff. The management fees paid amounted to \$2,695,735 (2019: \$1,998,048).

	2020 \$	2019 \$
<b>Key management compensation</b>		
Directors' fees	<u>288,000</u>	<u>102,000</u>

There were no guarantees or collateral given to or received from any related party.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

10	Cash and cash equivalents	2020 \$	2019 \$
	Cash and cash equivalents, including bank overdraft	<u>31,530,019</u>	<u>15,976,799</u>
	Cash and cash equivalents include the following for the purposes of the statement of cash flows:		
	Cash and cash equivalents, excluding bank overdraft	31,530,019	16,284,227
	Less: bank overdraft	<u>--</u>	<u>(307,428)</u>
		<u>31,530,019</u>	<u>15,976,799</u>

## 11 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

### Assets as per statement of financial position

#### *Loans and receivables*

Trade and other receivables, excluding prepayments	16,907,611	18,718,987
Cash and cash equivalents, excluding bank overdraft	31,530,019	16,284,227
Due from related parties	<u>--</u>	<u>9,685</u>
Total	<u>48,437,630</u>	<u>35,012,899</u>

### Liabilities as per statement of financial position

#### *Other financial liabilities measured at amortised cost*

Borrowings	270,265,511	298,269,396
Trade and other payables, excluding non-financial liabilities	15,047,411	14,830,437
Due to related parties	840,079	694,268
Bank overdraft	<u>--</u>	<u>307,428</u>
Total	<u>286,153,001</u>	<u>314,101,529</u>

Prepayments and non-financial liabilities are excluded from the receivables and payables figures above, as this analysis is only required for financial instruments.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 12 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

<i>Trade receivables</i>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Counterparties without external credit rating:		
Existing customers (more than 6 months) with some defaults in the past	<u>10,632,179</u>	<u>10,695,915</u>
<i>Cash at bank and short-term bank deposits</i>		
<i>Local banks/cash in hand:</i>		
Cash in bank	31,525,019	16,279,227
Cash in hand	<u>5,000</u>	<u>5,000</u>
	<u>31,530,019</u>	<u>16,284,227</u>

Cash at bank is held with reputable local financial institutions.

### 13 Share capital

Issued and fully paid		
Beginning of the year		
32,003,200 ordinary shares of no par value	32,003,200	32,003,200
Issued 884,419 ordinary shares of no par value	<u>11,055,238</u>	<u>--</u>
End of year	<u>43,058,438</u>	<u>32,003,200</u>

The Company had an Initial Public Offering (IPO) that closed on 15 November 2019 and became listed on the Small and Medium Enterprises (SME) stock market of the Trinidad and Tobago Stock Exchange (TTSE) on 12 December 2019.

884,419 new ordinary shares were issued at the offer price of \$12.50 to the subscribers of the IPO.

The total authorised number of no par value shares is unlimited. All issued shares are fully paid.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 14 Deferred income tax liability

Deferred income taxes are calculated in full on temporary differences under the liability method. Deferred income tax is computed using a rate of 30% (2019: 30%).

The movement in the deferred income tax account is as follows:

<i>Deferred tax liability – investment properties</i>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Beginning of the year	47,578,759	44,776,672
Charge for the year (Note 22)	<u>2,521,878</u>	<u>2,802,087</u>
End of year	<u>50,100,637</u>	<u>47,578,759</u>

### 15 Borrowings

<b>2020</b>			<b>2019</b>		
<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>28,461,538</u>	<u>241,803,973</u>	<u>270,265,511</u>	<u>28,461,538</u>	<u>269,807,854</u>	<u>298,269,392</u>

The borrowings include amounts secured on investment properties to the market value of \$837,600,000 (2019: \$863,000,000) (Note 6). The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

This bond was granted by First Citizens Trustee Services Limited on 30 September 2015. It is repayable in three tranches.

The security held over this facility is a first demand debenture over the fixed and floating assets of the company: the properties located at Price Plaza Chaguanas Lot#1 Price Plaza, Superpharm, Lot H Price Plaza, Chaguanas, Superpharm, #2 Kariri Road Valsayn, Superpharm Lot1 A Columbus Boulevard Westmoorings, Superpharm-Gulf View, Briar Place, #10 Sweet Briar Road St Clair, Ministry of National Security, Lot 17D to H Garden Road, Aranguez and Tumpuna Park LP# 155 Tumpuna Road Guanapo. It is stamped to cover \$400 million, as well as the assignment of all risk insurance.

Tranche A is over seven (7) years, rate of interest is fixed at 5.50% per annum, total value \$240 million. Tranche A - Equal semi-annual payments of principal payable in arrears commencing six months after issue date with a 50% balloon payment due at maturity. The maturity date of this facility is 30 September 2022. The effective interest rate is 2.87%.

Tranche B is over fifteen (15) years, rate of interest is fixed at 6.25% per annum, total value \$120 million. Tranche B - Equal semi-annual payments of principal payable in arrears commencing six months after issue date. The maturity date of this facility is 30 September 2030. The effective interest rate is 3.22%.

Tranche C is over twenty (20) years, rate of interest is fixed at 6.90% per annum, total value \$40 million. Tranche C - Equal semi-annual payments of principal payable in arrears commencing six months after issue date. The maturity date of this facility is 30 September 2035. The effective interest rate is 3.53%.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

16	Trade and other payables	2020 \$	2019 \$
	Accruals	10,145,391	9,932,869
	Tenant deposits	3,541,101	3,609,517
	Accounts payable	1,360,919	1,288,051
	Value - added tax	<u>375,192</u>	<u>594,620</u>
		<u>15,422,603</u>	<u>15,425,057</u>

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

17	Rental expenses		
	Electricity	5,720,587	5,685,344
	Security	4,451,744	4,597,062
	Repairs and maintenance	3,560,669	3,407,196
	Management fees	3,400,219	2,702,532
	Janitorial and landscaping	2,072,238	1,783,603
	Insurance	1,451,404	1,365,734
	Rental - premises	469,323	467,648
	Rates and taxes	316,789	392,287
	Maintenance reserve expense	333,564	342,859
	Commissions	322,447	287,922
	Loss on disposal of asset	--	286,463
	Advertising and promotion	372,530	223,078
	Depreciation	70,662	45,822
	Audit fees	33,000	33,000
	Telephone, cable and internet	50,371	29,900
	General expenses	<u>12,977</u>	<u>3,484</u>
		<u>22,638,524</u>	<u>21,653,934</u>

18	Revenue from contracts with customers		
	Rental income	72,309,933	78,049,827
	Common area maintenance (CAM)	10,892,660	9,585,704
	Electricity income	<u>5,215,102</u>	<u>5,398,205</u>
		<u>88,417,695</u>	<u>93,033,736</u>

### Other income

Other income	134,303	55,601
Reimbursable income	131,203	201,742
Water income	13,349	10,659
Bank interest	<u>2,805</u>	<u>4,109</u>
	<u>281,660</u>	<u>272,111</u>



# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

### 18 Revenue from contracts with customers (continued)

The period of leases whereby the Company leases out its investment properties under operating leases is three years or more.

Contingent rents in 2020 and 2019 recognised as income were nil. The Company's revenue is primarily generated from property assets, which are held in Trinidad and Tobago. The breakdown of the major components of revenue from external customers by rental type is disclosed in Note 5, Segment information.

Revenues are derived from a large number of tenants and no single tenant or group under common control contributes more than 15% of the Company's revenues.

Revenue recognised in relation to services to tenants and third-party property management charges is recognised over time.

#### *Assets and liabilities related to contracts with customers*

There were no Contract assets and liabilities relating to service contracts with customers during the year.

#### *Significant changes in contract assets and liabilities*

There were no significant changes in contract assets and liabilities.

#### *Revenue recognised in relation to contract liabilities*

There was no revenue recognised in the current reporting period that relates to performance obligations satisfied in a prior year in respect of both financial years.

#### *Unsatisfied contracts*

There were no unsatisfied performance obligations resulting from fixed price service and property management contracts.

#### *Assets recognised from costs to obtain a contract*

The Company has not incurred costs to obtain specific contracts that did not meet the practical expedient available under IFRS 15 for the 2019 and 2020 financial years.

### 19 Administrative expenses

	2020 \$	2019 \$
Management fees	784,186	435,522
Audit fees	403,711	420,500
Legal and professional	923,198	622,420
	<u>2,111,095</u>	<u>1,478,442</u>

### 20 Operating expenses

Depreciation	438,263	1,792,502
Bad debts	2,477,424	875,115
Advertising and public relations	480,442	227,134
Printing, postage and stationery	53,685	75,863
Telephone	30,331	28,467
Rental - cable and internet	5,212	5,212
Travel	190	--
Transport	600	--
	<u>3,486,147</u>	<u>3,004,293</u>

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

21	Finance costs	2020 \$	2019 \$
	Interest on borrowings	17,628,103	19,313,060
	Finance charges	100,541	100,266
	Bank charges and interest	<u>14,142</u>	<u>11,050</u>
		<u>17,742,786</u>	<u>19,424,376</u>
22	Income tax expense		
	<i>Current taxation</i>		
	Green fund levy	265,845	279,903
	Corporation tax	<u>7,296,059</u>	<u>9,501,352</u>
	<i>Total current tax</i>	<u>7,561,904</u>	<u>9,781,255</u>
	<i>Deferred tax (Note 14)</i>		
	Origination and reversal of temporary differences	<u>2,521,878</u>	<u>2,802,087</u>
	Tax charge in statement of comprehensive income	<u>10,083,782</u>	<u>12,583,242</u>

The tax on profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits as follows:

Profit before tax	<u>16,520,803</u>	<u>50,544,802</u>
Tax calculated at statutory rate 30%	4,956,241	15,163,441
Loss effect at reduced rate	<u>2,954,345</u>	<u>--</u>
	7,910,586	15,163,441
Tax effects of:		
- Income not subject to tax	(1,313,718)	(2,416,162)
- fair value adjustment	2,620,000	(840,000)
- Other permanent differences	601,069	396,160
Green fund levy	<u>265,845</u>	<u>279,903</u>
Tax charge in statement of comprehensive income	<u>10,083,782</u>	<u>12,583,342</u>

The Company having obtained listing on the Trinidad and Tobago Stock Exchange Small and Medium Enterprise Market (SME) on 12 December 2019 is entitled to tax rate of 10% from that date for five years. Corporation tax has been calculated at 30% up to December 2019 and at 10% from January 2020.

Deferred tax liability is calculated at the corporation tax rate of 30% (2019: 30%).

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

**30 April 2020**

*(Expressed in Trinidad and Tobago Dollars)*

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### **23 Subsequent events**

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world and in Trinidad & Tobago.

In response to this coronavirus outbreak, the government of Trinidad & Tobago has taken preventative or protective actions, such as imposing restrictions on travel and business operations, limited opening hours and advising or requiring individuals to limit or forego their time outside of their homes.

During June 2020, businesses and government offices were allowed to re-open subject to Public Health and Safety Regulations and protocols of wearing masks, social distancing, sanitization and crowd limits.

This situation is constantly changing and the impact to the business may arise that we are not aware of currently. The disruption is currently expected to be temporary but there is uncertainty around the duration as it is dependent when a treatment or vaccine will be available.

The ultimate impact of the pandemic on the Company's future results of operations, financial position, liquidity, or capital resources cannot be reasonably estimated at this time.

### **24 Dividends**

Total dividends declared for the year amounted to \$3,946,514 (\$0.12 per share) (2019: \$10,050,000 (\$0.31 per share)).

There were no dividends payable in respect of financial years ended 30 April 2019 and 30 April 2020.

### **25 Maintenance reserve fund**

The maintenance reserve fund was recognised directly into equity. The purpose of this reserve is for the replacement of fixed assets at Briar Place.

# Endeavour Holdings Limited

## Notes to the Financial Statements (continued)

30 April 2020

(Expressed in Trinidad and Tobago Dollars)

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### 26 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted number of ordinary shares in issue during the year.

	2020 \$	2019 \$
Profit attributable to shareholders	<u>6,437,021</u>	<u>37,961,460</u>
Number of common shares in issue during the year	<u>32,887,619</u>	<u>32,003,200</u>
Basic earnings per share including fair value adjustment on investment properties	<u>\$0.20</u>	<u>\$1.18</u>
Basic earnings per share excluding fair value adjustment on investment properties	<u>\$0.99</u>	<u>\$1.10</u>

The Company has no dilutive potential ordinary shares. The diluted earnings per share are the same as the basic earnings per share.

### 27 Commitments and contingencies

There were no capital commitments or contingent liabilities in respect of financial year ends 2019 and 2020.

### 28 Impairment assessment of non- financial assets of the Company

At the statement of financial position date, the market capitalisation of the Company was significantly less than the net assets of the Company. Given this indicator of impairment, management performed an impairment assessment to determine if the net assets of the Company were impaired. The most significant asset group included on the statement of financial position is investment properties of \$837,600,000. Investment properties are carried at fair value see Note 6.