Accountants & business advisers

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
(Expressed in Eastern Caribbean Dollars)

FOR THE YEAR ENDED

31ST DECEMBER, 2018

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Eastern Caribbean Dollars)

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRENREAL PROPERTY CORPORATION LIMITED

Opinion

We have audited the financial statements of Grenreal Property Corporation Limited (the 'Company'), which comprise the statement of financial position at December 31st, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31st, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 year. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters. There were no key audit matters to communicate.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

GRENREAL PROPERTY CORPORATION LIMITED
(continued)

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

In preparing the financial statements, management is responsible for assessing the Company 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRENREAL PROPERTY CORPORATION LIMITED (continued)

- 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 communicated with them all relationships and other matters that my reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Henry A. Joseph.

GRENADA

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April 25th, 2019

Accountants & Business Advisers:

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GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2018
(Expressed in Eastern Caribbean Dollars)

	Notes	2018	2017
ASSETS			
Non-Current Assets			
Plant and equipment	4	37,220	26,767
Investment property	5	66,960,500	65,934,800
		66,997,720	65,961,567
Current Assets			
Trade and other receivables	6	497,852	366,062
Cash and cash equivalents	7	887,821	661,550
		1,385,673	1,027,612
TOTAL ASSETS		$68,383,393	$66,989,179
EQUITY AND LIABILITIES			
STATED CAPITAL	8	25,365,000	25,365,000
RETAINED EARNINGS		13,233,939	11,555,557
TOTAL EQUITY		38,598,939	36,920,557
Non-Current Liabilities			
Long-term borrowings	9	24,400,000	24,400,000
Shareholders' loans	10	2,208,968	2,091,834
		26,608,968	26,491,834
Current Liabilities			
Trade and other payables	11	1,638,402	1,987,693
Amount due to related parties	12	1,537,084	1,589,095
		3,175,486	3,576,788
TOTAL LIABILITIES		29,784,454	30,068,622
TOTAL EQUITY AND LIABILITIES		$68,383,393	$66,989,179

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on May 21, 2019 and signed on its behalf:

: Director : Director

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Eastern Caribbean Dollars)

	Notes	**2018**	2017
Rental income - rental units		3,787,003	3,530,910
- kiosks		122,633	118,264
Service re-charge		201,097	193,849
Parking		215,090	213,187
		4,325,823	4,056,210
Operational expenses	16	(1,700,896)	(1,681,246)
General expenses	17	(380,664)	(252,927)
Depreciation		(16,913)	(12,892)
Expected credit loss		170,493	(45,353)
Other income		212,386	131,376
		(1,715,594	(1,861,042)
Operating profit		2,610,229	2,195,168
Finance cost	13	(1,957,547)	(1,966,723)
Net profit for the year		652,682	228,445
Gain/(loss) on revaluation of investment property		1,025,700	(21,300)
Total comprehensive income for the year		$1,678,382	$207,145

The accompanying notes form an integral part of these financial statements

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GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER, 2018
(Expressed in Eastern Caribbean Dollars)

	Stated Capital	Retained Earnings	Total Equity
Balance at 1st January, 2017	25,365,000	10,496,606	35,861,606
Penalties and interest waived	-	851,806	851,806
Total comprehensive income for the year	-	207,145	207,145
Balance at 31st December, 2017	25,365,000	11,555,557	36,920,557
Total comprehensive income for the year	-	1,678,382	1,678,382
Balance at 31st December, 2018	$25,365,000	$13,233,939	$38,598,939

The accompanying notes form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2018
(Expressed in Eastern Caribbean Dollars)

	2018	2017
OPERATING ACTIVITIES		
Net profit for the year	652,682	228,445
Adjustments for:		
Depreciation	16,913	12,892
Penalties and interest waivered	-	851,806
Operating gain before working capital changes	669,595	1,093,143
Increase in trade and other receivables	(131,790)	(139,780)
Decrease in trade and other payables	(349,291)	(870,748)
Decrease in amount due to related parties	(52,011)	(216,394)
Net cash provided by/(used in) operating activities	136,503	(133,779)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27,366)	(1,599)
Net cash used in investing activities	(27,366)	(1,599)
FINANCING ACTIVITIES		
Increase in shareholders' loans	117,134	153,609
Net cash provided by financing activities	117,134	153,609
Net increase in cash and cash equivalents	226,271	18,231
Cash and cash equivalents - at beginning of year	661,550	643,319
- at end of year	$887,821	$661,550
REPRESENTED BY:		
Cash on hand and at bank	$887,821	$661,550

The accompanying notes form an integral part of these financial statements

1. CORPORATE INFORMATION

Grenreal Property Corporation Limited (the "Company") formerly St. George's Cruise Terminal Limited was incorporated on August 27, 2004 under the Grenada Companies Act 1994 and commenced operations on April 14, 2005. The Company was established to undertake the realization and operations of a Shopping Centre with duty free facilities adjacent to the new port complex in St. George's, Grenada W.I. In 2007 the company in accordance with Section 219 (225) of the Companies Act 1994, entered into an amalgamation agreement with Bruce Street Commercial Corporation Limited, the owners of the Jan Bosch building, a commercial center, located adjacent to the port complex in St. George's.

Following the amalgamation the company continued to operate under the name of Grenreal Property Corporation Limited and listed on the Eastern Caribbean Securities Exchange on 21st July, 2008.

2. 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) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS's 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 these financial statements are disclosed in Note 4.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures

(i) New accounting policies/improvements adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2017 except for the adoption of new standards and interpretations below.

IFRS 9 Financial Instruments (effective 1 January 2018)

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods on or after 1 January 2018.

Changes in classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale, held-to-maturity and loans and receivables) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at FVPL

Due to the above as of 1 January 2018, the Company has re-classified its previous loans and receivable financial assets, to financial assets at amortised cost.

The accounting for financial liabilities remains largely the same as it was under IAS 39 which is at amortised cost.

The classification and measurement requirements of IFRS 9 did not have a material impact on the Company. As a result, no adjustment was necessary to the prior year's figures.

The Company's classification of its financial assets and liabilities is disclosed in Note 2(j).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(i) New accounting policies/improvements adopted (continued)

IFRS 9 Financial Instruments (effective 1 January 2018) (continued)

Changes to impairment calculation

The adoption of IFRS 9 has changed the Company's accounting for financial assets impairment by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

The Company now uses a provision matrix to calculate ECLs for trade receivables.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in scope for other standards, such as IAS 17 Leases (or IFRS 16, once effective). It also provides a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets including property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(i) New accounting policies/improvements adopted (continued)

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) (continued)

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The standard is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive.

When IFRS 15 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or a modified retrospective approach which is applied as an adjustment to retained earnings on the date of adoption. When the latter approach is applied it is necessary to disclose the impact of IFRS 15 on each line item in the financial statements in the reporting period.

The adoption of this standard has no impact on the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 (effective 1 January 2018)

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transactions
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The adoption of this standard has no impact on the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(i) New accounting policies/improvements adopted (continued)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The adoption of this standard has no impact on the Company.

(ii) Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards where appropriate, when they become effective.

- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement (Effective 1 January 2019)
- IFRS 16 - Leases (Effective 1 January 2019)
- IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments (Effective 1 January 2019)
- IFRS 17 - Insurance Contracts (Effective 1 January 2021)
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor or Joint Venture – Amendments to IFRS 10 and IAS 28 - (Effective date postponed indefinitely)
- IFRS 9 – Prepayment features with negative compensation (Effective 1 January 2019)
- Amendments to IAS 28 – Long-term Interest in Associates and Joint Ventures (Effective 1 January 2019)
- Amendments to IAS 19 – Plan Amendments, Curtailment or Settlement (Effective 1 January 2019)
- Amendments to References of the Conceptual Framework in IFRS Standards (Effective 1 January 2020)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(iii) Improvements to International Financial Reporting Standards

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRSs.

The following amendments are applicable to annual periods beginning on or after 1 January 2019.

IFRS Subject of Amendment

IFRS 3 - Business Combinations – Previously held interests in a joint operation.

IFRS 11 - Joint Arrangements – Previously held interests in a joint operation.

IAS 12 - Income Taxes – Income tax consequences of payments on financial instruments classified as equity.

IAS 23 - Borrowing Costs – Borrowing costs eligible for capitalization.

(c) Plant and Equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amounts or are 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 measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Furniture and equipment	10%
Computers	33%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and Equipment (continued)

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(d) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company, is classified as investment property.

Investment property comprises freehold building and land held under a finance lease. The lease term is ninety-nine (99) years with an option to extend for an additional sixty-six (66) years. The lease payments were made at the commencement of the lease term.

Investment property is carried at fair value based on active market price as disclosed in Note 3. Changes in fair values are recognized in the statement of comprehensive income.

(e) Trade Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not they are presented as non-current assets.

Trade receivables are recognised initially at fair value less provision for expected credit losses. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default or delinquency in payment are considered indicators that the trade receivable is impaired.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprises of cash on hand and at bank. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the cash flow statement. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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 at fair value.

(h) Stated Capital

Ordinary shares are classified as equity.

(i) Borrowings

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve (12) months after the date of the statement of financial position.

(j) Financial Instruments

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

Financial assets and financial liablilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(i) Recognition and measurement

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

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at transaction price.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

(i) Recognition and measurement (continued)

Initial measurement (continued)

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, amount due to related parties, shareholder's loans and borrowings.

Subsequent measurement categories of financial assets and liabilities

The Company classifies all it's financial assets based on the business model for managing the assets and the asset's contractual terms.

From 1st January, 2018 the Company classifies all of its financial assets at amortised cost. Before 1st January, 2018 the Company classified its financial assets as loans and receivables.

Amortised cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) Impairment

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Impairment (continued)

Trade receivables

From 1st January 2018 the Company has been recording an allowance for expected credit losses for its trade receivables using a simplified approach to calculating ECLs whereby it recognizes a loss allowance based on lifetime ECLs at each reporting date. The ECL on these financial assets are estimated used a provision matrix that is based on it historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates used in the provision matrix are based on days past due.

Other financial assets

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on a financial instrument has not increased significantly since initial recognition the Company recognizes the loss allowance for the financial instrument at an amount equal to 12-month ECL where applicable. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or actual default occurring.

Lifetime ECL represents the expected credit losses that will result for all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible with 12 months after the reporting date.

The Company seeks to hold it's cash in financial institutions which management regards as sound and with no history of default. The risk of default on these financial assets was therefore considered to be low. The ECL for these financial assets were therefore determined to be zero.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Impairment (continued)

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable date about the following events:

(i) Significant financial difficulty of the issuer or borrower;
(ii) A breach of contract, such as a default or past due event;
(iii) It is becoming probable that the borrower will enter in bankruptcy or other financial re-organization; and
(iv) The disappearance of an active market for that financial asset because of financial difficulties

(iii) Write offs

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Company determines that the borrower does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off.

(iv) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(v) Financial liabilities

When financial liabilities are recognised they are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re- measured at amortised.

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract as discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive consideration price is recognised in the statement of comprehensive income.

(k) Taxation

The company continues to enjoy a tax holiday on corporate and other taxes as a consequence of a tax waiver granted to the developers of the land site. The tax holiday is expected to continue to 2020.

(l) Revenue

Rental income is accounted for on an accruals basis, in accordance with the substance of the relevant agreement.

(m) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

(n) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. The resulting profits and losses are dealt with in the statement of comprehensive income.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The expenses and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Estimate of Fair Value of Investment Property

The best estimate of fair value is current prices in an active market for similar assets. The Company considers information relating to tenants and assumptions relating to tenancy, rents and expenses over a ten (10) year period.

(b) Principal assumptions for Management's Estimation of Fair Value

The principal assumptions underlying management's estimates of fair value are those related to; the receipts of contractual rental; expected future market rentals; maintenance requirements; and appropriate discount rates.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(c) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4. PLANT AND EQUIPMENT

	Computers	Office Furniture and Equipment	Total
Balance at 1st January, 2017			
Cost	81,989	92,391	174,380
Accumulated depreciation	(71,651)	(64,669)	(136,320)
NET BOOK VALUE	**$10,338**	**$27,722**	**$38,060**
For the year ended 31st December, 2017			
Opening book value	10,388	27,722	38,060
Additions during the year	1,599	-	1,599
Depreciation charge for the year	(5,962)	(6,930)	(12,892)
NET BOOK VALUE	**$5,975**	**$20,792**	**$26,767**
Balance at 31st December, 2017			
Cost	83,588	92,391	175,979
Accumulated depreciation	(77,613)	(71,599)	(149,212)
NET BOOK VALUE	**$5,975**	**$20,792**	**$26,767**
For the year ended 31st December, 2018			
Opening book value	5,975	20,792	26,767
Additions for the year	19,822	7,544	27,366
Depreciation charge for the year	(9,731)	(7,182)	(16,913)
NET BOOK VALUE	**$16,066**	**$21,154**	**$37,220**
Balance at 31st December, 2018			
Cost	103,410	99,935	203,345
Accumulated depreciation	(87,344)	(78,781)	(166,125)
NET BOOK VALUE	**$16,066**	**$21,154**	**$37,220**

5. INVESTMENT PROPERTY

	2018	2017
Balance at 1st January, 2018	65,934,800	65,956,100
Net gain/(loss) from fair value adjustment	1,025,700	(21,300)
Balance at 31st December, 2018	$66,960,500	$65,934,800

The property is located at Melville Street in St. George's. Fair values are based on valuations performed by independent professional valuators. The last valuation at 31st December, 2018 was performed by Civil Engineer Nigel A. John, B.Sc. in March, 2019.

The valuations, included an additional lot of land (331.8 square meters) donated to the company by one of its shareholders, St. George's Development Company Limited, and utilized as the parking area. No consideration was given for the additional lot.

6. TRADE AND OTHER RECEIVABLES

Trade receivables - net	461,834	327,167
Prepayments	10,753	13,590
Other receivables	25,265	25,305
	$497,852	$366,062

The movement in provision for expected credit losses for trade receivables was as follows:

Balance at 1st January, 2018 (Under IAS 39 and IFRS 9)	(385,945)	(340,592)
Decrease/(increase) in provision	236,369	(45,353)
Balance at 31st December, 2018	$(149,576)	$(385,945)

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7. CASH AND CASH EQUIVALENTS

	2018	2017
Cash on hand and at bank	$887,821	$661,550

8. STATED CAPITAL

	2018	2017
Authorised:		
9,500,000 shares		
Issued:		
7,670,302 shares of no par value	$25,365,000	$25,365,000

9. LONG-TERM BORROWINGS

Long term

	2018	2017
Investment Syndicate loan		
(i) Grenada Co-operative Bank Limited	12,200,000	12,200,000
(ii) National Insurance Board	12,200,000	12,200,000
Total borrowings	$24,400,000	$24,400,000

9. LONG-TERM BORROWINGS (continued)

The syndicate loan of $24,400,000 for which the Caribbean Financial Services Corporation is the trustee bears interest at the rate of 7% per annum for five (5) years. Interest is to be paid quarterly. This is a non-amortizing bond and is subject to refinancing after five (5) years. The bond holders' first call is eighteen (18) months and every six (6) months thereafter until year five (5).

The loan is secured as follows:

i) Mortgage debenture over the building and land of the Duty-Free Centre/Cruise Terminal building, registered and stamped to cover $18.9 Million.

ii) A registered first charge demand debenture stamped up to EC$24.4 Million over the fixed and floating assets of the company.

iii) Mortgage debenture over the land and building of the Jan Bosch Building, registered and stamped to cover EC$22.95 Million.

iv) Insurance over the Cruise Terminal and Jan Bosch building.

10. SHAREHOLDERS' LOANS

Shareholders' loans are unsecured and bear interest at the rate of 10% per annum. There are no fixed repayment dates for the loans.

11. TRADE AND OTHER PAYABLES

	2018	2017
Deposits due to tenants	493,161	472,280
Trade payables and accruals	1,118,366	1,490,113
Other payables	26,875	25,300
	$1,638,402	$1,987,693

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12. AMOUNT DUE TO RELATED PARTIES

	2018	2017
Amount due to related Companies:		
Zublin Grenada Limited	1,068,714	1,062,552
St. George's Newport Development Company Limited	(191,630)	(73,457)
	877,084	989,095
Amount due to director	660,000	600,000
Balance at 31st December, 2018	$1,537,084	$1,589,095

There are no fixed repayment terms on the balances due.

Related Party transactions

a) During the year, the following transactions occurred between the company and other related entities as follows:

Property management income	$39,000	$39,000
Interest expense	$244,421	$252,397

b) Key management

Key management comprises directors, divisional management and senior management of the company. Compensation to these individual were as follows:

Directors' fees	$62,499	$45,875
Management salaries and allowances	$317,485	$297,973

13. FINANCE COST

	2018	2017
Interest on bank overdraft and other charges	(247,961)	(257,137)
Interest on borrowings	(1,708,000)	(1,708,000)
Other finance cost	(1,586)	(1,586)
	$(1,957,547)	$(1,966,723)

14. FINANCIAL RISK MANAGMENT

The company's activities expose it to a variety of financial risks: interest rate risk, credit risk, operational risk and liquidity risk. The risk management policies employed by the company to manage these risks are discussed below.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

i) Trade and other receivables

The company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

14. FINANCIAL RISK MANAGEMENT (continued)

ii) Other financial assets

With respect to credit risk arising from the other financial assets of the company, which are cash and cash equivalents, the company's exposure to credit risk arises from default of the counter-party, with the maximum exposure equal to the carrying amounts of the financial assets. The credit ratings for these financial assets are monitored for credit deterioration.

Maximum exposure of credit risk:

	2018	2017
Cash and cash equivalents	887,821	661,550
Trade receivables	497,857	366,062
	$1,385,678	$1,027,612

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix.

December 31st, 2018	0 -30 days	31 -90 days	Over 90 days	Total
Expected credit loss rate	1%	5%	40%	
Gross carrying amount	182,585	68,564	360,261	611,410
Expected credit loss	(1,826)	(3,428)	(144,322)	(149,576)
	$180,759	$65,136	$215,939	$461,834
January 1st, 2018				
Expected credit loss rate	1%	5%	82%	
Gross carrying amount	164,004	83,233	465,875	713,112
Expected credit loss	(1,640)	(4,162)	(380,143)	(385,945)
	$162,364	$79,071	$85,732	$327,167

14. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Company actively pursues the receivables process by ensuring that tenants comply with the terms and conditions of the lease. In addition, the Company negotiates favorable credit terms form suppliers. As a final measure of controlling liquidity the Company tries not to pay earlier than cash is collected from rents.

Maturity analysis for liquidity risk:

	On Demand	Up to 1 year	1 to 5 years	Total
Balance at 31st December, 2018				
Long-term borrowings	-	-	24,400,000	24,400,000
Shareholders' loans	-	-	2,208,968	2,208,968
Trade and other payables	1,098,366	26,875	493,161	1,618,402
Amount due to related parties	-	-	1,537,084	1,537,084
	$1,098,366	$26,875	$28,639,213	$29,764,454
Balance at 31st December, 2017				
Long-term borrowings	-	-	24,400,000	24,400,000
Shareholders' loans	-	-	2,091,834	2,091,834
Trade and other payables	1,490,113	25,300	472,280	1,987,693
Amount due to related parties	-	-	1,589,095	1,589,095
	$1,490,113	$25,300	$28,553,209	$30,068,622

14. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

Substantially all of the company's transactions, assets and liabilities are denominated in Eastern Caribbean Dollars. Therefore, the company has no significant exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including loans. The Company holds primarily fixed rate financial instruments and is therefore not significantly exposed to interest rate risk. The Company also holds no material interest bearing financial assets.

Operational risk

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

The Company has secured the properties against fire and perils including natural disaster. In addition appropriate insurance for third party liability is in place.

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15. OPERATIONAL EXPENSES

	2018	2017
Janitorial expenses	153,389	153,438
Insurance	269,440	282,349
Security services	266,226	233,268
General maintenance	162,322	294,013
Office supplies	20,119	19,257
Service charge	58,464	58,464
Parking expenses	32,933	32,802
Salaries and other staff cost	373,571	293,069
Telephone	34,077	32,225
Public relations	42,276	36,288
Electricity	208,461	183,799
Water	79,618	62,274
	$1,700,896	$1,681,246

16. GENERAL EXPENSES

General management compensation	135,231	118,125
Directors fees and expenses	62,499	45,875
Legal fees	1,630	14,427
Audit fees	16,000	24,000
Professional fees	146,808	32,000
ECCSR yearly costs	18,496	18,500
	$380,664	$252,927