

# **Endeavour Holdings Limited**

Consolidated Financial Statements

30 April 2023

*(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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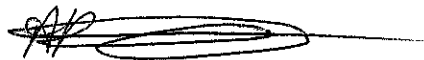
Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Endeavour Holdings Limited (the Company) which comprise the consolidated statement of financial position as at 30 April 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and 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 consolidated financial statements, management utilised 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 consolidated financial statements have been authorised for issue, if later.

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



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Chief Executive Officer  
27 June 2023



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Chief Financial Officer  
27 June 2023



## Independent auditor's report

To the Shareholders of Endeavour Holdings Limited

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

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#### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Endeavour Holdings Limited (the Company) and its subsidiary (together 'the Group') as at 30 April 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 April 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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#### 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 consolidated financial statements* section of our report.

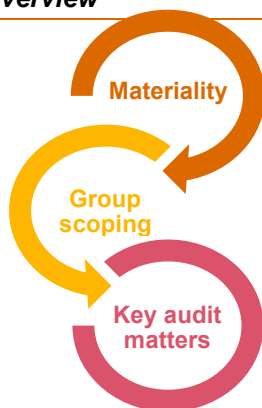
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. Our audit approach

#### Overview

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Overall group materiality: TT\$5,080,000 which represents 0.8% of net assets.

- The Group audit included:
  - full scope audit of the Company.
  - specified procedures on certain balances of the subsidiary.

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Fair value measurement of investment properties

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### **Audit scope**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated 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.

### **How we tailored our group audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group audit engagement team was the auditor for the Company as well as the subsidiary.

### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated 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 consolidated financial statements as a whole.

<b>Overall Group materiality</b>	TT\$5,080,000
<b>How we determined it</b>	0.8% of net assets
<b>Rationale for the materiality benchmark applied</b>	We chose net assets as the benchmark because, in our view, it is the principal indicator utilised by the users of the Group's consolidated financial statements in making decisions. The Group is asset-based with substantial holdings of investment properties, therefore, net assets is the most relevant benchmark to reflect the financial performance of the Group. We chose 0.8% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above TT\$254,000, 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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

### *Fair value measurement of investment properties*

*Refer to notes 2 (e) and 6 to the consolidated financial statements for disclosures of related accounting policies and balances.*

As at 30 April 2023, the Group's fair value of investment properties totaled TT\$907.8 million, or 94.7% of total assets. A net fair value loss adjustment of TT\$10.6 million was recognised in the consolidated statement of comprehensive income as a result of the revaluation of these properties.

The fair value of the investment properties is determined in accordance with the Group's valuation methodology, using the Income Approach, which requires an annual assessment to be performed by management.

We focused on this area because of the significant level of judgement required in arriving at the key assumptions, as follows:

- Future rental cash inflows which are based on the location, type and quality of the properties, expected occupancy rates and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
- Capitalisation rates which are based on actual location, size, quality and age of the properties and maintenance programs, taking into account comparable market data at the valuation date.

The approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others:

- Obtained an understanding of and evaluated management's process for estimating investment property valuations, including obtaining and reviewing valuations performed by management's independent valuator.
- Assessed the competence and independence of management's independent valuator and inspected the final valuation reports.
- Performed independent fair value calculations for the investment properties and compared to the fair value recorded by management.
- Tested future rental cash inflow, on a sample basis, by agreeing the square footage and rental rates to the underlying signed lease contracts.
- Recalculated occupancy rates based on a sample of signed lease contracts.
- Evaluated and tested management's capitalisation rate assumption, using knowledge of the industry and current and expected market conditions such as country risk premium and repo rates.
- Tested the reasonableness of the maintenance costs included in the fair value computation by comparing the historical costs of these expenses as a percentage of rental income.
- Tested the mathematical accuracy of management's calculations.

The results of our procedures indicated that the assumptions used by management for determining the fair value of investment properties were not unreasonable.

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## Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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## Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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## Auditor's responsibilities for the audit of the consolidated financial statements (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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 June 2023



# Endeavour Holdings Limited

## Consolidated Statement of Financial Position (Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 April	
		2023 \$	2022 \$
<b>Assets</b>			
<i>Non-current assets</i>			
Investment properties	6	907,750,000	823,400,000
Property, plant and equipment	7	<u>2,502,987</u>	<u>1,795,296</u>
		<u>910,252,987</u>	<u>825,195,296</u>
<i>Current assets</i>			
Trade and other receivables	8	12,941,844	14,119,297
Taxation refundable		748,066	470,914
Cash and cash equivalents	10	<u>34,447,172</u>	<u>29,693,978</u>
		<u>48,137,082</u>	<u>44,284,189</u>
<b>Total assets</b>		<u>958,390,069</u>	<u>869,479,485</u>
<b>Equity and liabilities</b>			
<i>Equity attributable to equity holders of the company</i>			
Share capital	13	43,058,438	43,058,438
Maintenance reserve fund	24	5,443,112	5,067,463
Retained earnings		<u>587,416,728</u>	<u>531,633,209</u>
<b>Total equity</b>		<u>635,918,278</u>	<u>579,759,110</u>
<i>Non-current liabilities</i>			
Deferred income tax liability	14	58,386,222	54,413,048
Borrowings	15	<u>230,595,442</u>	<u>89,241,168</u>
		<u>288,981,664</u>	<u>143,654,216</u>
<i>Current liabilities</i>			
Due to related parties	9	218,393	227,542
Borrowings	15	24,363,549	139,230,769
Trade and other payables	16	8,908,185	6,098,966
Bank overdraft	10	<u>—</u>	<u>508,882</u>
		<u>33,490,127</u>	<u>146,066,159</u>
<b>Total equity and liabilities</b>		<u>958,390,069</u>	<u>869,479,485</u>

The notes on pages 11 to 45 are an integral part of these consolidated financial statements.

On 27 June 2023, the Board of Directors of Endeavour Holdings Limited authorised these consolidated financial statements for issue.



Director



Director

# Endeavour Holdings Limited

## Consolidated Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 April	
		2023 \$	2022 \$
<b>Revenue from contracts with customers</b>	18	84,626,730	78,788,311
<b>Rental expenses</b>	17	<u>(25,218,483)</u>	<u>(29,979,685)</u>
<b>Net rental income</b>		<u>59,408,247</u>	<u>48,808,626</u>
<b>Other income</b>			
Net (loss)/gain from fair value adjustment on investment properties	6	(10,602,154)	12,200,000
Other income	18	<u>392,023</u>	<u>420,978</u>
		<u>(10,210,131)</u>	<u>12,620,978</u>
<b>Expenses</b>			
Administrative	19	(6,017,758)	(2,010,344)
Operating	20	<u>431,385</u>	<u>927,295</u>
		<u>(5,586,373)</u>	<u>(1,083,049)</u>
<b>Operating profit</b>		43,611,743	60,346,555
Gain on acquisition of subsidiary	29	43,724,135	--
Finance costs	21	<u>(16,756,288)</u>	<u>(15,188,019)</u>
<b>Profit before income tax</b>		<u>70,579,590</u>	<u>45,158,536</u>
<b>Taxation</b>			
Current	22	197,426	--
Deferred taxation	22	<u>(1,838,449)</u>	<u>(2,042,721)</u>
		<u>(1,641,023)</u>	<u>(2,042,721)</u>
<b>Profit for the year</b>		68,938,567	43,115,815
<b>Other comprehensive income</b>		--	--
<b>Total comprehensive income for the year</b>		<u>68,938,567</u>	<u>43,115,815</u>
<b>Earnings per share</b>			
Basic earnings per share including fair value adjustment on investment properties and gain on acquisition of subsidiary	25	<u>\$2.10</u>	<u>\$1.31</u>
Basic earnings per share excluding fair value adjustment on investment properties and gain on acquisition of subsidiary	25	<u>\$1.09</u>	<u>\$0.94</u>

The notes on pages 11 to 45 are an integral part of these consolidated financial statements.

# Endeavour Holdings Limited

## Consolidated 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 2022</b>		43,058,438	5,067,463	531,633,209	579,759,110
<b>Total comprehensive income for the year</b>					
Profit for the year		--	--	68,938,567	68,938,567
Transfer to maintenance reserve	24	--	375,649	--	375,649
<b>Total comprehensive income for the year</b>		--	375,649	68,938,567	69,314,216
<b>Transactions with owners in their capacity as owners</b>					
Dividends	23	--	--	(13,155,048)	(13,155,048)
<b>Balance at 30 April 2023</b>		<u>43,058,438</u>	<u>5,443,112</u>	<u>587,416,728</u>	<u>635,918,278</u>
<b>Balance at 1 May 2021</b>		43,058,438	4,690,285	501,672,442	549,421,165
<b>Total comprehensive income for the year</b>					
Profit for the year		--	--	43,115,815	43,115,815
Transfer to maintenance reserve	24	--	377,178	--	377,178
<b>Total comprehensive income for the year</b>		--	377,178	43,115,815	43,492,993
<b>Transactions with owners in their capacity as owners</b>					
Dividends	23	--	--	(13,155,048)	(13,155,048)
<b>Balance at 30 April 2022</b>		<u>43,058,438</u>	<u>5,067,463</u>	<u>531,633,209</u>	<u>579,759,110</u>

The notes on pages 11 to 45 are an integral part of these consolidated financial statements.

# Endeavour Holdings Limited

## Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 April	
		2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Profit before income tax		70,579,590	45,158,536
<i>Adjustments for:</i>			
Net loss/(gain) from fair value adjustment on investment properties	6	10,602,154	(12,200,000)
Finance costs	21	16,756,288	15,188,019
Gain on acquisition of subsidiary	29	(43,724,135)	--
Depreciation	7	<u>606,894</u>	<u>442,750</u>
Operating profit before working capital changes		54,820,791	48,589,305
Increase in trade and other receivables		(910,976)	(1,168,935)
Increase/(decrease) in trade and other payables		3,568,559	(770,212)
Decrease in due to related parties		<u>(9,149)</u>	<u>(212,429)</u>
Net cash generated from operations		57,469,225	46,437,729
Interest paid		(16,218,640)	(14,894,412)
Tax paid		<u>(79,073)</u>	<u>(451,538)</u>
<b>Net cash flows generated from operating activities</b>		<u>41,171,512</u>	<u>31,091,779</u>
<b>Cashflows from investing activities</b>			
Purchase of property, plant and equipment	7	(57,853)	(1,364,836)
Acquisition of subsidiary, net of cash acquired	29	(44,388,975)	--
Additions to investment property	6	<u>(4,952,154)</u>	<u>--</u>
<b>Net cash used in investing activities</b>		<u>(49,398,982)</u>	<u>(1,364,836)</u>
<b>Cashflows from financing activities</b>			
Repayments of borrowings		(184,231,055)	(28,461,537)
Proceeds from borrowings		210,500,000	--
Transfer to maintenance reserve fund		375,649	377,178
Dividends paid	23	<u>(13,155,048)</u>	<u>(13,155,048)</u>
<b>Net cash flows generated from/(used in) financing activities</b>		<u>13,489,546</u>	<u>(41,239,407)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		5,262,076	(11,512,464)
<b>Cash and cash equivalents at beginning of the year</b>		<u>29,185,096</u>	<u>40,697,560</u>
<b>Cash and cash equivalents at end of the year</b>	10	<u>34,447,172</u>	<u>29,185,096</u>

The notes on pages 11 to 45 are an integral part of these consolidated financial statements.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 1 General information

Endeavour Holdings Limited (the Company) is incorporated in the Republic of Trinidad and Tobago. 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 is listed on the Small and Medium Enterprises (SME) stock market of the Trinidad and Tobago Stock Exchange (TTSE).

The Company acquired 100% of the issued and outstanding shares of Massy Properties (Trinidad) Ltd now Endeavour POS Properties Limited (the subsidiary) on 8 July 2022. The subsidiary is incorporated in the Republic of Trinidad and Tobago its principal activity is property rental and real estate holdings.

The Group consists of the Company together with the subsidiary.

### 2 Significant accounting policies

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

#### a. *Going concern*

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

#### b. *Basis of preparation*

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

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

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

##### (i) *New standards and interpretations adopted by the Group*

The Group has applied the following amendments for the first time for its annual reporting period commencing 1 May 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 Significant accounting policies (continued)

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

##### (ii) *New standards not yet effective*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 April 2023 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### d. *Foreign currency translation*

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

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

##### (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 consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within finance costs or income. All other foreign exchange gains and losses are presented separately on the consolidated statement of comprehensive income within other 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 Group, 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 Group 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. Active market prices are not available therefore to determine the fair value, the Group 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.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 Significant accounting policies (continued)

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

These valuations form the basis for the carrying amounts in the consolidated 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.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions such as the capitalisation rate, vacancy levels and outgoings which 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 Group 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 consolidated statement of comprehensive income. Investment properties are derecognised when they have been disposed.

Where the Group 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 consolidated 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 Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the consolidated 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%
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 Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 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 Group 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 Group has transferred substantially all the risks and rewards of ownership.

##### (iii) *Measurement*

The Group 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 Group holds trade receivables with the objective to collect contractual cash flows.



# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 Significant accounting policies (continued)

#### h. *Financial assets (continued)*

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

The Group applies the simplified approach for trade receivables as permitted by *IFRS 9, 'Financial Instruments'*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group 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 on historical payment profiles and applied to the different aging buckets as of the consolidated statement of financial position date. The loss rates were adjusted to incorporate forward-looking information.

#### i. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated 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 consolidated 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 consolidated statement of financial position when the first repayment begins twelve months after consolidated statement of financial position date.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 Significant accounting policies (continued)

#### i. *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 consolidated statement of comprehensive income in the financial year in which they occurred.

#### 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 Group 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. The reserve is charged at a rate of fifty cents per square foot. The Group covers the maintenance reserve for leases that exclude the charge and for vacant units, this charge is included in rental expenses. The full amount is transferred to maintenance reserve fund within equity.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 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 Group assesses whether individual elements of service in contracts 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.

The Group 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.

Discounts - Under *IFRS 9 Financial Instruments*, the financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire. Rent discounts are recognised as a loss in the consolidated statement of comprehensive income with a corresponding reduction in the rent receivable in the period in which the reduction is contractually agreed.

Deferrals - *IFRS 15 Revenue from contracts with customers* requires the recognition of revenue when a performance obligation is satisfied. Deferred rent is recognised in the period in which it is deferred.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 Significant accounting policies (continued)

#### r. *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group 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.

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

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated 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 consolidated 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 consolidated 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 substantively enacted by the date of the consolidated 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 recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's business model for investment properties is to hold for rental income until possible sale, although there are no specific plans for sale. The Group'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 Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 Significant accounting policies (continued)

#### t. Leases

At inception, the Group 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 Group assesses whether:

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

At inception or on assessment of a contract that contains a lease component, the Group 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 Group has elected not to recognise 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 Group 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 Group's shareholders is recognised as a liability in the consolidated 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 Group has determined that its chief operating decision-maker is the chief executive officer (CEO) of the Group.

#### w. Consolidation

Subsidiaries are all entities (including structures entities) over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2 Significant accounting policies (continued)

#### w. Consolidation (continued)

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management

#### a. Financial risk factors

The Group'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 Group'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 Group does not operate internationally and is thus not exposed to foreign exchange risk arising from various currency exposures. The majority of the Group's financial assets, financial liabilities and rental income is determined and collected in Trinidad and Tobago dollars (TTD). There are rental income amounts billed in United States Dollars (USD), for which there was exposure to foreign exchange risk as at 30 April 2022, however there are no foreign currency receivable balances as at 30 April 2023.

At 30 April 2023 if the USD had weakened/strengthened by 0.5% (2022: 0.5%), against the TTD with all other variables held constant, post-tax profit for the year would have been nil (2022: \$4,721 higher/lower), 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 Group's maximum exposure to credit risk.

	2023	2022
	\$	\$
Cash in hand and at bank excluding cash in hand	34,442,172	29,688,978
Trade and other receivables excluding prepayments	<u>11,707,208</u>	<u>13,432,993</u>
Total	<u>46,149,380</u>	<u>43,121,971</u>

The Group'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 Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 3 Financial risk management (continued)

#### a. Financial risk factors (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 Group 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 Group 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 Group has assessed that there has been no significant increase in credit risk of trade and other receivable balances since initial recognition and 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 Group 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 2022 and ending on 30 April 2023 and the corresponding historical credit losses experienced within this period. There has been no change in the estimation technique or significant assumptions in the current year.

###### *Assets written off*

Trade and other receivables are written off when there is no reasonable expectation of recovery. The Group 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 Group 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 Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for the financial assets and adjusts for forward looking macroeconomic data.



# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

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

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

The Group provides for credit losses on financial assets as follows:

	Current \$	30 to 90 days past due \$	More than 90 days past due \$	Total \$
<b>At 30 April 2023</b>				
Trade receivable	4,819,658	3,884,264	9,712,615	18,416,447
Loss allowance (Note 8)	--	--	1,822,923	1,822,923
Expected loss rate	0%	0%	19%	10%

	Current \$	30 to 90 days past due \$	More than 90 days past due \$	Total \$
<b>At 30 April 2022</b>				
Trade receivable	6,825,448	5,011,861	9,086,495	20,923,804
Loss allowance (Note 8)	--	--	2,275,313	2,275,313
Expected loss rate	0%	0%	25%	11%

##### (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 Group.

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 2023</b>				
Borrowings	41,791,933	37,203,276	103,712,601	155,040,713
Due to related parties	218,393	--	--	--
Trade and other payables, excluding non-financial liabilities	8,254,673	--	--	--
	<u>50,264,999</u>	<u>37,203,276</u>	<u>103,712,601</u>	<u>155,040,713</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(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 2022</b>				
Borrowings	153,680,648	15,597,207	42,918,622	59,310,340
Due to related parties	227,542	--	--	--
Trade and other payables, excluding non-financial liabilities	5,586,198	--	--	--
	<u>159,494,388</u>	<u>15,597,207</u>	<u>42,918,622</u>	<u>59,310,340</u>

#### b. Capital risk management

The Group's objective when managing capital is to safeguard the Group'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 Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. There have been no changes to policies and procedures from prior year.

	2023 \$	2022 \$
Total borrowings (Note 15)	254,958,991	228,471,937
Less: Cash and cash equivalents (Note 10)	<u>(34,447,172)</u>	<u>(29,185,096)</u>
Net debt	<u>220,511,819</u>	<u>199,286,841</u>
Total equity	<u>635,918,278</u>	<u>579,759,110</u>
Total capital	<u>856,430,097</u>	<u>779,045,951</u>
Gearing ratio	<u>26%</u>	<u>26%</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(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):

Covenants for Loan #1

(i)	Minimum debt service coverage ratio of 1.25:1	1.31
(ii)	Minimum free cashflow to total debt repayment of 1.0:1	1.14
(iii)	Maximum total financial debt to tangible fixed assets of 50%	28%

Covenants for Loan #2 and Loan #3 are not yet effective.

#### 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.

### 4 Critical accounting estimates and judgements

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

#### a. Critical accounting estimates and assumptions

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

The fair value of investment properties is determined by using valuation techniques which includes certain key judgements and assumptions such as the future rental cash inflow and capitalisation rates. See Note 6.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 4 Critical accounting estimates and judgements (continued)

#### a. Critical accounting estimates and assumptions (continued)

##### (ii) Impairment assessment of non-financial assets of the Group

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 Group will make a formal estimate of recoverable amount. At the consolidated statement of financial position date, the market capitalisation of the Group was significantly less than the net assets of the Group. As such, management determined that an impairment assessment was required to determine if the assets of the Group were impaired. See Note 27.

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

##### (i) Deferred tax on investment properties

The Group 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 Group'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.

### 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 Group has determined that its chief operating decision-maker is the chief executive officer (CEO) of the Group, Mr. Anthony Rahael.

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 Group'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 consolidated statement of comprehensive income.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 5 Operating segment (continued)

The segment information provided to the CEO for the operating segment for the year ended 30 April 2023 is as follows:

	Investment properties \$	Corporate office \$	Total \$
Total segment revenue:			
Revenue and other income from external customers	84,873,487	145,266	85,018,753
Operating profit	46,150,926	41,184,952	87,335,878
Included in operating profit:			
Depreciation	604,638	2,256	606,894
Net loss from fair value adjustment on investment properties	(10,602,154)	--	(10,602,154)
Not included in operating profit			
Interest expense	13,445,978	3,310,310	16,756,288
Income tax expense	1,641,023	--	1,641,023

The segment information provided to the CEO for the operating segment for the year ended 30 April 2022 is as follows:

	Investment properties \$	Corporate office \$	Total \$
Total segment revenue:			
Revenue and other income from external customers	78,917,927	291,362	79,209,289
Operating profit/(loss)	61,823,428	(1,476,873)	60,346,555
Included in operating profit:			
Depreciation	439,936	2,814	442,750
Net gain from fair value adjustment on investment properties	12,200,000	--	12,200,000
Not included in operating profit			
Interest expense	14,644,167	543,852	15,188,019
Income tax expense	2,042,721	--	2,042,721

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 Group'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 consolidated 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.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 5 Operating segment (continued)

The breakdown of revenue from all services is as follows:

<b>Analysis of revenue by category</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Rental income		
- shopping mall	26,819,748	29,440,351
- commercial rental	41,700,768	34,718,331
- light industrial	<u>5,804,400</u>	<u>4,776,013</u>
Total rental income	74,324,916	68,934,695
Service and management charges	<u>10,693,837</u>	<u>10,274,594</u>
<b>Total revenue</b>	<u><b>85,018,753</b></u>	<u><b>79,209,289</b></u>

Revenues are derived from a large number of tenants and in 2023, there were 3 tenants who contributed more than 10% of the Group's revenue. Revenues from these tenants amounted to \$28,508,971 (2022: \$28,909,821) and are included within the commercial rental segment.

### 6 Investment properties

#### Year ended 30 April 2023

	<b>1 May 2022</b>	<b>Additions</b>	<b>Acquisition of subsidiary</b>	<b>Fair value adjustment</b>	<b>30 April 2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
			<b>(Note 29)</b>		
Shopping mall	389,300,000	4,952,154	--	(16,352,154)	377,900,000
Commercial rental	388,100,000	--	90,000,000	1,750,000	479,850,000
Light industrial property	<u>46,000,000</u>	--	--	4,000,000	<u>50,000,000</u>
Total carrying value	<u>823,400,000</u>	<u>4,952,154</u>	<u>90,000,000</u>	<u>(10,602,154)</u>	<u>907,750,000</u>

#### Year ended 30 April 2022

	<b>1 May 2021</b>	<b>Fair value adjustment</b>	<b>30 April 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Shopping mall	381,900,000	7,400,000	389,300,000
Commercial rental	388,700,000	(600,000)	388,100,000
Light industrial property	<u>40,600,000</u>	5,400,000	<u>46,000,000</u>
Total carrying value	<u>811,200,000</u>	<u>12,200,000</u>	<u>823,400,000</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.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 6 Investment properties (continued)

There were no investment properties measured at cost.

The Group'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 2023, the Group had no unprovided contractual obligations for future repairs and maintenance (2022: Nil).

Bank borrowings are secured on investment properties valued at \$907,750,000 (2022: \$823,400,000), see Note 15.

Direct operating expenses recognised in the consolidated statement of comprehensive income of \$25,218,483 (2022: \$29,979,685) relate to investment properties that were let throughout the year (Note 17).

#### Sensitivity analysis of investment properties for 2023

##### *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	377,900,000	356,900,000	359,800,000
Commercial rental	479,850,000	456,000,000	458,400,000
Light industrial property	<u>50,000,000</u>	<u>47,200,000</u>	<u>47,200,000</u>
	<u>907,750,000</u>	<u>860,100,000</u>	<u>865,400,000</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 6 Investment properties (continued)

#### Sensitivity analysis of investment properties for 2023 (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	70,600,000	67,000,000	9.75	74,700,000	8.75
Briar Place, Sweet Briar Road, St Clair	8.00	167,000,000	160,500,000	8.50	173,100,000	7.50
Lot 1# Price Plaza Mall	8.50	182,500,000	169,100,000	9.00	194,500,000	8.00
Price Plaza North Car Park Area	8.00	71,400,000	67,000,000	8.50	76,200,000	7.50
Price Plaza South	8.00	124,000,000	116,600,000	8.50	132,800,000	7.50
Lot H Price Plaza - Superpharm Chaguanas	8.00	28,300,000	26,600,000	8.50	30,200,000	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	80,250,000	75,500,000	8.75	85,600,000	7.75
Lot L1A Columbus Boulevard Westmoorings - Superpharm	8.25	25,800,000	24,300,000	8.75	27,400,000	7.75
Tumpuna Park Limited	8.50	50,000,000	47,100,000	9.00	53,100,000	8.00
Uptown Mall	10.00	42,000,000	40,000,000	10.50	45,000,000	9.50
Chic Building	9.00	<u>48,000,000</u>	<u>46,000,000</u>	9.50	<u>51,000,000</u>	8.50
		<u>907,750,000</u>	<u>856,600,000</u>		<u>962,700,000</u>	



# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 6 Investment properties (continued)

#### Sensitivity analysis of investment properties for 2022

##### *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	389,300,000	360,700,000	364,500,000
Commercial rental	388,100,000	368,300,000	379,200,000
Light industrial property	<u>46,000,000</u>	<u>43,500,000</u>	<u>43,500,000</u>
	<u>823,400,000</u>	<u>772,500,000</u>	<u>787,200,000</u>

##### *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	70,600,000	67,000,000	9.75	74,700,000	8.75
Briar Place, Sweet Briar Road, St Clair	8.00	170,200,000	160,300,000	8.50	181,600,000	7.50
Lot 1# Price Plaza Mall	8.50	185,000,000	174,100,000	9.00	197,100,000	8.00
Price Plaza North Car Park Area	8.00	74,700,000	70,300,000	8.50	79,700,000	7.50
Price Plaza South	8.00	129,600,000	121,300,000	8.50	138,200,000	7.50
Lot H Price Plaza - Superpharm Chaguanas	8.00	28,600,000	26,900,000	8.50	30,500,000	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>46,000,000</u>	<u>43,400,000</u>	9.00	<u>48,800,000</u>	8.00
		<u>823,400,000</u>	<u>775,200,000</u>		<u>876,900,000</u>	

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 6 Investment properties (continued)

#### Valuation processes of the Group

Five of the Group's investment properties were valued at 1 March 2023 using the Income Approach by an independent professionally qualified valuer who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment property valued. These properties are Lot 17 D to H Garden Road, Briar Place, Sweet Briar Road St Clair, Lot 1# Price Plaza Mall, Price Plaza South and Lot #2 South Trunk Gulf View.

Independent valuations were also conducted on 9 June 2022 and 10 June 2022 on the properties referred to as the Chic Building and Uptown Mall.

The Group's management performed the valuation of the remaining investment properties in the current year using the Income Approach. In the prior year, all valuations were performed by the Group's management using the Income Approach. 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;
- determines vacancy levels; and
- identifies appropriate capitalisation rates to apply to the cash flows.

As part of the assessment, the finance department reviews the key assumptions used in determining the fair value and the reasons for these 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. Management also made adjustments to the future rental cash inflow based on our knowledge of tenants experiencing difficulty where discounts have been granted in the past.

#### 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 comparable property market data at the valuation date.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 7 Property, plant and equipment

	Furniture, fixtures and equipment \$	Leasehold improvements \$	Total \$
<b>At 30 April 2021</b>			
Cost	1,471,918	5,154,921	6,626,839
Accumulated depreciation	(598,708)	(5,154,921)	(5,753,629)
Net book amount	<u>873,210</u>	<u>--</u>	<u>873,210</u>
<b>Year ended 30 April 2022</b>			
Opening net book amount	873,210	--	873,210
Additions	1,364,836	--	1,364,836
Depreciation charge	(442,750)	--	(442,750)
Closing net book amount	<u>1,795,296</u>	<u>--</u>	<u>1,795,296</u>
<b>At 30 April 2022</b>			
Cost	2,836,754	5,154,921	7,991,675
Accumulated depreciation	(1,041,458)	(5,154,921)	(6,196,379)
Net book amount	<u>1,795,296</u>	<u>--</u>	<u>1,795,296</u>
<b>Year ended 30 April 2023</b>			
Opening net book amount	1,795,296	--	1,795,296
Subsidiary acquisition (Note 29)	1,256,732	--	1,256,732
Additions	57,853	--	57,853
Depreciation charge	(606,894)	--	(606,894)
Closing net book amount	<u>2,502,987</u>	<u>--</u>	<u>2,502,987</u>
<b>At 30 April 2023</b>			
Cost	14,608,796	5,154,921	19,763,717
Accumulated depreciation	(12,105,809)	(5,154,921)	(17,260,730)
Net book amount	<u>2,502,987</u>	<u>--</u>	<u>2,502,987</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 8 Trade and other receivables

	2023 \$	2022 \$
Gross rent and CAM receivable	18,416,447	20,923,804
Less provision for impairment – specific	(4,886,316)	(5,215,498)
Less provision for impairment – expected credit loss (Note 3 (a) (ii))	<u>(1,822,923)</u>	<u>(2,275,313)</u>
Rent and CAM receivable, net of provision for impairment	11,707,208	13,432,993
Prepayments	<u>1,234,636</u>	<u>686,304</u>
	<u>12,941,844</u>	<u>14,119,297</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 Group's impairment policies and calculation of the loss allowance are provided in Note 3a(ii).

The Group was faced with increased concentration risk in the financial year 2022 with respect to trade receivables, as there were a number of tenants within the Shopping Mall segment that had been negatively impacted by COVID-19. A provision was recognised for amounts not expected to be recovered in 2022. Provisions were reviewed and adjusted accordingly in 2023.

Movements in the accumulated impairment losses on trade receivables were as follows:

Accumulated impairment losses at 1 May	7,490,811	8,799,740
Reversals during the year	<u>(781,572)</u>	<u>(1,308,929)</u>
Accumulated impairment losses at 30 April	<u>6,709,239</u>	<u>7,490,811</u>

The carrying value of trade and other receivables approximates their fair value. The Group does not hold any collateral as security. Trade receivables denominated in USD was nil (2022: \$944,124).

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

### 9 Related party transactions

#### a. Identity of related parties

The ownership of the Group is as follows:

Company	2023	2022
Endeavour ABRA Holdings Limited	97.31%	97.31%
Public Shareholders	2.69%	2.69%

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 9 Related party transactions (continued)

#### 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 2022	Purchases	Payments	30 April 2023
	\$	\$	\$	\$
<i>Due to related parties</i>				
Amalgamated Security Services Limited	225,032	2,995,587	(3,070,577)	150,042
Amera Caribbean Development Limited	--	5,459,373	(5,446,005)	13,368
Endeavour ABRA Holdings Limited	--	12,802,693	(12,802,693)	--
Albertwood Limited	2,510	507,770	(510,280)	--
Wazifa Services Limited	--	1,719,816	(1,719,816)	--
Edward Abra Acquisition Company Limited	--	54,983	--	54,983
	<u>227,542</u>	<u>23,540,222</u>	<u>(23,549,371)</u>	<u>218,393</u>

	1 May 2021	Purchases	Payments	30 April 2022
	\$	\$	\$	\$
<i>Due to related parties</i>				
Amalgamated Security Services Limited	153,338	2,059,495	(1,987,801)	225,032
Amera Caribbean Development Limited	219,014	3,592,345	(3,811,359)	--
Endeavour ABRA Holdings Limited	--	12,801,200	(12,801,200)	--
Albertwood Limited	2,836	560,960	(561,286)	2,510
Wazifa Services Limited	64,783	810,073	(874,856)	--
	<u>439,971</u>	<u>19,824,073</u>	<u>(20,036,502)</u>	<u>227,542</u>

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

The transactions with Amera Caribbean Development Limited represent property management services.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 9 Related party transactions (continued)

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

Wazifa Services Limited provides asset management services to Endeavour Holdings Limited.

Endeavour Holdings Limited also has a rental agreement with Albertwood Limited for rental of premises of \$467,648 (2022: \$467,648) (Note 17).

	1 May 2022	Loans advanced/ (received)	(Receipts)/ payments	30 April 2023
	\$	\$	\$	\$
<i>Loan to/from related party</i>				
Endeavour ABRA Holdings Limited	--	(1,470,556)	1,470,556	--
Pelican Investments Limited	--	(46,955,342)	46,955,342	--
	--	(48,425,898)	(48,425,898)	--

A short-term loan was granted in February 2023 at a rate of 10%, and principal and interest were fully paid off before the year-end.

#### c. Transactions with key management personnel

Personnel services for the Group are outsourced to Amera Caribbean Development Limited, who retains staff. The management fees paid amounted to \$3,645,275 (2022: \$2,3444,594).

	2023 \$	2022 \$
<b>Key management compensation</b>		
Directors' fees	<u>334,000</u>	<u>304,000</u>

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

### 10 Cash and cash equivalents

	2023 \$	2022 \$
Cash and cash equivalents	<u>34,447,172</u>	<u>29,185,096</u>

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

Cash and cash equivalents, excluding bank overdraft	34,447,172	29,693,978
Less: bank overdraft	<u>--</u>	<u>(508,882)</u>
Cash and cash equivalents, including bank overdraft	<u>34,447,172</u>	<u>29,185,096</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 11 Financial instruments by category

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

#### Assets as per consolidated statement of financial position

	2023	2022
	\$	\$
<i>Loans and receivables</i>		
Trade and other receivables, excluding prepayments	11,707,209	13,432,993
Cash and cash equivalents	<u>34,447,172</u>	<u>29,693,978</u>
Total	<u>46,154,381</u>	<u>43,126,971</u>

#### Liabilities as per consolidated statement of financial position

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

Borrowings	254,958,990	228,471,937
Trade and other payables, excluding non-financial liabilities	8,254,673	5,586,198
Bank overdraft	--	508,882
Due to related parties	<u>218,393</u>	<u>227,542</u>
Total	<u>263,432,056</u>	<u>234,794,559</u>

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

### 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:

#### *Trade receivables*

	2023	2022
	\$	\$
Counterparties without external credit rating:		
Existing customers (more than 6 months) with some defaults in the past	<u>4,819,567</u>	<u>6,825,448</u>

#### *Cash at bank and short-term bank deposits*

##### *Local banks/cash in hand:*

Cash in bank	34,442,172	29,688,978
Cash in hand	<u>5,000</u>	<u>5,000</u>
	<u>34,447,172</u>	<u>29,693,978</u>

Cash at bank is held with reputable local financial institutions.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

13	<b>Share capital</b>	<b>2023</b>	<b>2022</b>
		\$	\$
	Authorised shares		
	The total authorized number of no par value shares is unlimited		
	Issued and fully paid		
	32,887,619 ordinary shares of no par value	<u>43,058,438</u>	<u>43,058,438</u>

### 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%.

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

#### *Deferred tax liability – investment properties*

Beginning of the year	54,413,048	52,370,327
Subsidiary – at acquisition (Note 29)	2,134,725	--
Charge for the year (Note 22)	<u>1,838,449</u>	<u>2,042,721</u>
End of year	<u>58,386,222</u>	<u>54,413,048</u>

### 15 Borrowings

a)	<b>2023</b>			<b>2022</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Loan #1	10,000,000	79,458,991	89,458,991	139,230,769	89,241,168	228,471,937
Loan #2	12,500,000	112,500,000	125,000,000	--	--	--
Loan #3	<u>1,863,549</u>	<u>38,636,451</u>	<u>40,500,000</u>	--	--	--
	<u>24,363,549</u>	<u>230,595,442</u>	<u>254,958,991</u>	<u>139,230,769</u>	<u>89,241,168</u>	<u>228,471,937</u>

The borrowings include amounts secured on investment properties to the market value of \$907,750,000 (2022: \$823,400,000) (Note 6).

#### *Loan #1*

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

Tranche A is over seven (7) years with a rate of interest fixed at 5.50% per annum and a total value of \$240 million. Tranche A - Equal semi-annual payments of principal payable in arrears commencing six months after issue date. A 50% balloon payment was due 30 March 2023 and was refinanced by loan #2. The effective interest rate was 2.87%.

Tranche B is over fifteen (15) years with a rate of interest fixed at 6.25% per annum and a total value of \$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 March 2031. The effective interest rate is 3.22%.



# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 15 Borrowings (continued)

Tranche C is over twenty (20) years with a rate of interest fixed at 6.90% per annum and a total value of \$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 March 2036. The effective interest rate is 3.53%.

#### Loan #2

This loan was granted by First Citizens Bank Limited on 28 March 2023 for \$125 million to refinance the bullet amount of \$120 million on Tranche A of Loan #1 from First Citizens Trustee Services Limited and fund associated closing costs. The interest rate is fixed for year one at 5.25%, thereafter subject to reset annually with a floor rate of 5.25%. The loan is repayable in semi-annual payments of principal and interest. The term of the loan is 10 years and matures on 28 September 2032.

The security held over the aforementioned facilities is a first demand debenture over the fixed and floating assets of the Group: 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 on a pari passu basis, as well as the assignment of all risk insurance.

#### Loan #3

This loan was granted by First Citizens Bank Limited to Endeavour POS Properties Limited. This is a dual tranche term loan facility. Both tranches are for a period of 15 years.

Tranche A for \$40.5 million was drawdown 16 February 2023 and is to reimburse funds advanced by a related party to acquire the shares of Massy Properties (Trinidad) Limited. Interest rate is fixed for one year at an effective rate of 5.0% per annum, thereafter subject to reset annually with a floor of 5%. The loan is repayable quarterly by blended interest and principal payments. Tranche A matures 16 February 2038.

Tranche B totals \$7.5 million with either single or multiple drawdowns of no less than \$2.5M. This loan is to facilitate improvements over the next 18 months. Interest rate is fixed for one year at an effective rate of 5% per annum, thereafter subject to reset annually with a floor of 5.0%. Tranche B is available for 18 months and has not yet been drawdown.

The security held for Loan #3 is a first demand mortgage over properties located at The Chic Building on Park Street, Port-of-Spain and Uptown Mall on Edward Street, Port-of-Spain as well as assignment of all relevant insurances and assignment of the issued shares of Endeavour POS Properties Limited.

15b) Net debt reconciliation	2023 \$	2022 \$
Cash and cash equivalents	34,447,172	29,693,978
Bank overdraft	--	(508,882)
Borrowings (excluding bank overdraft)	<u>(254,958,990)</u>	<u>(228,471,937)</u>
Net debt	<u>(220,511,818)</u>	<u>(199,286,841)</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

16 Trade and other payables	2023 \$	2022 \$
Tenant deposits	4,634,664	3,628,598
Accruals and other payables	2,488,948	1,523,897
Accounts payable	1,132,110	433,702
Value added tax	652,463	512,769
	<u>8,908,185</u>	<u>6,098,966</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	2023 \$	2022 \$
Repairs and maintenance	5,054,373	4,356,158
Electricity	4,896,966	4,264,584
Security	4,295,376	3,296,481
Management fees	3,290,449	3,073,570
Janitorial and landscaping	2,082,714	1,690,236
Insurance	1,973,689	1,661,682
Discounts	1,213,236	9,389,983
Depreciation	605,753	442,750
Advertising and promotion	535,190	411,276
Rental – premises (Note 9b)	467,648	467,648
Rates and taxes	430,599	299,351
Maintenance reserve expense	247,128	347,207
Commissions	49,944	216,282
Telephone, cable and internet	45,588	39,202
General expenses	29,830	23,275
	<u>25,218,483</u>	<u>29,979,685</u>

18 Revenue from contracts with customers		
Rental income	70,724,015	65,790,151
Common area maintenance (CAM)	9,062,746	9,386,690
Electricity income	4,839,969	3,611,470
	<u>84,626,730</u>	<u>78,788,311</u>

### Other income

Reimbursable income	155,242	121,140
Other income	153,568	84,000
Loan interest	70,557	206,595
Water income	11,145	8,474
Bank interest	1,511	769
	<u>392,023</u>	<u>420,978</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 18 Revenue from contracts with customers

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

Contingent rents in 2023 and 2022 recognised as income were nil. The Group'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 Group'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 Group has not incurred costs to obtain specific contracts that did not meet the practical expedient available under IFRS 15 for the 2023 and 2022 financial years.

19 Administrative expenses	2023 \$	2022 \$
Legal and professional	2,549,094	883,253
Management fees	2,955,024	700,171
Audit fees	<u>513,640</u>	<u>426,920</u>
	<u>6,017,758</u>	<u>2,010,344</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

20	<b>Operating expenses</b>	<b>2023</b> \$	<b>2022</b> \$
	Advertising and public relations	130,282	180,903
	Printing, postage and stationery	90,549	67,064
	General expenses	62,458	725
	Rental - cable and internet	23,280	23,280
	Telephone	10,299	6,537
	Depreciation	1,141	--
	Transport	180	--
	Bad debts (net of recoveries)	<u>(749,574)</u>	<u>(1,205,804)</u>
		<u>(431,385)</u>	<u>(927,295)</u>
21	<b>Finance costs</b>		
	Interest on borrowings	15,622,448	15,076,733
	Finance charges	1,123,955	100,000
	Bank charges and interest	<u>9,885</u>	<u>11,286</u>
		<u>16,756,288</u>	<u>15,188,019</u>
22	<b>Income tax expense</b>		
	<i>Current taxation</i>		
	Green fund levy	26,643	--
	Business levy	53,287	--
	Prior year over provision	<u>(277,356)</u>	<u>--</u>
	<i>Total current tax</i>	<u>(197,426)</u>	<u>--</u>
	<i>Deferred tax (Note 14)</i>		
	Charge for the year	<u>1,838,449</u>	<u>2,042,721</u>
	Tax charge in the consolidated statement of comprehensive income	<u>1,641,023</u>	<u>2,042,721</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>70,579,590</u>	<u>45,158,536</u>
	Deferred tax	1,838,449	2,042,721
	Business levy	53,287	--
	Green fund levy	26,643	--
	Prior year over provision	<u>(277,356)</u>	<u>--</u>
	Tax charge in the consolidated statement of comprehensive income	<u>1,641,023</u>	<u>2,042,721</u>

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

### 22 Income tax expense (continued)

The Company is listed on the Small and Medium Enterprises (SME) market on the Trinidad & Tobago Stock Exchange (TTSE). Under the Finance Act, 2020 effective 1 January 2021, the Corporation Tax rate for a listed SME was changed from 10% to 0% for the first 5 years from listing, 15% for the succeeding 5 years and the standard rate of tax of 30% thereafter.

The subsidiary is subject to corporation tax at a rate of 30%, business levy at 0.9% and green fund levy at 0.3%. Deferred tax liability is calculated at the corporation tax rate of 30%.

### 23 Dividends

The interim dividends declared and paid for the financial year ended 30 April 2023 amounted to \$13,155,048 (\$0.40 per share) (2022: \$13,155,048).

There were no dividends payable in respect of financial years ended 30 April 2022 and 30 April 2023.

### 24 Maintenance reserve fund

The purpose of this reserve is for the replacement of fixed assets at Briar Place.

	2023 \$	2022 \$
Beginning of the year	5,067,463	4,690,285
Charge for the year	<u>375,649</u>	<u>377,178</u>
End of the year	<u>5,443,112</u>	<u>5,067,463</u>

### 25 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.

Profit attributable to shareholders	<u>68,938,567</u>	<u>43,115,815</u>
Number of common shares in issue during the year	<u>32,887,619</u>	<u>32,887,619</u>
Basic earnings per share including fair value adjustment on investment properties and gain on acquisition of subsidiary	<u>\$2.10</u>	<u>\$1.31</u>
Basic earnings per share excluding fair value adjustment on investment properties and gain on acquisition of subsidiary	<u>\$1.09</u>	<u>\$0.94</u>

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

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 26 Commitments and contingencies

There were no capital commitments for financial year ends 2022 and 2023.

The Group has a legal obligation for the payment of property taxes based on the Property Tax Act which was assented to on 31 December 2009 and the subsequent amendments and waivers. The Act provides for the Government to commence the collection of property tax after the Valuation Division of the Ministry of Finance has completed 50% of the assessment of properties in Trinidad and Tobago. The Group's properties have not been assessed by the Valuation Division to enable a quantification of the likely impact of this liability. Recent pronouncements from the Minister of Finance also indicated that the intention is to focus collection on only residential and non-commercial properties from December 2022. This process has not yet started at the date of the approval of these consolidated financial statements. Therefore, it is anticipated that there will be no property tax obligation to be incurred in respect of the current period and as such, no provision has been recorded in these consolidated financial statements.

### 27 Impairment assessment of non-financial assets of the Group

At the consolidated statement of financial position date, the market capitalisation of the Group was significantly less than the net assets of the Group. Given this indicator of impairment, management performed an impairment assessment to determine if the net assets of the Group were impaired. The most significant asset group included on the consolidated statement of financial position is investment properties of \$907,750,000 (2022: \$823,400,000) which are carried at fair value and as such addresses the impairment indicator identified. See Note 6.

### 28 Subsequent events

A final dividend of \$0.40 per share payable to shareholders on the Register as at 5 July 2023 was declared on 23 June 2023. There are no other events, situations or circumstances which might significantly affect the Group's equity or financial position, which have not been adequately contemplated or mentioned in these consolidated financial statements.

### 29 Business combination

On 8 July 2022, Endeavour Holdings Limited acquired 100% of the issued and outstanding shares of Massy Properties (Trinidad) Ltd (MPTL) now Endeavour POS Properties Limited.

MPTL was a subsidiary of Massy Holdings Ltd., a public limited liability company, which was incorporated in 1923. The acquisition will provide an increase in earnings per share. It is anticipated that after factoring interest costs and synergies, the combined Group performance will be further enhanced, and this will facilitate additional growth and development.

# Endeavour Holdings Limited

## Notes to the Consolidated Financial Statements (continued)

30 April 2023

(Expressed in Trinidad and Tobago Dollars)

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### 29 Business combination (continued)

The following table summarises the consideration paid, the fair value of assets acquired, and liabilities assumed at the acquisition date.

	\$
Total purchase consideration (no contingent consideration)	<u>45,463,718</u>
The assets and liabilities recognised as a result of the acquisition are as follows:	
Investment properties (Note 6)	90,000,000
Property, plant and equipment (Note 7)	1,256,732
Inventories	44,621
Trade and other receivables	366,949
Cash and cash equivalents	1,074,743
Deferred tax liability (Note 14)	(2,134,725)
Trade and other payables	<u>(1,420,467)</u>
Net identifiable assets acquired	<u>89,187,853</u>
Negative goodwill/gain on acquisition of subsidiary	<u>(43,724,135)</u>
Purchase consideration-cash outflow	
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	45,463,718
Less: cash acquired	<u>(1,074,743)</u>
Net outflow of cash-investing activities	<u>44,388,975</u>