

**THE WESTERN KEYS LIMITED**

**FINANCIAL STATEMENTS**

**31ST DECEMBER 2018**

# THE WESTERN KEYS LIMITED

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For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

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# THE WESTERN KEYS LIMITED

Statement of Management Responsibilities

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

The audited financial statements of **The Western Keys Limited** (the 'Company') for the year ended **31<sup>st</sup> December 2018** were prepared by management who is responsible for the integrity and fairness of the information presented.

Management acknowledges its responsibility for:

- a) The preparation of the audited financial statements which comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended **31<sup>st</sup> December 2018** together with the summary of significant accounting policies, notes and other explanations.
- b) Establishing and maintaining an adequate internal control structure, procedures, accounting records for financial reporting (which form the basis of the audited financial statements) and safeguarding the assets of the company.
- c) Applying the appropriate accounting policies in a consistent manner and calculating reasonable accounting estimates and prudent judgements.
- d) Ensuring that the audited financial statements presented are a true and fair presentation of the state of affairs of the company, which includes ensuring that the information from which the audited financial statements are derived is structured and adequately assessed to ensure that the system of internal controls operated effectively during the reporting period.
- e) On a continuous basis where applicable, implementing, monitoring and evaluating the system of internal controls that assures the security of the company's assets, detection and prevention of material misstatement, whether due to fraud or error and the achievement of the company's operational efficiencies.

These audited financial statements of **The Western Keys Limited** are prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB – IFRS Foundation) and adopted by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) and the appropriate accounting policies have been established in a manner which gives a true and fair view of the company's affairs and operating results.

Where IFRS for SMEs provided alternative accounting treatments, management selected those considered most appropriate in the circumstances. These audited financial statements complies in all material respects with local legislation enacted and in force.

Further, no event, circumstance or information has been brought to the attention of management that compromises the company's status as a going concern for the next twelve (12) months from the date of this statement.

.....  
Director *Laureen Apou*

.....  
Date *06/06/2019*

.....  
Director *Rodney G.S.*

.....  
Date *6/6/19*



## **INDEPENDENT AUDITOR'S REPORT**

To the members of **THE WESTERN KEYS LIMITED**

### **OPINION**

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

We have audited the financial statements of **The Western Keys Limited** (the Company), which comprise the statement of financial position as at December 31<sup>st</sup> 2018, and the statement of income and expenditure, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31<sup>st</sup> 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad & Tobago and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

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

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

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

**REGISTERED AUDITORS AND ACCOUNTANTS**



## **AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

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

*R.S. Baboolal & Co.*

.....  
**R.S. Baboolal & Co.**  
Chaguanas, Trinidad & Tobago  
7<sup>th</sup> June 2019

**REGISTERED AUDITORS AND ACCOUNTANTS**

# THE WESTERN KEYS LIMITED

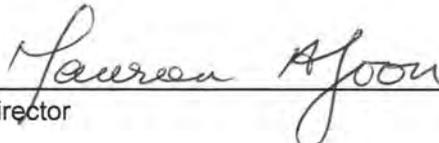
Statement of Financial Position

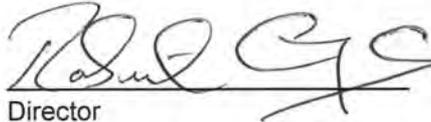
As at 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

<b>Assets</b>	<b>Notes</b>	<b>2018 (\$)</b>	<b>2017 (\$)</b>
<b><u>Non-current Assets</u></b>			
Investment Property	5	3	3
Leasehold Improvements	4,c	19,913	22,125
		<u>19,916</u>	<u>22,128</u>
<b><u>Current Assets</u></b>			
Accounts Receivable	6,d	27,897	24,047
Cash Investment	7,f	52,407	51,761
Cash At Bank	8,f	33,453	30,601
		<u>113,757</u>	<u>106,409</u>
<b><u>Total Assets</u></b>		<b><u>133,673</u></b>	<b><u>128,537</u></b>
<b><u>Equity and Liabilities</u></b>			
<b><u>Reserves</u></b>			
General Reserve	14	108,652	110,315
		<u>108,652</u>	<u>110,315</u>
<b><u>Current Liabilities</u></b>			
Accounts Payable And Accruals	10,e	25,021	18,222
<b><u>Total Equity and Liabilities</u></b>		<b><u>133,673</u></b>	<b><u>128,537</u></b>

The accompanying notes form an integral part of these financial statements. These financial statements of The Western Keys Limited were approved and authorized for issue by the Board of Directors on the 6<sup>th</sup> day of JUNE 2019 and were signed on their behalf by

  
Director

  
Director

**THE WESTERN KEYS LIMITED**

Statement of Income and Expenditure

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad &amp; Tobago Dollars)

	<u>Notes</u>	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
<b><u>Operating Revenue</u></b>			
Lease Rental Income	11,i	550	550
Maintenance And Service Charges	11,i	53,105	46,985
Other Income	11,i	646	605
<b><u>Total Operating Income</u></b>		<b><u>54,301</u></b>	<b><u>48,140</u></b>
<b><u>Operating Expenses</u></b>			
General And Administrative Expenses	Schedule 1	(56,353)	(48,455)
Financial Expenses		(404)	(344)
Professional And Legal Fees		(2,363)	(2,595)
<b><u>Total General And Administrative Expenses</u></b>		<b><u>(59,120)</u></b>	<b><u>(51,394)</u></b>
<b><u>Deficit For The Year</u></b>			
Additional Rent Receivable		4,269	3,804
Amounts Transferred To Accumulated Fund		<b><u>550</u></b>	<b><u>550</u></b>
<b><u>Appropriation Of Deficit</u></b>			
Deficit For The Year (As Above)		(4,819)	(3,524)
Amounts Due From Tenants		3,157	1,346
Depreciation Transferred From General Reserve		2,212	2,458
<b><u>Net Surplus Retained In General Reserve</u></b>		<b><u>550</u></b>	<b><u>550</u></b>

The accompanying notes form an integral part of these financial statements

**THE WESTERN KEYS LIMITED**

Statement of Changes In Equity

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad &amp; Tobago Dollars)

	<u>Notes</u>	<u>General Reserve</u>	<u>Accumulated Fund</u>	<u>Total</u>
		<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>
<b><u>Balance At January 1<sup>st</sup>, 2017</u></b>		<b>112,223</b>		<b>112,223</b>
Transfer From Accumulated Fund		-	(1,908)	(1,908)
Surplus For The Year	14	550	(550)	-
Depreciation Transferred From General Reserve	14	(2,458)	2,458	-
<b><u>Balance At December 31<sup>st</sup>, 2017</u></b>		<b>110,315</b>	<b>-</b>	<b>110,315</b>
<b><u>Balance At January 1<sup>st</sup>, 2018</u></b>		<b>110,315</b>		<b>110,315</b>
Transfer From Accumulated Fund		-	(1,662)	(1,662)
Surplus For The Year	14	550	(550)	-
Depreciation Transferred From General Reserve	14	(2,212)	2,212	-
<b><u>Balance At December 31<sup>st</sup>, 2018</u></b>		<b>108,652</b>	<b>-</b>	<b>108,652</b>

The accompanying notes form an integral part of these financial statements

**THE WESTERN KEYS LIMITED**

## Statement of Cash Flows

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad &amp; Tobago Dollars)

	<u>Notes</u>	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
<b><u>Cash Flows From Operating Activities</u></b>			
Surplus Before Taxation		550	550
<b><u>Adjustments For Non-cash Items</u></b>			
Depreciation Charges		2,212	2,458
Transfer To General Reserve and Accumulated Fund	14	(2,212)	(2,458)
<b><u>Cash Surplus Arising From Operating Activities</u></b>			
		550	550
<b><u>Adjustments To Reconcile Surplus Cash Provided By Operating Activities</u></b>			
(Increase) / Decrease In Accounts Receivable	6,d	(3,850)	11,303
Increase / (Decrease) In Other Payables And Accruals	10,e	6,798	(1,666)
<b><u>Net Cash Provided By Operating Activities</u></b>			
		3,498	10,187
Taxation Paid		-	-
<b><u>Cash Surplus / (Deficit) From Operating Activities</u></b>			
		3,498	10,187
<b><u>Investing Activities</u></b>			
<b><u>Cash Provided By Investing Activities</u></b>			
		-	-
<b><u>Financing Activities</u></b>			
<b><u>Cash Generated From Financing Activities</u></b>			
		-	-
Increase In Cash And Cash Equivalents	8,f	3,498	10,187
Cash And Cash Equivalents – Beginning of Year		82,362	72,175
<b><u>Cash And Cash Equivalents – End of Year</u></b>			
		<b>85,860</b>	<b>82,362</b>
<b><u>Analysis Of Cash And Cash Equivalents</u></b>			
Cash Investment	7,f	52,407	51,761
Cash At Bank	8,f	33,453	30,601
		<b>85,860</b>	<b>82,362</b>

The accompanying notes form an integral part of these financial statements

**THE WESTERN KEYS LIMITED**

Schedule to the Statement of Profit or Loss and Comprehensive Income

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad &amp; Tobago Dollars)

	<u>Notes</u>	<u>2017</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
<b><u>General And Administrative Expenses – Schedule 1</u></b>			
Accounting Fees		6,750	6,750
Audit Fees	12	6,750	6,750
Depreciation	4	2,212	2,458
Green Fund Levy		166	144
Janitorial Expenses		-	-
Landscaping And Related Expenses		-	-
Lease Rental Payments		10	10
Office Expenses		-	563
Repairs And Maintenance – General		8,035	3,750
Repairs And Maintenance – Garden		6,000	6,000
Rates And Taxes		30	30
Service Charges		26,400	22,000
		<u>56,353</u>	<u>48,455</u>
<b><u>Financial Expenses</u></b>			
Bank Charges		<u>404</u>	<u>344</u>
<b><u>Financial Expenses</u></b>			
Professional Services		<u>2,363</u>	<u>2,595</u>
		<u>59,120</u>	<u>51,394</u>

The accompanying notes form an integral part of these financial statements

## **THE WESTERN KEYS LIMITED**

Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

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### **1. Incorporation and principal activity**

The Company was initially incorporated in the Republic of Trinidad and Tobago on 19th August, 1981 and has been continued under the New Companies Act of 1995 as amended by the Companies Amendment Act 1997, and is a Company limited by Guarantee. It's registered office is situate at Townhouse 7 Windsurf Road East, The Western Keys, Westmoorings by-the-sea, Carenage.

The Company's principal activities are to oversee the operation and maintenance of the common areas including certain other obligations particular to gated community development known as The Western Keys. By Deed of sublease dated 7th November, 1986, The Western Keys Limited came into possession of the reversionary interest in the property as conveyed by Westmoorings Limited (the Developer and Lessor), for a nominal consideration of Five Trinidad and Tobago Dollars (TT\$5.00) and is subsequently reflected at amortised cost. The development also forms part of a larger gated community development known as Westmoorings by-the-sea and is overseen by Westmoorings Gardens Limited.

The company's operations are to oversee the common areas of the larger property which comprises fifty-five (55) townhouses. The property consists of roads, reserves, gardens and drainage infrastructure which The Western Keys Limited is covenanted to maintain by virtue of the aforementioned deed of sublease. All of the obligations of the lessor has been assumed by The Western Keys Limited.

For the current reporting period, headings and references made to profit and loss has been changed to "Income and Expenditure" in properly addressing the true nature and intent of the company as a not for profit entity.

### **2. Significant accounting policies, judgements, estimates and assumptions**

#### **a) Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's) issued by the International Accounting Standards Board and effective for the year ended **31<sup>st</sup> December 2018**. The accounting policies that follow have been consistently applied to all the years presented.

#### **b) Basis of preparation**

Assets and liabilities are recorded on the historical cost bases except for available for sale investments that are measured at fair values at the end of the reporting period. Historical costs are generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

## THE WESTERN KEYS LIMITED

Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

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### 2. Significant accounting policies, judgements, estimates and assumptions (continued)

#### c) Leasehold Improvements

Leasehold improvements are stated at historical cost less accumulated depreciation and impairment losses where necessary. The expected useful lives of leasehold improvements are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Provision for depreciation, depletion and amortisation of leasehold improvements is calculated on the reducing balance method utilising rates, which are sufficient to write off the depreciable amount of the assets over their estimated useful life as follows:

Leasehold improvements	10%
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each statement of financial position date or where changes in circumstances indicate that impairment may have occurred. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carry amount is greater than its estimated recoverable amount.

Cost of borrowing, for acquisition of leasehold improvements are expensed as they are incurred.

Repairs and renovation costs are normally expensed as they are incurred. Expenses are reposted as assets only if the amounts involved are substantial and one or more of the following conditions are satisfied: the original used life is prolonged, the production capacity is increased, the quality of the products is enhanced materially or the production costs are reduced considerably.

An item of leasehold improvements is derecognised upon disposal or when the future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss and other comprehensive income in the period in which the item is derecognised.

#### d) Accounts and other receivables

Accounts and other receivables are recognised initially at invoice costs and are subsequently measured at net realisable cost using the initial invoice value less any provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss recognised in the statement of income and expenditure within 'administrative and general expenses'. When a receivable is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited against 'administrative and general expenses' in the statement of profit or loss and other comprehensive income. Other receivables are measured at cost less any impairment

## THE WESTERN KEYS LIMITED

Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

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### 2. Significant accounting policies, judgements, estimates and assumptions (continued)

e) **Accounts and other payables**

Accounts and other payables are recognised initially at fair value based on the original invoice and subsequently measured at amortised cost.

f) **Cash and cash equivalents**

Cash and cash equivalents included cash in hand, deposits held at call with banks, and other short-term highly liquid investments (if any) which are subsequent to an insignificant risk of changes in value.

g) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 obligation may be immaterial.

h) **Taxation**

Income and Corporation Taxes (if any) are accounted for on the taxes payable basis where only taxes actually paid / payable for the period are charged to current operations. Accounting profits are adjusted for permanent and temporary timing differences in accordance with best practices and conventions adopted by the Board of Inland Revenue and reflect only that liability without reference to deferred taxation or potential taxation liability arising out of liquidation of assets of the Company. The Directors are of the opinion that the taxation policy adopted by the Company reflects substantially the Company's position.

The Company being a property management company (in addition to being limited by guarantee) is exempt from corporation tax given that it incurs neither a profit nor loss with any surpluses or shortfalls being absorbed by the members. As a result therefore no taxable provisions are made except for Green Fund Levy Liabilities. At the end of each financial year this policy is reviewed to ensure compliance with applicable legislation and to review the basis of preparation of the Financial Statements.

i) **Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the provision of services or the holding of investments in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts. Revenue is recognised when the amount of the revenue can be reliably measured and on the accrual basis. Revenue is derived primarily from lease rent and service charges levied to the townhouse owners in accordance with the respective deeds of sublease.

## THE WESTERN KEYS LIMITED

Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

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### 2. Significant accounting policies, judgements, estimates and assumptions (continued)

#### j) Other financial liabilities

Other financial liabilities are initially measured at transaction price, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method

#### k) Financial Instruments

The methods and assumptions used to estimate the fair value of each class of financial instrument for which it is practical to estimate a value, are as follows:

- Short term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, accounts receivable, accounts payable, investment and loans are a reasonable estimate of their fair values because of the short term maturity of the estimate.

- Long term financial assets and liabilities

The fair value of medium and long-term financial assets and liabilities approximates their carrying amounts.

#### l) Financial Risk Management

The Company's activities expose it to two types of risk; credit risk and liquidity risk.

##### a) Credit Risk

Credit Risk is managed on a member to member basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables and committed transactions. The Company has no significant concentrations of credit risk.

##### b) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

#### m) Investment Property

Investment Property represents leasehold lands carried at cost with no provision for amortization. Management considers that fairer presentation is achieved when the carrying value of the lease represents the full value of the nominal consideration paid. The Investment Property earns fixed long term rental yields for a limited term period and is further detailed in note 5 of the Financial Statements.

#### n) Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment which the entity operates (i.e. the functional currency) and the financial statements are presented in Trinidad and Tobago Dollars.

#### o) Comparative figures

Comparative figures are restated to conform to current years' presentation if required and are usually disclosed separately in the general notes to the financial statements. Details stating the prior period balance in addition to the impact of the restatement is also disclosed. There have been no restatement of comparative figures for the reporting period.

## THE WESTERN KEYS LIMITED

Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

### 3. Critical accounting estimates, assumptions and judgements and key sources of uncertainty

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. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, seldom equal the related actual results.

#### a) Income Taxes

The Company is not subject to income taxes under the Income Tax Act in Trinidad and Tobago but is subject to levy and other statutory dues as guided by the Miscellaneous Taxes Act.

#### b) Revenue Recognition

The Company declares its income based on the arrangements for determination of certain amounts to be billed to the lot owners as certified by the External Auditor and the budget prepared by Management. In assessing the risks involved, Management views the trend history of the tenants' payment cycle and reviews the tenancy position but relies heavily on the ability to recover any jeopardised income out of levy actions.

### 4. Leasehold Improvements

	<u>LEASEHOLD IMPROVEMENTS</u>	<u>TOTAL</u>
	\$	\$
<b><u>Year Ended 31<sup>st</sup> December, 2018</u></b>		
Opening Net Book Value	22,125	22,125
Additions And Other Adjustments	-	-
Disposals	-	-
Depreciation	(2,212)	(2,212)
<b><u>Closing Net Book Value</u></b>	<b><u>19,913</u></b>	<b><u>19,913</u></b>
<b><u>Year Ended 31<sup>st</sup> December, 2018</u></b>		
Cost/Valuations	25,000	25,000
Accumulated Depreciation	(5,087)	(5,087)
<b><u>Closing Net Book Value</u></b>	<b><u>19,913</u></b>	<b><u>19,913</u></b>
<b><u>Year Ended 31<sup>st</sup> December, 2017</u></b>		
Opening Net Book Value	24,583	24,583
Additions And Other Adjustments	-	-
Disposals	-	-
Depreciation	(2,458)	(2,458)
<b><u>Closing Net Book Value</u></b>	<b><u>22,125</u></b>	<b><u>22,125</u></b>
<b><u>Year Ended 31<sup>st</sup> December, 2017</u></b>		
Cost/Valuations	25,000	25,000
Accumulated Depreciation	(2,875)	(2,875)
<b><u>Closing Net Book Value</u></b>	<b><u>22,125</u></b>	<b><u>22,125</u></b>

Capital improvements made to the leasehold property (common areas) have also been capitalized and depreciated accordingly.

## THE WESTERN KEYS LIMITED

Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

### 5. Investment Property

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Standing to account at year end	<u>3</u>	<u>3</u>

By deed of assignment dated 7th November 1986, The Western Keys Limited came into possession of the common areas in the leased property as conveyed by Westmoorings Limited (the Developer and Lessor) for a nominal consideration of Five Trinidad and Tobago Dollars (TT\$5.00). The common areas in the property comprises roads, reserves, drains, gardens and forms part and parcel of the larger leased property which comprises some 2 acres in total and carrying 99 year lease terms commencing from 11th February, 1977, less four (4) days. In accordance with the IFRS for SME's, Management has the option to measure the asset at fair value but have elected to adopt the amortised cost model in the financial statements.

### 6. Accounts Receivable

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Gross receivables at year end – 100% Local	24,740	22,701
Amounts Due From Tenants	3,157	1,346
	<u>27,897</u>	<u>24,047</u>

The Receivables are stated at gross amounts and is representative of service charges and lease rental billings to the tenants. There have been no doubtful debt provisions for the current nor comparative period.

### 7. Cash Investment

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Standing to account at year end	<u>52,407</u>	<u>51,761</u>

The amount represents the balance on a money market investment account held at the Trinidad and Tobago Unit Trust Corporation and carries an effective interest rate of 1% for both periods. Receipts from service charges paid by townhouse owners are credited to the account and is also used to fund the expenditures incurred by the company. The Company does not operate any overdraft facility with the institution and the account balance remain unencumbered.

### 8. Cash at bank

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Bank balance – commercial chequing and savings account	<u>33,453</u>	<u>30,601</u>

This sum represents the bank balance held at a local bank and denominated in Trinidad and Tobago currency. It comprises a commercial chequing account used by the Company in its daily operations. The Company does not operate any financing or overdraft facility with the bank and the account balance remain unencumbered.

## THE WESTERN KEYS LIMITED

Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

### 9. Amounts Due From Tenants

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Deficit billed for the year to tenants	<u>3,157</u>	<u>1,346</u>

An account has been taken with respect to the costs, charges and expenses for the period in accordance with clause 8, 9 and 10 of the seventh schedule of the deed of sub-lease for the townhouse owners and the amounts certified as being due to them has been credited to their respective receivable balances (if any) in accordance with clause 2 (b) of the sixth schedule to the deed of sub-lease. The amount due for tenants have also been reflected in the income and expenditure account.

### 10. Accounts Payable and Accruals

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Balance standing to account at year end	<u>25,021</u>	<u>18,222</u>

### 11. Revenues

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
(a) Lease rental income	550	550
(b) Maintenance and service charges	53,105	46,985
(c) Other income and interest earned	646	605
	<u>54,301</u>	<u>48,140</u>

- a) Lease Rental Income accrues at the rate of Ten Trinidad and Tobago Dollars (TT\$10) per townhouse on the January 1st each year and is levied in accordance with Clause F of the Deed of Sub-Lease.
- b) (Maintenance and service charges are levied in advance on fifty-five (55) townhouses at a rate of \$965.54 (2017 - \$854.27) per annum and is billed to fund the operating activities of the company.
- c) The interest earned in a Cash Investment held at the Unit Trust Corporation Account, is reflected in this balance. For the reporting period the effective interest rate was 1%.

### 12. Audit Fees

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Amounts due and paid for the reporting periods	<u>6,750</u>	<u>6,750</u>

## THE WESTERN KEYS LIMITED

Notes to the Financial Statements

For the year ended 31<sup>st</sup> December 2018

(Amounts expressed in Trinidad & Tobago Dollars)

### 13. Green Fund Levy

	<u>2017</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Green fund levy due	<u>163</u>	<u>144</u>

The Western Keys Limited being a company limited by guarantee, and whose activities do not revolve around commercial or similar trading undertakings that give rise to taxable profits, is deemed to be exempt from Corporation Tax. No account has been taken with respect to tax provisions save and except for Green Fund Levy liabilities which falls under the Miscellaneous Taxes Act.

Any activity undertaken by the Company is done on the basis of securing the interests of its members in accordance with their obligations under the deed of sub-lease and any surplus earned is refunded in the proportionate amount, and conversely with respect to shortfalls being collected in accordance with clause 6 of the Deed of sub-lease.

### 14. General Reserve

	<u>2017</u> <u>(\$)</u>	<u>2016</u> <u>(\$)</u>
Opening balance b/w/d	110,315	112,223
Surplus for the year	550	550
Depreciation	(2,213)	(2,458)
Standing to the account at year end	<u>108,652</u>	<u>110,315</u>

As resolved by the Board of Director's and based upon the management committee's recommendations, a General Reserve was established in order to fund certain operations of the company that was not envisaged within the company's normal activities and to make same available for utilization in the discharge of unplanned and unforeseen obligations that exceeds its normal operations as the property management company.

### 15. Employment Disclosure

At the statement of financial position date the company's employment structure was as follows:

	<u>2018</u> <u>(\$)</u>	<u>2017</u> <u>(\$)</u>
Part time - casual	1	1
Part time - directors	5	5
Disabled	-	-
	<u>6</u>	<u>6</u>
Total value of vacation leave due	<u>-</u>	<u>-</u>

### 16. Events after the reporting period

There were no subsequent events occurring after the reporting date that significantly impacted the financial performance, position or cash flows or going concern concept which require disclosure.