



Accountants &
business advisers

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
(Expressed in Eastern Caribbean Dollars)

FOR THE YEAR ENDED

31ST DECEMBER, 2021



GRENREAL PROPERTY CORPORATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)**

CONTENTS

	Page
COMPANY PROFILE	2
INDEPENDENT AUDITORS' REPORT	3 - 7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 - 38

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GRENREAL PROPERTY CORPORATION LIMITED
(Expressed in Eastern Caribbean Dollars)

COMPANY PROFILE

Directors

Mr. Ronald Hughes, (Guardian General Insurance (OECS) Limited) - Chairman
Mr. Sükrü Evrengün (Zublin Grenada Limited) – Deputy Chairman
Ms. Fay Roberts (Zublin Grenada Limited)
Mr. Ron Antoine (Grenada Ports Authority)
Mr. Dorset Cromwell (National Insurance Scheme)
Mr. Christopher Husbands (National Insurance Scheme)
Dr. Linus Thomas (St. George’s Newport Property Development Company Limited)
Mr. Anthony Maughn (Caribbean Financial Services Corporation)
Mr. George Bain (Grenada Ports Authority)
Mr. Richard W. Duncan (Grenada Co-operative Bank Limited/National Insurance Scheme) - Consortium
Mr. Fitzroy O’Neale (Grenada Co-operative Bank Limited/National Insurance Scheme) - Consortium

Company Secretary

Mr. Dennis Cornwall

Auditors

Messrs. PKF
Accountants and Business Advisers

Solicitors

Messrs. Renwick & Payne.
Attorneys-at-law, Conveyancers & Notary Public

Registered Office

Melville Street
P.O. Box 1950
St. George's
Grenada.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grenreal Property Corporation Limited (the 'Company'), which comprise the statement of financial position at 31 December, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Report on the Audit of the Financial Statements (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of Investment Property</p> <p>Refer to notes 2(d) and 5 of the financial statements.</p> <p>The Company's investment property relates to property located on Melville Street, St. George's at a valuation of \$66,325,800 at year-end. For 2021 the Company recognized a fair value gain of \$18,247,200 on the property which is shown in the statement of comprehensive income.</p> <p>It is the Company's policy that the investment property is stated at fair value. The property is valued by an independent external valuator using the income capitalization method.</p> <p>The valuation of the Company's investment property is inherently subjective due to the estimates used in determining the property's fair values, such as the capitalization rates, forecast rentals and property expenses. Among other factors, the individual nature of the property, its location and expected future rentals for the property also affects the valuation of the investment property. Valuators also apply assumptions for yields and estimated market rent to arrive at the final valuation.</p> <p>The valuation of investment property was considered to be a key audit matter due to significant estimates and the level of judgement involved.</p>	<p>The audit procedures we performed included, amongst others, the following:</p> <ul style="list-style-type: none"> • We assessed the independent valuation expert's competence, qualification and independence. • We read the valuation report for the property valued by the independent external valuation expert in the current year and confirmed that the valuation approach was in accordance with International Financial Reporting Standards and suitable for use in determining the fair value for the purpose of the financial statements. • We reviewed the key assumptions used in the determination of the fair value as follows: <ul style="list-style-type: none"> - Rental income used in the forecast was agreed to the underlying tenant contracts for reasonableness. - Forecast operating expenditure was agreed to historical property expenditure and budgets. - Reasonability of the discount and capitalization rates to available industry data.

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

Report on the Audit of the Financial Statements (continued)

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Report on the Audit of the Financial Statements (continued)

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

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

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

Report on the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

GRENADA

June 13th, 2022



Accountants & Business Advisers:

GRENREAL PROPERTY CORPORATION LIMITED



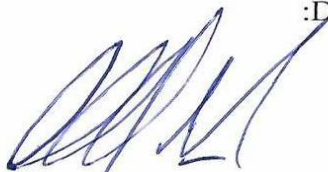
STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2021

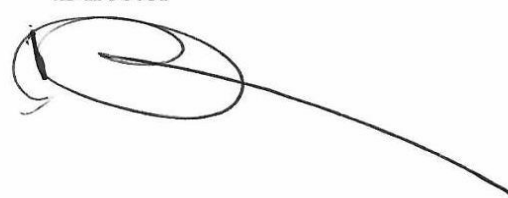
(Expressed in Eastern Caribbean Dollars)

	Notes	2021	2020
ASSETS			
Non-Current Assets			
Plant and equipment	4	41,400	53,560
Investment property	5	<u>66,325,800</u>	<u>48,078,600</u>
		<u>66,367,200</u>	<u>48,132,160</u>
Current Assets			
Trade and other receivables	6	329,072	294,072
Cash and cash equivalents	7	<u>789,428</u>	<u>787,882</u>
		<u>1,118,500</u>	<u>1,081,954</u>
TOTAL ASSETS		<u>\$67,485,700</u>	<u>\$49,214,114</u>
EQUITY AND LIABILITIES			
STATED CAPITAL	8	27,567,289	27,567,289
ACCUMULATED SURPLUS/(LOSSES)		<u>11,431,393</u>	<u>(5,616,388)</u>
TOTAL EQUITY		<u>38,998,682</u>	<u>21,950,901</u>
Non-Current Liabilities			
Long-term borrowing	9	<u>23,719,087</u>	<u>23,702,494</u>
Current Liabilities			
Trade and other payables	10	3,524,594	2,117,394
Amount due to related parties	11	893,294	1,097,041
Short-term borrowing	9	<u>350,043</u>	<u>346,284</u>
		<u>4,767,931</u>	<u>3,560,719</u>
TOTAL LIABILITIES		<u>28,487,018</u>	<u>27,263,213</u>
TOTAL EQUITY AND LIABILITIES		<u>\$67,485,700</u>	<u>\$49,214,114</u>

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on 10th June, 2022 and signed on their on its behalf:

 :Director

 :Director

GRENREAL PROPERTY CORPORATION LIMITED



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)

	Notes	2021	2020
Rental income - rental units		1,690,054	2,432,076
- kiosks		112,082	123,612
Service re-charge		215,025	201,853
Parking		145,733	148,143
Other income		<u>84,999</u>	<u>89,202</u>
		<u>2,247,893</u>	<u>2,994,886</u>
Operational expenses	16	(1,529,551)	(1,593,806)
General expenses	17	(287,957)	(296,972)
Depreciation		(20,378)	(26,718)
Expected credit loss		<u>(44,954)</u>	<u>(81,460)</u>
		<u>(1,882,840)</u>	<u>(1,998,956)</u>
Operating profit		365,053	995,930
Finance cost	12	<u>(1,564,472)</u>	<u>(1,733,415)</u>
Net loss for the year		(1,199,419)	(737,485)
Other comprehensive income:			
Gain/(loss) on revaluation of investment property		<u>18,247,200</u>	<u>(18,305,700)</u>
Total comprehensive gain/(loss) for the year		<u>\$17,047,781</u>	<u>\$(19,043,185)</u>

The accompanying notes form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)**

	Stated Capital	Accumulated Surplus/(Loss)	Total Equity
Balance at 1 st January, 2020	25,365,000	13,426,797	38,791,797
Issuance of shares	2,202,289	-	2,202,289
Total comprehensive income for the year	<u>-</u>	<u>(19,043,185)</u>	<u>(19,043,185)</u>
Balance at 31 st December, 2020	27,567,289	(5,616,388)	21,950,901
Total comprehensive income for the year	<u>-</u>	<u>17,047,781</u>	<u>17,047,781</u>
Balance at 31 st December, 2021	<u>\$27,567,289</u>	<u>\$(11,431,393)</u>	<u>\$38,998,682</u>

The accompanying notes form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)**

	2021	2020
OPERATING ACTIVITIES		
Net loss for the year	(1,199,419)	(737,485)
Adjustments for:		
Depreciation	<u>20,378</u>	<u>26,718</u>
Operating loss before working capital changes	(1,179,041)	(710,767)
(Increase)/decrease in trade and other receivables	(35,000)	12,607
Increase in trade and other payables	1,407,200	1,239,292
Decrease in amount due to related parties	<u>(203,747)</u>	<u>(220,260)</u>
Net (used in)/cash provided by operating activities	<u>(10,588)</u>	<u>320,872</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(8,218)</u>	<u>(28,410)</u>
Net cash used in investing activities	<u>(8,218)</u>	<u>(28,410)</u>
FINANCING ACTIVITIES		
Repayment of borrowing	20,352	(187,598)
Net decrease in shareholders' loans	-	(2,263,356)
Net increase in preference shares	<u>-</u>	<u>2,202,289</u>
Net cash provided by/(used in) financing activities	<u>20,352</u>	<u>(248,665)</u>
Net increase in cash and cash equivalents	1,546	43,797
Cash and cash equivalents - at beginning of year	<u>787,882</u>	<u>744,085</u>
- at end of year	<u>\$789,428</u>	<u>\$787,882</u>
REPRESENTED BY:		
Cash on hand and at bank	<u>\$789,428</u>	<u>\$787,882</u>

The accompanying notes form an integral part of these financial statements



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (Expressed in Eastern Caribbean Dollars)

1. CORPORATE INFORMATION

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

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

The Company employed on average twenty-two (22) persons during the year (2021 – 27).

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, as modified by the revaluation of investment property.

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

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**

(Expressed in Eastern Caribbean Dollars)

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures

(i) New accounting policies/improvements adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31st, 2020 except for the adoption of new standards and interpretations below.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform — Phase 2 (Effective 1st January 2021)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the interbank offered rates (IBOR) reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

(ii) Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Company's financial statements. These standards and interpretations may be applicable to the Company at a future date and will be adopted when they become effective. The Company is currently assessing the impact of adopting these standards and interpretations.

• Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Effective 1st April 2021)

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment

GRENREAL PROPERTY CORPORATION LIMITED



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Standards in issue not yet effective (continued)

- **Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Effective 1 January, 2022)**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- **Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective 1 January, 2022)**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Standards in issue not yet effective (continued)

• **Amendments to IAS 37 - Onerous Contracts, Costs of Fulfilling a Contract (Effective 1 January, 2022)**

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a ‘directly related cost approach’. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

• **Amendments to IAS 1 – Classification of Liabilities as Current and Non-Current (Effective 1 January, 2023)**

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Standards in issue not yet effective (continued)

• Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies Effective 1st January, 2023)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

• Amendments to IAS 8 - Definition of Accounting Estimates (Effective 1st January, 2023)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Standards in issue not yet effective (continued)

• **Amendments to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1st January, 2023)**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

• **Amendments to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1st January, 2023) (continued)**

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities.
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Standards in issue not yet effective (continued)

• IFRS 17 - Insurance Contracts (Effective 1 January, 2023)

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

• IFRS 17 - Insurance Contracts (Effective 1 January, 2023) (continued)

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

GRENREAL PROPERTY CORPORATION LIMITED



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(iii) Improvements to International Reporting Standards

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

Annual improvements to IFRS Standards 2018-2020 cycle

The following amendments are applicable to annual periods beginning on or after 1 January, 2022

IFRSs – Subject of Amendment

IFRS 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
IFRS 9	Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities
IFRS 16	Leases – Lease incentives
IAS 41	Agriculture – Taxation in fair value measurements

(c) Plant and Equipment

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

Subsequent costs are included in the assets carrying amounts or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

	Per annum
Furniture and equipment	20%
Computers	33%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Plant and Equipment (continued)*

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

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

(d) *Investment Property*

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

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

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

(e) *Trade Receivables*

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

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

(f) *Cash and Cash Equivalents*

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

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised at fair value.

(h) Stated Capital

Ordinary and preference shares are classified as equity.

(i) Borrowings

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

(j) Financial Instruments

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

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

(i) Recognition and measurement

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

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

(i) Recognition and measurement (continued)

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities not recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at transaction price.

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

Subsequent measurement categories of financial assets and liabilities

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

The Company classifies all of its financial assets at amortised cost.

Amortised cost

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

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

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

(ii) Impairment (continued)

Impairment of financial assets

In relation to the impairment of financial assets, the Company uses an expected credit loss (ECL) model which requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date. The changes in ECL's reflects changes in credit risk since initial recognition of the financial assets.

Trade receivables

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

Other financial assets

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

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Impairment (continued)

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

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

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

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

(iii) Write offs

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

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**

(Expressed in Eastern Caribbean Dollars)

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(iv) Derecognition of financial assets

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

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

(v) Financial liabilities

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

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

(k) Taxation

The company continues to enjoy a tax holiday on corporate and other taxes as a consequence of a tax waiver granted to the developers of the land site. The tax holiday expires on 5th September, 2023

(l) Revenue

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

GRENREAL PROPERTY CORPORATION LIMITED



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Related parties

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

(n) Foreign currencies

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Estimate of Fair Value of Investment Property

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

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

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

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

GRENREAL PROPERTY CORPORATION LIMITED



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(c) Provision for expected credit losses of trade receivables

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

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

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

(d) Property, plant and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of the assets.

(e) Impact of COVID-19

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation on March 11, 2020. The Company has considered the impact of COVID-19 in preparing its financial statements.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(d) Impact of COVID-19 (continued)

Consideration of the statements of financial position and further disclosures

Key considerations of the impact of COVID-19 on statements of financial position and related disclosures were as follows:

Expected Credit Losses

Advances and other receivables:

For trade and other receivables, the Company adopted the simplified approach for determining the provision for expected credit losses, as permitted by IFRS 9. In response to the COVID-19 pandemic, the Company assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of receivables and various applicable macroeconomic factors. Based on the analysis performed as at 31 December 2021, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

GRENREAL PROPERTY CORPORATION LIMITED



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)

4. PLANT AND EQUIPMENT

	Computers	Office Furniture and Equipment	Total
Balance at 1st January, 2019			
Cost	65,640	135,202	200,842
Accumulated depreciation	(56,777)	(92,197)	(148,974)
NET BOOK VALUE	<u>\$8,863</u>	<u>\$43,005</u>	<u>\$51,868</u>
For the year ended 31st December, 2020			
Opening book value	8,863	43,005	51,868
Additions for the year	-	28,410	28,410
Depreciation charge for the year	(6,856)	(19,862)	(26,718)
NET BOOK VALUE	<u>\$2,007</u>	<u>\$51,553</u>	<u>\$53,560</u>
Balance at 31st December, 2020			
Cost	65,640	163,612	229,252
Accumulated depreciation	(63,633)	(112,059)	(175,692)
NET BOOK VALUE	<u>\$2,007</u>	<u>\$51,553</u>	<u>\$53,560</u>
For the year ended 31st December, 2021			
Opening book value	2,007	51,553	53,560
Additions for the year	-	8,218	8,218
Depreciation charge for the year	(1,999)	(18,379)	(20,378)
NET BOOK VALUE	<u>\$ 8</u>	<u>\$41,392</u>	<u>\$41,400</u>
Balance at 31st December, 2021			
Cost	65,640	171,830	237,470
Accumulated depreciation	(65,632)	(130,438)	(196,070)
NET BOOK VALUE	<u>\$ 8</u>	<u>\$41,392</u>	<u>\$41,400</u>

GRENREAL PROPERTY CORPORATION LIMITED



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

5. INVESTMENT PROPERTY

	2021	2020
Balance at 1 st January, 2021	48,078,600	66,384,300
Net loss from fair value adjustment	<u>18,247,200</u>	<u>(18,305,700)</u>
Balance at 31 st December, 2021	<u>\$66,325,800</u>	<u>\$48,078,600</u>

The property is located at Melville Street in St. George's. Fair values are based on valuations performed by independent professional valuers. The last valuation at 31st December, 2021 was performed by Civil Engineer Nigel A. John, B.Sc. in March 2022.

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

6. TRADE AND OTHER RECEIVABLES

Trade receivables - net	266,430	251,821
Prepayments	37,542	17,200
Other receivables	<u>25,100</u>	<u>25,050</u>
	<u>\$329,072</u>	<u>\$294,072</u>

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

Balance at 1 st January, 2021	(93,628)	(65,665)
Increase in provision	<u>(12,046)</u>	<u>(27,963)</u>
Balance at 31 st December, 2021	<u>\$105,674</u>	<u>\$(93,628)</u>

GRENREAL PROPERTY CORPORATION LIMITED



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

7. CASH AND CASH EQUIVALENTS

	2021	2020
Cash on hand and at bank	<u>\$789,428</u>	<u>\$787,882</u>

8. STATED CAPITAL

Authorised:		
15,000,000 ordinary shares		
2,000,000 preference shares		
Issued:		
7,670,302 ordinary shares of no par value	25,365,000	25,365,000
550,572 preference shares of no par value	<u>2,202,589</u>	<u>2,202,289</u>
	<u>\$27,567,289</u>	<u>\$27,567,289</u>

9. BORROWING

Syndicated bond		
(i) Grenada Co-operative Bank Limited	12,034,565	12,024,389
(ii) National Insurance Board	<u>12,034,565</u>	<u>12,024,389</u>
Total borrowings	24,069,130	24,048,778
Less: Short-term borrowing	<u>(350,043)</u>	<u>(346,284)</u>
Long-term borrowing	<u>\$23,719,087</u>	<u>\$23,702,494</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

9. BORROWINGS (continued)

The syndicated bond is in the amount of \$24,400,000 for which the Caribbean Financial Services Corporation is the trustee. The bond was refinanced in 2019 and is to be repaid in monthly instalments of \$150,000 inclusive of principal and interest commencing October 2019 over fifteen (15) years with a balloon payment on maturity. Interest is at the rate of 6% per annum.

The bond is secured as follows:

- i) Mortgage debenture over the building and land of the Duty-Free Centre/Cruise Terminal building, registered and stamped to cover \$18.9 Million.
- ii) A registered first charge demand debenture stamped up to EC\$24.4 million over the fixed and floating assets of the company.
- iii) Mortgage debenture over the land and building of the Jan Bosch Building, registered and stamped to cover EC\$22.95 million.
- iv) Insurance over the Cruise Terminal and Jan Bosch building.

Due to COVID-19 the Company was extended a one (1) year moratorium on the payment of principal on the syndicated bond which ended in March 2021. This has been further extended.

10. TRADE AND OTHER PAYABLES

	2021	2020
Deposits due to tenants	618,812	550,321
Trade payables and accruals	348,388	483,192
Interest payable	2,532,801	1,068,535
Other payables	<u>24,593</u>	<u>15,346</u>
	<u>\$3,524,594</u>	<u>\$2,117,394</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**

(Expressed in Eastern Caribbean Dollars)

(continued)

11. AMOUNT DUE TO RELATED PARTIES

	2021	2020
Amount due to related Companies:		
(i) Zublin Grenada Limited	401,255	550,964
(ii) Amount due to director	<u>492,039</u>	<u>546,077</u>
Balance at 31 st December, 2021	<u>\$893,294</u>	<u>\$1,097,041</u>

(i) There are no fixed repayment terms on the balances due. Interest is at the rate of 10% per annum.

(ii) The balance is being repaid in monthly instalments of \$8,000 inclusive of interest at the rate of 6% per annum.

Related Party transactions

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

Property management income	\$39,000	\$39,000
Interest expense	\$79,685	\$95,612

b) Key management

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

Directors' fees	\$49,000	\$59,000
Management salaries and allowances	\$277,857	\$295,654



GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

12. FINANCE COST

	2021	2020
Interest on other charges	(84,405)	(99,984)
Interest on borrowings	<u>(1,480,067)</u>	<u>(1,633,431)</u>
	<u>\$(1,564,472)</u>	<u>\$(1,733,415)</u>

13. FINANCIAL RISK MANAGEMENT

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

Credit risk

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

i) Trade and other receivables

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

13. FINANCIAL RISK MANAGEMENT (continued)

ii) Other financial assets

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

Maximum exposure of credit risk:

	2021	2020
Cash and cash equivalents	789,428	787,882
Trade and other receivables	<u>329,072</u>	<u>294,072</u>
	<u>\$1,118,500</u>	<u>\$1,081,954</u>

Due to the Company's tenants experiencing financial difficulties as a result of the COVID-19 pandemic, the Company continued to extend substantial discounts to its tenants on rent during the year.

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

	0 -30 days	31 -90 days	Over 90 days	Total
December 31st, 2021				
Expected credit loss rate	1%	3%	48%	
Gross carrying amount	70,537	53,290	248,277	372,104
Expected credit loss	<u>(389)</u>	<u>(1,702)</u>	<u>(103,583)</u>	<u>(105,674)</u>
	<u>\$70,148</u>	<u>\$51,588</u>	<u>\$144,694</u>	<u>\$266,430</u>
December 31st, 2020				
Expected credit loss rate	1%	5%	48%	
Gross carrying amount	84,702	66,227	194,521	345,450
Expected credit loss	<u>(427)</u>	<u>(2,521)</u>	<u>(90,680)</u>	<u>(93,628)</u>
	<u>\$84,275</u>	<u>\$63,706</u>	<u>\$103,841</u>	<u>\$251,822</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021
(Expressed in Eastern Caribbean Dollars)
(continued)**

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

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

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

Maturity analysis for liquidity risk:

	On Demand	Up to 1 year	Over 1 year	Over 5 years	Total
Balance at 31st December, 2021					
Borrowing	-	350,043	1,972,803	21,746,284	24,069,130
Trade and other payables	348,388	2,557,394	618,812	-	3,524,594
Amount due to related parties	-	-	893,294	-	893,294
	<u>\$348,388</u>	<u>\$2,907,437</u>	<u>\$3,484,909</u>	<u>\$21,746,284</u>	<u>\$28,487,018</u>
Balance at 31st December, 2020					
Borrowing	-	346,284	2,098,603	21,603,891	24,048,778
Trade and other payables	483,192	1,083,881	550,321	-	2,117,394
Amount due to related parties	-	1,097,041	-	-	1,097,041
	<u>\$483,192</u>	<u>\$2,527,206</u>	<u>\$2,648,924</u>	<u>\$21,603,891</u>	<u>\$27,263,213</u>



GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

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

Interest rate risk

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

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

Operational risk

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

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

14. EVENTS AFTER THE REPORTING PERIOD

The duration and extent of the COVID-19 pandemic and related financial, social and public health impacts of the pandemic are uncertain. As such, the actual economic events and conditions in the future may be materially different from those estimated by the Company at the reporting date. No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company. The Company will continue to closely monitor the situation in order to plan its response, if necessary.

GRENREAL PROPERTY CORPORATION LIMITED



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2021**
(Expressed in Eastern Caribbean Dollars)
(continued)

15. OPERATIONAL EXPENSES

	2021	2020
Janitorial expenses	176,578	169,344
Insurance	302,585	326,064
Security services	243,714	280,319
General maintenance	127,208	117,975
Office expenses	26,728	18,712
Parking expenses	17,223	15,128
Salaries and other staff cost	318,440	322,846
Telephone	43,802	32,963
Public relations	29,746	51,454
Electricity	173,802	153,903
Water	69,454	58,993
Penalties and taxes	<u>271</u>	<u>46,105</u>
	<u>\$1,529,551</u>	<u>\$1,593,806</u>

16. GENERAL EXPENSES

General management compensation	126,000	135,769
Directors fees and expenses	63,031	66,850
Legal fees	3,430	21,436
Audit fees	12,000	12,000
Professional fees	64,996	42,502
ECCSR yearly costs	<u>18,500</u>	<u>18,415</u>
	<u>\$287,957</u>	<u>\$296,972</u>