Accountants &
business advisers

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
(Expressed in Eastern Caribbean Dollars)

FOR THE YEAR ENDED

31ST DECEMBER, 2013

PKF

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2013
(Expressed in Eastern Caribbean Dollars)

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COMPANY PROFILE

Directors

Mr. Ambrose Phillip, Chairman, (Grenada)
Ms. Fay Roberts (Tortola)
Mr. Sükrü Evrengün (Netherlands)
Mr. Ronald Hughes, (Grenada)
Mr. Wayne Sandiford (Grenada)
Mr. Alfred Logie (Grenada)
Mr. Ron Antoine (Grenada)
Mr. Linus Thomas (Grenada)
Mr. Anthony Maughn (Barbados)

Company Secretary

Mr. Ian Evans

Auditors

Messrs. PKF
Accountants and Business Advisers

Solicitors

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

Registered Office

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

We have audited the accompanying financial statements of the Company which comprise the statement of financial position at 31st December, 2013 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Company has incurred substantial losses to date. However, as disclosed in note 2 these financial statements have been prepared on the normal going concern basis which assumes that adequate funds will continue to be provided to meet these and any future losses.

Opinion

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the company as of 31st December, 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

PKF

August 15th, 2014

Accountants & business advisers:

Partners: Henry A. Joseph FCCA (Managing), Michelle A. Millet B.A. CGA (Mrs.)

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2013

(Expressed in Eastern Caribbean Dollars)

ASSETS	Notes	2013	2012
Non-Current Assets			
Plant and equipment	5	4,957	8,286
Investment property	6	57,923,000	60,665,000
		57,927,957	60,673,286
Current Assets			
Inventory	7	3,279	15,300
Trade and other receivables	8	637,748	440,191
Cash and cash equivalents	9	278,260	17,388
		919,287	472,879
TOTAL ASSETS		$58,847,244	$61,146,165
EQUITY AND LIABILITIES			
STATED CAPITAL	10	25,365,000	25,365,000
ACCUMULATED LOSSES		(7,230,896)	(3,923,682)
TOTAL EQUITY		18,134,104	21,441,318
Non-Current Liabilities			
Long-term borrowings	11	33,234,107	32,958,669
Shareholders' loans	12	1,485,646	1,055,855
		34,719,753	34,014,524
Current Liabilities			
Trade and other payables	13	2,098,319	2,701,722
Short-term borrowings	11	3,306,586	2,625,560
Amount due to related parties	14	588,482	363,041
		5,993,387	5,690,323
TOTAL LIABILITIES		40,713,140	39,704,847
TOTAL EQUITY AND LIABILITIES		$58,847,244	$61,146,165

The notes on pages 8 to 24 form an integral part of these financial statements

: Director

: Director

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2013
(Expressed in Eastern Caribbean Dollars)

	Notes	**2013**	2012
Rental income - rental units		3,843,972	3,856,065
- kiosks		71,663	100,938
Service re-charge		206,260	213,599
Parking		278,110	129,087
		4,400,005	4,299,689
Operational expenses	18	(1,516,832)	(1,391,195)
General expenses	19	(413,672)	(487,846)
Depreciation		(4,144)	(18,445)
Bad debt		(159,024)	(287,546)
Other income		99,674	83,170
		(1,993,998)	(2,101,862)
Operating profit		2,406,007	2,197,827
Finance income	15	2,200	24,735
Finance cost	16	(2,968,421)	(3,069,114)
Net loss for the year		(560,214)	(846,552)
Loss on revaluation of investment property		(2,747,000)	(11,035,000)
Total comprehensive deficit for the year		$(3,307,214)	$(11,881,552)

The notes on pages 8 to 24 form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31St DECEMBER, 2013
(Expressed in Eastern Caribbean Dollars)

	Stated Capital	Accumulated Losses	Total Equity
Balance at 1st January, 2012	25,365,000	7,957,870	33,322,870
Total comprehensive deficit for the year	-	(11,881,552)	(11,881,552)
Balance at 31st December, 2012	25,365,000	(3,923,682)	21,441,318
Total comprehensive deficit for the year	-	(3,307,214)	(3,307,214)
Balance at 31st December, 2013	$25,365,000	$(7,230,896)	$18,134,104

The notes on pages 8 to 24 form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2013
(Expressed in Eastern Caribbean Dollars)

	2013	2012
OPERATING ACTIVITIES		
Total comprehensive deficit for the year	(3,307,214)	(11,881,552)
Adjustments for:		
Depreciation	4,144	18,445
Loss on revaluation of investment property	2,747,000	11,035,000
Operating loss before working capital changes	(556,070)	(828,107)
Increase in trade and other receivables	(197,557)	(167,075)
(Decrease)/increase in trade and other payables	(603,403)	841,771
Increase in amount due to related parties	225,441	151,001
Decrease/(increase) in inventory	12,021	(15,300)
Net cash used in operating activities	(1,119,568)	(17,710)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(815)	(11,550)
Purchase of investment property	(5,000)	-
Net cash used in investing activities	(5,815)	(11,550)
FINANCING ACTIVITIES		
Net proceeds/(repayment) of borrowings	1,394,399	(317,063)
Increase in shareholders' loans	429,791	503,110
Net cash provided by financing activities	1,824,190	186,047
Net increase in cash and cash equivalents	698,807	156,787
Cash and cash equivalents - at beginning of year	(420,547)	(577,334)
- at end of year	$278,260	$(420,547)
Represented By:		
Cash on hand and at bank	278,260	17,388
Bank overdraft	-	(437,935)
	$278,260	$(420,547)

The notes on pages 8 to 24 form an integral part of these financial statements

1. CORPORATE INFORMATION

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

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

2. GOING CONCERN

The financial statements have been prepared on a going concern basis which contemplates the realization of assets and the discharge of liabilities in the normal course of business and does not purport to represent the amounts which would be realized should the Company be unable to continue trading. The Company has generated a deficit of $3,307,214 for the year ended 31st December, 2013. This net loss has increased the Company's accumulated losses to $7,230,896 as at 31st December, 2013. At the year end, the Company's current liabilities exceeded its current assets by $5,074,100.

Notwithstanding the facts stated above, these financial statements have been prepared on the going concern basis. This basis has been deemed appropriate in view of the Company's ability to continue its operations using internally generated cash flow and to obtain funding from its stakeholders. The Company is also seeking less stringent financing options for its current debt facility.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards, amendments and interpretations

i) There are no new standards, amendments and interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2013 that would be expected to have a material impact on the Company's financial statements.

ii) Amendments and interpretations issued but not effective for the financial year beginning 1st January, 2013 and not early adopted. These either do not apply to the activities of the Company or have no material impact on its financial statements.

IFRS 10	Consolidated financial statements- Effective for annual periods beginning on or after 1st January, 2014.
IFRS 12	Disclosure of interest in other entities- Effective for annual periods beginning on or after 1st January, 2014.
IAS 19	Employee benefits – Defined benefits plan: Employee Contributions - Effective for annual periods beginning on or after 1st July, 2014.
IAS 27	Separate financial statements – Investment entities – Effective for annual periods beginning on or after 1st January, 2014.
IAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities – Effective for annual periods beginning on or after 1st January, 2014
IAS 36	Impairment of Assets: Recoverable amount disclosures for non-financial assets - Effective for annual periods beginning on or after 1st January, 2014.
IAS 39	Financial instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting – Effective for annual periods beginning on or after 1st January, 2014.
IFRIC 21	Levies – Effective for annual periods beginning on or after 1st January, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and Equipment

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

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

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

	Per annum
Furniture and equipment	10
Computers	16.67%

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 impairment. 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.

(g) Trade payables

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

(h) Stated Capital

Ordinary shares are classified as equity.

(i) Borrowings

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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, shareholders' loan and borrowings. Financial assets and liabilities are carried at amounts which approximate their fair values at the statement of financial position. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm length transaction.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

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

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment losses are the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment losses are recognised in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal 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 not before 2013.

(l) Revenue

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

(m) Related parties

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

(n) Foreign currencies

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

4. 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:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(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.

5. PLANT AND EQUIPMENT

	Computers	Office Furniture and Equipment	Total
Balance at 1st January, 2012			
Cost	53,632	56,320	109,952
Accumulated depreciation	(49,015)	(45,756)	(94,771)
NET BOOK VALUE	**$4,617**	**$10,564**	**$15,181**
For the year ended 31st December, 2012			
Opening book value	4,617	10,564	15,181
Additions for the year	10,149	1,401	11,550
Depreciation charge for the year	(7,832)	(10,613)	(18,445)
NET BOOK VALUE	**$6,934**	**$1,352**	**$8,286**
Balance at 31st December, 2012			
Cost	63,781	57,721	121,502
Accumulated depreciation	(56,847)	(56,369)	(113,216)
NET BOOK VALUE	**$6,934**	**$1,352**	**$8,286**
For the year ended 31st December, 2013			
Opening book value	6,934	1,352	8,286
Additions for the year	815	-	815
Depreciation charge for the year	(3,749)	(395)	(4,144)
NET BOOK VALUE	**$4,000**	**$957**	**$4,957**
Balance at 31st December, 2013			
Cost	64,596	57,721	122,317
Accumulated depreciation	(60,596)	(56,764)	(117,360)
NET BOOK VALUE	**$4,000**	**$957**	**$4,957**

6. INVESTMENT PROPERTY

	2013	2012
Balance at 1st January, 2013	60,665,000	71,700,000
Additions during the year	5,000	-
	60,670,000	71,700,000
Net loss from fair value adjustment	(2,747,000)	(11,035,000)
Balance at 31st December, 2013	$57,923,000	$60,665,000

The property is located at Melville Street in St. George's. Fair values are based on valuations performed by independent professional valuators. The last valuation at 31st December, 2013 was performed by Civil Engineer Nigel A. John, B.Sc. in April, 2014.

Included in the valuation is 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.

7. INVENTORY

This amount relates to items seized from delinquent tenants to be sold.

8. TRADE AND OTHER RECEIVABLES

	2013	2012
Trade receivables - net	575,976	388,536
Prepayments	36,434	26,005
Other receivables	25,338	25,650
	$637,748	$440,191

The movement in provision for impairment of trade receivables were as follows:

Balance at 1st January, 2013	(229,616)	(56,000)
Increase in provision for impairment	(149,887)	(173,616)
Accounts written-off	26,975	-
Balance at 31st December, 2013	$(352,528)	(229,616)

9. CASH AND CASH EQUIVALENTS

Cash on hand and at bank	278,260	17,388
Bank overdraft (note 11)	-	(437,935)
Cash and cash equivalents in the statement of cash flow	$278,260	$(420,547)

10. STATED CAPITAL

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

11. LONG-TERM BORROWINGS

	2013	2012
Long term		
FirstCaribbean International Bank	36,540,693	35,146,294
Less: Current portion	(3,306,586)	(2,187,625)
	33,234,107	32,958,669
Short-term		
Bank overdraft	-	437,935
Borrowings - Current portion	3,306,586	2,187,625
	3,306,586	2,625,560
Total borrowings	$36,540,693	$35,584,229

The loan is repayable over nineteen (19) years in monthly instalments of $310,678 inclusive of interest. Interest is at the rate of 7.5% per annum.

The loan is secured as follows:

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

ii) A registered first charge demand debenture stamped up to EC$39.15 Million over the fixed and floating assets of the borrower.

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

iv) Assignment of leases and rents by the Company to First Caribbean Bank International.

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

The bank overdraft bears interest at the bank's prime rate of 8.5% plus 1.5% per annum. The overdraft limit is $500,000 and operates as a fluctuating facility.

The overdraft is secured by a mortgage over the company's fixed and floating assets.

12. SHAREHOLDERS' LOANS

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

13. TRADE AND OTHER PAYABLES

	2013	2012
Deposits due to tenants	640,327	673,531
Trade payables and accruals	1,196,602	1,037,632
Other payables	320,440	990,559
	$2,098,319	$2,701,722

14. AMOUNT DUE TO RELATED PARTIES

Balance at 31st December, 2013	$588,482	$363,041

This amount is due to Zublin Grenada Limited, Melville Street Property Management Company Limited and St. George's Newport Development Company Limited.

Related Party transactions

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

Property management income	30,000	30,000
Interest expense	110,718	59,953
Management fees expense	150,000	150,000

b) Key management

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

Directors' fees	$33,600	$38,600

15. FINANCE INCOME

	2013	2012
Interest income	$2,200	$24,735

16. FINANCE COST

	2013	2012
Interest on bank overdraft and other charges	(131,483)	(206,084)
Interest on borrowings	(2,767,670)	(2,644,689)
Other finance cost	(69,268)	(218,341)
	$(2,968,421)	$(3,069,114)

17. FINANCIAL RISK MANAGMENT

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

Credit risk

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

i) Trade and other receivables

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

17. 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.

Maximum exposure of credit risk:

	2013	2012
Cash and cash equivalents	278,260	17,388
Trade receivables	637,748	440,191
	$916,008	$457,579

Analysis of trade receivables past due but not impaired are as follows:

		Past due but not impaired			
	Neither past due nor impaired	30-60 days	61-90 days	Over 90 days	Total
2013	$157,669	$151,463	$2,030	$264,814	$575,976
2012	$117,021	$115,213	$1,772	$154,530	$388,536

Analysis of financial assets individually impaired:

Trade and other receivables:

	2013	2012
Carrying amount	572,300	331,363
Provision for impairment	(352,528)	(229,616)
Net book value	$220,772	$101,747

Trade receivables are provided for on a specific basis. Receivables are generally written-off when there is no expectation of recovering amounts due.

17. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

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

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

Maturity analysis for liquidity risk:

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Balance at 31st December, 2013					
Long-term borrowings	-	-	7,592,595	25,641,512	33,234,107
Shareholders' loans	-	-	1,485,646	-	1,485,646
Trade and other payables	1,435,841	22,151	640,327	-	2,098,319
Short-term borrowings	-	3,306,586	-	-	3,306,586
Amount due to related parties	-	-	588,482	-	588,482
	$1,435,841	$3,328,737	$10,307,050	$25,641,512	$40,713,140
Balance at 31st December, 2012					
Long-term borrowings	-	-	8,026,594	24,932,075	32,958,669
Shareholders' loans	-	-	1,055,855	-	1,055,855
Trade and other payables	1,971,788	56,403	673,531	-	2,701,722
Short-term borrowings	437,935	2,187,625	-	-	2,625,560
Amount due to related parties	-	-	363,041	-	363,041
	$2,409,723	$2,244,028	$10,119,021	$24,932,075	$39,704,847

17. 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 and directors liability is in place.

18. OPERATIONAL EXPENSES

	2013	2012
Janitorial expenses	120,195	113,863
Insurance	329,766	338,488
Security services	185,692	136,665
General maintenance	77,214	69,322
Office supplies	14,703	25,443
Directors' liability insurance	10,000	10,000
Parking expenses	90,772	20,905
Utilities surcharge	(4,199)	(26,694)
Salaries and other staff cost	256,231	191,520
Telephone	38,157	49,928
Public relations	11,513	26,508
Electricity	355,819	383,474
Water	27,399	39,659
Bulk gas	-	7,065
Transportation	3,570	5,049
	$1,516,832	$1,391,195

19. GENERAL EXPENSES

Miscellaneous expenses	1,078	1,710
General management compensation	150,000	150,000
Directors fees and expenses	33,600	38,600
Legal fees	42,675	165,056
Audit fees	18,000	25,000
Professional fees	145,319	90,230
ECCSR yearly costs	23,000	17,250
	$413,672	$487,846