



2022

Annual Report



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“Clouds come floating into my
life, no longer to carry rain
or usher storm, but to add
color to my sunset.”

Rabindranath Tagore





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Mission

The Royal Naval Dockyard will be Bermuda's destination of choice for capital investment and tourism, whilst at the same time contributing to Bermuda's economic well-being.



Chairman's Message

“Hope is important because it can make the present moment less difficult to bear. If we believe that tomorrow will be better, we can bear a hardship today.”

Thich Nhat Hanh

As the world adjusted to our “new normal” of the pandemic, we began to glimpse shimmers of post-pandemic life. Hope was on the horizon!

We finally welcomed cruise ships back to our ports, with calls between June and October 2021 bringing over 14,000 passengers to our shores. Bermuda's strict COVID protocols reassured our visitors that they could enjoy their vacations safely and enabled them to inject over \$11 million into Bermuda's economy.

Despite this boost, WEDCO's revenue remained well below our normal levels, and we continued to operate with minimal expenditures, conserving roughly \$2 million in expenses against what we had previously budgeted. A second operational grant from the Government of Bermuda helped to keep WEDCO afloat for another year.

Our General Manager, Andrew Dias, continued in the role of Interim CEO of the Bermuda Land Development Company (BLDC) and our CFO, Kent Bascome, and Port Facilities

Manager, Carmen Tucker, continued as Interim Co-General Managers of WEDCO.

While we have not yet recovered to pre-pandemic levels, the current trends toward increased tourism give us cautious hope for the next fiscal year. Our Board will continue to monitor the situation carefully and adjust our strategy as necessary to achieve the best possible outcomes.



NEVILLE TYRRELL | Chairman

General Manager's Report

“Every storm runs out of rain, just like every dark night turns into day.”

Gary Allan Running

After a year of fighting for WEDCO's survival, our team further examined the organisation to see how it could become even more resilient and efficient.

The pandemic's impact on tourism was catastrophic. As an organisation that relies on tourism, particularly the cruise ship industry, WEDCO suffered from the loss of most of its revenue last year and the decimated revenue stream continued into this fiscal year.

Our main focus this year was reducing our expenses. We reviewed every expense, including building

maintenance, service contracts and all financial expenses. Our team adjusted the repairs and maintenance budget to cover only essential works. We contacted our service providers and asked to suspend or lower our existing contracts. We approached the banks to renegotiate loans at a lower interest rate.

Thankfully, many of our providers were willing to work with us to reduce our expenses. They significantly lowered their rates and amended contracts to reduce the level of service, which helped to bring our costs down.

In turn, we were able to work with all of our tenants on an individual basis to negotiate mutually beneficial agreements. Many of our tenants rely on tourism and would not have been sustainable if not for our flexibility. Undoubtedly, if WEDCO had been unwilling to work with our tenants during this difficult time, many of the businesses would have closed permanently, making it that much more challenging to resume normal business operations on the other side of the pandemic.

Our employees were also able to continue suspended social and

pension contributions for half of the year, enabling them to net the same amount of pay while reducing our salary expenses. Even as the pandemic continued to wreak havoc on our business model, we retained our entire team without making any redundancies.

I am immensely proud of how our team continued to pull together throughout this challenging period. While our financial revenue

performance was well below average, our finance team was incredibly resourceful in their quest to reduce our expenses. All of our departments collaborated to find creative ways to reduce costs or work with what they had to achieve their department targets. Our staff developed a deep understanding of WEDCO's expenses and became more discerning about whether each expense was truly required or justified.

Upon reflection, this period has illuminated just how reliant WEDCO and many other businesses are on tourism. As we proceed to create our "new normal," we must consider alternative business sectors to further diversify our revenue streams.



ANDREW DIAS | General Manager





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Year in Review

Return of Cruises

This summer saw the eagerly-anticipated return of cruise ships. The season began with the so-called “cruise to nowhere,” a homeporting cruise, Viking Orion, which left from and returned to Bermuda. Later in the season, we received calls from Crystal Symphony and Norwegian Breakaway, all within a framework to ensure passenger health and safety. We were grateful for the return of ships to our port, which gave a much-needed boost to our shops, restaurants and other businesses. Unfortunately, while cruises did return, the numbers were far less than in a normal season and were not enough to sustain many of our businesses.

Local Appeal

With a greatly diminished cruise schedule, Dockyard received significantly fewer international visitors than normal. Our local visitor numbers, on the other hand, were higher this year than ever before. We created safe ways for locals to explore and experience Dockyard while supporting our tenants' businesses.

Concessions

As many of our tenants continued to suffer from our tourism shortage, WEDCO offered concessions as they were needed. We invited our tenants to complete a Concession Request Form; upon consideration, most requests were approved for the period. Those businesses that did not require any assistance were able to continue without concessions.

Reduced Hours

One way we assisted our tenants was by reducing the hours of operation within the Clocktower Mall upon its reopening. This allowed our tenants to reduce their staffing and electricity costs, while providing them with more time to work on adjusting their business strategy and implementing marketing and social media initiatives.

Key Works

The Shed

The Shed, which was originally used as a boat shed by LandRover BAR in the 35th America's Cup, sustained storm damage. In August 2021, we completed the replacement of damaged and missing panels to return The Shed to a fully functional, customisable, large event venue.

Hangar

The airplane hangar in the old Royal Naval Air Station on Boaz Island was finally demolished in February 2022. While the hangar had been scheduled for demolition since 2015, it was repeatedly deferred. After the front façade collapsed in 2021, this project became an urgent priority as a health and safety

issue. Before works commenced in January, notices were sent to all surrounding tenants and home owners. Island Construction Limited completed the demolition and Bermuda Water Consultants Ltd. monitored the safety protocols to ensure the asbestos was removed safely.

Forecasted Works:

- Sally Port Bathrooms
- Victualling Yard Tank 3 Refurbishment
- Quay Wall on Freeport Drive Repairs
- Change of Use - Star of India/Moresby House (residential to commercial)
- NB28 Roof Repairs
- Marine and Ports Relocation Project

Completed Works:

- Albert Row demolition completed June 2021
- BAR Shed replacement panels from storm damage August 2021
- National Sailing Centre (Sandys Community Centre) replaced obsolete fibreglass tank with traditional tank January 2022
- Hangar asbestos removal and demolition February 2022

Highlights and Accomplishments

Entertainment and Events

This year started off strong with the SailGP Bermuda Sail Grand Prix in April 2021, for which the Royal Naval Dockyard was the Official Venue Partner. All Government COVID safety regulations were followed closely to keep the event safe for all participants and spectators. We offered free docking for visitors arriving by boat and many businesses offered special discounts and menus for the event.

In July, we welcomed the return of the Bermuda Billfish Release Cup. The teams gathered at Bermuda Fun Golf for the Kickoff Party and Captain's Meeting. After two days of fishing, the teams reconvened in Dockyard for an Awards Banquet at Bone Fish Bar and Grill, complete with a silent auction and dinner buffet.

The 34th Annual AXA End-to-End took place in October, with the finish line in Dockyard. All registrants required a SafeKey to participate in the event. While there were no vendors or festivities at the finish line this year, an emcee and music greeted the participants as they proceeded to the free ferry or bus stops.

After Oktoberfest's large group exemption was revoked due to heightened restrictions, it was rescheduled for December 2021. This beloved beer, brats and brass band festival was held in the Victualling Yard. The SafeKey event featured Oompah Brass, a beer hall band from London, UK, and beers and ales from our very own Dockyard Brewing Co.

The ever-popular Fight Night Champion returned to The Shed

in Dockyard in January 2022, with Bermuda's own Nikki Bascome defeating Canada's Dylan Rushton in the main event. Boxing fans did not have to wait long for the next event, with Fight Night Champion returning to Dockyard in March and Bermudian Andre "Showtime" Lambe defeating American Dajuan Robinson with a technical knockout victory.

In March, we held a "lights out" event in support of Earth Hour and encouraged all our tenants and businesses in the area to turn off all unnecessary lights and electrical fixtures.

Other entertainment included the Historical Walking Tour, the JD Band at Bonefish Bar and Grill and Wayne Davis at Frog and Onion.

Marketing

Fortunately, Dockyard has ample outdoor space, which we promoted to entice visitors. We continued to promote al fresco dining—an initiative WEDCO spearheaded, assisting with liquor licensing and other requirements—and introduced lawn games for an added element of fun in our outdoor venues.

We promoted individual businesses on our new website, social media, online banners and magazines. We also featured Dockyard in cruise ship advertising and shared press releases of timely events.

Businesses began to realise that they needed to engage with customers beyond the cruise ship passengers. Many businesses took this slow period as an opportunity to develop or grow their online presence.

Business Development, Leasing and Tenancies

Although we experienced another year of reduced revenue, we began to see flickers of light at the end of the tunnel. Using our experience from the past two years, we felt more confident in making budget projections. We decided to offer a 50% reduction in percent rent to all tenants for the upcoming year. We became more flexible with rentals, allowing short-term tenancies and outdoor vendors.

We welcomed three new businesses this year:

01.

Solace Aquamation is a pet crematorium that provides pet owners with an alternative to private burial or interment in the Marsh Folly Composting Facility.

02.

Mint Systems is a roller-skating business that offers roller-skates, in-line skates and accessories. In addition to the store in the Clocktower Mall, Mint Systems rents the outdoor pedestrianised area for skating, offering skate rentals from its shop.

03.

Station-B is a non-profit that features cutting-edge facilities and open warehouse space for global blue-technology.

Prince Alfred Terrace was occupied for much of the year with a long-term lease from the data and software company, Afiniti. The company rented eight units from May 2021 through January 2022.

Thankfully, our residential rental revenue remained steady, as many of our tenants remained employed and were able to continue paying rent.



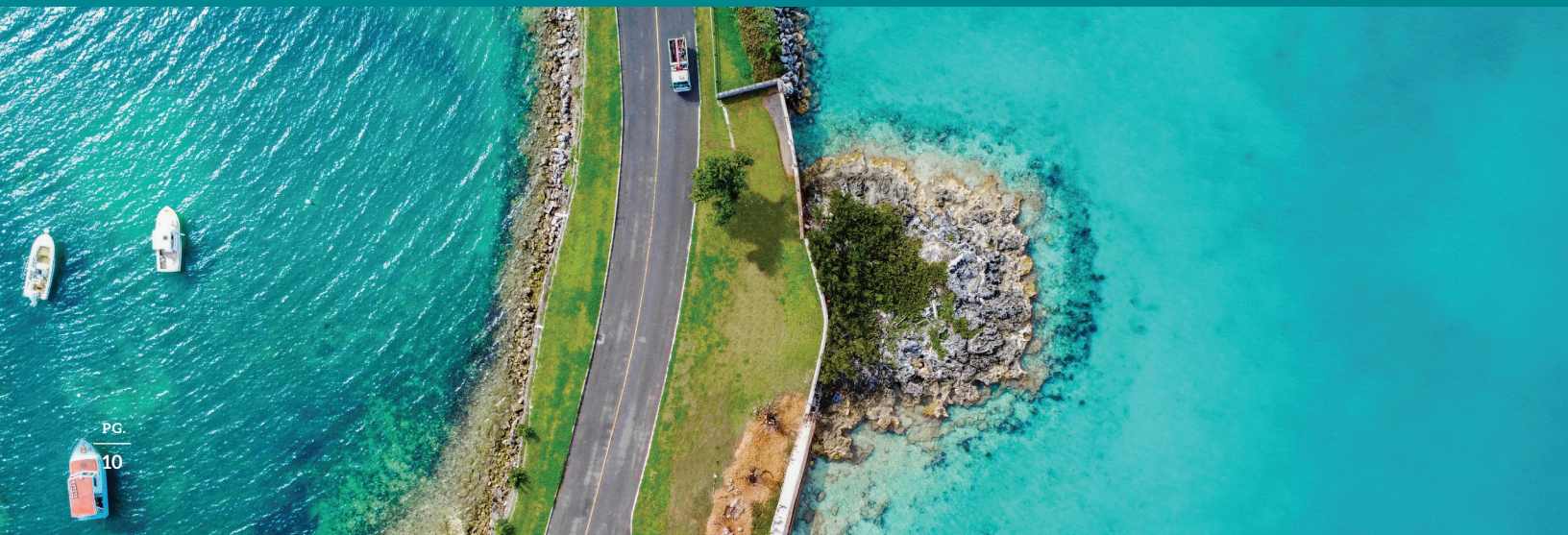
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Financial Review 2021-2022

Many of the challenges from the prior year related to COVID-19 continued in fiscal year 2021/2022. The Corporation's cash on hand was cut in half as we sought to weather the effects of the pandemic and remain afloat. The Corporation's net receivables were reduced to \$895k from \$1.3m, as the Corporation applied financial concessions to businesses to assist them through the challenging COVID-19 period.

Government grants provided for operations were reduced over prior year as revenues improved slightly as we continued to contain our costs. Dock revenues doubled (\$700k) from the previous year (\$330k) with the return of cruise ships as we started to experience a degree of recovery from the pandemic. Relatedly, our dock expenses increased as we prepared for the arrival of the cruise ships. Overall, total revenues and total expenditures remained static against prior year.

The Corporation weathered another challenging year as we experienced the residual effects of COVID-19. Our revenues continued to rebound as we kept a close watch on expenditures. With the continued assistance of the Government, we were able to continue our mandate and service our stakeholders. We expect 2022/2023 to be a recovery year for the Corporation and are confident that our 2023/2024 revenues and expenses will return to pre-COVID levels.





Management's Responsibility for the Financial Statements

These financial statements have been prepared by management, who are responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements necessarily involves using management's best estimates and judgments, where appropriate.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies, and management practices, designed to provide reasonable assurance that transactions are properly authorized and in compliance with legislation, assets are safeguarded, and reliable financial information is available on a timely basis.

The West End Development Corporation's Board of Directors through the Finance and Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Finance and Audit Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Finance and Audit Committee also reviews the financial statements before recommending approval by the Board of Directors. The financial statements have been approved by the Board of Directors and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.

MR. ANDREW DIAS
General Manager

MR. KENT BASCOME, CPA, CA
Chief Financial Officer

Date: July 26, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Minister of Public Works

Opinion

I have audited the financial statements of the West End Development Corporation, which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the West End Development Corporation as at March 31, 2022, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the West End Development Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada, 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 West End Development Corporation'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 West End Development Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the West End Development Corporation's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from 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 West End Development Corporation'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 West End Development Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the West End Development Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during the audit.

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: www.oagbermuda.bm. This description forms part of our auditor's report.

Hamilton, Bermuda
July 26, 2023



Heather Thomas, CPA, CFE, CGMA
Auditor General

Financial Statements

Statement of Financial Position

As at March 31, 2022

	2022	2021
	\$	\$
		Restated (Note 20)
FINANCIAL ASSETS		
Cash and cash equivalents	2,340,517	4,103,943
Accounts receivable (note 3)	895,529	1,300,950
Due from the Government of Bermuda (notes 5 and 13)	694,729	300,828
Mortgages and loans receivable (note 4)	2,061,275	7,541
	5,992,050	5,713,262
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	1,297,391	1,236,843
Employee future benefits and compensated absences (note 14)	105,449	103,233
Due to the Government of Bermuda (notes 11 and 13)	5,575,280	5,288,087
Due to the Government of Canada (note 10)	1,896,517	2,146,517
Long-term debt (note 12)	62,633,525	66,973,556
Obligations under capital lease (note 9)	409,749	492,013
	71,917,911	76,240,249
Net debt	(65,925,861)	(70,526,987)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	133,484,604	139,161,401
Prepaid expenses	7,724	171,264
	133,492,328	139,332,665
Accumulated surplus	67,566,467	68,805,678

Contractual obligations and Contractual rights (notes 18 and 19)

Approved by the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Financial Statements

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2022

	BUDGET 2022	ACTUAL 2022	ACTUAL 2021
	\$	\$	\$
	(Note 18)		Restated (Note 20)
REVENUES			
Government contributions (note 13)	3,621,000	8,621,000	9,371,000
Rental (note 13)	6,207,404	4,796,352	4,858,295
Service and expense recoveries	1,063,237	897,895	928,072
Dock (note 13)	1,148,433	696,474	330,127
Water (note 13)	542,100	238,883	334,342
Other	90,531	116,447	98,665
Recovery of bad debt	-	107,652	-
Interest income	-	38,920	13
	12,672,705	15,513,623	15,920,514
EXPENSES (NOTE 15)			
Facilities	11,783,407	9,578,574	9,201,669
Administration	6,566,821	6,496,445	6,832,006
Business development	1,085,424	677,815	691,365
	19,435,652	16,752,834	16,725,040
Annual deficit	(6,762,947)	(1,239,211)	(804,526)
Accumulated surplus, beginning of year		68,805,678	69,610,204
Accumulated surplus, end of year		67,566,467	68,805,678

The accompanying notes are an integral part of these financial statements

Financial Statements

Statement of Change in Net Debt

For the year ended March 31, 2022

	2022	2021
	\$	\$
		Restated (Note 20)
ANNUAL DEFICIT	(1,239,211)	(804,526)
Acquisition of tangible capital assets (note 7)	(843,745)	(2,905,520)
Transfer to mortgages and loans receivable (note 7)	1,508,955	-
Amortization of tangible capital assets (note 7)	4,774,602	4,737,670
Disposal of tangible capital assets (note 7)	236,985	7,810
Write-down of tangible capital assets (note 7)	-	137,394
	4,437,586	1,172,828
Use of prepaid expenses	171,264	60,752
Acquisition of prepaid expenses	(7,724)	(171,264)
	163,540	(110,512)
Change in net debt	4,601,126	1,062,316
Net debt, beginning of year	(70,526,987)	(71,589,303)
Net debt, end of year	(65,925,861)	(70,526,987)

The accompanying notes are an integral part of these financial statements

Financial Statements

Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
	\$	\$
		Restated (Note 20)
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual deficit	(1,239,211)	(804,526)
Adjustments for items not affecting cash:		
Amortization of tangible capital assets	4,774,602	4,737,670
Write-down of tangible capital assets	-	137,394
Disposal of tangible capital assets	236,985	7,810
Changes in non-cash working capital:		
Decrease in accounts receivable	405,421	302,173
(Increase) decrease in due from the Government of Bermuda	(393,901)	681,734
Increase (decrease) in accounts payable and accrued liabilities	60,548	(482,879)
Increase in employee future benefits and compensated absences	2,216	4,920
Increase in due to the Government of Bermuda	287,193	644,965
Decrease (increase) in prepaid expenses	163,540	(110,512)
Net cash generated through operating activities	4,297,393	5,118,749
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of tangible capital assets	(843,745)	(2,905,520)
Transfer to mortgages and loans receivable	1,508,955	-
Net cash generated from (used in) capital activity	665,210	(2,905,520)
CASH FLOWS FROM INVESTING ACTIVITY		
Net receipt of mortgages and loans receivable	(2,053,734)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(82,264)	(67,284)
Drawdown of long-term debt	62,633,525	66,973,556
Repayment of long-term debt	(66,973,556)	(68,403,718)
Repayment of amounts due to the Government of Canada	(250,000)	(250,000)
Net cash used in financing activities	(4,672,295)	(1,747,446)
Net (decrease) increase in cash and cash equivalents	(1,763,426)	465,783
Cash and cash equivalents, beginning of year	4,103,943	3,638,160
Cash and cash equivalents, end of year	2,340,517	4,103,943
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest income received	38,920	13
Interest expense paid	2,956,980	3,297,775

The accompanying notes are an integral part of these financial statements

Financial Statements

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

The West End Development Corporation (the "Corporation") is a statutory corporation established by the West End Development Corporation Act 1982 (the "Act") and is the responsibility of the Ministry of Public Works (the 'Ministry'). The general function of the Corporation is to manage and develop all designated land in the western end of the island of Bermuda with a view to the progressive improvement of the social and economic conditions.

2. Significant accounting policies

These financial statements have been prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. For financial reporting purposes, the Corporation is classified as an other government organization and has adopted accounting policies appropriate for this classification. The policies considered particularly significant are as follows:

(A) REVENUE RECOGNITION

Rental income received under operating leases, dock fees received from all vessels arriving in Dockyard, service and expense recoveries, and income from water charges are recognized on an accrual basis.

Gains on disposal of tangible capital assets when applicable along with investment income, are recorded as revenues in the year in which they are earned.

The Government of Bermuda (the "Government") contributions are recorded as revenues on the statement of operations and accumulated surplus in the year to which it relates.

Contributed tangible capital assets are recorded into revenues at their fair value at the date of contribution. When fair value cannot be reasonably determined, the tangible capital assets are recorded at nominal value. Transfers of capital assets from related parties are recorded at the net book value (amortized cost).

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable and are presented as nonfinancial assets in the statement of financial position.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned, or service performed.

Financial Statements

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

(B) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and current and call account balances with banks that can be withdrawn without prior notice or penalty and time deposits with an original maturity of 3 months or less from the date of acquisition.

(C) RECEIVABLES

Receivables relate to accounts receivable, due from the Government of Bermuda, and mortgages and loans receivable.

All receivables are recognized initially at the transaction price and subsequently measured at amortized cost, less provision for impairment. A provision for impairment is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables.

Interest is accrued on mortgages and loans receivable to the extent that it is deemed collectible.

(D) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	YEARS
Furniture, equipment, and tools	3 - 10
Building improvements and renovations	10 - 25
Mechanical rehabilitation	10 - 25
Landscaping	5 - 40
Buildings	40
Infrastructure rehabilitation	40
Other structure (Reclaimed Land)	100

Assets under development represent the cost of direct materials and labour of capital projects not completed at year-end. No amortization is charged with respect to assets under development.

Amortization for all assets starts at the next fiscal year after the date of acquisition or capitalization.

Financial Statements

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

(E) PREPAID EXPENSES

Prepaid expenses include advertising, insurance, licenses, and software support and are charged to expense over the periods expected to benefit.

(F) PAYABLES

Accounts payable and accrued liabilities and amounts due to the Government of Bermuda and Canada are recognized initially at the transaction price and subsequently measured at amortized cost.

(G) LONG-TERM DEBT

Long-term debt is initially measured at fair value, net of transaction costs and financing fees. It is subsequently measured at amortized cost. Transaction costs and financing fees are amortized on a straight-line basis.

(H) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the statement of operations and accumulated surplus in the year in which they are incurred.

(I) EMPLOYEE FUTURE BENEFITS

i) Pension benefits - the employees of the Corporation belong to pension plans based on their affiliation with a particular collective bargaining agreement. These plans are both defined contribution and defined benefit plans and the contributions of the Corporation to these plans are recorded as an expense for the year.

ii) Retirement benefit allowance - the employees of the Corporation are entitled to payment of up to 12 weeks salary/wages based on their length of service. The Corporation's liability in this regard has been accrued.

(J) FUNDS AND RESERVES

Certain amounts, as approved by the Board of Directors (the "Board"), are set aside in accumulated surplus for future operating and capital purposes.

(K) EXPENSES

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

(L) USE OF ESTIMATES

The preparation of financial statements in conformity with public sector accounting standards generally accepted in Bermuda and Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Items requiring the use of significant estimates include the useful life of tangible capital assets, employee future benefits, and provision for doubtful accounts. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

Financial Statements

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

(M) FINANCIAL INSTRUMENTS

The Corporation's financial assets consist of cash and cash equivalents, accounts receivable, due from the Government of Bermuda, tenant improvements recoverable, and mortgages and loans receivable. The Corporation's financial liabilities consist of accounts payable and accrued liabilities, employee future benefits and compensated absences, due to the Government of Bermuda, due to the Government of Canada, long-term debt, and obligations under capital lease. These financial instruments are measured at cost or amortized cost.

It is management's opinion that the Corporation is not exposed to significant interest rate, foreign currency or credit risks arising from these financial instruments.

(N) STATEMENT OF REMEASUREMENT GAINS AND LOSSES

A statement of remeasurement gains and losses has not been presented as the Corporation does not have any significant financial assets or liabilities that would give rise to remeasurement gains or losses.

3. Accounts receivable

	2022	2021
	\$	\$
		(Restated Note 20)
Tenants receivables	1,064,595	1,819,423
Other receivables	701,363	545,581
Less: Provision for doubtful accounts	(870,429)	(1,064,054)
	895,529	1,300,950

4. Mortgages and loans receivable

In May 2020, the Corporation secured an interest-bearing term loan for \$1,050,000 (note 12 (f)) through Clarien Bank. The proceed of this loan was used to finance the replacement of the water infrastructure at the Boaz Island Village Condominium Corporation (BIVCC). The Ministry of Public Works lent the Corporation a non-interest bearing loan of \$550,000 for the purpose of financing the replacement of the water infrastructure at the BIVCC. The Corporation itself paid \$550,000 out of pocket to finance the replacement of the water infrastructure at the BIVCC. The total mortgages and loans receivable as at March 31, 2022 amounted to \$2,061,275 (2021 - \$7,541).

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5. Tenant improvements recoverable

Tenant improvements recoverable, which are included under 'due from Government of Bermuda' in the statement of financial position, consist of amounts due from:

	2022	2021
	\$	\$
Department of Corrections	-	144,262

6. Investment in a Government Business Enterprise (GBE)

During the fiscal year ended March 31, 2010, the formation of a limited liability company known as South Basin Development Ltd. ("SBD") was finalized. SBD has the specific role of developing affordable housing, a Marina and land reclamation. For financial reporting purposes, SBD is classified as a government business enterprise.

Historically, the Corporation and Cross Island Development Ltd (CID) owned SBD on a ratio of 60% and 40%, respectively. Effective May 26, 2015, CID transferred its 40% shareholding in SBD to the Corporation for a consideration of US\$875,000. In relation to the share transfer, SBD declared a dividend of \$503,579 payable to the Corporation. This balance has been recognized within 'accounts receivable' in the statement of financial position as at March 31, 2022 and March 31, 2021 (note 3).

As at March 31, 2015 the carrying value of the investment was \$323,021. An impairment charge of \$323,021 was recognized in the year ended March 31, 2016 reducing the carrying value of the investment to \$nil. A further loss related to the settlement agreement of \$371,425 was recorded in the year ended March 31, 2016.

There was no operational activity in SBD during the year ended March 31, 2022. Consequently, there was no income or loss from investment in GBE to be recognized in the statement of operations and accumulated surplus.

Assets held by SBD as at March 31, 2021 and March 31, 2022 include cash held for settlement of the dividend payable to the Corporation.

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7. Tangible capital assets

2022	Land and buildings	Infrastructure rehabilitation	Building improvements and renovations	Mechanical rehabilitation	Landscaping	Furniture, equipment and tools	Assets under development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Opening cost	112,631,030	27,927,593	35,170,758	8,618,574	4,601,423	4,406,432	1,806,828	195,162,638
Additions	-	-	72,791	-	-	-	770,954	843,745
Disposals	-	-	-	-	-	-	(236,985)	(236,985)
Write downs	-	(137,394)	-	-	-	-	-	-
Transfers	290,425	50,140	120,148	74,334	-	11,500	(546,547)	-
Transfer to mortgages and loans receivable	-	-	-	-	-	-	(1,508,955)	(1,508,955)
Closing cost	112,921,455	27,977,733	35,363,697	8,692,908	4,601,423	4,417,932	285,295	194,260,443
Opening accumulated amortization	16,735,219	12,186,282	15,764,128	4,268,981	3,498,623	3,548,004	-	56,001,237
Amortization	2,274,609	698,205	1,085,158	418,155	83,819	214,656	-	4,774,602
Disposals	-	-	-	-	-	-	-	-
Closing accumulated amortization	19,009,828	12,884,487	16,849,286	4,687,136	3,582,442	3,762,660	-	60,775,839
Net book value	93,911,627	15,093,246	18,514,411	4,005,772	1,018,981	655,272	285,295	133,484,604

2021	Land and buildings	Infrastructure rehabilitation	Building improvements and renovations	Mechanical rehabilitation	Landscaping	Furniture, equipment and tools	Assets under development	Total Restated (Note 21)
	\$	\$	\$	\$	\$	\$	\$	\$
Opening cost	112,561,218	27,563,864	34,652,887	8,568,233	4,442,716	4,420,607	206,861	192,416,386
Additions	49,000	14,334	58,112	-	-	-	2,784,074	2,905,520
Disposals	-	-	-	-	-	(21,874)	-	(21,874)
Write downs	-	(137,394)	-	-	-	-	-	(137,394)
Transfers	20,812	486,789	459,759	50,341	158,707	7,699	(1,184,107)	-
Closing cost	112,631,030	27,927,593	35,170,758	8,618,574	4,601,423	4,406,432	1,806,828	195,162,638
Opening accumulated amortization	14,462,367	11,507,536	14,694,435	3,855,258	3,427,224	3,330,811	-	51,277,631
Amortization	2,272,852	686,248	1,069,693	413,723	71,399	223,755	-	4,737,670
Disposals	-	(7,502)	-	-	-	(6,562)	-	(14,064)
Closing accumulated amortization	16,735,219	12,186,282	15,764,128	4,268,981	3,498,623	3,548,004	-	56,001,237
Net book value	95,895,811	15,741,311	19,406,630	4,349,593	1,102,800	858,428	1,806,828	139,161,401

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7. Tangible capital assets (continued)

On May 7, 2009, the Government conveyed ownership of the newly built cruise ship pier, Heritage Wharf, and the associated reclaimed land to the Corporation with an estimated value of \$58,000,000 for a nominal fee of \$1. Under the terms of the conveyance agreements, the Government has an irrevocable right to purchase the transferred assets for the same consideration. In July 2016, the Government divested the Corporation of this asset and as of March 31, 2017 was negotiating a lease and repair agreement with the Corporation. It is the intent of the Government through the Ministry for the lease agreement to maintain the status quo for fiscal years 2022 - 2043.

The transfer to the mortgages and loans receivable relates to construction costs for the water infrastructure project at BIVCC. The amount transferred during the year amounted to \$1,508,955 which are costs that were incurred from the inception of the project through to March 31, 2021.

8. Accounts payable and accrued liabilities

	2022	2021
	\$	\$
Accounts payable and accrued liabilities	771,672	909,363
Rental deposits	281,944	273,445
Tenant payables	243,775	54,035
	1,297,391	1,236,843

9. Obligations under capital lease

Effective January 1, 2017, the Corporation entered into a capital lease with Air Care to provide upgrades to the Dockyard lighting infrastructure and to replace any and all lighting fixtures at a cost of \$1,292,583 inclusive of financing costs of \$294,431 at a fixed rate of 7% per annum. Based on the agreed amortization period of 10 years, monthly installment amounts of principal and interest were \$8,692. There was an additional monthly maintenance charge of \$770 making the total monthly payment \$9,462. The Corporation made a 25% down payment of \$249,538 under the terms of the lease.

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March 31, 2022

9. Obligations under capital lease (continued)

As at March 31, 2022, future repayments scheduled over the remaining term of the lease are as follows:

YEAR	CAPITAL LEASE OBLIGATIONS	INTEREST	TOTAL LEASE PAYMENTS
	\$	\$	\$
Ending March 31, 2023	77,536	26,769	104,305
Ending March 31, 2024	83,141	21,164	104,305
2025 - 2027	249,072	33,611	282,683
	409,749	81,544	491,293

The leased tangible capital asset was recorded at a cost of \$996,285 as an addition in the year ended March 31, 2018. The accumulated amortization as of March 31, 2022 was \$72,149. The lease expense for the year ended March 31, 2022 was \$32,155 (2021 - \$37,091).

10. Due to the Government of Canada

Effective December 31, 1993, the Department of National Defense, Canada, withdrew its personnel from Bermuda. A Deed of Surrender was signed on November 6, 1995, whereby the Government of Canada surrendered 54 Boaz Island Village units to the Corporation. The deed required the Corporation to pay the sum of \$5,000,000, interest free, within a term of ten years from the date of the deed.

On May 26, 2011, the Government of Canada declined a request for forgiveness of the loan and requested for payment. This decision and the existing deed have been superseded by an agreement dated April 30, 2012 with an effective date of October 2011. In this agreement, the Government of Canada and the Corporation agreed to a payment schedule of \$250,000 per annum over 20 years, with \$353,483 to be discharged as redundancy payment payable on behalf of the Government of Canada to the Government of Bermuda. This balance remains owing to the Government of Bermuda as at March 31, 2022 (note 11). The outstanding balance of the loan as at March 31, 2022 amounted to \$1,896,517 (2021 - \$2,146,517).

11. Due to the Government of Bermuda

As at March 31, 2022, \$353,483 (2021 - \$353,483) remained payable to the Government of Bermuda in relation to the redundancy payment (note 10).

On August 30, 2016, Cabinet considered and subsequently approved a promissory note of three million dollars (\$3,000,000) being provided to the Corporation by the Ministry for the redevelopment of Moresby House, 26 Pender Road, Sandys. The outstanding balance of the loan as at March 31, 2022 amounted to \$2,440,473 (2021 - \$2,583,333).

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Notes to the Financial Statements

March 31, 2022

12. Long-term debt

Long-term debt consists of:

	2022	2021
	\$	\$
Loan for the Victoria Place & South Basin (consolidated) (note (c))	47,656,964	51,256,964
Loan for the King's Wharf Project (note (d))	12,751,849	13,651,849
Loan for the Solar Project (note (e))	1,140,023	1,395,966
Loan for Boaz Island Village Infrastructure Project (note (f))	1,084,689	668,777
	62,633,525	66,973,556

a. In April 2012, the Corporation secured a loan drawdown facility for \$36,000,000 through Butterfield Bank (the "Bank"), guaranteed by the Government of Bermuda, to fund the development of the new Victoria Place housing units at the Victoria Place in Dockyard. In January 2013, the project scope was reduced significantly resulting in a revised loan drawdown facility of \$24,694,273.

The term of the loan commenced on May 1, 2014 and ends on October 31, 2023 (the "term"). During the first 18 months of the term, interest will be charged at a rate of 1.50% per annum above the Bank's United States Dollar Base Rate as varied by the Bank from time to time and commencing October 31, 2015, a rate of 1.25% per annum above the Bank's United States Dollar Base Rate as varied by the Bank from time to time. Throughout the Term Loan period, interest is payable monthly in arrears on the last day of each month.

Effective October 2015, the Corporation shall make annual principal payments of not less than US\$1,100,000, payable no later than the last day of each relevant 12-month period. The loan together with all accrued interest and other sums payable by the Corporation to the Bank, shall be repaid at the end of the term.

On March 14, 2019, the above facility was repaid in full (note (c)).

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March 31, 2022

12. Long-term debt (continued)

b. In June 2015, the Corporation obtained a credit facility for a maximum principal amount of US\$39 million, inclusive of project costs to a maximum amount of US\$36.7 million and capitalized interest to a maximum amount of US\$2.3 million (collectively the "Project Loan") through Butterfield Bank (the "Bank"), guaranteed by the Government of Bermuda, to fund the development of a 9 acre land reclamation, being the site for the 35th America's Cup Sailing Competition which was awarded to Bermuda on December 2, 2014.

The loan term is for a period of six years from the date of initial drawdown. Interest rate is set at 1.5% per annum above the Bank's United States dollar base rate as varied by the Bank from time to time. As security for the Project Loan, the Government of Bermuda, acting through and represented by The Minister of Finance (the Guarantor) provided an unconditional guarantee and indemnity in the amount of US\$39 million. Based on the Guarantee and Indemnity letter dated June 18, 2015 that was entered into between the Guarantor and the Bank, the Guarantor warrants that the execution of the Guarantee is in compliance, among others, with the West End Development Corporation Act 1982 and section 2AA of the Government Loans Act 1978.

Interest will be capitalized monthly and added to the Project Loan principal balance for 12 months following the initial drawdown. Thereafter for the following 16 months interest only cash payments will be payable monthly in arrears. Thereafter for the following 6 months, interest will be capitalized monthly and added to the Project Loan principal balance. Thereafter for the following 38 months principal repayments of US\$325,000 per month plus interest will be payable monthly in arrears based on a 10-year amortization period. The Project Loan, together with all accrued interest, is payable in full by June 30, 2021.

On October 22, 2015, the Ministry confirmed that they will not allow the Corporation to default on the repayment of principal and interest (payment default) in relation to the above-mentioned Credit Facility, provided that the Corporation deliver written notice to the Ministry of any foreseeable payment default, and also provide the Ministry with its current financial position in a form acceptable by the Ministry.

To avoid any payment default in relation to the above-mentioned credit facility, the Ministry of Finance through the Ministry provides grant funding to cover any shortfall in debt service payments.

On March 14, 2019, the above facility was repaid in full (note 12(c)).

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12. Long-term debt (continued)

- c. On February 14, 2019, the Corporation entered into a new facility with Butterfield Bank (the "Bank") in the amount of \$56,850,000 to consolidate its long-term debt under a term loan agreement. On March 14, 2019, the Corporation repaid the above two facilities (notes 12(a) and 12(b)) in full in the amount of \$56,656,968 to the Bank. This amount was refinanced as one term loan guaranteed by the Government of Bermuda.

The term of the loan is for seven (7) years, maturing in February 2026 repayable in equal monthly principal payments of \$300,000, amortised over a notional sixteen (16) year period commencing on the date of initial drawdown plus accrued interest, payable monthly in arrears. The first monthly term loan payment was due on April 1, 2019. The loan is for a period of seven (7) years from the date of initial drawdown. For the first five (5) years of the term, being the period from February 28, 2019 to and including February 28, 2024, a fixed annual interest rate of 4.75%; and for the years six (6) and seven (7) of the term, being March 1, 2024 up to and including maturity date, February 28, 2026, an annual interest rate equal to the Bank's Unites States Dollar Base Rate (being 6% at the date of the Facility Letter) as varied by the Bank from time to time.

The loan, together with all accrued interest and other amounts payable to the Bank is repayable in full on the maturity date, by way of a bullet repayment of the total principal and interest outstanding at the maturity date.

Interest expense incurred during the year ended March 31, 2022 was \$2,366,956 (2021 - \$2,511,932).

- d. On February 14, 2019, the Corporation secured a loan drawdown facility for \$15,000,000 through Butterfield Bank (the "Bank"), guaranteed by the Government of Bermuda, to fund the construction project costs relevant to the rehabilitation of King's Wharf, Dockyard.

The term of the loan is for seven (7) years, maturing in February 2026, repayable in equal monthly principal payments of \$75,000, amortised over a notional sixteen (16) year period commencing on the date of initial drawdown plus accrued interest, payable monthly in arrears. The first monthly term loan payment was due on April 1, 2019. The loan is for a period of seven (7) years from the date of initial drawdown. For the first five (5) years of the term, being the period from February 28, 2019 to and including February 28, 2024, a fixed annual interest rate of 4.75%; and for the for the years six (6) and seven (7) of the term, being March 1, 2024 up to and including maturity date, February 28, 2026, an annual interest rate equal to the Bank's Unites States Dollar Base Rate (being 6% at the date of the Facility Letter) as varied by the Bank from time to time.

The loan, together with all accrued interest and other amounts payable to the Bank is repayable in full on the maturity date, by way of a bullet repayment of the total principal and interest outstanding at the maturity date.

Interest expense incurred during the year ended March 31, 2022 was \$635,649 (2021 - \$666,979).

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March 31, 2022

12. Long-term debt (continued)

e. In December 2018, the Corporation secured a term loan for \$2,000,000 through Clarien Bank to fund the purchase and installation of solar panels in the Dockyard area ("Solar Project").

The term of the loan is for eight (8) years from date of initial disbursement. During the term, interest will be payable monthly in arrears at a 5-year fixed rate of 5.25%, commencing one (1) month following initial date of draw down and monthly thereafter for up to six (6) months. Commencing seven (7) months following initial drawdown, the loan will be repaid at BD\$26,932 per month covering both principal and interest which represents an amortization period of 90 months. The loan is unsecured. Interest of \$Nil (2021 - \$39,182) was capitalised during the year ended March 31, 2022.

f. In May 2020, the Corporation secured a term loan for \$1,050,000 through Clarien Bank (being \$1,000,000 to assist with the proposed utility improvements and \$50,000 for interest capitalization) to assist with the financing of the replacement water infrastructure at the Boaz Island Village.

The term of the loan is for sixteen (16) years from date of initial disbursement with the first 12 months on an interest only basis. During the term, the interest will be payable monthly in arrears at a 5-year fixed rate of 5% and then renewed at market rates for the remaining term. In month thirteen, fixed monthly blended principal and interest payments of \$7,381.86 to be paid. This level of repayment represents an amortization period of eighteen (18) years. Upon maturity of the term, the expected loan principal balance of \$246,300 is to be repaid in full. The Government provided a letter of comfort to Clarien Bank on behalf of the Corporation.

g. Principal repayments

Anticipated future principal repayments are as follows:

	\$
2022 (April – December)	2,334,552
2023	2,217,103
2024 and thereafter	59,356,110
	63,907,765

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13. Related party transactions

The Corporation is related to all Government departments, ministries, funds, and quasi-autonomous nongovernmental organizations under the common control of the Government. Also, the Corporation is related to organizations that the Government jointly controls or significantly influences. In addition the Corporation exercises significant influence over the operations of the Boaz Island Village Condominium Corporation (BIVCC) in that the Corporation owns one-third of the units within BIVCC. The Corporation enters into transactions with these entities in the normal course of business which are measured at the exchange amount, which is established and agreed to by the related parties. Related party transactions entered into by the Corporation during the year are as follows:

	2022	2021
GOVERNMENTAL TRANSACTIONS	\$	\$
TRANSACTIONS DURING THE YEAR		
Rental revenue	914,790	934,979
Government contributions	8,621,000	9,371,000
Dock revenue	273,074	269,836
Water and other revenues	210,208	251,950
Water and insurance expense	1,538,697	1,548,896
Employee future benefits expense	269,411	189,819
Tenant improvements recoverable	148,259	177,910
BALANCES AT THE END OF THE YEAR		
Due from the Government of Bermuda (note (a))	694,729	156,566
Tenant improvements recoverable (note 5)	-	144,262
Due to the Government of Bermuda	5,575,280	5,288,087

- a. The Corporation assisted the Ministry with moving the Artemis building from Morgan's Point and erecting it at Prospect. All costs associated would be reimbursed to the Corporation by the Ministry. The Corporation agreed that any project management service provided by the Corporation's staff will not be billed to the Ministry. The outstanding amount as at March 31, 2022 amounted to \$Nil (2021 - \$96,753). Other amounts included in due from the Government of Bermuda pertain to payroll tax refund, and other reimbursable amounts charged to the Government of Bermuda.

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14. Employee future benefits and compensated absences

(A) PENSION PLANS

i. Pension plan for Bermuda Industrial Union employees

Employees of the Corporation who are included in the Government collective bargaining agreement with the Bermuda Industrial Union are covered by the Public Service Superannuation Fund (the "Fund"), which is a defined benefit plan administered by the Government. Employee contributions to the Fund are 8% of gross wages and they are matched by the Corporation.

The Corporation is not required, under present legislation, to make contributions to the Fund with respect to quantified actuarial deficiencies. As a result, the current year contributions to the Fund represent the total liability of the Corporation. The Corporation's contributions to the Fund during the year totaled \$71,683 (2021 - \$24,006).

ii. Pension plan for administrative employees

Administrative employees of the Corporation are covered under a private defined contribution plan (the "Plan") through BF&M Life Insurance Co. Ltd. Employee contributions to the Plan are 5% of gross salary and they are matched by the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis. The Corporation's contributions to the Plan during the year amounted to \$57,468 (2021 - \$8,757).

(B) OTHER BENEFITS AND COMPENSATED ABSENCES

Other employee benefits and compensated absences include maternity leave, paternity leave, sick leave, vacation days and retirement leave. All these benefits are unfunded.

Maternity and paternity leave do not accumulate or vest and therefore an expense and liability is only recognized when applied for and approved. There were no maternity or paternity benefits applied for or approved during the current year and therefore, no liability has been accrued in the accounts.

Sick leave does not accumulate or vest, and like maternity or paternity leave, a liability is only recognized when applied for and approved. There was no extended sick leave applied for or approved during the year and therefore, no liability has been accrued in the accounts.

Vacation days accumulate and vest and therefore a liability is accrued each year. The accrued vacation liability as of March 31, 2022 is \$97,016 (2021 - \$98,578) and is included in accounts payable and accrued liabilities.

Employees are entitled to retirement leave benefit based upon their years of service at the time of retirement. The retirement leave accumulates and vests and a liability is accrued each year. The liability as at March 31, 2022 is \$105,449 (2021 - \$103,233) and is included in employee future benefits and compensated absences on the statement of financial position.

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15. Expense details

	BUDGET 2022	ACTUAL 2022	ACTUAL 2021
	\$	\$	\$
FACILITIES			
Amortization of tangible capital assets	4,672,844	4,774,602	4,737,670
Repairs and maintenance	2,843,099	1,685,523	1,605,047
Wages	1,221,029	1,176,803	1,107,490
Salaries	338,694	367,225	345,010
Security services	470,417	361,286	316,832
Dock operations and maintenance	487,552	333,918	171,775
Electricity	218,550	242,896	201,982
Disposal of tangible capital assets	-	239,535	104,467
Water	1,074,500	234,941	448,879
Vehicle	200,722	91,782	93,305
Landscaping operations	142,600	35,336	44,948
Custodial services	113,400	34,727	24,264
	11,783,407	9,578,574	9,201,669
ADMINISTRATION			
Financing costs	3,523,000	3,204,808	3,336,354
Insurance	1,537,000	1,809,235	1,571,057
Salaries	708,007	650,140	667,215
Employee future benefits	327,562	457,428	350,739
Office supplies	355,448	361,375	451,029
Travel and entertainment	15,804	13,459	789
Bad debt expense	100,000	-	454,823
	6,566,821	6,496,445	6,832,006

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15. Expense details (continued)

	BUDGET 2022	ACTUAL 2022	ACTUAL 2021
	\$	\$	\$
BUSINESS DEVELOPMENT			
Legal and professional fees	197,065	322,135	241,658
Salaries	343,775	251,670	340,815
Advertising, promotions, and maintenance	529,584	87,628	95,683
Water	15,000	16,382	13,209
	1,085,424	677,815	691,365

16. Financial risk management

The Corporation has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board has established the Finance and Audit Committee which is responsible for developing and monitoring the Corporation's compliance with risk management policies and procedures. The Finance and Audit Committee regularly reports to the Board on its activities. The Corporation's risk management program seeks to minimize potential adverse effects on the Corporation's financial performance. The Corporation manages its risks and risk exposures through a combination of insurance and sound business practices.

(A) CREDIT RISK

Credit risk arises from cash held with banks and credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Corporation assesses the credit quality of counterparties, considering their financial position, past experience and other factors.

i. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current account balances and short-term deposits with banks. Credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are invested with highly rated financial institutions.

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March 31, 2022

16. Financial risk management (continued)

ii. Accounts receivable and Loans receivable

Accounts receivable and Loans receivable consist primarily of trade accounts receivable from billings of services provided and amounts due to the Corporation from the Boaz Island Village (Note 4), respectively. The Corporation's credit risk arises from the possibility that a counterparty which owes the Corporation money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Corporation, which would result in a financial loss for the Corporation. This risk is mitigated through established credit management techniques, including monitoring counterparty's creditworthiness, obtaining references, and taking security deposits. In the year ended March 31, 2022, the maximum credit risk to which the Corporation is exposed represents the fair value of its accounts receivable.

The amounts outstanding at year-end were as follows:

	TOTAL	CURRENT	1 TO 2 MONTHS	3 MONTHS	4 MONTHS AND OVER
	\$	\$	\$	\$	\$
Accounts receivable (gross)	1,765,958	17,832	170,532	14,820	1,562,774
Less: Allowance for doubtful accounts	(870,429)	-	-	-	(870,429)
Net receivables	895,529	17,832	170,532	14,820	692,345

(B) LIQUIDITY RISK

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's objective in managing liquidity is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. The Corporation manages exposure to liquidity risk by closely monitoring supplier and other liabilities, focusing on debtor collection, generating positive cash flows from operations, and establishing and maintaining good relationships with various financial institutions. The Corporation provides monthly cash forecast reports to the Board which reflect the cash flows and cash position of the Corporation for the next 12 (twelve) months to ensure the Corporation has sufficient resources to meet its obligations.

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16. Financial risk management (continued)

The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments.

	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,297,391	-	-	1,297,391
Employee future benefits	105,449	-	-	105,449
Due to the Government of Bermuda	2,138,611	819,451	2,617,218	5,575,280
Due to the Government of Canada	250,000	1,000,000	646,517	1,896,517
Long-term debt	4,989,236	19,592,556	38,051,733	62,633,525
Obligations under capital lease	77,536	332,213	-	409,749
Total financial liabilities (contractual maturity dates)	8,858,223	21,744,220	41,315,468	71,917,911

(C) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Corporation's results of operations. The Corporation has minimal exposure to market risk.

i. Foreign exchange risk

The Corporation's business transactions are mainly conducted in Bermuda dollars and, as such, it has minimal exposure to foreign exchange risk.

ii. Interest rate risk

The Corporation is exposed to changes in interest rates, which may impact interest revenue on short-term deposits and interest expense on long-term debt.

A movement of 1% in interest rates would change the level of interest paid in the year by +/- \$626,335 (2021 - \$690,725).

17. Budget

These amounts represent the operating budget approved by the Board on December 16, 2020.

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March 31, 2022

18. Contractual obligations

The Corporation's contractual obligations consist of contracts relating to operation and maintenance of the West End water reclamation facility, desalination plant at Dockyard, air conditioning maintenance, IT managed services, property management services, construction, and transportation services.

The future aggregate minimum annual lease payments required under non-cancellable operating leases through to their expiry are as follows:

	2022	2021
	\$	\$
Not later than 1 year	928,956	1,282,436
Later than 1 year and not later than 5 years	2,130,953	3,048,641
	3,059,909	4,331,077

19. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Corporation's contractual rights arise because of contracts entered into for commercial and residential leases (inclusive of common area maintenance, external service charges).

Amounts disclosed exclude berthing and port charges, percentage rent and commercial advertising revenue because they are variable and dependent on the contracted party's revenue per agreements. The following table summarizes the contractual rights of the Corporation for future assets:

	2022	2021
	\$	\$
Not later than 1 year	5,903,865	6,074,083

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20. Prior period adjustments

Due to amendments within Accounts Receivable (adjustments made to correct rental revenue relating to the North Arm, Great Wharf, and Prince Alfred Terrace) certain amounts were misstated as at March 31, 2021. As a result, the 2021 balances have been restated to correct these errors as shown below:

ACCOUNTS RECEIVABLE	
As previously stated (March 31, 2021)	1,253,547
As restated	1,300,950
RENTAL INCOME	
As previously stated (March 31, 2021)	4,796,085
As restated	4,858,295
ANNUAL DEFICIT	
As previously stated (March 31, 2021)	(851,929)
As restated	(804,526)
NET DEBT, END OF YEAR	
As previously stated (March 31, 2021)	(70,574,390)
As restated	(70,526,987)
ACCUMULATED SURPLUS	
As previously stated (March 31, 2021)	68,758,275
As restated	68,805,678
SERVICE AND EXPENSE RECOVERIES	
As previously stated	942,879
As restated	928,072

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March 31, 2022

21. Future changes in accounting standards

A number of new standards and amendments to standards issued by Public Sector Accounting Board are not yet effective and have not been applied in preparing these financial statements:

In particular, the following accounting standards are effective for financial statements beginning on or after April 1, 2022 and April 2023.

- PS 1201 Financial Statement Presentation
- PS 2601 Foreign Currency Translation
- PS 3041 Portfolio Investments
- PS 3450 Financial Instruments
- PS 3280 Asset Retirement Obligations
- PS 3160 Public Private Partnership
- PS 3400 Revenue
- PS 1000 Financial Statements Concepts
- PSG-8 Purchased Intangibles

22. Comparative figures

Certain comparative figures have been reclassified and restated to conform to the current year's presentation.

23. Impact of Covid-19 Global Pandemic

On March 11, 2020, the World Health Organization officially declared the outbreak of the coronavirus disease (COVID-19) a global pandemic and many countries including Bermuda had experienced the impact of the infectious disease. The Corporation continues to closely monitor the evolution of this pandemic, including how it may affect its operations and financial conditions. The going concern basis of assumption for the Corporation's financial statements is dependent upon the future financial support from the Government.

The Corporation will seek the assistance of the Government to provide a grant so that the Corporation remains operational and solvent. While there is no impairment due to COVID-19, discussions have begun on ways to restructure many of the businesses in Dockyard under this new business climate.

As most of the Corporation's revenues are derived from the cruise ships and their trickle-down effect, the Corporation remains reliant on the Government to sustain its operations given the current business climate. Whilst the Corporation continues to rent its properties and bill tenants accordingly, the Corporation have been unable to collect the same and have provided for concessions on an as needed basis. Effective April 1, 2022 the Corporation will reduce the percent rent requirement by 50% for the fiscal year April 1, 2022 - March 31, 2023.

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24. Subsequent events

a. The Corporation and Bermuda Land Development Company Limited Amalgamation

In July 2022 it was announced by the Minister of Public Works that the Cabinet had approved the merger of the Corporation with Bermuda Land Development Company Limited, being a similar Government-affiliated organization engaged in the management and development of land and related assets in the east side of Bermuda.

Whilst no formal date has yet been determined for the proposed merger nor legislation or conclusions determined in respect of the surviving entity, this is expected to occur within approximately 18 months of the announcement made by the Minister. The Corporation expects to realize certain economies of scale, cost reductions, and full retention of all staff.

b. Clarien Bank Loan Facility

On August 9, 2022, the Corporation refinanced its debt and entered into a new facility with Clarien Bank (the "Bank") in the amount of \$60,275,042 to secure more favorable terms. On August 10, 2022, the Corporation repaid its facility with Butterfield Bank in the amount of \$60,205,042. The loan is guaranteed by the Government of Bermuda.

The term of the loan is for five (5) years after the drawdown date, with blended principal and interest payments of \$381,333 per month. The fixed annual interest rate is 4.50% for the initial two (2) years' period commencing on the drawdown date. On and from the expiry of the initial fixed rate period, the interest rate on the Loan for each interest period is the percentage rate per annum, determined by the Bank, to be the greater of: (a) SOFR plus the Margin; and (b) the Variable Rate Floor.

c. West End Development Corporation Amendment Act 2022

Effective October 21, 2022, the West End Development Corporation Act 1982 was amended to reflect changes in the Corporation's reporting timelines to the Auditor and the Minister. The Corporation shall provide its financial statements within six months of its year end to the Auditor and make its annual report to the Minister as soon as may be after the Corporation's audit is complete.



Board of Directors

Chairperson:

Mr. Neville Tyrrell, JP, MP

Deputy Chairperson:

Mr. Dennis Lister III, JP, MP

Directors:

Mr. Edgar Dill

Mr. Steven Faries

Mr. Terrance Bean

Ms. Elena Strong

Ms. Linda Smith

Ms. Sandra Ferguson

Finance & Audit Committee

Mr. Dennis Lister III, JP, MP

– Chairperson

Ms. Sandra Ferguson

Mr. Edgar Dill

Mr. Andrew Dias

Mr. Kent Bascome, CPA

Ex-Officio

Ministry of Public Works

Ministry of Planning

Ministry of Finance

WEDCO Executive

General Manager:

Andrew Dias

Chief Financial Officer:

Kent Bascome, CPA

Facilities Manager:

Carmen Tucker

Business Development Manager:

Joanna Cranfield

Bankers

Bank of N. T. Butterfield & Son, Ltd.

Clarien Bank

Writing & Design

Cosmic Design Agency



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