



ANNUAL REPORT 2014

**BUILT TO LAST**  
VISIONARIES IN THE INDUSTRY



## VISION

To be the premier private and public developer in Trinidad and Tobago.

## MISSION

To develop, manage and sell property, goods and services in partnership with the National Insurance Board and other organisations in Trinidad and Tobago, utilising a project management approach to bring value to our shareholders.



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## Core Values

### MUTUAL RESPECT

We value and respect each other as persons as well as members of the same team, subscribing to the same Vision, Mission and Values.

### CUSTOMER FOCUS

We recognise that meeting and exceeding the expectations of our customers must guide our decision-making.

### TRANSPARENCY

We are honest, open, clear and timely in communicating and conducting our business affairs with each other, our customers and business associates.

### INTEGRITY

We strive towards consistency between our words and actions and are committed to personal and professional ethical performance throughout NIPDEC.

### FAIRNESS

We are fair and equitable in our treatment of each other.

### COMPETENCE

Our dedication to excellence requires not only lifelong learning and development of our individual skills but also continual assessment of our ability to add value to NIPDEC.

### LOYALTY

As part of NIPDEC we are committed to ensuring the best interests of the organisation and protecting its assets.

### TEAMWORK

We promote collaborative development as we work, learn and strive for excellence together.



Our 37-year-old company enjoyed phenomenal success in 2014. Our audited financial statements for fiscal year 2014 showed a remarkable profit of \$17,390,000.00. NIPDEC's profit for fiscal year 2013 was \$5,632,011.00. NIPDEC is firmly on course to declare a record profit for fiscal year 2015 of well over \$42 million dollars.

It is important to remind our readership that NIPDEC is a private Limited Liability Company incorporated on the 26th July 1977 and is a fully owned subsidiary of the National Insurance Board of Trinidad and Tobago (NIBTT). It is noteworthy that NIPDEC is not the recipient of government funding, subventions, subsidies and/or grants from the state and as a private Limited Liability Company earns its revenues from the provision of procurement management, project management, construction management and other related services.

NIPDEC's exciting success is due in large measure to the continued trust and faith placed by the Government of Trinidad and Tobago. Currently, NIPDEC is managing about 20 construction projects for the Government of Trinidad and Tobago ranging in values from approximately \$5 million dollars to about \$240 million dollars.

**Chairman's Review**  
**Hamlyn Jailal**

Our Government clients include the Ministry of Health, Ministry of Transport, Ministry of Gender, Youth and Child Development, Ministry of Justice, Ministry of Food Production, Ministry of Works and Infrastructure, Ministry of Land and Marine Resources, Ministry of Tertiary Education and Skills Training, Ministry of Tobago Development and the Ministry of National Security. NIPDEC is also engaged by the Tobago House of Assembly, the Judiciary and the National Insurance Board of Trinidad and Tobago (NIBTT) in key projects.

Our flagship construction project is undoubtedly the Motor Vehicle Authority Head Office in Frederick Settlement, Caroni. The iconic building will be completed by January 2015. Several health projects are well under construction. They include the Carenage Health Centre, the Sangre Grande Enhanced Health Centre, the New Outpatient Clinics with Colposcopy Suite and Family Planning offices at the Mount Hope Women’s Hospital, the renovation of the Arima District Health Facility and the MRI and Catherization Laboratory for the Scarborough General Hospital. All of these projects will be completed by the second quarter of 2015.

The construction of a three-storey building to accommodate the Ministry of Tertiary Education and Skills Training will be handed over by April 2015. We have also made significant progress in the construction of the Main Campus for COSTAATT in Chaguanas. The construction of seven new facilities for the Ministry of Gender, Youth and Child Development are all progressing rapidly.

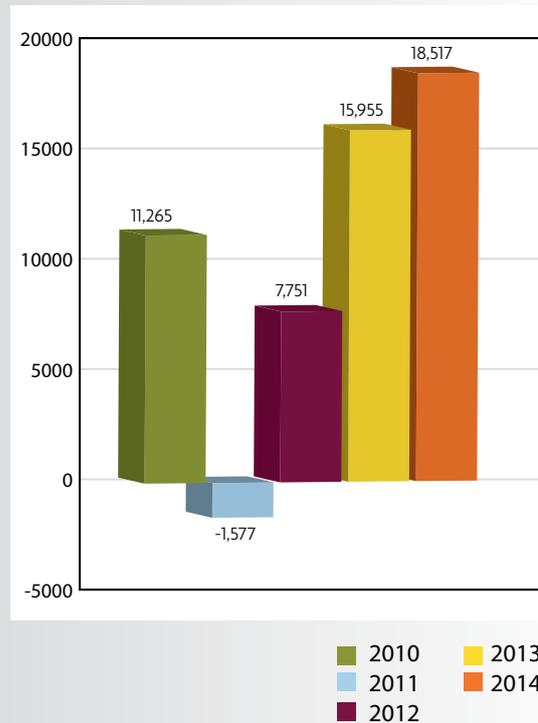
The volume of work is unprecedented in NIPDEC’s 37-year history. We feel confident that NIPDEC will rise to the challenge and deliver on time and within budget. To date we have not a single case of cost overrun. With this exponential growth in business, greater opportunities exist for all our employees.

The phenomenal success of fiscal 2014 was due in large measure to a highly energised and focused management and staff. It is not uncommon to see several employees going way beyond the call of duty driven by their own high standards and love of company and country. Staff morale has taken a decisive upswing as our employees eagerly participate in our many social, religious, sporting and cultural events. Our annual Family Day and end-of-year Dinner and Dance have thrilled all.

I must pay glowing tribute to my fellow Board Members. I have deep admiration for their level-headedness and maturity and their calming influence in several crucial Board decisions.

As a Board, we felt more empowered and emboldened by the unwavering support we received from our parent company, the National Insurance Board of Trinidad and Tobago. We trust that this relationship will bring tremendous benefits to the people of Trinidad and Tobago. NIPDEC has been appointed as the Project Manager for the construction of the NIB Scarborough Mall in Tobago.

**NET PROFIT**



There are other key NIB projects in which NIPDEC will play a vital role.

As we enter fiscal 2015, the challenge for NIPDEC is not about our economic fortunes. We have a strong balance sheet and opportunities abound. Rather, it is ensuring that we create a culture that drives growth and development in an efficient and productive manner. There is not a business anywhere that is without problems but we must steadfastly continue to motivate our dedicated and disciplined work force to achieve greater heights.

This is an exciting and privileged time to be part of the dynamic NIPDEC family. Never before in NIPDEC’s 37-year history have we witnessed such a proliferation of projects and so varied in nature. To ensure success we are reminded of Sam Walton, Wal-Mart’s founder and American businessman, when asked the recipe for his success, he simply but profoundly said, “We are all working together; that’s the secret”. Learning must continue. Donald Trump, billionaire real estate developer, warned the business community when he once remarked, “Watch, listen and learn. You can’t know it all yourself..... anyone who thinks they do is destined for mediocrity”.

NIPDEC is destined for even greater achievements in fiscal 2015.

**Hamlyn Jailal**  
Chairman

A professional portrait of Lolita Maharaj-Sirju, General Manager (Ag.), seated in a dark office chair. She has long, dark, wavy hair and is wearing a dark grey blazer over a black and white polka-dot top. Her hands are clasped in her lap, and she is smiling slightly at the camera. The background is a plain, light-colored wall. The image is framed by decorative orange and red diagonal stripes in the top-left and bottom-right corners.

"My vision, and that of the Board of Directors and management, is for a more proactive approach which not only maintains the Company's branding as significant role-players in the development of infrastructure in Trinidad and Tobago, but also in the improvement of processes which will make a meaningful impact on the lives of the citizens."

**Lolita Maharaj-Sirju** – General Manager (Ag.)

# Built to Last

## Visionaries in the Industry

**T**he National Insurance Property Development Company (NIPDEC) has seen its share of transition and change, as any organism that evolves before reaching its point of fullness. In the last financial year, 2013-2014, the Company continued its path of dynamic growth and burgeoning opportunities in many diverse areas and has recorded its largest profit in five years.

Traditionally associated with construction, the impetus was to move beyond this and truly use the wide-ranging expertise embedded within the organisation. We are involved in two major projects approaching their final stages: the implementation of a National Health Card system and the construction of the Motor Vehicle Authority. Both of these projects involved a soft-skill component adding a new dynamic to our portfolio.

The Company has also continued working closely with the Government. Our range of tasks carries us through the building and improvement of childhood centres, healing centres, medical centres, a campus for COSTAATT, the refurbishment of the three Saints – St. Mary's, St. Michael's and St. Dominics, as well as the first set of CNG buses in the Caribbean, a Family Court in San Fernando, work on the Beetham Gardens Community Centre and a birthing facility and post-natal unit at Mount Hope Medical Hospital.

### KEY PROJECTS 2013-2014

#### **Motor Vehicle Authority (MVA) Frederick Settlement**

The MVA programme was awarded by the Ministry of Transport for the provision of project management and construction management services. This includes the design and construction of the MVA Head Office and Access Centre located in Frederick Settlement, Caroni.

The project consists of a three-storey building for staff and public, a vehicle-inspection centre, including a Heavy "T" weight bridge and warehouse. The entire facility will be outfitted with state-of-the-art IT hardware and software with the intention to shorten all transaction times. Construction is close to completion, and the installation of furniture, fixtures and equipment will soon begin.

#### **Tobago Shaw Park**

The Tobago House of Assembly (THA) opted to reconstruct the Shaw Park Cultural Complex, which is intended to accommodate major cultural events in Tobago, and NIPDEC was contracted to provide overall project management services.

The Shaw Park Cultural Complex is a fan-shaped, multipurposed facility with a seating capacity of 5,000 and the ability to facilitate small performances with a seating capacity of 1,200. The structure has been completed and finishing works are ongoing; it is anticipated that this project will be completed by December 2014.

#### **Ministry of Tertiary Education and Skills Training (MTEST) Building**

NIPDEC was contracted by the Ministry of Tertiary Education and Skills Training (MTEST) for the construction and outfitting of an Administrative Complex in Chaguana.

The Complex comprises a three-storey building to accommodate administrative areas, conference facilities, storage facilities, library and common areas. The building encompasses a gross floor area of 53,800 square feet.

The project is currently in the Construction Phase and is intended to be completed in 2015.

#### **Mt. Hope Outpatient Clinics Building**

The Ministry of Health (MOH) engaged the services of NIPDEC to upgrade and expand the Mt. Hope Women's Hospital.

One of the areas of expansion includes the construction of an Outpatient Clinics Building with a Colposcopy Suite and Family Planning Offices. This structure will comprise a two-storey building with administrative, counselling, treatment, examination, multipurpose and storage rooms. NIPDEC is also responsible for the provision of all furniture, fixtures and equipment.

**COSTAATT Main Campus**

The Ministry of Tertiary Education and Skills Training (MTEST) contracted NIPDEC to construct the COSTAATT Main Campus in Chaguanas.

To be constructed on 30 acres of land, Phase 1 consists of the design and construction of a three-storey building to accommodate classrooms, training rooms, a library, a canteen, recreational and administrative areas. Phase 1 should be completed by September, 2015.

**FINANCIAL REVIEW**

The 2013-2014 financial year showed an improved performance by the Company. During the period, NIPDEC achieved a comprehensive income of over \$18.5 million. This figure represents a substantial increase over the \$13.7 million in the previous year, driven primarily by profits, which were more than triple those of 2012-2013. In addition, NIPDEC's total assets increased to \$2.2 billion from \$1.5 billion.

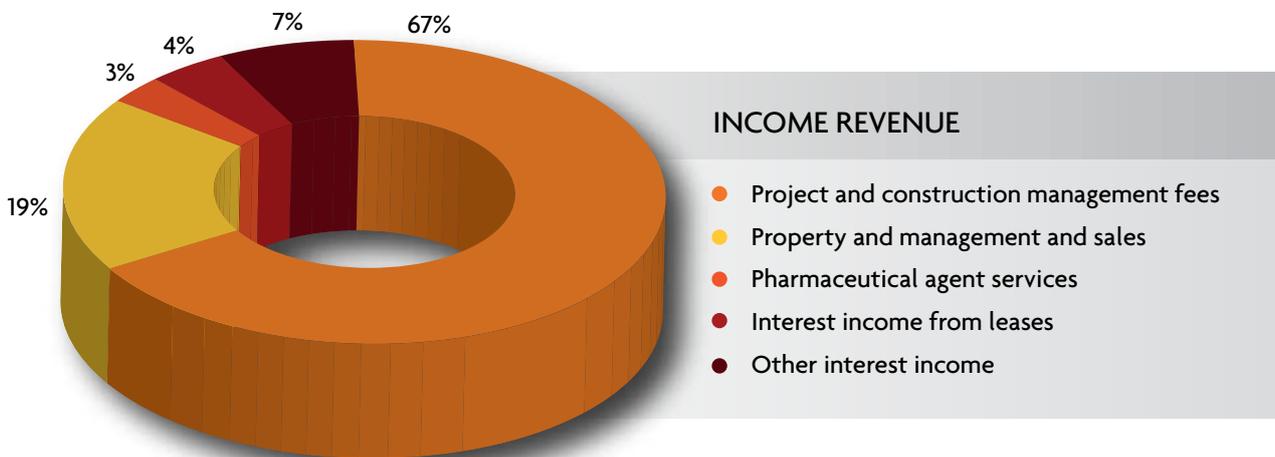
In this most recent financial year the Company's profit rose to \$17,390,000 over the \$5,632,000 tallied in the period ending June 2013. Key to this increase was the performances of our business units and other income-generating activities. In the period, project and construction management fees increased to \$43.3 million from \$33.5 million, property management and sales to \$12.1 million from \$9.3 million, and special projects and other Income to \$1.9 million from \$596 million. In addition, the Company received \$2 million

through revaluation of investment property. Cumulatively, these activities added up to a total income (less direct costs) of \$59.9 million a healthy increase from the previous year's figure of \$52.7 million.

These figures reflect both an increase in economic activity driven by Government policy as well as NIPDEC's strategic outlook and determination to maximise opportunities in the current business environment.

NIPDEC's bottom line was also improved by decreased expenditure. Although staff costs rose slightly (up to \$32.2 million from \$29.3 million), in general the Company's expenditure was reduced. This includes lower finance costs (down to \$1.28 million from \$3.10 million) and administration costs (to \$3.89 million from \$5.16 million). In June 2014, total expenses fell to \$42.4 million from \$47.0 million in the previous year. This figure is a testament to the operational efficiency of our executive team. NIPDEC will continue to strive for greater efficiency. We see this as a necessity, both from a business perspective and because of our core organisational values.

In general, we are pleased with the Company's financial performance and pleased to have crossed the \$2 billion mark in terms of total assets, which include a substantial increase in restricted cash (up to \$1.2 billion from \$0.7 billion). As the nation enjoys increased economic activity due to the various fiscal measures being undertaken by the Government, NIPDEC expects to continue to provide services to its clients through our business units that will contribute to the growth of the Company, improve its bottom line and bring greater value to its stakeholders.



**New NIPDEC – A Vision for the Future**

As NIPDEC expands and diversifies its branches of effort, we look to continued training of our staff to keep them on par with global trends. We envision having staff, in keeping with the dynamic and proactive culture of the company, that is willing to take calculated risks and be a little adventurous as cutting-edge professionals.

My vision, and that of the Board of Directors and management, is for a more proactive approach which not only maintains the Company's branding as significant role-players in the development of infrastructure in Trinidad and Tobago, but also in the improvement of processes which will make a meaningful impact on the lives of the citizens.

From a strategic perspective, the Company intends to expand its brand throughout the Caribbean. We have had productive meetings in St. Lucia, where we have already constructed a car park and a prison and we are looking at other Caribbean territories.

**Appreciation and Acknowledgement**

NIPDEC's success is the result of the unswerving support of its stakeholders and employees. Thanks must first be given to the Board of Directors who guided the company in its vision of investment, expansion and diversification.

Acknowledgement goes out as well to our management team and employees, the movers and shakers of the organisation, who applied new energy and focus which enabled us to complete jobs on time and within budget.

Special thanks to our parent company, the National Insurance Board of Trinidad and Tobago who continues to place confidence in NIPDEC.

**Lolita Maharaj-Sirju**  
General Manager (Ag.)

From left to right:

**Hamlyn Jailal** – Chairman

**Melissa Bart-Smith** – Director (seated)

**Adrian Bharath** – Director



## Board of Directors



From left to right:

**Karen Gopaul** – Director

**Krishmanie Misir** – Director (seated)

**John Boisselle** – Director

**Keith Hordatt** – Deputy Chairman

From left to right:

**Richard Gittens** – Head, Finance and Accounting

**Miriam Wilson-Edwards** – Manager, Internal Audit

**Vyas Ramphalie** – Head, Property Development (seated)

**Lindy-Ann Mitchell** – Head, Legal Services (Ag.)

**Shazim Subhan** – Manager, Mechanical, Electrical and Facilities



**Management Team**

From left to right:

**Lolita Maharaj-Sirju** – General Manager (Ag.) (seated)

**Kim Garibsingh** – Company Secretary

**Avinash Harrysingh** – Manager, Marketing and Communications

**Cavelle Joseph** – Head, Human Resources (seated)

**Theodore Alexander** – Manager, Security



# Activities



# Family Day



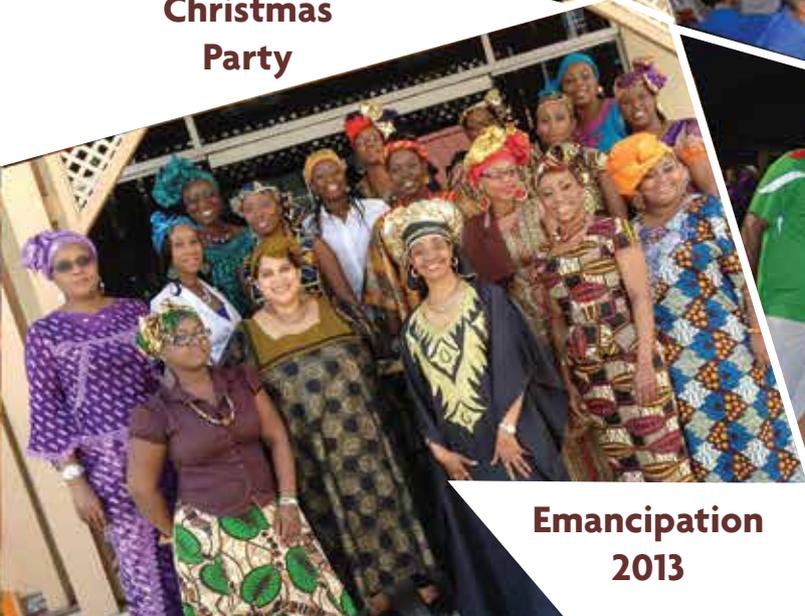


**Ole Mas  
and Kaiso**

**Children's  
Christmas  
Party**



**Staff  
Christmas  
Party**



**Emancipation  
2013**



**NIPDEC  
10 Under  
Lights**

## Projects

The National Insurance Property Development Company Limited (NIPDEC) has continued to work with the Government of the Republic of Trinidad and Tobago (GORTT) for the further development of the national infrastructure and its people.

Outlined below are some of the key projects NIPDEC initiated in fiscal 2013/2014:



### Motor Vehicle Authority

This three-storey building in Frederick Settlement, Caroni, will facilitate public interaction and staff accommodation among other facilities, with state-of-the-art IT hardware and software. The installation of furniture, fixtures and equipment will begin soon.

### “Supply and Delivery of One Hundred Right Hand Drive, Air Conditioned, GPS Compatible, Compressed Natural Gas (CNG) Powered Buses for the Public Transportation Service Corporation – Phase I”



Phase I consists of the Supply and Delivery of thirty five (35) right hand drive, air conditioned, GPS compatible, Compressed Natural Gas (CNG) powered buses for:

- i. Fifteen (15) mini-sized buses
- ii. Fifteen (15) medium-sized buses
- iii. Five (5) articulated buses

These would be the first CNG-manufactured buses specifically for Trinidad and Tobago and the first for the Caribbean region. The implementation of CNG Buses support the Government’s plans to reduce carbon emissions and begin the shift from liquid fuels. CNG fuel is less destructive to the natural environment and is cheaper.



### MTEST Buildings

This three-storey building will accommodate the administrative areas, conference facilities, storage facilities, library, sick bay, vault and common areas. This project is intended to be completed in 2015.



### Mt. Hope Outpatient Clinics Building

One of the areas of expansion includes the construction of an Outpatient Clinics Building with a Coloscopy Suite and family planning offices. This project is in the construction stage and is intended to be completed in June 2015.



## Projects (continued)

### New Carenage Health Center



The Ministry of Health (MoH) continues to improve the delivery of health care services in Trinidad and Tobago and has contracted NIPDEC to project manage the construction of the New Carenage Health Centre.

The new Carenage Health Centre would be a two-storey reinforced concrete building with space accommodations for administrative, pharmacy, counseling, dental, treatment, examination and multipurpose rooms and would be finished with the necessary furniture, fittings and medical equipment.

The project is in the design stage and the contractor has begun mobilising; it is anticipated that the New Carenage Health Centre Project would be completed in August 2015.



### COSTAATT Main Campus

COSTAATT 's main campus will be located in Chaguanas, and will accommodate classrooms, training rooms, a library, a canteen, recreational and administrative areas. Phase 1 of this project (design and construction) will be completed by September 2015.

### Tobago Shaw Park

The Tobago Shaw Park Complex will be completed by the end of this year. It will accommodate major cultural events in Tobago.





ANNUAL REPORT 2014

Financial Statements

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## Independent Auditors' Report To The Shareholders

We have audited the accompanying financial statements of The National Insurance Property Development Company Limited (NIPDEC), which comprise the Statement of Financial Position as at June 30, 2014, and the Statements of Comprehensive Income, Changes In Equity And Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the 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 about whether the financial statements are free from 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of NIPDEC as a June 30, 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).



Chartered Accountants

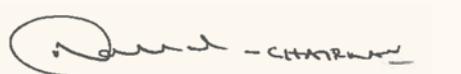
September 25, 2014  
Port of Spain  
Trinidad and Tobago

## Statement of Financial Position

June 30, 2014

	Notes	2014 \$'000	Restated 2013 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Net investment in leased assets	4	13,847	20,218
Investment properties	5	31,400	29,400
Property, plant and equipment	6	16,450	17,689
Defined pension benefit asset	7	33,237	30,499
Available-for-sale investments	8	14,854	17,330
		<u>109,788</u>	115,136
<b>Current assets</b>			
Cash and short-term deposits	9 a)	186,560	159,977
Restricted cash	9 b)	1,299,049	702,794
Accounts receivable and prepayments	10	248,050	260,125
Net investment in leased assets	4	1,746	7,969
Project costs incurred less project advances		328,816	274,916
Amounts due by parent company	21	28,149	28,037
		<u>2,092,370</u>	1,433,818
<b>Total assets</b>		<u>2,202,158</u>	1,548,954
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	11	25,000	25,000
Revaluation reserve	12	13,375	13,375
Fair value reserve	13	6,543	8,066
Retained earnings		166,745	146,705
		<u>211,663</u>	193,146
<b>Non-current liabilities</b>			
Borrowings	14	4,624	14,359
<b>Current liabilities</b>			
Borrowings	14	9,762	13,511
Accounts payable and accruals	15	378,939	319,585
Project advances less project costs incurred	16	1,588,149	999,332
Dividends payable	17	9,021	9,021
		<u>1,985,871</u>	1,341,449
<b>Total equity and liabilities</b>		<u>2,202,158</u>	1,548,954

The accompanying notes are an integral part of these financial statements.

  
Director

  
Director

## Statement of Comprehensive Income

Year ended June 30, 2014

	Notes	2014 \$'000	Restated 2013 \$'000
<b>Income</b>			
Project and construction management fees		43,314	33,550
Property management and sales		12,149	9,354
Pharmaceutical agent services		2,000	2,000
Interest income from leases	4	2,777	2,634
Other interest income		1,051	1,701
(Loss) gain on disposal of property, plant and equipment		(3,104)	3
Revaluation investment property		2,000	–
Other income		116	–
Special projects and other income		1,971	596
Total income		62,274	49,838
Direct costs incurred		(2,357)	2,895
Total income less direct costs		59,917	52,733
<b>Expenditure</b>			
Staff costs	18	(32,259)	(29,390)
Finance costs	19	(1,289)	(3,104)
Administration expenses	20	(3,892)	(5,167)
Accommodation costs		(3,121)	(4,209)
Bad debts	21	–	(3,000)
Depreciation	6	(1,022)	(1,267)
Vehicle expenses		(884)	(897)
Total expenses		(42,467)	(47,034)
<b>Profit before tax</b>		17,450	5,699
Taxation		(60)	(67)
<b>Profit for the year</b>		17,390	5,632
<b>Other comprehensive income:</b>			
Remeasurement of defined pension benefit asset		2,650	–
Net change in fair value of available-for-sale investment	8	(1,523)	8,066
<b>Total comprehensive income for the year</b>		18,517	13,698

The accompanying notes are an integral part of these financial statements.

## Statement of Changes in Equity

Year ended June 30, 2014

	<b>Stated Capital \$'000</b>	<b>Revaluation Reserve \$'000</b>	<b>Fair Value Reserve \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Total Equity \$'000</b>
<b>Year ended June 30, 2013</b>					
<b>Balance at June 30, 2012</b>	25,000	13,375	–	141,073	179,448
<i>Total comprehensive income for the year</i>					
Profit for the year as restated	–	–	–	5,632	5,632
Other comprehensive income	–	–	8,066	–	8,066
<i>Total comprehensive income for the year</i>	–	–	8,066	5,632	13,698
<b>Balance at June 30, 2013 as restated</b>	<b>25,000</b>	<b>13,375</b>	<b>8,066</b>	<b>146,705</b>	<b>193,146</b>
<b>Year ended June 30, 2014</b>					
<b>Balance at June 30, 2013 as restated</b>	25,000	13,375	8,066	146,705	193,146
<i>Total comprehensive income for the year</i>					
Profit for the year	–	–	–	17,390	17,390
Other comprehensive income	–	–	(1,523)	2,650	1,127
<i>Total comprehensive income for the year</i>	–	–	(1,523)	20,040	18,517
<b>Balance at June 30, 2014</b>	<b>25,000</b>	<b>13,375</b>	<b>6,543</b>	<b>166,745</b>	<b>211,663</b>

The accompanying notes are an integral part of these financial statements.

## Statement of Cash Flows

Year ended June 30, 2014

	<b>2014</b>	<b>Restated</b>
	<b>\$'000</b>	<b>2013</b>
		<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	17,450	5,699
Adjustments for:		
Depreciation	1,022	1,267
Loss (gain) loss on disposal of plant, property and equipment	3,104	(3)
Defined benefit pension (income)	(88)	(650)
Increase in provision for bad debts	–	3,000
Increase in fair value of investment property	(2,000)	–
	<u>19,488</u>	<u>9,313</u>
Changes in:		
Amounts due by parent company	(112)	645
Project costs less project advances	(53,900)	489
Accounts receivable and prepayments	12,075	(103,440)
Accounts payable and accruals	59,354	81,070
Advances on projects	588,817	75,138
	<u>625,722</u>	<u>63,215</u>
Taxes paid	(60)	(67)
	<u>625,662</u>	<u>63,148</u>
<b>Net cash from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital receipts from finance lease	12,594	13,991
Purchase of property, plant and equipment	(2,970)	(1,436)
Proceeds from sale of plant, property and equipment	83	52
Proceeds from redemption of available-for-sale investment	953	953
	<u>10,660</u>	<u>13,560</u>
<b>Net cash from investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(13,484)	(12,526)
	<u>(13,484)</u>	<u>(12,526)</u>
<b>Net cash used in financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	622,838	64,182
<b>Cash and cash equivalents at the beginning of the year</b>	862,771	798,589
<b>Cash and cash equivalents at the end of the year</b>	<u>1,485,609</u>	<u>862,771</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and short-term deposits	186,560	159,977
Restricted cash	1,299,049	702,794
	<u>1,485,609</u>	<u>862,771</u>

The accompanying notes are an integral part of these financial statements.

## Notes to Financial Statements

June 30, 2014

### 1. Incorporation and Principal Activity

The National Insurance Property Development Company Limited (NIPDEC) is incorporated in the Republic of Trinidad and Tobago and is a wholly owned subsidiary of the National Insurance Board of Trinidad and Tobago (NIB or the Parent). NIPDEC's registered office is located at 56-60 St. Vincent Street, Port of Spain, Trinidad and Tobago, West Indies. The principal activities of NIPDEC are:

- a) Providing project management services on various major construction projects to its clients which include large state enterprises and the Government of Trinidad and Tobago (GORTT) so as to ensure these projects are successfully completed on time and within budget from project conception to completion.
- b) Commercial services including maintenance and rental of buildings and car parks, acting as a receipt agent for mortgage portfolios and procurement of miscellaneous items for the Government of Trinidad and Tobago.
- c) Managing, on behalf of the Ministry of Health, the procurement, storage and distribution of pharmaceutical and non-pharmaceutical medical supplies to various health care facilities in Trinidad and Tobago, which are operated by the Regional Health Authorities.

These financial statements were authorised for issue by the Board of Directors on September 25, 2014.

### 2. Basis of Preparation

#### a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

#### b) Basis of preparation

These financial statements have been prepared on an historical cost basis, except for the measurement at fair value of available-for-sale investments, freehold and investment properties.

#### c) Functional and presentation currency

These financial statements are presented in Trinidad and Tobago dollars, which is NIPDEC's functional currency. All values are rounded to the nearest thousand except when otherwise stated.

#### d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is identified below:

Accounting Policy 3(b)	Net investment in leased assets – lease classification
Accounting Policy 3(i)	Receivables
Accounting Policy 3(m)	Provisions
Note 4	Accounting for an arrangement containing a lease.

## Notes to Financial Statements

June 30, 2014

### 2. Basis of Preparation (continued)

#### d) Use of estimates and judgements (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 7 Measurement of defined benefit obligation
- Note 8 Key assumptions used in discounted cash flow projections.

#### e) Change in accounting policy

Except for the change below, NIPDEC has consistently applied the accounting policies to all periods presented in these financial statements.

##### Post-employment defined benefit plans

As a result of IAS 19 - Employee Benefits (2011), NIPDEC has changed its accounting policy with respect to the basis for determining the income or expense related to post-employment defined benefit plans (see Note 7 for further details).

### 3. Significant Accounting Policies

#### a) Foreign currency

Foreign currency transactions and non-monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss of the financial period in which they arise.

#### b) Net investment in leased assets

Leases in terms of which NIPDEC assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in NIPDEC's Statement of Financial Position.

#### c) Investment properties

Investment properties consist of buildings, warehouses, car parks and land held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. The fair values are based on market values.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

The investment properties are stated at independent professional valuations as at March 26, 2014. NIPDEC's policy is to revalue its investment properties every three years or at such shorter intervals as determined, if in its opinion there is a material change to market values.

#### d) Property, plant and equipment

##### (i) Owned assets

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see accounting policy (e)) except for freehold properties which are stated at valuations conducted by independent professional valuers every three years.

## Notes to Financial Statements

June 30, 2014

### 3. Significant Accounting Policies (continued)

#### d) Property, plant and equipment (continued)

##### (i) Owned assets (continued)

NIPDEC recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to NIPDEC and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

##### (ii) Depreciation

Land is not depreciated. Property, plant and equipment is depreciated on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life as follows:

Freehold buildings	2%
Fixtures and fittings and plant and machinery	12.5%
Furniture and equipment	10%
Computer equipment and computer software	33.33%
Motor vehicles	25%
Other	10-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

##### (iii) Disposal

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in profit or loss of the financial period in which they arise.

#### e) Impairment

The carrying amounts of NIPDEC's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

##### (i) Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

##### (ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss has been recognised.

#### f) Pension benefits

NIPDEC operates a defined benefit pension plan which covers all permanent employees. The pension costs of this plan are assessed using the projected unit cost method. Under this method, the cost of providing pensions is charged to profit or loss so as to spread the regular cost over the service lives of the employees in accordance with the advice of independent actuaries who carry out a full valuation of the plan every three years. The pension

## Notes to Financial Statements

June 30, 2014

### 3. Significant Accounting Policies (continued)

#### f) Pension benefits (continued)

obligation is measured as the present value of the estimated future cash outflows less the fair value of plan assets, together with adjustments for unrecognised past-service costs. Actuarial gains and losses in accordance with IAS 19 are recognised in other comprehensive income.

#### g) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset and a financial liability or equity instrument of another enterprise.

Financial instruments carried on NIPDEC's Statement of Financial Position include; cash and short-term deposits, available-for-sale investments, accounts receivable, accounts payable and borrowings via Build Own Lease Transfer (BOLT) arrangements (see accounting policy note (k)). The main purpose of borrowings is to raise finance for construction of buildings under BOLT.

##### (i) Classification

#### a) Financial assets at fair value through profit or loss

A financial asset is classified into the "financial assets at fair value through profit or loss" category if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management.

#### b) Loans and receivables

Loans and receivables include financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as available-for-sale.

#### c) Held-to-maturity financial assets

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that NIPDEC's management has the positive intent and ability to hold to maturity.

NIPDEC does not currently hold any financial assets at fair value through profit or loss, loans and receivable and held-to maturity financial assets.

#### d) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale investments are stated at fair value with any resultant gain or loss recognised in the Statement of Comprehensive Income.

##### ii) Recognition and measurement

Regular-way purchases and sales of financial assets are recognised on the trade date at which NIPDEC becomes a party to the contractual provision of the instrument.

Financial assets are initially recognised at fair value plus transaction costs, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and NIPDEC has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Fair value reflects the present value of future cash flows associated with a financial asset or liability where an active market exists. Under normal circumstances, observable market prices or rates are used to determine fair value. For financial instruments with no active market or a lack of price transparency, fair values are estimated using calculation techniques based on factors such as discount rates, credit risk and liquidity. The assumptions and judgements applied here affect the derived fair value of the instruments.

## Notes to Financial Statements

June 30, 2014

### 3. Significant Accounting Policies (continued)

#### g) Financial instruments (continued)

##### ii) Recognition and measurement (continued)

Gains and losses arising from changes in the fair value of the financial assets in the available-for-sale category are included in the Statement of Comprehensive Income in the period in which they arise.

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the Statement of Comprehensive Income.

#### h) Cash and cash equivalents

Cash and cash equivalents comprise short-term highly liquid investments with original maturities of three months or less. These balances are readily convertible into known amounts of cash without notice.

##### i) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that NIPDEC will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in profit or loss.

#### j) Project costs and project advances

NIPDEC acts as a project or construction manager and in some instances as a paying agent on behalf of its client. This means that construction costs incurred on various projects are recorded through project cost accounts and these costs are subsequently billed to and refunded by the client to NIPDEC. These refunds are credited directly to the project cost accounts. In certain instances, monies are received in advance of costs being incurred, and these amounts have been separately classified in the Statement of Financial Position as project advances.

For these projects, typically all costs are reimbursable, and NIPDEC therefore does not bear the risk of cost overruns or losses on projects.

#### k) Borrowings

Borrowings are recognised initially as proceeds received net of transaction costs incurred. Borrowings are subsequently stated at the amortised cost using the effective interest rate method, any differences between proceeds and redemption value is recognised in profit or loss over the period of the borrowing. Principal and interest payment due within the next 12 months are classified as current liabilities, and all remaining amounts are treated as non-current.

#### l) Accounts payable and accruals

Trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### m) Provisions

Provisions are recognised when NIPDEC has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation, and a reliable estimate of the amount of the obligation can be made.

## Notes to Financial Statements

June 30, 2014

### 3. Significant Accounting Policies (continued)

#### n) Revenue recognition

Revenues earned by NIPDEC are recognised on the following bases:

##### *Project management fees and construction management fees*

These fees are recognised in income based on the contract costs incurred to date as a percentage of the total estimated cost of the project. The timing of revenue recognition through profit or loss may differ from the fee payment schedule agreed by the client. Any differences are treated as deferred income in the Statement of Financial Position.

##### *Lease income*

Interest income on leased assets is taken into income under the amortisation method.

##### *Interest income and expenses*

This is accounted for on the accruals basis.

##### *Other income and expenditure*

This is recognised on an accruals basis unless collectability is doubtful.

#### o) Taxation

NIPDEC is exempt from corporation tax by virtue of Legal Notice No. 94 dated May 3, 1987. However, NIPDEC is required to pay green fund levy which is disclosed as taxation in profit or loss.

#### p) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in current year.

#### q) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of NIPDEC, except for IFRS 9 *Financial Instruments*, which becomes mandatory for NIPDEC's 2016 financial statements and could change the classification and measurement of financial assets and IFRS 15 *Revenue from Contracts with Customers*, which becomes mandatory for NIPDEC's 2018 financial statements and provides a single principle based five-step model to all contracts with customers. NIPDEC does not plan to adopt these standards early and the extent of the impact has not been determined.

## Notes to Financial Statements

June 30, 2014

### 4. Net Investment in Leased Assets

	<b>Gross Investment</b>	<b>Unearned Interest</b>	<b>Net investment</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>2014</b>	<b>2013</b>
			<b>\$'000</b>	<b>\$'000</b>
Government of St. Lucia - Ministry of Works	8,957	(1,305)	7,652	11,603
Government of Trinidad and Tobago - Attorney General Building	8,292	(351)	7,941	16,584
	<u>17,249</u>	<u>(1,656)</u>	<u>15,593</u>	<u>28,187</u>
Not later than one year	2,986	(1,240)	1,746	7,969
Later than one year; not later than five years	<u>14,263</u>	<u>(416)</u>	<u>13,847</u>	<u>20,218</u>
Net investment in finance leases	<u>17,249</u>	<u>(1,656)</u>	<u>15,593</u>	<u>28,187</u>

During the year ended June 30, 2014 an amount of \$2,777 (2013: \$2,634) was recognised as rental income in the profit and loss account.

These leased assets yielded interest at rates varying from 7.2% to 12.4%.

## Notes to Financial Statements

June 30, 2014

### 5. Investment Properties

	<u>2014</u> <u>\$'000</u>	<u>2013</u> <u>\$'000</u>
<b>Leasehold land and buildings</b>		
1,500 sq. ft at 47, St. Vincent Street, Port of Spain (land only)	3,600	3,600
Chaguaramas Warehouse	7,500	7,500
	<u>11,100</u>	<u>11,100</u>
<b>Chattel buildings</b>		
Riverside car park, Piccadilly Street, Port of Spain	7,000	7,000
Multi-storey car park, Edward Street, Port of Spain	12,000	10,000
	<u>19,000</u>	<u>17,000</u>
<b>Lands held for development</b>		
Toco	<u>1,300</u>	<u>1,300</u>
Total	<u>31,400</u>	<u>29,400</u>
Opening balance at July 1	29,400	29,400
Increase in value	<u>2,000</u>	<u>—</u>
Closing balance at June 30	<u><u>31,400</u></u>	<u><u>29,400</u></u>

The investment properties have been independently valued by Linden Scott and Associates Ltd, Chartered Valuation Surveyors. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer, and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards Committee standards. The date of the last valuation report was March 26, 2014.

## Notes to Financial Statements

June 30, 2014

### 6. Property, Plant and Equipment

	<b>Freehold Property \$'000</b>	<b>Fixtures and Fittings \$'000</b>	<b>Office &amp; Computer Equipment \$'000</b>	<b>Computer Software \$'000</b>	<b>Motor Vehicles \$'000</b>	<b>Plant &amp; Machinery \$'000</b>	<b>Total \$'000</b>
<b>Year ended June 30, 2014</b>							
Opening balance net book amount	14,760	696	805	74	292	1,062	17,689
Additions	2,141	364	259	206	–	–	2,970
Disposal	(3,187)	–	–	–	(356)	–	(3,543)
Depreciation on disposal	–	–	–	–	356	–	356
Depreciation charge	(118)	(289)	(323)	(42)	(98)	(152)	(1,022)
Closing balance net book amount	13,596	771	741	238	194	910	16,450
Cost or valuation	13,954	4,732	11,512	521	3,598	3,332	37,649
Accumulated depreciation	(358)	(3,961)	(10,771)	(283)	(3,404)	(2,422)	(21,199)
Net book amount	13,596	771	741	238	194	910	16,450
<b>Year ended June 30, 2013</b>							
Opening balance net book amount	14,880	847	1,174	90	182	396	17,569
Additions	–	118	126	61	328	803	1,436
Disposal	–	–	–	–	(49)	–	(49)
Depreciation charge	(120)	(269)	(495)	(77)	(169)	(137)	(1,267)
Closing balance net book amount	14,760	696	805	74	292	1,062	17,689
Cost or valuation	15,000	4,368	11,253	315	3,953	3,332	38,221
Accumulated depreciation	(240)	(3,672)	(10,448)	(241)	(3,661)	(2,270)	(20,532)
Net book amount	14,760	696	805	74	292	1,062	17,689

#### Revaluation of freehold property

The freehold property has been independently valued by Linden Scott and Associates, Chartered Valuation Surveyors. Fair value was determined by reference to market based evidence. The date of the last valuation report was March 26, 2014. The next valuation is due in March 2017.

If the freehold property was measured using the cost model, the carrying amounts would be \$1.166 million (2013: \$1.412 million).

## Notes to Financial Statements

June 30, 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>7. Defined Pension Benefit Asset</b>		
<b>a) Net liability in Statement of Financial Position</b>		
Present value of defined benefit obligation	44,015	42,657
Fair value of plan asset	(77,252)	(73,156)
Net defined benefit asset	<u>(33,237)</u>	<u>(30,499)</u>
<b>b) Movement in present value of defined benefit obligation</b>		
Defined benefit obligation at start of year	42,657	36,146
Current service cost	1,717	1,600
Interest cost	2,102	1,923
Members' contributions	326	304
Re-measurements:		
– Experience adjustments	(1,541)	2,183
– Actuarial gains from changes in financial assumptions	–	2,886
Benefits paid	(1,246)	(2,385)
Defined benefit obligation at end of year	<u>44,015</u>	<u>42,657</u>
<b>c) The defined benefit obligation is allocated between the plan's members as follows:</b>		
	<b>2014</b>	<b>2013</b>
Active members	63%	62%
Deferred members	10%	9%
Pensioners	27%	29%
The weighted average duration of the defined benefit obligation at the year end	14.5	15.0
97% of the value of the benefits for active members is vested.		
27% of the deferred benefit obligation for active members is conditional on future salary increases.		

## Notes to Financial Statements

June 30, 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>7. Defined Pension Benefit Asset</b> (continued)		
<b>d) Movement in fair value of plan assets</b>		
Fair value of plan assets at start of year	73,292	66,547
Interest income	3,648	3,610
Return on plan assets excluding interest income	973	4,981
Company contributions	326	303
Members' contributions	326	304
Benefits paid	(1,246)	(2,385)
Administrative expense allowance	(67)	(68)
<b>Fair value of plan assets at end of year</b>	<b><u>77,252</u></b>	<b><u>73,292</u></b>
Actual return on plan assets	<u>4,621</u>	<u>8,591</u>
<b>e) Asset Allocation</b>		
Locally listed equities	26,154	24,517
Overseas equities	4,255	3,783
Government issued nominal bonds	15,930	16,234
Corporate bonds	24,020	26,266
Money market mutual funds	1,188	1,186
Cash and cash equivalents	<u>5,705</u>	<u>1,306</u>
Fair value of plan assets at end of year	<b><u>77,252</u></b>	<b><u>73,292</u></b>

The asset values as at June 30, 2014 were provided by the Plan's Investment Manager (First Citizens Asset Management Limited). Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The investment manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

The majority of the Plan's Government bonds were issued by the Government of Trinidad and Tobago, which also guarantees many of the corporate bonds held by the Plan.

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

## Notes to Financial Statements

June 30, 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>7. Defined Pension Benefit Asset</b> (continued)		
<b>f) Amounts recognised in the Statement of Comprehensive Income are as follows:</b>		
Current service cost	1,717	1,600
Net Interest on net defined benefit liability	(1,546)	(2,015)
Administrative expense allowance	67	68
	<hr/>	<hr/>
Net pension cost	238	(347)
	<hr/> <hr/>	<hr/> <hr/>
<b>g) Reconciliation of opening and closing entries in Statement of Financial Position</b>		
Opening defined benefit asset at prior year	(30,499)	(29,849)
Net Pension cost	238	(347)
Remeasurement recognised in other comprehensive income	(2,650)	–
Contributions paid	(326)	(303)
	<hr/>	<hr/>
Closing defined benefit asset	(33,237)	(30,499)
	<hr/> <hr/>	<hr/> <hr/>
<b>h) Summary of principal assumptions as at June 30</b>		
	<b>2014</b>	<b>2013</b>
Discount rate	5.00%	5.00%
Average individual salary increase	4.75%	4.75%
Future pension increases	NIL	NIL
Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at June 30, 2014 are as follows:		
	<b>2014</b>	<b>2013</b>
Life expectancy at age 60 for current pensioner in years		
– Male	21.0	21.0
– Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
– Male	21.4	21.4
– Female	25.4	25.4

## Notes to Financial Statements

June 30, 2014

### 7. Defined Pension Benefit Asset (continued)

#### i) Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at June 30, 2014, would have changed as a result of a change in the assumptions used.

	<u>1% pa higher</u> \$'000	<u>1% pa lower</u> \$'000
– Discount rate	6,785	(5,443)
– Future salary increases	(1,912)	2,159

An increase of one year in the assumed life expectancies shown above would increase the defined benefit obligation at June 30, 2014, by \$0.588 million.

These sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions.

#### j) Funding

NIPDEC meets the balance of the cost of funding the defined benefit Pension Plan and must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every three years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. NIPDEC expects to pay \$0.311 million to the Pension Plan during 2014/15. However this amount could change if outstanding pay negotiations are completed during the year.

### 8. Available-for-Sale Investments

	<u>2014</u> \$'000	<u>2013</u> \$'000
Opening balance at January 1	17,330	10,217
Net change in fair value of available-for-sale investment	(1,523)	8,066
Less: Redemption of CLICO Zero Coupon Bond during the year	(953)	(953)
Closing balance at December 31	<u>14,854</u>	<u>17,330</u>

The GORTT backed Bonds (2 to 10 year maturities) with face value of \$8,572 have been adjusted to fair value using the discounted cash method as at June 30, 2014. Bonds with maturity dates over 11 to 20 years were converted into units in the CLICO Investment Fund. The value of these units has been assessed by the Fund Manager. The composition of the available-for-sale investments at the end of the year is as follows:

	<u>2014</u> \$'000	<u>2013</u> \$'000
Units held in CLICO Investment Fund	6,667	8,758
Investment in CLICO Zero Coupon Bonds	8,187	8,572
	<u>14,854</u>	<u>17,330</u>

## Notes to Financial Statements

June 30, 2014

### 9. Cash and Cash Equivalents

#### a) Cash and short-term deposits

Short-term deposits are made for varying periods of between one and three months, depending on the immediate requirements of NIPDEC, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is \$186,560 (2013: \$159,977).

#### b) Restricted cash

Restricted cash refers to monies held by NIPDEC for expenditure in strict accordance to the uses identified and approved by the client.

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>10. Accounts Receivable and Prepayments</b>		
Trade debtors – Projects and others	140,412	127,429
– Ministry of Health	103,543	114,971
Direct recoverable expenditure – Ministry of Health		
– Pharmaceuticals and other related programmes	<u>3,608</u>	<u>4,277</u>
	247,563	246,677
Less provision for doubtful debts	<u>(6,378)</u>	<u>(6,378)</u>
	241,185	240,299
Net trade debtors and direct recoverable expenditure	<u>6,865</u>	<u>19,826</u>
Prepayments and other sundry receivables		
	<u>248,050</u>	<u>260,125</u>

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>11. Stated Capital</b>		
<b>Authorised</b>		
Unlimited number of ordinary shares of no par value		
Unlimited number of preferred shares of no par value		
<b>Issued and fully paid</b>		
25,000 ordinary shares of no par value	<u>25,000</u>	<u>25,000</u>

### 12. Revaluation Reserve

The revaluation reserve comprises revaluation surplus on freehold property.

### 13. Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

## Notes to Financial Statements

June 30, 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>14. Borrowings</b>		
(i) First Caribbean International Bank Limited	469	5,483
(ii) First Citizens Merchant Bank	13,917	22,387
	<u>14,386</u>	<u>27,870</u>
Borrowings – current (due within one year)	9,762	13,511
Borrowings – non-current (due between one and five years)	4,624	14,359
Total borrowings	<u>14,386</u>	<u>27,870</u>

### (i) FirstCaribbean International Bank Limited

This loan facility was provided by CIBC Caribbean, now FirstCaribbean International Bank Limited, for the purpose of financing the construction of the Ministry of Communications, Works, Transport and Public Utilities Building in St. Lucia. The loan is repayable in monthly instalments over 15 years at a rate of interest of 10.5% per annum with effect from February 20, 2001.

The security held is as follows:

- a) First legal mortgage over the leasehold lands and building;
- b) Collateral assignment of the site lease on which the building stands;
- c) Assignment of all lease rentals to service loan;
- d) Assignment of fire insurance over the property with Minville & Chastanet (through CIC Insurance) for XCD \$5.9 million and assignment of property insurance with Consolidated Insurance Consultants for XCD \$14.7 million;
- e) Guarantee of lease payment from the Government of St. Lucia.

The fair value of this loan was \$0.47 million as at June 30, 2014 (2013: \$5.483 million).

### (ii) First Citizens Merchant Bank

This bond provided financing for the Attorney General Building. The bond is repayable in semi-annual payments over 12 years at a rate of interest approximately 7.04% per annum with effect from October 1, 2003.

The security held is as follows:

- a) First legal mortgage over land and building;
- b) Assignment of all lease rentals to service loan;
- c) Assignment of fire and general perils insurance over the building for full replacement cost;
- d) Guarantee of lease payment from the Government of Trinidad and Tobago.

The fair value of the bond was \$13,917 million as at June 30, 2014 (2013: \$22.387 million).

## Notes to Financial Statements

June 30, 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>15. Accounts Payable and Accruals</b>		
Trade payables – Projects and other	276,048	253,658
– Due to pharmaceutical suppliers	<u>33,280</u>	<u>18,690</u>
	309,328	272,348
Accrued expenses and other payables	52,183	29,809
Project surplus funds over expenses	17,394	17,394
Deferred income – project and construction management fees	<u>34</u>	<u>34</u>
	<u><u>378,939</u></u>	<u><u>319,585</u></u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms for projects.
- Trade payables – Pharmaceuticals payments are non-interest bearing and are normally settled on 45-day terms as per contracts with suppliers.

**Due to pharmaceutical suppliers** – Pursuant to a contractual relationship with the Ministry of Health, NIPDEC is responsible for the procurement, storage and distribution of pharmaceutical and non-pharmaceutical medical supplies to various health care facilities operated by the Regional Health Authorities.

As part of its contractual obligations, NIPDEC receives and checks invoices from suppliers, and records the liability due to them. The Ministry of Health in turn reimburses NIPDEC for the payment of the medical suppliers' invoices made on its behalf. Amounts due from the Ministry of Health have been included in accounts receivable.

**Project surplus funds over expenses** – represent excess advances remaining after the completion of specific projects.

### 16. Project Advances Less Project Costs Incurred

Included within this balance at June 30, 2014 is an amount of \$1,315 million (2013: \$905 million) held on behalf of the Ministry of Works and Transport in relation to the Programme for the Upgrade of Road Efficiency (P.U.R.E.) and the Transport Authority and Motor Vehicle Authority Projects. This amount represents the net undisbursed portion of the proceeds received from the bonds issued during the financial year (Note 26 (c)) to finance these projects.

### 17. Dividends Payable

The Board of Directors at their 289th meeting held on February 5, 2010 approved a dividend representing 40% of the profit for the period ended June 30, 2009 in the amount of \$9,021. No payments were made during the year.

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>18. Staff Costs</b>		
Payroll costs	32,347	30,040
Defined benefit pension (income) expense	<u>(88)</u>	<u>(650)</u>
	<u><u>32,259</u></u>	<u><u>29,390</u></u>

## Notes to Financial Statements

June 30, 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>18. Staff Costs</b> (continued)		
Payroll costs	32,347	30,040
Defined benefit pension (income) expense	(88)	(650)
	<u>32,259</u>	<u>29,390</u>
<b>19. Finance Costs</b>		
Interest on borrowings	1,883	3,015
Gain on foreign exchange	(686)	(64)
Other	92	153
	<u>1,289</u>	<u>3,104</u>
<b>20. Administration Expenses</b>		
Advertising and promotions	(320)	274
Public relations and donations	240	296
Professional and legal fees	1,944	3,181
Office supplies and other administration expenses	2,028	1,416
	<u>3,892</u>	<u>5,167</u>
<b>21. Related Parties</b>		
<i>Identity of related parties</i>		
Parties are considered 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.		
NIPDEC is a wholly owned subsidiary of the National Insurance Board. In the ordinary course of its business, NIPDEC enters into transactions concerning the exchange of goods, provision of services and financing with NIB as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under common control include First Citizens Bank Limited, First Citizens Merchant Bank and various ministries of the GORTT.		

## Notes to Financial Statements

June 30, 2014

### 21. Related Parties (continued)

#### *Identity of related parties* (continued)

The sales to and purchases from related parties are at arm's length. Outstanding balances at the year end are unsecured and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following table provides the total amount of material transactions, which have been entered into with related parties as at or for the year ended June 30, 2014 and June 30, 2013.

		<b>Income from Related Parties \$'000</b>	<b>Purchases from Related Parties \$'000</b>	<b>Amounts due from Related Parties \$'000</b>	<b>Amounts due to Related Parties \$'000</b>
<b>Government of Trinidad and Tobago</b>					
Various ministries and state-owned entities (excluding NIB)					
– project management	<b>2014</b>	35,116	–	252,743	–
	<b>2013</b>	38,350	–	269,163	–
<b>Leases receivable</b>	<b>2014</b>	1,280	–	7,941	–
	<b>2013</b>	1,997	–	16,584	–
<b>National Insurance Board</b>					
Project management	<b>2014</b>	–	–	28,149	(868)
	<b>2013</b>	–	–	28,037	(426)

The amounts due from the Parent Company are under dispute. Both parties have started mediation talks that are in progress at the year end. No provision has been made against these amounts at June 30, 2014 (2013: NIL) and management is confident that the matter will be resolved.

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Other Transactions with Related Parties</b>		
Directors' compensation	648	572
Key management compensation:		
Short-term benefits	5,264	5,802
Long-term benefits	17	53
	<u>5,281</u>	<u>5,855</u>

## Notes to Financial Statements

June 30, 2014

### 22. Financial Risk Management

#### Overview

NIPDEC has adopted risk management policies and has set appropriate limits and controls to manage and mitigate against financial risk. NIPDEC has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk.

#### i) Credit risk

Management has made the assessment that NIPDEC's exposure to credit risk is not considered significant due to the fact that NIPDEC trades with the Government of Trinidad and Tobago and recognised, creditworthy third parties. Management monitors this on an ongoing basis with the result that NIPDEC's exposure to bad debts is not considered significant. Except for the Government of Trinidad and Tobago, there are no significant concentrations of credit risk within NIPDEC.

#### Managing of credit risk

However, the credit risk in respect of certain customer balances are managed through NIPDEC's establishment of an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. NIPDEC has made special provision for the receivables based on information that they have that shows that the receivable balance is uncollectable.

The ageing of trade debtors and direct recoverable expenditure at the reporting date was:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Current 0-30 days	101,775	142,254
Past due 1-30 days	72,204	35,142
Past due 31-60 days	7,616	4,324
Past due 61-90 days	7,741	1,386
Over 90 days	58,227	63,571
Total	<u>247,563</u>	<u>246,677</u>

The movement in the allowance for doubtful debts accounts in respect of trade receivables during the year was:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at July 1	6,378	6,378
Change in provision	-	-
Balance at June 30	<u>6,378</u>	<u>6,378</u>

#### ii) Liquidity risk

Liquidity risk is the risk that NIPDEC will not be able to meet its financial obligations as they fall due.

#### Management of liquidity risk

NIPDEC manages its liquidity risk by monitoring its risk to shortage of funds using a daily cash balance, daily cash flow report and monthly investment schedule. This report considers the cash balance on a daily basis, the date of maturity of investments and projected cash flows for payments.

## Notes to Financial Statements

June 30, 2014

### 22. Financial Risk Management (continued)

#### ii) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including interest payments:

	<b>Carrying Amount</b>	<b>Contractual Cash flows</b>	<b>0-12 Months</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2014</b>					
<b>Liabilities</b>					
Borrowings	14,386	15,463	10,502	4,961	–
Accounts payable and accruals	378,939	378,939	378,939	–	–
	<u>393,325</u>	<u>394,402</u>	<u>389,441</u>	<u>4,961</u>	<u>–</u>
<b>2013</b>					
<b>Liabilities</b>					
Borrowings	27,870	30,855	15,252	15,603	–
Accounts payable and accruals	319,585	319,585	319,585	–	–
	<u>347,455</u>	<u>350,440</u>	<u>334,837</u>	<u>15,603</u>	<u>–</u>

Borrowings are incurred to finance the construction of BOLT arrangements (Note 14). Borrowings are repaid from the instalments received on these lease arrangements. The lease payments are also guaranteed by the Governments of St Lucia and Trinidad and Tobago. As such, the liquidity exposure on borrowings is minimal.

#### iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect NIPDEC's income or its holding of financial instruments. NIPDEC has exposure to market risks on interest rates and currency. NIPDEC's objective is to manage and control these exposures within acceptable parameters.

##### a) Interest rate risk

All of NIPDEC's financial liabilities and the majority of its financial assets are at fixed interest terms. Interest rates on short-term investments are determined by the market. As a result this minimises any interest rate risk faced by NIPDEC.

##### b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

##### *Management of currency risk*

NIPDEC is exposed to currency risk with respect to its current assets and long-term loans denominated in currencies other than its functional currency. NIPDEC's functional currency is Trinidad and Tobago dollars. These current assets and long-term loans are primarily denominated in United States (US) and Eastern Caribbean (EC) dollars.

As at June 30, 2014 NIPDEC had assets denominated in foreign currencies amounting to \$21.5 million (2013: \$32.1 million) and long-term loans denominated in foreign currencies amounting to \$5.9 million (2013: \$5.4 million).

## Notes to Financial Statements

June 30, 2014

### 22. Financial Risk Management (continued)

#### iii) Market risk (continued)

##### b) Currency risk (continued)

##### Management of currency risk (continued)

The following exchange rate applied during the year:

	<b>2014</b>	<b>2013</b>
US	6.381	6.424
EC	2.361	2.363

##### Sensitivity analysis:

A one per cent strengthening of the US\$ against the following currencies at year end would increase (decrease) profit by the amounts shown below. This analysis is performed on the same basis for 2013 on the basis that all other variables remain constant.

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Effect in TT\$:		
US	55	56
EC	159	210

NIPDEC mitigates against this risk by holding an appropriate percentage of its investment portfolio to provide a natural hedge. NIPDEC uses the spot market to adjust any imbalances.

### 23. Capital Management

It is NIPDEC's policy to maintain a strong capital base so as to sustain future development of the business. The Board of Directors monitors the return on capital which NIPDEC defines as equity.

### 24. Determination of Fair Values

A number of the NIPDEC's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### i) Investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Board's investment property portfolio every three - five years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

## Notes to Financial Statements

June 30, 2014

### 24. Determination of Fair Values (continued)

#### ii) Borrowings

The fair value of NIPDEC's long-term loans (which have fixed interest rates) are based on estimated future discounted cash flows which are discounted using market rates for loans of the same remaining maturities and are detailed in Note 14.

#### iii) Other

The carrying amounts of financial assets and liabilities approximate their fair values because of the short-term maturities on these instruments. The carrying values of short-term deposits are assumed to approximate fair value due to their term to maturity not exceeding one year.

### 25. Commitments

#### a) Capital commitments

There are no commitments for capital expenditure approved or contracted as at June 30, 2014 (2013: \$2.4 million).

#### b) Other

In carrying out its project and construction management activities as stated in Note 1, NIPDEC has entered into a number of contracts with various contractors and a few key customers for which obligations existed at the year end.

### 26. Contingent Liabilities

#### a) Scarborough Hospital Project

NIPDEC was retained on December 5, 1997 by the Ministry of Health for the provision of project management consulting services in the Health Sector Reform Programme (HSRP) which included the construction of the Scarborough Hospital Project. NIPDEC was paid a fee for its services and all other costs, expenses and legal fees incurred by NIPDEC were reimbursed by the Ministry of Health. As such all legal expenses and losses arising from the Scarborough Hospital's ongoing arbitration will be reimbursed by the Ministry of Health. No provisions have therefore been made for this matter.

#### b) Piarco Airport Development Limited Inquiry

NIPDEC, as agent for the Ministry of Works and Transport (now the Ministry of Works and Infrastructure), was the project manager and procurement agent for the Piarco Airport Development Company. By virtue of this NIPDEC entered into contracts with contractors on this project and has been named in certain legal actions. The Ministry of Works and Transport has issued a letter of indemnity dated May 2, 2007 stipulating that all liabilities or costs arising from claims for works completed on the project will be borne by the Ministry of Works and Transport save any claims arising out of the negligence of NIPDEC in the project, which will be borne by NIPDEC. As a result, no provisions were established in this regard.

#### c) Off balance sheet borrowings

NIPDEC holds several fixed rate bonds and one promissory note that are not recorded in the financial statements of NIPDEC. These borrowings were raised on behalf of the GORTT to finance various government projects managed by NIPDEC for the GORTT. The bonds have tenures of 12 to 18 years with maturity dates of 2014 to 2032 whilst the promissory note has a tenure of three years.

The various trust deeds for the fixed rate bonds provide that NIPDEC's obligations to pay principal and interest on these bonds are limited to the maximum amount that NIPDEC has received from the GORTT for these obligations. Where bond repayments have become due, the GORTT has committed to and has been directly servicing the semi-annual principal and interest repayments.

## Notes to Financial Statements

June 30, 2014

### 26. Contingent Liabilities (continued)

#### c) Off balance sheet borrowings (continued)

These bonds have not been recorded in the books of NIPDEC since NIPDEC has no beneficial interest in these funds; NIPDEC acts as an agent to source and disburse funds in relation to projects undertaken on behalf of the GORTT; there is no outflow of resources by NIPDEC as interest and principal repayments are serviced directly by GORTT; and the Trust Deeds provide for limited recourse against NIPDEC.

The promissory note is secured by a letter of comfort issued by the GORTT whereby the Government is guaranteeing that the funds will be made available to settle the obligations arising under the promissory note. All repayments of principal and interest are being serviced directly by the GORTT.

The principal outstanding on these limited recourse fixed rate borrowings amounted to \$4.643 million at June 30, 2014 (2013: \$3.643 million). An analysis of the borrowings is as follows:

<b>Bonds</b>			<b>2014</b>	<b>2013</b>
<b>Trustee</b>	<b>Rate</b>	<b>Tenor</b>	<b>\$'000</b>	<b>\$'000</b>
Republic Bank Limited	7.30%	November 2002-2014	44,214	44,214
RBTT Merchant Bank	8.75%	October 2006-2018	143,126	143,126
Trinidad and Tobago Unit Trust Corporation	6.50%	October 2005-2017	75,000	75,000
RBTT Trust Limited	6.80%	July 2009-2022	682,000	682,000
First Citizens Trustee Services Limited:	6.25%	March 2010-2028	500,000	500,000
	6.10%	September 2010-2028	360,000	360,000
	6.55%	May 2011-2030	750,000	750,000
	6.05%	Oct 2011-2026	500,000	500,000
	5.15%	July 2012-2025	339,000	339,000
	6.25%	Oct 2012-2032	250,000	250,000
	4.00%	Oct 2013-Oct 2029	1,000,000	—
			<u>4,643,340</u>	<u>3,643,340</u>

#### d) Others

As at June 30, 2014, NIPDEC is subject to several legal claims and actions. After taking legal advice as to the likelihood of success of the claims and actions, provisions were established where appropriate based on legal advice received and precedent cases. NIPDEC is either vigorously defending these claims or attempting to settle the same (where advised) so as to reduce litigation costs.

In addition, NIPDEC also has several legal matters arising out of projects undertaken on behalf of various client ministries. For these matters, the claims, judgements and legal costs are fully reimbursed by the client ministries. As a result, no provisions have been made for these matters.

## Notes to Financial Statements

June 30, 2014

### 27. Prior Period Adjustments

The following balances have been adjusted as a result of the net direct expenses for the pharmaceutical programme being transferred to the balance sheet.

	<b>As Previously Reported</b>	<b>Prior Period Adjustment</b>	<b>Restated Balance</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Statement of Comprehensive Income</b>			
<b>June 30, 2013</b>			
Property management and sales	(11,354)	2,000	(9,354)
Pharmaceutical agent services	(17,072)	15,072	(2,000)
Direct cost incurred	36	(2,931)	(2,895)
Staff costs	37,382	(7,992)	29,390
Administrative expenses	6,421	(1,254)	5,167
Accommodation costs	6,826	(2,617)	4,209
Vehicle expenses	918	(21)	897
	<u>23,157</u>	<u>2,257</u>	<u>25,414</u>
<b>Statement of Financial Position</b>			
<b>June 30, 2013</b>			
Accounts payable and accruals	(317,328)	(2,257)	(319,585)
Retained earnings	(148,962)	2,257	(146,705)

## NOTES





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