NIPDEC

ANNUAL REPORT

2020

MISSION

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

VISION

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.

TABLE OF CONTENTS

MUTUAL RESPECT

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

FAIRNESS

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

CUSTOMER FOCUS

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

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.

TRANSPARENCY

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

LOYALTY

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

INTEGRITY

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

TEAMWORK

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

CHAIRMAN'S STATEMENT

Similar to many businesses locally, regionally and internationally, the Covid-19 pandemic posed significant challenges to our operations. I am pleased to report that NIPDEC responded well to those constantly shifting challenges. As an essential service within the pharmaceutical supply chain, our Central Stores unit at C-40 continued operations to support the public health system on behalf of the Ministry of Health.

In late March almost all our support staff moved to working from home. We are happy to report that this had no material impact on customer service. By early June, when the government relaxed restrictions, all staff returned to the office. During this time, we operated using our draft remote working policy which allowed affected team members to manage work and on-line schooling seamlessly.

NEW BUSINESS

New business for the 2020 financial year saw us execute projects for the Ministry of National Security, Tobago House of Assembly (THA), Ministry of Works and Transport and Ministry of Housing worth a combined $14 million, adding much-needed momentum to our topline growth going into the financial year 2021.

FINANCIAL PERFORMANCE

Our operating loss for the year was $12.1 million, in contrast to $21.5 million profit in the prior year. This was due to a number of factors. On the revenue side, revenue from contracts was relatively flat at $14.5 million (2019: $14.5m). Procurement management fees were up to $4.2 million from $3.7 million, but this was offset with a drop in fees from the management of car parks from $3.5 million to $2.8 million. Rental Income from our investment properties increased to $9.6 million for the year (2019: $9.5m). And other income experienced a decline from $3.1 million in 2019 to $2.0 million.

On the cost side, we continued to invest in our technology and upgraded our system networks and communication platform using Microsoft Office 365. We also completed additional repair work on our Warehouse and Car Park investment properties. Notwithstanding this we have kept our overall costs in check. The new IFRS 9 Financial Assets adjustment for Expected Credit Losses (ECL) was $3.4 million. In 2019, when we adopted the standard, the ECL adjustment resulted in a write back of $35 million, hence the 2019 profit result.

Despite the negative return on shareholder's equity, the company remains sufficiently capitalized. Further detail and analysis are contained in the Business and Financial Review.

BOARD MEMBERSHIP

During the year we welcomed the return of Douglas Camacho and Patrick Ferreira to our Board's membership and the addition of new members Joseph Remy and Leonardo Ambrose, who all brought a combined wealth of business services experience. We said goodbye to long serving member John Boiselle who retired at end of his term and we wish to thank him for his many valued years of service to NIPDEC. We would also like to recognise the contributions of previous member Christine DeBique whose term came to an end and we also extend our thanks to her for her valued years of service to NIPDEC.

THE FUTURE

Covid-19 and the associated risk it brings to our business activities will continue well into 2021. As I write this statement many countries around the world are going through their second wave and this will surely impact the already uncertain and fragile world economy. Here in Trinidad and Tobago, we continue to effectively manage the spread and so far, have avoided a second wave. Changes to executive leadership and further enhancement of the Board is expected and we will be revisiting our strategic intent to restore financial confidence for the parent company.

Joseph Remy,
Deputy Chairman

GENERAL MANAGER'S STATEMENT

The year 2020 would go down as one the most unexpected time periods in our history. The Covd-19 pandemic adversely affected the medical, economic and social ecosystems of almost every country. Our pharmaceutical business unit was the most affected as a result of the explosive demand for Personal Protective Equipment (PPE) which caused significant shortages within the supply chain and disruption of expected lead times.

Through careful consultation with the Ministry of Health, we were able to start planning ahead of the onset of the pandemic in March 2020. We implemented a system of stock piling for the PPE in light of the expected surge in demand from the Regional Health Authorities. However, the forward-thinking strategy still did not fully mitigate the risks we faced with large increases in prices for PPE supplies. Our suppliers had to battle with the increased worldwide competition which manufacturers particularly took advantage of the market for pharmaceutical and non-pharmaceutical goods.

Management of our people during this time was critical. We quickly implemented Covid-19 health and safety measures that focused on hygiene and social distancing. We continued to update our Covid-19 employee guidelines as circumstances changed and developed during the first wave. Conditions were introduced for remote working for both essential and non-essential staff that supported our primary and secondary business activities.

Within the Property Development business unit, we were able to complete the construction of five (5) support centres for the Office of the Prime Minister - Gender and Child Affairs. Unfortunately, other construction projects for the Ministry of Works and Transport and Ministry of National Security had to be deferred during the government's lockdown measures between March to June 2020. Additionally, this had an unfavourable effect on our car parks within Port-of-Spain, Chaguanas and Maracas.

2020's financial performance produced a relatively flat top line when compared to the prior year's outcome. Income before direct cost was $26.1 million in 2020 against $27.2 million in 2019; a 4% decline. There was a mixture of results that led to the even result. Procurement Management increased by 14% or $0.5 million on account of greater road works activity by the Ministry of Works and Transport. However, this was offset by the 20% or $0.7 million decline in managed car parks and a reduction in Other Income of 35% or $1.1 million from downward valuation of property plant and equipment.

We incurred an Operating loss of $12.1 million as the income generated continue to be below breakeven despite the initiatives we implemented to continuously control cost. Notwithstanding the unflattering result, we have a backlog of projects within the Property Development business unit worth $14 million in revenue that is expected to commence within the 2020/21 financial year. We expect the close management of the Covid-19 restrictions to continue well into the new year. Management is confident that we will be able to deliver on the projects planned.

The attitude of the staff during this unprecedented time period has been commendable. There was a level of commitment to maintain operational stability within their collective business areas. As we continue to adopt the necessary changes in the way we work, focus on customer service, return on investment and people will remain.

Jabari Cozier
General Manager (Ag.)

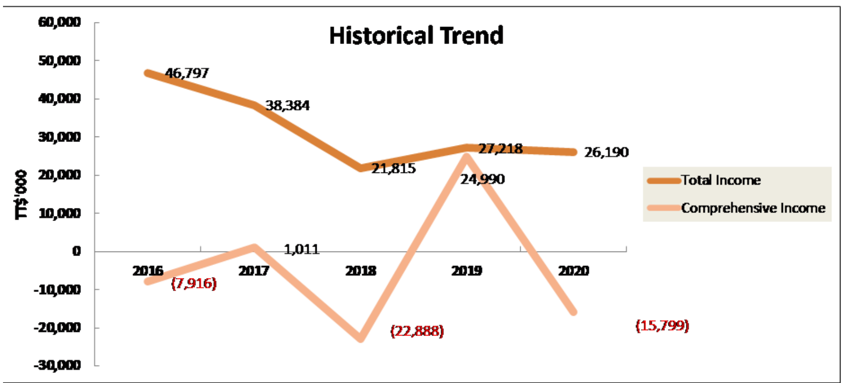
BUSINESS & FINANCIAL REVIEW

PERFORMANCE

At the beginning of the financial year, there were some positive macro-economic indicators that supported an improved performance in the Central Government Accounts. The Angelin platform began production in Q1-2019 and was expected to boost natural gas production and related revenue inflows for the State. The Construction sector increased by 2.9% and headline inflation averaged at a low of 1.2%. NIPDEC continued to work towards improving operational efficiencies through people and technology. The company had leveraged its expertise and experience in the project and construction management and procurement sectors by winning new business from the Ministry of National Security, Ministry of Works and Transport, THA and Ministry of Housing.

By June 30, 2020 the company was operating within another economic reality. The Covid-19 pandemic stagnated economic activity and tightened fiscal conditions. The International Monetary Fund in April 2020 estimated that the global economy would contract by 3% in 2020; down from its 6.3% growth forecast in January 2020.

The "stay at home" mitigation measures led to reduced worldwide oil demand. The Public Sector Investment Programme and the Infrastructure Development Programme are both funded by revenue inflows and quarterly tax collection by the State. These programmes are critical contributors to the construction sector and by extension NIPDEC revenue.



Despite the change in circumstances, the company was able to stabilize total income at 2019 pre-pandemic levels. This stability is expected to hold and be surpassed in 2021 as NIPDEC has construction management projects for the Ministry of National Security and Housing Developments with the Tobago House of Assembly.

Unfortunately, the stabilized income levels were not enough to cover operating overheads. We recorded a comprehensive loss for the year of $15.8 million. In 2019 comprehensive income of $24.9 million was reported which was mainly due to the $35 million positive loss allowance adjustment as a result of the adoption of the IFRS 9 ECL model.

REVENUE

Total revenue decreased $1.028 million from $27.2 million in 2019 to $26.2 million in 2020.

Revenue from contracts with customers remained flat overall. Project and Construction Management fees declined by 7% due to a combination of delayed starts on Ministry of National Security's projects at Camp La Romaine and Golden Grove Remand and their hold on Camp Omega, Signal Hill Headquarters and Dormitory.

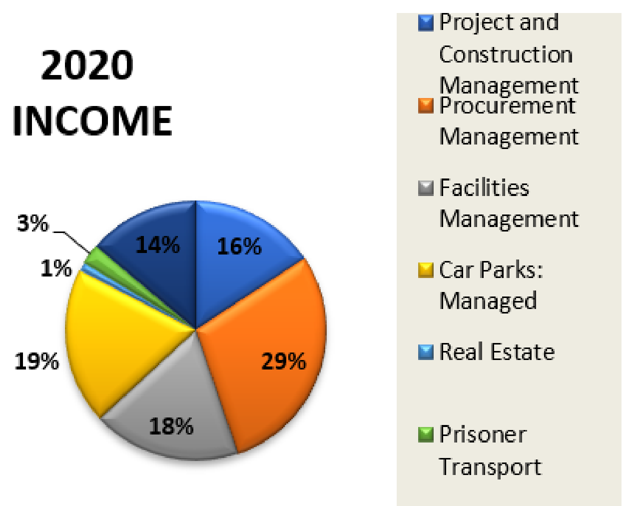
Procurement Management increased by 14% to 4.2 million driven primarily by the tenders for road works under the Programme for Upgrading Road Efficiency Unit (PURE). Prisoner transport and Real Estate recorded increases of 26% and 5% respectively. We were able to increase our management fee for Prisoner Transport and the real estate unit sold more properties for the parent National Insurance Board in 2020.

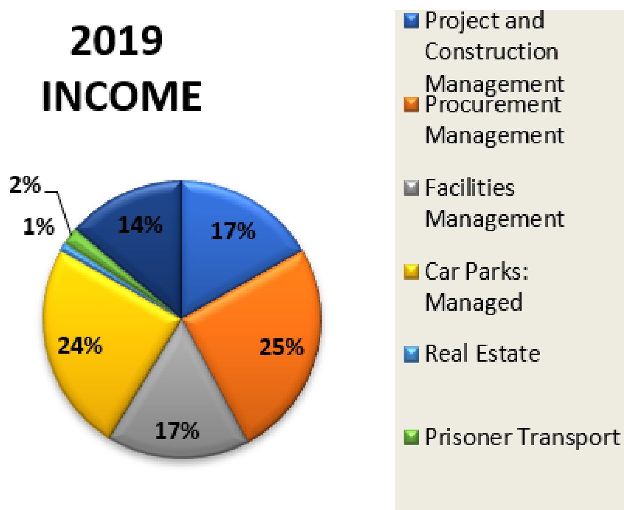
These positive year on year variances were offset by a 21% decrease in revenue from managed car parks, a direct casualty of the restrictions imposed to mitigate the spread of Covid-19. Total revenue fell from $3.6 million to $2.8 million in 2020.

Rental income declined by 2% compared with June 2019. The performance of NIPDEC owned car parks improved by 10% compared with June 2019 due to increases in rental rates. However, warehouse income declined by $0.036 million or 1% and was below budget by 31%. The decline was attributable to the departure of tenants, reducing capacity utilization below 85% as at June 30, 2019.

Income from Advertising declined from $0.413 million to $0.15 million or 64% as clients significantly reduced their advertising requirements on account of Covid-19's effect on the economy.

Figure 2 below shows the 2020 and 2019 comparative change in revenue contribution from the various sources of income.

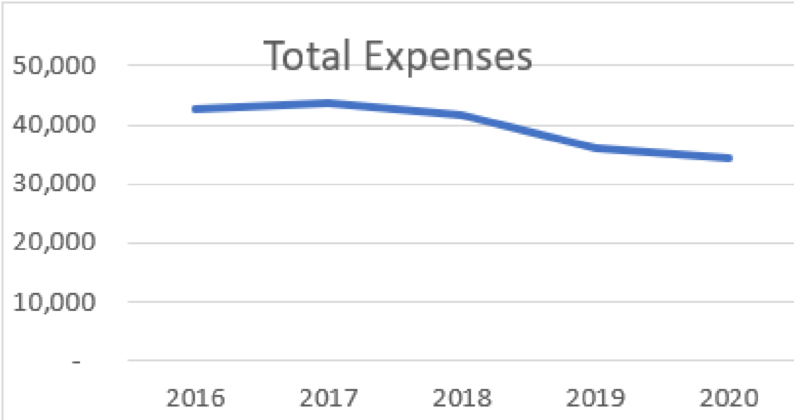




PROFITABILITY

Even though we generated a comprehensive loss of $15.9 million in 2020, there were encouraging signals that the company's focus on improving operational efficiencies allowed us to weather the Covid-19 pandemic without having to furlough or make staff redundant. Total revenue declined by 4% and gross income by 2% as all but two expense line items continued on a downward trend.

Total expenditure ended at $34 million compared to $1 million in 2019, when the implementation of IFRS 9 ECL resulted in a $35 million write back of bad debts. Discounting that adjustment meant total expenditure decreased by 5% year on year.



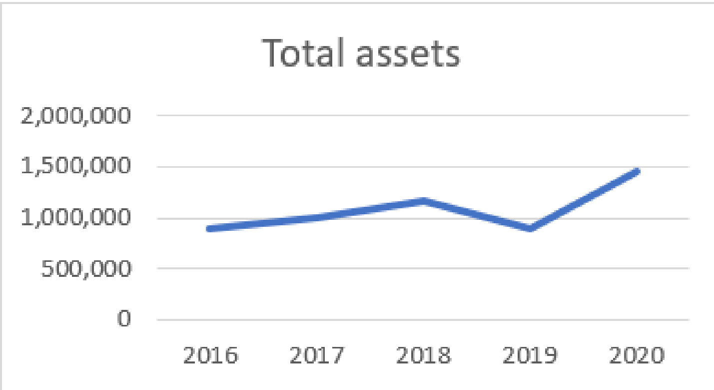
Staff costs decreased by 9% from 2019 and continued the trend of decreases over the last five years. Finance costs declined by 84% due to lower FOREX losses and Vehicle expenses were 57% lower than 2019 through a combination of IFRS 16 adoption of Leases and cost savings from management downsizing of the vehicles. Accommodation costs decreased by 40% on account of lower repairs and maintenance expenditure.

Administration costs grew by 8% mainly due to professional fees for consultancy services and legal fees incurred. Depreciation moved upwards by 143% as a result of the capitalization of $6 million in Right of Use Assets under IFRS 16. During 2020 the company recognized $3 million in bad debts as part of the ECL adjustment.

NIPDEC ended the year with an operating loss of $12.1 million which was worsened by a $4.4 million loss in the defined benefit pension asset. This resulted from reduced investment return on plan's assets.

FINANCIAL POSITION

NIPDEC's assets grew by $559 million or 62% to $1.5B as at June 30, 2020. This represented the largest asset base the company has managed in the last five years. A 156% or $520 million restricted cash increase was the primary source of asset growth.



The company continued to manage the procurement of contractors under the PURE program and in October signed a $500M loan from ANSA Merchant Bank.

The Ministry of Finance altered funding of the Ministry of Health's annual pharmaceutical programme from recurrent expenditure in the national budget to loan funding.

NIPDEC concluded on April 1, 2020 a loan of $671 million from RBC Merchant Bank and by year end $432 million had been accessed to pay for pharmaceutical and non-pharmaceutical stock.

The implementation of IFRS16 Leases, which required the capitalisation of assets that were previously recorded and expensed as operating leases, resulted in a $6 million addition to the balance sheet under non-current Right of Use Assets. There was also the recognition of corresponding liability disclosed in non current and current liabilities.

Trade receivables were reduced by $58 million due to the loan facilities mentioned above. Other receivables grew by $125 million based on increased accrued billings for pharmaceutical and project suppliers.

Shareholder's equity decreased by 8% on account of the comprehensive loss incurred. The fair value reserve climbed by 0.402 million or 21% buoyed by a 28% price appreciation in the CLICO Investment Fund and increased valuation of zero coupon bond as they near maturity in November 2020 and 2021.

During the year we secured financing to fund projects which we manage on behalf of the Ministry of Works and Transport and the Ministry of Health. The loan for the Ministry of Works and Transport for $500 million, will fund the procurement of contractors for PURE road works. The $672 million loan for the Ministry of Health will fund the procurement of phamaceutical and non-pharmaceutical drugs for the Regional Health Authorities across Trinidad and Tobago. The $514 million increase in Project advances was financed from these loans.

BOARD OF DIRECTORS

VALERIE KELSICK - CHAIRMAN
MARGARET ROPER-WILTSHIRE
DOUGLAS CAMACHO
MARVIN GONZALES
NIALA PERSAD-POLIAH
LEONARDO AMBROSE
BRENDON NELSON
PATRICK FERREIRA
JOSEPH REMY

MANAGEMENT TEAM

JABARI COZER - GENERAL MANAGER (AG.)

VYAS RAMPHALIE - HEAD PROPERTY DEVELOPMENT

CAVELLE JOSEPH-ST. OMER - HEAD HUMAN RESOURCES

ROSEANN ST. ROSE - HEAD PHARMACEUTICALS

INGRID WHITE-WILSON - COMPANY SECRETARY

NATALIE DANCLAR-RODNEY - MANAGER PROCUREMENT

SARITA SARJOO-GHANY - MANAGER INTERNAL AUDIT

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2020

Ernst & Young Services Limited

Building a better working world

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

CONTENTS **Page**

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of The National Insurance Property Development Company Limited, ('the Company') which comprise the statement of financial position as at 30 June 2020, the statements of profit or loss and other comprehensive income/(loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

General Manager (Ag.)

21 October 2020

Company Secretary (Ag.)

21 October 2020

Ernst & Young Services Limited
P.O. Box 158
5/7 Sweet Briar Road
St. Clair, Port of Spain
Trinidad

Tel: +1 868 628 1105
Fax: +1 868 622 1153
www.ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of The National Insurance Property Development Company Limited ("the Company"), which comprise the statement of financial position as at 30 June 2020 and the statement of profit or loss and other comprehensive income/(loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

Accounts Payable and accruals
Included in the statement of financial position are accounts payable and accrual balances amounting to $479.9 million at year end. Included in this balance was $34.9 million related to unreconciled project expenditure balances which are the subject of ongoing investigation by Management. We were unable to obtain sufficient appropriate evidence to support the existence and appropriate presentation of those unreconciled balances amounting to $34.9 million in the statement of financial position as at 30 June 2020, and therefore whether any adjustments are required in respect of these balances.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Building a better
working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

Report on the Audit of the Financial Statements
(Continued)

Other Information included in the Company's 2020 Annual Report

Other information consists of the information included in the Company's 2020 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The 2020 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Financial Statements

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

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

Report on the Audit of the Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements
(Continued)

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

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

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

EY

Port of Spain
TRINIDAD:
21 October 2020

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2020	2019
ASSETS			
Non-current assets			
Investment properties	5	37,300	37,800
Property, plant and equipment	6	17,307	17,448
Right-of-use asset	18	6,085	–
Defined benefit pension asset	7	18,791	23,868
Investment securities	8	923	1,741
Total non-current assets		80,406	80,857
Current assets			
Cash at bank and in hand	9 (a)	93,392	90,154
Restricted cash	9 (b)	853,686	334,104
Investment securities	8	10,468	10,200
Trade receivables	10	111,525	169,214
Other receivables and prepayments	10	274,341	149,451
Contract assets	19	–	67
Unbilled project costs	11	35,864	66,729
Total current assets		1,379,276	819,919
Total assets		**1,459,682**	**900,776**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	25,000	25,000
Revaluation reserve	13	13,427	13,427
Fair value reserve	14	2,359	1,957
Retained earnings		140,055	156,558
Total equity		180,841	196,942
Non-current liabilities			
Retention payable	15	15,591	21,080
Lease obligation	18	5,088	–
Total non-current liabilities		20,679	21,080
Current liabilities			
Accounts payable and accruals	15	479,876	361,643
Retention payable	15	15,854	15,222
Lease obligation	18	996	–
Contract liabilities	19	7,938	1,652
Advance project billings	16	7,693	72,609
Project advances	17	745,805	231,628
Total current liabilities		1,258,162	682,754
Total equity and liabilities		**1,459,682**	**900,776**

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

On 19 October 2020, the Board of Directors of the National Insurance Property Development Company Limited authorised these financial statements for issue and signed on its behalf by:

Director   Director

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/LOSS)
FOR THE YEAR ENDED 30 JUNE 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2020	2019
Income			
Revenue from contracts with customers	19	14,536	14,581
Rental income	20	9,643	9,492
Other income	21	2,011	3,145
		26,190	27,218
Direct costs incurred	22	(3,970)	(4,516)
Total income less direct costs		22,220	22,702
Expenditure			
Staff costs	23	21,833	24,015
Finance costs	24	360	2,293
Administration expenses	25	4,311	3,999
Accommodation costs	26	2,590	4,318
Bad debts	10	3,350	(34,945)
Depreciation	6 & 18	1,555	640
Vehicle expenses	27	372	873
Total expenses		34,371	1,193
Operating (loss)/profit		(12,151)	21,509
Gain or loss on disposal of property, plant and equipment		48	–
Dividend from investment securities		388	381
(Loss)/profit for the year		(11,715)	21,890
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit pension asset	7	(4,486)	1,323
Net change in fair value of investment securities	8	267	1,400
Items that may be reclassified subsequently to profit or loss:			
Gain on revaluation of land and building		–	295
Net change in fair value of investment securities	8	135	82
Other comprehensive (loss)/income for the year, net of income tax		(4,084)	3,100
Total comprehensive (loss)/income for the year		**(15,799)**	**24,990**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020
(Expressed in thousands of Trinidad and Tobago dollars)

Year ended 30 June 2020	**Share capital**	**Revaluation reserve**	**Fair value reserve**	**Retained earnings**	**Total equity**
Balance at 30 June 2019	25,000	13,427	1,957	156,558	196,942
Loss for the year	–	–	–	(11,715)	(11,715)
Other comprehensive income	–	–	402	(4,486)	(4,084)
Total comprehensive income for the year	–	–	402	(16,201)	(15,799)
Other reserve movements (Note 12)	–	–	–	(302)	(302)
Balance at 30 June 2020	25,000	13,427	2,359	140,055	180,841
Year ended 30 June 2019					
Balance at 30 June 2018	25,000	13,132	475	216,476	255,083
Effect of adoption of IFRS 9	–	–	–	(59,001)	(59,001)
Restated balance 30 June 2018	25,000	13,132	475	157,475	196,083
Profit for the year 2019	–	–	–	21,890	21,890
Other comprehensive income	–	295	1,482	1,323	3,100
Total comprehensive income for the year	–	295	1,482	23,213	24,990
Dividends (Note 35)	–	–	–	(24,130)	(24,130)
Balance at 30 June 2019	25,000	13,427	1,957	156,558	196,942

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	2020	2019
Cash flows from operating activities		
(Loss)/profit for the year	(11,715)	21,890
Adjustments for:		
Depreciation (Notes 6 & 18)	1,555	640
Gain on disposal of property, plant and equipment	(48)	–
Defined benefit pension expense (Note 7)	952	881
Finance costs (lease accretion) (Note 18)	262	–
Provision for expected credit loss (Note 10)	3,350	(34,945)
Dividends received from investment	(388)	(381)
Transactions through equity	(302)	–
Decrease/(increase) in fair value of investment property (Note 5)	500	(3,500)
	(5,834)	(15,415)
Changes in working capital:		
Decrease in unbilled project costs	30,865	47,527
(Increase)/decrease in accounts receivable and prepayments	(70,551)	60,865
Decrease/(increase) Contract assets (Note 19)	67	(67)
Decrease in retention payable	(4,857)	(5,292)
Increase in accounts payable and accruals	118,233	1,862
Increase in Contract liabilities	6,286	1,652
Decrease in advance project billings	(64,916)	(72,322)
Increase/(decrease) in project advances	514,177	(132,903)
Cash generated from/(used in) operations	523,470	(114,093)
Contributions paid	(361)	(405)
Net cash flows from/(used in) operating activities	523,109	(114,498)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 6)	(480)	(209)
Proceeds from the sales of motor vehicles	48	–
Dividends received from investments	388	381
Proceeds from redemption of investment securities	952	952
Net cash from investing activities	908	1,124
Cash flows from financing activities		
Interest portion of lease payments	(262)	–
Principal portion of lease payments	(935)	–
Dividends paid	–	(24,130)
Net cash used in financing activities	(1,197)	(24,130)
Net increase/(decrease) in cash and cash equivalents	522,820	(137,504)
Cash and cash equivalents at the beginning of the year	424,258	561,762
Cash and cash equivalents at the end of the year	**947,078**	**424,258**
Cash and cash equivalents comprise:		
Cash at bank and in hand (Note 9 a)	**93,392**	**90,154**
Restricted cash (Note 9 b)	**853,686**	**334,104**
	947,078	**424,258**

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

1. Incorporation and principal activities

The National Insurance Property Development Company Limited ('NIPDEC' or the 'Company') is incorporated in the Republic of Trinidad and Tobago and is a 99.9% owned subsidiary of the National Insurance Board of Trinidad and Tobago ('NIBTT') which was incorporated under Act No. 35 of 1971 (The National Insurance Act). NIPDEC's registered office is located at 56-60 St. Vincent Street, Port of Spain, Trinidad 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 the Republic 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) Engaging in 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 GORTT.

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.

2. Application of new and revised International Financial Reporting Standards ('IFRS')

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year

IFRS 16 *Leases*

The Company applied IFRS 16 Leases for the first time as at 1 July 2019. The nature and effect of changes as a result of the adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. These are also described in more detail below. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

2. Application of new and revised International Financial Reporting Standards (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

IFRS 16 *Leases*

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease. There is no impact to the opening retained earnings upon initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adopting IFRS 16 as at 1 July 2019 is, as follows:

Assets	**$'000**
Right-of-use assets-Buildings	574
Right-of-use assets-Leasehold land	5,139
Right-of-use assets-Motor vehicles	829
Total assets	**6,542**
Liabilities	
Lease financial liabilities	**6,542**

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 4 (h), Leases, for the accounting policy beginning 1 July 2019.

a. Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of buildings, leasehold land and motor vehicles. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease as it did not have any finance leases.

In an operating lease, the leased property was not capitalized, and the lease payments derecognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

2. Application of new and revised International Financial Reporting Standards (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

IFRS 16 *Leases* (continued)

Leases previously accounted for as operating leases
The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets foremost leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

2. Application of new and revised International Financial Reporting Standards (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (continued)
An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The interpretation did not have an impact on the financial statements of the Company.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

2. Application of new and revised International Financial Reporting Standards (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

Amendments to IAS 28: Long-term interests in associates and joint ventures (continued)
These amendments had no impact on the financial statements as the Company does not have long-term interests in its associate and joint venture that are not accounted for using the equity method.

Annual Improvements 2015-2017 Cycle

- IFRS 3 Business Combinations

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

  These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

- IFRS 11 Joint Arrangements

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

  These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

2. Application of new and revised International Financial Reporting Standards (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

- IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

The Company is exempt from Income Taxes in its domiciled country of Trinidad and Tobago, therefore this standard had no impact on the financial statements of the Company.

- IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company

2.2 New and revised IFRS in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to References in the Conceptual Framework in IFRS Standards – Effective 1 January 2020
- Amendments to IFRS 3 – Definition of Business – Effective 1 January 2020
- Amendments to IAS 1 and IAS 8 – Definition of Material – Effective 1 January 2020

3. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for the measurement at fair value of investment securities, investment properties and the revaluation of land and buildings.

c) Functional and presentation currency

These financial statements are presented in Trinidad and Tobago dollars, which represent NIPDEC's functional and presentation currency which represents the currency of the primary economic environment in which the entity operates . Amounts are expressed in thousands of Trinidad and Tobago dollars unless 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 4(b)	Investment properties
Accounting policy 4(c)*(i)*	Property, plant and equipment *(owned assets)*
Accounting policy 4(d)	Impairment of financial assets
Accounting policy 4(e)	Impairment of non-financial assets
Accounting policy 4(h)	Leases
Accounting policy 4(m)	Provisions
Accounting policy 4(n)	Revenue recognition

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

Note 7	Measurement of defined benefit pension asset

4. Summary of significant accounting policies

a) Foreign currency

In preparation of the financial statements, foreign currency transactions are translated into the functional/presentation currency of Trinidad and Tobago dollars 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 items denominated in foreign currencies are recognised in profit or loss of the financial year in which they arise. Monetary items denominated in foreign currencies are translated to the presentation currency using rates existing at year end. Non-monetary items that are denominated in foreign currencies are translated to the presentation currency using at rates prevailing at the date when the transaction occurred.

b) 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 gain or losses therein recognised in the statement of profit or loss. Fair values are based on market values.

In order to determine fair values, independent valuators perform assessments every two to three years. In addition, management performs an assessment of fair value with sufficient regularity to ensure that market values do not differ materially from carrying amounts and when deemed appropriate performs its own assessment of fair value or requests an additional independent valuation.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in the statement of profit or loss in the financial year in which the property is derecognised.

4. Summary of significant accounting policies (continued)

c) Property, plant and equipment

(i) Owned assets

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see accounting policy 4(d)) except for freehold land and buildings which are stated at revalued amounts being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. The cost and accumulated depreciation accounts are restated proportionately with every revaluation.

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

Freehold 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 properties	2%
Fixtures and fittings and plant and machinery	12 ½%
Furniture and office equipment	10%
Computer equipment and computer software	33 ⅓%
Motor vehicles	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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. Summary of significant accounting policies (continued)

d) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 3)
- Investment securities (Note 8)
- Trade receivables, including contract assets (Note 10)

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted where applicable for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 365 days past due depending on the nature of the financial asset. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4. Summary of significant accounting policies (continued)

e) Impairment of non-financial assets

At each reporting date, an assessment is done as to whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate or an equivalent post tax rate on post tax cash flows which approximate the tax discount results, which reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

f) Defined pension benefit asset

(i) Retirement benefit costs and termination benefits

NIPDEC operates a defined pension benefit plan which covers all permanent employees. The cost of providing benefits is determined by using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. In accordance with IAS 19 *Employee Benefits*, remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on the Plan assets (excluding interest) are reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost is recognised in profit or loss in the year of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
b) net interest expense or income; and
c) remeasurement.

4. Summary of significant accounting policies (continued)

f) Defined pension benefit asset (continued)

(ii) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages, salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash flows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(iii) Contributions from employees or third parties to defined benefit plan

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service as follows:

a) If the contributions are not linked to services they are reflected in the remeasurement of the net defined benefit liability/(asset).
b) If contributions are linked to service, they reduce service costs.

g) Financial instruments

Date of recognition
Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described below. Financial instruments are initially measured at their fair value (as defined in Note 31), except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost, FVOCI or FVPL, as explained below.

4. Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Financial investments at amortised cost
The Company only measures financial investments at amortised cost if both of the following conditions are met:

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

The Company's financial assets at amortised cost includes trade and other receivables and investment in bonds.

Debt instruments at FVOCI
The Company applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI, with recycling through profit or loss. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

Equity instruments at FVOCI
Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI without recycling when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

4. Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Financial assets and financial liabilities at fair value through profit or loss
Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value.

Reclassification of financial assets and liabilities
From 1 July 2018, the Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

- Financial assets

  A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

4. Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Reclassification of financial assets and liabilities (continued)
Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

4. Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

h) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	30 years
Other assets	3 to 7 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in 4 e) Impairment of non-financial assets.

4. Summary of significant accounting policies (continued)

h) Leases (continued)

Company as a lessee (continued)

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of motor vehicles, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4 Summary of significant accounting policies (continued)

h) Leases (continued)

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

i) Cash and cash equivalents

Cash and cash equivalents comprise (i) cash at bank and in hand and (ii) restricted cash. Cash and short-term deposits are short-term liquid investments with balances that are readily convertible into known amounts of cash without notice.

Restricted cash represent monies received by the Company to be utilised specifically for completion of several projects on behalf of the GORTT. The amount of restricted cash is sourced from debt instruments (bonds) and monies received directly from administrative offices of the GORTT.

j) Accounts receivable

Accounts receivable include amounts billed for work performed but not yet paid by the customer for projects, the Ministry of Health under the Pharmaceutical business division and other direct reimbursable expenditure. Receivables are recognised initially at fair value and subsequently measured at amortised cost, less an estimated credit loss as required under IFRS 9. This estimated credit loss is recognised in profit or loss.

k) Unbilled project costs, advance project billings 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 progress billings from contractors to NIPDEC for various projects are accumulated in the books of account as project costs. These costs are eventually transferred to the respective clients via NIPDEC billings and recorded as accounts receivable. Contract costs incurred to date that are not transferred to accounts receivable are classified in the statement of financial position as 'unbilled project costs'. NIPDEC billings for contractor costs not incurred to date are classified in the statement of financial position as 'advance project billings'.

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'.

4. Summary of significant accounting policies (continued)

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.

n) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that is reflective of the consideration to which the Company expects to be entitled to in exchange for the goods or services. Revenues earned by NIPDEC are recognised on the following bases:

Project management fees and construction management fees
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. These fees are recognised in income based on 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.

Procurement services
Revenue from a procurement service contract is recognised when the obligation to provide the procurement service is deemed satisfied.

Facilities Management services
Management fees for routine service contracts are recognised each month the service is provided based on a fixed income. For non-routine services, revenue is recognised as the service is provided.

Car Parks: Managed
Management fees for operating the carparks on behalf of the client are recognised each month the service is provided on a commission type arrangement based on the gross receipts collected.

Real Estate
Management fees for the management of the properties on behalf of the client are recognised each month the service is provided based on a fixed income. Collection fees for the collection of mortgage payments are recognised each month the service is provided on a commission type arrangement based on the gross amount collected.

4. Summary of significant accounting policies (continued)

n) Revenue recognition (continued)

Prisoner transport
Management fees for the management of the prisoner transport service are recognised each month the service is provided based on a fixed income.

Operation Management Services (OMS) – C40 Central Stores Facilities
Management fees for operating the distribution of pharmaceutical and non-pharmaceutical drugs to Regional Health Corporations and pharmacies on behalf of the Ministry of Health are recognised each month the service is provided based on a fixed income.

Rental income
Rental income from operating leases is recognised under on a straight-line basis over the term of the relevant lease. The Company as a lessor, provides warehouse rental space and car park space at multi-storey facilities in the form of operating leases.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount on initial recognition.

Other income
This is recognised on an accrual basis unless collectability is doubtful.

o) Taxation

NIPDEC is exempt from corporation tax by virtue of section 6 (1) of the Corporation Tax Act 75:02 and therefore has not accounted for income taxes under IAS 12 Income Taxes in these financial statements. However, NIPDEC is required to pay green fund levy, which is accrued for and presented within administrative expenses in profit or loss.

p) Related parties

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. Related parties could be companies, individuals or other GORTT related entities. In the ordinary course of its business, NIPDEC enters into transactions concerning the exchange of goods, provision of services and financing with the NIBTT.

4. Summary of significant accounting policies (continued)

q) Fair value measurement

NIPDEC measures financial instruments such as investment securities and non-financial assets such as investment properties and land/buildings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability; or

b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by NIPDEC.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NIPDEC uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, NIPDEC determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. Summary of significant accounting policies (continued)

r) Current versus non-current classification

NIPDEC presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

a) Expected to be realised or intended to be sold or consumed in the normal operating cycle
b) Held primarily for the purpose of trading
c) Expected to be realised within twelve months after the reporting period
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in the normal operating cycle
b) It is held primarily for the purpose of trading
c) It is due to be settled within twelve months after the reporting period
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

NIPDEC classifies all other liabilities as non-current.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

5. Investment properties

	2020	2019
Leasehold land and buildings		
1500 sq. ft. land at 47, St. Vincent Street, Port of Spain	4,000	4,000
Chaguaramas warehouse	12,000	12,500
	16,000	**16,500**
Chattel buildings		
Riverside Car Park, Piccadilly Street, Port of Spain	6,000	6,000
Multi-Storey Car Park, Edward Street, Port of Spain	14,000	14,000
	20,000	**20,000**
Land held for development		
Toco	1,300	1,300
Total	**37,300**	**37,800**
Opening balance at July 1	37,800	34,300
(Decrease)/increase in fair value (Note 21)	(500)	3,500
Closing balance at June 30	**37,300**	**37,800**

On 23 June 2020, the investment properties were independently valued by Linden Scott and Associates Ltd, Chartered Valuation Surveyors. This resulted in a decrease in the fair value of the Chaguaramas Warehouse of $500 thousand. 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 the valuation, in accordance with International Valuation Standards Committee standards.

	2020	2019
Rental income derived from investment properties	9,643	9,492
Direct expenses incurred	(115)	(141)

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

6. Property, plant and equipment

Year ended 30 June 2020	Freehold property	Freehold land	Fixtures & fittings	Office and computer equipment	Computer software	Motor vehicles	Plant & machinery	Total
Opening balance net book amount	7,500	9,000	483	250	53	–	162	17,448
Additions	–	–	–	480	–	–	–	480
Revaluation	–	–	–	–	–	–	–	–
Disposal	–	–	–	–	–	(330)	–	(330)
Depreciation -disposal	–	–	–	–	–	330	–	330
Depreciation charge	(167)	–	(105)	(160)	(51)	–	(138)	(621)
Closing balance net book amount	7,333	9,000	378	570	2	–	24	17,307
Cost or valuation	8,366	9,000	5,339	12,426	689	2,770	3,344	41,934
Accumulated depreciation	(1,033)	–	(4,961)	(11,856)	(687)	(2,770)	(3,320)	(24,627)
Net book amount	7,333	9,000	378	570	2	–	24	17,307
Year ended 30 June 2019								
Opening balance net book amount	7,366	9,000	590	194	131	–	303	17,584
Additions	–	–	29	168	–	–	12	209
Revaluation	329	–	–	–	–	–	–	329
Disposal	–	–	–	–	–	–	–	–
Depreciation adjustment for revaluation	(34)	–	–	–	–	–	–	(34)
Depreciation charge	(161)	–	(136)	(112)	(78)	–	(153)	(640)
Closing balance net book amount	7,500	9,000	483	250	53	–	162	17,448
Cost or valuation	8,366	9,000	5,339	11,946	687	3,100	3,344	41,781
Accumulated depreciation	(866)	–	(4,856)	(11,696)	(634)	(3,100)	(3,182)	(24,333)
Net book amount	7,500	9,000	483	250	53	–	162	17,448

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 23 June 2020.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

6. Property, plant and equipment (continued)

If freehold land and property were stated at historical cost, the amount would be as follows:

Freehold land	**2020**	**2019**
Cost	7,262	7,262
Accumulated depreciation	–	–
	7,262	**7,262**

Freehold property		
Cost	16,154	16,154
Accumulated depreciation	(12,923)	(12,600)
Net book value	**3,231**	**3,554**
Freehold land and property at historical cost	**10,493**	**10,816**

7. Defined benefit pension asset

a) Net liability in statement of financial position

Present value of defined benefit obligation	59,916	54,716
Fair value of plan asset	(78,707)	(78,584)
Surplus	**(18,791)**	**(23,868)**
Effect of asset ceiling	–	–
Net defined benefit asset	**(18,791)**	**(23,868)**

b) Movement in present value of defined benefit obligation

Defined benefit obligation at start of year	54,716	52,474
Current service cost	2,196	2,081
Interest cost	2,952	2,838
Members' contributions	361	405
Re-measurements:		
- Experience adjustments	995	(1,299)
- Actuarial changes in financial assumptions	783	–
Benefits paid	(2,087)	(1,783)
Defined benefit obligation at end of year	**59,916**	**54,716**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

7. Defined benefit pension asset (continued)

c) The defined benefit obligation is allocated between the Plan's members as follows:

	2020	**2019**
Active members	61%	58%
Deferred members	9%	11%
Pensioners	30%	31%
The weighted average duration of the defined benefit obligation at the year end	13.4	13.3

97% of the value of the benefits for active members is vested.

26% of the deferred benefit obligation for active members is conditional on future salary increases.

d) Movement in fair value of plan assets	**2020**	**2019**
Fair value of plan assets at start of year	78,584	75,495
Interest income	4,283	4,125
Return on plan assets excluding interest income	(2,708)	24
Company contributions	361	405
Members' contributions	361	405
Benefits paid	(2,087)	(1,783)
Administrative expense allowance	(87)	(87)
Fair value of plan assets at end of year	**78,707**	**78,584**
Actual return on plan assets	**1,575**	**4,149**

e) Asset allocation

Locally listed equities	27,012	27,247
Overseas equities	5,435	5,445
Government issued nominal bonds	23,938	21,188
Corporate bonds	19,352	22,770
Money market mutual funds	407	403
Cash and cash equivalents	2,563	1,531
Fair value of plan assets at end of year	**78,707**	**78,584**

The asset values as at 30 June 2020 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 GORTT, which also guarantees many of the corporate bonds held by the Plan.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

7. Defined benefit pension asset (continued)

e) Asset allocation (continued)

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.

f) Amounts recognised in the statement of profit or loss are as follows:	**2020**	**2019**
Current service cost	2,196	2,081
Net interest on net defined benefit liability	(1,331)	(1,287)
Administrative expense allowance	87	87
Net pension cost	**952**	**881**

g) Re-measurement recognised in other comprehensive income:

Experience gains, being net pension cost	**4,486**	**(1,323)**

h) Reconciliation of opening and closing entries in statement of financial position

Opening defined benefit asset at prior year	(23,868)	(23,021)
Net pension cost	952	881
Re-measurement recognised in other comprehensive income	4,486	(1,323)
Contributions paid	(361)	(405)
Closing defined benefit asset	**(18,791)**	**(23,868)**

i) Summary of principal assumptions as at June 30

Discount rate	5.50%	5.50%
Average individual salary increase	4.75%	4.75%
Future pension increases	0.00%	0.00%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at 30 June 2019 and 2020 are as follows:

	2020	**2019**
Life expectancy at age 60 for current pensioner in years		
- Male	21.7	21.0
- Female	26.0	25.1
Life expectancy at age 60 for current members age 40 in years		
- Male	22.6	21.4
- Female	26.9	25.4

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

7. Defined benefit pension asset (continued)

j) 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 30 June 2019 and 2020 would have changed as a result of a change in the assumptions used.

	2020 1% p.a. lower \$'000	**2019 1% p.a. lower \$'000**
- Discount rate	8,431	7,654
- Future salary increases	(2,349)	(2,186)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 June 2020 by \$0.791 million (2019: \$0.752 million).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

k) Funding

The Company 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 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Company expects to pay \$0.376 million (2019: \$0.369 million) to the Pension Plan during 2020/21. However, this amount could change if outstanding pay negotiations are completed during the year.

8. Investment securities

	2020	**2019**
Investment securities measured at FVOCI		
Equities	9,520	9,254
Government bonds	1,871	2,687
Total investment securities	11,391	11,941

Presented in the statement of financial position as follows:

	2020	2019
Non-current portion		
Investment securities maturing in more than one year	923	1,741
Current portion		
Investment securities designated at FVOCI -debt	10,468	10,200

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

8. Investment securities (continued)

Net change in fair value of investment securities	**2020**	**2019**
Accumulated balance at beginning of the year	1,957	475
Net change in fair value of investment securities with no recycling	267	1,400
Net change in fair value of investment securities with recycling	135	82
Accumulated balance at the end of the year	**2,359**	**1,957**

Net change in fair value of investment securities in 2020 amounted to $402 thousand and includes fair value gains on equity investments of $267 thousand that cannot be recycled through the statement of profit or loss.

9. Cash and cash equivalents

a) Cash at bank and in hand

	2020	**2019**
Cash at bank	93,358	90,120
Cash in hand	34	34
Net cash and cash equivalents	**93,392**	**90,154**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

No cash and cash equivalents are pledged as collateral for financial liabilities.

b) Restricted cash

Restricted cash refers to monies raised either by NIPDEC's financing activities (bonds) or given to the Company directly through the Government's Programme for Upgrade of Road Efficiency (PURE) to be used specifically to fund the execution of various projects. The use of these funds is usually specified by contract, Cabinet note or memorandum of understanding where NIPDEC has a right of use of the cash by such projects. It also includes disbursements received from the Ministry of Health for the current and non-current expenditure of the C-40 pharmaceutical operations.

The amount of restricted cash is $853.686 million (2019: $334.104 million) is represented as follows:

	2020	**2019**
Ministry of Education	3,356	3,356
Ministry of Health	211,104	45,542
Ministry of Works and Transport	639,226	285,206
	853,686	**334,104**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

10. Trade and other receivables

In accordance with IFRS 9	2020	2019
Trade receivables	173,839	230,311
Less: ECL Allowance	(63,314)	(61,097)
	111,525	**169,214**
Other receivables and prepayments	275,473	149,451
Less: ECL Allowance	(1,132)	–
	274,341	**149,451**
Total trade and other receivables	**385,866**	**318,665**

As at 30 June 2020, trade receivables at nominal value of $64 million were impaired and fully provided.

Movements in ECL Allowance is as follows (in accordance with IFRS 9):

	2020	2019
Impairment ECL allowance as per 1 July	61,097	37,822
ECL on trade receivables recognised during year	2,218	(34,945)
ECL on other receivables recognised during year	1,132	–
Amounts written off during the year	–	(781)
Balance at 30 June	**64,447**	**61,097**

11. Unbilled project costs

Ministry of Agriculture, Land and Fisheries		406
Ministry of Health	2,421	4,948
Ministry of National Security	5,719	75
Ministry of Tobago Development	459	1,263
Ministry of Sport and Youth Affairs	–	642
Ministry of Works and Transport	27,265	41,424
Office of the Prime Minister	–	17,971
	35,864	**66,729**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

12. Share capital	**2020**	**2019**
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
25,000 ordinary shares of no par value	**25,000**	**25,000**

Transactions through equity

As at 30 June 2020, the Company has adjusted its accruals balance in respect of prior period adjustments identified. The adjustments related to the reversal of interest income previously recorded on bank accounts holding project advances totalling $1.8 million in between 2010 to 2019 and WIP balances which were not billed from prior years totalling $1.5 million resulting in a net reduction in retained earnings of $302 thousand.

13. Revaluation reserve

The revaluation reserve comprises the revaluation surplus on freehold property. The amount of the reserve is $13.427 million as at year end (2019: $13.427 million).

14. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investment securities until the investments are derecognised or impaired. The amount of the reserve is $2.359 million (2019: $1.957 million).

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

15. Accounts payable and accruals

	2020	2019
Trade payables:		
- Projects and other	245,973	199,943
- Due to pharmaceutical suppliers	20,671	17,075
- Amounts owed to parent company	280	287
	266,924	**217,305**
Accrued expenses and other payables	212,952	144,338
	479,876	**361,643**

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 – Pharmaceutical payments are non-interest bearing and are normally settled on 45-day terms as per contracts with suppliers.

Retention - Retention is a percentage (often 5%) of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by NIPDEC. The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract. The current portion of retentions is expected to be settled within twelve (12) months of the reporting date.

Retentions payable:	2020	2019
Current	15,854	15,222
Non-current	15,591	21,080
	31,445	**36,302**

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 medical suppliers, and records the liability due to them. The accumulated amounts are billed to the Ministry of Health and payments are made to the suppliers upon receipt of funds. Amounts due from the Ministry of Health have been included in accounts receivable.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

16. Advance project billings

	2020	2019
Agricultural Development Bank	7	8
Cipriani College of Labour	117	–
Judiciary of Trinidad & Tobago	695	243
Ministry of Agriculture, Land and Fisheries	–	261
Ministry of Education	–	8,025
Ministry of Health	55	5,097
Ministry of National Security	4,363	6,795
Industrial Court of Trinidad & Tobago	–	355
Ministry of Social Development and Family Services	–	290
Ministry of the Attorney General and Legal Affairs	–	739
Ministry of Works and Transport	–	35,761
Ministry of Public Utilities	657	657
Office of the Prime Minister	1,028	14,373
The National Insurance Board of Trinidad and Tobago	5	5
Tobago House of Assembly	766	–
	7,693	**72,609**

17. Project advances

Ministry of Health	171,234	–
Office of the Prime Minister, Gender & Child Affairs	5,221	9,706
Ministry of Works and Transport	569,350	221,922
	745,805	**231,628**

18. Leases

As at 30 June 2020:

- Right-of-use assets of $6.085 million were recognized and presented separately in the statement of financial position.
- Additional lease liabilities of $6.084 million recognized and presented separately in the statement of financial position.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

18. Leases (continued)

The lease liabilities as at July 1 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

Operating lease commitments as at June 30 2019	**3,164**
Weighted average incremental borrowing rate as at 1 July 2019	3.46%
Discounted operating lease commitment as at 1 July 2019	7,853
Less:	
Commitments relating to short term leases	(133)
Commitments relating to low value assets	(41)
Commitments relating to impaired assets	(181)
Commitments relating to leases ending in 2019	(956)
Lease liabilities as at 1 July 2019	6,542

Amounts recognized in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Company's right-of-use assets and the movements during the period:

	Buildings	Leasehold land	Furniture and office equipment	Motor vehicles	Total
As at July 1, 2019	574	5,139	–	829	6,542
Additions	–	–	477	–	477
Depreciation charge	(88)	(344)	(126)	(376)	(934)
As at June 30, 2020	**486**	**4,795**	**351**	**453**	**6,085**

Set out below, are the carrying amounts of the Company's lease liabilities and the movements during the period:

	Buildings	Leasehold land	Furniture and office equipment	Motor vehicles	Total
As at July 1, 2019	574	5,139	–	829	6,542
Additions	–	–	477	–	477
Accretion of interest	19	199	16	28	262
Payments	(107)	(544)	(142)	(404)	(1,197)
As at June 30, 2020	**486**	**4,794**	**351**	**453**	**6,084**
Current	91	358	159	388	**996**
Non-current	395	4,436	192	65	**5,088**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

18. **Leases** (continued)

The following are amounts recognized in profit or loss:

Depreciation expense on right-of-use assets	934
Interest expense on lease liabilities	262
Expense relating to short-term leases	256
Expense relating to leases of low-value assets	198
Leases not meeting the control requirements of IFRS 16	133
Total amount recognized in profit or loss	**1,783**

NIPDEC as a Lessor

The Company has entered into operating leases on its investment property portfolio consisting of car parks and warehouse storage facilities (see note 5). These leases have terms of between one to three years. Rental income recognised by the Company during the year amounted to $9,643 (2019: $9,492).

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2020 are as follows:

	2020	**2019**
Within one year	9,040	8,887
After one year but not more than five years	17,981	18,243
More than five years	–	–
	27,021	**27,130**

19. **Revenue from contracts with customers**

a) **Components of revenue from contracts with customers**

	2020	**2019**
Procurement Management	4,223	3,717
Carparks: Managed	2,830	3,564
Facilities Management	2,668	2,409
Project and Construction Management	2,283	2,442
Pharmaceutical Agency fee	2,000	2,000
Prisoner Transport	374	298
Real Estate	158	151
	14,536	**14,581**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

19. Revenue from contracts with customers (continued)

b) Contract balances

	2020	**2019**
Trade receivables (Note 10)	**111,525**	**169,214**
Contract assets		
– Project and Construction Management	**–**	**67**
Contract liabilities		
– Project and Construction Management	1,921	1,289
– Procurement	6,017	313
– Facilities Management	–	50
– **Total**	**7,938**	**1,652**

Trade receivables are non-interest bearing and are generally on terms of 30-90 days. In 2020, $63,314 (30 June 2019: $61,097) was recognised as provision for expected credit losses on trade receivables.

Contract assets are initially recognised for revenue earned from project management services as receipt of consideration is conditional on the successful completion of specific milestones or of the entire project. Upon acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. In 2020 and 2019, no provision was recognised for the expected credit losses on contract assets.

Contract liabilities relate to billings made to customers for which no revenue was recognised. These billings may have been based on milestones being met that are not reflective of meaningful progress towards the satisfaction of performance obligation. Billings may also be based on the advances required prior to or on commencement of required work.

c) Performance obligations

Information about the Company's performance obligations is summarised below:

Project and Construction Management Services
The obligation is satisfied through the provision of project management and construction management services of the projects by milestones within the contracts. Payment is generally due 30 to 90 days after the completion of the obligation. Therefore revenue is recognized over time as the milestones are achieved. There are also obligations to pay the contractors on behalf of the client. The transaction price is allocated separately to project management and construction management services.

19. Revenue from contracts with customers (continued)

c) Performance obligations (continued)

Procurement services
Non PURE – The obligation is to procure either a service or item on behalf of the client. The obligation is satisfied when the service or item is delivered. Payment is generally due 30 to 90 days after the completion of the obligation. Therefore revenue is recognised at a point in time. The transaction price is allocated entirely to the obligation.

PURE – There are two distinct obligations in the provision of this service. The first obligation is to select suitable contractors to award the contracts to and the second is to pay the contractors on the awarded contracts. Revenue is recognized when contracts are awarded and when payments on the contracts are made. Payment is generally due 30 to 90 days after the completion of the obligation. Therefore revenue is recognised at a point in time. The transaction price is allocated to separately to the two obligations.

Facilities Management services
The obligation is satisfied through the provision of facilities management expertise for routine and non-routine maintenance services. These are two identifiable separate obligations. Payment is generally due 30 to 90 days after the completion of the obligation. Revenue from routine maintenance services is recognised monthly as time elapses on the contract and the non-routine maintenance fees are recognised as incurred. The transaction price is allocated to separately to the routine and non-routine maintenance services. Therefore revenue is recognised both over time and at a point in time.

Carparks: Managed
The obligation is satisfied through management of the carparks which are owned by the clients. Payment is generally due 30 to 90 days after the completion of the obligation. Revenue is recognised monthly as time elapses on the contract. The transaction price is allocated entirely to the obligation. Therefore revenue is recognised over time as the contract elapses.

Real Estate
There are two obligations. The first obligation is satisfied through management of properties with the client's mortgage portfolio. The second is the collection of mortgage payments. Payment is generally due 30 to 90 days after the completion of the obligation. Revenue from the management of the properties is recognised monthly as time elapses on the contract and the mortgage payments fees are recognised as incurred. The transaction price is allocated to separately to the two obligations. Therefore revenue is recognised both over time and at a point in time.

Prisoner Transport
The obligation is to procure and manage prisoner transportation services. Payment is generally due 30 to 90 days after the completion of the obligation. Revenue is recognised monthly as time elapses on the contract. Therefore revenue is recognised over time. The transaction price is allocated entirely to the obligation.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

19. Revenue from contracts with customers (continued)

c) Performance obligations (continued)

Operation Management Services (OMS) – C40 Central Stores Facilities
The obligation is to procure store and distribute medical supplies on behalf of the client. Payment is generally due 30 to 90 days after the completion of the obligation. Revenue is recognised monthly as time elapses on the contract. Therefore revenue is recognised over time. The transaction price is allocated entirely to the obligation.

20. Rental income

	2020	2019
Carpark owned	5,005	4,555
Warehouse rental	4,488	4,524
Advertising	150	413
	9,643	**9,492**

21. Other income

Registration and tender receipts	1,552	790
Interest income	807	741
Other income	152	95
(Loss)/gain on revaluation of investment property (Note 5)	(500)	3,500
Project balance for which project has either ended or is discontinued MEF projects	–	(1,981)
	2,011	**3,145**

22. Direct costs

Direct costs are operating expenses that can be associated directly with the provision of our core services.

	2020	2019
Non project management fees	2,072	1,609
Car park rental	1,976	2,586
Warehouse rental	46	89
Construction management fees	5	4
Real estate services	(5)	100
Procurement fees	(124)	128
	3,970	**4,516**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

23. Staff costs

	2020	2019
Salaries and wages	17,947	20,204
Statutory deductions	1,232	1,255
Savings and pension contributions	1,159	1,089
Other staff costs	1,495	1,467
	21,833	**24,015**

24. Finance costs

Interest expense on right of use assets	262	–
Loss on foreign currency exchange	18	2,184
Other	80	109
	360	**2,293**

25. Administration expenses

Professional and legal fees	2,291	1,336
Office supplies and other administration expenses	1,918	2,623
Advertising and promotions	102	32
Public relations and donations	–	8
	4,311	**3,999**

26. Accommodation costs

Utilities	808	844
Repairs and maintenance	807	1,917
Insurance	636	631
Equipment rent	291	230
Rates and taxes	48	46
Property rent	–	650
	2,590	**4,318**

27. Vehicle expenses

Lease cost	253	716
Running cost	119	157
	372	**873**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

28. Related parties disclosures

The sales to and purchases from related parties are at arm's length. Outstanding balances at the year-end are unsecured and the settlement occur 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 transactions, which have been entered into with related parties as at or for the year ended 30 June 2020 and 2019.

Related parties balances	**2020**	**2019**
Amounts due from parent related parties:		
Parent company		
Accounts receivable and prepayments	**2,057**	**2,110**
Amounts due from GORTT related entities including Ministries		
Accounts receivable and prepayments	167,725	228,916
Unbilled project costs	35,864	66,729
	203,589	**295,645**
The balances represent amounts due from related parties for expenses paid on their behalf		
Amounts due to related parties:		
Parent company (Note 15)		
Accounts payable and accruals	**280**	**287**
Amounts due to the GORTT related entities including Ministries:		
Project advances	745,805	231,628
Accounts payable and accruals	13,217	11,297
Advance project billings	7,693	72,609
	766,715	**315,534**

Transactions with related parties

GORTT related entities including Ministries

Income:		
Property management and sales	9,682	9,588
Project and construction management fees	6,506	4,650
Pharmaceutical agent services	2,000	2,000
	18,188	**16,238**

(Continued)

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

28. Related parties disclosures (continued)	**2020**	**2019**
Expenses:		
Accommodation cost	793	1,547
Green fund levy	69	145
	862	**1,692**
Other transactions with related parties:		
Directors' remuneration	**516**	**623**
Key management remuneration:		
Short-term benefits	4,426	5,129
Long-term benefits	44	75
	4,470	**5,204**

29. 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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Trade and other receivables consist of mainly public sector entities of the GORTT with an amount of $174 million (2019: $229 million). As a result of the concentration of credit risk with the GORTT, management has made the assessment that NIPDEC's exposure is considered medium due to the fact that public sector entities as a collective Company take longer to pay than any single counterparty in the private sector.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

29. Financial risk management (continued)

Overview (continued)

i) Credit risk (continued)

Management of credit risk
The credit risk in respect of certain customer balances is managed through NIPDEC's establishment of an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. NIPDEC has created specific allowances for the receivables based on information which show that the receivable balance is uncollectable.

	Net maximum exposure 2020 $	2019 $
Trade receivable	111,525	169,214
Investment securities	1,871	2,687
Cash and cash equivalents	947,078	424,258
Total credit risk exposure	**1,060,474**	**596,159**

Credit quality per category of financial asset

The credit quality of the balances due from the Company's various counterparties is internally determined from an assessment of each counterparty based on a combination of factors.

These factors include financial strength and the ability of the counterparty to service its debts, the stability of the industry or market in which it operates and its proven track record with the Company. The categories defined are as follows:

Superior: This category includes balances due from Government and Government agencies and balances due from institutions that have been accorded the highest rating by an international rating agency or is considered to have the highest credit rating. These balances are considered risk free.

Desirable: These are balances due from counterparties that are considered to have good financial strength and reputation.

Acceptable: These are balances due from counterparties that are considered to have fair financial strength and reputation.

Sub–standard: Balances that are impaired.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

29. Financial risk management (continued)

Overview (continued)

i) Credit risk (continued)

The table below illustrates the credit quality of the Company's trade receivable financial assets as at 30 June:

	Superior $	Desirable $	Acceptable $	Sub–standard $	Total $
2020	110,069	1,456	–	–	111,525
2019	167,819	1,395	–	–	169,214

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 of a 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.

The following table details the Company's expected maturity for its non-derivative financial assets against the contractual maturities of financial liabilities, including interest payments:

2020 **Assets**	**Carrying amount**	**Contractual cash flows**	**0-12 Months**	**1-5 years**	**More than 5 years**
Interest bearing:					
- Cash	93,392	93,392	93,392	–	–
- Restricted cash	853,686	853,686	853,686	–	–
Non-interest bearing:					
- Trade receivable (Note 10)	111,525	111,525	111,525	–	–
- Investment securities	1,871	1,871	948	923	–
	1,060,474	**1,060,474**	**1,059,551**	**923**	–
Liabilities					
Lease liabilities	6,084	7,355	1,225	3,412	2,718
Accounts payable and accruals	479,876	479,876	479,876	–	–
Retention payable	31,445	31,445	15,854	15,591	–
	517,405	**518,676**	**496,955**	**19,003**	**2,718**
Net	**543,069**	**541,798**	**562,596**	**(18,080)**	**(2,718)**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

29. Financial risk management (continued)

ii) Liquidity risk (continued)

2019	Carrying amount	Contractual cash flows	0-12 Months	1-5 years	More than 5 years
Assets					
Interest bearing:					
- Cash	90,154	90,154	90,154	–	–
- Restricted cash	334,104	334,104	334,104	–	–
Non-interest bearing:					
- Trade receivable (Note 10)	169,214	169,214	169,214	–	–
- Investment securities	2,653	2,653	952	1,701	–
	596,125	**596,125**	**594,424**	**1,701**	**–**
Liabilities					
Accounts payable and accruals	361,643	361,643	361,643	–	–
Retention payable	36,302	36,302	15,222	21,080	–
	397,945	**397,945**	**376,865**	**21,080**	**–**
Net	**198,180**	**198,180**	**217,559**	**(19,379)**	**–**

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.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

29. Financial risk management (continued)

iii) Market risk (continued)

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 denominated in currencies other than its functional currency. NIPDEC's functional currency is the Trinidad and Tobago dollar. These current assets are primarily denominated in United States ('US') and Eastern Caribbean ('EC') dollars.

As at 30 June 2020, NIPDEC had assets denominated in foreign currencies amounting to $6.6 million (2019: $9.7 million).

The following average exchange rate applied during the respective periods:

	2020	**2019**
EC$	2.717	2.408
US$	6.753	6.757

Sensitivity analysis:
A one percent strengthening of the TT$ 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 2019 on the basis that all other variables remain constant.

	2020	**2019**
Effect in TT$		
EC$	135	(12)
US$	13	(397)

NIPDEC mitigates against its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as holding foreign currency balances.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

29. Financial risk management (continued)

Fair value measurement

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities that are measured at fair value on a recurring basis in the financial statements based upon the level of judgement associated with the inputs used to measure their fair value. The hierarchical levels from lowest to highest are as follows:

Level 1 - Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value are equity and debt securities listed in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived principally from or corroborated by observable market data by correlation or other means at the measurement date and for the duration of the instrument's anticipated life.

The assets generally included in this fair value hierarchy are time deposits, foreign exchange and interest rate derivatives and certain investment funds. Foreign exchange derivatives and interest rate derivatives are valued using corroborated market data. The liabilities generally included in this fair value hierarchy consist of foreign exchange derivatives and options on equity securities.

Level 3 - Inputs that are unobservable for the asset or liability for which there are no active markets to determine a price. These financial instruments are held at cost being the fair value of the consideration paid for the acquisition of the investments, and are regularly assessed for impairment.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price.

The nominal value less impairment provisions of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The following table presents the Company's financial assets and liabilities that are measured at fair value at 30 June 2020:

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Investment properties	–	37,300	–	37,300
Investment securities (Note 8):	–		–	
- Equity securities	–	9,520	–	9,520
- Debt securities	–	1,871	–	1,871
	–	**48,691**	–	**48,691**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

29. Financial risk management (continued)

Fair value measurement (continued)

The following table presents the Company's financial assets and liabilities that are measured at fair value at 30 June 2019:

	Level 1	Level 2	Level 3	Total
Financial assets				
Investment properties	–	37,800	–	37,800
Investment securities (Note 8):				
- Equity securities	–	9,254	–	9,254
- Debt securities	–	2,687	–	2,687
	–	**49,741**	**–**	**49,741**

There were no transfers between the levels for the years ended 30 June 2020 and 2019.

30. Capital management

It is NIPDEC's objective when managing capital to maintain a strong base to sustain future development of the business in order to increase shareholder value for its shareholders and benefits for other stakeholders. The Board of Directors monitors the return on capital which NIPDEC defines as equity. The Company monitors capital on the basis of the gearing ratio which is calculated as debt-to-equity. Total debt consist of total liabilities offset by 'unbilled project costs' (Note 11). The total liabilities comprise non-current liabilities and current liabilities. The equity of the Company consists of issued capital, reserves and retained earnings.

The gearing ratio at the end of the reporting period was as follows:

	2020	2019
Total liabilities	1,278,841	703,834
Less: Unbilled project costs (Note 11)	(35,864)	(66,729)
Net debt	**1,242,977**	**637,105**
Total equity	**180,841**	**196,942**
Debt-to-equity	6.88	3.24

31. Determination of fair values

A number of NIPDEC's accounting policies and disclosures requires 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 and freehold land and building

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Company's investment property portfolio and freehold land and buildings every 2-3 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. Management conducts annual internal assessments of the fair value of each property in between independent valuations. Fair value is based on directly or indirectly observable inputs (Level 2).

ii) Investment securities

The fair value of investment securities are determined by the market value at the measurement date based on directly or indirectly observable inputs (Level 2).

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.

32. Commitments and contingencies

Capital commitments

There were no commitments for capital expenditure approved or contracted as at 30 June 2020 (2019: nil).

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

33. Agency arrangements

NIPDEC holds several fixed rate bonds and three demand loans that are not recorded in the financial statements. 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 2022 to 2032.

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.

These bonds and demand loans are not recognised in the books of NIPDEC since NIPDEC has no beneficial interest in these funds:

a. 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;
b. The Trust Deeds provide for limited recourse against NIPDEC;
c. 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 $5.9 billion at 30 June 2020 (2019: $4.8 billion). An analysis of the borrowings is as follows:

Bonds			**2020**	**2019**
Trustee	**Rate**	**Tenor**		
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%	October 2011-2026	500,000	500,000
	5.15%	July 2012-2025	339,000	339,000
	6.25%	October 2012-2032	250,000	250,000
	4.00%	October 2013-October 2029	1,000,000	1,000,000
	4.65%	May 2018-May 2032	405,000	405,000
			4,786,000	**4,786,000**

Demand loan				
Lender	**Rate**	**Tenor**		
FCB Bank Limited	3.1%	July 2017-July 2021	**21,881**	**28,923**
ANSA Merchant Bank	5.02%	October 2019-2029	**500,000**	**-**
RBC Trust	4.15%	April 2020 -2027	**671,000**	**-**

34. Contingent liabilities

As at 30 June 2020, NIPDEC was subject to several legal claims and actions. After taking legal advice as to the likelihood of success of the claims and actions, where appropriate, provisions were established 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. Management estimated contingent liabilities of the amount $0.7 million (2019: $0.8 million) as only reasonably possible.

In addition, NIPDEC also has several legal matters arising out of projects undertaken on behalf of various government ministries. For these matters, the claims, judgements and legal costs are fully reimbursed by the client ministries.

35. Dividends

The Company paid and declared no dividend during the current 2020 financial year (2019:$24.130 million ($965.20 per share)) to its parent company, The National Insurance Board of Trinidad and Tobago.

36. Events after the reporting date

Impact of COVID-19 Pandemic
Looking ahead, following the outbreak of the COVID-19 pandemic, the Company sees increased uncertainties and economic disruption as a result of the outbreak. In the event of a prolonged pandemic there may be a negative effect on our clients and overall business activity which may negatively impact the financial performance of the Company. The Company has taken measures to ensure that its employees and partners continue to be safe while interacting together. Measures have been taken to minimise the impact of the Pandemic and to continue operations.

Given the evolving nature of COVID-19, uncertainties will remain and currently it is not possible to accurately estimate the future impact of the Pandemic on the future financial performance of the Company. We continue to monitor this situation and its potential impact on our operations.

Designed & Produced by

Damian Joseph
Marketing & Communications Officer
Marketing & Communications Department

NIPDEC

56-60 St. Vincent Street
Port of Spain
Tel: (868) 625-8749
Fax: (868) 623-0877
Website: **www.nipdec.com**