NIPDEC

Your Partner in Development

ANNUAL REPORT

2021

Purpose

To deliver value, enhance lives and create better tomorrows for our stakeholders and ourselves.

Vision

To be the premier project and procurement management agency in the region providing top quality, sustainable projects, products and services.

Mission

To acquire at least three iconic infrastructure development projects on the national landscape by 2024.

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Our Core Values

Integrity

We strive towards consistency between our words and actions and are dedicated to professional ethical standards.

Excellence

We are highly committed to delivering positive business outcomes.

Diversity & Inclusion

We value and embrace all stakeholders, respecting everyone's unique contribution and treating everyone with the respect and dignity they deserve.

Accountability

We take ownership for all our outcomes.

Innovation

We are committed to creating new ways to deliver optimal results.

Teamwork

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

Customer Focus

We recognize that our decisions and actions are guided by meeting and exceeding the expectations of our internal and external customers.

Chairman's Statement

The Covid-19 pandemic has accelerated the movement in businesses, communities, and sectors towards digitization. The pandemic has and continues to impact global supply chains and business in general. This has forced many of us to change the way we work and interact. Over the course of the year NIPDEC embraced the opportunity afforded and continued to adapt to the 'Not Normal', ensuring that we maintained critical support to the Ministry of Health. Our Pharmaceutical Division was instrumental in the procurement, storage and distribution of various Covid-19 vaccines and other pharmaceutical and non-pharmaceutical supplies ensuring reliability of supply and doing our part to save lives and livelihoods.

However, non-critical projects were severely impacted by stay-at-home measures implemented to contain the spread of the virus. Revenue from our car parks was devastated by these measures including, in particular, the closure of the nation's beaches.

The good news is that we took the time to reflect on our purpose and our values and to consider how best we can add value to our clients. NIPDEC has been a trusted partner in the development of Trinidad and Tobago for over 40 years. We helped transform the landscape of our beloved country and we have renewed our commitment to helping our clients increase their productivity and efficiency by applying our expertise in project and facilities management, procurement, and supply chain management.

Financial Performance

Despite the economic impact of the pandemic, revenue from contracts with customers increased by 5% year-on-year driven by a 33% increase in Project and Construction management income. However, rental income was down 4% and income from registration and tender receipts declined by 46%, causing a decline in total revenue by 1.6% compared to 2020.

Overheads, excluding impairment loss, increased by 13%, largely due to a 17% increase in staff costs due to the accrual of a provision of back pay. This increase was offset by declines in Accommodation (11%) and Vehicle (62%) expenses as management increased its focus on operational efficiency.

The company reported a profit of $9.4M, largely due to a $22.6M reversal of expected credit losses based on the results of a review of NIPDEC's actual credit loss experience which showed that a default period increase from one to three years was more appropriate because our public sector clients settled most of their outstanding debt within that period.

The company continued to maintain a consistent balanced working capital ratio of 1.2 and during the year more effort and resources were deployed to collect and/or clean up long outstanding receivable balances. NIPDEC remains sufficiently capitalized and will be looking at new project financing initiatives to attract new business.

Board Membership

I took up my role as the new Chairman of the Board in August 2020 replacing Ms. Valerie Kelsick. We also welcomed Dr. Maryam Abdool-Richards and Mr. Calvin Bijou as directors in November 2020. They both bring a wealth of invaluable medical, business and public sector experience, which is greatly appreciated. We also said goodbye to John Leandro Ambrose who resigned from the Board in November. We wish to thank Ms. Kelsick and Mr. Ambrose for their valued service to NIPDEC.

The Future

Mr. Raymond Hackett and Ms. Reyna Kowlessar joined the executive team as General Manager and Company Secretary respectively and Mrs. Malisa Gilkes was promoted to Head Human Resources. The three-year strategic plan was approved by the board and we are working with the entire NIPDEC team to achieve NIPDEC's vision to be the premier project and procurement management agency in the region providing top quality, sustainable projects, products and services.

We will acquire at least three iconic infrastructure development projects on the national and regional landscape by 2024 through our commitment to deliver positive business outcomes for our clients as we work together to constantly create new ways to deliver optimal results on a foundation of the highest professional and ethical standards.

I would like to thank the NIPDEC team and my fellow board members for their continued commitment to serving our clients and ensuring that we continue to add value as we all strive to efficiently and transparently develop our country and region.

Nigel Romano
Chairman

General Manager's Statement

The adverse effect that the Covid-19 pandemic had across our business lines in 2020 continued into the 2021 financial year. Supply chain delays, shortages and exorbitant price increases for personal protective equipment and pharmaceutical drugs continued to be the most significant challenge. The strategy of stock piling that was used in 2020 was continued in 2021. This served to ensure that the Reginal Health Authorities and CDAP Pharmacies continued to be well supplied. Despite the challenges, we continue to provide full support to the Ministry of Health’s nationwide mandate for drug supplies.

The closure of the construction sector in 2020, placed additional demands on completing projects in 2021. Whatever slack time there was on projects was completely eroded. The company did manage to complete some major projects that would have started in 2020. The Guiaco Licensing Office refurbishment for the Ministry of Works & Transport was completed within client budget. Camp La Romaine was completed for the Ministry of National Security, despite additional delays for lack of payment to contractors.

New business was secured from the Ministry of Housing, Tobago House of Assembly and Ministry of National Security worth a combined $15M which is scheduled to commence in the new financial year 2022.

Our remote working policy was fully utilized by our staff as schools remained closed to safeguard the nation’s children. The company continued to provide support to its people and recognized that going forward, the way work is accomplished will remain changed as we adapt to the new normal.

2021's financial performance produced a relatively even top line but with mixed results within the revenue streams. Project and construction management revenue surpassed 2020 numbers by 33% and the main source came from the Remand Prison project. As anticipated, Car Park operations declined with the continued closure of Maracas beach. The company suffered an 8% reduction in daily receipts due to this and a lessening of Chaguanas Car Park's contribution to revenue. Even the Warehouse rental, a fairly secured source of consistent revenue, experienced a 4% drop in rental receipts due to tenants leaving.

The company generated a profit of $9.4M and benefitted from a one-off adjustment to its Expected Credit Loss impairment provision. Management revised the default period for its public customers from one (1) year to three (3) years because the data showed that most of its public clients settle outstanding invoices within three (3) years. This resulted in an over provision in prior years and the adjustment was a $22.6M write back in the 2021 profit or loss statement.

I am pleased to report that the company received an unqualified opinion from the auditors to its 2021 financial statements. This after having gone through extensive efforts to clean up the unreconciled legacy project account balances, which had been on the statement of financial position for a few years. Management will continue to ensure that proper internal controls are maintained to avoid any reoccurrence of unexplained balances.

The three (3) year strategic plan was approved by the board and the company now has a platform on which to build and an opportunity to turn around the fortunes of the business.

I would like to thank the board of directors for their continued support to management and the staff for their engagement and confidence in believing we can return to prosperity.

Raymond Hackett
General Manager

Business & Financial Review

Year In Review Performance

The company ended the financial year reporting a profit of $9.3M. This was attributed to the expected credit loss (ECL) write-back of $22.6M against operating overheads. The write-back was due to the over-provision of impairment loss to the company's receivables position as at 30 June 2021. The methodology for calculating ECL was revised following the review by management. Total revenue reported was $25.3M (2020: $25.7M) versus a budget of $26.5M.

The beginning of the 2021 financial year saw the company continue its operations into month four (4) of the Covid-19 pandemic. The bulk of Q1 revenue came from Procurement fees of $2.7M and Car Park rental income of $2.0M. The 2020 general elections led to the increase in project activity for PURE leading to a sharp increase in procurement support for the Ministry of Works & Transport. Project and construction management fees were minimal as we experienced delays to the start of the Tobago Esplanade and Remand Prison construction projects. These were forecasted to commence at the beginning of July 2020. End of quarter revenue closed at $7.2M against a budget of $6.1M and our operating loss was $0.208M versus a budgeted loss of $2.6M where our overheads were kept within budget by 10% or $0.813M.

Half-year performance closed at an operating loss of $0.86M. This was $3.5M better than budget and $8.5M better than the prior year. Due to the spike in Covid-19 cases, the government closed Maracas beach, suspending car park operations in September and October 2020. Further project management delays from deferred projects and suspension of works due to lack of contractor payments, along with the Maracas closure, resulted in revenue falling short by $1.5M or 11.7%. Total operating overheads were mostly within budget and better than prior year. However, Administration expenses were 10% or $0.2M higher than budget but $2.7M or 46% lower than prior year. Legal and professional fees accounted for the additional spend. We incurred more legal fees as a result of the various hearings and staff related litigation matters. Professional fees were incurred for consultants on short term contracts to cover internal vacancies.

Q3 saw the gap in forecasted project and construction management fees widen as a result of the suspension of Remand Prison and Camp La Romain projects. The lack of timely payments by the client resulted in the contractor stopping works on each project in January and part of February. For the Car Park operations, we experienced a decline in revenue due to TTPS reducing their lease of Riverside Plaza from seven (7) to four (4) floors. At the end of March 2021, total company revenue closed at $17.2M (2020: $19M) versus a budget of $20.3M. The loss position after the nine (9) months was $3.6m (2020: $7.98m).

The start of Q4 was not positive. Confirmed cases and deaths due to Covid-19 took a turn for the worse in April 2021. The spike led to more stringent restrictions enforced by the Government. The State of Emergency put severe limitations on mobility and subsequent closure of Maracas beach and all construction activities across the nation. We were forced to close our St Vincent Street Car Park operations and Chaguanas Car Park experienced a 41% drop in receipts

Notwithstanding the negative effects, the company managed to maintain revenue levels. Comprehensive income was $14.5M (2020: -$15.8M) and positive results from the defined benefit pension asset contributed to the final result. Figure 1 below illustrates the historical trend for revenue and comprehensive income for the past four (4) years.

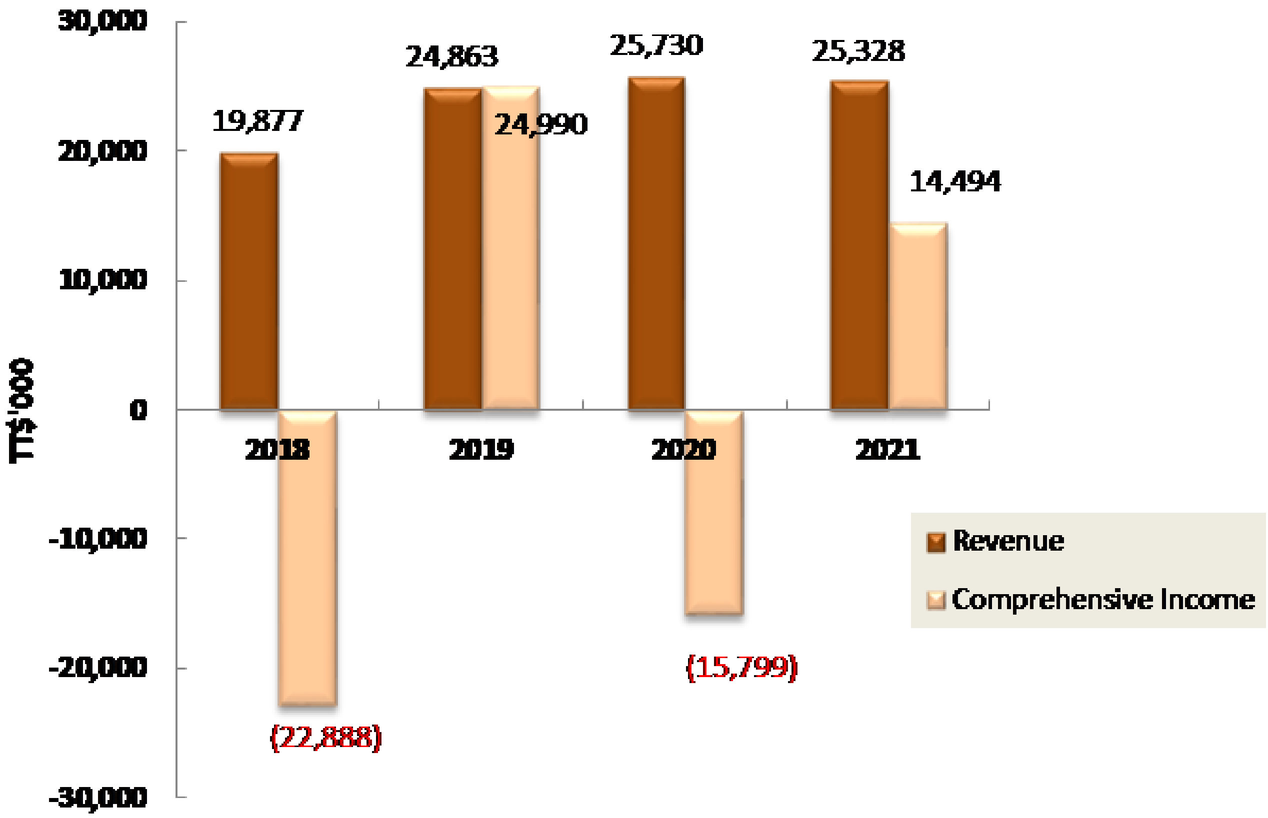

Figure 1: Four-year comparison

Revenue

Total revenue decreased by $0.4M from $25.7M in 2020 to $25.3M in 2021. There were mixed performances from the various revenue streams which resulted in the slight reduction. Revenue from contracts with customers increased by 5% or $0.67M. Within this category, Project and Construction Management income experienced a 33% or $0.757M increase on top of 2020. The effect of the closure of construction was not as severe in 2021 as in 2020.

Additional revenue would have been recognized if it were not for a combination of delays for various projects such as Other Ranks and Girls YTC Centre which have been put on indefinite hold by the client. Procurement income rose by 11% or $0.464M as a result of increased activity in PURE projects, but this was set off against a 15% and 8% decline in revenue from Facilities Management and Car Parks: Managed respectively. Facilities saw a decline in ad hoc projects requested from its clients and the closure of Maracas beach was the main reason for managed car parks regression.

Figure 2 below illustrates the comparison between 2021 and 2020 by revenue stream.

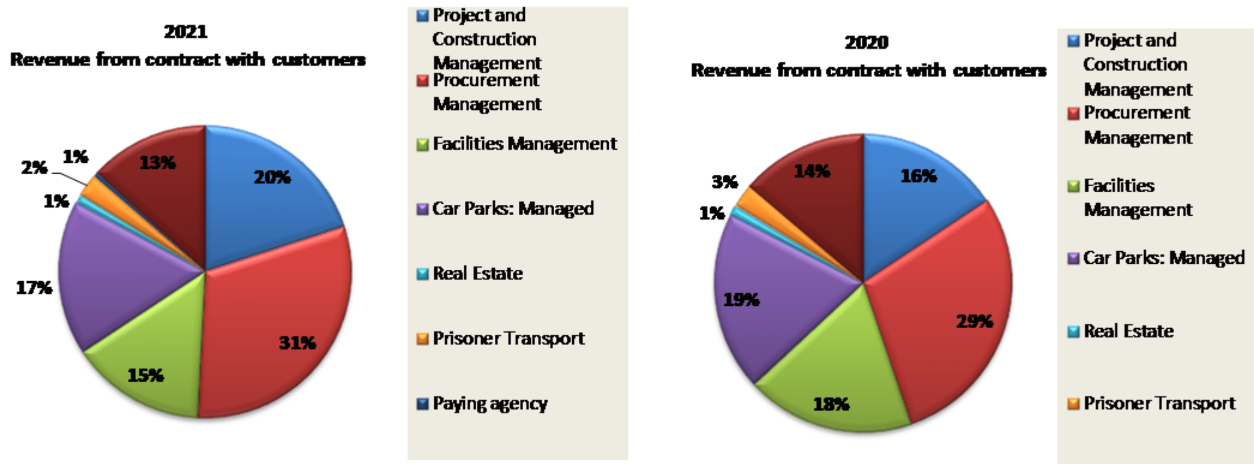

Figure 2: Comparative by Revenue Stream

The company saw a decline in Rental income by 4% or $0.358M. The major decline came from Warehouse rental and Car Parks owned. Due to the pandemic, some tenants exited in an effort to reduce their operating cost and our St. Vincent Street car park was closed for four (4) months due to the state of emergency conditions. Advertising revenue dropped by 35% as clients pulled back on their advertising spend due to the significant decline in road traffic.

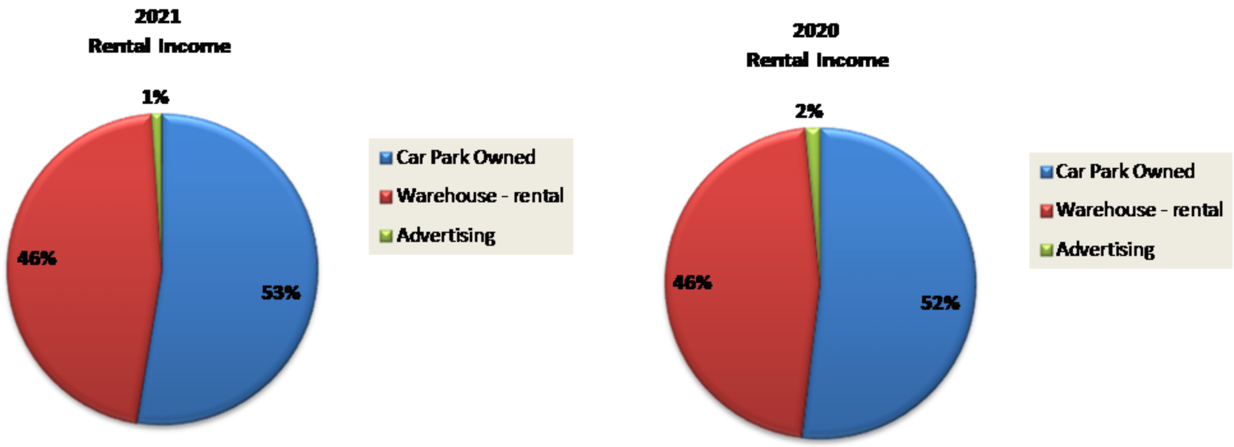

Figure 3: Comparative by Revenue Stream

Profitability

Due to the volatility of the ECL adjustment which the company experienced in 2020, management had to reexamine the methodology used for calculating ECL for its public receivables. The main change made to the calculation was the increase in the default period from one (1) year to three (3) years past due for debt relating to public customers. This was based on reviewing the historical credit loss experience data in detail which showed that most of the public debt was paid within three years.

The change led to a reduction in the amount of provision the company was required to have as at the end of the financial period. The write-back of $22.6M resulted in an operating profit of $8.5M, increasing to $9.4M after net of finance cost, finance income and other income.

Excluding ECL, the company's total overheads had increased by 13% or $3.8M year on year as illustrated by Figure 4.

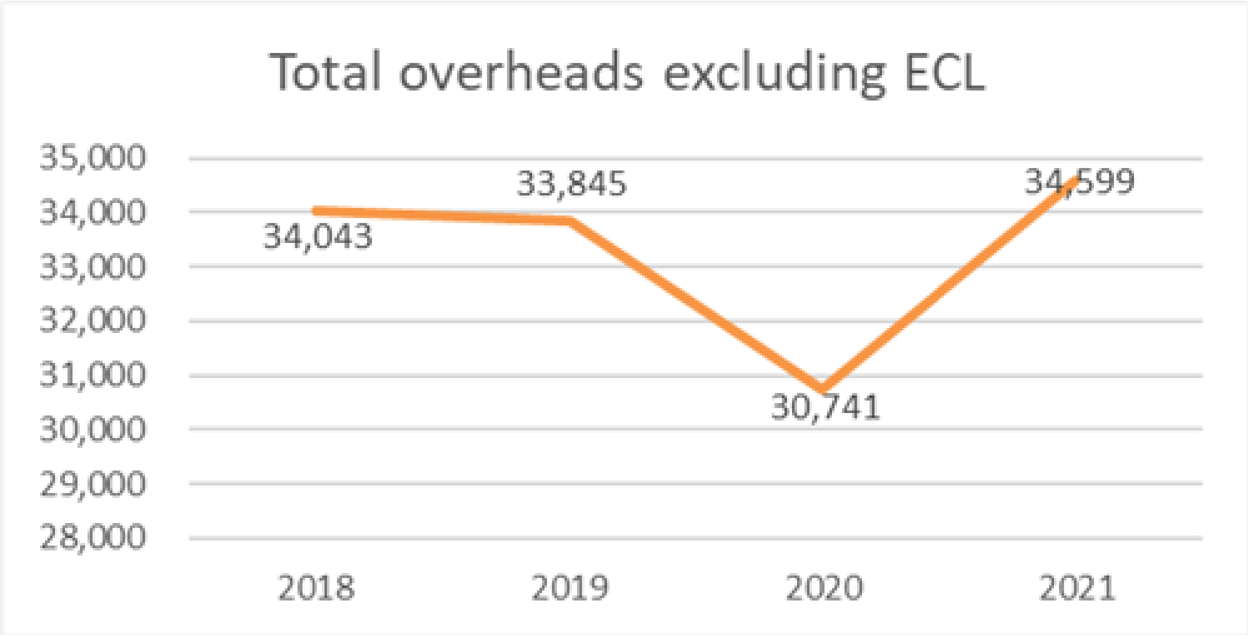

Figure 4: Four-year comparison

This was mainly due to staff cost but not as a result of an increase in headcount. The company started union negotiations with the Public Service Association for the outstanding periods and based on current discussions made a provision of $3.7M for back pay expenses.

The compounded annual growth rate (CAGR) for the past four (4) years was a 1.4% increase for staff cost as illustrated in Figure 5 below.

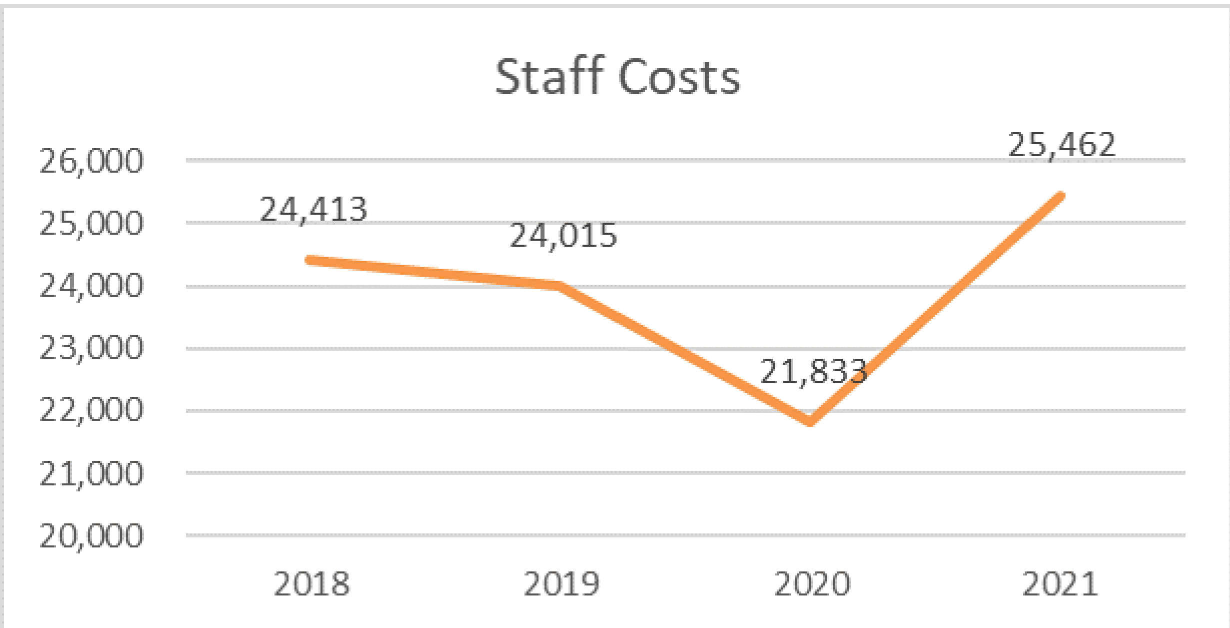

Figure 5: Four-year comparison

Administration expenses rose by 17% or $0.766M when compared to prior year 2020, on account of having to accrue Security and Exchange Commission penalties of $0.54M for late filing of administerial changes. CAGR for the past four (4) years was an 8.8% rise.

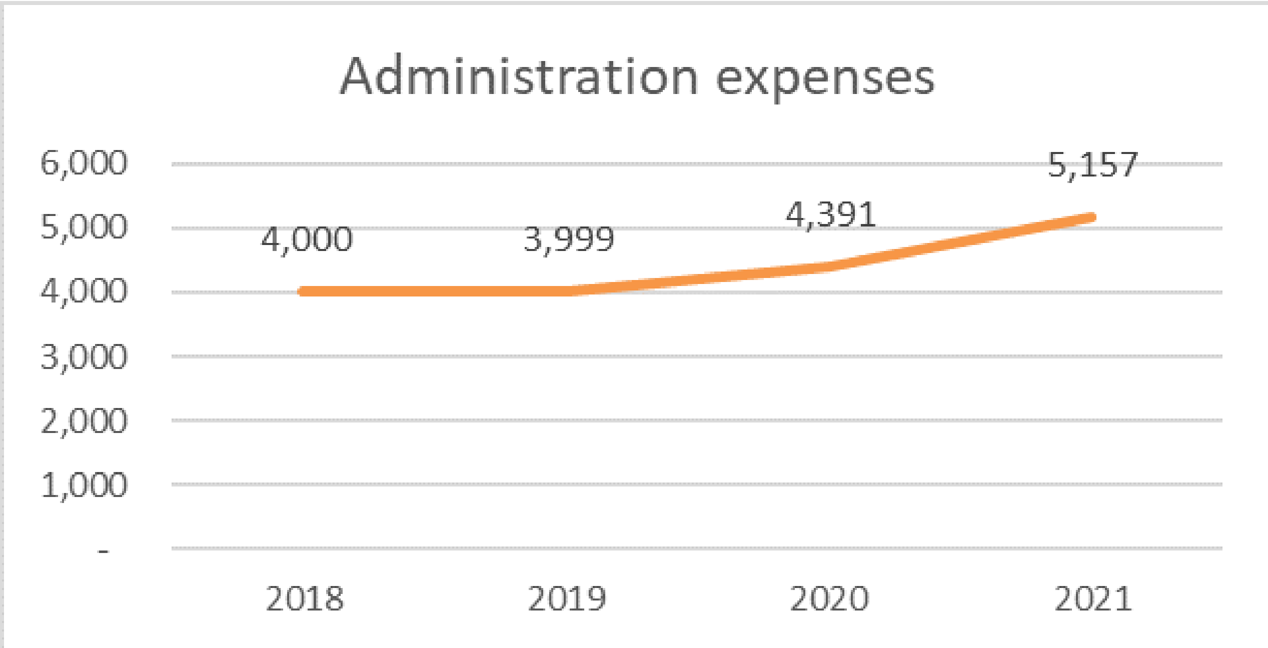

Figure 6: Four-year comparison

Accommodation cost declined by 11% or $0.294M year on year. Certain repairs and maintenance cost for the Warehouse and Car Parks that was planned in 2021 had to be deferred due to the unavailability of contractors during the state of emergency. Works are now scheduled to occur in the 2021/22 financial year. CAGR for the past four (4) years dropped by 18.1%.

Figure 7: Four-year comparison

Vehicle expenses declined a further 62% or $0.23M as the company reduced its fleet of leased vehicles to manage cost. CAGR for the past four (4) years was a reduction of 43.3%.

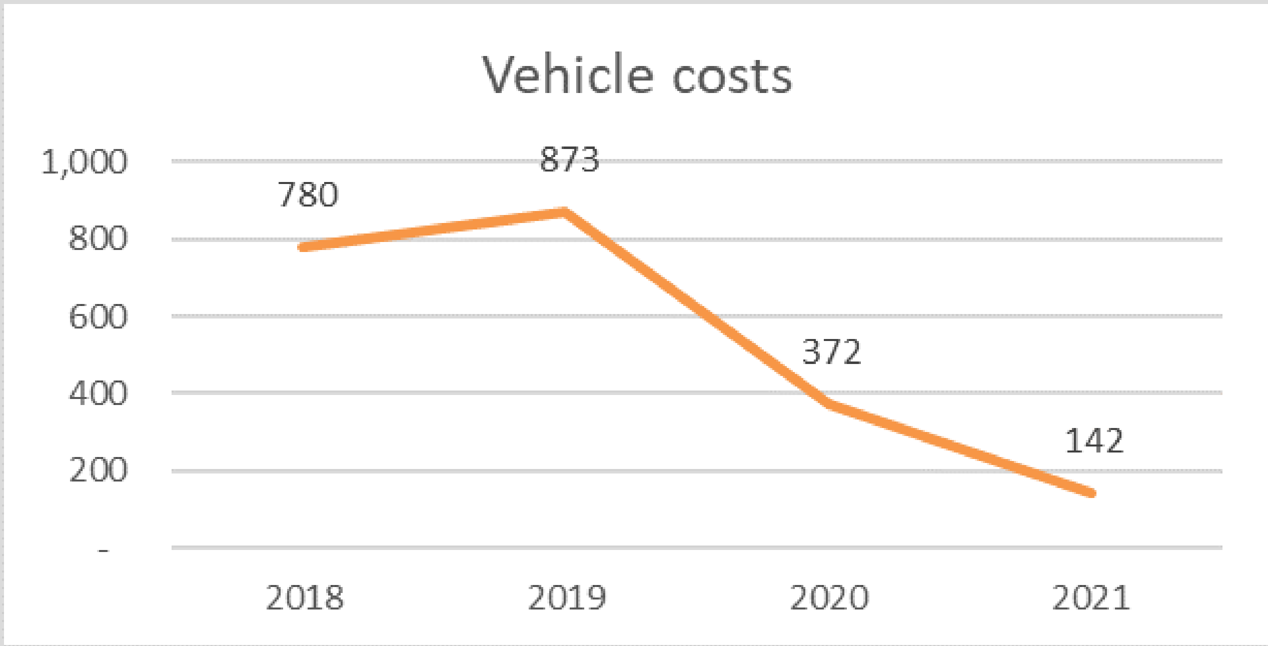

Figure 8: Four-year comparison

Financial Position

NIPDEC's assets declined by $163 million or 11% to $1.3B as at June 30, 2021. Non-current assets rose by $1.3M, which was a net movement of an increase in Defined Benefit Pension Asset of $3.4M and a combined decrease of $2.1M in Investment Property value, Property Plant & Equipment, Leased Assets and Investment Securities.

Current assets had declined by $164M and this was the result of material changes in Restricted cash and Trade receivables. Restricted cash was reduced by $246M which was used to pay for pharmaceutical and non-pharmaceutical stock and outstanding sums to project contractors. Trade receivables rose by $150M and this was mainly due to outstanding balances from the Ministry of Health.

During the year the Ministry of Finance continued its procurement of loan financing to support the purchase of pharmaceutical drugs on behalf of the Ministry of Health. In April 2021 the company received $284M in loan financing from RBC Royal Bank which was fully utilised by the end of the financial year. Additionally, the Company was engaged by the TTPS to be a paying agent for their outstanding supplier invoices. The sum of $200M loan financing from NCB Merchant Bank Limited was procured by the Ministry of Finance for this purpose.

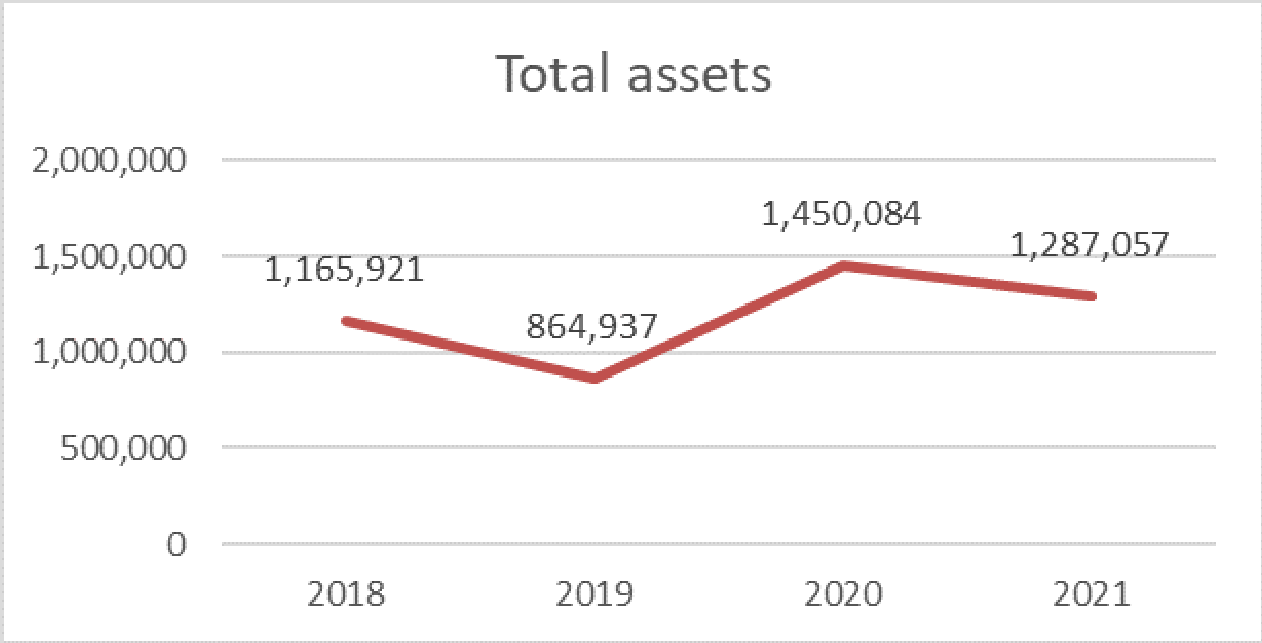

Figure 9: Four-year trend

Current liabilities moved from $1.2B to $1.0B, a 15% or $0.178M reduction. The main source of the change came from Project advances that recorded a drop by 28% or $0.211M, representing the use of funds held on behalf of clients to pay suppliers. The working capital ratio was maintained at 1.1 year on year.

Management completed the reconciliation of the $34.9M aged project account balances that were the result of the qualified opinion in 2020 audit report. The amounts were disaggregated and applied against their corresponding entries on the statement of financial position in other project accounts. The remaining balances were written off to retained earnings and the financial statements were restated and the errors addressed retrospectively. The adjustment to retained earnings was a credit of $27.2M.

Capital management saw the gearing ratio increased slightly from 1.3 to 1.5 as the company continued its efforts to maintain a strong base to sustain future development of the business.

Board of Directors

Nigel Romano - Chairman

Douglas Camacho - Deputy Chairman

Margaret Roper-Wiltshire

Patrick Ferreira

Joseph Remy

Brendon Nelson

Maryam Abdool-Richards

Calvin Bijou

Management Team

Raymond Hackett - General Manager

Vyas Ramphalie - Head Property Development

Jabari Cozier - Head Finance & Accounting

Malisa Gilkes - Head Human Resources

Allyson Pouchet - Head Pharmaceuticals (Ag.)

Reyna Kowlessar - Company Secretary

Sarita Sarjoo-Ghany - Manager Internal Audit

Rodney Charles - Manager Procurement

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2021

Ernst & Young Services Limited

Building a better working world

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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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 2021, 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	Company Secretary
Date 28th October 2021	Date 28th October 2021

Ernst & Young Services Limited
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Trinidad

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

Report on the Audit of the Financial Statements

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 2021 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the 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 for 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 opinion.

Other Information included in the Company's 2021 Annual Report

Other information consists of the information included in the Company's 2021 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The 2021 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

Report on the Audit of the Financial Statements
(Continued)

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.

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.

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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)

- 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:
29 October 2021

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(Expressed in thousands of Trinidad and Tobago dollars)

ASSETS	**Notes**	**2021**	**2020 Restated**	**2019 Restated**
Non-current assets				
Investment properties	5	37,100	37,300	37,800
Property, plant and equipment	6	16,781	17,307	17,448
Right-of-use asset	7(a)	5,607	6,085	–
Defined benefit pension asset	8	22,231	18,791	23,867
Investment securities	9	–	923	1,741
Total non-current assets		81,719	80,406	80,856
Current assets				
Cash at bank and in hand	10 (a)	95,475	93,392	90,154
Restricted cash	10 (b)	607,524	853,686	334,104
Investment securities	9	11,194	10,468	10,200
Trade receivables	11	250,618	100,282	165,522
Other receivables and prepayments	11	206,288	274,341	149,451
Contract assets		–	–	67
Unbilled project costs	12	34,239	37,509	34,583
Total current assets		1,205,338	1,369,678	784,081
Total assets		**1,287,057**	**1,450,084**	**864,937**
EQUITY AND LIABILITIES				
Equity				
Share capital	13	25,000	25,000	25,000
Revaluation reserve	14	13,427	13,427	13,427
Fair value reserve	15	3,113	2,359	1,957
Retained earnings		178,228	164,488	180,991
Total equity		219,768	205,274	221,375
Non-current liabilities				
Retention payable	16	16,742	15,708	21,865
Lease obligation	7(b)	4,699	5,088	–
Total non-current liabilities		21,441	20,796	21,865
Current liabilities				
Accounts payable and accruals	16	483,648	445,726	369,678
Retention payable	16	16,603	15,854	2,093
Lease obligation	7(b)	1,089	996	-
Contract liabilities	17	7,612	7,940	1,652
Advance project billings	18	2,582	7,693	14,828
Project advances	19	534,314	745,805	233,446
Total current liabilities		1,045,848	1,224,014	621,697
Total equity and liabilities		**1,287,057**	**1,450,084**	**864,937**

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

On 28th October 2021, 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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/(LOSS)
FOR THE YEAR ENDED 30 JUNE 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2021	2020
Revenue from contracts with customers	20	15,207	14,536
Rental income	21	9,285	9,643
Other operating income	22	836	1,551
Revenue		25,328	25,730
Direct costs incurred	23	(3,411)	(3,970)
Gross profit		21,917	21,760
Staff costs	24	(25,462)	(21,833)
Administration expenses	25	(5,157)	(4,391)
Accommodation costs	26	(2,296)	(2,590)
Net impairment gain/(loss) on financial assets	11	22,624	(3,350)
Depreciation	6,7	(1,542)	(1,555)
Vehicle expenses	27	(142)	(372)
Other losses - net	28	(1,367)	(317)
Operating profit/(loss)		**8,575**	**(12,648)**
Finance costs	29	(238)	(262)
Finance income	30	797	807
Other income	31	259	388
Profit/(loss) for the year		**9,393**	**(11,715)**
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined pension benefit asset	8 h)	4,347	(4,486)
Net change in fair value of investment securities	9	724	267
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of investment securities	9	30	135
Other comprehensive income/(loss) for the year, net of income tax		5,101	(4,084)
Total comprehensive income/(loss) for the year		**14,494**	**(15,799)**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021
(Expressed in thousands of Trinidad and Tobago dollars)

Year ended 30 June 2021	**Stated Capital**	**Revaluation reserve**	**Fair value reserve**	**Retained earnings**	**Total equity**
Balance at the beginning of the year	25,000	13,427	2,359	164,488	205,274
Profit for the year	–	–	–	9,393	9,393
Other comprehensive income	–	–	754	4,347	5,101
Total comprehensive income for the year	–	–	754	13,740	14,494
Balance as at 30 June 2021	**25,000**	**13,427**	**3,113**	**178,228**	**219,768**
Year ended 30 June 2020					
Balance at the beginning of the year (Restated)	25,000	13,427	1,957	180,991	221,375
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 movement (Note 13)	–	–	–	(302)	(302)
Balance as at 30 June 2020	**25,000**	**13,427**	**2,359**	**164,488**	**205,274**
Year ended June 2019					
Balance at the beginning of the year (previously stated)	25,000	13,132	475	157,475	196,082
Prior year restatement (Note 40)	–	–	–	24,433	24,433
Balance at the beginning of the year (restated)	25,000	13,132	475	181,908	220,515
Profit for the year	–	–	–	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 39)	–	–	–	(24,130)	(24,130)
Restated balance as at 30 June 2019	**25,000**	**13,427**	**1,957**	**180,991**	**221,375**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	2021	2020
Cash flows from operating activities		
Profit/(loss) for the year	9,393	(11,715)
Adjustments for:		
Depreciation (Notes 6 & 7)	1,542	1,555
Loss/(gain) on disposal of property, plant and equipment (Note 28)	291	(48)
(Gain) on derecognition of right-of-use asset	(2)	–
Defined benefit pension expense (Note 8)	1,265	952
Right of use asset adjustment	104	–
Finance costs (lease accretion) (Note 7)	238	262
Provision for expected credit loss (Note 11)	(22,624)	3,350
Dividends received from investment (Note 31)	(259)	(388)
Transactions through equity	–	(302)
Decrease in fair value of investment property (Note 5)	200	500
	(9,852)	(5,834)
Changes in working capital:		
Decrease in unbilled project costs	3,270	14,094
Increase in accounts receivable and prepayments	(59,659)	(71,414)
Decrease contract assets	–	67
Increase/(decrease) in retention payable	1,783	(624)
Increase in accounts payable and accruals	37,922	110,208
(Decrease)/increase in contract liabilities	(328)	6,288
Decrease in advance project billings	(5,111)	(43,491)
(Decrease)/increase in project advances	(211,491)	514,178
Cash generated (used in)/from operations	(243,466)	523,472
Contributions paid (Note 8 h)	(358)	(361)
Net cash flows (used in)/from operating activities	**(243,824)**	523,111
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 6)	(219)	(480)
Proceeds from the sales of motor vehicles	–	46
Dividends received from investments	259	388
Proceeds from redemption of investment securities	952	952
Net cash from investing activities	**992**	906
Cash flows from financing activities		
Interest portion of lease payments (Note 7)	(238)	(262)
Principal portion of lease payments	(1,009)	(935)
Net cash used in financing activities	(1,247)	(1,197)
Net (decrease)/increase in cash and cash equivalents	(244,079)	522,820
Cash and cash equivalents at the beginning of the year	947,078	424,258
Cash and cash equivalents at the end of the year	**702,999**	**947,078**
Cash and cash equivalents comprise:		
Cash at bank and in hand (Note 10 a)	**95,475**	**93,392**
Restricted cash (Note 10 b)	**607,524**	**853,686**
	702,999	**947,078**

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

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

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

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

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. This amendment had no impact on the financial statements of the Company.

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

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 IFRS 3 – IAS 16- Property, Plant and Equipment: Proceeds before Intended Use – Effective 1 January 2022.
- New IFRS 17 – Insurance Contracts – Effective 1 January 2023.
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Effective 1 January 2023.
- Amendments to IFRS 3 – Business Combinations – Effective 1 January 2023.

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.

3. Basis of preparation (continued)

d) Use of estimates and judgements (continued)

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 8	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.

4. Summary of significant accounting policies (continued)

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 year.

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.

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.

4. Summary of significant accounting policies (continued)

c) Property, plant and equipment (continued)

(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:

Class name	Depreciation rate range
Freehold land	0%
Freehold building	2%-20%
Fixture fittings plant and machinery	12.5%-25%
Computer equipment	20%-33 1/3%
Computer software	33 1/3%
Motor vehicles	10%-25%

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

(iii) Disposal

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
- Investment securities (Note 9)
- Trade receivables, including contract assets (Note 11)

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 3 years past due for debt relating to public customers. For private customers the financial asset is in default when the debt is written off. 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 35), 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
Leasehold building	10 years
Other assets	3 to 5 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 loans) 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 operating 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

	2021	2020
Leasehold land and buildings		
1500 sq. ft. land at 47, St. Vincent Street, Port of Spain	4,000	4,000
Chaguaramas warehouse	12,000	12,000
	16,000	**16,000**
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	1,100	1,300
Total	**37,100**	**37,300**
Opening balance at July 1	37,300	37,800
Decrease in fair value	(200)	(500)
Closing balance at June 30	**37,100**	**37,300**

On 15 June 2021, 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 Land held on Toco main road of $200. 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.

	2021	2020
Rental income derived from investment properties (Note 21)	9,285	9,643
Direct expenses incurred	(108)	(115)

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

6. Property, plant and equipment

Year ended 30 June 2021	**Freehold property**	**Freehold land**	**Fixtures & fittings**	**Office and computer equipment**	**Computer software**	**Motor vehicles**	**Plant & machinery**	**Total**
Opening balance net book amount	7,333	9,000	378	570	2	–	24	17,307
Additions	–	–	–	88	131	–	–	219
Disposal	–	–	–	(5)	–	–	–	(5)
Adjustment due to clean up exercise	–	–	(217)	(49)	(1)	–	(24)	(291)
Depreciation -disposal	–	–	–	5	–	–	–	5
Depreciation charge	(167)	–	(48)	(202)	(37)	–	–	(454)
Closing balance net book amount	7,166	9,000	113	407	95	–	–	16,781
Cost or valuation	8,366	9,000	439	921	812	237	–	19,775
Accumulated depreciation	(1,200)	–	(326)	(514)	(717)	(237)	–	(2,994)
Net book amount	7,166	9,000	113	407	95	–	–	16,781

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
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

Revaluation of freehold property

The freehold property has been independently valued by Linden Scott and Associates, Chartered Valuation Surveyors, during the year. Fair value was determined by reference to market based evidence. The date of the last valuation report was 15 June 2021.

(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	**2021**	**2020**
Cost	7,262	7,262
Accumulated depreciation	–	–
	7,262	**7,262**
Freehold property		
Cost	16,154	16,154
Accumulated depreciation	(13,246)	(12,923)
Net book value	**2,908**	**3,231**
Freehold land and property at historical cost	**10,170**	**10,493**

7 Leases

NIPDEC as a lessee

The Company has lease contracts for land, building and various items of office equipment and motor vehicles. Leases of land and buildings generally have lease terms of 30 and 10 years respectively, while motor vehicles and other equipment generally have lease terms between 3 and 7 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases of machinery with lease terms of 12 months or less and with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

7 Leases (continued)

(a) 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 1 July 2019	574	5,139	–	829	6,542
Additions	–	–	477	–	477
Depreciation charge	(88)	(344)	(126)	(376)	(934)
As at 30 June 2020	**486**	**4,795**	**351**	**453**	**6,085**
Adjustments	(7)	(84)	(6)	(7)	(104)
Additions	–	–	468	357	825
Disposal	–	–	–	(411)	(411)
Disposal depreciation	–	–	–	300	300
Depreciation charge	(96)	(428)	(211)	(353)	(1,088)
As at 30 June 2021	**383**	**4,283**	**602**	**339**	**5,607**

(b) 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 1 July 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 30 June 2020	**486**	**4,794**	**351**	**453**	**6,084**
Additions	–	–	468	357	825
Disposals	–	–	–	(112)	(112)
Accretion of interest	16	186	19	17	238
Payments	(107)	(543)	(225)	(372)	(1,247)
As at 30 June 2021	**395**	**4,437**	**613**	**343**	**5,788**

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

7. **Leases** (continued)

Presented in the statement of financial position as follows:

	2021	2020
Current	1,089	996
Non-current	4,699	5,088
	5,788	**6,084**

The following are amounts recognized in profit or loss:

Depreciation expense on right-of-use assets	1,088	934
Interest expense on lease liabilities	238	262
Expense relating to short-term leases	121	256
Expense relating to leases of low-value assets	48	198
Leases not meeting the control requirements of IFRS 16	55	133
Total amount recognized in profit or loss	**1,550**	**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 $9,285 (2020: $9,643).

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2021 are as follows:

	2021	2020
Within one year	7,828	9,040
After one year but not more than five years	9,733	17,981
	17,561	**27,021**

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

8. Defined benefit pension asset

a) Net liability in statement of financial position

	2021	2020
Present value of defined benefit obligation	63,308	59,916
Fair value of plan asset	(85,539)	(78,707)
Surplus	**(22,231)**	**(18,791)**
Effect of asset ceiling	–	–
Net defined benefit asset	**(22,231)**	**(18,791)**

b) Movement in present value of defined benefit obligation

	2021	2020
Defined benefit obligation at start of year	59,916	54,716
Current service cost	2,229	2,196
Interest cost	3,239	2,952
Members' contributions	358	361
Re-measurements:		
- Experience adjustments	(330)	995
- Actuarial changes in financial assumptions	–	783
Benefits paid	(2,104)	(2,087)
Defined benefit obligation at end of year	**63,308**	**59,916**

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

	2021	2020
Active members	62%	61%
Deferred members	9%	9%
Pensioners	29%	30%
The weighted average duration of the defined benefit obligation at the year end	13.0	13.4

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.

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

8. Defined benefit pension asset (continued)

d) **Movement in fair value of plan assets**	**2021**	**2020**
Fair value of plan assets at start of year	78,707	78,584
Interest income	4,289	4,283
Return on plan assets excluding interest income	4,017	(2,708)
Company contributions	358	361
Members' contributions	358	361
Benefits paid	(2,104)	(2,087)
Administrative expense allowance	(86)	(87)
Fair value of plan assets at end of year	**85,539**	**78,707**
Actual return on plan assets	**8,306**	**1,574**

e) **Asset allocation**		
Locally listed equities	30,250	27,012
Overseas equities	7,715	5,435
Government issued nominal bonds	27,541	23,938
Corporate bonds	17,727	19,352
Money market mutual funds	411	407
Cash and cash equivalents	1,895	2,563
Fair value of plan assets at end of year	**85,539**	**78,707**

The asset values as at 30 June 2021 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.

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.

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

8. Defined benefit pension asset (continued)

f) Amounts recognised in the statement of profit or loss are as follows:	**2021**	**2020**
Current service cost	2,229	2,196
Net interest on net defined benefit liability	(1,050)	(1,331)
Administrative expense allowance	86	87
Net pension cost	**1,265**	**952**

g) Re-measurement recognised in other comprehensive income:

Experience (gains)/losses	**(4,347)**	**4,486**

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

Opening defined benefit asset at prior year	(18,791)	(23,868)
Net pension cost	1,265	952
Re-measurement recognised in other comprehensive income	(4,347)	4,486
Contributions paid	(358)	(361)
Closing defined benefit asset	**(22,231)**	**(18,791)**

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 2021 and 2020 are as follows:

	2021	**2020**
Life expectancy at age 60 for current pensioner in years		
- Male	21.8	21.7
- Female	26.0	26.0
Life expectancy at age 60 for current members age 40 in years		
- Male	22.7	22.6
- Female	27.0	26.9

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

8. 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 2021 would have changed as a result of a change in the assumptions used.

	1% p.a. higher $'000	1% p.a. lower $'000
- Discount rate	(7,033)	8,616
- Future salary increases	2,572	(2,325)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 June 2021 by $0.847 million (2020: $0.791 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 $0.355 million to the Pension Plan during 2021/22. However, this amount could change if outstanding pay negotiations are completed subsequent to year end.

9. Investment securities

	2021	2020
Investment securities measured at FVOCI		
Equities	10,244	9,520
Government bonds	950	1,871
Total investment securities	11,194	11,391

Presented in the statement of financial position as follows:

	2021	2020
Non-current portion		
Investment securities maturing in more than one year	–	923
Current portion		
Investment securities designated at FVOCI - debt	11,194	10,468

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

9. **Investment securities** (continued)

Net change in fair value of investment securities	**2021**	**2020**
Accumulated balance at beginning of the year	2,359	1,957
Net change in fair value of investment securities with no recycling	724	267
Net change in fair value of investment securities with recycling	30	135
Accumulated balance at the end of the year	**3,113**	**2,359**

Net change in fair value of investment securities in 2021 amounted to $754 thousand and includes fair value gains on equity investments of $724 thousand that cannot be recycled through the statement of profit or loss.

10. Cash and cash equivalents

a) Cash at bank and in hand

	2021	**2020**
Cash at bank	95,454	93,358
Cash in hand	21	34
Total cash at bank and in hand	**95,475**	**93,392**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Company can make short-term deposits 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 recurrent and capital expenditure of the C-40 pharmaceutical operations. In 2021 NIPDEC was given the responsibility to act as a paying agent for the Trinidad and Tobago Police Service.

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

10. Cash and cash equivalents (continued)

b) Restricted cash (continued)

The carrying amount of restricted cash of $607.524 million (2020: $853.686 million) is represented as follows:

	2021	2020
Ministry of Education	3,355	3,356
Ministry of Health	35,517	211,104
Ministry of Works and Transport	399,145	633,774
Office of the Prime Minister – Gender and Child Affairs	3,723	5,452
Trinidad and Tobago Police Service	165,784	–
	607,524	**853,686**

11. Trade and other receivables

	2021	2020
Trade receivables (gross)	292,364	163,596
Less: ECL Allowance	(9,926)	(63,314)
	282,438	**100,282**
Less: Specific provision	(31,820)	–
Trade receivables (net)	**250,618**	**100,282**
Other receivables and prepayments	206,288	275,473
Less: ECL Allowance	–	(1,132)
Other receivables (net)	**206,288**	**274,341**
Total trade and other receivables	**456,906**	**374,623**

Based on current historical trends observed, management redefined the definition of default when calculating the impairment loss in the Expected Credit Loss (ECL) methodology. This resulted in a write back of provision of $22.6 million that was recorded in the statement of profit or loss. As at 30 June 2021, trade receivables at a value of $41.7 million (2020: $64 million) were impaired and provided.

Movements in ECL Allowance is as follows :

	2021	2020
Impairment ECL allowance as per 1 July	64,446	61,096
Net (reduction)/ increase in the ECL on trade receivables incurred during year	(22,624)	2,218
ECL on other receivables recognised during year	–	1,132
Amounts written off during the year	(76)	–
Balance at 30 June	**41,746**	**64,446**

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

11. Trade and other receivables (continued)

Sensitivity analysis

The ECL model is sensitive to the assumptions relative to the default period. For the sensitivity analysis disclosure as presented in the table below, the default period was changed to 2 years and 4 years to show the impact on the resulting ECL provision.

ECL rates for default	**Less than 1 year**	**1 - 2 years**	**2 - 3 years**	**Over 3 years**
Current rates at 3 years	1.48%	45.60%	67.38%	70.08%
Default rates at 4 years	1.48%	45.60%	65.02%	67.72%
Default rates at 2 years	1.52%	47.79%	69.17%	71.87%

Current provision	**Provision**	**Less than 1 year**	**1 - 2 years**	**2 - 3 years**	**Over 3 years**
Private	151	9	40	22	80
Public	9,775	1,174	691	3,388	4,522
Total	**9,926**	**1,183**	**731**	**3,410**	**4,602**
ECL at 4 years					
Private	151	9	40	22	80
Public	9,504	1,174	691	3,269	4,370
Total	**9,655**	**1,183**	**731**	**3,291**	**4,450**
Decrease in ECL	**(271)**				
ECL at 2 years					
Private	151	9	40	22	80
Public	10,051	1,213	724	3,477	4,637
Total	**10,202**	**1,222**	**764**	**3,499**	**4,717**
Increase in ECL	**276**				

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

12. Unbilled project costs

	2021	2020
Cipriani Labour Collage	21	–
Ministry of Health	901	2,421
Ministry of National Security	3,349	5,719
Ministry of Tobago Development	–	459
Ministry of Finance	500	–
Ministry of Works and Transport	28,253	28,910
Office of the Prime Minister	1,215	–
	34,239	**37,509**

13. Share capital

Authorised
Unlimited number of ordinary shares of no par value

	2021	2020
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 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.

14. 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 (2020: $13.427 million).

15. 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 $3.113 million (2020: $2.359 million) and the movement during the year is disclosed in Note 9.

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

16. Accounts payable and accruals

	2021	2020
Trade payables:		
- Projects and other	308,725	211,823
- Due to pharmaceutical suppliers	13,720	20,671
- Amounts owed to parent company	286	280
	322,731	**232,774**
Accrued expenses and other payables	160,917	212,952
	483,648	**445,726**

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.

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.

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:	2021	2020
Current	16,603	15,854
Non-current	16,742	15,708
	33,345	**31,562**

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

17. Contract liabilities

	2021	2020
Project and Construction Management	3,391	1,921
Procurement	4,221	6,019
	7,612	**7,940**

Contract liabilities relate to billings made to customers for which no revenue was recognised to date. 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.

18. Advance project billings

	2021	2020
Agricultural Development Bank	–	7
Cipriani College of Labour	–	117
Judiciary of Trinidad & Tobago	243	695
Ministry of Health	–	55
Ministry of National Security	687	4,363
Ministry of Public Utilities	734	657
Office of the Prime Minister	918	1,028
The National Insurance Board of Trinidad and Tobago	–	5
Tobago House of Assembly	–	766
	2,582	**7,693**

19. Project advances

Ministry of Health	24,347	171,234
Office of the Prime Minister, Gender & Child Affairs	4,156	5,221
Ministry of Works and Transport	340,027	569,350
Trinidad and Tobago Police Service	165,784	–
	534,314	**745,805**

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

20. Revenue from contracts with customers

a) Components of revenue from contracts with customers

	2021	2020
Procurement Management	4,686	4,223
Project and Construction Management	3,040	2,283
Carparks: Managed	2,597	2,830
Facilities Management	2,267	2,668
Pharmaceutical Agency fee	2,000	2,000
Prisoner Transport	386	374
Real Estate	149	158
Paying agency fees	82	–
	15,207	**14,536**

b) 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.

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. Revenue is therefore 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. Revenue is therefore recognised at a point in time. The transaction price is allocated to separately to the two obligations.

20. Revenue from contracts with customers (continued)

b) Performance obligations (continued)

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. Revenue is therefore 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. Revenue is therefore 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. Revenue is therefore 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. Revenue is therefore recognised over time. The transaction price is allocated entirely to the obligation.

Paying agency fees
The obligation is to disburse funds to creditors of the Trinidad and Tobago Police Service with funds given to us by the Ministry of Finance for that specific purpose. The disbursement is done on the instruction of the Commissioner of Police and the approval of the Minister of Finance. Revenue is recognized when the contractor is paid and based on the value of the payment made.

Operation Management Services (OMS) – Pharmaceutical agency fee
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. Revenue is therefore recognised over time. The transaction price is allocated entirely to the obligation.

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

21. Rental income

	2021	2020
Carpark owned	4,886	5,005
Warehouse rental	4,302	4,488
Advertising	97	150
	9,285	**9,643**

22. Other operating income

Registration and tender receipts	836	1,551
	836	**1,551**

23. Direct costs

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

	2021	2020
Non project management fees	1,454	2,072
Car park rental	1,853	1,976
Warehouse rental	101	46
Construction management fees	–	5
Real estate services	–	(5)
Procurement fees	3	(124)
	3,411	**3,970**

24. Staff costs

Salaries and wages	21,447	17,947
Statutory deductions	1,165	1,232
Savings and pension contributions	1,476	1,159
Other staff costs	1,374	1,495
	25,462	**21,833**

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

	2021	2020
25. Administration expenses		
Professional and legal fees	2,543	2,291
Office supplies and other administration expenses	2,459	1,918
Advertising and promotions	62	102
Bank charges	93	80
	5,157	**4,391**
26. Accommodation costs		
Utilities	831	808
Repairs and maintenance	480	807
Insurance	663	636
Equipment rent	264	291
Rates and taxes	58	48
	2,296	**2,590**
27. Vehicle expenses		
Running cost	142	119
Rental	–	253
	142	**372**
28. Other (losses)/gains		
Write off of aged debit balances in trade payables	(654)	–
Fair value adjustment to investment property (Note 5)	(200)	(500)
(Loss)/gain on disposal of property, plant and equipment	(291)	48
Gain/(loss) on foreign currency exchange	99	(18)
Other items	(321)	153
	(1,367)	**(317)**
29. Finance costs		
Interest expense on right of use assets (Note 7)	**238**	**262**
30. Finance income		
Interest income from financial assets held for cash management	**797**	**807**

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

	2021	2020
31. Other income		
Dividend from investment securities	**259**	**388**

32. 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 2021 and 2020.

Related parties balances	**2021**	**2020**
Amounts due from parent related parties:		
Parent company		
Accounts receivable and prepayments	2,068	2,057
Amounts due from GORTT related entities including Ministries		
Accounts receivable and prepayments	304,426	167,725
Unbilled project costs	34,239	37,509
	338,665	**205,234**
The balances represent amounts due from related parties for expenses paid on their behalf		
Amounts due to related parties:		
Parent company (Note 16)		
Accounts payable and accruals	**286**	**280**
Amounts due to the GORTT related entities including Ministries:		
Project advances	534,314	745,805
Accounts payable and accruals	2,673	13,217
Advance project billings	2,582	7,693
	539,569	**766,715**

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

32. Related parties disclosures (continued)

	2021	2020
Transactions with related parties		
GORTT related entities including Ministries		
Income:		
Property management and sales	9,298	9,682
Project and construction management fees	2,224	2,283
Procurement management	4,686	4,223
Pharmaceutical agent services	2,000	2,000
	18,208	**18,188**
Expenses:		
Accommodation cost	756	793
Green fund levy	68	69
	824	**862**
Other transactions with related parties:		
Directors' remuneration	**575**	**516**
Key management remuneration:		
Short-term benefits	4,068	4,426
Long-term benefits	51	44
	4,119	**4,470**

33. 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

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

33. Financial risk management (continued)

Overview (continued)

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 $302 million (2020: $174 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 take longer to pay than any single counterparty in the private sector.

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	
	2021	**2020**
Trade receivable	250,618	100,282
Investment securities	950	1,871
Cash and cash equivalents	702,999	947,078
Total credit risk exposure	**954,567**	**1,049,231**

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)

33. 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
2021	249,110	1,508	–	–	250,618
2020	98,826	1,456	–	–	100,282

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:

2021					
Assets	**Carrying amount**	**Contractual cash flows**	**0-12 Months**	**1-5 years**	**More than 5 years**
Interest bearing:					
- Cash	95,475	95,475	95,475	–	–
- Restricted cash	607,524	607,524	607,524	–	–
Non-interest bearing:					
- Trade receivable (Note 11)	250,618	250,618	250,618	–	–
- Investment securities	950	950	950	–	–
	954,567	**954,567**	**954,567**	**–**	**–**
Liabilities					
Lease liabilities	5,788	6,534	1,043	3,062	2,429
Accounts payable and accruals	483,648	483,648	483,648		
Retention payable	33,345	33,345	16,603	16,742	–
	522,781	**523,527**	**501,294**	**19,804**	**2,429**
Net	**431,785**	**431,040**	**453,273**	**(19,804)**	**(2,429)**

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

33. Financial risk management (continued)

ii) Liquidity risk (continued)

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 11)	100,282	100,282	100,282	–	–
- Investment securities	1,871	1,871	948	923	–
	1,049,231	**1,049,231**	**1,048,308**	**923**	–
Liabilities					
Lease liabilities	6,084	7,355	1,225	3,412	2,718
Accounts payable and accruals	445,726	445,726	445,726	–	–
Retention payable	31,562	31,562	15,854	15,708	–
	483,372	**484,643**	**462,805**	**19,120**	**2,718**
Net	**565,859**	**564,588**	**585,503**	**(18,197)**	**(2,718)**

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)

33. **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 2021, NIPDEC had assets denominated in foreign currencies amounting to $9.6 million (2020: $6.6 million).

The following average exchange rate applied during the respective periods:

	2021	**2020**
EC$	2.499	2.717
US$	6.753	6.753

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 2020 on the basis that all other variables remain constant.

Effect in TT$	**2021**	**2020**
EC$	(46)	135
US$	(43)	13

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)

33. 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 assets and liabilities that are measured at fair value at 30 June 2021:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Freehold property	–	7,333	–	7,333
Freehold land		9,000		9,000
Investment properties	–	37,100	–	37,100
Investment securities (Note 9):				
- Equity securities	–	10,244	–	10,244
- Debt securities	–	950	–	950
	–	**64,627**	**–**	**64,627**

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

33. **Financial risk management** (continued)

Fair value measurement (continued)

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

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Freehold property	–	7,500	–	7,500
Freehold land	–	9,000	–	9,000
Investment properties	–	37,300	–	37,300
Investment securities (Note 9):	–		–	
- Equity securities	–	9,520	–	9,520
- Debt securities	–	1,871	–	1,871
	–	**65,191**	–	**65,191**

There were no transfers between the levels for the years ended 30 June 2021 and 2020.

34. **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 12) and 'cash and cash equivalents' (Note 10). 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:

	2021	2020
Total liabilities	1,067,289	1,244,810
Less: Unbilled project costs (Note 12)	(34,239)	(37,509)
Less: Cash and cash equivalents (Note 10)	(702,999)	(947,078)
Net debt	**330,051**	**260,223**
Total equity	**219,768**	**205,274**
Debt-to-equity	1.5	1.3

35. 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 annually. 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. 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.

36. Commitments

Capital commitments

There were no commitments for capital expenditure approved or contracted as at 30 June 2021 (2020: nil).

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

37. 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 $6.2 billion at 30 June 2021 (2020: $5.9 billion). An analysis of the borrowings is as follows:

Bonds			**2021**	**2020**
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	356,400	380,700
			4,055,400	**4,079,700**
			4,737,400	**4,761,700**

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

37. Agency arrangements (continued)

Demand loan			**2021**	**2020**
Lender	**Rate**	**Tenor**		
FCB Bank Limited	3.1%	July 2017-July 2021	7,452	21,881
ANSA Merchant Bank	5.02%	October 2019-2029	500,000	500,000
RBC Trust	4.15%	April 2020 -2027	478,275	671,000
NCB Global	4.5%	March 2021-2028	200,000	–
RBC Trust	3.95%	March 2021-2028	284,195	–
			1,469,922	**1,192,881**

38. Contingent liabilities

As at 30 June 2021, 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 $2.0 million (2020: $0.7 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.

39. Dividends

The Company paid and declared no dividend during the current 2021 financial year (2020: Nil, 2019:$24,130) to its parent company, The National Insurance Board of Trinidad and Tobago.

40. Prior period restatement

The Company continued its exercise to reconcile project cost and advances asset and liability accounts as at 30 June 2021, in light of the Qualified Opinion received in the 2020 Financial Statements. The adjustment due to accounting errors were for completed and on-going projects over the past 5 years. The correction of the errors is accounted for retrospectively and the comparative information for 2020 and 2019 has been restated, resulting in a net increase in equity (retained earnings) as at 1 July 2019 of $27.2 million.

The Company also adjusted its revenue for PURE in respect of prior period. The adjustment related to an over recognition of revenue in prior periods totalling $2.8 million following a reconciliation exercise of billings with the client, from the inception of the PURE program, resulting in a net reduction in equity (retained earnings) as at 1 July 2019 of $2.8 million.

The net effect of the two restatements is a net increase in equity (retained earnings) of $24.4 million and is summarised in the table below.

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

40. Prior period restatement (continued)

Year ended June 2020

	As previously reported	Impact of accounting for work in progress projects completed	Reclassification	Impact of accounting for revenue adjustment	As restated
Impact on equity					
Trade receivables	111,527	(4,738)	(3,752)	(2,755)	100,282
Unbilled project cost	35,864	–	1,645	–	37,509
Total assets	147,391	(4,738)	(2,107)	(2,755)	137,791
Accounts payable and accruals	479,876	(31,936)	(2,224)	10	445,726
Non current retention	15,591	–	117	–	15,708
Current retention	15,854	–	–	–	15,854
Advanced project billings	7,693	–	–	–	7,693
Project advances	745,805	–	–	–	745,805
Total liabilities	1,264,819	(31,936)	(2,107)	10	1,230,786
Net impact on equity	**–**	**27,198**	**–**	**(2,765)**	**24,433**

Year ended June 2019

	As previously reported	Impact of accounting for work in progress projects completed	Reclassification	Impact of accounting for revenue adjustment	As restated
Impact on equity					
Trade receivables	169,215	(75)	(863)	(2,755)	165,522
Unbilled project cost	66,729	(15,375)	(16,771)	–	34,583
Total assets	235,944	(15,450)	(17,634)	(2,755)	200,105
Accounts payable and accruals	361,643	–	8,025	10	369,678
Non current retention	21,080	–	785	–	21,865
Current retention	15,222	(8,111)	(5,018)	–	2,093
Advanced project billings	72,610	(36,356)	(21,426)	–	14,828
Project advances	231,627	1,819	–	–	233,446
Total liabilities	702,182	(42,648)	(17,634)	10	641,910
Net impact on equity	**–**	**27,198**	**–**	**(2,765)**	**24,433**

41. Events after the reporting date

Impact of COVID-19 Pandemic
The outbreak of the coronavirus (COVID-19) has increased in severity worldwide. As a result of public health concern, a significant amount of global commerce has been affected due to travel restrictions, quarantines, and similar measures. We have taken strict measures to safeguard the welfare and health of our employees and contractors as well as the security of supply to continue operations with measures limiting exposure of those involved to the coronavirus.

We continue to monitor this situation and its potential impact on our operations due to the subsequent restrictions imposed by the government that have caused disruption to businesses and economic activity and continue to apply additional pressure on the revenue and operations of the Company which may continue in the near future.

NIPDEC
Your Partner in Development

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