NIPDEC

2022

Annual REPORT

Your Partner In Development

868-625-8749

56-60 St. Vincent Street POS

www.nipdec.com

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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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 impact of the global Covid-19 pandemic continued to negatively impact our operations despite the very tentative return to some level of normalcy in 2022. For the first nine months of our fiscal year (July 2021 to February 2022) many restrictions remained in place although construction activity was restarted in March 2021. Our businesses, particularly our Pharmaceutical Division, continued to be affected by the disruption of supply chains. This was reflected in stockouts of several pharmaceutical and non-pharmaceutical items and unprecedented price increases across the board. The effect of the pandemic was further exacerbated by the Russian invasion of Ukraine in February 2022, which resulted in a steep escalation in global energy and grain prices and further disruption of supply chains.

BUSINESS IMPROVEMENT

Through all this we focused on what we could control and under new leadership, the Pharmaceutical Division focused on reengineering our end-to-end processes, purchasing, inventory management, distribution and improving the relationship with our client. Several process improvements have been initiated in order to bring greater transparency to our operations and increase client confidence in our ability to deliver on time and in full. These process improvements will be supported by technology upgrades as we have initiated the modernization of the ICT infrastructure at the Division, starting with the CDAP programme.

The Company has also embarked on a sustained marketing programme to win new business from our clients and as a result, our portfolio now includes a projected $169 million in project work. Clients include the Ministry of National Security, the Tobago House of Assembly's Division of Settlements, Public Utilities and Rural Development and the Ministry of Housing.

FINANCIAL PERFORMANCE

The residual impacts of the Covid-19 pandemic and the war in Ukraine have affected our ability to drive top-line growth in 2022. Revenue contracted by 14% year-on-year, with project and construction management fees declining by 44% or $1.3 million and procurement fees decreasing by 31% or $1.5 million. However, rental income was sustained to maintain a consistent level of cash flow. As a result of the challenges on the top line, we focused on expense management and we were also able to write back $4.2 million due to improved collection efforts for both private and public clients.

The company, therefore, reported a loss of $4.3M, which was largely due to the delayed startup of critical project development activity. NIPDEC remains sufficiently capitalized and we continue to engage in new project financing initiatives to accelerate the development of new business in financial year 2023.

BOARD MEMBERSHIP

I continue to serve as Chairman of the Board and welcomed Mr. Dominic Rampersad in March 2022 and Mr. Mark Hood, and Mr. Teddy Stapleton as new directors in May 2022. They bring a wealth of business, labour and technical expertise and have added invaluable insights to the board. We said goodbye to long-serving members Mrs. Margaret Roper-Wiltshire, Mr. Joseph Remy and Mr. Patrick Ferreira and we thank them for their service to NIPDEC and wish them well in their future endeavours.

THE FUTURE

Changes to executive leadership included the addition of Mr. Fakhrudeen Asgarali as Head, Procurement and Supply Chain Management at the Pharmaceutical Division. Under his leadership, we have begun to implement best practices and accelerate the transformation of the Division.

The global geopolitical conditions and the lingering effects of the Covid-19 pandemic continued throughout fiscal 2022. The war in Ukraine continues unabated with no predictable end in sight. Supply chains for pharmaceuticals and imported materials in general, continue to be very challenging. The IMF and World Bank have signaled the onset of a global recession. Here in Trinidad and Tobago, elevated energy and petrochemical prices have bolstered Government's revenues. However, the overall economic outlook and the increasing impacts of a warming planet signals challenges ahead. However, we believe that we have a significant role to play in helping our clients navigate these challenges and will be working diligently to do so.

Nigel Romano
Chairman

GENERAL MANAGER'S STATEMENT

Financial year 2022 was the year of transition from the Covid-19 pandemic. For the first nine months of the fiscal year, government restrictions were still enforced. Schools were operating virtually, vaccination rules for inbound and outbound travelers were in full effect, public sector workers were working remotely on rotation and the public beaches remained closed. Construction within Trinidad and Tobago was finally getting back to a level of normalcy after being reopened in March 2021.

The biggest impact that the pandemic had on our operations, which continues today, was the effect on the pharmaceutical supply chain at C40. Shortages due to the upsurge in global demand, extended lead times, and the attendant increase in prices for both pharmaceutical and non-pharmaceutical supplies, adversely affected our ability to maintain adequate stock levels. The situation was exacerbated by the war in Ukraine which started in February 2022. We continued with attempts to stockpile however we were constrained by warehouse space and timely flow of government funding for the placement of orders.

Since the beginning of the war in Ukraine, the prices of materials and equipment escalated some 30% to 40% over recent months. Before 2020, contractors would not have foreseen to include 30% to 40% escalation in their bids but have since expressed their need to make submissions that include escalation clauses. This has seen some of the risk shifted from the contractor to NIPDEC and is a trend we are currently working on managing very closely with our clients.

Our four main projects in construction stage, i.e. Camp La Romain Regiment Relocation, Upgrade of the Remand Prison, Cumuto Barracks Refurbishment and NIB House Refurbishment, progressed with not too many delays. Inclement weather did affect the Remand Prison but Phase 2 is now close to completion at 96%. Camp La Romain and Cumuto Barracks were 99% completed, awaiting approvals from WASA for Camp La Romain and Customs clearance of equipment for the Cumuto Barracks. NIB House Phase 1 was completed within the financial year with Phase 2 commencing in the new fiscal 2023.

The Company negotiated new business from the Ministry of Housing – Drag Brothers Mall Construction and National Flour Mills – Multi projects in fiscal 2022, with a combined project cost of $45+ million. These projects will kick start in the new fiscal year. Additionally, we have projects in design/tender stage, value at $169 million which should progress to the next phase this year on which we will earn $14.3 million.

With some of our construction projects coming close to completion and the lingering effects of the pandemic, our top line revenue dropped in 2022 when compared to 2021. The Company generated $21.8 million versus prior year of $25.3 million, a 14% decline. Project and construction management fees suffered a 44% or $1.3 million drop in income. Procurement fees also saw a similar decline where income earned from our services to the PURE unit of Ministry of Works and Transport dropped 31% or $1.5 million.

Rental Income remained fairly flat at $9.3 million as we worked closely with our tenants to maintain a consistent level of cashflow.

The Company generated a loss of $4.3 million, due to substantial delays in some of our projects. As a matter of good business practice, our expenses were kept in control and was reduced further by the Expected Credit Loss impairment expense write back of $4.2 million. Management was also successful in their improved collection efforts for both private and public clients.

As we move into the second year of our strategic plan there are some key milestones that the Company will be aiming to achieve:

1. Improved stakeholder relationships
2. Back to profitability
3. Develop cash generating assets (Car Parks)
4. Development of an effective performance management system
5. Acquire two (2) iconic infrastructure development projects

I would like to thank management and staff for their commitment, patience and understanding as we journey together along the road to recovery as one united team. My thanks to the Board of Directors for providing the needed support in the direction we set out in the turnaround plan.

Raymond Hackett
General Manager

YEAR IN REVIEW PERFORMANCE

For the year ended June 2022, the Company reported an operating loss and total comprehensive loss of $6.1 million and $1.6 million respectively. This was against a prior year operating profit of $9.4 million. 2021's results benefited from the 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, based on the revised methodology for calculating ECL. The ECL adjustment for 2022 was reduced to a write-back of $4.2 million, which reflected changes in the default rates for private and public customers.

Revenue fell significantly short of expected budget, closing at $21.8 million versus $37.7 million. The results came as no surprise because throughout the year Property Development was plagued by continuous project delays, deferring of new projects before they commenced and cancellation of previously planned projects.Consequently, this caused Property Development to underperform where it only generated $5.4 million versus a budget of $20.2 million and prior year of $7.5 million. The department reported a contribution loss of $0.44 million against a budgeted profit of $13.8 million and prior year profit of $1.1 million. The delays and deferrals accounted for approximately $17 million in lost income and this would have afforded the department the opportunity to surpass its budget target. The upside to this scenario was that the projects have been moved to potentially commence in fiscal 2022/23.

Car park operations, despite being short of top-line budget revenue by 3.6% or $0.288 million, surpassed 2021 numbers by 3.0% or $0.227 million and generated a contribution income of $5.3 million against a budget of $4.9 million (9.7% or $0.471 million better) and prior year of $4.8 million. The reopening of Maracas beach in December 2021 coupled with St Vincent Street and Chaguanas car parks returning to normal operations, provided the impetus to exceed 2021 revenue. We were able to generate more contribution income due to less spending on direct overheads for repairs and maintenance, concession fees and sub-contractor cost.

Warehouse operations fell short of budgeted revenue by $0.219 million or 4.9% and prior year by 1.8% or $0.081 million. Against a contribution income budget of $1.9 million, we generated $2.2 million and were able to accomplish this by restricting the repairs and maintenance budget spend to only critical items such as the drainage, electricals and security booth. We believe we have weathered the attrition of tenants leaving due to pandemic struggles and look forward to attracting new occupants in 2022/23 fiscal when the economy moves closer to stabilising.

Facilities ended the year positively. Notwithstanding the revenue deficit against budget and prior year respectively ($0.45 million and $0.437 million), changes in delivering the service to their clients, Industrial Court and Forensic Science Center, resulted in more income flowing to the bottom line. With certain mechanical, electrical and plumbing (MEP) jobs being performed by in house technicians as opposed to outsourcing in the past, gross income margin moved from 51% in 2021 to 58% in 2022, improving the efficiency of the department. This measure, coupled with savings in staff cost within the department, resulted in a positive contribution income of $0.042 million compared to a budgeted loss of $0.434 million and prior year loss of $0.352 million.

Figure 1 below illustrated the historical trend for total company revenue and comprehensive income for the past four (4) years.

Historical Income Performance

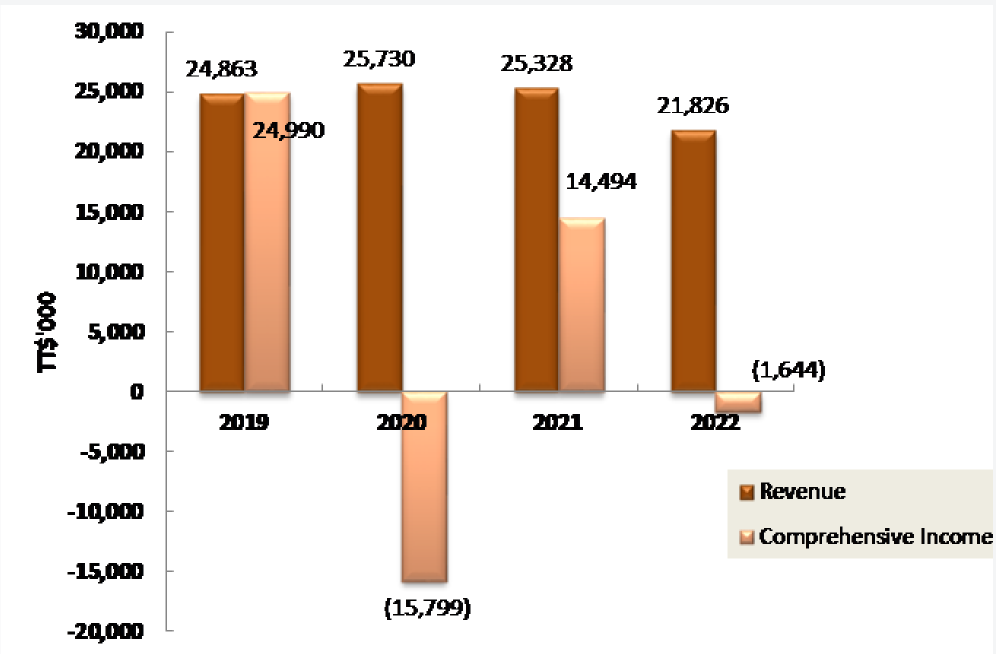

Figure 1: Four-year comparison

In 2022, payments from both private and public sector clients improved when compared to the prior year. Our private sector clients bettered their outstanding balances greater than 90 days, moving from 63% ($0.449 million) of the total amount outstanding as at the end of June 2021 to 46% ($0.326 million) as at June 2022. Our default rates used in the ECL calculation for the public sector outstanding receivables between two (2) to three (3) years dropped from 67.4% in 2021 to 20.1% in 2022. A reflection of funds made available to settle contractor payments.

REVENUE

Similar to last year's results there were mixed performances from the various revenue streams. Total revenue decreased by $3.5 million or 14% from $25.3 million in 2021 to $21.8 million in 2022. Revenue from contracts with customers reported a decrease by 21% or $3.2 million. Project and construction management income experienced a 44% or $1.3 million decrease. Projects such as the Remand Prison Upgrade and Camp Cumuto Barracks were approaching their end of construction period in 2022 and therefore would have recognised less income in 2022. Projects that were originally planned to commence in 2022 but were deferred included:

- Ministry of Planning and Development - New Administration Building
- Trinidad & Tobago Police Service - HVAC repairs of eight (8) police stations
- Ministry of Housing and Urban Development - Drag Brothers upgrade
- Crown Point Fire Station upgrade
- Chaguanas Multi-story car park construction

The Tobago Esplanade upgrade was prematurely cancelled by the Ministry of Housing and the Tobago House of Assembly (THA). The income lost from this was approximately $2.2 million. Additionally, the THA's Riseland Housing Project experienced extended delays in statutory approvals from Town and Country Planning Division. This prevented the development of the infrastructure which would have allowed recognition of construction management fees.

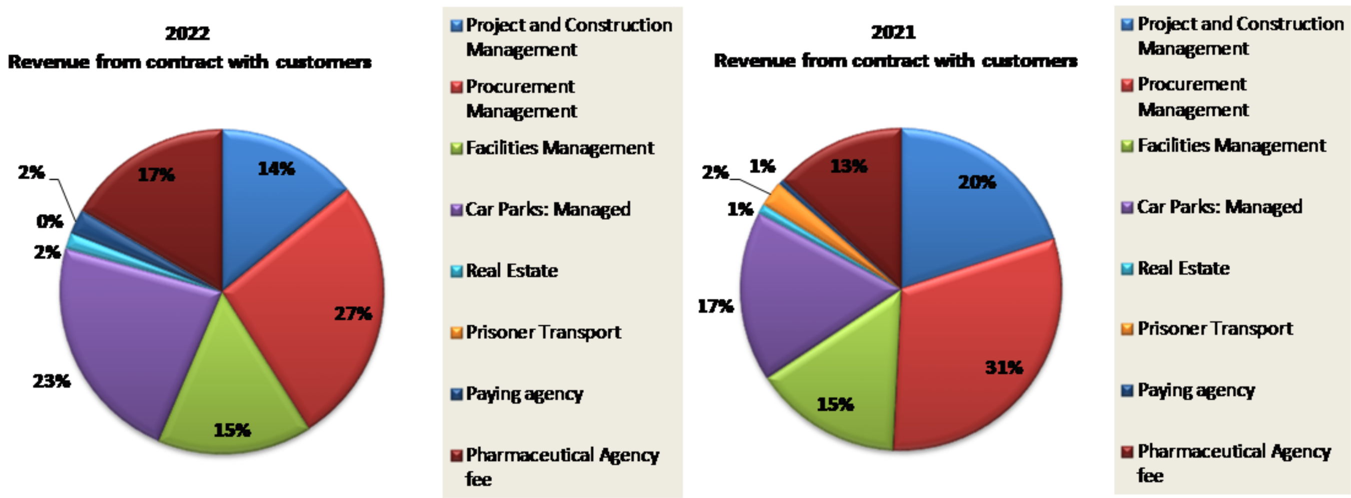

Figure 2: Comparative by Revenue Stream

As illustrated by Figure 2, project and construction management fees as a percentage, declined from 20% in 2021 to 14% in 2022. Procurement management fees also recorded a falloff. Fees incurred in 2022 was $3.2 million versus $4.7 million in prior year 2021. The 2020 general elections fell within the 2021 financial year which led to a sharp upsurge in PURE road works activity and by extension our procurement activity on behalf of the Ministry of Works and Transport. Facilities management recorded an 18% or $0.41 million fall in its revenue. This was as a result of the department performing more ad-hoc MEP jobs for its clients in the previous year. Due to budget restrictions funds were not as readily available for the client to make a similar request for additional repairs to its buildings.

The company experienced a fairly flat performance from Rental income, generating $9.3 million in both years 2022 and 2021. Car parks owned (Edward St, Riverside and St. Vincent St.) recorded a dip of 2% or $0.088 million. This was mainly due to having to renegotiate a lower lease rate with the Edward Street tenant, Central Bank of Trinidad & Tobago, because of their in-office working restrictions. Warehouse rental similarly declined by 2% or $0.082 million resulting from the fall off of tenants during the first year of the pandemic. On the plus side Advertising income (Edward Street Car Park) contributed $0.261 million to offset the slip in revenue from Car Parks owned and Warehouse operations. The increase of $0.164 million or 164% signalled the positive effects from the reopening of the economy by the government. Figure 3 below illustrated the slight changes in revenue composition for rental income.

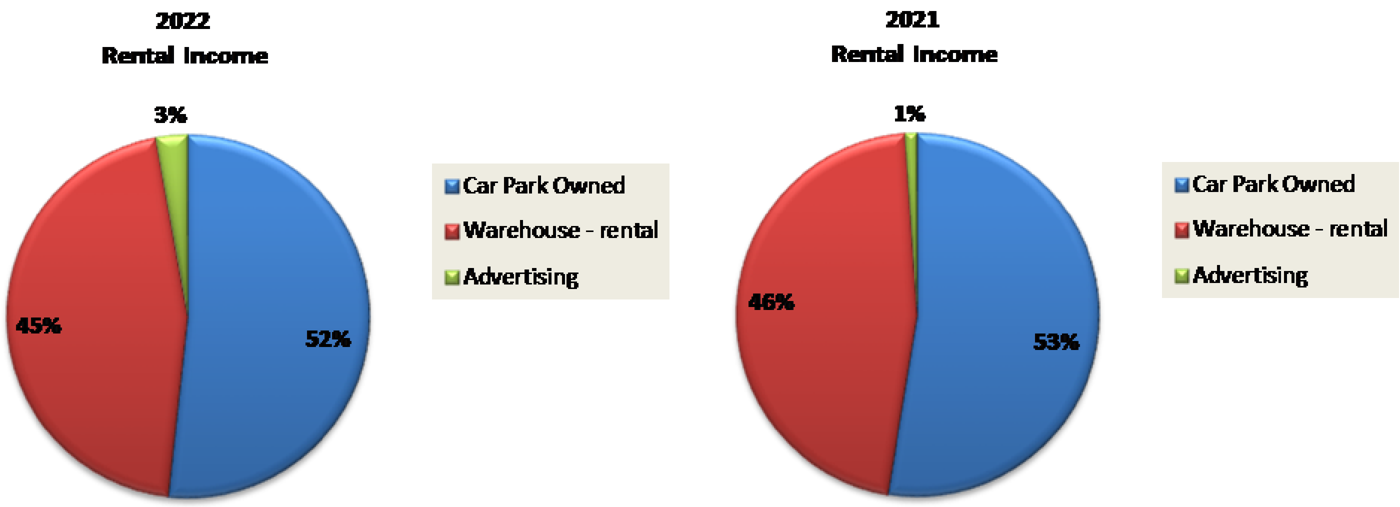

Figure 3: Comparative by Revenue Stream

PROFITABILITY

The revenue of $21.8 million resulted in a loss for the year of $4.3 million. Other comprehensive income of $2.7 million reduced the total comprehensive loss to $1.6 million. The other comprehensive income was the net effect of a positive re-measurement adjustment of the company's defined pension benefit and upward movement in fair value of the CLICO investment securities against a loss on revaluation of land and buildings.

Gross margin increased by 1%, moving from 87% in 2021 to 88% in 2022. Improvement in the delivery of service by Facilities Management and their MEP support to their clients contributed positively to the efficiency of the department's operations.

The Company reported total overheads excluding ECL of $31.2 million (2021: $34.6 million). This represented a 10% or $3.4 million decline. The ECL adjustment was another positive write-back of $4.2 million and this was the result of a reduction in default rates based on the last three-year historical payment performance. The credit quality of our receivables improved as we continue to work closely with our public sector clients.

Figure 4 highlights the trend line for total overheads excluding ECL.

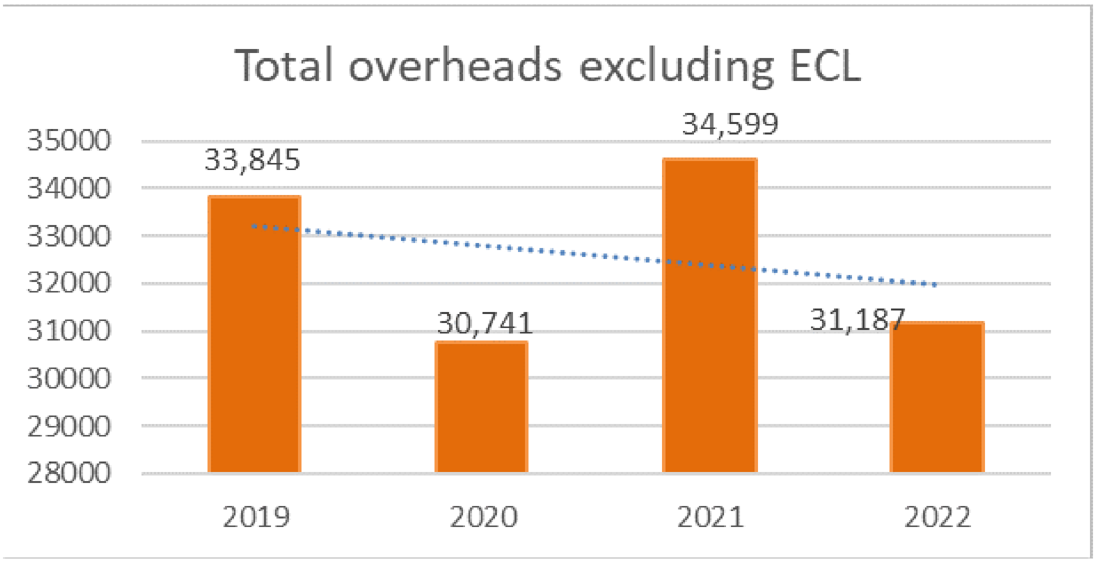

Figure 4: four-year comparison

Total overheads in the past four (4) years have been steadily declining as the Company continues to control spending in light of the shortfall in top-line revenue. There was a spike in 2021 due to $3.7 million in back pay expenses being accrued for outstanding negotiation periods with the Public Service Association and Estate Police Association.

Staff costs declined by 11% or $2.8 million. The back pay accrual in 2022 was only $0.45 million. As indicated in the previous paragraph, a significant accrual was made in 2021 to make up for under-accrued expenses for accumulated years. The compounded annual growth rate (CAGR) for the past three (3) years was a 2.1% decrease in staff cost as illustrated in Figure 5 below.

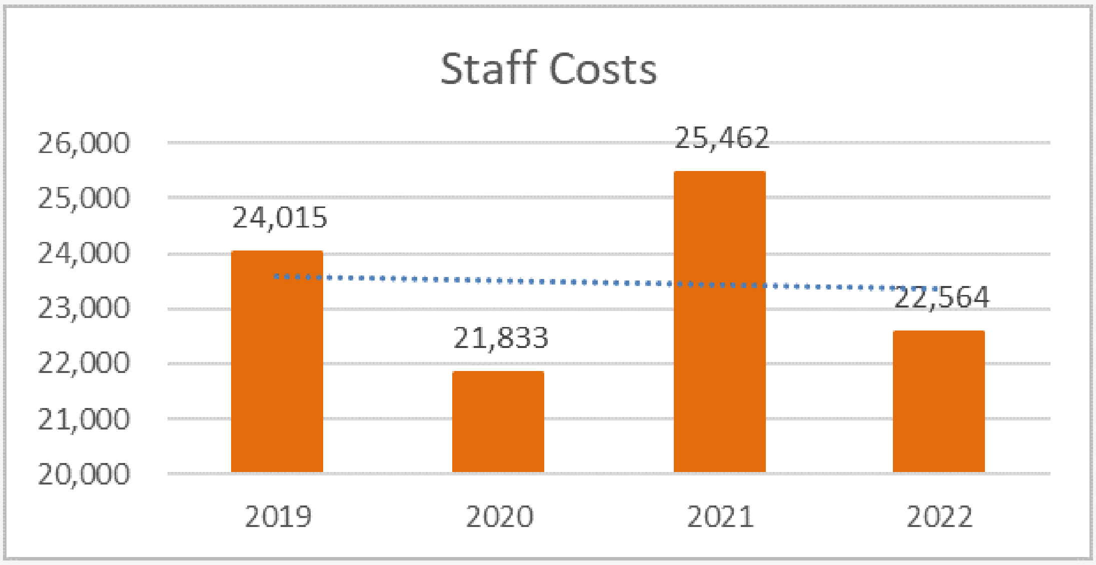

Figure 5: four-year comparison

Administration expenses recorded a 23% or $1.2 million reduction. This decrease was mainly due to a decline in professional and legal fees where positions that were outsourced in 2021 were now recruited as staff in the financial year 2022. CAGR for the past three (3) years has been fairly flat at -0.03% (Figure 6).

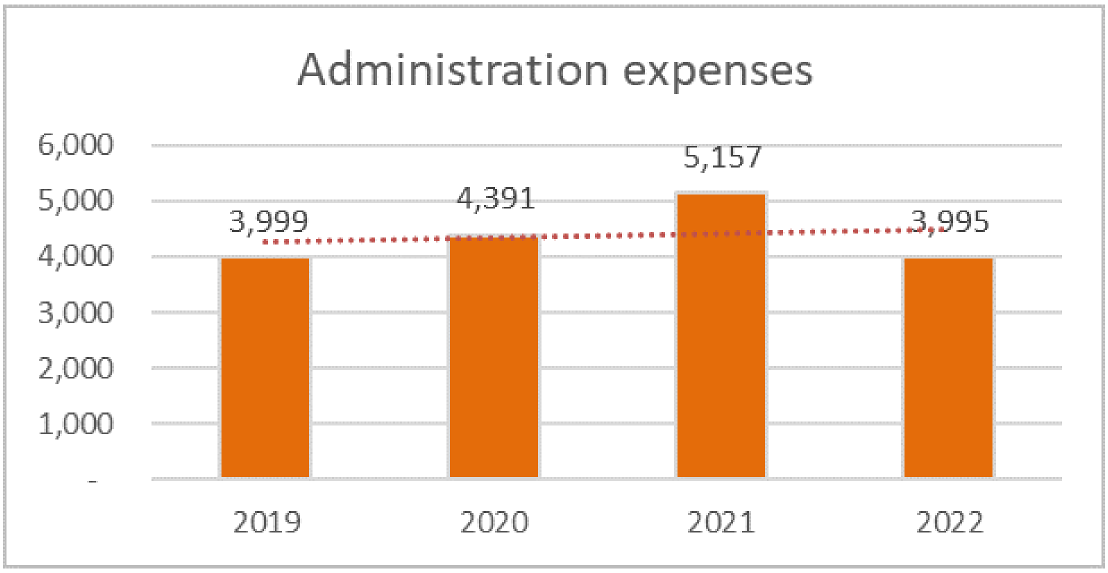

Figure 6: four-year comparison

Accommodation cost increased by 29% or $0.66 million year on year. Certain repairs and maintenance work for the Warehouse and Car Parks that were deferred in 2021 due to the unavailability of contractors during the state of emergency, were conducted in 2022. CAGR for the past three (3) years dropped by 12% (Figure 7).

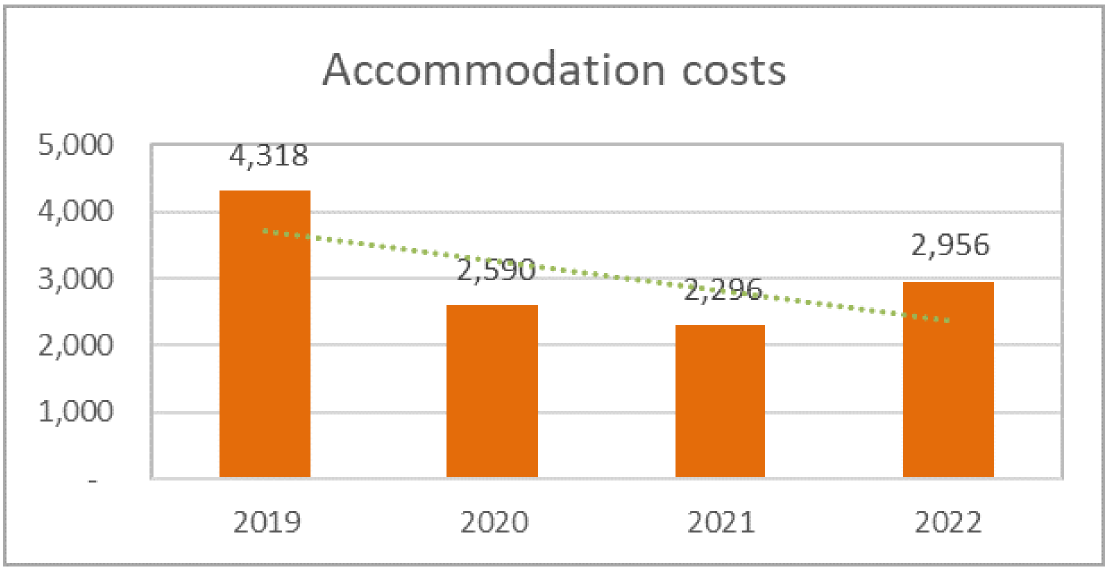

Figure 7: four-year comparison

Vehicle expenses increased by 51% or $0.073 million. The courier vehicle was switched to a short-term lease and charged to vehicle rental expense. It's four-year lease term matured in 2021 and no longer qualified as a leased asset under IFRS 16 Leases. CAGR for the past three (3) years was a reduction of 37%. Company vehicles that were previously leased were not renewed.

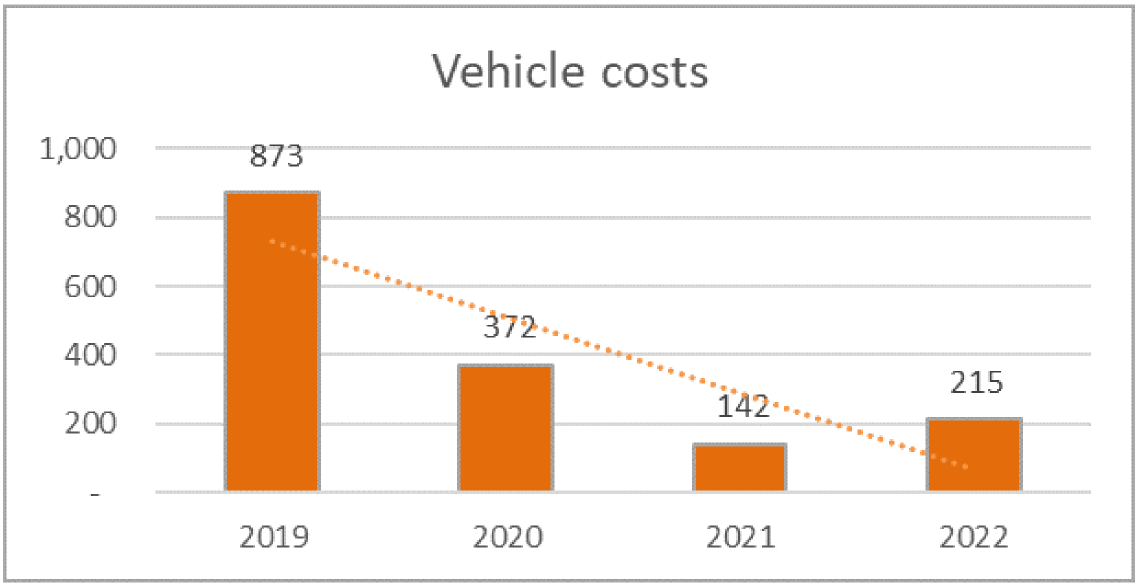

Figure 8: four-year comparison

FINANCIAL POSITION

NIPDEC's assets declined by $95 million or 7% to $1.2 billion as at the end of 2022. Non-current assets rose by $1.2 million, which was a net movement of an increase in Defined Benefit Pension Asset and Investment Properties of $2.1 million and $1.5 million respectively and a combined decrease of $2.4 million in Property Plant & Equipment and Leased Assets. As per Figure 9 below total assets grew by 11.3% for the three years 2019 to 2022.

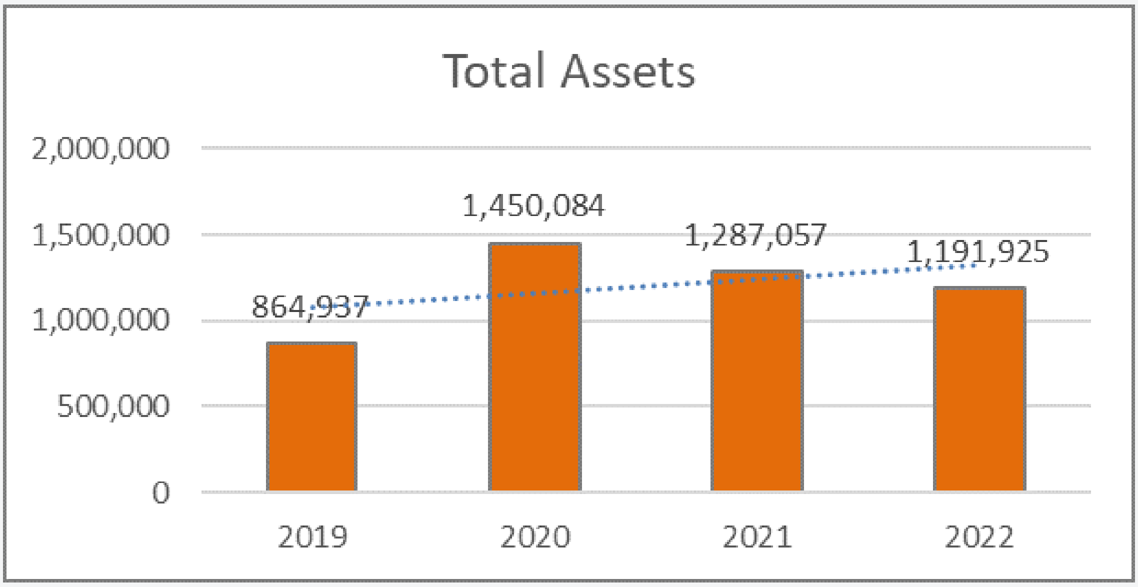

Figure 9: four-year trend

Current assets declined by $96 million and this was the result of material changes in Restricted cash and Trade receivables. Restricted cash was reduced by $242 million which was used to pay for pharmaceutical and non-pharmaceutical stock and outstanding sums to project contractors. Trade receivables rose by $180 million and similar to prior year 2021, was mainly due to outstanding balances from the Ministry of Health. The credit quality of our receivables did improve for both private and public sector clients due to management's close monitoring of outstanding balances. The resultant was a reduction in the ECL default rates for invoices aged two (2) to three (3) years from 67% to 20%.

Current liabilities declined from $1.0 billion to $945 million, a 10% or $101 million reduction. The main source of the change came from Project Advances that depleted by 50% or $267 million, representing the drawdown of funds held on behalf of clients to pay suppliers for construction projects and pharmaceutical goods. This material movement was netted against the increase in Accounts Payable and accruals of $167 million or 34%. The source of buildup was mainly due to amounts owed to pharmaceutical suppliers.

As a result of the changes described above, Working Capital improved by $4.7 million or 3% year on year. For the past four (4) years the current ratio has been fairly consistent with a 1.2 average.

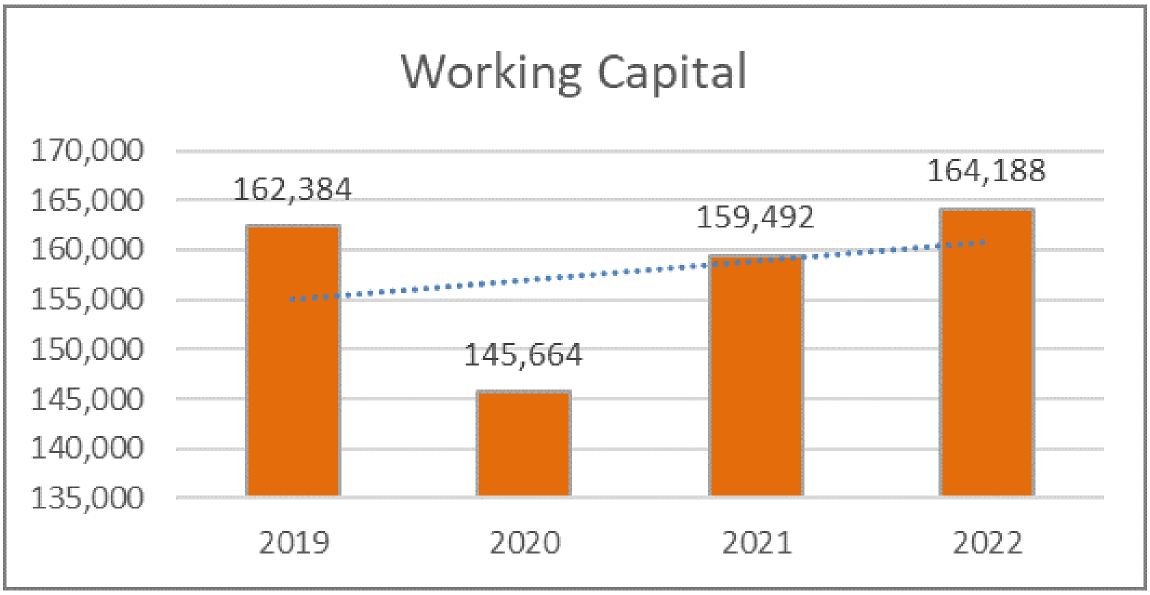

Figure 10: four-year trend

During 2022, the Company received financing from the Ministry of Finance for the procurement of pharmaceutical and non-pharmaceutical goods on behalf of the Ministry of Health through the issuance of a 3.3% fixed rate bond worth $272.3 million from ANSA Merchant Bank Limited and a 3.5% fixed rate demand loan of $267.4 million from Scotia Bank Limited. These funds were fully drawn and utilised to service outstanding debt to suppliers for the 2020/21 tender period.

Capital management saw the gearing ratio grew from from 1.5 to 2.2.It was driven by the escalation of net debt by $154.4 million or 33% against a drop in equity by $2.6 million or 1.2%.

With all restrictions being lifted by the government in March 2022 and the various business sectors returning to a level of normalcy, we are expecting an impetus in economic activity for financial year 2022/23.

BOARD OF DIRECTORS

MR. NIGEL ROMANO - CHAIRMAN
MR. DOUGLAS CAMACHO - DEPUTY CHAIRMAN
MR. BRENDON NELSON
MR. CALVIN BIJOU
DR. MARYAM ABDOOL-RICHARDS
MR. DOMINIC RAMPERSAD
MR. TEDDY STAPLETON
MR. MARK HOOD

EXECUTIVE TEAM

MR. RAYMOND HACKETT
General Manager

MR. JABARI COZIER
Head, Finance & Accounting

MR. VYAS RAMPHALIE
Head, Property Development

MRS. MALISA GILKES
Head, Human Resources

MR. FAKHRUDDEEN ASGARALI
Head, Procurement & Supply Chain Management

MS. REYNA KOWLESSAR
Company Secretary

FINANCIALS

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2022

Ernst & Young Services Limited

Building a better working world

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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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 2022, 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
26 September 2022	26 September 2022

Ernst & Young Services Limited
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER 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 2022 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 2022 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 2022 Annual Report

Other information consists of the information included in the Company's 2022 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The 2022 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER 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:
27 September 2022

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022
(Expressed in thousands of Trinidad and Tobago dollars)

ASSETS	Notes	2022	2021
Non-current assets			
Investment properties	5	38,600	37,100
Property, plant and equipment	6	15,413	16,781
Right-of-use asset	7(a)	4,617	5,607
Defined benefit pension asset	8	24,311	22,231
Total non-current assets		82,941	81,719
Current assets			
Cash at bank and in hand	9 (a)	85,070	95,475
Restricted cash	9 (b)	365,918	607,524
Investment securities	10	10,889	11,194
Trade receivables	11	430,716	250,618
Other receivables and prepayments	11	176,961	206,288
Contract assets		188	–
Unbilled project costs	12	39,242	34,239
Total current assets		1,108,984	1,205,338
Total assets		**1,191,925**	**1,287,057**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	25,000	25,000
Revaluation reserve	14	12,429	13,427
Fair value reserve	15	2,811	3,113
Retained earnings		176,934	178,228
Total equity		217,174	219,768
Non-current liabilities			
Retention payable	16	26,118	16,742
Lease obligation	7(b)	3,837	4,699
Total non-current liabilities		29,955	21,441
Current liabilities			
Accounts payable and accruals	16	650,471	483,648
Retention payable	16	13,526	16,603
Lease obligation	7(b)	1,013	1,089
Contract liabilities	17	4,273	7,612
Advance project billings	18	8,280	2,582
Project advances	19	267,233	534,314
Total current liabilities		944,796	1,045,848
Total equity and liabilities		**1,191,925**	**1,287,057**

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

On 26 September 2022, 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   Nayam Abdool - Richards
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/(LOSS)
FOR THE YEAR ENDED 30 JUNE 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2022	2021
Revenue from contracts with customers	20	12,030	15,207
Rental income	21	9,279	9,285
Other operating income	22	517	836
Revenue		21,826	25,328
Direct costs incurred	23	(2,732)	(3,411)
Gross profit		19,094	21,917
Staff costs	24	(22,564)	(25,462)
Administration expenses	25	(3,995)	(5,157)
Accommodation costs	26	(2,956)	(2,296)
Impairment provision reversals on financial assets	11	4,191	22,624
Depreciation	6,7	(1,457)	(1,542)
Vehicle expenses	27	(215)	(142)
Other gains/ (losses) – net	28	1,769	(1,367)
Operating (loss)/profit		**(6,133)**	**8,575**
Finance costs	29	(204)	(238)
Finance income	30	711	797
Other income	31	1,297	259
(Loss)/profit for the year		**(4,329)**	**9,393**
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined pension benefit asset	8 h)	3,035	4,347
Net change in fair value of investment securities	10	648	724
Items that may be reclassified subsequently to profit or loss:			
Loss on revaluation of land and buildings	6	(998)	–
Net change in fair value of investment securities	10	–	30
Other comprehensive income for the year, net of income tax		2,685	5,101
Total comprehensive (loss)/income for the year		**(1,644)**	**14,494**

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

THE NATIONAL INSURANCE PROPERTY DEVELOPMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022
(Expressed in thousands of Trinidad and Tobago dollars)

Year ended 30 June 2022	**Stated capital**	**Revaluation reserve**	**Fair value reserve**	**Retained earnings**	**Total equity**
Balance at the beginning of the year	25,000	13,427	3,113	178,228	219,768
Loss for the year	–	–	–	(4,329)	(4,329)
Other comprehensive income	–	(998)	648	3,035	2,685
Total comprehensive loss for the year	–	(998)	648	(1,294)	(1,644)
Transfer of fair value reserve of debt instruments designated at FVOCI	–	–	(950)	–	(950)
Balance as at 30 June 2022	**25,000**	**12,429**	**2,811**	**176,934**	**217,174**
Year ended 30 June 2021					
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**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	2022	2021
Cash flows from operating activities		
(Loss)/profit for the year	(4,329)	9,393
Adjustments for:		
Depreciation (Notes 6 & 7)	1,457	1,542
Loss on disposal of property, plant and equipment (Note 28)	1	291
Gain on derecognition of right-of-use asset	–	(2)
Defined benefit pension expense (Note 8)	1,347	1,265
Right of use asset adjustment	–	104
Fair value gain realised on disposal of debt instruments at fair value through OCI (Note 31)	(950)	–
Finance costs (lease accretion) (Note 7)	204	238
Reversal of provision for expected credit loss (Note 11)	(4,191)	(22,624)
Dividends received from investment (Note 31)	(347)	(259)
(Increase)/decrease in fair value of investment property (Note 5)	(1,500)	200
	(8,308)	(9,852)
Changes in working capital:		
(Increase)/decrease in unbilled project costs	(5,003)	3,270
Increase in accounts receivable and prepayments	(146,579)	(59,659)
Increase in contract assets	(188)	–
Increase in retention payable	6,299	1,783
Increase in accounts payable and accruals	166,823	37,922
Decrease in contract liabilities	(3,339)	(328)
Increase/(decrease) in advance project billings	5,698	(5,111)
Decrease in project advances	(267,081)	(211,491)
Cash used in operations	(251,678)	(243,466)
Contributions paid (Note 8 h)	(392)	(358)
Net cash flows used in operating activities	(252,070)	(243,824)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 6)	(98)	(219)
Dividends received from investments (Note 31)	347	259
Proceeds from redemption of investment securities	952	952
Net cash from investing activities	1,201	992
Cash flows from financing activities		
Interest portion of lease payments (Note 7)	(204)	(238)
Principal portion of lease payments	(938)	(1,009)
Net cash used in financing activities	(1,142)	(1,247)
Net decrease in cash and cash equivalents	(252,011)	(244,079)
Cash and cash equivalents at the beginning of the year	702,999	947,078
Cash and cash equivalents at the end of the year	**450,988**	**702,999**
Cash and cash equivalents comprise:		
Cash at bank and in hand (Note 9 a)	**85,070**	**95,475**
Restricted cash (Note 9 b)	**365,918**	**607,524**
	450,988	**702,999**

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 100% 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

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 4, IFRS 7, IFRS 9 , IAS 39 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company.

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 IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

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. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. 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 Business Combination, Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.The amendments are not expected to have an impact on the Company.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment is not expected to have an impact on 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 (continued)

Amendments to IAS 37 Provisions, Contingent Liabilities, Contingent Assets – Onerous Contracts – Cost of fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. This amendment is not expected to have an impact on 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 (continued)

Amendments to IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Amendments to IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have an impact on the Company.

Amendments to IAS 8 Accounting Policies, Changing in Accounting Estimates – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on 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 (continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the accounting policy disclosures.

3. Basis of preparation

a) Statement of compliance

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

b) Basis of preparation

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

c) Functional and presentation currency

These financial statements are presented in Trinidad and Tobago dollars, which represent NIPDEC's functional and presentation currency which represents the currency of the primary economic environment in which the entity operates. Amounts are expressed in thousands of Trinidad and Tobago dollars unless otherwise stated.

d) Use of estimates and judgements

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

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

3. Basis of preparation (continued)

d) Use of estimates and judgements (continued)

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(f)	Defined pension benefit asset
Accounting policy 4(h)	Leases
Accounting policy 4(m)	Provisions
Accounting policy 4(n)	Revenue recognition

4. Summary of significant accounting policies

a) Foreign currency

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

b) Investment properties

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

In order to determine fair values, independent valuators perform assessments every 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.

4. Summary of significant accounting policies (continued)

c) Property, plant and equipment

(i) Owned assets

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

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

(ii) Depreciation

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

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 10)
- 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.

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 represents 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.

Paying agency fees
Management fees for the disbursement of funds to creditors of the Trinidad and Tobago Police Service are recognised each month when the service is provided. It based on a commission type arrangement on the funds paid to the creditors.

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 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 and business levy 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

	2022	2021
Leasehold land and buildings		
1500 sq. ft. land at 47, St. Vincent Street, Port of Spain	4,000	4,000
Chaguaramas warehouse	13,500	12,000
	17,500	**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	1,100
Total	**38,600**	**37,100**
Opening balance at July 1	37,100	37,300
Increase/(decrease) in fair value	1,500	(200)
Closing balance at June 30	**38,600**	**37,100**

On 20 May 2022, the investment properties were independently valued by an independent professional valuator, namely, Linden Scott and Associates Ltd, Chartered Valuation Surveyors. This resulted in an increase in the fair value of the Chaguaramas warehouse of $1.5 million. 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.

	2022	2021
Rental income derived from investment properties (Note 21)	9,279	9,285
Direct expenses incurred	(142)	(108)

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

6. Property, plant and equipment

Year ended 30 June 2022	**Freehold property**	**Freehold land**	**Fixtures & fittings**	**Office and computer equipment**	**Computer software**	**Motor vehicles**	**Plant & machinery**	**Total**
Opening balance net book amount	7,166	9,000	113	407	95	–	–	16,781
Additions	–	–	14	–	27	–	57	98
Disposal	–	–	(30)	(17)	–	–	–	(47)
Revaluation	(998)	–	–	–	–	–	–	(998)
Adjustment due to policy change	–	–	7	(37)	17	–	13	–
Depreciation - disposal	–	–	29	17	–	–	–	46
Depreciation charge	(168)	–	(43)	(209)	(42)	–	(5)	(467)
Closing balance net book amount	6,000	9,000	90	161	97	–	65	15,413
Cost or valuation	7,173	9,000	405	831	861	237	123	18,630
Accumulated depreciation	(1,173)	-	(315)	(670)	(764)	(237)	(58)	(3,217)
Net book amount	6,000	9,000	90	161	97	–	65	15,413
Year ended 30 June 2021								
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

Revaluation of freehold property

The freehold property has been independently valued by an independent professional valuator, namely, 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 20 May 2022.

(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	**2022**	**2021**
Cost	7,262	7,262
Accumulated depreciation	–	–
	7,262	**7,262**
Freehold property		
Cost	16,154	16,154
Accumulated depreciation	(13,569)	(13,246)
Net book value	**2,585**	**2,908**
Freehold land and property at historical cost	**9,847**	**10,170**

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 5 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 2021	383	4,283	602	339	5,607
Additions	–	–	–	–	–
Disposal	–	–	–	–	–
Depreciation charge	(96)	(428)	(315)	(151)	(990)
As at 30 June 2022	**287**	**3,855**	**287**	**188**	**4,617**
As at 1 July 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 2021	395	4,437	613	343	5,788
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Accretion of interest	13	172	13	6	204
Payments	(107)	(544)	(334)	(157)	(1,142)
As at 30 June 2022	**301**	**4,065**	**292**	**192**	**4,850**
As at 1 July 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:

	2022	**2021**
Current	1,013	1,089
Non-current	3,837	4,699
	4,850	**5,788**

The following are amounts recognized in profit or loss:

Depreciation expense on right-of-use assets	990	1,088
Interest expense on lease liabilities	204	238
Expense relating to short-term leases	107	121
Expense relating to leases of low-value assets	–	48
Leases not meeting the control requirements of IFRS 16	55	55
Total amount recognized in profit or loss	**1,356**	**1,550**

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 $9,279 (2021: $9,285) – note 21.

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

	2022	**2021**
Within one year	5,212	7,828
After one year but not more than five years	996	9,733
	6,208	17,561

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

8. Defined benefit pension asset

a) Net liability in statement of financial position

	2022	**2021**
Present value of defined benefit obligation	62,535	63,308
Fair value of plan asset	(86,846)	(85,539)
Surplus	**(24,311)**	**(22,231)**
Effect of asset ceiling	–	–
Net defined benefit asset	**(24,311)**	**(22,231)**

b) Movement in present value of defined benefit obligation

Defined benefit obligation at start of year	63,308	59,916
Current service cost	2,492	2,229
Interest cost	3,400	3,239
Members' contributions	392	358
Re-measurements:		
- Experience adjustments	(223)	(330)
- Actuarial changes in financial assumptions	(3,810)	–
Benefits paid	(3,024)	(2,104)
Defined benefit obligation at end of year	**62,535**	**63,308**

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

	2022	**2021**
Active members	57%	62%
Deferred members	8%	9%
Pensioners	35%	29%
The weighted average duration of the defined benefit obligation at the year end	12.3	13.0

99% of the value of the benefits for active members is vested.

24% 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

	2022	**2021**
Fair value of plan assets at start of year	85,539	78,707
Interest income	4,641	4,289
Return on plan assets excluding interest income	(998)	4,017
Company contributions	392	358
Members' contributions	392	358
Benefits paid	(3,024)	(2,104)
Administrative expense allowance	(96)	(86)
Fair value of plan assets at end of year	**86,846**	**85,539**
Actual return on plan assets	**3,643**	**8,306**

e) Asset allocation

Locally listed equities	32,604	30,250
Overseas equities	6,736	7,715
Government issued nominal bonds	34,298	27,541
Corporate bonds	9,637	17,727
Money market mutual funds	416	411
Cash and cash equivalents	3,155	1,895
Fair value of plan assets at end of year	**86,846**	**85,539**

The asset values as at 30 June 2022 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:	**2022**	**2021**
Current service cost	2,492	2,229
Net interest on net defined benefit liability	(1,241)	(1,050)
Administrative expense allowance	96	86
Net pension cost	**1,347**	**1,265**

g) Re-measurement recognised in other comprehensive income:

Experience gains	**(3,035)**	**(4,347)**

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

Opening defined benefit asset at prior year	(22,231)	(18,791)
Net pension cost	1,347	1,265
Re-measurement recognised in other comprehensive income	(3,035)	(4,347)
Contributions paid	(392)	(358)
Closing defined benefit asset	**(24,311)**	**(22,231)**

i) Summary of principal assumptions as at 30 June

Discount rate	6.00%	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 2022 and 2021 are as follows:

	2022	**2021**
Life expectancy at age 60 for current pensioner in years		
- Male	21.9	21.8
- Female	26.1	26.0
Life expectancy at age 60 for current members age 40 in years		
- Male	22.7	22.7
- Female	27.1	27.0

(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 2022 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	(6,597)	8,023
- Future salary increases	2,299	(2,078)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 June 2022 by $0.805 million (2021: $0.847 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 $0.397 million to the Pension Plan during 2022/23. However, this amount could change if outstanding pay negotiations are completed subsequent to year end.

9. Cash and cash equivalents

a) Cash at bank and in hand

	2022	**2021**
Cash at bank	85,049	95,454
Cash in hand	21	21
Total cash at bank and in hand	**85,070**	**95,475**

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.

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

9. Cash and cash equivalents (continued)

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 and loan proceeds for acting as paying agent for the Trinidad and Tobago Police Service's suppliers.

The carrying amount of restricted cash of $365.918 million (2021: $607.524 million) is represented as follows:

	2022	**2021**
Ministry of Education	3,355	3,355
Ministry of Health	18,949	35,517
Ministry of Works and Transport	295,670	399,145
Office of the Prime Minister – Gender and Child Affairs	729	3,723
Trinidad and Tobago Police Service	47,215	165,784
	365,918	**607,524**

10. Investment securities

	2022	**2021**
Investment securities measured at FVOCI		
Equities	10,889	10,244
Government bonds	–	950
Total investment securities	10,889	11,194

Presented in the statement of financial position as follows:

Current portion		
Investment securities designated at FVOCI – equity	10,889	11,194

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

10. Investment securities (continued)

Net change in fair value of investment securities	**2022**	**2021**
Accumulated balance at beginning of the year	3,113	2,359
Net change in fair value of investment securities with no recycling	648	724
Fair value gain realised on disposal of debt instruments at fair value through OCI	(950)	–
Net change in fair value of investment securities with recycling	–	30
Accumulated balance at the end of the year	**2,811**	**3,113**

Net change in fair value of investment securities in 2022 amounted to a reduction of $302 thousand. It included $648 thousand that cannot be recycled through the statement of profit or loss and $950 thousand that was recycled through the profit or loss.

11. Trade and other receivables

	2022	**2021**
Trade receivables (gross)	467,616	292,364
Less: ECL Allowance	(7,864)	(9,926)
	459,752	**282,438**
Less: Specific provision	(29,036)	(31,820)
Trade receivables (net)	**430,716**	**250,618**
Other receivables and prepayments	177,452	206,288
Less: ECL Allowance	(491)	–
Other receivables (net)	**176,961**	**206,288**
Total trade and other receivables	**607,677**	**456,906**

As at 30 June 2022, trade receivables at a value of $37.4 million (2021: $41.7 million) were impaired and provided.

Movements in ECL Allowance is as follows:

	2022	**2021**
Impairment ECL allowance as per 1 July	41,746	64,446
Net increase/(reduction) in the ECL on trade receivables incurred during year	(4,191)	(22,624)
Amounts written off during the year	(163)	(76)
Balance at 30 June	**37,392**	**41,746**

(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	0.79%	9.66%	20.09%	100%
Default rates at 4 years	0.67%	8.27%	14.39%	15.61%
Default rates at 2 years	1.08%	13.00%	100%	100%

Current provision	**Provision**	**Less than 1 year**	**1 - 2 years**	**2 - 3 years**	**Over 3 years**
Private	47	14	4	5	24
Public	8,308	475	470	324	7,039
Total	8,355	489	474	329	7,063
ECL at 4 years					
Private	47	14	4	5	24
Public	4,317	280	287	193	3,557
Total	4,364	294	291	198	3,581
Decrease in ECL	**(3,991)**				
ECL at 2 years					
Private	47	14	4	5	24
Public	10,122	979	919	1,185	7,039
Total	10,169	993	923	1,190	7,063
Increase in ECL	**1,814**				

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

12. Unbilled project costs

	2022	2021
Cipriani Labour Collage	47	21
Ministry of Health	901	901
Ministry of Agriculture, Land and Urban Developments	661	–
Ministry of National Security	2,443	3,349
Ministry of Finance	–	500
Ministry of Works and Transport	35,084	28,253
Office of the Prime Minister	106	1,215
	39,242	**34,239**

13. Share capital

Authorised
Unlimited number of ordinary shares of no par value

	2022	2021
Issued and fully paid		
25,000 ordinary shares of no par value	**25,000**	**25,000**

14. Revaluation reserve

The revaluation reserve comprises the revaluation surplus on freehold property. The amount of the reserve is $12.429 million as at year end (2021: $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 $2.811 million (2021: $3.113 million) and the movement during the year is disclosed in Note 10.

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

16. Accounts payable and accruals

	2022	2021
Trade payables:		
- Projects and other	170,270	136,118
- Due to pharmaceutical suppliers	350,901	186,327
- Amounts owed to parent company	289	286
	521,460	**322,731**
Accrued expenses and other payables	129,011	160,917
	650,471	**483,648**

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:	2022	2021
Current	13,526	16,603
Non-current	26,118	16,742
	39,644	**33,345**

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

17. Contract liabilities

	2022	2021
Project and Construction Management	2,249	3,391
Procurement	2,024	4,221
	4,273	**7,612**

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

	2022	2021
Ministry of Housing and Urban Development	717	–
Ministry of Works and Transport	317	–
Judiciary of Trinidad & Tobago	218	243
Ministry of National Security	2,600	687
Ministry of Public Utilities	657	734
Office of the Prime Minister	3208	918
Tobago House of Assembly	563	–
	8,280	**2,582**

19. Project advances

Ministry of Health	–	24,347
Office of the Prime Minister, Gender & Child Affairs	(134)	4,156
Ministry of Works and Transport	220,262	340,027
Trinidad and Tobago Police Service	47,105	165,784
	267,233	**534,314**

(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

	2022	**2021**
Procurement Management	3,235	4,686
Project and Construction Management	1,697	3,040
Carparks: Managed	2,748	2,597
Facilities Management	1,857	2,267
Pharmaceutical Agency fee	2,000	2,000
Prisoner Transport	3	386
Real Estate	193	149
Paying agency fees	297	82
	12,030	**15,207**

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 separately to the two performance obligations.

20. Revenue from contracts with customers (continued)

b) Performance obligations (continued)

Facilities Management services
The performance 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 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 performance 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 performance obligation.

Paying agency fees
The performance 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 performance 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 performance obligation.

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

21. Rental income

	2022	2021
Carpark owned	4,798	4,886
Warehouse rental	4,220	4,302
Advertising	261	97
	9,279	**9,285**

22. Other operating income

Registration and tender receipts	517	836
	517	**836**

23. Direct costs

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

	2022	2021
Car park rental	1,656	1,853
Non project management fees	888	1,454
Warehouse rental	97	101
Claims and damages	87	–
Procurement fees	4	3
	2,732	**3,411**

24. Staff costs

Salaries and wages	18,306	21,447
Savings and pension contributions	1,567	1,476
Other staff costs	1,567	1,374
Statutory deductions	1,124	1,165
	22,564	**25,462**

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

	2022	2021
25. Administration expenses		
Office supplies and other administration expenses	2,582	2,459
Professional and legal fees	1,308	2,543
Bank charges	78	93
Advertising and promotions	27	62
	3,995	**5,157**
26. Accommodation costs		
Repairs and maintenance	1,382	480
Utilities	816	831
Insurance	680	663
Rates and taxes	51	58
Equipment rent	27	264
	2,956	**2,296**
27. Vehicle expenses		
Rental	109	–
Running cost	106	142
	215	**142**
28. Other gains/(losses)		
Write off of aged debit balances in trade payables		(654)
Fair value adjustment to investment property (Note 5)	1,500	(200)
Loss on disposal of property, plant and equipment	(1)	(291)
(Loss)/gain on foreign currency exchange	(60)	99
Other items	330	(321)
	1,769	**(1,367)**
29. Finance costs		
Interest expense on right of use assets (Note 7)	**204**	**238**
30. Finance income		
Interest income from financial assets held for cash management	**711**	**797**

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

31. Other income

	2022	2021
Fair value gain realised on disposal of debt instruments at fair value through OCI	950	–
Dividend from investment securities	347	259
	1,297	**259**

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 2022 and 2021.

Related parties balances	**2022**	**2021**
Amounts due from parent related parties:		
Parent company		
Accounts receivable and prepayments	**851**	**2,068**
Amounts due from GORTT related entities including Ministries		
Accounts receivable and prepayments	643,247	507,839
Unbilled project costs	39,242	34,239
	682,489	**542,078**
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	**289**	**286**
Amounts due to the GORTT related entities including Ministries:		
Project advances	267,233	534,314
Accounts payable and accruals	3,722	2,673
Advance project billings	8,280	2,582
Contract liabilities	4,273	7,612
	283,508	**547,181**

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

32. Related parties disclosures (continued)

Transactions with related parties

GORTT related entities including Ministries

	2022	2021
Income:		
Property management and sales	7,985	9,298
Project and construction management fees	1,153	2,224
Procurement management	3,235	4,686
Pharmaceutical agent services	2,000	2,000
	14,373	**18,208**
Expenses:		
Accommodation cost	1,332	756
Green fund levy	82	68
	1,414	**824**
Other transactions with related parties:		
Directors' remuneration	**555**	**575**
Key management remuneration:		
Short-term benefits	4,838	4,068
Long-term benefits	71	51
	4,909	**4,119**

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 $352 million (2021: $302 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	
	2022	**2021**
Trade receivable	430,716	250,618
Investment securities	–	950
Cash and cash equivalents	450,988	702,999
Total credit risk exposure	**881,704**	**954,567**

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**
2022	430,041	675	–	–	430,716
2021	249,110	1,508	–	–	250,618

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:

2022 **Assets**	**Carrying amount**	**Contractual cash flows**	**0-12 Months**	**1-5 years**	**More than 5 years**
Interest bearing:					
- Cash	85,070	85,070	85,070	–	–
- Restricted cash	365,918	365,918	365,918	–	–
Non-interest bearing:					
- Trade receivable (Note 11)	430,716	430,716	430,716	–	–
	881,704	**881,704**	**881,704**	–	–
Liabilities					
Lease liabilities	4,850	5,708	965	3,112	1,631
Accounts payable and accruals	650,471	650,471	650,471	–	–
Retention payable	39,644	39,644	13,526	26,118	–
	694,965	**695,823**	**664,962**	**29,230**	**1,631**
Net	**186,739**	**185,881**	**216,742**	**(29,230)**	**(1,631)**

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

33. Financial risk management (continued)

ii) Liquidity risk (continued)

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	**431,786**	**431,040**	**453,273**	**(19,804)**	**(2,429)**

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 2022, NIPDEC had assets denominated in foreign currencies amounting to $9.5 million (2021: $9.6 million).

The following average exchange rate applied during the respective periods:

	2022	**2021**
EC$	2.501	2.499
US$	6.757	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 2021 on the basis that all other variables remain constant.

Effect in TT$	**2022**	**2021**
EC$	(49)	(46)
US$	35	(43)

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 2022:

	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Freehold property	–	6,000	–	6,000
Freehold land	–	9,000	–	9,000
Investment properties	–	38,600	–	38,600
Investment securities (Note 10):				
- Equity securities	–	10,889	–	10,889
	–	**64,489**	–	**64,489**

(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 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 10):				
- Equity securities	–	10,244	–	10,244
- Debt securities	–	950	–	950
	–	**64,627**	**–**	**64,627**

There were no transfers between the levels for the years ended 30 June 2022 and 2021.

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 consists of total liabilities offset by 'unbilled project costs' (Note 12) and 'cash and cash equivalents' (Note 9). 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:

	2022	2021
Total liabilities	974,751	1,067,289
Less: Unbilled project costs (Note 12)	(39,242)	(34,239)
Less: Cash and cash equivalents (Note 9)	(450,988)	(702,999)
Net debt	**484,521**	**330,051**
Total equity	**217,174**	**219,768**
Debt-to-equity	2.23	1.5

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 is 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 2022 (2021: 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 $6.7 billion at 30 June 2022 (2021: $6.2 billion). An analysis of the borrowings is as follows:

Bonds			**2022**	**2021**
Trustee	**Rate**	**Tenor**		
RBTT Trust Limited	6.80%	July 2009-2022	682,000	682,000
First Citizens Trustee	6.25%	March 2010-2028	500,000	500,000
Services Limited	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	319,950	356,400
			4,018,950	4,055,400
Ansa Merchant Bank	3.30%	August 2021-August 2027	272,354	-
			4,973,304	**4,737,400**

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

37. Agency arrangements (continued)

Demand loans			**2022**	**2021**
Lender	**Rate**	**Tenor**		
FCB Bank Limited	3.1%	July 2017-July 2021	–	7,452
ANSA Merchant Bank	5.02%	October 2019-2029	500,000	500,000
RBC Trust	4.15%	April 2020 -2027	478,275	478,275
NCB Global	4.5%	March 2021-2028	200,000	200,000
RBC Trust	3.95%	March 2021-2028	248,671	284,195
Scotia Bank	3.50%	January2022-January 2028	267,364	–
			1,694,310	**1,469,922**

38. Contingent liabilities

As at 30 June 2022, 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. 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

Management is currently implementing a restructure of the operating departments in support of the strategic initiatives identified in the 2022 -2024 strategic plan. As at the end of June 2022, there were no contractual obligations that would require a provision that is within the scope of IAS 37 *Provisions, Contingent Liabilities, Contingent Assets.*

39. Dividends

The Company paid and declared no dividend during the current 2022 financial year (2021: Nil) to its parent company, The National Insurance Board of Trinidad and Tobago.

40. 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 with COVID-19.

In the past twelve (12) months the government reduced its restrictions on commercial operations and businesses returned to some level of normality. We continue to monitor this situation and its potential impact any spike in COVID-19 cases can have on our business activities. We are better prepared to deal with any repeated occurrences.

NIPDEC
Your Partner in Development

Designed & Produced by

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