



Trinidad & Tobago Free Zones Company Limited

Financial Statements

For the Year Ended 31 December 2012

Trinidad & Tobago Free Zones Company Limited

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Independent Auditor's Report

To the shareholders of
Trinidad & Tobago Free Zones Company Limited

Report on the financial statements

We have audited the accompanying financial statements of Trinidad & Tobago Free Zones Company Limited as at 31 December 2012, which comprise the statement of financial position, the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

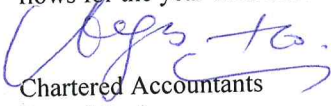
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements present fairly, in all material respects the financial position of Trinidad & Tobago Free Zones Company Limited as at 31 December 2012, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Chartered Accountants
Port of Spain
Trinidad, West Indies
3 February 2014

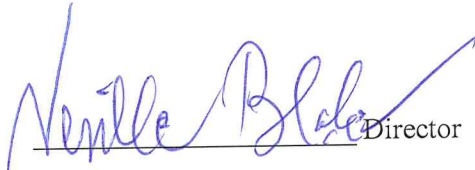
Trinidad & Tobago Free Zones Company Limited

Statement of financial position

	Notes	31 December	
		2012	2011
		\$	\$
ASSETS			
Non-current assets			
Plant and equipment	2	<u>213,387</u>	<u>60,448</u>
Current assets			
Receivables and prepayments	3	1,068,159	185,876
Cash and cash equivalents	4	<u>10,486,174</u>	<u>11,252,320</u>
		<u>11,554,333</u>	<u>11,438,196</u>
Total assets		<u>11,767,720</u>	<u>11,498,644</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	2	2
Retained earnings		<u>11,573,952</u>	<u>11,417,627</u>
Total shareholders' equity		<u>11,573,954</u>	<u>11,417,629</u>
Current liabilities			
Accrued liabilities		<u>193,766</u>	<u>81,015</u>
Total equity and liabilities		<u>11,767,720</u>	<u>11,498,644</u>

The accounting policies on pages 6 to 8 and the notes on pages 9 to 13 are an integral part of these financial statements.

On 3 February 2014, the Board of Directors of Trinidad & Tobago Free Zones Company Limited authorised these financial statements for issue.


Neville Blaise Director


William Goffard Director

Trinidad & Tobago Free Zones Company Limited

Statement of comprehensive income

	Note	Year Ended 31 December	
		2012 \$	2011 \$
Revenue	6	3,456,545	2,825,811
Other income		<u>12,093</u>	<u>8,282</u>
		3,468,638	2,834,093
Administrative expenses	7	<u>(2,791,239)</u>	<u>(2,272,722)</u>
Operating profit		677,399	561,371
Net finance income	8	<u>178,926</u>	<u>200,353</u>
Net profit		<u><u>856,325</u></u>	<u><u>761,724</u></u>

The accounting policies on pages 6 to 8 and the notes on pages 9 to 13 are an integral part of these financial statements.

Trinidad & Tobago Free Zones Company Limited

Statement of changes in shareholders' equity

	Share Capital \$	Retained Earnings \$	Total Equity \$
Year ended 31 December			
Balance at 1 January 2011	2	11,355,903	11,355,905
Dividend 2010	--	(700,000)	(700,000)
Net profit for 2011	--	761,724	761,724
Balance at 31 December 2011	<u>2</u>	<u>11,417,627</u>	<u>11,417,629</u>
Year ended 31 December			
Balance at 1 January 2012	2	11,417,627	11,417,629
Interim Dividend 2011	--	(700,000)	(700,000)
Net profit for 2012	--	856,325	856,325
Balance at 31 December 2012	<u>2</u>	<u>11,573,952</u>	<u>11,573,954</u>

The accounting policies on pages 6 to 8 and the notes on pages 9 to 13 are an integral part of these financial statements.

Trinidad & Tobago Free Zones Company Limited

Statement of cash flows

	Year Ended 31 December	
	2012 \$	2011 \$
Operating activities		
Operating profit	677,399	561,371
Adjustments for items not requiring an outlay of funds:		
Depreciation	41,300	28,297
Loss on sale of asset	<u>2,480</u>	<u>6,374</u>
Operating profit before working capital changes	721,179	596,042
Increase in receivables and prepayments	(882,283)	(60,549)
Increase/(decrease) in accrued liabilities	<u>112,751</u>	<u>(89,003)</u>
Net cash flows (absorbed by)/generated from operating activities	<u>(48,353)</u>	<u>446,490</u>
Investing activities		
Purchase of fixed assets	(196,719)	(40,996)
Proceeds from disposal of fixed assets	--	67,305
Interest received	180,755	200,882
Interest paid	<u>(1,829)</u>	<u>(529)</u>
Net cash flows (absorbed by)/generated from investing activities	<u>(17,793)</u>	<u>226,662</u>
Financing activities		
Dividends paid	<u>(700,000)</u>	<u>(700,000)</u>
Net cash flows used in financing activities	<u>(700,000)</u>	<u>(700,000)</u>
Decrease in cash and cash equivalents	(766,146)	(26,848)
Cash and cash equivalents at beginning of year	<u>11,252,320</u>	<u>11,279,168</u>
Cash and cash equivalents at end of year (note 4)	<u>10,486,174</u>	<u>11,252,320</u>

The accounting policies on pages 6 to 8 and the notes on pages 9 to 13 are an integral part of these financial statements.

Trinidad & Tobago Free Zones Company Limited

Accounting policies 31 December 2012

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below.

a **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b **Plant and equipment**

Plant and equipment are stated at historical cost and are depreciated on the reducing balance basis, at rates estimated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Leasehold Improvements & Fixtures	-	33.33%
Office furniture, fittings and equipment	-	20-33.33%
Motor vehicles	-	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Profits or losses on disposals of plant and equipment are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

c **Leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

d **Revenue recognition**

Revenue comprises the invoiced value for services rendered in the year and is recognized on the performance of the services. Interest income is recognized on an effective yield basis.

Trinidad & Tobago Free Zones Company Limited

Accounting policies (continued)
31 December 2012

e **Foreign currency translation**

i) Functional and presentational currency

Items included in the company's financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars ("TT\$"), which is the company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale equities are included in the fair value reserve in equity.

f **Financial instruments**

Financial instruments carried on the statement of financial position include cash and cash equivalents, accounts receivable and accounts payable and are stated at their approximate fair values determined in accordance with the policy statements disclosed.

g **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost and comprise cash in hand, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and funds held in Money Market Funds. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position. For the purposes of the statement of cash flows, cash and cash equivalent also include the bank overdrafts.

h **Trade receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the statement of comprehensive income.

Trinidad & Tobago Free Zones Company Limited

Accounting policies (continued) 31 December 2012

i. **Annuities**

The company makes payments on behalf of its employees to deferred annuity plans. The deferred annuity plans are non-contributory by employees. A deferred annuity plan allows one to pay premiums and then receive a lump sum or series of regular payments at a preset future date, usually upon maturity of the plan or at retirement. The regular payments constitute net periodic costs for the year in which they are due and as such are included in staff costs.

j. **Provisions**

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

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements 31 December 2012

1 Incorporation and business activities

The company is incorporated and domiciled in the Republic of Trinidad and Tobago. The company is fully owned by the Government of Trinidad and Tobago. Its principal activity is to administer, control, operate and manage all free zones in accordance with the provisions of the Trinidad and Tobago Free Zones Act No 19 of 1988. The address of the company's registered office is Albion Court, 2nd Floor West, 61Dundonald Street, Port of Spain, Trinidad and Tobago.

2 Property, plant and equipment

	Leasehold Improvement & Fixtures \$	Furniture Fittings & Equipment \$	Motor Vehicles \$	Total \$
Year ended 31 December 2012				
Opening net book amount	--	45,306	15,143	60,449
Additions	105,800	90,919	--	196,719
Disposals	--	(21,748)	--	(21,748)
Depreciation on disposals	--	19,267	--	19,267
Depreciation charge	(14,520)	(22,994)	(3,786)	(41,300)
Closing net book amount	<u>91,280</u>	<u>110,750</u>	<u>11,357</u>	<u>213,387</u>
At 31 December 2012				
Cost	105,800	220,556	100,415	426,771
Accumulated depreciation	(14,520)	(109,806)	(89,058)	(213,384)
Net book amount	<u>91,280</u>	<u>110,750</u>	<u>11,357</u>	<u>213,387</u>
Year ended 31 December 2011				
Opening net book amount	--	20,555	100,873	121,428
Additions	--	40,996	--	40,996
Disposals	--	(114,206)	(255,000)	(369,206)
Depreciation on disposals	--	107,782	187,745	295,527
Depreciation charge	--	(9,821)	(18,476)	(28,297)
Closing net book amount	<u>--</u>	<u>45,306</u>	<u>15,142</u>	<u>60,448</u>
At 31 December 2011				
Cost	--	151,385	100,415	251,800
Accumulated depreciation	--	(106,079)	(85,273)	(191,352)
Net book amount	<u>--</u>	<u>45,306</u>	<u>15,142</u>	<u>60,448</u>

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued) 31 December 2012

3	Receivables and prepayments	2012	2011
		\$	\$
	Trade receivables	1,001,974	162,667
	Staff loans	44,234	--
	Prepayments	14,520	14,520
	Interest receivable	4,405	8,689
	Other Receivables	<u>3,026</u>	<u>--</u>
		<u>1,068,159</u>	<u>185,876</u>

As at 31 December 2012, trade receivables of \$983,374 were current (2011: \$162,667). Trade receivables are non-interest bearing and are due upon receipt or on 30 day terms.

4	Cash and cash equivalents	2012	2011
		\$	\$
	Money Market Funds	10,367,693	5,846,210
	Cash at bank	115,481	5,404,110
	Cash in hand	<u>3,000</u>	<u>2,000</u>
	At end of year	<u>10,486,174</u>	<u>11,252,320</u>

The Money Market Funds have been classified as a cash equivalent because management uses the account for working capital requirements. The interest rate at the year-end was 1.10%.

5	Share capital	2012	2011
		\$	\$
	Authorised: An unlimited number of shares of no par value		
	Issued and fully paid: 2 ordinary shares of no par value	<u>2</u>	<u>2</u>
6	Revenue		
	License fees	<u>3,456,545</u>	<u>2,825,811</u>

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued) 31 December 2012

7 Administrative Expenses

The company's operating profit includes the following costs and expenses:

	2012	2011
	\$	\$
Staff costs	907,201	850,705
Directors fee	489,600	489,600
Operating lease rental for property	294,372	277,537
Advertising and promotions	213,763	92,205
Business development	187,618	32,596
Travelling	183,253	87,308
Office administration	118,981	67,318
Professional fees	84,377	134,337
Repairs & maintenance	81,060	59,822
Telephone	55,402	38,593
Motor vehicles	55,237	33,758
Depreciation	41,300	28,297
Entertainment	33,234	33,011
Miscellaneous	27,674	3,907
Subscriptions	9,228	20,453
Insurance	6,459	16,901
Loss on disposal of asset	<u>2,480</u>	<u>6,374</u>
	<u>2,791,239</u>	<u>2,272,722</u>
8 Net finance income		
Interest income	180,755	200,882
Bank charges	<u>(1,829)</u>	<u>(529)</u>
	<u>178,926</u>	<u>200,353</u>
9 Staff costs		
Wages and salaries	875,866	831,421
National insurance costs	22,054	13,212
Annuity allowances costs	6,072	6,072
Group health/Life insurance costs	<u>3,209</u>	<u>--</u>
	<u>907,201</u>	<u>850,705</u>

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued) 31 December 2012

10 Lease commitment

A new lease agreement was signed with Trinidad and Tobago Mortgage Finance Company Limited for the three year period 1 January 2011 to 31 December 2014. Monthly rentals of \$22,126 were payable for the period 1 January 2011 to 31 July 2011 towards rent, electricity, service charges and VAT and increased by \$2,405 plus VAT for the remainder of the lease period.

	2012	2011
	\$	\$
Property rental	<u>294,372</u>	<u>277,537</u>

11 Taxation

The company is exempt from corporation tax or levies in respect of sales and profits, by virtue of Section 33 of the Free Zones Act.

12 Related parties

i) Key management compensation

Key management includes directors and the Chief Executive Officer/Company Secretary. Key management remuneration amounted to \$1,036,300 (2011: \$1,092,374).

ii) Loans to related parties

Loans to key management of the company:	2012
At 1 January	--
Loans advanced during year	82,745
Loan repayment received	50,000
At 31 December	32,745

13 Financial risk management

The company's activities expose it to credit risk, compliance risk and reputation risk. The company's overall risk management procedures employed manage the risks as discussed below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. Credit risk relating to accounts receivable balances are consistently managed and analysed for each client. Cash balances are held with reputable financial institutions and the company has actively sought to limit the amount of exposure to any single financial institution therefore minimizing credit risk arising from cash and cash equivalents.

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued)
31 December 2012

13 Financial risk management (continued)

(a) Credit risk (continued)

The Company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(b) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Government of Trinidad and Tobago, as well as by the monitoring controls applied by the company. The company has an Audit Committee which does routine reviews on compliance.

(c) Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the company. The company engages in activities that bring awareness to its operations and therefore engender trust and minimize this risk.