

**Trinidad and Tobago Bureau of Standards**

**Consolidated Financial Statements**

**September 30, 2013**

(Expressed in Trinidad and Tobago dollars)

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## Trinidad and Tobago Bureau of Standards

### Statement of management's responsibilities (Expressed in Trinidad & Tobago dollars)

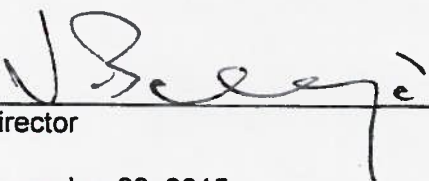
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It is the responsibility of management to prepare unconsolidated financial statements for each financial year which present fairly, in all material respects, the state of affairs of the Bureau as at the end of the financial year and the operating results of the Bureau for the year. It is also management's responsibility to ensure that the Bureau keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bureau. They are also responsible for safeguarding the assets of the Bureau.

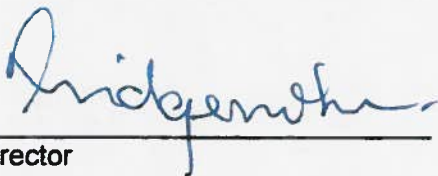
Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ('IFRS for SMEs'). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of unconsolidated 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.

Management accepts responsibility for the annual unconsolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the IFRS for SMEs. Management is of the opinion that the unconsolidated financial statements present fairly, in all material respects, the state of the financial affairs of the Bureau and its operating results. Management further accepts responsibility for the maintenance of accounting records which are relied upon in the preparation of unconsolidated financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of management to indicate that the Bureau will not remain a going concern for at least the next twelve months from the date of this statement.

  
\_\_\_\_\_  
Director

December 22, 2015

  
\_\_\_\_\_  
Director

December 22, 2015

**Independent Auditor's Report  
to the members of  
Trinidad and Tobago Bureau of Standards**

**Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Trinidad and Tobago Bureau of Standards ("the Group"), which comprises the consolidated statement of financial position as at September 30, 2013, and the consolidated statement of income and accumulated surplus and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") 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.

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated 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 perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Bureau and its subsidiary as at September 30, 2013, and its financial performance and its cash flows for the year then ended in accordance with the IFRS for SMEs.

Deloitte & Touche  
Port of Spain  
Trinidad

December 22, 2015



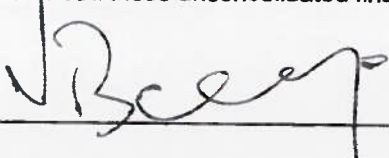
## Trinidad and Tobago Bureau of Standards

### Unconsolidated statement of financial position (Expressed in Trinidad & Tobago dollars)

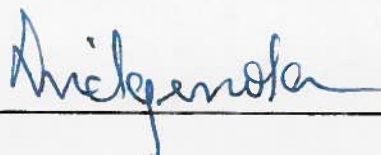
	Notes	As at September 30,	
		2013	2012
		\$	\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	24,642,662	20,785,289
Long term pension asset	5(a)	48,738,000	43,122,000
Investment in subsidiary	6	300,000	300,000
Government bonds	7	2,931,000	3,178,000
<b>Total non-current assets</b>		<b>76,611,662</b>	<b>67,385,289</b>
<b>Current assets</b>			
Government bonds	7	247,000	247,000
Cash and cash equivalents	8	32,762,955	29,128,485
Trade and other receivables	9	6,963,241	8,438,698
<b>Total current assets</b>		<b>39,973,196</b>	<b>37,814,183</b>
<b>Total assets</b>		<b>116,584,858</b>	<b>105,199,472</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Accumulated surplus	10	77,725,181	80,111,918
<b>Total capital</b>		<b>77,725,181</b>	<b>80,111,918</b>
<b>Non-current liabilities</b>			
Government grants deferred	11	13,424,744	11,974,314
<b>Total non-current liabilities</b>		<b>13,424,744</b>	<b>11,974,314</b>
<b>Current liabilities</b>			
Trade and other payables	12	24,784,799	13,113,240
Taxation payable	15	650,134	-
<b>Total current liabilities</b>		<b>25,434,933</b>	<b>13,113,240</b>
<b>Total liabilities</b>		<b>38,859,677</b>	<b>25,087,554</b>
<b>Total equity and liabilities</b>		<b>116,584,858</b>	<b>105,199,472</b>

The notes on pages 6 to 16 form an integral part of these unconsolidated financial statements.

On December 22, 2015, the Board of Directors of Trinidad and Tobago Bureau of Standards authorised these unconsolidated financial statements for issue.



Director



Director

## Trinidad and Tobago Bureau of Standards

### Consolidated statement of income and accumulated surplus (Expressed in Trinidad and Tobago dollars)

	Notes	Year ended September 30,	
		2013	2012
		\$	\$
<b>Revenue</b>	13	58,190,989	52,675,176
<b>Other income/(expenses)</b>			
Increase in long term pension asset		5,616,000	7,682,090
Other income		2,771,957	1,944,352
Interest income		128,413	168,905
Selling, general and administrative expenses	14	(63,803,976)	(49,746,239)
Depreciation		<u>(3,633,731)</u>	<u>(3,411,985)</u>
<b>(Deficit)/surplus for the year before taxation</b>		(730,348)	9,312,299
Income tax (expense)/credit	15	<u>(870,808)</u>	<u>103,141</u>
<b>Net (deficit)/surplus for the year after taxation</b>		(1,601,156)	9,415,440
<b>Accumulated surplus at beginning of the year</b>		<u>80,410,199</u>	<u>70,994,759</u>
<b>Accumulated surplus at end of the year</b>		<u><b>78,809,043</b></u>	<u><b>80,410,199</b></u>

The accounting policies and notes on pages 6 to 20 form an integral part of these consolidated financial statements.

# Trinidad and Tobago Bureau of Standards

## Consolidated statement of cash flows (Expressed in Trinidad and Tobago dollars)

	Notes	Year ended September 30,	
		2013	2012
		\$	\$
<b>Cash flows from operating activities:</b>			
(Deficit)/surplus for the year		(730,348)	9,312,299
Adjustments to reconcile surplus for the year to net cash generated from operating activities:			
Depreciation		3,633,731	3,411,985
Movement in long term pension asset		(5,616,000)	(7,682,000)
		(2,712,617)	5,042,284
Movements in working capital:			
Decrease/(increase) in trade and other receivables		2,060,450	(4,688,387)
Decrease in inventories		-	1,206,450
Increase/(decrease) in trade and other payables		9,953,955	(1,939,875)
Cash generated from/(used in) operating activities		9,301,788	(379,528)
Income taxes paid		(157,979)	(48,323)
<b>Net cash generated from/(used in) operating activities</b>		<b>9,143,809</b>	<b>(427,851)</b>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment		(7,550,057)	(4,510,608)
Proceeds from disposal of plant and equipment		-	567
Proceeds from redemption of investments		247,000	75,000
<b>Net cash used in investing activities</b>		<b>(7,303,057)</b>	<b>(4,435,041)</b>
<b>Cash flow from financing activities:</b>			
Capital grants utilized		(6,549,570)	(3,770,637)
Capital grants received		8,000,000	9,594,564
<b>Net cash generated from financing activities</b>		<b>1,450,430</b>	<b>5,823,927</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,291,182</b>	<b>961,035</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>31,057,015</b>	<b>30,095,980</b>
<b>Cash and cash equivalents at end of year</b>		<b>34,348,197</b>	<b>31,057,015</b>
<b>Represented by:</b>			
Cash and cash equivalents	7	<b>34,348,197</b>	<b>31,057,015</b>

The accounting policies and notes on pages 6 to 20 form an integral part of these consolidated financial statements.

# Trinidad and Tobago Bureau of Standards

## Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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### 1. Incorporation and principal activity

The Trinidad and Tobago Bureau of Standards (the "Bureau") was established by an Act of Parliament no. 38 of 1972, Chapter 82:03 as amended by Act 29 of 1985 and Act 18 of 1997. The principal activities of the Bureau are to promote and encourage the development and maintenance of standards and to establish standards by the testing of goods produced or used in Trinidad and Tobago as follows:

- (i) For improvement of goods produced or used in Trinidad and Tobago;
- (ii) To ensure industrial efficiency and development;
- (iii) To promote public and industrial welfare, health and safety, and
- (iv) For the protection of the environment.

The registered office of the Bureau is situated at #2 Century Drive, Trincity Industrial Estate, Macoya, Tunapuna.

The Bureau has a wholly owned subsidiary, Premier Quality Services Limited, whose principal business activity is training and consultancy services.

### 2. Summary of significant accounting policies

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

#### a) Basis of preparation

The consolidated financial statements of the Bureau have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") as issued by the International Accounting Standards Board. They have been prepared under the historical cost convention except for investments in zero coupon government bonds which are measured at fair value.

The preparation of consolidated financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bureau's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

#### b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bureau and entities (including special purpose entities) controlled by the Bureau (its subsidiaries). Control is achieved where the Bureau has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income and accumulated surplus from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.



# Trinidad and Tobago Bureau of Standards

## Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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### 2. Summary of significant accounting policies (continued)

#### b) Basis of consolidated (continued)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### c) Foreign currency transactions

Items included in the consolidated financial statements of the Bureau are measured using the currency that best reflects the economic substance of the underlying events and the circumstances relevant to the Group ("the functional currency"). The presentation and functional currency of the Bureau is Trinidad and Tobago dollars.

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 of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and accumulated surplus.

#### d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank advances repayable on demand and other short-term highly liquid investments, which are subject to an insignificant risk of changes in value.

#### e) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation at rates which are expected to apportion the cost of the assets on a systematic basis over their estimated useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate.

Property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives as follows:

Building	2%
Plant & machinery	15.0%
Motor Vehicles	25.0%
Office furniture & equipment & library stock	12.5%-25%

The 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 recognized in the consolidated statement of income and accumulated surplus.

The carrying amount of property, plant and equipment is reviewed whenever events or changes in circumstances indicate that impairment may have occurred.

# Trinidad and Tobago Bureau of Standards

## Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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### 2. Summary of significant accounting policies (continued)

#### f) Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on the straight line basis utilising rates, which are sufficient to write off the assets over their estimated useful lives of 5 years. The estimated useful life and amortisation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. The useful life of goodwill is presumed to be 5 years. At each reporting date, the Group assesses whether there is any indication that goodwill may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") (or groups of CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

#### g) Impairment of tangible assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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#### 2. Summary of significant accounting policies (continued)

##### g) Impairment of tangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

##### h) Investment in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

##### i) Trade and other receivables

Trade receivables are recognised initially at fair value. A provision for impairment of trade receivables is established when there are objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised in the statement of income within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating expenses' in the statement of income. Other receivables are measured at cost less any impairment.

##### j) Government grants

Grants from the Government of the Republic of Trinidad and Tobago are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Bureau will comply with all the attached conditions. Grants that contain no vesting conditions are recognized immediately in the income statement.

Grants related to recurrent costs are deferred in liabilities and recognised in the statement of income over the period necessary to match them with the costs they are intended to compensate.

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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#### 2. Summary of significant accounting policies (continued)

##### j) Government grants (continued)

Grants relating to capital expenditure are deferred in liabilities and are credited to the consolidated statement of income and accumulated surplus on a systematic basis over the expected useful lives of the related assets.

##### k) Trade and other payables

Trade and other payables are recognised initially at fair value based on the original invoice and subsequently measured at amortised cost.

##### l) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the testing and inspection activities undertaken in the ordinary course of the Bureau's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group upon performance of services and customer acceptance.

##### m) Employee retirement benefit obligations

###### Pension obligations

The Bureau participates in the Trinidad and Tobago Bureau of Standards Staff Pension Fund Plan. It is a defined benefit plan which covers substantially all of its permanent employees. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets recognized in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to the consolidated statement of income and accumulated surplus in the period in which they arise based on the advice of the qualified actuary who performs a full valuation of the plan every three (3) years and interim valuations on an annual basis.

Past-service costs are also recognized immediately in consolidated statement of income and accumulated surplus.

##### n) Borrowings

Borrowings are initially measured at transaction price (that is the present value of cash payable to the lender, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognized on the basis of the effective interest rate method and is included in finance costs.

# Trinidad and Tobago Bureau of Standards

## Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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### 2. Summary of significant accounting policies (continued)

#### o) Financial assets

The Bureau classifies its investment as either fair value through profit or loss for equities with a quoted market price or at cost less impairment for other equity investments that are not publically traded or whose fair value cannot be measured reliably. All other financial assets are measured at amortized cost. Management determines the classification of its financial assets at initial recognition.

#### Financial assets – at fair value through profit and loss

Financial assets at fair value through profit and loss are those equity investments that are publicly traded or whose fair value can be measured reliably. These financial assets are initially recognised at the transaction price excluding transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in profit and loss.

Dividends on equity instruments are recognised in the profit and loss account as part of income when the Group's right to receive payments is established.

The fair values of quoted financial assets in active markets are based on current bid prices. Purchase and sale of financial assets are recognised at the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### Financial assets – amortized cost

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortized cost using the effective interest method, less any impairment. Interest income, if applicable, is recognized by applying the effective interest rate. Trade receivables are carried at original invoice amount less provision made for impairment of these receivables.

#### Financial assets – held to maturity

Held-to-maturity investments are investment securities with fixed maturity where management has the positive intention and the ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method, less any provision for impairment. If the Fund were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale.

#### p) Provisions

Provisions are recognised when the Bureau has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bureau will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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#### 2. Summary of significant accounting policies (continued)

##### p) Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### q) Leases

###### i) The Group as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

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 are charged to the statement of income on a straight-line basis over the period of the lease.

###### ii) The Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

##### r) Other financial liabilities

Other financial liabilities are initially measured at transaction price, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

##### s) Taxation

The Bureau is a registered Government owned non-profit organisation in Trinidad and Tobago under the Income Tax Ordinance non-profit entities and is therefore exempted from corporation tax and business levy. However the Bureau is subject to green fund levy on its revenues and other income.

The wholly owned subsidiary Premier Quality Services Limited is subject to all taxes under the Income Tax Act.

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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#### 2. Summary of significant accounting policies (continued)

##### s) Taxation (continued)

Income tax expense represents the sum of the tax currently payable.

##### i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

##### ii) Deferred tax

Deferred tax is recognised in full, using the liability method on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bureau expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bureau intends to settle its current tax assets and liabilities on a net basis.

##### t) **Comparatives**

When necessary, comparative figures are adjusted to conform with changes in presentation in the current year.

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

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#### 3. Critical judgements and the use of estimates

The preparation of the consolidated financial statements in conformity with the IFRS for SMEs requires management to make critical judgements and use estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from the estimates and assumptions used. Key sources of uncertainty, which requires the use of estimates, include:

##### Useful lives and residual values of property, plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment policy above. These rates and the residual lives of the assets are reviewed annually taking cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the industry.

##### Contingent liabilities

Management applies its judgement to the facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. Such judgement is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

##### Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Bureau determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bureau considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 5.



## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

#### 4. Property, plant & equipment

	Leasehold, land & building	Plant, machinery & motor vehicles	Office furniture, equipment & library stock	Total
	\$	\$	\$	\$
<b>Cost</b>				
At October 1, 2012	13,396,352	29,185,691	17,509,504	60,091,547
Additions	3,900	4,379,291	3,166,866	7,550,057
At September 30, 2013	<b>13,400,252</b>	<b>33,564,982</b>	<b>20,676,370</b>	<b>67,641,604</b>
<b>Depreciation</b>				
At October 1, 2012	(3,558,451)	(23,358,470)	(12,129,888)	(39,046,809)
Depreciation charge	(324,761)	(1,716,571)	(1,592,399)	(3,633,731)
At September 30, 2013	<b>(3,883,212)</b>	<b>(25,075,041)</b>	<b>(13,722,287)</b>	<b>(42,680,540)</b>
<b>Carrying amount</b>				
At October 1, 2012	<b>9,837,901</b>	<b>5,827,221</b>	<b>5,379,616</b>	<b>21,044,738</b>
At September 30, 2013	<b>9,517,040</b>	<b>8,489,941</b>	<b>6,954,083</b>	<b>24,961,064</b>

#### 5. Long term pension plan

The Bureau maintains a defined benefit pension plan (the "Pension Plan"), which offers its employees retirement benefits depending on the length of service.

Benefits for the Pension Plan are calculated based on the number of years of service and by reference to an average of a member's last twelve months basic wage. The pension obligations are valued using an accrued benefit actuarial method. The assets of the Pension Plan are valued on the basis of market related values.

The last actuarial valuation was performed in 2013 by Bacon Woodrow & De Souza Limited and an interim valuation being done by the same valuers on an annual basis for financial reporting purposes.

Any actuarial gains or losses are accounted through the income statement.

##### a) The amounts recognized in the statement of financial position are as follows:

	2013	2012
	\$	\$
Defined benefit obligation (note 5.b)	(63,744,000)	(60,488,000)
Fair value of plan assets (note 5.c)	112,482,000	103,610,000
Net asset recognized in the statement of financial position	<b>48,738,000</b>	<b>43,122,000</b>

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

#### 5. Long term pension plan (continued)

##### b) Change in defined benefit obligation:

	<u>2013</u>	<u>2012</u>
	\$	\$
Defined benefit obligation at start	60,488,000	56,792,000
Service cost	2,395,000	2,681,000
Interest cost	2,971,000	3,092,000
Benefits improvements	1,363,000	403,000
Members' contribution	309,000	254,000
Actuarial gain	(1,629,000)	(1,283,000)
Benefits paid	(2,153,000)	(1,451,000)
Defined benefit obligation at end of year	<u>63,744,000</u>	<u>60,488,000</u>

##### c) Change in plan assets:

	<u>2013</u>	<u>2012</u>
	\$	\$
Plan assets at start of year	103,610,000	92,232,000
Expected return on plan assets	6,194,000	6,005,000
Actuarial gain	3,429,000	5,070,000
Bureau contributions	1,093,000	1,351,000
Members' contributions	309,000	403,000
Benefits paid	(2,153,000)	(1,451,000)
Plan assets at end of year	<u>112,482,000</u>	<u>103,610,000</u>

##### d) Actuarial assumptions used in determining net pension cost and the funded status of the plan are as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Return on plan assets	6.00%	6.00%
Discount rate	5.00%	5.00%
Pensioner liabilities	3.00%	3.00%
Salary increases	5.00%	5.00%

Plan assets are primarily invested in listed common stock, government and corporate securities, cash and fixed deposits.

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

#### 6. Government bonds

	<u>2013</u>	<u>2012</u>
	\$	\$
British American Insurance Company Limited	3,425,000	5,000,000
Allowance for impairment	-	(1,500,000)
	<u>3,425,000</u>	<u>3,500,000</u>
Redemption of investment during the year	(247,000)	(75,000)
	<u><b>3,178,000</b></u>	<u><b>3,425,000</b></u>
Current portion	247,000	247,000
Non-current portion	<u>2,931,000</u>	<u>3,178,000</u>
	<u><b>3,178,000</b></u>	<u><b>3,425,000</b></u>

The fair value of the investment as at the end of September 30, 2013 is \$3,178,000. (2012: \$3,425,000).

#### 7. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<u>2013</u>	<u>2012</u>
	\$	\$
Cash in hand	3,009	204,755
Cash at bank:		
First Citizens Bank Limited	12,849,794	10,163,846
Republic Bank Limited	918,977	981,522
RBC Royal Bank (Trinidad & Tobago) Limited	2,855,842	2,149,149
Money Market Fund accounts	1,886,525	1,836,622
Short term investments	15,834,050	15,721,121
	<u><b>34,348,197</b></u>	<u><b>31,057,015</b></u>

#### 8. Deferred tax asset

	<u>2013</u>	<u>2012</u>
	\$	\$
Tax losses	-	<u><b>68,822</b></u>

The current rate of corporation tax is 25% for 2013 (2012: 25%). The Group is entitled to carry forward its entire tax loss against future tax profits. There is no expiry period for adjustment of tax losses against future tax profits.

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

#### 9. Trade and other receivables

	<u>2013</u>	<u>2012</u>
	\$	\$
Trade receivables	2,429,064	1,665,444
Provision for bad debts	(26,110)	(26,110)
Trade receivables (net)	2,402,954	1,639,334
Other receivable	1,373,879	5,268,282
Interest receivable	26,165	46,532
Advances and prepaid expenses	2,065,025	974,325
	<u><b>5,868,023</b></u>	<u><b>7,928,473</b></u>

#### 10. Accumulated surplus

The reserves of the Bureau comprise an accumulation of profits/losses over its years of operations. Section 5 of the Standards Act exempts any member of the Bureau from personal liability and under section 26 (2) with the approval of the Minister, the Bureau may build up reserves with a limit that shall be determined by the Minister.

#### 11. Government grants deferred

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance as at October 1	11,974,314	6,150,388
Grants received from Government of Trinidad & Tobago	8,000,000	9,594,564
Grants utilized for the year (note 13)	(6,549,570)	(3,770,638)
Balance as at September 30	<u><b>13,424,744</b></u>	<u><b>11,974,314</b></u>

#### 12. Trade and other payables

	<u>2013</u>	<u>2012</u>
	\$	\$
Trade payables	3,684,943	2,654,174
Other payables and accruals	20,527,535	11,604,349
	<u><b>24,212,478</b></u>	<u><b>14,258,523</b></u>

#### 13. Revenue

	<u>2013</u>	<u>2012</u>
	\$	\$
Amortization of capital grants (note 11)	6,549,570	3,770,638
Government grants received with no vesting conditions	12,400,000	12,940,210
Testing and inspection income	36,530,837	34,825,063
Training and consultancy income	2,710,582	1,139,265
	<u><b>58,190,989</b></u>	<u><b>52,675,176</b></u>

## Trinidad and Tobago Bureau of Standards

### Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)

#### 14. Selling, general and administrative expenses

	<u>2013</u>	<u>2012</u>
	\$	\$
Personnel remuneration and benefits	32,105,583	32,103,673
Arrears of remuneration 2008-2010	1,230,849	3,255,559
Arrears of Remuneration 2011-2013	10,013,378	-
General expenditure	<u>20,454,166</u>	<u>14,387,007</u>
	<b><u>63,803,976</u></b>	<b><u>49,746,239</u></b>

#### 15. Income taxes

Income tax expense consists of the following:

	<u>2013</u>	<u>2012</u>
	\$	\$
Corporation tax over provision	(148,857)	40,430
Green fund levy	(653,129)	(2,038)
Business levy	-	(4,073)
Deferred tax asset	<u>(68,822)</u>	<u>68,822</u>
Total (charge)/credit	<b><u>(870,808)</u></b>	<b><u>103,141</u></b>

The effective tax rates differ from the statutory tax rates for the following reasons:

Surplus before taxation	<u>9,283,031</u>	<u>9,312,299</u>
Income tax expense calculated at statutory rate	(2,320,758)	(2,328,075)
Business levy	-	(2,038)
Green fund levy	(653,129)	(4,073)
Corporation tax over provision	29	40,430
Deferred tax asset	(68,822)	68,822
Exempt income and tax losses	<u>2,171,872</u>	<u>2,328,075</u>
Total (charge)/credit	<b><u>(870,808)</u></b>	<b><u>103,141</u></b>

The current rate of corporation tax is 25% for 2013 (2012: 25%) and is only applicable to its subsidiary Premier Quality Services Limited.

The subsidiary is entitled to carry forward its entire tax loss against future tax profits. There is no expiry period for adjustment of tax losses against future tax profits.

The Bureau is a registered Government owned non-profit organisation in Trinidad and Tobago under the Income Tax Ordinance non-profit entities and is therefore exempted from corporation tax and business levy. However the Bureau is subject to green fund levy on its revenues and other income.

## **Trinidad and Tobago Bureau of Standards**

### **Notes to the consolidated financial statements for the year ended September 30, 2013 (Expressed in Trinidad and Tobago dollars)**

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**16. Contingencies**

The Bureau is involved in legal proceedings arising in the normal course of business. Management believes that, based on the advice of legal council, the outcome of these proceedings will not have any adverse material effect on the Bureau's consolidated financial statements.

**17. Events after the end of the reporting period**

In September 16, 2015, the Arrears of Salaries agreement between the Trinidad and Tobago Bureau of Standards and the Public Services Association was finalised. Accruals have been made in the financial statements for the impact of the agreement on salaries and accruals, see Note 14.