



The National Insurance Board
of Trinidad and Tobago



Report on Operations

Financial Year ended June 30, 2015



Executive Director's Report For the Financial Year July 01, 2014 to June 30, 2015

“Let's Journey Together”

Over the years, the NIBTT has provided a safety net for its beneficiaries in Trinidad and Tobago and beyond. The successful operation of the country's mandatory social security system is indeed a great achievement and one, collectively, we should feel very proud of as citizens continue to collect their benefits. The national community must take great comfort in knowing that the NIBTT will always be here for them.

On my appointment to the position of Executive Director, I committed myself to transforming the organisation into one that is truly service oriented and people focused. I recognised that fund sustainability, prudent decision making, good governance and transformative technological solutions were critical to the continued relevance and success of the NIBTT.

During the reporting period July 01, 2014 to June 30, 2015 (FY2015), the NIBTT paid out \$4.22 billion in benefits to approximately 177,607 beneficiaries of the National Insurance System (NIS) which included 144,804 long-term beneficiaries. NIBTT's retirement pensions consisted of 96,359 recipients resulting in a cash pay-out of \$3.36 billion, an increase of \$0.19 billion over the previous financial year.

The NIBTT's asset base of \$25.93 billion delivered a sterling performance since, despite soft interest rates nationally and internationally, the NIBTT reported a rate of return of 2.59% for FY2015. In order to ensure greater alignment with the long-term horizon of NIS, we reviewed our investment policy and strategy to improve investment returns in the future. This resulted in the purchase of a ten (10) per cent stake in Phoenix Park Gas Processors Ltd for US \$168 million as part of an investment consortium, comprising the NIBTT, National Enterprises Ltd and Unit Trust Corporation. In addition to the investment in Phoenix Park Gas Processors Ltd, another major investment strategy was

investment in real estate. Other investment initiatives included acquisition of 48.2% share in Home Mortgage Bank and 2.39% in First Citizens Bank. Another notable investment decision is that which was made on 10th December 2014, when the NIBTT turned the sod to commence the construction of a Class A, LEED Silver certified signature building to accommodate its corporate headquarters at 14 to 19 Queen's Park East, Port of Spain.

With major focus on providing a quality service environment, the Arima Service Centre was reopened to the public and the Rio Claro Service centre was relocated to a more spacious and service oriented environment. Additionally, two Collection Centres were opened in Shops of Arima and in St James, and a Facilities Management Company was engaged to support the upgrade of existing service centres and facilities throughout Trinidad and Tobago.

Technology continues to be a major part of our service delivery improvement and during the reporting period, online services were launched, commencing with the Online Requests for Contribution Statements in February 2015. Furthermore, improving access to information and customer contact resulted in the revamping of the Corporate Contact Centre with increased staff and implementation of a Call Management Server to rationalise calls, improve response time and record calls to ensure a pleasant customer experience.

A new system for updating life certificates for Retirement Pension, Disablement Pension, Invalidity, Survivors and Death Benefits was implemented in the last financial year. The new updating system, consisting of a computerised data exchange, in collaboration with the Ministry of Legal Affairs and the Ministry of the People and Social Development, is designed to eliminate the need for nationals, residents and non-nationals living in Trinidad and Tobago to submit Life Certificates. Over 177,000 beneficiaries will no longer have to submit life certificates bi-annually, of which 96,359 are retirement benefit recipients.



In order to assess the overall impact of these improvements on customer service delivery, Market Facts and Opinion (2000) Ltd conducted a customer survey during the second half of the financial year. The results from the survey stated that the overall customer satisfaction rate was 91.3% indicating that we are realising considerable success in our target of service excellence. The NIBTT will however focus on sustained efforts that target continuous improvement in the products and services offered to our diverse and large number of customers.



NIBTT's Insurance Operations Data and Fund Management

Table 1 – Key Indicators FY2013 to FY2015

Performance Indicators	FY 2013	FY 2014	FY2015	% Increase/ Decrease 2013-2014	% Increase/ Decrease 2014-2015
Claims					
Beneficiaries	164,660	168,286	177,607	2.20%	5.54%
Long-Term Beneficiaries	132,253	137,481	144,804	3.95%	5.33%
New Claims Paid	44,666	38,261	43,565	-14.34%	13.86%
Compliance					
Customer Base	640,293	648,629	669,366	1.30%	3.20%
Contributors	506,248	519,636	516,926	2.64%	-0.52%
Employers	20,021	20,229	20,829	1.04%	2.97%
Employers Surveyed	5,216	4,601	4,126	-11.79%	-10.32%
Financial					
Contribution Income	\$3,304.38Mn	\$3,624.03Mn	\$4261.47Mn	9.67%	17.59%
Investment Income Realised	\$816.49Mn	\$699.28Mn	\$774.6Mn	-14.36%	10.77%
Miscellaneous Income	\$2.35Mn	\$2.88Mn	\$1.84Mn	22.55%	-36.11%
Benefit Expenditure	\$3,557.22Mn	\$3,915.78Mn	\$4,215.55Mn	10.08%	7.66%
Administrative Cost	\$184.82Mn	\$190.11Mn	\$204.99Mn	2.86%	7.83%
Administrative Costs as a % of Contribution Income	5.59%	5.25%	4.81%	-0.34	-0.44
Administrative Costs as a % of Total Income **	3.21%	3.31%	4.66%	0.10	1.35
Net Yield of Investment Portfolio (realised & unrealised) / Overall Investment Portfolio Return ***	11.34%	12.19% ***	2.59%***		
Total Funds	\$24.16Bn	\$25.80Bn	25.74 Bn	6.79%	-0.23%
Total Assets	\$24.35Bn	\$25.94Bn	25.93 Bn	6.53%	-0.04%

*Percentage Points

**Total income=contribution, investment, penalty & interest, and other income

***Return based on Investment Portfolio - Excludes Cash Balances from NIBTT Pension Plan a/c, MAT Securities (Mortgages), Funeral Grant Cash Account and other cash accounts related to Insurance Operations

Some of our key operational statistics include:

1. Customer base expanded by 20,737 persons or 3.20% to a total of 669,366 in FY2015.
2. Active employer population increased by 600 or 2.97% during the financial year 2015 to a total of 20,829.
3. Contribution income amounted to \$4,261.47Mn an increase of 17.59% or \$637.44Mn over the last year.
4. 43,565 or 13.86 % more claims were paid in 2015 compared with 2014.
5. Benefit payments amounted to \$4.22Bn, and represented an increase of 7.66% or \$0.3Bn over last year.
6. Total Funds reduced by -\$0.06Bn or -0.23% from \$25.80Bn as at June 30th 2014, to \$25.74Bn as at June 30th 2015.
7. Total assets reduced by -0.04% from \$25.94Bn in 2014 to \$25.93Bn in 2015.
8. Administrative expenses as a percentage of contribution income reflected a marginal reduction of 0.44% from 5.25% in FY2014 to 4.81% in FY2015.

CUSTOMER SERVICE DELIVERY**Customer Relations**

To serve with a level of sensitivity and deliver compassionate care to the most vulnerable in our society is of paramount importance to the NIBTT. In this regard, and during the reporting period, the Customer Contact Centre was rebranded the Customer Relations Department. This was not a change in nomenclature. The strategic focus of the department has been redirected with an emphasis on reducing the number of persons visiting the Service Centres by exploring additional avenues of engagement. The Customer Contact Centre on average provides a service to approximately 6,000 customers per month. Of the matters received, the telephone medium remains the most convenient and utilised by our customers, accounting for 95% of matters received; email accounts for 3% and written correspondence, 2%. The majority of matters received via email were from overseas customers and in total, the Customer Relations Department

successfully treated with over 40,600 customers for the period 1st July 2014 to June 30th 2015.

Customer Education

The NIBTT through its Corporate Communications Department continued to sensitise the Trinidad and Tobago public about its new brand direction through its educational activities. The rebranding process commenced with a mix of initiatives such as the identification of a colour scheme for advertisements, presentations and as well as the issuing of various correspondence. A total of 90 seminars were conducted, reaching over 650 people, in addition to which the organisation was represented at symposiums hosted by various associations, therefore interacting with a further 2,200 persons. In order to ensure adherence with NIBTT's regulations, six (6) employer workshops were hosted aimed at ensuring compliance as it relates to employee and employer registration, contribution payments and completion of forms. The average number of participants in each workshop was 50 persons.

Communicating Using Web & Electronic Media

During the reporting period there were 1.3 million hits per month on the NIBTT website showing a dramatic increase of 300,000 more than what was recorded in FY2014. Additionally, the NIBTT received 2,813 likes on its Facebook page with access to additional information as part of the Web content improvements. Customers can now use the NIBTT's website to access contribution statements, and register to pay their contributions online. This adds more flexibility to customer access while the NIBTT continues to enhance customer care by the provision of convenient physical locations designed to better service our customers.

EMPLOYEE AND EMPLOYER REGISTRATION

Registration of Employees

Active applications for registration of employees amounted to 30,723, of which all (100%) were determined. Of these 20,987 or 68.31% were new insured persons who were added to the NIS this year, an increase of 1,257 or 6.37% when compared with 19,730 new



persons added to the database in FY2014. Additionally, during the reporting period out of 521 employees of Limited Liability Companies, 512 or 98.27% were registered within one (1) day of receiving their application forms. The above added to our customer base which stands at 669,366.

Registering Employers

During the financial year 2,450 employers submitted applications for registration, an increase of 66 or 2.77% when compared with the previous year's receipt of 2,384. It must be noted that a brought forward figure of 42, has been added to the number of applications resulting in a total of 2,492. A total of 2,471 or 99.16% were determined, of which 2,449 or 99.11% were registered as new employers. This is an increase of 88 or 3.73% when compared with 2,361 new employers registered in the financial year 2014. Currently the total employer population stands at 20,829 an increase of 2.97% when compared to the previous reporting period of 20,229.

BENEFIT PERFORMANCE

Beneficiaries received a total of \$4.22Bn in benefit payments. This represented an increase in expenditure of 7.66% over the previous reporting period.

Long-Term Benefits

The long-term benefits branch showed an increase in the number of recipients and in the value of benefits paid. This group comprises Retirement Pension, Invalidity and Survivor's Benefit recipients which showed an increase of 7,323 or 5.33% from 137,481 in the previous year to 144,804 in FY2015. Payment to this group totalled \$3,904.97Mn or 92.63% of total benefit expenditure.

The 144,804 long term benefit recipients were distributed as follows:

Long-Term Benefits Table

Benefit Type	Number of Beneficiaries	Benefit Expenditure	% of Total Long Term Beneficiaries	% of Total Long Term Expenditure
Retirement Pension	96,395	\$3,362.09Mn	66.57%	86.10%
Retirement Grant	4,568	\$139.15Mn	3.15%	3.56%
*Survivors Benefit	39,644	\$329.01Mn	27.38%	8.43%
Invalidity	4,197	\$74.62Mn	2.90%	1.91%
Total	144,804	\$3,904.87Mn	100%	100%
% of Total Beneficiaries	81.53			
% of Total Benefit Expenditure	92.63			

*Survivors Benefit plus Survivors Grant

Short Term Benefits

The short-term benefits branch showed an increase in the number of recipients and in the value of benefits paid. This group comprises Sickness Benefit, Maternity Benefit, Special Maternity Grant and Funeral Grant which collectively showed an increase of 2,028 recipients or 7.97% from 25,430 in the previous year to 27,458 in FY2015. Payment to this group totalled \$232.34Mn or 5.51% of total benefit expenditure.

Short Term Benefits Table

Benefit Type	Number of Beneficiaries	Benefit Expenditure	% of Total Short Term Beneficiaries	% of Total Short Term Expenditure
Sickness Benefit	10,981	\$46.45Mn	39.99%	19.99%
Maternity Benefit	8,208	\$126.71Mn	29.90%	54.54%
Special Maternity Grant	1,149	\$5.88Mn	4.18%	2.53%
Funeral Grant	7,120	\$53.30Mn	25.93%	22.94%
Total	27,458	\$232.34Mn	100%	100%
% of Total Beneficiaries	15.46			
% of Total Benefit Expenditure	5.51			

Employment Injury Benefits

The Employment Injury benefits branch showed a decrease in the number of recipients and an increase in the value of benefits paid. This group comprises Disablement, Death, Medical Expenses and Employment Injury which showed a decrease of 30 or -0.56% from 5,375 in the previous year to 5,345 in FY 2014. Payment to this group totalled \$78.34Mn or 1.86% of total benefit expenditure.

Employment Injury Benefits Table

Benefit Type	Number of Beneficiaries	Benefit Expenditure	% of Total EMP. Injury Beneficiaries	% of Total EMP. Injury Term Expenditure
Disablement Pension	3,120	\$49.26Mn	58.37%	62.88
Disablement Grant	96	\$2.27Mn	1.80%	2.90
Death	484	\$10.25Mn	9.06%	13.08
Medical Expenses	61	\$0.07Mn	1.14%	0.10
Injury Allowance	1,584	\$16.49Mn	29.63%	21.04
Total	5,345	\$78.34Mn	100%	100%
% of Total Beneficiaries	3.01			
% of Total Benefit Expenditure	1.86			

CONTRIBUTION INCOME

Notwithstanding a marginal decrease in contributors to the NIS from 519,636 to 516,926, contribution income for FY2015 increased to \$4,261.47Mn or 17.59% over the \$3,624.03Mn collected in FY2014. In this regard, contributions were paid by 20,729 employers, an increase of 600 employers over FY2014.

A number of mechanisms were adopted to ensure efficient collection of contribution income. These included the conduct of 4,126 employer surveys and the initiation of recoveries and legal action against 32 defaulting employers.

APPEALS

In accordance with Section 62 of the National Insurance Act (NI Act), customers maintain the right to refer decisions on claims to the Appeals Tribunal. During the reporting period, 196 new appeals were received, an increase of 122 or 165% in comparison to the previous financial year's figure of 74. This also reflected an increase of 91 or 86.67% when compared to the 105 appeals received in FY2013.

The Appeals Tribunal during the financial year appointed a new Registrar, who is in the process of re-engineering the tribunal to achieve greater efficiency for settling matters. It must be noted that no matters were scheduled by the Tribunal for hearing during the reporting period.

RECIPROCAL AGREEMENTS

Throughout FY2015, a total of 24 applications were received by persons in Canada accessing NI benefits through Service Canada. A total of 97 applications were made through the NIBTT Service Centres by persons wishing to access benefits in Trinidad and Tobago under the Agreement. For the financial year, no applications were received from persons in Trinidad and Tobago wishing to access benefits in Canada, however 60 enquiries were received for persons in Canada who wish to access benefits in that country. As at June 30th 2015, there were 150 applications awaiting responses from Service Canada for persons applying for Trinidad and Tobago benefits.

During this reporting period, two (2) applications were made through CARICOM offices by persons accessing Trinidad and Tobago benefits and 24 enquiries were received from CARICOM in respect of Trinidad and Tobago benefits. No applications were received in Trinidad and Tobago from persons wishing to access benefits in other CARICOM jurisdictions.

INVESTMENTS

For the fiscal year ended June 30, 2015, the Investment Portfolio marginally declined to TT\$24.8Bn from TT\$24.9Bn in June 2014. A key factor for the fund size decline over the period was as a result of \$300Mn in withdrawals made from the investment accounts to meet benefit expenditure requirements. Despite the overall portfolio decline of 0.35%, the

Fund achieved a total year-to-date time-weighted return of 2.59%. Notwithstanding the positive return, the overall return was constrained by the volatility in the international market and the dearth of suitable high yielding investments.

As at June 30, 2015, the total equity portfolio was valued at TT\$11.55Bn and a total of TT\$609.8Mn was invested in the local stock market with significant investments in First Citizens Bank Ltd ordinary shares of TT\$144.5Mn and TT\$74.6Mn in the CLICO Investment Fund. The NIBTT also participated in a historic deal partnering with National Enterprises Limited (NEL), and the Unit Trust Corporation (UTC). The consortium acquired a 10% stake in Phoenix Park Gas Processors Ltd. (PPGPL) for US\$168Mn which was done through the 100% acquisition of Pan West Engineers & Constructors Inc. This was the largest investment in the local equity sector for the NIBTT which amounted to TT\$357.5Mn. The NIBTT also increased its equity holdings to 99.40% in Home Mortgage Bank (HMB) which resulted from the acquisition of additional shares at a total cost of TT\$242.9Mn.

Over the financial period ended June 30, 2015, the equity portfolio achieved a total return of 1.85% (capital appreciation and dividends). This was mainly attributable to the performance of First Citizens Bank Limited (FCB), West Indian Tobacco Company Limited (WCO), Angostura Holdings Limited (AHL), Unilever Caribbean Limited (UCL) and the portfolio's newly constructed Exchange Traded Fund (ETF) portfolio. Additionally, subsidiary companies HMB and TTMF increased in value over the financial year.

The Fixed Income portfolio was valued at approximately TT\$7.4Bn as at the end of FY2015 and had a purchased yield to maturity of 5.17%. A dearth of suitable investments both by government and corporate entities resulted in investors' willingness to accept low yields for fixed income instruments thus perpetuating the low interest rate environment. The NIBTT's fixed income portfolio is primarily invested in government and government guaranteed instruments and accounts for almost 62.62% of the fixed income portfolio. For the financial period ended June 30, 2015, the NIBTT invested a total of TT\$1.1Bn in

governmental entities/agencies and state enterprises and TT\$979.6Mn in the private sector.

The top two countries in which the portfolio is invested are Trinidad and Tobago (89%) and North America (10%). The largest areas of NIBTT's investments are Financials (39%) and Sovereign (27%).

TECHNOLOGY

A fully functional and progressive technology infrastructure system is critical for proper management and flow of data. In keeping with key objectives identified in our Vision 2016 Strategic Plan, major corporate projects consisted of the acquisition of the latest in cyber security protection, improvements in communication to remote areas of the country and provision of ease of access to data and information to customers. As a measure of the effectiveness of the organisation's IT infrastructure systems, the NIBTT was able to achieve an online systems availability or up-time of 99.65%.

In relation to web services it must be noted that the Online Request for Contribution Statements was launched during the reporting period. This enabled the public to request their contribution statements online. Other improvements also included increased hardware and software packages to provide better service to customers.

LEGAL

The number of matters referred to our Claims Investigation Unit increased by 45.7% from 81 in FY2014 to 118 in FY2015. In addition, the value of projected and actual savings in financial year 2014/2015 significantly increased from \$1,354,400.00 to \$8,854,063.52, and \$1,827,700.33 to \$7,661,018.68, respectively.

Through the adoption of refined processes and sustained efforts, the number of claims investigations completed also increased by 283% from 61 in the previous year to 173 at the close of FY2015.

HUMAN RESOURCES

The NIBTT team of employees continued to support the operations of the organisation by providing diligent service in the face of a challenging economic environment. The strength of the team was made evident in the achievement of more than 80% of the performance targets for FY2015.

The NIBTT staff has worked assiduously to ensure that we achieve our short and long term objectives. Interventions in this regard focused on training in areas which included, Customer Service, Policy, Process Mapping, Employee Performance Management and Industrial Relations Practices for Managers and Product training for Insurance Operations staff. Thorough orientation programmes were also conducted for all new recruits.

It must be noted that the total staff complement for the reporting period now stands at 694. This represents an increase of 86 positions identified in the new HR Plan as part of the organisation's transformation.

Staff Negotiations

During the financial year, negotiations for Bargaining Unit Staff at the NIBTT continued for the contracted period January 1st 2011 to December 31st 2013 with the recognised majority union. The NIBTT's counter proposals were approved by the Board of Directors and submitted to the Minister of Finance and the Economy for approval. The NIBTT is committed to the successful conclusion of negotiations and as such intends to vigorously pursue an amicable settlement of these important matters in the coming financial year.

RISK MANAGEMENT

During the reporting period the NIBTT continued to streamline its Enterprise Risk Management processes in order for the organisation to be proactive in its approach to risk, associated risk appetite and tolerances to ensure alignment with strategic objectives.

In FY2015, significant progress was made in completing its mandate for designing the Enterprise Risk Management Framework which incorporated ISO 30001: 2009 "Risk

Management – Principles and Guidelines.” The use of this best practice process format has already resulted in significant improvements in the approach adopted by the NIBTT in risk matters. For the reporting period, the percentage of accepted high risk audit recommendations implemented as at June 2015 was 95%, surpassing the target of 85%. This achievement indicates NIBTT’s strong emphasis on risk management in order to be more effective in achieving the NIBTT’s strategic objectives and transformation.

9TH ACTUARIAL REVIEW

The NIBTT is committed to ensuring the financial sustainability of the NIS, as well as maintaining the value of the benefits offered. The main tool used to analyze these important aspects of the NIS is the process of the Actuarial Review. The 9th Actuarial Review as at the 30th June 2013 was completed in compliance with section 70(1) and section 22(1) of the NI Act.

The 9th Actuarial Review was conducted by the Canadian firm, National School of Public Administration. The completed report provided numerous recommendations designed to enable the NIS to remain solid and financially strong. These recommendations included improving current benefits and increasing the level of the maximum insurable earnings. In order to facilitate these changes, and in light of the current demographic scenario which suggests an ageing population, an increase in contribution rates as well as other parametric reform measures were also recommended. All these recommendations are currently engaging the attention of the Board of Directors and Management.

A specific request was made for the actuaries to analyze the impact of extending coverage to self-employed persons, and to advise on appropriate methods of converting from the current earnings class system, to an administratively simpler percentage of earnings system. In addition to administrative ease, another potential benefit of a possible conversion to a percentage of earnings system is a more relevant reward for persons with long contribution histories.

These reform measures as outlined speaks to the intention of the NIBTT to manage the NIS in a way that will be beneficial to all its stakeholders, and to ensure that the value and

design of its suite of benefits will be enjoyed by all persons in Trinidad and Tobago for generations to come.

EXTENSION OF COVERAGE TO SELF EMPLOYED PERSONS (SEP)

Cabinet minute dated January 21, 2010 established a Committee to consider the proposal for the Incorporation of Self-Employed Persons (SEP) into the NIS. A High Level Working Committee (HLWC) was established to elaborate on the principles and practices surrounding the Government of Trinidad and Tobago's (GORTT) investment to promote the participation of SEP in the NIS. Continuing with the work started by the HLWC, discussions were held during the year with senior officials of the Ministry of Finance and the Economy as well as the Ministry of the People and Social Development. Discussions focused on the costs and savings to Government related to:

- co-payment of NI contributions for low income SEP
- co-funding of age credits for SEP

NIBTT's representatives had several meetings on the SEP initiative with the Legislative Review Committee (LRC). The start-up date for SEP coverage is yet to be determined.

ACKNOWLEDGEMENTS

The employees of the NIBTT are committed to serving the people of Trinidad and Tobago. It is no easy feat, to accomplish excellence in service delivery in a demanding work environment where each customer's claim is as important and as urgent as the other. It takes a love for people, a deep understanding of the many intricate challenges and unexpected events faced by our clients, and very interactive and powerful communication skills to deliver the quality service that we do in a fast-paced, high-pressure environment.

I therefore take the opportunity to publicly acknowledge our loyal employees, stakeholders, customers, suppliers, employers and the astute leadership of the Chairman and the Board of Directors.

The NIBTT has laid the foundation for transformation in that many of the initiatives stated in the Vision 2016 strategic plan have been implemented. Evidence of this is in the

achievement of 83% of our corporate performance indicators on the eve of the final year of the Strategic Plan period. As we rise to the challenge, let us keep our eyes on the prize of a transformed, transparent and socially responsible organisation.

We have been entrusted with a great responsibility, way beyond service delivery and is through strong leadership, sound investments and extensive stakeholder engagement and public consultation that we will continue to implement prudent measures to preserve the National Insurance System.



Niala Persad-Poliah
EXECUTIVE DIRECTOR
March 18, 2016

The National Insurance Board Of Trinidad And Tobago

Special Purpose Financial Statements

30 June 2015

(Expressed in Trinidad and Tobago Dollars)

The National Insurance Board Of Trinidad And Tobago

Contents	Page
Statement of Management's Responsibility	1
Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Statement of Changes in Funds	7
Notes to the Financial Statements	8 - 37

Statement of Management's Responsibility

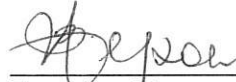
It is management's responsibility to apply the appropriate accounting policies and make accounting estimates that are reasonable. Management is responsible for ensuring that the statements presented are a fair and true presentation of the state of affairs of the National Insurance Board of Trinidad and Tobago (NIBTT) which includes ensuring that the controls over the information from which the statements are derived are designed and properly monitored in a manner which would allow accurate information to be provided. In addition, management is responsible for ensuring that the information presented is free from material misstatement whether due to fraud or error.

Management accepts responsibility for the annual special purpose financial statements as well as the responsibility for the maintenance of the accounting records and internal controls which form the basis of the special purpose financial statements. The special purpose financial statements of the NIBTT are prepared in accordance with the financial reporting provisions of the National Insurance Act of Trinidad and Tobago and the appropriate accounting policies have been established and applied in a manner which gives a true and fair view of the Board's financial affairs and operating results.

In addition, it is noteworthy to mention that nothing has come to the attention of management to indicate that the NIBTT will not remain a going concern for the next twelve (12) months from the date of this statement.



Executive Director
21 January 2016



Executive Manager Finance and Accounting
21 January 2016



Independent Auditor's Report on Special Purpose Financial Statements

To The Directors of
The National Insurance Board Of Trinidad and Tobago

We have audited the accompanying special purpose financial statements of The National Insurance Board Of Trinidad and Tobago ("NIBTT"), which comprise the statement of financial position as at 30 June 2015 and the statement of comprehensive income, statement of cash flows and the statement of changes in funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the National Insurance Act (Act No. 35 of 1971) and the accounting framework as described in Note 4 of these special purpose financial statements and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

NIBTT's statutory responsibility is to prepare financial statements to be laid ultimately before the Parliament of Trinidad and Tobago as required by the National Insurance Act.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose 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 special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose 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 special purpose financial statements in order to design audit procedures that are appropriate for 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 special purpose financial statements.

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

**CB Wharfe (Senior Partner), L Awai, F Aziz Mohammed, BA Hackett, H Mohammed,
NA Panchoo, SW Ramirez, A West**

*PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, Trinidad, West Indies
T: (868) 299 0700, F: (868) 623 6025, www.pwc.com/tt*

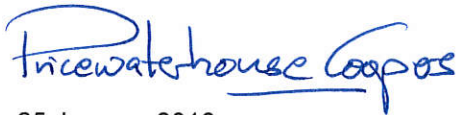
Independent Auditor's Report on Special Purpose Financial Statements (Continued)

Opinion

In our opinion, the special purpose financial statements present fairly, in all material respects, the financial position of NIBTT as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with the financial reporting provisions of the National Insurance Act and the accounting policies as set out in Note 4 of these special purpose financial statements.

Basis of accounting

Without modifying our opinion, we draw attention to Note 4 to these special purpose financial statements which describe the basis of accounting. The special purpose financial statements are prepared to assist NIBTT to meet the requirements of the National Insurance Act. As a result, the special purpose financial statements may not be suitable for another purpose.



25 January 2016
Port of Spain
Trinidad and Tobago

The National Insurance Board of Trinidad and Tobago

Statement of Financial Position As at 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 June	
		2015 \$'000	2014 \$'000
Assets			
Property, plant and equipment	5	96,178	90,760
Investment properties	6	419,784	317,320
Investment in subsidiary companies	7	1,739,821	1,266,947
Financial assets at fair value through profit or loss	8	19,426,984	19,598,908
Mortgage advances	9	9,617	18,268
Property being developed for sale	10	46,931	38,327
Claims receivable	11	--	81,242
Other assets	12	753,110	573,251
Cash and cash equivalents	13	3,436,199	3,952,667
Total assets		<u>25,928,624</u>	<u>25,937,690</u>
Funds, reserves and liabilities			
Long-term benefits fund	14	24,495,067	24,714,302
Short-term benefits fund	14	463,841	398,681
Employment injury benefit fund	14	782,546	682,857
Total funds		<u>25,741,454</u>	<u>25,795,840</u>
Revaluation reserve	15	42,317	42,317
Total funds and reserves		<u>25,783,771</u>	<u>25,838,157</u>
Other liabilities	16	108,903	99,384
Post-employment benefit	21	35,950	149
Total liabilities		<u>144,853</u>	<u>99,533</u>
Total funds, reserves and liabilities		<u>25,928,624</u>	<u>25,937,690</u>

The attached notes set out on pages 8 to 37 are an integral part of these special purpose financial statements.

These special purpose financial statements have been authorised for issue on 21 January 2016.


Chairman


Executive Director


Executive Manager
Finance and Accounting

The National Insurance Board Of Trinidad And Tobago

Statement of Comprehensive Income

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

Income	Notes	Year ended 30 June	
		2015 \$'000	2014 \$'000
Contributions			
Employers in compliance		3,935,016	3,335,817
Employers in arrears		326,486	288,288
Voluntary		148	87
		<u>4,261,650</u>	<u>3,624,192</u>
Refunds		(181)	(162)
Total net contributions		<u>4,261,469</u>	<u>3,624,030</u>
Net realised investment income	17	774,598	699,283
Net unrealised investment (loss)/income	18	(895,104)	1,191,498
Revaluation of subsidiaries		228,700	210,280
Penalties and interest		30,449	21,442
Miscellaneous income		1,844	2,887
Total income		<u>4,401,956</u>	<u>5,749,420</u>
Expenditure			
Benefits expenditure			
Long-term		3,904,869	3,648,156
Short-term		232,343	199,340
Employment injury		78,340	68,286
Total benefits expenditure		<u>4,215,552</u>	<u>3,915,782</u>
Administrative expenditure			
Staff salaries, allowances and benefits	19	125,082	126,902
Board of Directors expenses		799	760
Depreciation		6,406	6,668
Other expenses	20	72,703	55,789
Total administrative expense		<u>204,990</u>	<u>190,119</u>
Other			
Pension expense	21	14,843	9,171
Total other		<u>14,843</u>	<u>9,171</u>
Total expenditure		<u>4,435,385</u>	<u>4,115,072</u>
(Shortfall)/excess of income (under)/over expenditure		(33,429)	1,634,348
Other comprehensive (loss)/gain	21	(20,957)	5,615
Total comprehensive (loss)/income		<u>(54,386)</u>	<u>1,639,963</u>

The attached notes set out on pages 8 to 37 are an integral part of these special purpose financial statements.

The National Insurance Board Of Trinidad And Tobago

Statement of Cash Flows For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Income		
Cash flows from operating activities		
(Shortfall)/excess of income (under)/over expenditure	(33,429)	1,634,348
Adjustments:		
Unrealised investment (loss)/income	895,104	(1,191,498)
Depreciation	6,406	6,668
Pension expense	14,843	9,171
Revaluation of subsidiaries	<u>(228,700)</u>	<u>(210,280)</u>
Surplus before working capital changes	654,224	248,409
Decrease in mortgage advances	8,651	4,373
(Increase)/decrease in property being developed for sale	(378)	104,234
Decrease in claims receivable	81,242	--
(Increase)/decrease in other assets	(179,859)	124,774
Increase/(decrease) in other liabilities	<u>9,519</u>	<u>(57,121)</u>
Net cash generated by operating activities	573,399	424,669
Cash flows from investing activities		
Proceeds from the sale of fixed assets	217	--
Purchase of property, plant and equipment	(12,041)	(3,181)
Purchase of investments	(6,577,524)	(5,453,727)
Sale/maturity of investments	<u>5,499,481</u>	<u>4,322,731</u>
Net cash used in investing activities	<u>(1,089,867)</u>	<u>(1,134,177)</u>
Net decrease in cash and cash equivalents	(516,468)	(709,508)
Cash and cash equivalent at beginning of the period	<u>3,952,667</u>	<u>4,662,175</u>
Cash and cash equivalent at the end of the period	<u>3,436,199</u>	<u>3,952,667</u>

The attached notes set out on pages 8 to 37 are an integral part of these special purpose financial statements.

The National Insurance Board Of Trinidad And Tobago

Statement of Change in Funds For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

	Long-term benefits		Short-term benefits		Employment injury benefits		Total funds	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fund at beginning of year	24,714,302	23,243,342	398,681	342,193	682,857	570,342	25,795,840	24,155,877
Income								
Contribution	3,792,707	3,225,386	255,688	217,442	213,074	181,202	4,261,469	3,624,030
Penalty income	29,799	21,019	204	135	446	288	30,449	21,442
Revaluation of subsidiaries	228,700	210,280	--	--	--	--	228,700	210,280
Realised investment income	758,068	685,484	5,177	4,404	11,352	9,395	774,597	699,283
Unrealised investment income	(882,007)	1,163,420	(4,101)	8,960	(8,995)	19,118	(895,103)	1,191,498
Miscellaneous Income	1,844	2,887	--	--	--	--	1,844	2,887
Total income	3,929,111	5,308,476	256,968	230,941	215,877	210,003	4,401,956	5,749,420
Expenditure								
Benefits								
Expenditure								
Retirement benefit	3,362,088	3,169,162	--	--	--	--	3,362,088	3,169,162
Survivors benefit	329,008	297,471	--	--	--	--	329,008	297,471
Invalidity benefit	74,619	62,356	--	--	--	--	74,619	62,356
Retirement grant	139,154	119,167	--	--	--	--	139,154	119,167
Funeral grant	--	--	53,303	48,025	--	--	53,303	48,025
Sickness benefit	--	--	46,455	37,244	--	--	46,455	37,244
Maternity benefit	--	--	126,708	110,294	--	--	126,708	110,294
Special maternity	--	--	5,877	3,777	--	--	5,877	3,777
Employment injury	--	--	--	--	78,340	68,286	78,340	68,286
	3,904,869	3,648,156	232,343	199,340	78,340	68,286	4,215,552	3,915,782
Administrative expense	182,441	169,206	12,299	11,407	10,250	9,506	204,990	190,119
Pension expense	14,527	8,993	99	57	217	121	14,843	9,171
Total expenditure	4,101,837	3,826,355	244,741	210,804	88,807	77,913	4,435,385	4,115,072
Excess O/C (loss)/income	(172,726)	1,482,121	12,227	20,137	127,070	132,090	(33,429)	1,634,348
Transfers	(20,510)	5,506	(140)	35	(307)	74	(20,957)	5,615
Transfers	(25,999)	(16,667)	53,073	36,316	(27,074)	(19,649)	--	--
Fund at end of year	<u>24,495,067</u>	<u>24,714,302</u>	<u>463,841</u>	<u>398,681</u>	<u>782,546</u>	<u>682,857</u>	<u>25,741,454</u>	<u>25,795,840</u>

The attached notes set out on pages 8 to 37 are an integral part of these special purpose financial statements.

The National Insurance Board Of Trinidad And Tobago

Notes to the Financial Statements For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

1 Incorporation and principal activity

The National Insurance Board of Trinidad & Tobago (NIBTT) was incorporated under Act No. 35 of 1971 (The National Insurance Act), as subsequently amended, and commenced operations in 1972. The principal activity of NIBTT is to carry out the requirements of the National Insurance Act in providing social security benefits to the insurable population of Trinidad and Tobago. The registered office is located at 2a Cipriani Boulevard, Port-of-Spain, Trinidad and Tobago.

2 Actuarial review

Section 70 (1) of the Trinidad and Tobago National Insurance Act 35 of 1971 requires an Actuarial Review of the National Insurance System (NIS) at intervals not exceeding five years. The 9th Actuarial Review was conducted as at 30 June 2015 and was completed by École Nationale D' Administration Publique International (ENAP). The main objectives of this review were to assess the long term financial condition of the National Insurance Fund and recommend possible ways to improve contribution and benefit provisions.

In general, contribution payments and benefit calculations are based on a system of wage classes. The contribution amount is paid by the employer and the employee in a proportion of two-thirds/one-third. Benefits are grouped into three funds: long-term benefits, short-term benefits and employment injury benefits. Each fund is credited with contribution income and investment income from which benefit expenditures and administrative expenses are met.

The report is currently receiving the attention of management and the Board of Directors and is to be forwarded to the Minister of Finance and the Economy for his consideration. Presently, the fund is meeting all of its obligations.

3 Legislative amendments

There were no legislative amendments during the period but the expectation is that with the NIBTT's acceptance of the 9th Actuarial Report, the relevant recommendations will be sent to the Minister of Finance and the Economy for consideration by the Parliament.

4 Summary of significant accounting policies

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

a. *Basis of preparation*

These financial statements are prepared in accordance with the financial reporting provisions of the National Insurance Act. In cases where the financial reporting provision is not clear or does not address particular situations, reference is made to International Financial Reporting Standards (IFRS) for guidance in determining NIBTT's accounting policy. The Board and management of NIBTT are currently reviewing its financial reporting framework to determine whether it can in the future prepare its financial statements in accordance with IFRS.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

These financial statements are the parent company unconsolidated financial statements of the NIBTT. NIBTT does not prepare consolidated financial statements. Further, these financial statements are prepared on the historical cost basis, except for the following items in the statement of financial position:

- Financial assets at fair value through profit and loss are measured at fair value;
- Investment properties are measured at fair value;
- Investments in subsidiary companies are measured at fair value;
- Artwork and freehold properties classified as property, plant and equipment are measured at fair value;
- The defined benefit asset/liability is recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation and based on actuarial valuations.

The preparation of financial statements 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.

Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognised in the audited financial statements is included in Note 4 n.

b. Investments in subsidiary companies

Subsidiaries are all entities over which the NIBTT has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. These are as follows:

Companies	Percentage ownership	
	2015	2014
National Insurance Property Development Company Limited (NIPDEC)	100%	100%
Trinidad and Tobago Mortgage Finance Company Limited (TTMF)	51%	51%
Home Mortgage Bank (HMB)	99.38%	66.25%

Investments in subsidiaries are initially recorded at cost and adjusted to fair market value based on valuations conducted by an independent professional valuator. Gains and/or losses arising from the change in fair value are included in the statement of comprehensive income. Investments in subsidiaries are valued by an independent valuator and are based on the assumption that they will continue to operate as going concerns and that the principal activities and legal structure of the companies will remain unchanged.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

c. *Foreign currency*

(i) *Functional and presentation currency*

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars, which is NIBTT's functional and presentation currency, unless otherwise stated.

(ii) *Foreign currency*

Transactions in foreign currencies are initially recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at the rate of exchange ruling on the reporting date as obtained from the Central Bank of Trinidad & Tobago. All differences arising are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

d. *Cash and cash equivalents*

Cash and cash equivalents, for the purpose of the statement of cash flows, represent cash and bank balances and highly liquid investments with a maturity period of three months or less.

e. *Financial assets*

NIBTT's financial assets and financial liabilities are recognised in the statement of financial position when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the right to receive the cash flows from the asset has expired or where NIBTT has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All "regular way" purchases and sales are recognised at settlement date.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are subsequently carried at fair value based on quoted prices for investments traded in active markets; or valuation techniques, including recent arm's length transactions, discounted cash flows analysis and other valuation techniques commonly used by market participants, for investments not traded in active markets. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions.

Held for trading securities are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices at the reporting date. Where the instrument is not actively traded or quoted on an active market, fair value is determined using discounted cash flow analysis.

Gains and losses arising from sales and changes in fair values of these financial assets are recognised in the statement of comprehensive income in the period in which they arise.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

e. *Financial assets (continued)*

(i) *Financial assets at fair value through profit or loss (continued)*

All related unrealised gains and losses are included in the statement of comprehensive income. Interest earned is reported as interest income.

(ii) *Loans and advances*

Loans and advances are financial assets with fixed or determinable payments and are not quoted in an active market created by NIBTT providing money to a debtor other than those created with the intention of short-term profit sharing. Such assets are stated at amortised cost, net of any advances for credit losses using the effective interest method.

Loans and advances include mortgage advances. Mortgage advances are measured net of provisions for impairment. A mortgage advance is classified as impaired (non-performing) when there is objective evidence that NIBTT will not be able to collect all amounts due according to the original contractual terms of the loan. Objective evidence of impairment includes observable data that comes to the attention of NIBTT such as:

- Significant financial difficulties of the borrower.
- Actual delinquencies.
- Adverse change in the payment status of a borrower.
- Bankruptcy or reorganisation by the borrower.

If there is objective evidence that an impairment loss on mortgage advance has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

The allowance which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the revenue and expenditure accounts. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

f. *Impairment of financial assets*

The carrying amounts of NIBTT's assets that are not carried at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

(i) *Losses on loans and advances*

NIBTT reviews its problem loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the audited statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

f. *Impairment of financial assets (continued)*

(i) *Losses on loans and advances (continued)*

In addition to specific allowances against individually significant loans and advances, NIBTT also makes a collective impairment allowance where applicable, against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

g. *Investment properties*

Investment properties are properties held by NIBTT to earn rental income or for capital appreciation or both. Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value based on valuations conducted by an independent professional valuator. Gains and losses arising from the change in fair value are included in the statement of comprehensive income.

The valuers have adopted standard valuation methods and assumed good title, vacant possession and no unduly restrictive covenants or onerous or unusual outgoings running with the land.

h. *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses except for artwork and freehold properties which are stated at valuations conducted by independent professional valuers every 3 years. Freehold properties were professionally valued in June 2013 using the investment method. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to NIBTT and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

If an asset's carrying value is increased as a result of a revaluation, the increase is credited directly to reserve under the heading revaluation reserve. If an asset's carrying value is decreased as a result of a revaluation, the decrease is debited directly to equity to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any decrease in excess of this amount is recognised in the statement of comprehensive income.

Depreciation is provided on a straight-line basis at varying rates sufficient to write-off the cost/market value respectively of the assets over their estimated useful lives. The rates used are as follows:

Freehold and leasehold properties	- 2% on buildings
Improvements to premises:	
Owned	- Equal annual instalments over a period of ten years.
Leased	- Equal annual instalments over the period of the lease.
Machinery, equipment, furniture and fixtures	- 7.5% - 25%
Artwork and motor vehicles	- 25%

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

h. *Property, plant and equipment (continued)*

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amount and are recognised in the revenue and expenditure accounts.

i. *Properties being developed for sale (Inventory)*

Properties available for sale are carried at cost less provisions for impairment. The provision is estimated as the difference between the cost and the selling price of the units available for sale less the estimated cost to complete the units.

j. *Provisions*

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the NIBTT has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

k. *Basis of allocation*

Contribution income and other income have been allocated to the various fund accounts on the basis set out in the Actuarial Review.

(i) *Contribution income*

Contribution income is allocated as follows:

	Year ended 30 June	
	2015	2014
	%	%
Long-term benefits fund	89	89
Short-term benefits fund	6	6
Employment injury benefit fund	5	5
	<u>100</u>	<u>100</u>

(ii) *Other income*

Other income comprising investment income less expenses, penalty income and pension asset income is allocated to the benefit funds in the ratio of their opening fund balances. Investment expenses comprise direct staff costs and overhead expenses of the investments department and other direct expenses including mortgage management fees and provisions for diminution in value of investments.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

k. *Basis of allocation (continued)*

(iii) *Fund ratios*

Based on the recommendations of the Seventh Actuarial Review and maintained in the Eighth Actuarial Review, NIBTT implemented the following: short term benefit fund and employment injury benefit fund balances will be maintained at 2.0 times and 10 times the respective benefits incurred during the current year, the remaining excess of Income over Expenditure is to be allocated to the Long-Term Benefit Fund.

These fund allocations are based solely on the ratios recommended by the Independent Actuary and do not represent NIBTT's liability to beneficiaries at 30 June 2015.

i. *Revenue recognition*

(i) *Contribution and benefits*

Contribution income is generally accounted for on the cash basis. An accrual is made at the balance sheet date to take account of all collections up to 15 July of the following year that relate to the current year. Contribution arrears and related penalty and interest are recognised when received as a result of uncertainty in collection and the challenge in estimating and determining contributors in default.

Benefit expenditure is generally accounted for on a cash basis. Benefits paid in the final month of the year which relate to the following year are reflected as a prepayment at the statement of financial position date.

(ii) *Investment income*

Income from investments is accounted for on the accrual basis. Interest from commercial loans and debentures is not accrued where instalments are in arrears for more than twelve months.

m. *Employee benefits*

(i) *Short-term*

Employee benefits are all forms of consideration given by NIBTT in exchange for service rendered by its employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and loans; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. Post-employment benefits are accounted for as described below.

(ii) *Post-employment*

NIBTT contributes to a defined benefit staff pension plan which covers all qualifying employees. Members contribute 5% (2014: 5%) of their pensionable salaries to the Plan whilst NIBTT currently contributes 14% (2014: 14%). All permanent employees are eligible for membership and temporary employees under certain conditions.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

m. *Employee benefits (continued)*

(ii) *Post-employment (continued)*

The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on the government bonds are used. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

n. *Determination of fair values*

A number of NIBTT's accounting policies and disclosures require 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) *Financial assets at fair value through profit and loss*

As stated in Note 4 e., financial assets at fair value through profit and loss are measured at their fair values based on quoted market prices. Where the instrument is not actively traded or quoted on recognised exchanges, fair value is determined using discounted cash flow analysis, recent arm's length transaction and other valuation techniques. Professional valuations are also used to value these securities. Where fair value cannot be reliably measured, the investment is stated at cost less impairment losses.

The NIBTT uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

n. Determination of fair values (continued)

(i) Financial assets at fair value through profit and loss (continued)

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued based using its own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as 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 investment, and are regularly assessed for impairment.

30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Investment securities</i>				
Bonds	287,710	7,095,771	1,289,638	8,673,119
Equities	9,380,414	355,281	56,718	9,792,413
Mutual funds	910,911	--	50,541	961,452
	<u>10,579,035</u>	<u>7,451,052</u>	<u>1,396,897</u>	<u>19,426,984</u>

30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Investment securities</i>				
Bonds	490,413	5,675,421	2,869,680	9,035,514
Equities	9,670,585	--	41,108	9,711,693
Mutual funds	801,837	--	49,863	851,700
	<u>10,962,835</u>	<u>5,675,421</u>	<u>2,960,651</u>	<u>19,598,907</u>

Movements in Level 3 financial instruments measured at fair value

	Level 3 Year ended 30 June	
	2015 \$'000	2014 \$'000
Balance beginning of period	2,960,651	1,384,004
Foreign asset cash (MV)	(109)	--
Bond adjustment correction	609	--
Purchases	2,040,102	3,646,657
Transfer in	--	--
Repayments	(3,170,206)	(2,070,750)
Transfer out	(450,000)	--
Net unrealised gain/(loss)	<u>15,850</u>	<u>740</u>
Balance at end of period	<u>1,396,897</u>	<u>2,960,651</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

4 Summary of significant accounting policies (continued)

n. Determination of fair values (continued)

(i) Financial assets at fair value through profit and loss (continued)

Transfers between Level 2 and 3

For the year ended 30 June 2015, there was a transfer of an asset (Unicomer and HDC bond transfer out between Level 2 and 3).

(ii) Investment in subsidiaries

An external, independent valuation company, having appropriate recognised professional qualifications and experience was contracted to value NIBTT's investment in subsidiaries. In determining the value of subsidiaries, three (3) valuation methods were considered. Under the market approach, the trading multiples method was applied; under the cost approach, the based valuation method and under the income approach, the excess return model was used. The values derived from these approaches were considered baseline. The baseline values were then applied using an average of the lows and highs of each method. A price range was created and from these scenarios a point estimate was derived using probability estimates for each scenario.

(iii) Investment properties and property, plant and equipment at fair value

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, was used by NIBTT to value its investment property portfolio. 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.

(iv) Other

The carrying amounts of financial assets and liabilities, included under other assets, cash and cash equivalents and other liabilities, approximate their fair values because of the short-term maturities on these instruments. The carrying values of fixed deposits are assumed to approximate fair value due to their term to maturity not exceeding one year.

30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Investment properties</i>				
Land and buildings	--	358,373	61,411	419,784
	--	358,373	61,411	419,784
30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Investment properties</i>				
Land and buildings	--	317,093	227	317,320
	--	317,093	227	317,320

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

5 Property, plant and equipment	Land freehold/ leasehold buildings \$'000	Machinery equipment furniture and fittings \$'000	Art and motor vehicles \$'000	Total \$'000
Year ended 30 June 2015				
Cost/valuation at beginning of year	86,334	56,526	3,433	146,293
Purchases	2,063	7,798	2,180	12,041
Adjustments/transfers	--	269	(1,310)	(1,041)
At the end of year	<u>88,397</u>	<u>64,593</u>	<u>4,303</u>	<u>157,293</u>
Accumulated depreciation at beginning of year	5,921	47,649	1,963	55,533
Current year charge	3,687	2,573	146	6,406
Disposal/adjustments	--	--	(824)	(824)
At the end of year	<u>9,608</u>	<u>50,222</u>	<u>1,285</u>	<u>61,115</u>
Net book value	<u><u>78,789</u></u>	<u><u>14,371</u></u>	<u><u>3,018</u></u>	<u><u>96,178</u></u>
Year ended 30 June 2014				
Cost/valuation at beginning of year	85,720	54,556	2,794	143,070
Purchases	614	1,928	639	3,181
Adjustments/transfers	--	42	--	42
At the end of year	<u>86,334</u>	<u>56,526</u>	<u>3,433</u>	<u>146,293</u>
Accumulated depreciation at beginning of year	2,139	45,345	1,381	48,865
Current year charge	3,782	2,304	582	6,668
At the end of year	<u>5,921</u>	<u>47,649</u>	<u>1,963</u>	<u>55,533</u>
Net book value	<u><u>80,413</u></u>	<u><u>8,877</u></u>	<u><u>1,470</u></u>	<u><u>90,760</u></u>

Note:

Valuation of land and freehold and leasehold buildings has been expressed by way of open market values as determined by valuations conducted by independent professional valuers every 3 years.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

6 Investment properties

	1 July 2014 \$'000	Additions \$'000	Appreciation /depreciation in fair value \$'000	Adjustments \$'000	2015 \$'000
Buildings	128,721	74,265	(9,926)	--	193,060
Land	188,599	125	38,000	--	226,724
	<u>317,320</u>	<u>74,390</u>	<u>28,074</u>	<u>--</u>	<u>419,784</u>

	1 July 2013 \$'000	Additions \$'000	Appreciation /depreciation in fair value \$'000	Adjustments \$'000	2014 \$'000
Buildings	48,500	39,778	34,222	--	122,500
Land	124,843	--	69,950	27	194,820
	<u>173,343</u>	<u>39,778</u>	<u>104,172</u>	<u>27</u>	<u>317,320</u>

Rental income from investment properties during the year amounted to \$6.5 million (year ended 30 June 2014: \$5.2million). Direct operating expenses incurred on investment properties during the year amounted to \$3.2 million (year ended 30 June 2014: \$4.7 million).

The valuation of the investment properties was conducted as at June 2015 by an independent professional valuator in accordance with the Royal Institute of Chartered Surveyors valuation – professional standards 2015.

The income approach which considers a property's potential cash flow and analyses the present worth of the anticipated future benefits to the owner over an assumed holding period was the methodology used to value the buildings.

The market approach was utilised for the valuation of land. This approach measures the value of a property by comparing recent sales or offerings of similar or substitute property and related market data. For all properties, the market value adopted in the audited financial statements is based on its highest and best use.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

7 Investment in subsidiary companies

The investments in subsidiary companies comprise the following companies reported at fair value:

	\$'000	\$'000
NIPDEC	202,467	204,775
TTMF	420,224	383,772
HMB	<u>1,117,130</u>	<u>678,400</u>
	<u>1,739,821</u>	<u>1,266,947</u>

Movement in the carrying value of investments in subsidiaries is as follows:

2015	NIPDEC \$'000	TTMF \$'000	HMB \$'000	Total \$'000
Balance as at 30 June 2014	204,775	383,772	678,400	1,266,947
Purchases	--	--	244,173	244,173
Market value adjustments	<u>(2,308)</u>	<u>36,452</u>	<u>194,557</u>	<u>228,701</u>
Balance as at 30 June 2015	<u>202,467</u>	<u>420,224</u>	<u>1,117,130</u>	<u>1,739,821</u>

2014	NIPDEC \$'000	TTMF \$'000	HMB \$'000	Total \$'000
Balance as at 30 June 2013	159,100	341,203	445,814	946,117
Purchases	--	--	110,550	110,550
Market value adjustments	<u>45,675</u>	<u>42,569</u>	<u>122,036</u>	<u>210,280</u>
Balance as at 30 June 2014	<u>204,775</u>	<u>383,772</u>	<u>678,400</u>	<u>1,266,947</u>

The cost of investment in subsidiaries is as follows:

2014	NIPDEC \$'000	TTMF \$'000	HMB \$'000	Total \$'000
Balance as at 30 June 2013	25,000	7,200	244,430	276,630
Purchases	<u>--</u>	<u>--</u>	<u>244,174</u>	<u>244,174</u>
Balance as at 30 June 2014	<u>25,000</u>	<u>7,200</u>	<u>488,604</u>	<u>520,804</u>

Shares were purchased in 2014/15 in HMB to the value of \$244.2 million.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

8 Financial assets at fair value through profit or loss

	30 June	
	2015 \$'000	2014 \$'000
<i>Investments comprise:</i>		
Bonds (8 a.)	8,673,119	9,035,515
Equities (8 b.)	9,792,413	9,711,693
Mutual funds (8 c.)	<u>961,452</u>	<u>851,700</u>
	<u>19,426,984</u>	<u>19,598,908</u>

The analysis below shows the composition of the various investment categories.

a. <i>Bonds</i>		
Foreign	101,102	229,834
Local state and corporate	<u>8,572,017</u>	<u>8,805,681</u>
	<u>8,673,119</u>	<u>9,035,515</u>

Local and corporate bonds earn interest at rates varying between to 0.90% and 11.75% (year ended 30 June 2014: 0.90% and 12.25%).

	Year ended 30 June	
	2015 \$'000	2014 \$'000
b. <i>Equities</i>		
<i>Quoted</i>		
Foreign	2,492,666	2,737,624
Local	6,895,322	6,932,353
Unquoted	<u>404,425</u>	<u>41,716</u>
	<u>9,792,413</u>	<u>9,711,693</u>
c. <i>Mutual funds</i>		
<i>Quoted</i>		
Foreign	31,749	--
Local	879,162	801,836
Unquoted	<u>50,541</u>	<u>49,864</u>
	<u>961,452</u>	<u>851,700</u>

9 Mortgage advances

Mortgage balances are stated net of the provisions for impairment as follows:

Gross mortgage advances	61,614	68,895
Provision for non-performing advances	<u>(51,997)</u>	<u>(50,627)</u>
	<u>9,617</u>	<u>18,268</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

9 Mortgage advances (continued)

The movement in the provision for non-performing advances was as follows:

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Provisions as at 1 July	50,627	53,865
Movement for the year	<u>1,370</u>	<u>(3,238)</u>
Provisions at end of period	<u>51,997</u>	<u>50,627</u>

Mortgage advances earn interest at an average effective rate of 8.00% (year ended 30 June 2014: 8.00%).

10 Property being developed for sale

In 2004, the NIBTT commenced development of a residential gated community in D'abadie, Omeara known as Riverwoods comprising of single family homes and townhouses. The construction of the single family homes were divided into four (4) phases, two (2) of which have been completed. The two remaining phases are expected to be completed in 2017.

The carrying value of properties being developed for sale was arrived at as follows:

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Cost as at 1 July	59,625	59,625
Less provision for diminution in value (Note 20)	<u>(12,694)</u>	<u>(21,298)</u>
	<u>46,931</u>	<u>38,327</u>

The movement in the provision for diminution in value of property being developed for sale:

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Provisions as at 1 July	21,298	--
Cost incurred in period	(9,166)	--
Movement for the year	9,365	21,298
Amount due to NIPDEC (reclassified)	<u>(8,803)</u>	<u>--</u>
Provisions at end of period	<u>12,694</u>	<u>21,298</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

11 Claims receivable

a. *Clico Investment Bank Limited (CIB)*

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Gross amount	696,820	691,736
Provision for impairment	<u>(696,820)</u>	<u>(691,736)</u>
Carrying amount	<u>==</u>	<u>==</u>

Over the period September 2008 to January 2009, the NIBTT deposited sums of money with Clico Investment Bank Limited (CIB) as Investment Note Certificates (INC). In November 2009, legal action was initiated by the NIBTT due to breach on the part of CIB claiming the sums of US\$102,506,129 and TT\$46,493,563. On 27 September 2011 judgement was awarded in favour of the NIBTT in the sums of both claims with interest at the rate of 6% per annum from the dates of maturity of each deposit to the date of judgement.

On or about October 2011, CIB was placed in compulsory liquidation and Deposit Insurance Corporation (DIC) appointed Liquidator.

By letters dated 23 July 2015, the DIC acknowledged and admitted the NIBTT's claims as follows:

- (i) TT\$45,200,876 and TT\$6,577,051 principal and interest respectively up to the date of appointment of the Liquidator (17 October 2011); and
- (ii) US\$99,652,121 and US\$14,943,218 principal and interest respectively.

DIC also advised that these amounts have been admitted by the Liquidator and are listed among the other unsecured creditors of Clico Investment Bank Limited – In Compulsory Liquidation for which settlement can take place only after the secured creditors have been settled. In light of this, the NIBTT has adopted a prudent approach and maintained the full provision on this debt established in 2013. The NIBTT remains committed to exhausting all efforts to recover this debt.

b. *Old Police Headquarters*

On or about January 2000, Cabinet agreed that the NIBTT be awarded the mandate to finance the reconstruction of the Old Police Headquarters in the amount of \$42,603,457 plus interest on specific terms and conditions.

In this regard, certain sums were released to NIPDEC and the reconstruction of the Old Police Headquarters was completed in November 2003.

As at 30 June 2013, the NIBTT ceased capitalising interest on the debt, with the outstanding principal debt at that date amounting to \$81,242,000.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

11 Claims receivable (continued)

b. Old Police Headquarters (continued)

The Ministry of Finance and the Economy repaid the debt during this financial period including all outstanding interest.

	30 June	
	2015	2014
	\$'000	\$'000
Gross amount	--	81,242
Carrying amount	--	81,242

12 Other assets

	30 June	
	2015	2014
	\$'000	\$'000
Investment income receivable	53,366	40,610
Sundry debtors	35,765	39,095
Prepayments	275,970	261,115
Contributions receivable	388,009	232,431
	<u>753,110</u>	<u>573,251</u>

In 2015 due to a number of challenges on July 14 and 15 the accrual was extended to 20 July 2015. This was suggested by management to provide a better estimate of the accrual in 2015.

13 Cash and cash equivalents

	30 June	
	2015	2014
	\$'000	\$'000
Cash at bank	1,865,849	2,119,088
Cash at bank (US\$)	1,391,829	1,787,444
Money market fund (TT\$)	101,117	911
Money market fund (US\$)	77,404	45,224
	<u>3,436,199</u>	<u>3,952,667</u>

14 Benefits fund

The benefits fund comprise the following funds:

- Long-term benefits fund which is held to cover retirement pensions, retirement grants, invalidity and survivors' benefits in respect of qualifying persons.
- Short-term benefits fund which is held to cover sickness and maternity benefits and funeral grants in respect of qualifying persons.
- Employment injury benefits fund which is held to cover employment injury benefits to eligible insured persons.

As described in Notes 2 and 4, the benefits fund balances do not represent NIBTT's liability to beneficiaries but instead reflects the allocation of the accumulated fund based on the application of certain ratios as advised by NIBTT's Actuary.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

15 Revaluation reserve

The revaluation reserve reflects gains or losses on revaluation of freehold properties.

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Opening balance for the period	42,317	42,317
Revaluation of property	--	--
Closing balance for the period	<u>42,317</u>	<u>42,317</u>

16 Other liabilities

Sundry creditors and accruals	97,053	87,914
Provision for other payables	<u>11,850</u>	<u>11,470</u>
	<u>108,903</u>	<u>99,384</u>

17 Net realised investment income

Interest income	327,192	315,284
Dividend income	347,410	349,262
Rental income	6,550	5,206
Miscellaneous income	12,253	13,313
Income – mutual funds	13,665	6,715
Income – foreign equity	14,373	11,922
Income – foreign bonds	5,815	6,305
Gain on sale of foreign equities	113,769	28,772
Loss from foreign exchange	(28,669)	(29,699)
Gain/loss on sale of bonds	<u>12,060</u>	<u>15,520</u>
Total realised investment income	824,418	722,600
Investment expense	<u>(49,820)</u>	<u>(23,317)</u>
Net realised investment income	<u>774,598</u>	<u>699,283</u>

18 Net unrealised investment (loss)/income

Local equity	(241,900)	742,684
Foreign equity	(434,437)	447,762
Mutual funds	(10,330)	66,513
Investment property valuation	28,074	104,172
Foreign bonds	511	(2,352)
Loss on property being developed for sale	--	(21,298)
Local bonds	<u>(237,022)</u>	<u>(145,983)</u>
	<u>(895,104)</u>	<u>1,191,498</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

19 Staff salaries, allowances and benefits

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Pension contributions	9,198	7,868
Salaries and other related expenses	104,114	108,970
Group health plan	1,916	1,785
National insurance contributions	5,560	5,123
Training	1,048	827
Travelling and subsistence	2,409	1,624
Other	837	705
	<u>125,082</u>	<u>126,902</u>

20 Other expenses

Janitorial	2,755	2,522
Data processing services	1,163	1,131
Advertising and publicity	3,974	4,118
Bank charges	1,332	1,253
Electricity	2,788	2,303
General	3,138	1,789
Insurance	1,338	1,302
Legal and professional	9,136	5,046
Printing stationery and office supplies	2,527	2,103
Rent	7,867	4,996
Repairs and maintenance – equipment	1,741	1,362
Repairs and maintenance – premises	11,690	10,311
Security	7,974	7,081
Pension administration	3,642	1,998
Telephone	5,159	4,577
Other	6,479	3,897
	<u>72,703</u>	<u>55,789</u>

As at 30 June 2015, administrative expenses amounted to 4.80% (year ended 30 June 2014: 5.25%) of contribution income and this did not exceed the limit established by NIBTT of 7.5%.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

21 Post-employment benefit

The amounts recognised in the statement of financial position are as follows:

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Net liability in balance sheet		
Present value of defined benefit obligation	993,455	958,041
Fair value of assets	<u>(957,505)</u>	<u>(957,892)</u>
Deficit	35,950	149
Effect of asset ceiling	<u>--</u>	<u>--</u>
Net defined benefit liability/(asset)	<u>35,950</u>	<u>149</u>

Movement in present value of defined benefit obligation

Defined benefit obligation at start of year	958,041	913,439
Current service cost	19,706	18,597
Interest cost	47,277	45,047
Members' contributions	3,490	3,281
Past service cost/(credit)	4,904	--
Re-measurements		
- Experience adjustments	(4,682)	2,998
Benefits paid	<u>(35,281)</u>	<u>(25,321)</u>
Defined benefit obligation at end of year	<u>993,455</u>	<u>958,041</u>

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

- Active	58%
- Deferred members	1%
- Pensioners	41%

The weighted average duration of the defined benefit obligation. 16.5 years

96% of the value of the benefits for active members is vested.

25% of the defined benefit obligation for active members is conditional on future salary increases.

Movement in fair value of plan assets

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Fair value of Plan assets at start of year	957,892	916,847
Interest income	47,349	45,519
Return on Plan assets, excluding interest income	(25,639)	8,613
Board contributions	9,694	8,953
Members' contributions	3,490	3,281
Benefits paid	<u>(35,281)</u>	<u>(25,321)</u>
Fair value of Plan assets at end of year	<u>957,505</u>	<u>957,892</u>
Actual return on Plan assets	21,710	54,132

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

21 Post-employment benefit (continued)

	Year ended 30 June	
	2015 \$'000	2014 \$'000
<i>Asset allocation</i>		
Regionally listed equities (prices quoted on regional exchanges)	255,050	266,710
Overseas equities (developed markets outside of CARICOM)	106,403	94,459
TT\$ Gov't and Gov't Guaranteed bonds (no quoted market prices)	427,112	464,945
TT\$ corporate bonds (no quoted market prices)	61,295	72,284
US\$ bonds (no quoted market prices)	10,344	10,703
Mortgages (no quoted market prices)	76	76
Local equity/income	3,588	3,590
Cash and cash equivalents	<u>93,637</u>	<u>45,125</u>
<i>Fair value of plan assets at end of year</i>	<u>957,505</u>	<u>957,892</u>
All asset values as at 30 June 2015 were provided by the Plan's investment manager (First Citizens Asset Management Limited).		
The majority of the Plan's government bonds were issued by the Government of Trinidad and Tobago, which also guarantees many of the corporate bonds held by the Plan.		
<i>Expense recognised in profit or loss</i>		
Current service cost	19,706	18,597
Net Interest on net defined benefit liability	(72)	(472)
Past service cost/(credit)	<u>4,904</u>	<u>--</u>
Net pension cost	<u>24,538</u>	<u>18,125</u>
<i>Re-measurements recognised in other comprehensive income</i>		
Experience losses/(gains)	20,957	(5,615)
Effect of asset ceiling	<u>--</u>	<u>--</u>
Total amount recognised in other comprehensive income	<u>20,957</u>	<u>(5,615)</u>
<i>Reconciliation of opening and closing balance sheet entries</i>		
Opening defined benefit liability/(asset)	149	(3,408)
Net pension cost	24,538	18,125
Re-measurements recognised in other comprehensive income	20,957	(5,615)
Board contributions paid	<u>(9,694)</u>	<u>(8,953)</u>
Closing defined benefit liability	<u>35,950</u>	<u>149</u>
<i>Summary of principal assumptions as at 31 December</i>		
Discount rate	5.0%	5.0%
General salary increases	4.0%	4.0%
Salary increases due to age, merit and promotion	1.0%	1.0%
Total individual salary increases	5.0%	5.0%
Future pension increases	3.0%	3.0%

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

21 Post-employment benefit (continued)

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Life expectancy at age 60 for current pensioner in years		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
- Male	21.4	21.4
- Female	25.4	25.4
<i>Sensitivity analysis</i>		
	1%pa lower \$000	1%pa higher \$000
- Discount rate	173,757	(135,164)
- Future salary increases	(32,691)	36,995
- Future pension increases	(107,423)	130,766

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 June 2015 by \$24.3 million.

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

Funding

The Board meets the balance of the cost of funding the defined benefit Pension Plan and the Board 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 Board expects to pay contributions of \$9.8 million to the Pension Plan during 2015/16. However this amount could increase if outstanding pay negotiations are completed during the year and are less favourable than anticipated.

22 Contingent liabilities and capital commitments

a. *Pending litigation and outstanding appeals*

As at 30 June 2015 there were certain legal proceedings outstanding against NIBTT. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

b. *Industrial relations*

A provision of \$27M has been made in the accounts for wage negotiations for the period 1 January 2011 to 30 June 2015 for bargaining units A & B as well as Senior and Executive Management (2014: \$33.7M).

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

22 Contingent liabilities and capital commitments (continued)

c. Capital commitments

Capital commitments consist principally of amounts relating to construction of the head office building of the National Insurance Board of Trinidad and Tobago at a total cost of \$345 million. Further, the Board executed contracts in the sum of \$10.9 million for the completion of phases 3 and 4 of the Riverwoods Housing Development Project, with the project expected to be completed in 2016.

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Capital commitments	<u>355,002</u>	<u>5,077</u>

23 Related party transactions and balances

Parties are considered to be 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. These transactions were carried out on normal terms and conditions at market rates.

The following table provides the total amount of balances and transactions, which have been entered into with related parties for the relevant financial year.

a. Transactions with related parties

During the years ended 30 June 2015 and 2014, NIBTT carried out the following significant transactions with related parties during the course of normal operations:

	Year ended 30 June	
	2015 \$'000	2014 \$'000
Net investments/(redemptions) in debt of subsidiary companies	(157,446)	(456,988)
Interest received	<u>49,421</u>	<u>29,068</u>

b. Balances due from related parties

The amounts due from related companies comprise of the following:

Balance due	<u>479,248</u>	<u>507,158</u>
-------------	----------------	----------------

c. Transactions with key management personnel

In addition to their salaries, NIBTT also provides non-cash benefits to executive officers and contributions to a post-employment defined benefit plan on their behalf. The key management personnel compensations are as follows:

Short-term employee benefits	2,170	2,977
Post-employment benefits	<u>5,901</u>	<u>582</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

24 Taxation

The fund is established under the laws of Trinidad and Tobago and is not subject to income, capital gains or other corporate taxes. The fund's operations do not subject it to taxation in any other jurisdictions, except for withholding taxes imposed by certain countries on investment income and capital gains by certain countries on investment income and capital gains for investments domiciled in those countries.

25 Financial risk management

The NIBTT's activities exposes it to credit risk, liquidity risk and market risk. Its principal financial instruments comprise investment securities, mortgage advances, fixed deposits, cash and cash equivalents and borrowings. Income earned from investments, together with the excess of contributions after benefits are paid, are used to earn above average interest rate margins through the investing in high quality, high yielding assets with acceptable levels of risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. NIBTT is mainly exposed to credit risk with respect to its mortgage portfolio, bonds and deposits.

NIBTT limits its exposure with respect to its bond portfolio by investing in only bonds issued by the Government of Trinidad and Tobago or institutions with high credit worthiness.

In respect to the Mortgage portfolio, constant monitoring is also employed. The necessary contact with mortgagors is maintained to ensure that payments are received in a timely manner, where necessary mortgage re-scheduling is done, which considers the borrowers new financial position. In the event where recovery may seem doubtful, provisions are set aside to cover any potential losses.

The carrying amount of loans and advances, investment securities, matured deposits and cash balances at banks represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Loans and advances

	30 June	
	2015	2014
	\$'000	\$'000
<i>Mortgage advances</i>		
Gross amount	<u>61,614</u>	<u>68,895</u>
<i>Impaired</i>		
Gross amount	51,997	50,627
Allowance for impairment	<u>(51,997)</u>	<u>(50,627)</u>
Carrying amount	<u>--</u>	<u>--</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

25 Financial risk management (continued)

Past due but not impaired 30 June

	2015 \$'000	2014 \$'000
Gross amount	<u>7,284</u>	<u>9,142</u>
<i>Past due comprises</i>		
30-60 days	5,586	7,018
61-90 days	926	1,004
91-180 days	611	937
Over 180 days	<u>161</u>	<u>183</u>
Carrying amount	<u>7,284</u>	<u>9,142</u>
<i>Neither past due nor impaired</i>		
Gross amount	<u>5,796</u>	<u>9,125</u>

NIBTT granted mortgages based on evaluations of the mortgagees' financial situation, and reports monthly on the exposure of potential losses from mortgages.

Investment securities

The amounts in relation to investment securities are neither past due nor impaired. As such no provisions have been made against the amounts.

NIBTT holds collateral to cover its credit risks associated with specific investment securities considered most at risk.

The maximum exposure to credit risk for investment securities at the reporting date by sector was:

	Year ended 30 June	
	2015 \$'000	2014 \$'000
<i>Concentration by location</i>		
Trinidad and Tobago	11,942,684	12,699,348
North America	149,562	275,058
Emerging Markets	<u>26,689</u>	<u>32,044</u>
Total geographic concentration	<u>12,118,935</u>	<u>13,006,450</u>

The maximum exposure to credit risk for investment securities at the reporting date by location was:

Concentration by industry type

Cash and cash equivalent	3,436,198	3,952,668
Bonds	8,673,119	9,035,514
Mortgage advances	<u>9,617</u>	<u>18,268</u>
Total credit risk exposure	<u>12,118,935</u>	<u>13,006,450</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued)

For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

25 Financial risk management (continued)

The Board has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

a. Bonds

The Board limits its exposure to credit risk by investing in liquid securities and with counterparties that have high credit quality. As a consequence, management's expectation of default is low.

The Board has documented investment policies which facilitate the management of credit risk on investment securities and resale agreements. The Board's exposure and the credit ratings of its counterparties are continually monitored.

b. Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is continually reviewed by the Mark to Market Committee.

c. Receivables

Exposure to credit risk on receivables is managed through regular analysis of the ability of continuing customers and new customers to meet repayment obligations.

Liquidity risk

Liquidity risk is the risk that NIBTT will encounter difficulty in meeting obligations associated with financial instruments when they fall due under normal and stress circumstances. To mitigate this risk the daily liquidity position for both operational and the payment of benefits is monitored to ensure that the bank accounts are adequately serviced. Transfers are done between bank accounts and the excess of contribution income over benefit payments are taken up and invested to earn above average interest rate margins through investing in high quality, high yielding assets with acceptable risk.

The following are the contractual maturities of financial liabilities:

	Up to one year \$'000	One to five years \$'000	Over five years \$'000	Total \$'000
As at 30 June 2015				
Other liabilities	108,903	--	--	108,903
As at 30 June 2014				
Other liabilities	99,384	--	--	99,384

Parliament mandated that benefit payments be made from current monthly contributions as per the National Insurance Act.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. NIBTT is primarily exposed to interest rate risk with respect to its fixed rate debentures, government securities and bonds.

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

25 Financial risk management (continued)

At the reporting date, the interest rate profile of NIBTT's interest bearing financial instruments was:

Asset allocation - 2015	<1 mth \$'000	1-3 mths \$'000	3 mths – 1 yrs \$'000	1 yr - 5 yrs \$'000	Over 5 yrs \$'000	Non- interest bearing \$'000	Grand total \$'000
Bonds (local)	150,583	85,428	498,166	2,353,923	4,194,280	--	7,282,380
Bonds (foreign)	--	--	--	--	101,102	--	101,102
OMO's	310,629	--	179,009	800,000	--	--	1,289,638
Equities (local)	--	--	--	--	--	7,299,747	7,299,747
Equities (foreign)	--	--	--	--	--	2,492,666	2,492,666
Mutual funds (local)	--	--	--	--	--	929,703	929,703
Mutual funds (foreign)	--	--	--	--	--	31,749	31,749
Investment income receivables	--	--	--	--	--	53,365	53,365
Cash and cash equivalents	3,191,157	--	--	--	--	245,042	3,436,199
Total	3,652,369	85,428	677,175	3,153,923	4,295,382	11,052,272	22,916,549

Asset allocation - 2015	<1 mth \$'000	1-3 mths \$'000	3 mths – 1 yrs \$'000	1 yr - 5 yrs \$'000	Over 5 yrs \$'000	Non- interest bearing \$'000	Grand total \$'000
Bonds (local)	4,220	52,491	822,570	1,915,344	3,581,599	--	6,376,224
Bonds (foreign)	--	--	229,834	--	--	--	229,834
OMO's	530,630	536,215	1,352,727	--	--	--	2,419,572
Equities (local)	--	--	--	--	--	6,932,353	6,932,353
Equities (foreign)	--	--	--	--	--	2,737,624	2,737,624
Mutual funds (local)	--	--	--	--	--	49,864	49,864
Mutual funds (foreign)	--	--	--	--	--	801,836	801,836
Investment income receivables	--	--	--	--	--	41,610	41,610
Cash and cash equivalents	3,688,015	--	--	--	--	264,652	3,952,667
Total	4,222,865	588,706	2,405,131	1,915,344	3,581,599	10,827,939	23,541,584

Fair value sensitivity analysis for variable rate instruments

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

25 Financial risk management (continued)

A change of 100 basis points in interest rates at the year-end would have increased (decreased) the total funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	100bp increase \$'000	100bp decrease \$'000
June 2015	(407,622)	407,622
June 2014	(346,200)	346,200

Currency risk

The NIBTT is exposed to currency risk with respect to its investments in cash and cash equivalents denominated in United States dollars. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The portfolio is monitored on a monthly basis.

NIBTT's exposure to foreign currency risk based on notional amounts was as follows:

	TT \$'000	US \$'000	Total \$'000
As at 30 June 2015			
<i>Assets</i>			
Cash and cash equivalents	1,966,964	1,469,235	3,436,199
Local bonds	7,856,728	715,289	8,572,017
Foreign bonds	--	101,102	101,102
Foreign equities	35,000	2,457,666	2,492,666
Local equities	6,943,971	355,776	7,299,747
Mutual funds	903,014	58,438	961,452
Mortgage advances	9,617	--	9,617
Other assets	764,158	--	764,158
Total financial assets	<u>18,479,452</u>	<u>5,157,506</u>	<u>23,636,958</u>
<i>Liabilities</i>			
Other liabilities	<u>(108,903)</u>	<u>--</u>	<u>(108,903)</u>
Total financial liabilities	<u>(108,903)</u>	<u>--</u>	<u>(108,903)</u>
Net currency risk exposure	<u>18,370,549</u>	<u>5,157,506</u>	<u>23,528,055</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

25 Financial risk management (continued)

Currency risk (continued)

	TT \$'000	US \$'000	Total \$'000
As at 30 June 2014			
<i>Assets</i>			
Cash and cash equivalents	2,119,088	1,833,579	3,952,667
Local bonds	8,241,801	553,996	8,795,797
Foreign bonds	--	229,834	229,834
Income funds	49,863	--	49,863
Local equities	6,973,570	498	6,974,068
Foreign equities	35,000	2,702,624	2,737,624
Mutual funds	819,656	32,045	851,701
Mortgage advances	18,268	--	18,268
Claims receivable	81,242	--	81,242
Other assets	573,251	--	573,251
Total financial assets	<u>18,911,739</u>	<u>5,352,576</u>	<u>24,264,315</u>
<i>Liabilities</i>			
Other liabilities	(99,384)	--	(99,384)
Total financial liabilities	<u>(99,384)</u>	<u>--</u>	<u>(99,384)</u>
Net currency risk exposure	<u>18,812,355</u>	<u>5,352,576</u>	<u>24,164,931</u>

The following significant exchange rates were applied during the year:

	Average mid rate		Reporting date spot rate	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
USD	6.3443	6.3833	6.3443	6.3833

Sensitivity analysis

A 1% strengthening of TTD against USD at year end would have increased/(decreased) the total funds by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Total funds year ended 30 June	
	2015	2014
Effect in TT\$'000		
TTD	<u>(51,575)</u>	<u>53,526</u>

The National Insurance Board Of Trinidad And Tobago

Notes to the Special Purpose Financial Statements (continued) For the Year Ended 30 June 2015

(Expressed in Trinidad and Tobago Dollars)

25 Financial risk management (continued)

Currency risk (continued)

Sensitivity analysis (continued)

A 1% weakening of the TTD against USD at year end would have had the equal but opposite effect to the above currencies on the amounts shown above, on the basis that all other variables remain constant.

	2015 \$'000	2014 \$'000
TTD	<u>51,575</u>	<u>(53,526)</u>

26 Staff complement

The staff complement as at 30 June 2015 was 702 (June 2014: 650).

27 Subsequent events

There were no subsequent events noted by management up to the date of authorisation of the special purpose financial statements that require adjustment to or disclosure in these special purpose financial statements.