



National Infrastructure Development Company Limited

ANNUAL
REPORT

2017





TABLE OF CONTENTS

NIDCO'S Mandate	01
Vision, Mission and Values	02
Letter of Transmittal	03
Corporate Information	04
Chairman's Foreword	05
President's Report	07
Board of Directors	10
Executive Management	10
New Organisational Structure	11
2017 Programme/Project Performance Highlights	13
Internal Audit	25
Financial Statements	
Independent Auditors' Report	
Statement of Financial Position	
Statement of Comprehensive Income	
Statement of Changes in Equity	
Statement of Cash Flows	

NIDCO'S MANDATE

In 2004, the Government of the Republic of Trinidad and Tobago (GoRTT) noted that -

1) The Public Sector Investment Programme (PSIP) 2005 recognized the significant investments being made by Statutory Authorities and State Enterprises in developing the country's capital stock; the projections for the 2005 PSIP included expenditure of \$2.1Bn under the core PSIP and further expenditure of \$7.4Bn under the supplementary PSIP. However, the overall pace of development had not been able to keep abreast of the rate of implementation required for the installation of modern and efficient infrastructure to propel the country's social and economic development.

2) In light of the insufficient institutional capacity to provide the much needed infrastructure, different mechanisms were being proposed to assist in accelerating the delivery of same by engaging the private sector in the implementation of Public and Private infrastructure; the financing and implementation of those projects could be outsourced to the private sector under a variety of arrangements to be determined on a case by case basis under an improved policy.

Therefore, the GoRTT agreed to, inter alia –

“...the formation of a State Enterprise to assist those ministries that do not possess the institutional capacity to manage projects, the State Enterprise to have responsibility for the procurement of designs, construction, management and possibly financing of projects”.

VISION, MISSION & VALUES

VISION

To create a premier project management organisation with competencies responsive to the delivery of strategic infrastructure projects, always mindful of our stakeholders' best interest and the impact of our work on the environment.

MISSION

To fulfill our role as the leading project executing agency, through a philosophy of managing our business with the highest ethical standards providing optimal quality and value, while acting in a responsible manner with our employees, our stakeholders and environmental policies.

VALUES

ACCOUNTABILITY AND TRANSPARENCY

We hold ourselves accountable for the diverse roles, obligations and actions to the public we serve, and are committed to manage our operations with openness absolute integrity.

SAFETY AND THE ENVIRONMENT

We are committed to ensuring the safety of our employees, our clients and the public, and the protection of the environment in which we work.

TEAMWORK

We are committed to a team work environment where success requires the collective efforts of a diverse coordinated team. Every associate is a valued member and is encouraged to be creative and innovative.

SERVICE EXCELLENCE

We strive be the best in quality and in everything we do. We are dedicated to satisfying Clients' needs and honouring commitments that we have made to them.

PROFESSIONALISM

We will ensure the most efficient and effective delivery of services by our trained and competent human resources. We continuously seek improvements to our methods and systems through adoption of models of "best practices".





The Atrium
Don Miguel Road Extension, San Juan
Trinidad & Tobago, West Indies
Tel: (868) 674-5593
Fax: (868) 638-2715

21st November 2018

The Honourable Rohan Sinanan
Minister of Works and Transport
Ministry of Works and Transport
Cnr Richmond and London Streets
PORT -OF-SPAIN

Dear Minister Sinanan,

RE: Annual Report and Financial Statements 2017

In accordance with Section 66D of the Constitution of the Republic of Trinidad and Tobago (Act No. 29 of 1999), I enclose herewith the Annual Report of the National Infrastructure Development Company Limited for the year ended September 30, 2017 together with a copy of the Annual Audited Financial Statements, as certified by our Auditors, Deloitte & Touche .

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H. George', written over a horizontal line.

Herbert George
Chairman

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Board of Directors: Herbert George (Chairman),
Mr. Stephen Gardiner (Deputy Chairman), Mr. Charles Mitchell,
Ms. Vernie Shield, Mr. Richard Barry Tom Yew, Mr. Steve Chadee, Ms. Dawne Wynter

CORPORATE INFORMATION

DIRECTORS

Mr. Herbert George (Chairman)
Mr. Stephen Gardiner (Deputy Chairman)
Mr. Steve Chadee
Mr. Keith Gellineau
Mr. Richard Barry Tom Yew
Ms. Nirmla Maharaj
Mr. Charles Mitchell
Ms. Vernie Shield

CORPORATE SECRETARY

Ms. Vanda Thomas- Lynch

REGISTERED OFFICE

‘The Atrium’
Don Miguel Road Extension
El Socorro
San Juan
Trinidad, West Indies
Tel: (868) 674-8042
Fax: (868) 638-2715
Website: www.nidco.co.tt

BANKERS

First Citizens Bank Limited
#62 Independence Square
Port-of-Spain
Trinidad, West Indies

Scotiabank Trinidad & Tobago Limited
Scotiabank Service Centre
#56-58 Richmond Street
Port-of-Spain
Trinidad, West Indies

AUDITORS

Deloitte & Touche
54 Ariapita Avenue
Woodbrook
Port-of-Spain
Trinidad, West Indies

CHAIRMAN'S FOREWARD

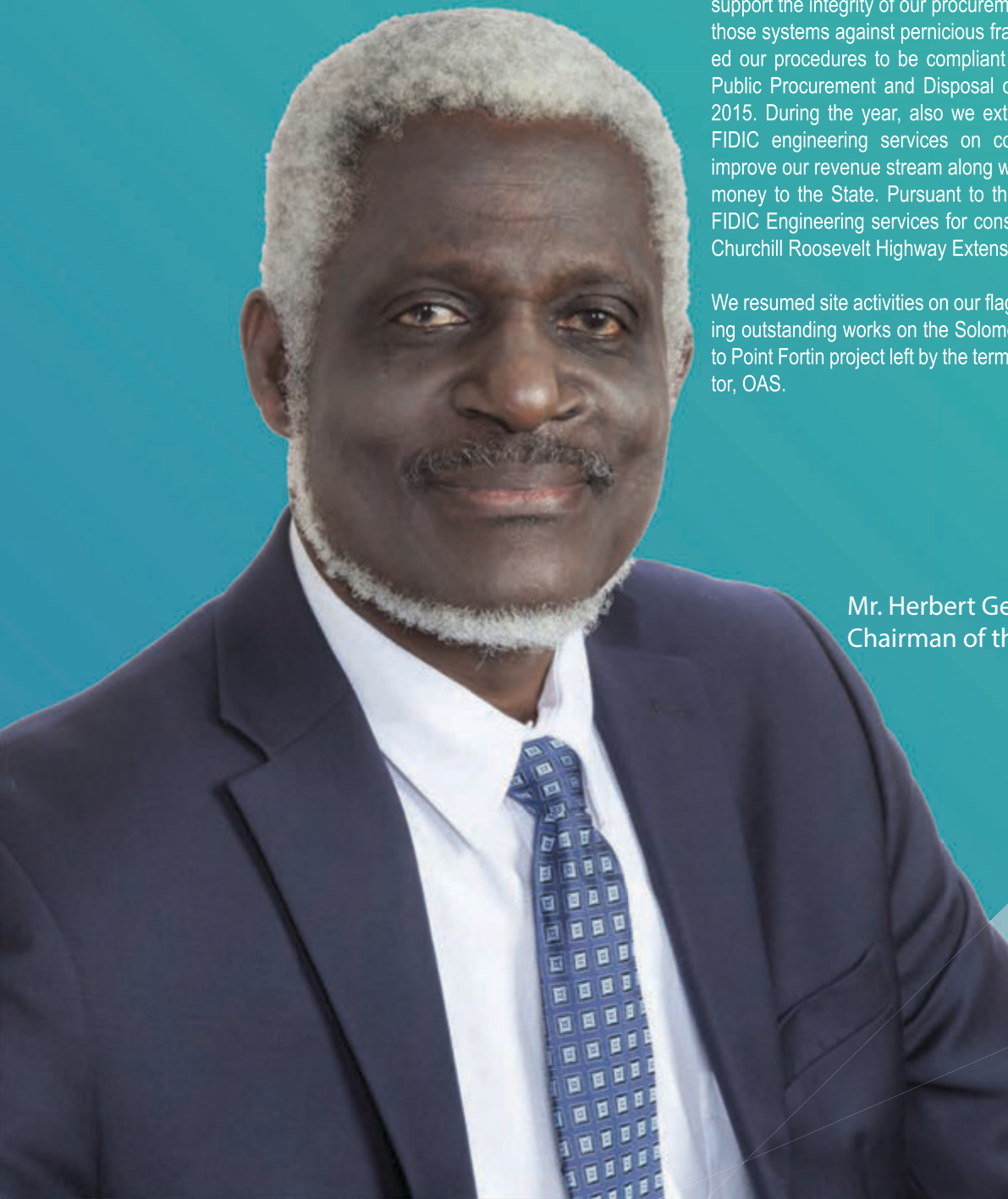
NIDCO has had another challenging but successful year in the implementation of Government's infrastructural development programme. It has delivered on a diverse range of assigned projects, which consisted of highway construction, bridge rehabilitation works, coastal protection, landslip repairs, and so on. Additionally, in 2017, NIDCO managed port development works for the construction of a ferry port at Toco. To date, completed aspects of that port include review of all previous studies, site selection, conceptual designs, and preparation of tender documents. In fiscal 2018, there will be a shift of focus to the EIA,

securing of the CEC and other statutory approvals.

While it is noted that implementation of infrastructural works is generally sensitive to the state of the economy; we are also aware that those works stimulate growth and development. We are therefore positioning the enterprise to improve its performance as the economy becomes more bullish.

NIDCO's core competencies have been in public procurement, contract monitoring and project construction management. In the area of procurement, we have continued to provide reliable and transparent service. In this regard we have implemented systems to support the integrity of our procurement process and have guarded those systems against pernicious fraud risks. We have also adjusted our procedures to be compliant with the soon to be enforced Public Procurement and Disposal of Public Property Act No.1 of 2015. During the year, also we extended our services to include FIDIC engineering services on construction projects. This will improve our revenue stream along with creating improved value for money to the State. Pursuant to this approach, we are providing FIDIC Engineering services for construction of the first 5km of the Churchill Roosevelt Highway Extension to Manzanilla project.

We resumed site activities on our flagship project aimed at completing outstanding works on the Solomon Hochoy Highway Extension to Point Fortin project left by the termination of design-build contractor, OAS.



Mr. Herbert George
Chairman of the Board of Directors

The use of smaller work packages to encourage participation of local contractors has been quite successful. Local contractors were responsive to our tender calls, their tender prices were highly competitive and their workmanship was of desired quality. Indeed, this trend of performance by local contractors was evident on all of our projects - whether bridges, landslip repairs, highway construction, or other.

We have continued the right-sizing of the organization. We have trimmed the organization chart by consolidating and rationalizing

portfolios, all with the objective of returning the enterprise to a lean efficient outfit capable of discharging its responsibilities with a reduced but competent workforce. The employee head count for 2017 was reduced to 134, down by 33% from the 2015 level, which stood at 201. This resulted in a positive effect on our operating expense, reflected by a reduced operating expenditure ratio to 1.45 for the period, a reduction of 17% from the 2015 level. This and other performance metrics suggest that the enterprise is shifting to a trajectory of improved financial health as it continues on its mission to be government's leading project execution agency.

A major management initiative for the period has been the introduction of enterprise risk management (ERM). We are creating a work culture in which workers will be trained to risk manage their projects and managers will be committed to ERM, which will empower them to make risk-informed decisions. Issues such as continuation and reputation of the organization must be appropriately dealt with, in order to ensure sustainability of the organization whether the economy is buoyant or sluggish. A new paradigm must be forged in which NIDCO seeks to meet its project demands through development of the skill set of its employees rather than through the irrational increase in head count.

We appreciate the yeoman service during the year of our new President and her staff. We also express our gratitude to our Line Ministry for the guidance given and to our Shareholders, in general, for their continued trust and confidence in the enterprise. Finally, we thank Board members who continue to give selflessly of their experience and expertise.



Herbert George
Chairman

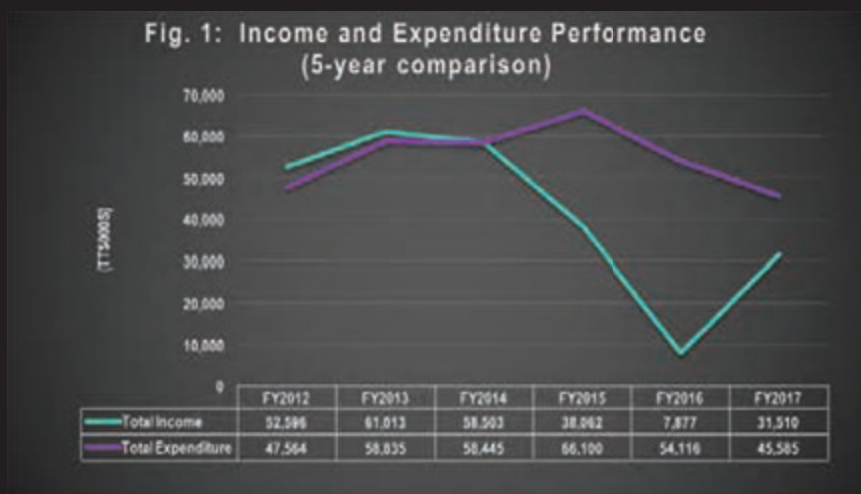
PRESIDENT'S REPORT

This Report focuses on the performance of the National Infrastructure Development Company Limited (NIDCO) for the financial year ending September 30, 2017.

Despite the continued contraction of the construction sector, NIDCO was successful in implementing its mandate to deliver Government's infrastructure programmes. This was largely due to the commitment of the Board and Management to ensure that NIDCO created increased value to the Government through its business activities.

Strategic initiatives were directed at restoring the financial health of the Company; strengthening our internal controls and governance structure; removing inefficiencies from our project management processes and obtaining optimal value for money in our procurement activities.

As a result, NIDCO closed the year with financial results reflecting an improvement over the previous year – effectively closing the gap between our earnings and our expenditure, as reflected in Fig. 1 below.



FINANCIAL PERFORMANCE

For fiscal 2017, NIDCO recorded a Net Loss after Tax of TT\$13.9M, a significant improvement over 2016, when the Company closed that financial year with a loss of TT\$46.4M. Our improved profitability was due to both an overall reduction of 16% in our Operating Expenditure and a major increase by some 300% in Revenue (i.e. moving from TT\$7.9M in 2016 to TT\$31.5M). These results were cause for cautious optimism of an imminent turnaround in the Company's financial position.

Despite our prevailing profitability issues, the Company's asset position has remained fairly strong. Total Assets stood at TT\$3.08B at year-end, an upward movement from the TT\$2.64B recorded in fiscal 2016. This reflected the net effect of an increase of TT\$517.7M in Cash and Cash Equivalents, a TT\$58.8M reduction in monies Due from Government and a TT\$16.9M decrease in Non-current Assets. Notably, there was an incremental downward movement in "Due from Government of Trinidad and Tobago" from TT\$2.046B in 2016 to the current level of TT\$1.99B. This is a critical line item that is being closely monitored in our financial stabilisation efforts, as it represents outstanding requests for funds and drawdown approvals from the GORTT for contractor payments and other project-related costs, NIDCO's management fees, and funds to repay outstanding loans.

PERFORMANCE HIGHLIGHTS OF 2017 WORK PROGRAMME

The progress made in delivering our work programme is summarised below:

1. SOLOMON HOCHOY HIGHWAY EXTENSION TO POINT FORTIN PROJECT

NIDCO re-commenced works on the Solomon Hochoy Highway Extension to Point Fortin (SHHEPF) project. Priority was given to completing the original alignment of the Highway from Dumfries Road to Point Fortin, so as to achieve north-south connectivity in the shortest possible time. The new approach involved repackaging the unfinished works into twelve (12) construction packages, employing the Bid-Build contract model, and maximising the use of local contractors to stimulate the construction industry. By mid-year, contracts for three (3) work packages were awarded and an additional four (4) were tendered.

Another significant development under this Project, during the period, was the recovery of a total of US\$140.2M in securities held for retention, performance and advance payments under the contract with the previous contractor – Construtora OAS S.A.

2. New Priority Projects

During the year, the Company aggressively pursued the implementation of the new projects that were prioritised by the Government to increase economic activity in the north-eastern regions of the country. These projects include –

- (i) The construction of a Ferry Port in Toco;
- (ii) Construction of the Valencia to Toco Roadway;
- (iii) Construction of the Churchill Roosevelt Highway Extension to Manzanilla-CRHEM;
- (iv) Implementation of the Port-of-Spain to Chaguaramas Roadway project;
- (v) Upgrade of the Moruga Road (from Petit Café Junction to Marac Village).

All five (5) projects progressed through the preliminary stages.

CORPORATE HIGHLIGHTS

Financial Recovery and Stability

Notwithstanding efforts made in 2016 to curtail non-essential spending and reduce overall operating expenditure to sustainable levels, the Company continued to grapple with the persistent pattern of expenditure outstripping income by a margin of more than 2 to 1 for the entire year. By the 3rd quarter of the financial year, our operating expenditure ratio stood at 3.41.

Our financial recovery strategy focussed on three (3) pillars – increasing revenue, reducing cost, and increasing operational efficiency. With particular reference to cost reduction initiatives, the Company's ongoing cost containment programme, which began in 2016, resulted in annual operating overheads being reduced from TT\$66M (2015) to TT\$45M (2017). These initiatives included -

Organisational Review and Manning

NIDCO's manning increased from 60 persons (2010) to 201 (2015). This growth was disproportionate to the Company's work programme. The Board of Directors and Management undertook a reconfiguration of the organization and review of contracts that brought manning levels to 134, which was closer to the Company's objective to bring staffing levels in alignment with its work programme.

Restructuring of Operating Model

New revenue and costing strategies were introduced to ensure greater use of economies of scale, reduce project management costs and improve earnings. The most notable among these were –

- (a) extending our role to act as FIDIC Engineers, thereby diversifying our revenue stream, while securing savings by offering of these services at competitive rates;
- (b) transitioning the Company's billing practice from the existing fixed management fees system to a resource-based costing approach, where appropriate.

Improving Corporate Governance & Leadership

One of the Company's new strategies was the strengthening of our governance structure and management practices.

Management controls to improved transparency and efficiency.

A review of the management practices in 2015 had identified gaps in NIDCO's management controls which exposed the Company to a high level of legal, reputational and financial risks. The Board and Management began the process of developing corporate policies (inclusive of Whistleblower and Conflict of Interest) to increase efficiency levels, improve organisational conduct and minimise opportunities for fraud, misconduct, and mismanagement.

Revised Tendering Practices.

With the Board's assistance we have reviewed and revised our tendering processes to (i) align with the new Public Procurement and Disposal of Public Property Act No. 1 of 2015 and (ii) implement procurement processes that are transparent and effective.

Enterprise Risk Management.

NIDCO commenced the process towards establishing an Enterprise Risk Management (ERM) framework in the organisation. An ERM policy was finalised and a corporate risk assessment exercise is ongoing.

Despite our operational and financial challenges, the gains made in turning around our management practices in 2017 and the improvement in our financial position provides sufficient basis for a positive outlook for 2018. In the new financial year, among other initiatives, the Company plans to complete a new Corporate Strategic Plan centred on securing NIDCO's sustainability over the long term.

I wish to thank the Board, employees, our shareholder and stakeholders in the Ministry of Works and Transport for the confidence they continue to show in the management team as we continue to execute the vision for the future.



Esther Farmer
President



BOARD OF DIRECTORS



Mr. Herbert George
Chairman



Mr. Stephen Gardiner
Deputy Chairman



Mr. Keith Gellineau
Director



Ms. Vernie Shield
Director



Mr. Richard Barry Tom Yew
Director



Ms. Nirmala Maharaj
Director



Ms. Dawne Wynter
Director



Mr. Steve Chadee
Director



Mr. Charles Mitchell
Director



Ms. Vanda Thomas-Lynch
Corporate Secretary

EXECUTIVE MANAGEMENT

Ms. Esther Farmer | President

Mr. Steve Garibsingh | Vice President, Engineering and Programme Management

Mr. Richard Maule | Vice President (Ag.), Finance

Mr. Ken Crichlow | Manager (Ag.), Procurement

Ms. Tara John | Senior Legal Officer, Legal Services

Ms. Sharon Taylor | Project Director, Water Taxi Service

Ms. Rachael Phillips | Project Director, Community Outreach

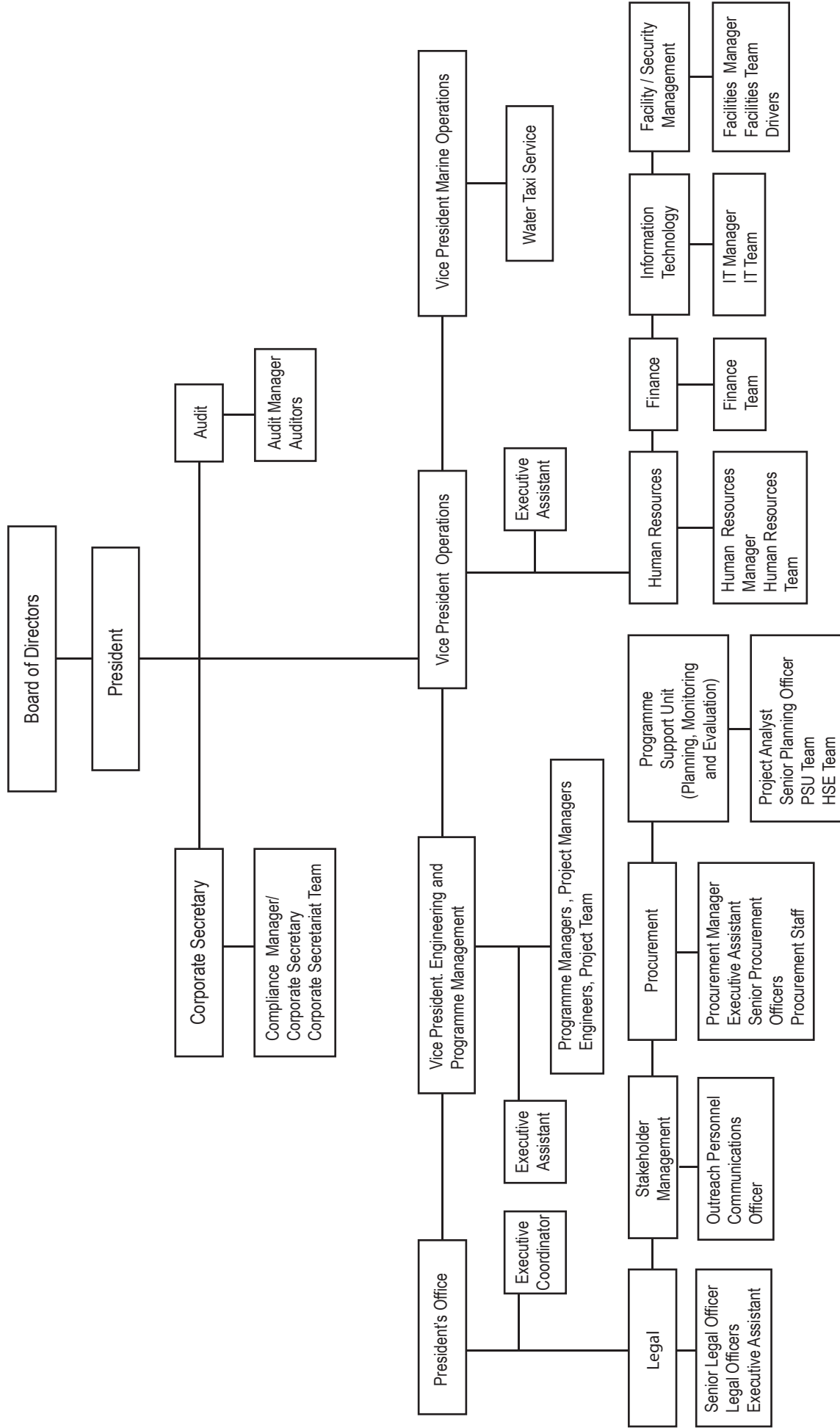
Ms. Vanda Thomas-Lynch | Manager, Compliance and Contracts

NEW ORGANISATIONAL STRUCTURE

The organizational structure that was in operation at the beginning of this reporting period did not support proper organizational functioning for a major infrastructural works company. The support services departments were manned with 32% of the overall manning load, compared with Engineering and Programme Management with manning of 26% of the load. This represented a critical imbalance, as the Engineering and Programme Management Department is the core business unit of the organization. That structure also boasted of a top heavy approach to leadership.

This critical imbalance was corrected with the revised structure approved by the Board to give better alignment to the strategic direction of the organization. This structure features a realignment of functions to support engineering and project management activities by having manning levels equal to 62% of the original manning levels. The leadership scope has been streamlined to allow for three (3) divisions compared to the six (6) divisions under the previous structure. The current structure also supports a less bureaucratic model as it has now reduced the structure from five (5) to three (3) levels.

The revised organizational structure is depicted on the following page.



Board of Directors

President

Corporate Secretary

Compliance Manager/
Corporate Secretary
Corporate Secretariat Team

Audit

Audit Manager
Auditors

President's Office

Executive Coordinator

Executive Assistant

Vice President. Engineering and Programme Management

Programme Managers, Project Managers
Engineers, Project Team

Legal

Senior Legal Officer
Legal Officers
Executive Assistant

Stakeholder Management

Outreach Personnel
Communications
Officer

Procurement

Procurement Manager
Executive Assistant
Senior Procurement
Officers
Procurement Staff

Programme Support Unit
(Planning, Monitoring
and Evaluation)

Project Analyst
Senior Planning Officer
PSU Team
HSE Team

Human Resources

Human Resources
Manager
Human Resources
Team

Finance

Finance
Team

Information Technology

IT Manager
IT Team

Facility / Security Management

Facilities Manager
Facilities
Drivers

Vice President Operations

Executive Assistant

Vice President Marine Operations

Water Taxi Service

2017 PROGRAMME/PROJECT PERFORMANCE HIGHLIGHTS

This section presents highlights of the progress made in the implementation of major projects in NIDCO's work programme during the period.

HIGHWAYS & ROADS CONSTRUCTION PROJECTS

PROJECTS UNDER CONSTRUCTION

During the year, construction activities were advanced on the following Highways & Roads projects:

1. Solomon Hochoy Highway Extension to Point Fortin
2. Churchill Roosevelt Highway/ Southern Main Road Flyover
3. Churchill Roosevelt Highway Extension to Manzanilla-CRHEM

SOLOMON HOCHOY HIGHWAY EXTENSION TO POINT FORTIN





After the termination of the Design-Build Contractor, OAS, in July 2016, we initiated a detailed project audit to document the work that was done by OAS, and to record the condition of those works. By extension, we also sought to quantify the unfinished works, which were part of OAS' scope. These pre-resumption works took on added importance since they were needed as input information for the Arbitration proceedings that were initiated by OAS. Concomitantly, we commenced action to call in the associated project securities, which were held under the contract with OAS.

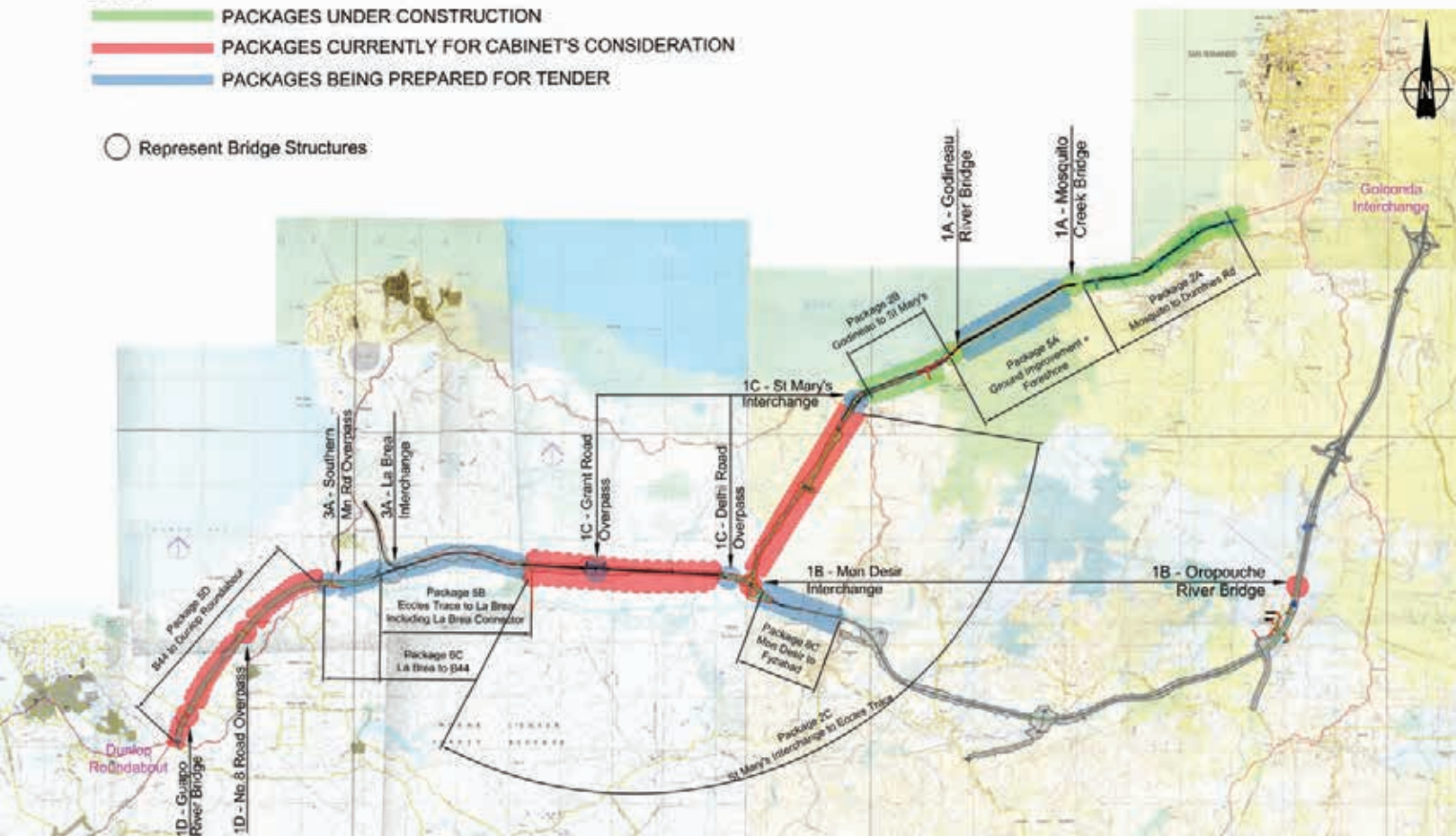
In 2017 we successfully completed the call on the securities. Efforts were litigious and intense since OAS contested our action. Upon our successful actions on the securities, we took steps to re-commence the project and to continue the works to completion. The first step was to execute the designs and prepare contract documents consistent with the Bid-Build model. We were also guided by Government's policy to maximise the engagement of local contractors. As such, works were broken into smaller work packages, which were fast-tracked to allow

SHHEPF - DUMFRIES TO DUNLOP CONTRACT PACKAGES

Scale: NTS

LEGEND

-  PACKAGES UNDER CONSTRUCTION
 -  PACKAGES CURRENTLY FOR CABINET'S CONSIDERATION
 -  PACKAGES BEING PREPARED FOR TENDER
-  Represent Bridge Structures



for early start of tendering and construction, as designs and contract documents became available.

A total of twelve (12) work packages were identified of which the following three (3) packages were tendered and awarded:

Package 1A: Completion of the South-bound section of the Mosquito Creek Bridge and the Godineau River Bridge.

Package 2A: Completion of the widening of the South Trunk Road from Dumfries Road to Mosquito Creek.

Package 2B: Completion of the widening of South Trunk Road from Godineau River Bridge to St Mary's Junction.

Four (4) other packages were completed and tendered, namely:

Package 1B: Completion of the Mon Desir, Interchange Bridge and the Oropouche River Bridge.

Package 1D: Completion of No. 8 Road Overpass and Guapo River Bridge.

Package 2C: Completion of Road segments, Mon Desir to Eccles Trace and St Mary's Junction to Mon Desir.

Package 5D: Completion of road segment between Southern Main Road (B44) and Dunlop Roundabout.

Tender evaluation of the foregoing work packages is expected to be completed to facilitate an early start of construction activity in the new year, 2018. Designs, tender documents and other pre-tender activities are continuing on the remaining work packages.

CHURCHILL ROOSEVELT HIGHWAY/SOUTHERN MAIN ROAD FLYOVER

After discontinuation of previous tender calls, prior to 2015, and completion of litigation proceedings brought by one of the aggrieved tenderers (for not being awarded the contract), we successfully re-tendered this project in 2017. Response from local and foreign contractors was encouraging. On this occasion, returned tender prices from some of the respondents were significantly lower than those submitted earlier.

In March 2017 we awarded a design-build contract to the consortium of China Railway Construction (Caribbean) Co. Ltd/China Railway 14th Bureau Group Co. Ltd./Pace Construction Services Limited/Chase Engineering Limited. The contract sum was TT\$221.7M, which was TT\$220.4M lower than the tender sum offered by the preferred bidder, from the earlier tender exercise.

The consortium started the design work in preparation for commencing site activity during fiscal 2018. At the same time we commenced compulsory land acquisition of properties within the right of way, so as to deliver a free, unencumbered site to the Contractor.



CHURCHILL ROOSEVELT HIGHWAY EXTENSION TO MANZANILLA (CRHEM)

The CRHEM project is approximately 33km long and will connect the existing Churchill Roosevelt Highway to Manzanilla. This project has been divided into three (3) phases, based on the status of the designs and proposed construction roll-out:

Phase 1 - 14km segment of highway from Cumuto Road (at Forestry Division) to Toco Main Road;

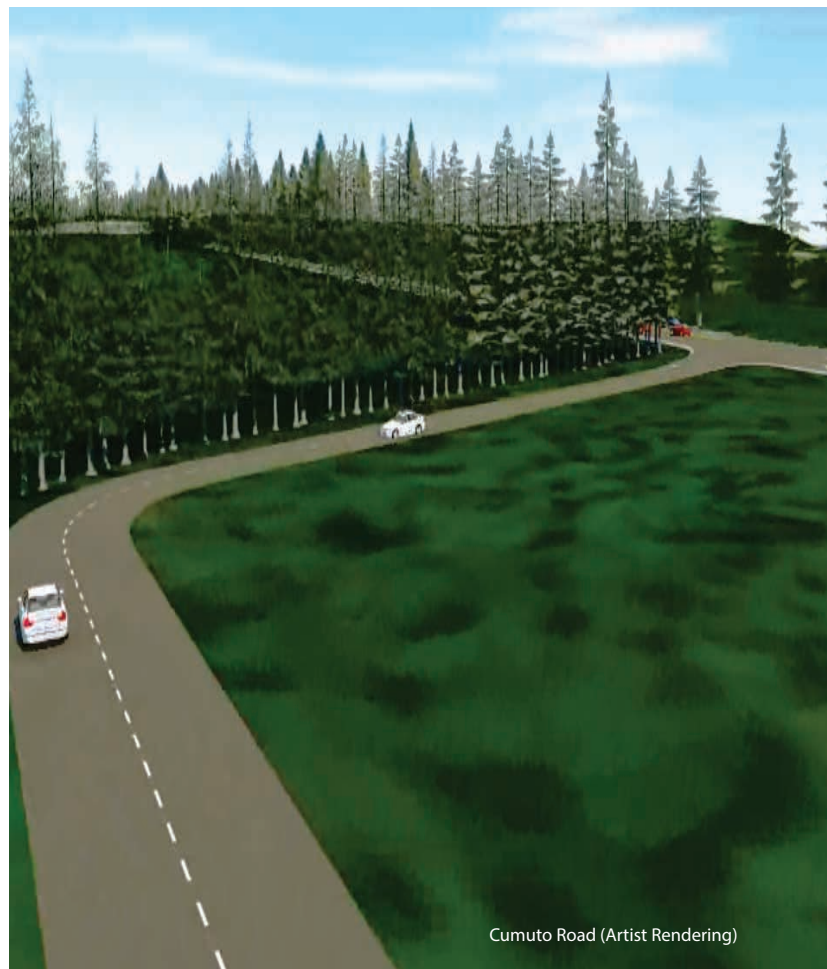
Phase 2 - 13km segment of highway from Toco Main Road to Manzanilla;

Phase 3 – an approximately 6km segment of highway which will connect the existing Churchill Roosevelt Highway at the intersection with Cumuto Road to Phase 1.

Phase 1 of the project consists of a 5km segment and a 9km segment. The decision was taken to proceed with construction works on the 5km segment since that segment was more construction-ready and required minimal land acquisition.

Local contractor, Kall Co. Ltd., was awarded the contract to construct that 5km segment at a cost of TT\$401M in early September 2017.

Work is continuing on the design checks for the 9km segment of Phase 1 and the design of Phase 3. Work is also continuing on the required land acquisition.



PROJECTS IN PRE-TENDER PHASE

1. Valencia to Toco Roadway-VTT
2. Port-of-Spain to Chaguaramas Roadway
3. Diego Martin Highway/Western Main Road Intersection Improvement Works
4. Upgrade of the Moruga Road (from Petit Café Junction to Marac Village)

VALENCIA TO TOCO ROADWAY

The existing Toco Main Road is narrow and winding, with a travel time from Valencia to Toco of approximately 1.5 hours. The proposed roadway will cover a 43km-stretch and is expected to reduce the travel time to 33mins. This new roadway will also be a vital link to the new Toco ferry port.

Preliminary designs and route selection were done and costed. The budgeted construction costs were financially prohibitive. As a result, a hybrid solution, involving sections of the existing road and green field construction, is being explored.

PORT-OF SPAIN TO CHAGUARAMAS ROADWAY PROJECT

In order to alleviate congestion along the Western Main Road (beginning at the intersection of Western Main Road and Morne Coco Road and continuing to Guave Road, Chaguaramas), Government has requested NIDCO to investigate a possible solution. NIDCO did an audit of the existing roadway and looked at the possibility of widening same. The main challenge to this solution would be the land acquisition required to widen the existing road, given the dense ribbon development that exists along certain sections of that roadway.

So far, the design consultant has reviewed all previous studies done on that road. They have looked at the possibility of widening the existing by adding a third lane and looked at the drainage and considered the impact on existing properties along the roadway. They have also developed the costing for the proposed solution. NIDCO will be proceeding with public consultations to gauge the feedback of relevant stakeholders.

DIEGO MARTIN HIGHWAY/WESTERN MAIN ROAD INTERSECTION IMPROVEMENTS

The Government is attempting to achieve the following objectives in the Diego Martin Western Main Road Improvement Works:

1. Easing existing traffic congestion in the area
2. Improving accessibility between DM and Carenage
3. Providing safe vehicular and pedestrian access to proposed land developments in the vicinity of the Western Main Road/Diego Martin Highway intersection (such as Victoria Keyes and Victoria Gardens)
4. Cater for future growth in the Diego Martin valley.

In order to fulfil these objectives and following the completion of the feasibility studies, NIDCO was authorised to award a consultancy contract for the conceptual designs and preparation of tender documents for a Design-Build contract for an overpass and associated frontage roads, link roads, ramps and drainage. This will constitute Phase 1 of the overall works.

UPGRADE OF THE MORUGA ROAD (FROM PETIT CAFÉ JUNCTION TO MARAC VILLAGE)

Based on the condition of the Moruga Road, NIDCO was asked to carry out a costing for –

1. Road rehabilitation

(Road upgrade – alignment improvement, bridges rehabilitation and landslips repairs, repaving, drainage, etc.

Given the relative cost of the two (2) options, Government decided to proceed with the cheaper road rehabilitation and to assign those works to the Programme for Upgrading Roads Efficiency–PURE.

PORT FACILITIES

FERRY PORT, TOCO

The establishment of a Ferry Port in Toco is another Government priority project aimed at opening up economic space in North-East Trinidad. Along with the upgrade of the Valencia to Toco Roadway, the port is expected to improve inter-island connectivity between Trinidad and Tobago. The proposed facility will provide accommodation for -

Inter-island Ferry Vessels and Port Administrative Buildings

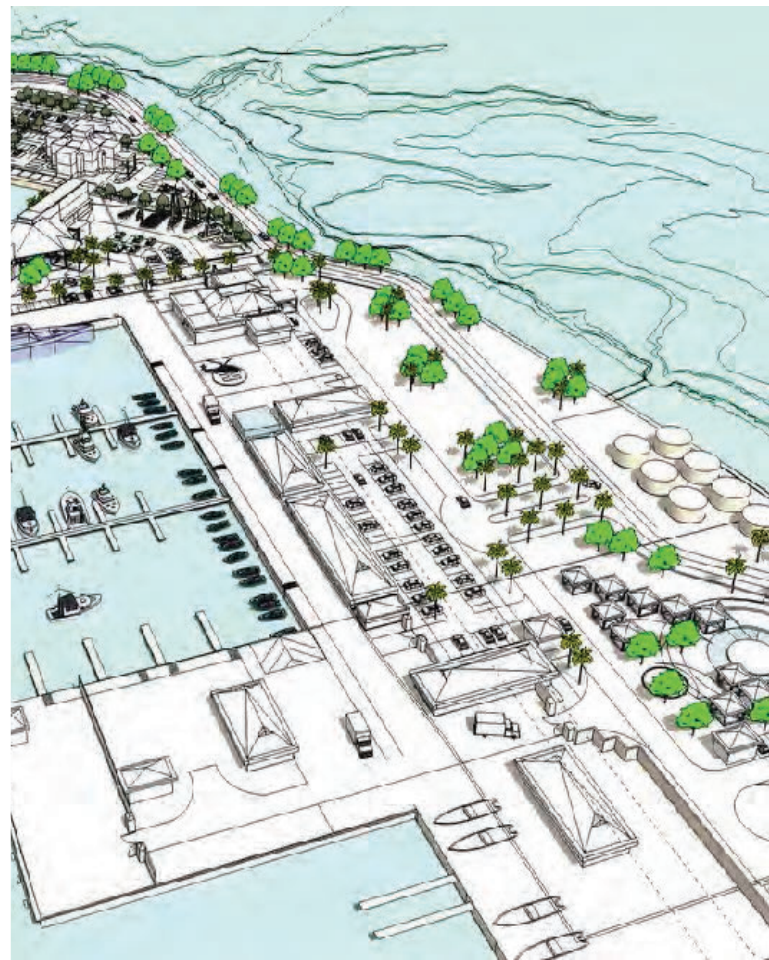
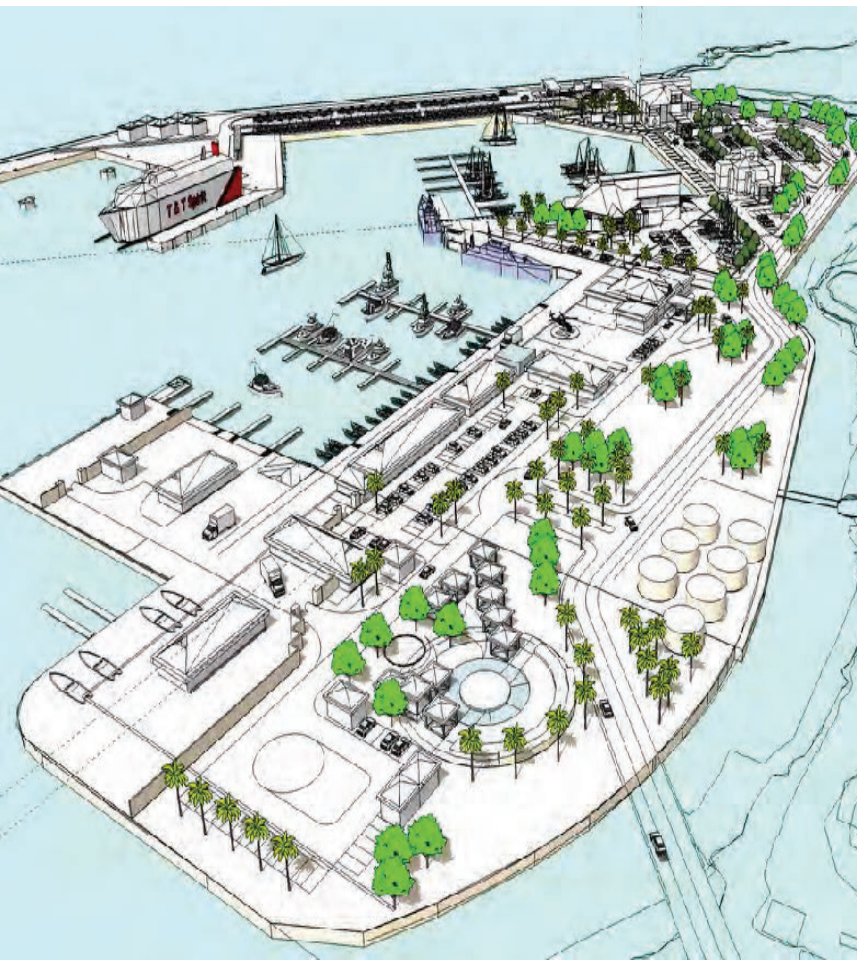
Trinidad and Tobago Defence Force, Coast Guard station

Fishing Facility

Marina

Capitanaire/ Inn

Fish Fry Village



NIDCO procured the services of a design consultant who was charged with completion of the conceptual designs and preparation of the Design-Build tender documents. So far, 70% of the works are completed and the completed designs are expected early in the new fiscal year. Following completion of those works, the necessary Certificate of Environmental Clearance for the construction will be pursued, prior to issuing the tender documents.

BRIDGES RECONSTRUCTION PROGRAMME (BRP)

The BRP is a Government initiative which seeks to identify and reconstruct dilapidated bridges located along the road network across Trinidad. Sixty-two (62) bridges have been identified for reconstruction on a phased basis. The first phase will consist of 25 bridges followed by a second phase of 13 bridges. The Programme commenced in 2011; was originally intended to be completed over a 6-year period, which has since been extended by three (3) years.



As at 30th September 2017 an accumulated total of 21 of the 25 bridges has been completed and opened to traffic; with three (3) being completed within this fiscal year. The remaining four (4) bridges are at an advanced stage of construction. These include Toco Road (CP8 B1/22), SMR Cedros and two (2) on Mamoral Road.

Design consultants who were previously retained for designs of the Phase 2 bridges completed their designs in 2017. Construction contracts were awarded for ten of the completed bridges; the remaining four (4) are expected to be tendered and awarded in the near future.

MILFORD ROAD, TOBAGO BRIDGES CONSTRUCTION PROGRAMME

Additionally, of the three (3) bridges along Milford Road in Tobago that were previously designed, one (1) was awarded for construction. To-date, the project is approximately 40% complete.

CRITICAL COASTAL PROTECTION PROGRAMME

The Critical Coastal Protection Programme was established to address coastal erosion, instability, and flooding along the coastline of Trinidad. Since the launch of the Programme in 2014, NIDCO has been mandated to procure consultant and construction services for the implementation of the remediation works.

For fiscal 2017, nine (9) projects were targeted for implementation –

1. South Cocos Bay Shoreline Stabilisation Works - associated with coastal erosion along the Manzanilla Mayaro Road south of the Nariva River Mouth. The project involves installation of 66m of Fiberglass Reinforced Polymer sheet piles, 735m rubble mound revetment, 800m concrete walkway, beach access and ancillary works.

2. Cocos Bay Shoreline Stabilisation Works - associated with coastal erosion along the Manzanilla Mayaro Road south of the Nariva River Mouth. Works will include construction of 500m of rubble mound revetment.

- 3. Cap-De-Ville Shoreline Stabilisation** - associated with coastal erosion along a section of the Cap-de-Ville shoreline between Chin Kit Trace and Sunset Beach Street. Works will include construction of a 1004m rubble mound revetment with walkway and ancillary works.
- 4. Quinam Coastal Protection Works** - associated with coastal erosion along a section of the Quinam Bay shoreline. Works will include construction of 200m of rubble mound revetment, 69m of Fiberglass Reinforced Polymer sheet piles, slipway, access staircase and ancillary works.
- 5. Sans Souci Shoreline Stabilisation Works** – associated coastal erosion being experienced along the Paria Main Road, Sans Souci. The project consists of the construction of 200m of rubble mound revetment, concrete retaining structures, road work improvements and drainage works.
- 6. Matelot Shoreline Stabilisation Works (Phase 2)** – associated with the coastal erosion being experienced along the Paria Main Road, Sans Souci. The project consists of the construction of 350m rubble mound revetment at two sites (Site 6 and Site 14), 75m rock toe and ancillary works.
- 7. Matelot Grande-Riviere Shoreline Stabilisation Works** – which resulted from a feasibility study in which 19 sites along the Paria Main Road were identified as being vulnerable to coastal erosion. The project will involve preparation of detailed designs on 10 priority sites.
- 8. Shoreline Management Plan For Manzanilla Beach** – to address the problem of coastal erosion being experienced along the Manzanilla Beach; and
- 9. Comprehensive National Coastal Monitoring Programme** – to be based on Terms of Reference previously developed.

In 2017, consultants were procured for four (4) of the above-mentioned projects. These are -

South Cocos Bay
Cocos Bay
Quinam
Cap-de-Ville

Of the above four projects, construction contracts were awarded for the first three. Tender will be issued for fourth project, Cap-de-Ville, in the new fiscal year.

San Souci Shoreline Stabilisation project, which was previously designed, was also awarded. Design and construction works for the remaining five (5) projects in the Programme will continue in 2018.

LANDSLIPS REPAIR PROGRAMME (LRP)

The Landslip Repair Programme seeks to repair landslips located primarily along the road network in Trinidad. From NIDCO's involvement in the Programme in 2014, approval was given to NIDCO to proceed with tendering for construction contractors to repair twenty-three (23) landslips. As at September 2017, twenty (20) of those landslips have been repaired, with five (5) being completed in 2017.

COMMUNITY INFRASTRUCTURE DEVELOPMENT

MARACAS BEACH FACILITY IMPROVEMENT PROJECT

After termination of the Design-Build contractor, Kall Co Limited in 2016, the unfinished project was handed over to NIDCO for completion. At that time, layout of the new vending booths was done, there was some foundational works and some aspects of the super-structural works were completed.



Structures at Maracas Bay (Artist Rendering)



The Project is divided into three (3) work packages, namely -
Package 1 - Road Works and Car Park (undertaken by PURE);
Package 2 - Building Works, aimed at improving the beach front facilities; and
Package 3 - Wastewater Treatment Plant and affiliated works.

Packages 2 and 3 are being undertaken by NIDCO. At the end of September 2017, works were progressing smoothly with a view to completing early in fiscal 2018.

This was one of the projects on which NIDCO provided FIDIC engineering services.

MANAGEMENT OF THE WATER TAXI SERVICE

VESSEL OPERATIONS

The Water Taxi Service (WTS) continues to provide daily sailings between San Fernando and Port-of-Spain and has transported a total of 3,991,327 passengers since its inception in December 2008. The average annual ridership has been 500,000 passengers.

INITIATIVES TO INCREASE REVENUE

Throughout the year, the Service continued to offer charters during off-peak periods, weekends, public and school holidays as a means of generating additional revenue. This initiative has been fruitful. In 2017, the Service earned a total of TT\$2M (19% of Total Income) from charters and an average of TT\$2.9M over the last 5 years.

Supplementing the Tobago Seabridge. A deepening of the partnership between the Water Taxi Service and Port Authority of Trinidad and Tobago (PATT) continued over the 2017 operating period. On several occasions, including during the dry docking of the HSC T&T Spirit, and during the peak Easter season, PATT requested support sailings for the Tobago sea-bridge. The Service provided a total of 22 such sailings over the year, with 13 occurring in June alone.



Water Taxi Service Vessel docked at the Port of Spain International Waterfront Centre

INTERNAL AUDIT

The Internal Audit Department (IAD) is an independent, objective assurance and consulting function established to add value and improve NIDCO's operations, processes and controls. IAD helps NIDCO accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control and governance processes.

The Audit Manager reports functionally to the Audit Committee of the Board and administratively to NIDCO's President.

An audit plan is prepared at the start of each financial year listing the audit to be conducted in that year based on the IAD's assessment of risk. In addition Board of Directors and Management may request that the IAD conduct investigations and consulting assignments from time to time. The audit plan is adjusted as required to accommodate these requests.

At the beginning of FY 2017, the Audit Department was staffed with two [2] Internal Auditors and an Audit Manager. However, during the FY 2017, the Audit Manager and one of the Internal Auditors resigned. At the close of the FY 2017, the Internal Audit Department was staffed with one [1] Internal Auditor. The Internal Audit Manager vacancy was subsequently filled in 2018.

The following are the major highlights of the audits/special assignments completed in 2017:

HUMAN RESOURCES DEPARTMENT – RECRUITMENT

The objective of this audit was to determine whether the recruitment process was in compliance with NIDCO's policies and procedures. The audit scope included a review of NIDCO's Employment Policy and its Recruitment and Selection Policy. Recommendations were made for improving the recruitment process, which included ensuring all new employees undergo a pre-employment medical, conducting thorough reference checks and implementing the use of a recruitment request form.

HUMAN RESOURCES DEPARTMENT – SEPARATION OF EMPLOYEES

The objective of this audit was to provide assurance that in instances where employee contracts were terminated, the process was conducted in accordance with the terms of employment, NIDCO's policy and the Retrenchment and Severance Benefits Act No. 32 of 1985. The audit scope included a review of employee contracts and the re-computation of the final payments made to employees to ensure accuracy.

Audit was satisfied that the termination payments made were in line with the employee contracts of employment, Company's policy and the Retrenchment and Severance Benefits Act.

WATER TAXI SERVICE – ACCOUNTING FOR INVENTORY OF SPARE PARTS

The objective of this audit was to provide assurance that there are adequate internal controls over the process for accounting for the inventory of spare parts. The scope of the audit included an observation of a stock count and a review of the procedures for managing the inventory of spare parts. Recommendations were made for improving the process, which included implementing the use of a material requisition form, reconciling physical inventory to recorded quantities and documenting the inventory management process in a policy/procedure guide.

SPECIAL ASSIGNMENTS

Audit was requested to assist in a verification exercise which included reviewing all employee contracts. The scope of the assignment included confirming that employee position titles, contract start and end dates, salary, allowances and a review of payroll records.

INDEPENDENT AUDITORS' REPORT



**National Infrastructure Development
Company Limited**

**Financial Statements
30 September 2017**

National Infrastructure Development Company Limited

Contents	Page
Statement of management's responsibilities	1
Independent auditor's report	2-3
Statement of financial position	4
Statement of profit or loss and other comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 – 39

National Infrastructure Development Company Limited

Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Infrastructure Development Company Limited, ('the Company') which comprise the statement of financial position as at 30 September 2017, the statements of profit or loss and other comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Vice President Finance (Ag.)

DATE 21 11 2018



President

DATE 21/11/18

**Independent auditor's report
to the shareholders' of
National Infrastructure Development Company Limited**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Infrastructure Development Company Limited (the 'Company'), which comprise the statement of financial position as at 30 September, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 September, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISA's). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the annual report, but does not include the financial statements and our auditors report thereon.

Our opinion, on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Continued...



**Independent auditor's report
to the shareholders' of
National Infrastructure Development Company Limited**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte & Touche
Derek Mohammed & ICATT (#864)
Port of Spain
Trinidad

December 7, 2018

National Infrastructure Development Company Limited

Statement of financial position

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 30 September	
		2017	2016
		\$	\$
ASSETS			
Non-current assets			
Property and equipment	5	186,487,688	195,807,094
Intangible assets	6	365,345	614,986
Security deposits	7	184,060	1,030,748
Deferred tax asset	15(a)	1,599,627	999,458
Deferred capital grant shortfall	16	20,824,368	27,916,656
Total non-current assets		209,461,088	226,368,942
Current assets			
Trade and other receivables	10	13,667,712	11,509,374
Due from Government of Trinidad and Tobago	9	1,989,948,426	2,046,776,834
Tax refundable	15(c)	1,663,591	1,752,502
Cash and cash equivalents	8(a)	829,166,946	311,451,034
Restricted cash	8(b)	38,147,820	38,264,955
Total current assets		2,872,594,495	2,409,754,699
Total assets		3,082,055,583	2,636,123,641
EQUITY AND LIABILITIES			
Shareholder's equity			
Stated capital	11	10	10
Accumulated deficit		(91,740,989)	(77,888,079)
Net shareholder's equity		(91,740,979)	(77,888,069)
Non-current liabilities			
Borrowings	12	1,421,782,697	1,644,849,327
Demand on Contract Securities	18	909,761,203	292,702,694
Deferred government capital grant water tax	17	189,503,128	201,072,678
Government capital grant deferred	19	547,208	401,458
Security deposit – Lessee		10,000	10,000
Total non-current liabilities		2,521,604,236	2,139,036,157
Current Liabilities			
Trade payables	13	333,557,351	298,593,500
Accrued expenses and other liabilities	14	72,118,079	26,856,905
Borrowings	12	246,516,896	249,525,148
Total current liabilities		652,192,326	574,975,553
Total liabilities		3,173,796,562	2,714,011,710
Total equity and liabilities		3,082,055,583	2,636,123,641

The notes on pages 8 to 40 form an integral part of these financial statements.

On 17th October, 2018, the Board of Directors of National Infrastructure Development Company Limited authorised these financial statements for issue.


Director

Director

National Infrastructure Development Company Limited

Statement of profit or loss and other comprehensive income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2017	2016
		\$	\$
<u>NIDCO</u>			
Revenue			
Management fees	20(a)	15,725,959	6,287,869
Construction Supervision Fees		3,573,333	-
Tender fees		2,492,930	670,759
Interest income		9,717,672	257,758
Other income		-	660,189
		<u>31,509,894</u>	<u>7,876,575</u>
Operating expenses			
General and administrative expenses	23	36,306,490	43,861,941
Depreciation and amortisation		1,501,509	2,609,390
Other expenses	24	7,589,173	7,644,215
Foreign exchange gain		187,600	-
		<u>45,584,772</u>	<u>54,115,546</u>
Loss for the year before taxation		<u>(14,074,878)</u>	<u>(46,238,971)</u>
Taxation	15(b)	221,968	(139,566)
Loss for the year after tax		<u>(13,852,910)</u>	<u>(46,378,537)</u>
<u>Water Taxi</u>			
Revenue			
Ticketing income		8,154,667	9,238,093
Charter income		2,003,096	200,853
Other income		236,321	508,691
		<u>10,394,084</u>	<u>9,947,637</u>
Operating expenses			
Administrative and other expenses	25	64,765,089	64,515,210
Loss from operations		<u>(54,371,005)</u>	<u>(54,567,573)</u>
Government grants - operations		<u>54,371,005</u>	<u>54,567,573</u>
Surplus for the year from operations		<u>-</u>	<u>-</u>
Government capital grants		11,140,539	31,288,402
Depreciation		(13,447,641)	(16,594,125)
Impairment	26	8,135,789	-
Loan interest		(5,127,618)	(7,506,177)
Forex on ANZ loan		(701,069)	(7,188,100)
Surplus on capital grants		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(13,852,910)</u>	<u>(46,378,537)</u>

The notes on pages 8 to 39 form an integral part of these financial statements.

National Infrastructure Development Company Limited**Statement of changes in equity**

(Expressed in Trinidad and Tobago dollars)

	<u>Share capital</u> \$	<u>Accumulated deficit</u> \$	<u>Total</u> \$
Year ended 30 September 2016			
Balance at beginning of the year	10	(31,509,542)	(31,509,532)
Total comprehensive loss	-	(46,378,537)	(46,378,537)
Balance at end of year	<u>10</u>	<u>(77,888,079)</u>	<u>(77,888,069)</u>
Year ended 30 September 2017			
Balance at beginning of the year	10	(77,888,079)	(77,888,069)
Total comprehensive loss	-	(13,852,910)	(13,852,910)
Balance at end of year	<u>10</u>	<u>(91,740,989)</u>	<u>(91,740,979)</u>

The notes on pages 8 to 39 form an integral part of these financial statements.

National Infrastructure Development Company Limited

Statement of cash flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2017	2016
		\$	\$
Cash flows from operating activities:			
Loss before taxation		(14,074,878)	(46,238,971)
Adjustments for non-cash items:			
Impairment	5/26	(8,135,789)	-
Loss / (gain) on sale of asset		3,332,328	(732)
Depreciation – property and equipment	5	14,904,758	18,956,076
Amortisation – intangible	6	249,641	315,980
Operating profit before changes in working capital:		(3,723,940)	(26,967,647)
Decrease in due from GORTT		56,974,158	36,123,465
Increase in trade receivables and prepayments		(2,158,338)	(976,829)
Decrease in security deposit		846,688	-
Increase in recalled bonds		617,058,509	292,702,694
Increase/(decrease) in trade payables and other liabilities		80,225,025	(1,616,173)
Net cash generated from operations		749,222,102	299,265,510
Taxation paid		(289,289)	(351,670)
Net cash generated from operating activities		748,932,812	298,913,840
Cash flows from investing activities:			
Sale proceeds from asset		1,425,000	732
Acquisition - property and equipment	5	(2,206,892)	(815,352)
Acquisition - intangible assets	6	-	(359,576)
Net cash used in investing activities		(781,892)	(1,174,196)
Cash flows from financing activities:			
Loans repayments		(226,074,881)	(70,691,243)
Financing from GORTT – Water Taxi		(11,569,550)	(21,328,396)
Movement in deferred capital grant deficit		7,092,288	4,811,143
Net cash used in financing activities		(230,552,143)	(87,208,496)
Increase in cash and cash equivalents		517,598,777	210,531,148
Cash and cash equivalents at beginning of year		349,715,989	139,184,841
Cash and cash equivalents at end of year	8	867,314,766	349,715,989

The notes on pages 8 to 39 form an integral part of these financial statements.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

1. Incorporation and principal activity

National Infrastructure Development Company Limited ('the Company') was incorporated in the Republic of Trinidad and Tobago on 11 January 2005. Its principal activity is the execution of infrastructure and transportation projects. The Company earns a management fee from The Government of The Republic of Trinidad and Tobago for its services. The registered office of the Company is The Atrium, Don Miguel Road Extension, San Juan and is wholly owned by the Government of The Republic of Trinidad and Tobago.

The Company enters into various contracts with third parties for the execution of Government infrastructural projects. All costs incurred in relation to these contracts are recoverable from The Government of The Republic of Trinidad and Tobago together with the Company's management fees.

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

2.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year

In the current year, there were amendments to IFRS and new Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 October 2016.

The Company has not applied the following new and revised IFRS that have been issued for accounting periods that begin on or after 1 October 2016:

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 1 Disclosure Initiative
- **Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances;

- a) when the intangible asset is expensed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Company uses the straight-line method for depreciation and amortisation of its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the amendments to IAS 16 and IAS 38 will not have any material effect on these financial statements.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

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

2.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year (continued)

- **Amendment to IAS 1: *Disclosure Initiative***

Amendments were made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes:

- a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- c) additional examples of possible ways of ordering the notes to clarify that understand-ability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The directors of the Company have reviewed the amendment and agree that application of these amendments have no material effect on the results of these financial statements.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

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

2.2 New and revised IFRS in issue but not yet effective

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

- | | |
|--|--|
| • IFRS 9 | Financial instruments ² |
| • IFRS 15 | Revenue from Contracts with Customers ² |
| • IFRS 16 | Leases ³ |
| • Amendments to IAS 12 | Recognition of Deferred Tax Assets
Unrealised Losses ¹ |
| • Amendments to IAS 7 | Disclosure initiative ¹ |
| • Amendments to IFRS 2
based ² | Classification and Measurement of Share- |
| • Amendments to IFRS | Annual improvements to IFRS 2014-2016 ¹ |
| • IFRIC 22 | Foreign currency transactions and advance
Considerations ² |
| • IFRIC 23 | Uncertainty over income tax treatments ³ |
| • Amendments to IAS 40 | Transfers of investment property ² |
| • IFRS 17 | Insurance Contracts ⁴ |

¹ Effective for annual periods beginning on or after 1 January, 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January, 2019, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January, 2021, with earlier application permitted.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 9 *Financial Instruments***

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of this IFRS was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 9 *Financial Instruments* (continued)**

- the new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on the amounts reported in respect of the Company's financial assets and liabilities. However it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

- **IFRS 15 *Revenue from Contracts with Customers***

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

On June 20, 2016, the IASB issued amendments in *Clarifications to IFRS 15 'Revenue from Contracts with Customers'* which addressed three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 15 Revenue from Contracts with Customers (continued)**

15 with respect to collectability or measuring non-cash consideration. In all its decisions, the IASB considered the need to balance helping entities with implementing IFRS 15 and not disrupting the implementation process.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

- **IFRS 16 Leases**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors of the Company anticipate that the application of IFRS 16 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Company performs a detailed review.

- **Amendments to IAS 12, (Recognition of Deferred Tax Assets for Unrealised Losses)**

Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

The carrying amount of an asset does not limit the estimation of probable future taxable profits.

Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The directors of the Company do not anticipate that the application of these amendments will not have a significant impact on the Company's financial statements.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

- **Amendments to IAS 7, (*Disclosure Initiative*)**

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The directors of the Company do not anticipate that the application of these amendments will not have a significant impact on the Company's financial statements.

- **Classification and Measurement of Share-based Payment Transactions (*Amendments to IFRS 2*)**

Amendments to IFRS 2 Share-based Payment clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The directors of the Company do not anticipate that the application of these amendments will have any impact on the Company's financial statements.

- **Annual Improvements 2014-2016**

IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

- **Amendments to IAS 40, *Transfer of investment property***

The amendments to IAS 40 *Investment Property*:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **IFRS 17, *Insurance Contracts***

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

The directors of the Company do not anticipate that the application of these amendments will have any impact on the Company's financial statements.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all periods presented, unless otherwise stated.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis.

Historical Cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the assets or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for assets or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(a) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

b) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less at the time of purchase, which are subject to an insignificant risk of changes in value.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling, marketing and distribution expenses.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

c) Property and equipment

Property and equipment is recorded at cost less accumulated depreciation at rates which are expected to apportion the cost of the assets on a systematic basis over their estimated useful lives.

Depreciation is recognised on the straight-line basis over the estimated useful lives of the assets as follows:

Equipment	25%
Furniture and fixtures	12.5-25%
Motor Vehicles	25%
Intangible assets	25%
Leasehold Improvements- NIDCO	10%

(Partial reducing balance and upon move to new premises straight line applies)

Water taxi assets:

▪ Vessels	10%
▪ Pontoons	10%
▪ Buildings	2%
▪ Leasehold improvements- Water Taxi	2%

Assets under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Repairs and renovations are normally expensed as they are incurred. Expenses are added to assets only if the amounts involved are substantial and one or more of the following conditions is satisfied: the original useful life of the relevant asset is prolonged, its production capacity is increased, the quality of its output is enhanced materially or production costs are reduced considerably.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The rate utilised is 25%.

e) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

f) Non-current assets held for resale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When the Company is committed to a sale plan involving disposal of an investment, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Company discontinues the use of the equity method at the time of disposal when the disposal results in the Company losing significant influence over the associate or joint venture has occurred.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services carried out in the ordinary course of the Company's activities. Revenue is shown net of rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and any other specific criteria have been met for each of the Company's activities.

Management fees

Revenue is recognised at the time that work performed is certified and this is done on an accrual basis.

Tender fees

Revenue is recognised upon sale of tender package.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

g) Revenue recognition (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. These are recognised in the statement of profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The Company receives Government Grants for the water taxi operations in two (2) forms:

- i.) As an operational grant to meet any shortfall created by the excess of operating expenditure over ticketing income; and
- ii.) As a capital grant to meet the total capital costs incurred in the acquisition of capital items, including the cost of borrowing where a loan is secured for their financing.

h) Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

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

i) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

j) Taxation

Income tax expense represents the sum of the tax charge and deferred taxes.

i) *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profits before tax' as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) *Deferred tax*

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

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

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

k) Provisions

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

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

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

k) Provisions (continued)

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

l) Leases

Leases of property and equipment where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current and current liabilities.

The interest element of the finance charge is charged to the statement of profit or loss over the lease period.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessors are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease when an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

m) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

m) Financial Instruments (continued)

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are classified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other receivables

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

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

m) Financial Instruments (continued)

Financial liabilities and equity instruments (continued)

Other financial liabilities

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

Trade and other payables

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

(n) Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swap and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make critical judgements and use estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from the estimates and assumptions used. Key sources of uncertainty require the use of estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Useful lives and residual values of property and equipment

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

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Deferred taxation assets

Deferred tax assets are recognised to the extent it is probable that the taxable income will be available in the future to be utilised against the tax losses. Future taxable profits are estimates based on business plans, which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

Contingent liabilities

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

5. Property and equipment

	Water Taxi assets	Equipment	Furniture & fixtures	Motor Vehicles	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Costs						
At 1 October 2016	231,310,504	7,328,681	4,627,006	600,421	13,437,175	257,303,787
Additions	834,590	10,016	14,567	351,000	996,719	2,206,892
Impairment (note 26)	(9,969,610)	-	-	-	-	(9,969,610)
Disposals	-	-	-	-	(12,477,555)	(12,477,555)
At 30 September 2017	222,175,484	7,338,697	4,641,573	951,421	1,956,339	237,063,514
Accumulated depreciation						
At 1 October 2016	43,510,157	6,835,342	2,879,467	98,430	8,173,297	61,496,693
Depreciation charge	13,437,911	300,660	376,977	237,855	551,355	14,904,758
Impairment (note 26)	(18,105,399)	-	-	-	-	(18,105,399)
Disposals	-	-	-	-	(7,720,226)	(7,720,226)
At 30 September 2017	38,842,669	7,136,002	3,256,444	336,285	1,004,426	50,575,826
Net book value						
At 30 September 2017	183,332,815	202,695	1,385,129	615,136	951,913	186,487,688

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

5. Property and equipment (continued)

	Water Taxi assets	Equipment	Furniture & fixtures	Motor Vehicles	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Costs						
At 1 October 2015	231,189,374	7,283,424	4,627,006	-	13,437,175	256,536,979
Additions	121,130	93,801	-	600,421	-	815,352
Adjustment	-	(41,305)	-	-	-	(41,305)
Disposals	-	(7,239)	-	-	-	(7,239)
At 30 September 2016	231,310,504	7,328,681	4,627,006	600,421	13,437,175	257,303,787
Accumulated depreciation						
At 1 October 2015	26,926,647	6,191,058	2,472,576	-	6,957,575	42,547,856
Depreciation charge	16,583,510	651,523	406,891	98,430	1,215,722	18,956,076
Disposals	-	(7,239)	-	-	-	(7,239)
At 30 September 2016	43,510,157	6,835,342	2,879,467	98,430	8,173,297	61,496,693
Net book value						
At 30 September 2016	187,800,347	493,339	1,747,539	501,991	5,263,878	195,807,094

6. Intangible assets

	Water Taxi computer software	Computer software	Total
	\$	\$	\$
Costs			
At 1 October 2016	18,625,917	5,852,641	24,478,558
At 30 September 2017	18,625,917	5,852,641	24,478,558
Accumulated amortisation			
At 1 October 2016	18,616,187	5,247,385	23,863,572
Amortisation	9,730	239,911	249,641
At 30 September 2017	18,625,917	5,487,296	24,113,213
At 30 September 2017	-	365,345	365,345

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

6. Intangible assets (continued)

	Water Taxi computer software	Computer software	Total
	\$	\$	\$
Costs			
At 1 October 2015	18,625,917	5,493,065	24,118,982
Additions	-	359,576	359,576
At 30 September 2016	18,625,917	5,852,641	24,478,558
Accumulated amortisation			
At 1 October 2015	18,605,572	4,942,020	23,547,592
Amortisation	10,615	305,365	315,980
At 30 September 2016	18,616,187	5,247,385	23,863,572
Net book value			
At 30 September 2016	9,730	605,256	614,986

7. Security deposits

	2017	2016
	\$	\$
Caribbean Sales Agency (Port of Spain)	-	919,468
The Atrium (Don Miguel Ext.)	172,800	-
The Capildeo Company Limited (Port of Spain)	-	70,000
GAL Holdings Limited (Diego Martin)	1,260	1,260
Basdeo Jaggernauth and Dyanand Jaggernauth (Debe)	-	20,020
Samury Limited / Caribbean Medical Solutions Ltd. (Tobago)	10,000	20,000
	184,060	1,030,748

These represent deposits paid for commercial property leases, which are refundable at the end of the lease term.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

8. Cash and cash equivalents

8.a Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash at bank	829,144,165	311,426,366
Cash in hand	22,781	24,668
	<u>829,166,946</u>	<u>311,451,034</u>
Restricted cash (8b)	38,147,820	38,264,955
	<u>867,314,766</u>	<u>349,715,989</u>

8.b Restricted cash

This represents the TTD equivalent of USD \$5.7 million plus interest for collateral posting of NIDCO's aggregate exposure under the Hedging agreement with Australia and New Zealand Banking Group (ANZ). Interest is earned at the existing bank rates and transferred to NIDCO's US Dollar account monthly.

9. Due from Government of the Republic of Trinidad and Tobago

This amount represents outstanding request for funds and drawdown approvals from the Government of the Republic of Trinidad and Tobago for payment of project costs, project related expenses, management fees and outstanding loan balances becoming payable in the future to lending institutions on external financing obtained to fund projects.

	<u>2017</u>	<u>2016</u>
	\$	\$
Project funding, outstanding loan balances and management fees due (Note 20)	<u>1,989,948,426</u>	<u>2,046,776,834</u>

10. Trade and other receivables

	<u>2017</u>	<u>2016</u>
	\$	\$
NIDCO		
Prepayments	90,496	27,946
Other receivables	1,629,015	135,607
Value Added Tax refundable	2,555,174	3,940,645
	<u>4,274,685</u>	<u>4,104,198</u>
Water taxi		
Prepayments	612,651	-
Other receivables	8,780,376	7,405,176
	<u>13,667,712</u>	<u>11,509,374</u>

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

11. Stated capital

Authorised:

Unlimited number of ordinary shares of no par value

	2017	2016
	\$	\$
Issued and fully paid:		
10 Ordinary shares of no par value	<u>10</u>	<u>10</u>

12. Borrowings

Institution	Project	2017	2016
		\$	\$
i) Citibank – TTD\$344.75M	Aranguez overpass	161,887,422	185,014,196
ii) Australia & New Zealand (ANZ) Banking Group – USD\$66.5M	Water Taxis	65,029,434	107,840,217
iii) ANSA Merchant Bank – TTD\$153.8M	R/ Rail \$103.8M and NNHP \$50M	29,322,800	48,871,333
iv) RBC – TTD\$53M	Nat. Traffic Management System	27,140,634	30,759,385
v) RBC – TTD\$1,500M 15 Year Fixed Rate Bond	Sir Solomon Hochoy Highway Extension to Point Fortin	<u>1,384,919,303</u>	<u>1,521,889,344</u>
Total borrowings		1,668,299,593	1,894,374,475
Less current portion of borrowings		<u>(246,516,896)</u>	<u>(249,525,148)</u>
Non-current borrowings		<u>1,421,782,697</u>	<u>1,644,849,327</u>

Details of Long-term borrowings

Borrowings comprise of several loans from various lending institutions to fund government projects. These are all backed by the Government of the Republic of Trinidad and Tobago. Details of borrowings are as follows:

i) *Citibank Trinidad and Tobago Limited*

The Company obtained a 15 year loan of TT \$344.75M from Citibank Trinidad and Tobago Limited to finance the Aranguez / El Socorro overpass. The loan is secured by a letter of comfort from the Government of the Republic of Trinidad and Tobago. It carries a fixed rate of interest 6.7% per annum and is repayable semi-annually over 15 years from the date of issue. The loan was issued on 27 August 2009.

ii) *Australia and New Zealand (ANZ) Banking Group*

The Company entered into a loan financing agreement in the amount of US\$66.53M with Australia and New Zealand Banking Group Limited and Export Finance and Insurance Corporation (EFIC) for the construction of four (4) new fast ferries.

The loan comprised two parts: USD \$53.421M provided by Export Financing Facility (EFF) and USD\$13.109M provided by Commercial Financing Facility (CFF).

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

12. Borrowings (continued)

ii) *Australia and New Zealand (ANZ) Banking Group (continued)*

The loan carries interest rates of EFF at LIBOR plus a margin of 1.4% per annum and CFF at LIBOR plus a margin of 2.15% per annum. A hedging arrangement was reached with ANZ whereby the above fluctuating interest rates were swapped for a fixed rate of EFF at 5.39% per annum and CFF at 5.12% per annum. Both loans are repayable at semi-annual intervals over 4 years for the part from Commercial Financing Facility (CFF) and 8.5 years for the other part Export Financing Facility (EFF). Full repayment towards the 4 year segment has been made with full repayment towards the 8.5 year segment by December 2018.

iii) *ANSA Merchant Bank Limited*

This represents a long-term fixed rate non-callable bond for TTD\$153.8M from ANSA Merchant Bank Limited to finance the Rapid Rail Project and National Network of Highways Project (NNHP) with a coupon rate of 5.85% for 8 years ending 16 December 2018.

iv) *RBC Merchant Bank (Caribbean) Limited*

The Company entered into a 15 year loan of TTD\$53M from RBC Merchant Bank (Caribbean) Limited to finance the National Traffic Management System (NTMS). The loan is secured by a letter of comfort from the Ministry of Finance. It carries a fixed rate of interest of 7.9% per annum and is repayable over 15 years from the date of issue. The loan was issued on 10 December 2009.

v) *RBC Royal Bank (Trinidad and Tobago) Limited*

In December 2014, the Company obtained a loan from RBC Royal Bank (Trinidad and Tobago) Limited of TT\$1.5Bn to finance outstanding obligations on the Sir Solomon Hochoy Highway Extension to Point Fortin project. The amount was originally negotiated as a Bridging facility and subsequently converted to a TT\$1.5Bn fixed rate bond effective June 2016. It carries an interest rate of 7.9% per annum and is repayable over 15 years semi-annually. This facility is backed by the Government of Trinidad and Tobago via a letter of guarantee.

13. Trade payables

	2017	2016
	\$	\$
NIDCO		
Payable to contractors	255,974,173	231,538,696
Retention due to contractors	58,372,749	57,914,624
	314,346,922	289,453,320
Water taxi		
Payable to contractors	19,149,397	9,079,147
Retention due to contractors	61,032	61,033
	333,557,351	298,593,500

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

14. Accrued expenses and other liabilities

	<u>2017</u>	<u>2016</u>
	\$	\$
NIDCO		
Accrued liabilities	65,674,659	14,498,307
Performance bonds	430,000	427,053
	<u>66,104,659</u>	<u>14,925,360</u>
Water taxi		
Accrued liabilities	6,013,420	11,931,545
	<u>72,118,079</u>	<u>26,856,905</u>

15. Taxation

a) *Deferred tax asset*

Deferred tax asset of \$1,599,627 arises from the tax written down value of assets and their corresponding accounting book values as at 30 September 2017. The applicable rate for the purpose of deferred taxation is 30%. The company is entitled to set-off its brought forward tax losses against taxable profits in any year where profits are achieved. The company has not accounted for deferred tax or losses brought forward as an estimate of future profit cannot be reasonably made at this time.

	<u>2017</u>	<u>2016</u>
	\$	\$
Written down value per accounting values	3,520,219	8,612,003
Tax value of plant and machinery	<u>(8,852,307)</u>	<u>(12,609,831)</u>
Temporary difference	<u>(5,332,088)</u>	<u>(3,997,828)</u>
Deferred tax asset (2017:30%; 2016: 25%)	<u>1,599,627</u>	<u>999,458</u>

b) *Taxation credit/(charge)*

	<u>2017</u>	<u>2016</u>
	\$	\$
Current tax	(378,201)	(204,176)
Deferred tax	600,169	64,610
Total tax expense	<u>221,968</u>	<u>(139,566)</u>

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

15. Taxation (continued)

b) Taxation credit/(charge) (continued)

The effective tax rate differs from the statutory tax rates for the following reasons:

	<u>2017</u>	<u>2016</u>
	\$	\$
Loss before tax	(14,074,878)	(46,238,971)
Business and green fund levies	(378,201)	(98,984)
Prior years adjustment of corporation tax	-	(105,192)
Deferred tax	600,169	64,610
Total expense	<u>221,968</u>	<u>(139,566)</u>

The current rate of corporation tax is 25% for the first \$1m and 30% for profits over \$1m. In 2017 corporation tax was 25% for the first \$1m and 30% for profits over \$1m. The Company is entitled to set-off its brought forward tax losses against taxable profits and will do so in any year that an estimate of future taxable profits can be reliably ascertained.

c) Tax refundable

	<u>2017</u>	<u>2016</u>
	\$	\$
Business levy refundable	63,007	141,228
Green fund levy refundable	41,583	52,274
Corporation tax refundable	1,559,001	1,559,000
	<u>1,663,591</u>	<u>1,752,502</u>

16. Deferred capital grant shortfall

In 2009, the Company obtained a loan to acquire four (4) sea vessels. In accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) the loan proceeds were accounted for as Capital Grant receipts to be matched against the cost of the assets in the form of depreciation and the cost of acquiring the assets in the form of loan interest over the estimated useful life of the vessels.

The amount of \$20,824,368 (2016: \$27,916,656) represents the total amount to date by which depreciation charges and loan interest costs are in excess of the total capital grant receipts accounted for as at 30 September 2017 regarding capital acquisitions in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. This amount will be fully consumed over the remaining useful life of the assets.

17. Deferred government capital grant water taxi

This account balance represents total claims to the Ministry to date on capital items acquired for the Water Taxi service less amortisation and adjustments for impairment.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

18. Demand on Contract Securities

NIDCO contracted with Construtora OAS Ltd, now Construtora OAS S.A. (“Construtora”) in July 2011 to carry out the design and construction works for the National Network of Highways Project (the Sir Solomon Hochoy Highway Extension to Point Fortin) Package 3 for the sum of \$4,999,993,000 (vat inclusive) Trinidad and Tobago Dollars together with certain provisional sums.

Under the Contract Construtora OAS S.A. was required to provide to NIDCO standby letters of credit in advance for mobilisation, performance and retention payments, and these were provided as per the Contract.

A dispute having arisen between NIDCO and Construtora, NIDCO terminated the Contract, as it was entitled to, on the 6th July 2016 pursuant to Clause 15.2(b) of the Contract due to OAS having abandoned the Works or, alternatively, having plainly demonstrated the intention not to continue performance of its obligations under the Contract.

Pursuant to the employer’s issuance of its Termination Notice and in accordance with FIDIC (International Federation of Consulting Engineers) rules the employer exercised its right to call in the securities and during fiscal 2016 and 2017 a total value of US\$ 140.2m was received. Hence a liability (total sum to date less payment to contractors for which government drawdown approvals have been received) is established in the amount of US\$137.1m (TT\$909.8) in favour of the Government of the Republic of Trinidad & Tobago.

19. Government Capital Grant Deferred – OAS Vehicles

This represents Government’s interest in the provision of four (4) vehicles transferred by OAS to NIDCO pursuant to the contractual arrangement and related conditions of the contract with the principal contractor engaged for construction of the Sir Solomon Hochoy Highway Extension project.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

20. Related party transactions

The Company is wholly owned by the Government of the Republic of Trinidad and Tobago.

The following data constitutes the total amount of material transactions, which have been entered into with related parties for the years ended 30 September 2017 and 2016:

a) Government of The Republic of Trinidad and Tobago

	<u>2017</u>	<u>2016</u>
	\$	\$
Management fees earned	<u>15,725,959</u>	<u>6,287,869</u>
Financing for projects (Note 9)	<u>1,989,948,426</u>	<u>2,046,776,834</u>

There are no other material transactions with any other government agency.

b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

	<u>2017</u>	<u>2016</u>
	\$	\$
Directors' fees	687,500	659,000
Short term benefits	2,430,000	3,883,212
Post-employment benefits	<u>406,800</u>	<u>257,215</u>
	<u>3,524,300</u>	<u>4,799,427</u>

21. Commitments and contingencies

a) Capital commitments

There were no capital commitments relating to property and equipment at the end of the year.

b) Contingencies

At the end of its financial year the Company was engaged in several legal proceedings arising from the normal course of business. As a matter of disclosure, the following legal matters are reported:

Trade dispute

As a matter of disclosure, a claim brought against NIDCO by a former employee represented by the Banking Insurance and General Workers Union (BIGWU) claiming salaries for the remainder of their contract period upon termination, is ongoing.

Land Damages

As a matter for disclosure, a claim was brought against NIDCO for trespass to land and damages by a land owner. This case is ongoing.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

22. Lease commitments

Operating lease rental expense for motor vehicles, copiers, premises and other services totalled \$5,018,303 for the year ended 30 September 2017 (2016 - \$8,257,409) for combined operations. Future minimum rentals payable under non-cancellable leases are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Not later than one year	2,738,785	2,587,913
Later than one year, not later than five years	3,733,400	5,729,242
	<u>6,472,185</u>	<u>8,317,155</u>

23. General and administrative expenses-NIDCO

	<u>2017</u>	<u>2016</u>
	\$	\$
Staff costs	30,132,735	34,375,628
Rental	4,007,506	7,289,913
Legal, professional and consultancy fees	1,445,856	1,454,372
Directors' fees	720,393	742,028
	<u>36,306,490</u>	<u>43,861,941</u>

24. Other expenses-NIDCO

	<u>2017</u>	<u>2016</u>
	\$	\$
Management Fee reversals/write off	-	2,322,286
Utilities	2,378,037	3,201,726
Repairs & maintenance	271,843	600,094
Public relations	104,465	374,183
Print reproduction and stationery	236,978	331,634
Office and other expenses	1,265,522	814,292
Loss on Disposal of Leasehold at Melbourne Street	3,332,328	-
	<u>7,589,173</u>	<u>7,644,215</u>

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

25. Administrative and other expenses

	<u>2017</u>	<u>2016</u>
	\$	\$
Water taxi		
Staff costs	20,000,302	20,475,062
Rental	1,010,797	967,496
Legal, professional and consultancy fees	2,156,264	2,257,765
	<u>23,167,363</u>	<u>23,700,323</u>
Income write-off	-	73,273
Utilities	1,604,100	4,370,567
Repairs & maintenance	955,274	1,454,168
Repairs & maintenance vessels	31,436,259	27,983,641
Public relations	101,592	58,718
Print reproduction and stationery	315,966	217,172
Office and other expenses	491,194	721,380
Fuel expenses	6,693,341	5,935,968
	<u>64,765,089</u>	<u>64,515,210</u>

26. Impairment – Water Taxi (Note 5)

An impairment review was undertaken by the Tsunami Marine Limited for fiscal 2017 on the Company's Water Taxi vessels currently in use. Subject to this review of the vessels there was an impairment gain in the amount of \$8,135,789 (\$117,685,091 NBV less \$125,820,880 fair value) and the value of the asset was revised accordingly.

27. Financial instruments

Fair values

The aggregate fair values of financial assets and liabilities in the statement of financial position at 30 September 2017 and 2016 are disclosed hereunder.

Short-term financial assets and liabilities

The carrying amounts of financial assets comprising cash and bank balances and accounts receivable and financial liabilities comprising accounts payable at transaction value, are a reasonable estimate of their fair values because of the short maturity of these instruments.

Credit risk

Financial instruments that potentially subject the Company to credit risk include trade debtors. These are due primarily from the Government of The Republic of Trinidad and Tobago. No provisions have been set up against the receivable balances for potential credit losses as the likelihood of this occurring is remote.

28. Capital management

The Company has no formal documented policy regarding capital management, as the Company's projects are funded via direct funding from the Infrastructure Development Fund and open market loans backed by the Government of the Republic of Trinidad & Tobago. The Company earns a management fee from the Government for its services. Notwithstanding these receipts, every effort is made to ensure value for money for all services rendered and, effective management of its assets and liabilities.

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

29. Financial risk management objectives and policies

The risk management process is an integral part of management and it is vital to the health and safety of employees and members of the public.

Role of the Board

The Board of Directors, under the Companies Act 1995, directs the management of the business and affairs of the Company. The Board performs a set of specific functions aimed at meeting the mission of the Company. Its main responsibility lies in planning, monitoring and controlling the activities of the Company so as to ensure optimal utilisation of its resources and the achievement of its corporate objectives. It ensures that policies and business decisions taken at the Board level are implemented. The Board should also ensure that the policies and objectives of the Company reflect the policies of the Government of The Republic of Trinidad and Tobago.

Members of the Board are required to familiarise themselves with the Company and its various publics, in order to serve them effectively. It is the Board's responsibility to ensure the Company is staffed by competent senior management personnel, set standards and review managerial performance in the context of the Company's objectives.

Role of internal audit

Internal Audit is an independent, objective, assurance and consulting activity designed to add value and improve the Company's operations. It helps the Company to achieve its objectives by bringing in a systematic disciplined approach to evaluate and improve the effectiveness of control and governance processes.

Role of the Finance and Risk Committee

This Committee is appointed by the Board to act in an advisory capacity. The Committee's primary duties and responsibilities are to formulate and to recommend policies and procedures to the Board for approval; review on an ongoing basis, policies and procedures in light of economic and business conditions to ensure relevancy to the Company and where needed make recommendations for Board approval.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest risk

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

29. Financial risk management objectives and policies (continued)

Credit risk

Management monitors exposure to credit risk on an on-going basis. The maximum exposure to credit risk is represented by the carrying amount of the financial asset in the statement of financial position. The maximum exposure to credit risk at year end was:

	2017	2016
	\$	\$
Trade and other receivables	13,667,712	11,509,374
Restricted cash	38,147,820	38,264,955
Security deposit	184,060	1,030,748
Cash and cash equivalents	829,166,946	311,451,034
	881,166,538	362,256,111

The ageing of trade receivables at year end was:

	2017	2016
	\$	\$
Current:		
1-30 days due	4,024,147	3,940,646
31-90 days due	703,147	27,946
Over 90 days due	8,940,418	7,540,782
Balance at September 30	13,667,712	11,509,374

Impairment losses of NIL were recorded with respect to trade receivables in 2017 (2016: NIL).

The recoverable amount over 90 days of \$8.9m comprised mainly of the following: a) \$7.5m recoverable from the Chaguaramas Development Authority despite the contract being completed in 2014 and b) Interest income of \$1.4m.

Liquidity risk

The Company manages its liquidity risk by maintaining precise levels of cash to meet its cash obligations as they fall due.

The following are the contractual maturities of financial liabilities, including interest payments:

	Less than One year	More than One year
	\$	\$
30 September 2017		
Borrowings	246,516,896	1,421,782,697
Trade payables	216,103,085	117,454,266
	462,619,981	1,539,236,963
30 September 2016		
Borrowings	249,525,148	1,644,849,327
Trade payables	204,623,114	93,970,386
	454,148,262	1,738,819,713

National Infrastructure Development Company Limited

Notes to the financial statements

For the year ended 30 September 2017

(Expressed in Trinidad and Tobago dollars)

29. Financial risk management objectives and policies (continued)

Market risk

Market risk arises in the normal course of business and encompasses the risk to earnings that arises from changes in foreign exchange rates, interest rates and equity prices.

Foreign currency risk

The Company does not incur significant foreign currency risk on purchases that are denominated in a currency other than the Trinidad and Tobago dollar. The currency giving rise to any risk is primarily the United States dollar.

The First Citizen Bank exchange rate of the United States dollar to the Trinidad and Tobago dollar at year end was as follows:

At 30 September 2017: TT\$ 6.7793

At 30 September 2016: TT\$ 6.7415

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

At year end, the interest rate profile of the Company's interest bearing instruments was:

	<u>2017</u>	<u>2016</u>
	\$	\$
<i>Fixed rate instruments</i>		
Financial assets:		
Cash and cash equivalents	829,166,946	311,451,034
Restricted cash	38,147,820	38,264,955
	<u>867,314,766</u>	<u>349,715,989</u>
Financial liabilities:		
Borrowings	<u>1,668,299,593</u>	<u>1,894,374,475</u>
Net exposure	<u>(800,984,827)</u>	<u>(1,544,658,486)</u>

Estimation of Fair values

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act and is best evidenced by a quoted market price if one exists. The estimated fair value of the Company's financial instruments is based on the market prices and valuation methodologies.

30. Events after the reporting date

No significant events occurred after the reporting date of affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.