National Infrastructure Development Company Limited

Financial Statements
30 September 2013

Contents

National Infrastructure Development Company Limited

Statement of management's responsibilities

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

Director

04 December 2014

Director

04 December 2014

Deloitte.

Deloitte & Touche
54 Ariapita Avenue,
Woodbrook, Port of Spain,
Trinidad, West Indies.
Tel: + 1 868 628 1256
Fax: + 1 868 628 6566
Website: www.deloitte.com

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

Report on the financial statements

We have audited the accompanying financial statements of National Infrastructure Development Company Limited (the "company"), which comprise the statement of financial position as at 30 September 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 30 September 2013, and financial performance and cash flows for the year then ended in accordance with IFRS for SMEs.

Deloitte & Touche
Port of Spain
Trinidad

4 December 2014 Deloitte & Touche

National Infrastructure Development Company Limited

Statement of financial position
(Expressed in Trinidad and Tobago dollars)

	Notes	As at September 30, 2013 $	2012 $
ASSETS			
Non-current assets			
Property and equipment			
Tangible	4(a)	385,183,467	431,459,476
Intangible	4(b)	1,134,663	1,629,909
Security deposit	5	1,354,828	1,353,828
Deferred tax	14(a)	-	245,203
Deferred capital grant shortfall	15	30,834,609	-
Total non-current assets		418,507,567	434,688,416
Current assets			
Trade and other receivables	8	5,993,324	2,182,138
Due from Government of Trinidad and Tobago	7	616,616,423	150,615,410
Tax refundable	14(c)	694,216	1,441,968
Cash and cash equivalents	6	266,743,150	878,701,714
Restricted cash	6	36,591,150	36,584,025
Total current assets		926,638,263	1,069,525,255
Total assets		**1,345,145,830**	**1,504,213,671**
EQUITY AND LIABILITIES			
Equity			
Stated capital	9	10	10
Accumulated deficit/surplus		(4,163,900)	(5,905,882)
Net equity		(4,163,890)	(5,905,872)
Non-current liabilities			
Borrowings - Long term portfolio of loans	10	574,457,293	760,423,414
Capital deferred grants water taxi	17	381,703,539	390,639,883
Deferred tax liability	14 (a)	112,110	-
Deferred capital grant surplus		-	1,269,526
Total non-current liabilities		956,272,942	1,152,332,823
Current Liabilities			
Bank overdraft	11	-	448,305
Trade payables	12	183,523,824	126,091,799
Accrued expenses and other liabilities	13	10,156,852	18,389,158
Borrowings - Short term portion of loan	10	195,319,693	212,857,458
Deferred Income	16	4,036,409	-
Total current liabilities		393,036,778	357,786,720
Total liabilities		1,349,309,720	1,510,119,543
Total equity and liabilities		**1,345,145,830**	**1,504,213,671**

The notes on pages 7 to 22 form an integral part of these financial statements.

On 04 December 2014, the Board of Directors of National Infrastructure Development Company Limited authorized 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 September 30, 2013 $	2012 $
NIDCO			
Revenue			
Management fees		52,672,715	49,990,770
Tender fees		566,125	260,180
Interest income		4,708,595	1,353,204
Other income		3,065,149	992,063
		61,012,584	52,596,217
Operating expenses			
Administrative expenses	22	47,634,577	38,294,909
Depreciation and amortization		3,611,300	2,835,996
Other expenses	23	7,588,841	6,432,799
		58,834,718	47,563,704
Profit for the year before taxation		2,177,866	5,032,513
Taxation charge	14(b)	1,248,649	1,370,700
Profit for the year after tax		929,217	3,661,813
Water Taxi			
Revenue			
Ticketing income		6,610,688	7,586,242
Charter income		2,056,561	-
Other income		593,983	1,240,512
		9,261,232	8,826,754
Operating expenses			
Administrative expenses	24	39,650,539	40,242,746
Loss from operations (Net)		(30,389,307)	(31,415,992)
Government grants - operations		30,389,307	31,415,992
Surplus /(deficit) for the year from operations		-	-
Government capital grant receipts		63,779,466	74,489,392
Depreciation		46,458,476	48,452,348
Loan interest		17,320,990	26,037,044
Surplus /(deficit) on capital grants		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		**929,217**	**3,661,813**

The notes on pages 7 to 22 form an integral part of these financial statements.

National Infrastructure Development Company Limited

Statement of changes in equity

(Expressed in Trinidad and Tobago dollars)

	Share Capital	Accumulated Deficit	Total
	$	$	$
Year ended 30 September 2013			
Balance at beginning of the year	10	(5,905,882)	(5,905,872)
Total comprehensive income	-	929,217	929,217
Reversal of provision made in a prior year	-	812,765	812,765
Balance at end of year	**10**	**(4,163,900)**	**(4,163,890)**
Year ended 30 September 2012			
Balance at beginning of the year	10	(9,567,695)	(9,567,685)
Total Comprehensive Income	-	3,661,813	3,661,813
Balance at end of year	**10**	**(5,905,882)**	**(5,905,872)**

The notes on pages 7 to 22 form an integral part of these financial statements.

National Infrastructure Development Company Limited

Statement of cash flows
(Expressed in Trinidad and Tobago dollars)

	Year ended September 30, 2013	2012
	$	$
Cash flows from operating activities		
Profit before taxation	2,177,866	5,032,513
Adjustments for items not requiring an outlay of funds:		
Write back of provision for ERP Systems Ltd.	812,765	-
Prior year adjustment for surplus on capital grant	(1,269,526)	-
Depreciation	50,069,775	51,288,344
Operating profit before changes in working capital	51,790,880	56,320,857
(Increase)/decrease in due from Government of Trinidad and Tobago	(466,001,013)	649,942,659
(Increase)/decrease in receivables and prepayments	(3,811,186)	5,228,357
Increase in deferred income	4,036,409	-
Increase in accrued loan interest	53,853,261	68,888,719
Increase/(decrease) in trade payables and other liabilities	49,199,719	(9,458,021)
Net cash generated from operations	(310,931,930)	770,922,571
Taxation paid	(143,585)	(1,900,652)
Net cash (utilized)/generated by operating activities	(311,075,515)	769,021,919
Investing activities		
Acquisition of property, plant and equipment	(3,298,520)	(17,074,044)
Payment for security deposit	(1,000)	(64,262)
Net cash used in investing activities	(3,299,520)	(17,138,306)
Financing activities		
Loans repayments	(257,357,146)	(274,454,654)
Financing received from GORTT – Water Taxi	(8,936,344)	(38,907,663)
Increase in deferred capital grant deficit	(30,834,609)	1,330,720
Net cash used in financing activities	(297,128,099)	(312,031,597)
(Decrease)/Increase in cash and cash equivalents	(611,503,134)	439,852,016
Cash and cash equivalents at beginning of year	914,837,434	474,985,418
Cash and cash equivalents at end of year	**303,334,300**	**914,837,434**
Analysis of cash and cash equivalents at end of the year		
Bank overdraft	-	(448,305)
Cash at bank and in hand	266,743,150	878,701,714
Restricted cash	36,591,150	36,584,025
	303,334,300	**914,837,434**

The notes on pages 7 to 22 form an integral part of these financial statements.

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 Trinidad and Tobago for its services. The registered office of the company is #3 Melbourne Street, Port of Spain and is wholly owned by the Government of The Republic of Trinidad and Tobago (GORTT).

The company enters into various contracts with third parties for the execution of projects. All costs incurred in relation to these contracts are recoverable from The Government of The Republic of Trinidad and Tobago.

2. **Summary of significant accounting policies**

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

2.1 **Basis of preparation**

The financial statements of the company have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). They have been prepared under the historical cost convention.

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

The company's operations are heavily dependent on management fees, grants and financing guarantees from the GORTT. These financial statements have been prepared on a going concern basis on the assumption that funding in the form of management fees and grants will be made available to the company by GORTT and the company will continue to receive adequate funds to finance losses and future operations.

a) **Foreign currency transactions**

Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and the circumstances relevant to the company ("the functional currency"). These financial statements are presented in Trinidad and Tobago dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

b) **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.

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

b) **Cash equivalents (continued)**

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

c) **Property, plant and equipment**

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

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

Equipment	10-25%
Furniture and fixtures	12.5-25%
Intangible assets	25%
Water taxi assets:	
▪ Vessels	10%
▪ Pontoons	10%
▪ Buildings	2%
▪ Leasehold improvements	2%

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.

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.

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

d) **Intangible assets**

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis utilising rates, which are sufficient to write off the assets over their estimated useful lives. The estimated useful life and amortisation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis. The rate utilised is 25%.

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

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

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

d) **Intangible assets (continued)**

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

e) **Income and expenditure**

Income and expenditure transactions are accounted for on the accrual basis.

f) **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.

Interest income

Revenue is recognised as interest accrues.

Government grants

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.

These are recognised in the statement of profit or loss.

g) **Borrowings**

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 recognized on the basis of the effective interest rate method and is included in finance costs.

2. **Summary of significant accounting policies (Continued)**

h) **Impairment of tangible and intangible assets**

At the end of each reporting period, the entity 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.

Computer software is capitalized at cost. These costs are amortized on a straight-line basis over a four (4) year period.

i) **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 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 in full, using the liability method 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.

2. **Summary of significant accounting policies (Continued)**

j) **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.

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.

k) **Leases**

Leases of property, plant 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. The property, plant and equipment acquired under finance leasing contracts is depreciated over the useful life of the asset.

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.

l) **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.

m) **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.

2. Summary of significant accounting policies (Continued)

n) Trade and other receivables

Trade receivables are recognised initially at fair value. 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 income within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating expenses' in the statement of income. Other receivables are measured at cost less any impairment.

o) Comparatives

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

3. Critical judgments and the use of estimates

The preparation of financial statements in conformity with IFRS for SMEs requires management to make critical judgments 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, which requires the use of estimates, include:

Useful lives and residual values of property, plant and equipment

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

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.

4. **Property, plant and equipment**

(a) Tangible asset

Costs	**Water taxi assets $**	**Equipment $**	**Furniture & fixtures $**	**Leasehold improvements $**	**Total $**
At 1 October 2012	515,403,160	5,537,647	4,120,708	12,883,224	537,944,739
Additions	1,307,566	953,073	422,983	263,614	2,947,236
At 30 September 2013	516,710,726	6,490,720	4,543,691	13,146,838	540,891,975
Accumulated depreciation					
At 1 October 2012	100,318,664	2,273,595	1,122,162	2,770,842	106,485,263
Depreciation charge	46,031,241	1,280,401	439,092	1,472,511	49,223,245
At September 30, 2013	146,349,905	3,553,996	1,561,254	4,243,353	155,708,508
Net book value					
At 30 September 2013	**370,360,821**	**2,936,724**	**2,982,437**	**8,903,485**	**385,183,467**
At 30 September 2012	**415,084,496**	**3,264,052**	**2,998,546**	**10,112,382**	**431,459,476**

(b) Intangible asset

Costs	**Water taxi assets $**	**Computer software $**	**Total $**
At 1 October 2012	18,583,457	4,732,682	23,316,139
Additions	42,460	308,824	351,284
At 30 September 2013	18,625,917	5,041,506	23,667,423
Accumulated depreciation			
At 1 October 2012	18,090,898	3,595,332	21,686,230
Depreciation charge	427,234	419,296	846,530
At 30 September 2013	18,518,132	4,014,628	22,532,760
Net book value			
At 30 September 2013	**107,785**	**1,026,878**	**1,134,663**
At 30 September 2012	**492,559**	**1,137,350**	**1,629,909**

5. **Security deposit**

	2013 $	2012 $
Caribbean Sales Agency (Melbourne street)	919,468	919,468
N.J. Nahous Limited (Alexandra St Clair)	334,080	334,080
Capildeo House	70,000	70,000
GAL Holdings	1,260	1,260
Debe office	20,020	20,020
Tobago office	10,000	-
	1,354,828	1,344,828
Water Taxi		
Mahendra Persad-Singh	-	9,000
	-	9,000
	1,354,828	**1,353,828**

This represents the deposit required in respect of the commercial property leases.

6. **Cash and cash equivalents**

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

	2013 $	2012 $
Cash at bank	266,716,650	878,679,714
Cash in hand	26,500	22,000
	266,743,150	**878,701,714**

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 daily at the existing bank rates and transferred to NIDCO's US Dollar account monthly.

7. **Due from Government of The Republic of Trinidad and Tobago**

This amount represents outstanding request for funds from the GORTT for payment of costs and expenses related to projects assigned to the company and management fees.

	2013 $	2012 $
Project expenses, outstanding loan balances and management fees due	**616,616,423**	**150,615,410**

8. Trade and other receivables

	2013 $	2012 $
Prepayments	364,294	213,769
Other receivables	309,242	712,241
VAT refundable	3,376,525	-
	4,050,061	926,010
Water Taxi		
Prepayments	1,470,794	1,256,128
Other receivables	472,469	-
	5,993,324	**2,182,138**

9. Stated capital

Authorised:

Unlimited number of ordinary shares of no par value.

Issued and fully paid:	2013 $	2012 $
10 Ordinary shares of no par value	**10**	**10**

10. Borrowings

These represent loans obtained from both local and international financial institutions. These loans were obtained to fund various government projects. The loans are fully backed by the GORTT.

Institution	Project	2013 $	2012 $
Scotiabank - USD$12M	Water taxi	-	15,440,491
Citibank- TTD$344.75M	Aranguez overpass	253,612,077	276,667,721
Australia & New Zealand (ANZ) Banking Group USD$66.5M	Water taxi	247,144,523	309,104,799
ANSA Merchant Bank -TTD$153M	R/ Rail $103M and NNHP $50M	107,516,960	127,059,719
RBC - TTD$53M	Nat. Traffic Management System	41,615,639	45,234,390
Scotiabank - USD$9.462M	Nat. Network of Highways Programme	18,254,498	30,417,921
Citibank - USD$52M	Rapid rail	101,633,289	169,355,831
Total borrowings		769,776,986	973,280,872
Less current portion of borrowings		(195,319,693)	(212,857,458)
Non-current borrowings		**574,457,293**	**760,423,414**

10. **Borrowings (Continued)**

Long-term borrowings

Borrowings comprise of seven (7) loans from lending institutions to fund government projects. These are all guaranteed by the GORTT. They are as follows:

i.) Scotiabank of Trinidad & Tobago Limited

This represents a five year loan of USD$12M from Scotiabank Trinidad & Tobago Limited to finance the purchase of four sea vessels with an interest rate of LIBOR plus margin of 166 basis points per annum repayable semi-annually on or before 26 August 2013. The loan is secured by a letter of comfort from the GORTT stating that a guarantee in the amount of USD$12 million from GORTT will be provided. As at September 2013, this loan has been fully repaid.

ii.) Citibank Trinidad and Tobago Limited

The company obtained a 15 year loan of TTD$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 GORTT backed by an unconditional Government guarantee. It carries a fixed rate of interest 6.7% per annum and is repayable semi-annually over 15 years from date of issue. The loan was issued on 27 August 2009.

iii.) Australia and New Zealand (ANZ) Banking Group

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

The loan comprises two parts: USD53.421M provided by Export Financing Facility (EFF) and USD$13.109M provided by Commercial Financing Facility (CFF) both of which are guaranteed by the GORTT.

The loan carries interest rates of EFF – LIBOR plus a margin of 1.4% per annum and CFF at LIBOR plus margin 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 @ 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 the other part Export Financing Facility (EFF).

iv.) ANSA Merchant Bank Limited

This represents a long-term fixed rate non-callable bond for TTD$153.8MM 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 ended 16 December 2018.

v.) RBC Merchant Bank (Caribbean) Limited

The company entered into a 15 year loan of TTD$53M from RBC Merchant Bank Caribbean to finance the National Traffic Management System (NTMS). The loan is secured by a letter of comfort from the Ministry of Finance which shall be substituted in due course by an unconditional guarantee and indemnity from the GORTT. 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.

10. Borrowings (Continued)

vi.) *Scotiabank Trinidad and Tobago Limited*

This represents a 5 year loan of USD$9.462M from Scotiabank Trinidad and Tobago Limited to provide financing for the planning, design and management of the National Network of Highways project with an interest of 4.85% per annum repayable on or before 17 March 2015. This loan is secured by a letter of comfort from the GORTT stating that a guarantee in the amount of USD$9.462M from GORTT will be provided.

vii.) Citibank Trinidad and Tobago Limited

The company obtained a 5 year loan of USD$52M from Citicorp Merchant Bank Limited to finance the Rapid Rail Project. The loan is secured by a letter of comfort from the GORTT backed by an unconditional Government guarantee. It carries a fixed rate of interest of 5.3% per annum and is repayable 5 years from date of issue. The loan was issued on 21 December 2009.

11. Bank overdraft

	2013 $	2012 $
First Citizens Bank Limited	-	**448,305**

12. Trade and other payables

	2013 $	2012 $
Payable to contractors	155,920,638	107,732,125
Retention due to contractors	17,891,494	7,920,308
	173,812,132	115,652,433
Water taxi		
Payable to contractors	6,077,217	6,632,191
Retention due to contractors	3,634,475	3,807,175
	183,523,824	**126,091,799**

13. Accrued expenses and other liabilities

	2013 $	2012 $
Accrued expenses & other liabilities		
Accrued liabilities	6,661,914	6,911,558
VAT payable	-	5,973,661
Performance bonds	623,758	898,758
	7,285,672	13,783,977
Water taxi		
Accrued liabilities	2,871,180	4,605,181
	10,156,852	**18,389,158**

14. Taxation

a) Deferred tax liability

Deferred tax liability of $112,110 arises from the tax written down value of assets and their accounting book values as at 30 September 2013. The current rate of corporation tax is 25%.

	2013 $	2012 $
Written down value per accounting values	15,849,526	17,512,331
Tax value of plant and machinery	15,401,085	16,531,519
Temporary difference	448,441	980,812
Deferred tax at 25%	**112,110**	**245,203**

b) Income taxes

	2013 $	2012 $
Current tax	891,336	1,310,407
Deferred tax	357,313	60,293
Total tax expense	**1,248,649**	**1,370,700**

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

	2013	2012
Profit before tax	2,177,866	5,032,513
Income taxes charge calculated at statutory rates	544,466	1,258,128
Business and green fund levies	154,653	61,423
Lost benefit from non-taxable deductions	192,217	(9,144)
Deferred tax	357,313	60,293
Total expense	**1,248,649**	**1,370,700**

The current rate of corporation tax is 25%, (2012 25%). The company is entitled to set-off its brought forward tax losses against taxable profits. All tax losses have been utilised in prior years.

c) Tax refundable

	2013 $	2012 $
Business levy refundable	56,471	56,471
Green fund levy refundable	51,723	63,291
Corporation tax refundable	586,022	1,322,206
	694,216	**1,441,968**

d) Tax losses

The company does not have any tax losses at the end of 2013 to utilise against current year profits or to carry forward.

15. **Deferred capital grant shortfall**

In 2009 NIDCO 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 assets (vessels).

The amount of $30,834,609 represents to date the total amount by which depreciation charges and loan interest costs are in excess of the total capital receipts accounted for as at 30 September 2013 regarding capital acquisition in accordance with Accounting for Government Grants and Disclosure of Government Assistance of the IFRS for SMEs.

16. **Deferred Income**

This represents income to be earned the next financial year from:

a) A Water Taxi Service Agreement

b) Management fees

17. **Capital deferred grants water taxi**

This account balance represents total claims to the Ministry to date on capital items acquired for the Water Taxi service..

18. **Related party transactions**

The company is wholly owned by the GORTT.

The following table provides the total amount of material transactions which have been entered into with related parties for the years ended 30 September 2013 and 2012:

a) Government of The Republic of Trinidad and Tobago

	2013	2012
	$	$
Management fees earned	**52,672,715**	**49,990,770**
Financing for projects	**616,616,423**	**150,615,410**

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.

	2013	2012
	$	$
Short term benefits	3,717,000	3,717,000
Post-employment benefits	540,000	540,000
	4,257,000	**4,257,000**

19. **Commitments and contingencies**

a) Capital commitments

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

b) Other commitments

In carrying out its activities as stated in Note 1, the company has entered into several contracts with various contractors for which commitments existed at the year end. These contractual commitments amounted to $4,169.70 million at 30 September 2013 (2012:$4,519.14 million).

c) Contingencies

At the end of its financial year the company was engaged in several legal proceedings arising from the normal course of business. No provisions have been made for 2013 (2012:$0.50m). As a matter of disclosure, there is a pending matter for a former employee for the estimated amount of $224,632.54. The Judge held that the claimant was wrongfully dismissed and subsequently an appeal was filed and was served on the respondent/claimant.

20. **Lease commitments – NIDCO**

Rental expense for motor vehicles, copiers, premises and services totalled $8,445,427 for the year ended 30 September 2013 (2012 - $8,029,581).

	2013 $	2012 $
Not later than one year	8,604,057	7,200,316
Later than one year and no later than five years	9,624,620	4,317,213
Later than five years	-	-

21. **Financial instruments**

a) Fair values

The aggregate fair values of financial assets and liabilities in the balance sheet at 30 September 2013 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.

b) Credit risk

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

22. Selling, general and administrative expenses-NIDCO

	2013 $	2012 $
Staff costs	37,502,767	28,275,119
Rental	7,740,924	6,836,346
Legal, professional and consultancy fees	1,905,405	2,702,594
Directors fees	485,481	480,850
	47,634,577	**38,294,909**

23. Other expenses-NIDCO

	2013 $	2012 $
Utilities	3,328,274	2,628,439
Repairs & maintenance	861,817	643,145
Public relations	1,433,197	1,794,955
Print reproduction and stationery	608,013	386,333
Office and other expenses	1,357,540	979,927
	7,588,841	**6,432,799**

24. Administrative and other expenses

	2013 $	2012 $
Water taxi		
Staff costs	16,894,177	16,106,076
Rental	704,503	1,193,235
Legal, professional and consultancy fees	3,149,390	3,105,555
	20,748,070	20,404,866
Utilities	5,434,761	5,341,915
Repairs & maintenance	1,070,647	848,698
Repairs & maintenance vessels	7,026,235	5,693,761
Public relations	438,001	159,347
Print reproduction and stationery	227,801	281,630
Office and other expenses	925,495	763,254
Fuel expenses	3,779,529	6,749,275
	39,650,539	**40,242,746**

25. Application of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

It was discovered that earnings of 2010 and 2011 were overstated in the amount of $6,976,059 which had a corresponding effect on other balances in the statement of financial position.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the overstatement was corrected from the earliest comparative information as presented using retrospective restatement.

The amount of the correction in each year for each line item affected and the value of the correction at the beginning of the earliest prior period presented are as follows:

	2011 **$**	**2010** **$**
Due from Government of Trinidad & Tobago	6,846,999	4,103,450
Retained earnings	6,846,999	129,060
VAT	--	74,795
Deferred Government Capital Grant WT	--	3,899,594

26. Events after the reporting date

No significant events occurred after the reporting date of 4 December 2014 affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.