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Chartered Accountants  
& Business Advisors

**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**



Chartered Accountants  
& Business Advisors

**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

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## STATEMENT OF MANAGEMENT RESPONSIBILITIES

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of National Information and Communication Technology Company Limited, which comprise the statement of financial position as at 30 September 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 company 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, including the Companies Act; 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.



Chief Executive Officer



Chief Financial Officer

Date: 18 December, 2018

Date: 18 December, 2018



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT

### The Members

**National Information and Communication Technology Company Limited**

### Opinion

We have audited the financial statements of National Information and Communication Technology Company Limited, which comprise the statement of financial position as at 30 September 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Information and Communication Technology Company Limited as at 30 September 2018 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of National Information and Communication Technology Company Limited 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

The Board of Directors is responsible for overseeing the company's financial reporting process.

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Address: 111 Eleventh Street, Barataria, Trinidad, West Indies  
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Phillip Mark K. Superville



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT (Cont'd)

### Auditors' 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 auditors' 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 judgment 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 auditors' 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 auditors' 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 the Board of Directors 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.

The previous year's accounts were audited by another firm of Chartered Accountants.

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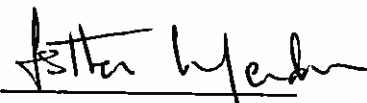
Barataria  
TRINIDAD  
18 December 2018

**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

	<u>Notes</u>	<u>30 September</u>	
		<u>2018</u> (\$)	<u>2017</u> (\$)
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	5	114,903,172	124,249,114
Accounts receivable and prepayments	6	21,559,770	21,036,122
Taxation recoverable		<u>324,912</u>	<u>66,538</u>
Total Current Assets		136,787,854	145,351,774
<b>Non-Current Assets</b>			
Property, plant and equipment	7	<u>8,071,220</u>	<u>9,010,050</u>
<b>Total Assets</b>		<u><b>144,859,074</b></u>	<u><b>154,361,824</b></u>
<b><u>LIABILITIES AND SHAREHOLDER'S EQUITY</u></b>			
<b>Current Liabilities:</b>			
Accounts payable and accruals	8	12,667,057	10,124,170
Taxation payable		-	1,878,092
Deferred income	9	<u>2,560,227</u>	<u>4,823,683</u>
Total Current Liabilities		15,227,284	16,825,945
<b>Non-Current Liabilities:</b>			
Deferred taxation	10	<u>958,152</u>	<u>901,023</u>
Total Liabilities		<u>16,185,436</u>	<u>17,726,968</u>
<b>Shareholders' Equity:</b>			
Contributed capital	11	5,393,923	5,393,923
Accumulated surplus		<u>123,279,715</u>	<u>131,240,933</u>
Total Shareholder's Equity		<u>128,673,638</u>	<u>136,634,856</u>
<b>Total Liabilities and Shareholder's Equity</b>		<u><b>144,859,074</b></u>	<u><b>154,361,824</b></u>

These financial statements were approved by the Board of Directors and authorised for issue on 18 December 2018 and signed on their behalf by:

  
Director

  
Director

(The accompanying notes form an integral part of these financial statements)

**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

	<u>Notes</u>	For the year ended 30 September	
		<u>2018</u> (\$)	<u>2017</u> (\$)
<b>Income:</b>			
<u>Operating Income:</u>			
Subvention	16	29,000,000	39,635,500
Project management fees		(161,005)	416,228
Tender fees		122,727	26,929
Project income	17	<u>13,128,209</u>	<u>1,823,419</u>
Less: Operating costs	18	42,089,931 <u>(12,619,086)</u>	41,902,076 <u>(2,184,910)</u>
Operating surplus		29,470,845	39,717,166
<u>Other income:</u>			
Interest income		28	51
Other income		<u>29,104</u>	<u>157,238</u>
Total Income		<u>29,499,977</u>	<u>39,874,455</u>
<b>Expenditure:</b>			
Administrative expenses	19	39,332,684	42,229,099
(Gain)/loss on foreign exchange translation		<u>(6,954)</u>	<u>6,421</u>
Total Expenditure		<u>39,325,730</u>	<u>42,235,520</u>
Net loss before taxation		(9,825,753)	(2,361,065)
Taxation	22	<u>1,864,535</u>	<u>(60,568)</u>
Net loss for the year		(7,961,218)	(2,421,633)
Other comprehensive loss:			
<u>Items that may not be reclassified subsequently to profit or loss:</u>			
Prior year adjustment		-	(1,521,786)
Depreciation on Vested Assets		<u>-</u>	<u>169,000</u>
<b>Total Comprehensive Loss for the year</b>		<u><u>(7,961,218)</u></u>	<u><u>(3,774,419)</u></u>

(The accompanying notes form an integral part of these financial statements)

**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**30 SEPTEMBER 2018**

	<u>Stated Capital</u> (\$)	<u>Accumulated Surplus</u> (\$)	<u>Total Equity</u> (\$)
Balance as at 1 October 2016	22,293,923	135,015,352	157,309,275
Share application – vested assets rescinded	(16,900,000)	169,000	(16,731,000)
Prior year adjustment	-	(1,521,786)	(1,521,786)
Total Comprehensive Loss for the year	-	<u>(2,421,633)</u>	<u>(2,421,633)</u>
Balance as at 30 September 2017	<u>5,393,923</u>	<u>131,240,933</u>	<u>136,634,856</u>
Balance as at 1 October 2017	5,393,923	131,240,933	136,634,856
Total Comprehensive Loss for the year	-	<u>(7,961,218)</u>	<u>(7,961,218)</u>
Balance as at 30 September 2018	<u>5,393,923</u>	<u>123,279,715</u>	<u>128,673,638</u>

(The accompanying notes form an integral part of these financial statements)



**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**STATEMENT OF CASH FLOWS**

For the year ended  
30 September

**2018**                      **2017**  
(\$)

<b>Operating Activities:</b>		
Net loss before taxation	(9,825,753)	(2,361,065)
Adjustment for:		
Depreciation	1,666,621	1,719,891
(Gain)/loss on disposal of property, plant and equipment	(63,449)	3,716
Prior year adjustment	—	(1,521,786)
	<u>(8,222,581)</u>	<u>(2,159,244)</u>
<b>Changes in non-cash working capital changes:</b>		
Net change in accounts receivables and prepayments	(523,648)	48,370,463
Net change in accounts payable and accruals	2,542,887	(33,561,007)
Net change in deferred income	(2,263,456)	(19,907,512)
Taxation paid (net)	<u>(214,802)</u>	<u>(982,901)</u>
Cash used in operating activities	<u>(8,681,600)</u>	<u>(8,240,201)</u>
<b>Financing Activities:</b>		
Proceeds from disposal of property, plant and equipment	343,719	1,624
Purchase of property, plant and equipment	<u>(1,008,061)</u>	<u>(971,724)</u>
Cash used in financing activities	<u>(664,342)</u>	<u>(970,100)</u>
Net change in cash resources	(9,345,942)	(9,210,301)
Cash resources, beginning of year	<u>124,249,114</u>	<u>133,459,415</u>
Cash resources, end of year	<u><u>114,903,172</u></u>	<u><u>124,249,114</u></u>
<b>Represented by:</b>		
Cash and cash equivalents	<u><u>114,903,172</u></u>	<u><u>124,249,114</u></u>

(The accompanying notes form an integral part of these financial statements)

**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**1. Incorporation and Principal Business Activity:**

The National Information and Communication Technology Company Limited ("the company" or iGovTT) was incorporated in the Republic of Trinidad and Tobago on the 20 July 2009 and is wholly owned by the Government of the Republic of Trinidad and Tobago. The registered office is situated at Lord Harris Court, #52 Pembroke Street, Port-of-Spain.

The principal activity of the organisation is the execution and administration of enterprise-wide Information and Communication Technology (ICT) Strategies and Programmes for Ministry Departments, Divisions and Agencies. The objective is to ensure more effective alignment, coordination, integration, consistency, security, inter-operability and cost effectiveness of ICT-related projects and initiatives. It also managed ttConnect – a Government portal that allows the public to access a myriad of Government services.

**2. Summary of Significant Accounting Policies:**

**a) Basis of Financial Statements Preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). They are stated in Trinidad and Tobago dollars, expressed in whole dollars and prepared on the historical cost basis.

**b) Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable:

- Level 1 inputs are considered the most reliable evidence of fair value and consist of quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs are inputs (other than quoted prices within Level 1) that are either directly or indirectly observable. They are used when quoted prices for the identical asset or liability are not available; and
- Level 3 inputs are unobservable inputs and are used if little or no market activity occurs for the asset or liability.

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**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**2. Summary of Significant Accounting Policies (Cont'd):**

**c) New Accounting Standards and Interpretations -**

The company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the company or have no material impact on its financial statements.

- IFRS 1 First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 2 Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 4 Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).
- IFRS 17 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).
- IAS 28 Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
- IAS 40 Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).

**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**2. Significant Accounting Policies (Cont'd):**

**c) New Accounting Standards and Interpretations (cont'd) -**

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).

IFRIC 23 Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

The company has not applied IFRS 9 which has been issued but is not yet effective. Although its effect is likely to be significant, the impact cannot be determined with any degree of certainty, particularly with regard to twelve-month and life-time expected credit loss.

**d) Property, plant and equipment -**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separated items of property, plant and equipment.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**2. Significant Accounting Policies (Cont'd):**

**d) Property, plant and equipment (cont'd) -**

Depreciation is provided using the reducing balance method (buildings straight-line method). The following rates considered appropriate to write-off the assets over their estimated useful lives are applied:

Buildings	-	2%	Furniture and Fittings	-	12.5%
Office Equipment	-	12.5%	Computers Equipment	-	25%
Motor Vehicles	-	25%	Leasehold Improvements	-	12.5%

No depreciation is provided on Work-in-Progress.

**e) Financial Instruments -**

Financial assets and financial liabilities are recognised on the company's Statement of Financial Position when the company becomes a party to the contractual provisions of the instrument.

**Financial assets**

*Classification*

The company classified its financial assets in the following categories:

- **Loans and receivables:**  
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- **Held-to-maturity:**  
These are non-derivative financial assets fixed or determinable payments and fixed maturity dates where management has the positive intention and the ability to hold to maturity.
- **At fair value through profit and loss:**  
These are irrevocable designated upon initial recognition and changes in fair value are recognised in profit and loss.
- **Available for sale:**  
These are those not classified as loans and receivables, held-to-maturity investments or at fair value through profit or loss.

NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

2. Significant Accounting Policies (Cont'd):

e) **Financial Instruments (cont'd) -**

*Recognition and Measurement*

Financial assets are initially recognised at fair value plus transactions costs except for financial assets at fair value through profit and loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised immediately as expenses. Regular purchases and sales of financial assets are recognised on the trade date – date on which the company commits to purchase or sell the asset.

*Derecognition*

Financial assets are derecognised when the contractual right to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Accounts Receivable and Prepayments

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounts Payable and Accruals

Accounts payable and accruals are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

2. Significant Accounting Policies (Cont'd):

f) **Taxation -**

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred Tax

Deferred income tax is provided, using the liability method on all temporary differences at the date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

g) **Government subvention -**

Grants from the Government of the Republic of Trinidad and Tobago are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all the attached conditions.

Unconditional grants related to the on-going operations of the company are recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the company.

Grants that relate to recurrent costs are deferred as liabilities and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs they are intended to compensate. Grants in excess of recurrent costs are deferred.

Grants that relate to capital costs are recognised in the Statement of Comprehensive Income as revenue on a systematic basis over the life of the asset.

NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

2. Significant Accounting Policies (Cont'd):

h) **Stated capital -**

The stated capital consists of a \$5,000,010 capital investment by the Government of the Republic of Trinidad and Tobago.

During the fiscal year 2016 and 2017, there was a transfer of capital investment in accordance with Cabinet decision dated 23 April 2009 of vested assets, which instructed the company to treat said assets as stated capital. The company has recognised as a capital injection, the transfer of two motor vehicles for use in the operations of the company. The value of the capital injection is the fair value of the assets at the date of transfer. The value was determined by an external independent valuator. Although the initial transfer was for two motor vehicles and a building, the decision to transfer the building was rescinded on 13 July 2017 through Cabinet Minute Note 127.

i) **Operating leases -**

The leases entered into by the company which do not transfer substantially all the risk and benefits of ownership are classified as operating leases. The total payments made under operating leases are charged to other operating expenses in income 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.

j) **Provisions -**

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

k) **Borrowings -**

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

Borrowings costs are recognised in profit and loss in the period in which they are incurred.



NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

2. Significant Accounting Policies (Cont'd):

l) **Impairment -**

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) **Revenue Recognition -**

*Subvention*

This pertains to grants from the Government of the Republic of Trinidad and Tobago ("GORTT") to fund the operations of the company and GORTT ICT-wide projects.

*Project Management Fees*

This pertains to fees for managing projects and consultation on ICT procurement performed for GORTT and state entities.

*Other Income*

This pertains to income from various sources including interest income and tender fees.

n) **Foreign Currency Transactions -**

Foreign currency transactions are translated at the exchange rates ruling at the date of the transactions and any gains or losses arising are taken into the Statement of Comprehensive Income. Assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago currency at rates of exchange ruling at the reporting date.

o) **Comparative Information -**

Where necessary, comparative amounts have been adjusted to conform with the changes in presentation in the current year.

NATIONAL INFORMATION AND COMMUNICATION  
TECHNOLOGY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

3. **Financial Risk Management:**

**Risk Management**

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

*Risk management structure*

The company's risk management structure assigns responsibilities to the following as outlined in the State Enterprises Performance Monitoring Manual.

*Role of the Board*

The Board of Directors, under the Companies Act 1995, directs the management of the business and affairs for 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 also ensures that the policies and objectives of the company reflect the policies of the Government of the Republic of Trinidad and Tobago (GORTT). It is the Board's responsibility to ensure the company is staffed by competent senior management personnel, to set standards and to 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 evaluating the effectiveness of risk management, control and governance processes.

*Role of the Finance 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 recommend policies and procedures to the Board for approval. The Committee also continually reviews policies and procedures in light of economic and business conditions, to ensure relevance to the company and where needed, make recommendations for Board approval.

**NATIONAL INFORMATION AND COMMUNICATION  
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**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**3. Financial Risk Management (Cont'd):**

The following table summarises the carrying amounts and fair values of the company's financial assets and liabilities:

	<b>2018</b>	
	<b><u>Carrying Value</u></b>	<b><u>Fair Value</u></b>
	(\$)	(\$)
<b>Financial Assets</b>		
Cash and cash equivalents	114,903,172	114,903,172
Accounts receivable and prepayments	21,559,770	21,559,770
<b>Financial Liabilities</b>		
Accounts payable and accruals	12,667,057	12,667,057
	<b>2017</b>	
	<b><u>Carrying Value</u></b>	<b><u>Fair Value</u></b>
	(\$)	(\$)
<b>Financial Assets</b>		
Cash and cash equivalents	124,249,114	124,249,114
Accounts receivable and prepayments	21,036,122	21,036,122
<b>Financial Liabilities</b>		
Accounts payable and accruals	10,124,170	10,124,170

The company is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk. The risk management policies employed by the company to manage these risks are discussed below:

**a) Interest Rate Risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities.

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**3. Financial Risk Management (Cont'd):**

**a) Interest Rate Risk (cont'd) -**

**Interest Rate Sensitivity Analysis**

The company's exposure to interest rate risk is summarised in the table below, which analyses assets and liabilities at their carrying amounts categorised according to their maturity dates.

		2018					
		Interest Rate (\$)	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non- Interest Bearing (\$)	Total (\$)
<b>Financial Assets</b>							
Cash and cash equivalents	0.08%		114,895,172	-	-	8,000	114,903,172
Accounts receivable and prepayments	0.00%		-	-	-	21,559,770	21,559,770
			<u>114,895,172</u>	<u>-</u>	<u>-</u>	<u>21,567,770</u>	<u>136,462,942</u>
<b>Financial Liabilities</b>							
Accounts payable and accruals	0.00%		-	-	-	12,667,057	12,667,057
			<u>-</u>	<u>-</u>	<u>-</u>	<u>12,667,057</u>	<u>12,667,057</u>
		2017					
		Interest Rate (\$)	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non- Interest Bearing (\$)	Total (\$)
<b>Financial Assets</b>							
Cash and cash equivalents	0.08%		124,241,144	-	-	8,000	124,249,144
Accounts receivable and prepayments	0.00%		-	-	-	21,036,122	21,036,122
			<u>124,241,144</u>	<u>-</u>	<u>-</u>	<u>21,044,122</u>	<u>145,285,236</u>
<b>Financial Liabilities</b>							
Accounts payable and accruals	0.00%		-	-	-	10,124,170	10,124,170
			<u>-</u>	<u>-</u>	<u>-</u>	<u>10,124,170</u>	<u>10,124,170</u>

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**3. Financial Risk Management (Cont'd):**

**b) Credit Risk -**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the future cash inflows from financial assets on hand at the reporting date. The company relies on its policies and guidelines on trade debtor management, which establishes the policies governing the granting of credit to customers and provides a comprehensive framework for prudent risk management of the credit function. These guidelines communicate the company's credit philosophy; provide policy guidelines to team members involved in granting credit; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; and create the foundation for a sound credit portfolio.

The company's debtor' portfolio is managed and consistently monitored by management and where necessary, provisions have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the company has policies to limit the amount of exposure to any single financial institution.

The company also actively monitors global economic developments and government policies.

The maximum exposure to credit risk at year end was:

	<b>30 September</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	(\$)	(\$)
Trade receivables, net	14,728,951	8,848,890
Cash	<u>114,903,172</u>	<u>124,249,114</u>
<b>Credit risk</b>	<b><u>129,632,123</u></b>	<b><u>133,098,004</u></b>
The aging of trade receivables at year-end was:		
Current		
1-30 days due	1,384,208	786,566
31-90 days due	178,275	344,284
Over 90 days due	5,481,698	(91,995)
	<u>8,199,600</u>	<u>9,199,099</u>
	<b><u>15,243,781</u></b>	<b><u>10,237,954</u></b>

No impairment losses were recognised for trade receivables in 2018 (2017: Nil).

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**3. Financial Risk Management (Cont'd):**

**c) Liquidity Risk -**

Liquidity risk is the risk that arises when there is a mismatch in the maturity of assets and liabilities. Although an unmatched position can enhance profitability, it also increases the risk of losses. To minimise such losses, the company maintaining sufficient cash and other highly liquid current assets and has credit facilities available.

**Liquidity Gap**

The table below, which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date, summarises the company's exposure to liquidity risk:

	2018			
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 Years (\$)	Total (\$)
<b>Financial Assets</b>				
Cash and cash equivalents	114,903,172	-	-	114,903,172
Accounts receivable and prepayments	21,559,770	-	-	21,559,770
	<u>136,462,942</u>	<u>-</u>	<u>-</u>	<u>136,462,942</u>
<b>Financial Liabilities</b>				
Accounts payable and accruals	12,667,057	-	-	12,667,057
	<u>12,667,057</u>	<u>-</u>	<u>-</u>	<u>12,667,057</u>
	2017			
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 Years (\$)	Total (\$)
<b>Financial Assets</b>				
Cash and cash equivalents	124,249,114	-	-	124,249,114
Accounts receivable and prepayments	21,036,122	-	-	21,036,122
	<u>145,285,236</u>	<u>-</u>	<u>-</u>	<u>145,285,236</u>
<b>Financial Liabilities</b>				
Accounts payable and accruals	10,124,170	-	-	10,124,170
	<u>10,124,170</u>	<u>-</u>	<u>-</u>	<u>10,124,170</u>

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**3. Financial Risk Management (Cont'd):**

**d) Currency Risk -**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the company's measurement currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**e) Operational Risk -**

Operational risk is the risk that derives from deficiencies relating to the company's information technology and control systems, as well as the risk of human error and natural disasters. The company's systems are evaluated, maintained and upgraded continuously.

**f) Compliance Risk -**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to the extent of monitoring controls applied by the company.

**g) Reputation Risk -**

The risk of loss of reputation arising from the negative publicity relating to the company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the company. The company applies a strategy of public relations exercises to minimise this risk.

**4. Critical Accounting Estimates and Judgments:**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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4. Critical Accounting Estimates and Judgments (Cont'd):

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates and assumptions concerning the future.

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) **Impairment of assets**

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) **Property, plant and equipment**

Management exercises judgement in determining (i) whether future economic benefits can be derived from expenditures to be capitalised; and (ii) the useful lives and residual values of these assets.

iii) **Provisions**

The recognition of provisions involves assumptions about the probability, amount and timing of an outflow of resources embodying economic benefits. A provision is recognised to the extent that an outflow of resources embodying economic benefits is probable and a reliable estimate can be made.

iv) **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.



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**4. Critical Accounting Estimates and Judgments (Cont'd):**

**v) Revenue**

The organisation recognises revenue when the value can be reliably measured and when it is probable that future economic benefit will flow to the organisation.

**vi) Income taxes**

Estimates are required in determining the charge for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liabilities in the period in which such determination is made

**5. Cash and Cash Equivalents:**

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Cash in hand	8,000	8,000
Cash at bank – iGovTT	109,466,863	119,894,528
Cash at bank – ttConnect	<u>5,428,309</u>	<u>4,346,586</u>
	<u><u>114,903,172</u></u>	<u><u>124,249,114</u></u>

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**6. Accounts Receivable and Prepayments:**

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Trade receivables	15,243,781	10,237,954
Provision for doubtful debts	<u>(514,830)</u>	<u>(1,389,064)</u>
	14,728,951	8,848,890
Deferred expenses	1,869,972	4,716,655
VAT recoverable	4,823,958	4,061,074
Other receivable	<u>136,889</u>	<u>3,409,503</u>
	<u><b>21,559,770</b></u>	<u><b>21,036,122</b></u>
<u>Provision for Doubtful Debts</u>		
Balance at beginning of year	1,389,064	1,437,552
Bad debts recovered	<u>(874,234)</u>	<u>(48,488)</u>
Balance at end of year	<u><b>514,830</b></u>	<u><b>1,389,064</b></u>

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**7. Property, Plant and Equipment:**

Cost	<u>Furniture and Fittings (\$)</u>	<u>Office Equipment (\$)</u>	<u>Computer Equipment (\$)</u>	<u>Motor Vehicles (\$)</u>	<u>Leasehold Improvements (\$)</u>	<u>Work in Progress (\$)</u>	<u>Total (\$)</u>
Balance as at 1 October 2017	5,834,726	3,404,126	6,732,302	2,653,825	-	150,796	18,775,775
Additions	35,399	154,754	41,598	340,000	416,150	20,160	1,008,061
Reclassifications	(5,584,785)	-	-	-	5,584,785	-	-
Disposals	-	-	(5,954)	(563,251)	-	-	(569,205)
Balance as at 30 September 2018	<u>285,340</u>	<u>3,558,880</u>	<u>6,767,946</u>	<u>2,430,574</u>	<u>6,000,935</u>	<u>170,956</u>	<u>19,214,631</u>
<b>Accumulated Depreciation</b>							
Balance as at 1 October 2017	1,740,868	1,816,470	4,301,349	1,907,038	-	-	9,765,725
Charge for the year	21,891	235,947	750,117	149,550	509,116	-	1,666,621
Reclassifications	(1,650,574)	-	-	-	1,650,574	-	-
Disposals	-	-	(1,477)	(287,458)	-	-	(288,935)
Balance as at 30 September 2018	<u>112,185</u>	<u>2,052,417</u>	<u>5,049,989</u>	<u>1,769,130</u>	<u>2,159,690</u>	<u>-</u>	<u>11,143,411</u>
<b>Net Book Value</b>							
Balance as at 30 September 2018	<u>173,155</u>	<u>1,506,463</u>	<u>1,717,957</u>	<u>661,444</u>	<u>3,841,245</u>	<u>170,956</u>	<u>8,071,220</u>
Balance as at 30 September 2017	<u>4,093,858</u>	<u>1,587,656</u>	<u>2,430,953</u>	<u>746,787</u>	<u>-</u>	<u>150,796</u>	<u>9,010,050</u>

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7. Property, Plant and Equipment (Cont'd):

Cost	Building (\$)	Furniture and Fittings (\$)	Office Equipment (\$)	Computer Equipment (\$)	Motor Vehicles (\$)	Work in Progress (\$)	Total (\$)
Balance as at 1 October 2016	16,900,000	5,830,722	3,292,052	6,293,016	2,410,250	-	34,726,040
Additions	-	4,004	112,074	461,276	243,575	150,796	971,725
Disposals	(16,900,000)	-	-	(21,990)	-	-	(16,921,990)
Balance as at 30 September 2017	-	5,834,726	3,404,126	6,732,302	2,653,825	150,796	18,775,775
<b>Accumulated Depreciation</b>							
Balance as at 1 October 2016	169,000	1,156,424	1,596,790	3,637,628	1,671,641	-	8,231,483
Charge for the year	-	584,444	219,680	680,370	235,397	-	1,719,891
Disposals	(169,000)	-	-	(16,649)	-	-	(185,649)
Balance as at 30 September 2017	-	1,740,868	1,816,470	4,301,349	1,907,038	-	9,765,725
<b>Net Book Value</b>							
Balance as at 30 September 2017	-	4,093,858	1,587,656	2,430,953	746,787	150,796	9,010,050
Balance as at 30 September 2016	16,731,000	4,674,298	1,695,262	2,655,388	738,609	-	26,494,557

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8. Accounts Payable and Accruals:

	30 September	
	2018 (\$)	2017 (\$)
Trade payables	8,583,980	3,981,011
Accruals	2,979,558	3,947,237
Other	1,103,519	2,195,922
	<u>12,667,057</u>	<u>10,124,170</u>

9. Deferred Income:

	30 September	
	2018 (\$)	2017 (\$)
<i>Advance Payments -</i>		
Balance at beginning of the year	4,823,683	3,526,106
Advanced billings	-	15,761,219
Transfer to Statement of Comprehensive Income	(2,263,456)	(14,463,642)
Balance as at end of the year	<u>2,560,227</u>	<u>4,823,683</u>
<i>Microsoft Agreement -</i>		
Balance at beginning of the year	-	-
Increases	-	21,205,089
Reversals during the year	-	(21,205,089)
Balance as at end of the year	<u>2,560,227</u>	<u>4,823,683</u>

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**10. Deferred Taxation:**

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Balance at beginning of year	901,023	1,196,772
Effect on Statement of Comprehensive Income	<u>57,129</u>	<u>(295,749)</u>
Balance at end of year	<u><u>958,152</u></u>	<u><u>901,023</u></u>
Deferred taxation is attributable to the following item:		
Excess of net-book-value over written-down value	<u><u>958,152</u></u>	<u><u>901,023</u></u>

**11. Stated Capital:**

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Authorised Unlimited number of shares at no par value		
Issued and outstanding 10 shares at no par value	10	10
Issued and fully paid 5,000,000 shares at no par value	5,000,000	5,000,000
Share application *	<u>393,913</u>	<u>393,913</u>
	<u><u>5,393,923</u></u>	<u><u>5,393,923</u></u>

\* This relates to assets vested to the company by the Government of the Republic of Trinidad and Tobago (GORTT), which forms part of the company's stated capital as instructed by Cabinet decision dated 23 April 2009.

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**12. Related Party Transactions:**

As the company is wholly owned by the Government of the Republic of Trinidad and Tobago (GORTT) and given its mandate, these are the significant transactions entered into with other government controlled entities (Ministries and State Agencies):

- Contracts for Procurement
- Contract Management for enterprise wide government agreements for government ministries.

*Key management personnel*

Key management personnel receive compensation in the form of short-term, employee benefits and post-employment benefits.

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Short-term benefits:		
Directors	561,000	474,777
Executive Management	6,089,181	6,780,860
Post employment benefits:		
Executive Management	<u>1,325,258</u>	<u>1,212,019</u>
	<u><u>7,975,439</u></u>	<u><u>8,467,656</u></u>

**13. Fair Values:**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

**Current Assets and Liabilities**

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

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**14. Capital Risk Management:**

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder, whilst providing value to the clients. The company's overall strategy remains unchanged from previous years.

The capital structure of the company consists of equity attributable to its shareholder, and comprises stated capital and accumulated surplus.

**15. Operating Leases:**

	30 September	
	2018	2017
	(\$)	(\$)
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,952,400	2,143,029
Between one and five years	7,809,600	8,572,118
	<b>9,762,000</b>	<b>10,715,147</b>

During the year, **\$1,920,969** (2017: \$2,202,163) was recognized as an expense in the Statement of Comprehensive Income in respect of operating leases.

**16. Subvention:**

	30 September	
	2018	2017
	(\$)	(\$)
Balance, beginning of the year	-	-
Subventions received during the year – iGovTT	21,000,000	31,100,000
Subventions received during the year – ttConnect	8,000,000	8,535,500
Recognised in Statement of Comprehensive Income	<b>(29,000,000)</b>	<b>(39,635,000)</b>
Balance, end of the year	-	-

Funding for the operations of the company is provided through Government subvention. During the year the company received subventions for recurrent expenditure in the sum of **\$29,000,000** for the year ended 30 September 2018 (2017: \$39,635,500).



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**17. Project Income:**

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Advance Payments	8,431,097	8,891,783
Microsoft Agreement	<u>4,697,112</u>	<u>(7,068,364)</u>
	<u><b>13,128,209</b></u>	<u><b>1,823,419</b></u>
iGovTT	12,870,209	1,565,419
ttConnect	<u>258,000</u>	<u>258,000</u>
	<u><b>13,128,209</b></u>	<u><b>1,823,419</b></u>

**18. Operating Costs:**

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Contracted Services - Local	3,934,556	1,560,011
Contracted Services - Foreign	<u>8,684,530</u>	<u>624,899</u>
	<u><b>12,619,086</b></u>	<u><b>2,184,910</b></u>
iGovTT	<u><b>12,619,086</b></u>	<u><b>2,184,910</b></u>

Operating costs comprise expenses incurred by the company in engaging service providers with respect to the physical infrastructure, software and maintenance services associated with the provision of ICT services to the GORTT for projects such as Government Wide Area Network (GovNeTT), Single Electronic Window (SEW), Portal, Microsoft and others.

**19. Administrative Expenses:**

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
iGovTT (Note 20)	32,927,830	34,336,982
ttConnect (Note 21)	<u>6,404,854</u>	<u>7,892,117</u>
	<u><b>39,332,684</b></u>	<u><b>42,229,099</b></u>

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**20. Administrative Expenses - iGovTT:**

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Advertising	21,061	49,526
Audit fees	210,000	212,450
Bad debt expense	(874,234)	(48,488)
Bank charges	14,058	11,529
Board expenses	59,595	62,526
Building maintenance	2,467,500	302,377
Depreciation	1,666,621	1,719,891
Director expenses	561,000	473,446
Donations	-	(1,000)
Electricity	245,567	327,935
Equipment repairs and maintenance	44,866	17,871
Functions	-	(534)
(Gain)/loss on disposal of property, plant and equipment	(63,449)	3,716
Insurance	127,910	143,315
Janitorial	458,513	466,168
Laundry	-	4,896
Legal fees	241,402	197,557
Meeting expenses	8,872	5,964
Motor vehicle expenses	30,754	38,777
NIS – Employer's contributions	1,129,206	1,317,608
Office expenses	136,717	176,589
Postage	1,439	6,220
Printing and stationery	47,597	46,096
Professional fees	1,480,189	875,372
Publications	41,439	34,149
Publicity and promotion	16,415	(7,950)
Recruitment expense	171,808	180,893
Rental – equipment	112,446	192,311
Rental – property	780,000	845,000
Rental – vehicles	-	18,330
Salaries and wages	22,063,996	24,779,726
Short-term employment	112,623	36,523
Security	421,682	832,472
Specialised ICT equipment	37,824	9,875
Staff and organisational development	62,636	65,574
Software licences	192,955	374,871
Subscriptions	10,427	11,937
Telephone	543,999	529,340
Training	84,282	(143,850)
Travel and accommodation – Local	5,231	(465)
Travel and accommodation – Foreign	9,021	20,051
Transportation and storage	136,329	129,422
Utilities	12,933	18,966
Workshops and seminars	96,600	-
	<u>32,927,830</u>	<u>34,336,982</u>

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TECHNOLOGY COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**21. Administrative Expenses - ttConnect:**

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Building maintenance	96,467	44,678
Electricity	123,388	117,949
Equipment repairs and maintenance	2,030	9,513
Insurance	25,937	27,874
Janitorial	303,024	311,783
Meeting expenses	(1,045)	2,225
Motor vehicle expenses	23,326	(6,168)
NIS – Employer’s contributions	282,796	308,892
Office expenses	71,148	122,447
Postage	225	26,320
Printing and stationery	72,821	18,836
Professional fees	(600)	-
Publications	-	(972)
Publicity and promotion	30,934	(18,000)
Rental – equipment	112,294	97,892
Rental – property	916,229	1,048,630
Salaries and wages	3,706,520	4,436,999
Security	524,853	1,165,385
Staff and organisational development	-	6,589
Software licences	58,102	31,085
Telephone	51,501	140,850
Training	-	390
Travel and accommodation – Local	4,904	(1,440)
Transportation and storage	-	360
	<u>6,404,854</u>	<u>7,892,117</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**

**22. Taxation:**

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Business Levy	(912)	(245,837)
Green Fund Levy	(456)	(110,480)
Deferred taxation	(57,129)	295,749
Adjustment for prior year tax payable	<u>1,923,032</u>	<u>-</u>
	<u><b>1,864,535</b></u>	<u><b>(60,568)</b></u>
Net loss before taxation	<u>(9,825,753)</u>	<u>(2,361,065)</u>
Theoretical tax calculated at 30%	2,947,726	-
Expenses not deductible for tax purposes	14,728	-
Business Levy	(912)	(245,837)
Green Fund Levy	(456)	(110,480)
Change in Corporation tax rate from 25% to 30%	(180,205)	-
Tax losses impaired	(2,839,378)	-
Adjustment to deferred tax	-	295,749
Other	<u>1,923,032</u>	<u>-</u>
	<u><b>1,864,535</b></u>	<u><b>(60,568)</b></u>

**23. Contingencies:**

**Contingent liabilities:**

Details and estimates of maximum amounts of contingent liabilities are as follows:

- a) Gratuities are payable to eligible employees pursuant to fulfilment of the following two criteria:
- i) The employee must be in the employed with the company to the end of employment contract; and
  - ii) The employee's performance assessments during the contract period must have been deemed satisfactory.

At the close of the financial year, the estimated gratuity payable equates to \$4,196,389 for its existing staff complement of 109 staff members.

NATIONAL INFORMATION AND COMMUNICATION  
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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

23. Contingencies (Cont'd):

b) Legal Claims -

- A former employee who was assigned to the Corporate Communication Unit, contract was terminated on the grounds of negligently dealing with company funds submitted a claim on 24 May 2016. The company submitted witness statements to the Industrial Court on 21 June 2018. The matter was adjourned to 29 March 2019. Legal advice obtained indicates that it is unlikely any significant liability will arise and the company is not mindful to settle given the nature of the termination.
- A former employee who was assigned to the Operations Unit, whose contract of employment was not renewed, submitted a claim on 15 September 2017. A conciliation meeting was held on 4 October 2017, which was unsuccessful. The matter remained unresolved and is to be referred to the Industrial Court.
- Nineteen (19) ttConnect employees submitted a claim on 15 March 2018 on the ground of outstanding gratuity, vacations and sick leave during the period in which the Unit was not assigned to the company. The company attended a conciliation meeting on 26 March 2018, which was unresolved and an extension of time for conclusion of the matter was granted to 30 April 2018. The company has since retained legal counsel in this matter. The company awaits the extended date for the conciliation meeting from the Ministry of Labour and Small Enterprise Development (MOLSED).