

**Point Lisas Industrial Port Development  
Corporation Limited**

Financial Statements

31 December 2016

*(Expressed in Trinidad and Tobago Dollars)*

# **Point Lisas Industrial Port Development Corporation Limited**

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# Point Lisas Industrial Port Development Corporation Limited

## Statement of Management's Responsibilities

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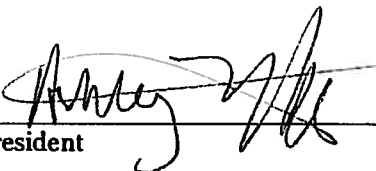
Management is responsible for the following:

- Preparing and fairly presenting the accompanying parent and consolidated financial statements of Point Lisas Industrial Port Development Corporation Limited which comprise the parent and consolidated statement of financial position as at 31 December 2016 and the parent and consolidated 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 Group 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 Group's assets, detection/prevention of fraud, and the achievement of Group 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 Group 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.

  
\_\_\_\_\_  
President

16 March 2017

  
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Vice President - Business Services

16 March 2017



## **Independent Auditor's Report**

To the shareholders of Point Lisas Industrial Port Development Corporation Limited

### **Report on the audit of the parent and consolidated financial statements**

#### **Our opinion**

In our opinion, the parent and consolidated financial statements present fairly, in all material respects, the parent and consolidated financial position of Point Lisas Industrial Port Development Corporation Limited (the Parent) and its subsidiary (together, the Group) as at 31 December 2016, and of its parent and consolidated financial performance and its parent and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### ***What we have audited***

Point Lisas Industrial Port Development Corporation Limited's Parent and Group's consolidated financial statements comprise:

- the parent and consolidated statement of financial position as at 31 December 2016;
- the parent and consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the parent and consolidated statement of changes in equity for the year then ended;
- the parent and consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### **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 *Auditor's Responsibilities for the Audit of the Parent and Consolidated Financial Statements* section of our report.

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

#### ***Independence***

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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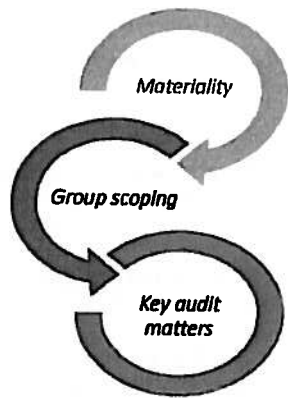
**BA Hackett (Senior Partner), L Awai, F Aziz Mohammed, H Mohammed, NA Panchoo, SW Ramírez, A West**

*PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, Trinidad, West Indies*  
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## Independent Auditor's Report (continued)

### Our audit approach

#### Overview



- Overall group materiality of \$0.648 million, which represents 5% of the last 5 years' average profit before tax eliminating the fair value gain on the investment property.
- The consolidated group consists of the parent (Point Lisas Industrial Port Development Corporation Limited) and one fully owned subsidiary (Point Lisas Terminals Limited) all registered in Trinidad and Tobago.
- The audit engagement team was the auditor for both the parent and the subsidiary.
- A full scope audit was performed on both the parent and subsidiary.

Areas of audit focus which we allocated the greatest amount of resources and effort were:

- Valuation of investment properties.
- Valuation of net retirement benefit obligation and casual employee retirement benefit.

#### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the parent and consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

A full scope audit was performed on both the parent and subsidiary resulting in 100% coverage. Both entities were audited by PwC Trinidad.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

## Independent Auditor's Report (continued)

### *Materiality (continued)*

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

<b><i>Overall group materiality</i></b>	<b>\$648,000</b>
<b><i>How we determined it</i></b>	5% of the last 5 years' average profit before tax after eliminating the impact of the Fair Value gain on investment property from each year's financial results.
<b><i>Rationale for the materiality benchmark applied</i></b>	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We eliminate the impact of the fair value gain on the investment property in order to set materiality at a level where the majority of the financial statement line items will be in scope for the audit. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above TT\$32,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Independent Auditor's Report (continued)

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the parent and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
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#### *Valuation of investment properties*

*See note 6 to the financial statements.*

Investment properties, carried at fair value, were \$1,832M as at 31 December 2016. Included in the statement of profit or loss and other comprehensive income is \$261.6M of fair value gains arising from the revaluation of these properties.

The investment properties, comprising the leased lands included in the industrial estate segment, represent a significant portion of the asset base of the Corporation. Management values this asset at fair value using market based valuation models based on information that is not publically available.

Management has engaged the experience and expertise of the valuation firm, Raymond and Pierre Chartered Valuation Surveyors, to compute the fair value annually.

We read the valuation report which included all investment properties and discussed the report with the Valuator. We confirmed that the valuation approach for each property was in accordance with professional valuation standards and suitable for use in determining the carrying value of investment properties as at 31 December 2016.

It was evident from our discussions with management and the Valuator and our review of the valuation reports that close attention had been paid to each property's individual characteristics and its overall quality, geographic location and desirability as a whole. There was no evidence of management bias or influence on the Valuator.

## Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Data from the lease contracts of the land size, rent rates, currency of agreement and lease tenure are provided to the valuers. This is used by the valuers to determine a present value of the future cash flows associated with the lands whilst it is occupied by tenants. Projected cash flows also consider the renewal of existing leases for a further 30 years as allowed within the lease agreements. The present value of the vacated lands at the end of the lease term is included in the estimate of the fair value. This is determined based on land prices used in the most recent real estate market transactions and is modified by the valuers for relative location of the property compared with the Corporation's properties.</p> <p>There are significant judgements and estimates to be made in relation to the valuation of the Group's investment properties by independent valuers. The most significant judgement affecting the valuations include the extension of the leases for an additional 30 years and the adjusted land prices. The existence of significant estimation uncertainty, coupled with the material value of the properties, is why we have given specific audit focus and attention to this area.</p>	<p>We challenged the assumptions made by management by performing the following procedures:</p> <ul style="list-style-type: none"><li>• We assessed the likelihood of the continued occupation and extension of the leases using corroboratory evidence on the receivable balances from those tenants and market data surrounding the tenants' ability and intent for continuation of their own operations on the leased properties.</li><li>• We compared current real-estate listings available from reputable realtors, to the land prices used by the Valuator.</li><li>• We compared the discount rates used to external data and found it to be appropriate.</li></ul> <p>We did not identify any contradictory information that would require adjustment to Management's assumptions.</p> <p>We tested on a sample basis the accuracy of the data inputs into the valuation model by verifying the size of property, rent rates, currency of agreement and rent expiry dates against signed contractual lease agreements as updated by "rent-review" agreements and found no exceptions.</p> <p>We obtained, understood and evaluated management's valuation method. We tested the mathematical accuracy of the calculations and obtained support for the data inputs. We found no material exceptions to these tests.</p> <p>We assessed the independence and competence of the Valuator used by management to calculate the fair value of investment properties.</p>



## Independent Auditor's Report (continued)

### Key audit matter

### How our audit addressed the Key audit matter

#### **Valuation of net retirement benefit obligation and casual employee retirement benefit**

*See notes 18 a. and 18 b. to the financial statements.*

The amounts for the retirement benefit obligation and the casual employee retirement benefit on the face of the Parent and Consolidated Statement of Financial Position are presented as (i) the net of the fair value of the pension plan assets and the present value of the defined benefit obligation, and (ii) present value of the casual employee retirement benefit.

The Group sponsors one pension plan for its eligible full time employees (funded) and a retirement benefit for its casual employees (unfunded). As at 31 December 2016, the Group had a combined net retirement benefit obligation of \$54.2M.

#### **Pension plan assets:**

Management utilises the work of the plan's institutional Trustee to perform valuation of the plan's assets that are not traded on active markets.

The Trustee uses a methodology that they have developed to value these unquoted investments. Significant judgement and assumptions are utilised because of the limited external evidence to support the valuations.

#### **Retirement benefit obligation and casual employee retirement benefit:**

Management utilises the work of an actuarial expert to perform certain calculations with respect to the estimated obligations.

The present value of the retirement benefit obligations depends on certain factors that are determined using a number of assumptions in assessing the obligations.

Based on the magnitude and the high degree of estimation uncertainty in assessing both the asset values and the retirement benefit obligations, this is an area of focus for the audit.

#### **Pension plan assets:**

We assessed the methodology used for valuing the plan's assets, focusing particularly on the valuation of unquoted investments.

For the more judgemental valuations, which depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Trustee by performing an independent valuation of a sample of positions, which in some cases resulted in a different valuation to that calculated by the Trustee. In our view, the differences were within a reasonable range of outcomes.

#### **Retirement benefit obligations:**

We evaluated the key assumptions, in particular the discount rate, mortality rates and salary increases assumptions as follows:

We compared the discount rate used by management to the yield of a Government of Trinidad & Tobago bond of a similar period and found to be within an acceptable range.

We compared the mortality rate to publicly available statistics.

Salary increases were compared to historical increases and taking into account the current economic climate.

We tested the integrity of the census data used in the actuarial calculation by comparing it to personnel files.

We assessed the independence and competence of the actuary used by management to calculate the retirement benefit obligations.

There were no material exceptions noted in our testing of the retirement benefit obligations.

## **Independent Auditor's Report (continued)**

### **Other information**

Management is responsible for the other information. The other information comprises Point Lisas Industrial Port Development Corporation Limited's Annual Report, which is expected to be made available to us after the date of our audit opinion.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance before the annual general meeting of the Group is held.

### **Responsibilities of management and those charged with governance for the parent and consolidated financial statements**

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

In preparing the parent and consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the parent and consolidated financial statements**

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

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

Identify and assess the risks of material misstatement of the parent and consolidated 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.

## **Independent Auditor's Report (continued)**

### **Auditor's responsibilities for the audit of the parent and consolidated financial statements (continued)**

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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the parent and consolidated financial statements, including the disclosures, and whether the parent and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

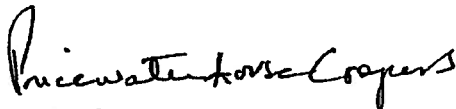
Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fatima Aziz Mohammed.



16 March 2017  
Port of Spain  
Trinidad, West Indies

# Point Lisas Industrial Port Development Corporation Limited

## Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

Parent As at 31 December		Notes	Group As at 31 December	
2015 \$'000	2016 \$'000		2016 \$'000	2015 \$'000
<b>Assets</b>				
<i>Non-current assets</i>				
608,569	761,667		761,667	608,569
1,571,475	1,832,312	5	1,832,312	1,571,475
15,200	16,254	6	16,254	15,200
320	320	8 c.	--	--
<u>1,302</u>	<u>1,292</u>	1 a.	<u>1,292</u>	<u>1,302</u>
<u>2,196,866</u>	<u>2,611,845</u>	7 c.	<u>2,611,525</u>	<u>2,196,546</u>
<i>Current assets</i>				
14,731	16,411		16,411	14,731
40,194	--	9	--	40,194
28,744	33,668	7 b.	34,551	29,647
90	--	10	739	829
<u>66,579</u>	<u>144,553</u>	11	<u>144,745</u>	<u>67,401</u>
<u>150,338</u>	<u>194,632</u>		<u>196,446</u>	<u>152,802</u>
<u>2,347,204</u>	<u>2,806,477</u>		<u>2,807,971</u>	<u>2,349,348</u>
<b>Total assets</b>				
<b>Equity and liabilities</b>				
<i>Equity attributable to owners of the parent</i>				
139,968	139,968		139,968	139,968
(32)	(32)	12	(32)	(32)
121,561	252,301	14	252,301	121,561
<u>1,709,582</u>	<u>1,972,342</u>	15	<u>1,974,423</u>	<u>1,711,676</u>
<u>1,971,079</u>	<u>2,364,579</u>		<u>2,366,660</u>	<u>1,973,173</u>
<i>Non-current liabilities</i>				
59,459	161,945		161,945	59,459
39,188	31,680	16	31,680	39,188
21,615	22,500	18 a.	22,500	21,615
75,624	101,270	18 b.	101,270	75,624
<u>61,267</u>	<u>60,198</u>	8 c.	<u>60,198</u>	<u>61,267</u>
<u>257,153</u>	<u>377,593</u>	19	<u>377,593</u>	<u>257,153</u>

# Point Lisas Industrial Port Development Corporation Limited

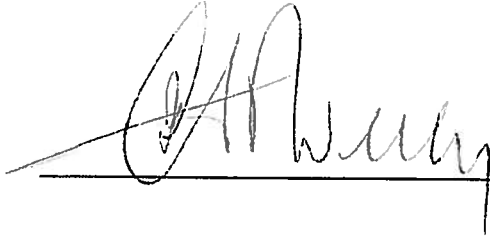
## Statement of Financial Position (continued)


(Expressed in Trinidad and Tobago Dollars)

Parent As at 31 December			Group As at 31 December	
2015 \$'000	2016 \$'000	Notes	2016 \$'000	2015 \$'000
<i>Current liabilities</i>				
55,195	--		--	55,195
13,450	14,761	16	14,761	13,450
4,217	4,392	19	4,392	4,217
43,582	43,702	20	42,918	43,609
<u>2,528</u>	<u>1,450</u>		<u>1,647</u>	<u>2,551</u>
<u>118,972</u>	<u>64,305</u>		<u>63,718</u>	<u>119,022</u>
<u>376,125</u>	<u>441,898</u>	<b>Total liabilities</b>	<u>441,311</u>	<u>376,175</u>
<u>2,347,204</u>	<u>2,806,477</u>	<b>Total equity and liabilities</b>	<u>2,807,971</u>	<u>2,349,348</u>

The notes on pages 16 to 69 are an integral part of these parent and consolidated financial statements.

On 16 March 2017, the Board of Directors of Point Lisas Industrial Port Development Corporation Limited authorised these parent and consolidated financial statements for issue.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Point Lisas Industrial Port Development Corporation Limited

## Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

Parent Year ended 31 December			Group Year ended 31 December	
2015 \$'000	2016 \$'000	Notes	2016 \$'000	2015 \$'000
289,588	268,843	Revenue	268,843	289,588
<u>(95,783)</u>	<u>(92,367)</u>	Cost of providing services	<u>(91,400)</u>	<u>(94,743)</u>
193,805	176,476	<b>Gross profit</b>	177,443	194,845
71,275	261,610	Unrealised fair value gains on investment properties	261,610	71,275
(100,510)	(94,828)	Administrative expenses	(95,414)	(100,970)
<u>(76,692)</u>	<u>(67,948)</u>	Other operating expenses	<u>(67,948)</u>	<u>(76,692)</u>
87,878	275,310	<b>Operating profit</b>	275,691	88,458
5,318	5,994	Investment income	5,994	5,318
<u>(6,546)</u>	<u>(6,825)</u>	Finance costs	<u>(6,827)</u>	<u>(6,548)</u>
86,650	274,479	<b>Profit before taxation</b>	274,858	87,228
<u>(3,647)</u>	<u>(10,047)</u>	Taxation charge	<u>(10,439)</u>	<u>(3,811)</u>
83,003	264,432	<b>Profit for the year</b>	264,419	83,417
<b>Other comprehensive income</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
(25)	(10)	Change in value of available-for-sale financial assets	(10)	(25)
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of:				
--	127,961	Gain on revaluation of land, buildings and own site improvements	127,961	--
(3,818)	5,723	Retirement benefit obligation	5,723	(3,818)
<u>(153)</u>	<u>1,411</u>	Casual employee retirement benefit	<u>1,411</u>	<u>(153)</u>
<u>79,007</u>	<u>399,517</u>	<b>Total comprehensive income for the year</b>	<u>399,504</u>	<u>79,421</u>
<b>Earnings per share</b>				
<u>210¢</u>	<u>667¢</u>	Basic earnings per share	<u>667¢</u>	<u>211¢</u>

The notes on pages 16 to 69 are an integral part of these parent and consolidated financial statements.

# Point Lisas Industrial Port Development Corporation Limited

## Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

Parent

	Notes	Stated capital \$'000	Revaluation reserves \$'000	Investment revaluation reserves \$'000	Unallocated ESOP shares \$'000	Retained earnings \$'000	Shareholders' equity \$'000
<b>Year ended 31 December 2016</b>							
Balance as at 1 January 2016		139,968	121,197	364	(32)	1,709,582	1,971,079
Transfer of revaluation reserve to retained earnings	15	--	2,789	--	--	(2,789)	--
Change in tax rate and other adjustments	8 c.	--	--	--	--	(2,054)	(2,054)
Comprehensive income		--	--	--	--	264,432	264,432
- Profit for the year		--	--	--	--	264,432	264,432
Other comprehensive income		--	--	--	--	--	--
- Change in value of available-for-sale financial assets	7 c.	--	--	(10)	--	--	(10)
- Gain on revaluation of land, buildings and own site improvements	15 a.	--	127,961	--	--	--	127,961
- Remeasurements of retirement benefit obligation	18 a.	--	--	--	--	5,723	5,723
- Remeasurements of casual employee retirement benefit	18 b.	--	--	--	--	1,411	1,411
Transactions with owners		--	--	--	--	--	--
- Dividends	12 a.	--	--	--	--	(3,963)	(3,963)
<b>Balance as at 31 December 2016</b>		<u>139,968</u>	<u>251,947</u>	<u>354</u>	<u>(32)</u>	<u>1,972,342</u>	<u>2,364,579</u>
<b>Year ended 31 December 2015</b>							
Balance as at 1 January 2015 - Restated		139,968	123,718	389	(32)	1,633,973	1,898,016
Transfer of revaluation reserve to retained earnings	15	--	(2,521)	--	--	2,521	--
Comprehensive income		--	--	--	--	83,003	83,003
- Profit for the year		--	--	--	--	83,003	83,003
Other comprehensive income		--	--	--	--	--	--
- Change in value of available-for-sale financial assets	7 c.	--	--	(25)	--	--	(25)
- Remeasurements of retirement benefit obligation	18 a.	--	--	--	--	(3,818)	(3,818)
- Remeasurements of casual employee retirement benefit	18 b.	--	--	--	--	(153)	(153)
Transactions with owners		--	--	--	--	--	--
- Dividends	12 a.	--	--	--	--	(5,944)	(5,944)
<b>Balance as at 31 December 2015</b>		<u>139,968</u>	<u>121,197</u>	<u>364</u>	<u>(32)</u>	<u>1,709,582</u>	<u>1,971,079</u>

The notes on pages 16 to 69 are an integral part of these parent and consolidated financial statements.

# Point Lisas Industrial Port Development Corporation Limited

## Statement of Changes in Equity (continued)

(Expressed in Trinidad and Tobago Dollars)

Group	Notes	Stated capital \$'000	Revaluation reserves \$'000	Investment revaluation reserves \$'000	Unallocated ESOP shares \$'000	Retained earnings \$'000	Shareholders' equity \$'000
<b>Year ended 31 December 2016</b>							
<b>Balance as at 1 January 2016</b>							
Transfer of revaluation		139,968	121,197	364	(32)	1,711,676	1,973,173
reserve to retained earnings	15	--	2,789	--	--	(2,789)	--
Change in tax rate and other adjustments	8 c.	--	--	--	--	(2,054)	(2,054)
<b>Comprehensive income</b>							
- Profit for the year		--	--	--	--	264,419	264,419
<b>Other comprehensive income</b>							
- Change in value of available-for-sale financial assets	7 c.	--	--	(10)	--	--	(10)
- Gain on revaluation of land, buildings and own site improvements	15 a.	--	127,961	--	--	--	127,961
- Remeasurements of retirement benefit obligation	18 a.	--	--	--	--	5,723	5,723
- Remeasurements of casual employee retirement benefit	18 b.	--	--	--	--	1,411	1,411
<b>Transactions with owners</b>							
- Dividends	12 a.	--	--	--	--	(3,963)	(3,963)
<b>Balance as at 31 December 2016</b>		<u>139,968</u>	<u>251,947</u>	<u>354</u>	<u>(32)</u>	<u>1,974,423</u>	<u>2,356,660</u>
<b>Year ended 31 December 2015</b>							
<b>Balance as at 1 January 2015 - Restated</b>							
Transfer of revaluation		139,968	123,718	389	(32)	1,635,653	1,899,696
reserve to retained earnings	15	--	(2,521)	--	--	2,521	--
<b>Comprehensive income</b>							
- Profit for the year		--	--	--	--	83,417	83,417
<b>Other comprehensive income</b>							
- Change in value of available-for-sale financial assets	7 c.	--	--	(25)	--	--	(25)
- Remeasurements of retirement benefit obligation	18 a.	--	--	--	--	(3,818)	(3,818)
- Remeasurements of casual employee retirement benefit	18 b.	--	--	--	--	(153)	(153)
<b>Transactions with owners</b>							
- Dividends	12 a.	--	--	--	--	(5,944)	(5,944)
<b>Balance as at 31 December 2015</b>		<u>139,968</u>	<u>121,197</u>	<u>364</u>	<u>(32)</u>	<u>1,711,676</u>	<u>1,973,173</u>

The notes on pages 16 to 69 are an integral part of these parent and consolidated financial statements.



# Point Lisas Industrial Port Development Corporation Limited

## Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

Parent			Group	
Year ended			Year ended	
31 December			31 December	
2015	2016		2016	2015
\$'000	\$'000	Notes	\$'000	\$'000
59,303	42,938			
		<b>Cash generated from operating activities</b>		
		11 d.	42,526	59,080
		<b>Returns on investments and servicing of finance</b>		
		Interest paid	(5,836)	(5,574)
<u>(5,572)</u>	<u>(5,834)</u>		<u>36,690</u>	<u>53,506</u>
53,731	37,104			
		Income tax paid	(5,264)	(5,002)
<u>(4,859)</u>	<u>(5,048)</u>			
<u>48,872</u>	<u>32,056</u>		<u>31,426</u>	<u>48,504</u>
		<b>Net cash generated from operating activities</b>		
		<b>Cash flows from investing activities</b>		
		Purchases of property, plant and equipment	(44,200)	(29,151)
(29,151)	(44,200)	5		
		Purchase of available-for-sale financial asset	--	(372)
(372)	--	7 c.		
140	17	Proceeds from sale of property, plant and equipment	17	140
--	40,194	Proceeds from held to maturity assets	40,194	--
<u>4,703</u>	<u>5,081</u>	Interest received	<u>5,081</u>	<u>4,703</u>
<u>(24,680)</u>	<u>1,092</u>	<b>Net cash used in investing activities</b>	<u>1,092</u>	<u>(24,680)</u>
		<b>Cash flows from financing activities</b>		
--	(55,195)	Repayment of floating rate bonds	(55,195)	--
(4,911)	(9,823)	Repayment of long and medium-term borrowings	(9,823)	(4,911)
2,350	113,620	Proceeds from long and medium-term borrowings	113,620	2,350
<u>(5,944)</u>	<u>(3,963)</u>	Dividends paid	<u>(3,963)</u>	<u>(5,944)</u>
<u>(8,505)</u>	<u>44,639</u>	<b>Net cash generated from/(used in) financing activities</b>	<u>44,639</u>	<u>(8,505)</u>
15,687	77,787	<b>Net increase in cash and cash equivalents</b>	77,157	15,319
50,558	66,579	<b>Cash and cash equivalents at beginning of year</b>	67,401	51,748
334	187	Effects of exchange rate changes on cash and cash equivalents	187	334
<u>66,579</u>	<u>144,553</u>	<b>Cash and cash equivalents at end of year</b>	<u>144,745</u>	<u>67,401</u>
		11		

The notes on pages 16 to 69 are an integral part of these parent and consolidated financial statements.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 1 Incorporation and principal activities

Point Lisas Industrial Port Development Corporation Limited (the Corporation) was incorporated on 16 September 1966 under the laws of the Republic of Trinidad and Tobago and has a primary listing on the Trinidad and Tobago Stock Exchange. Its registered office is located at PLIPDECO House, Orinoco Drive, Point Lisas Industrial Estate, Point Lisas, Couva, Trinidad, West Indies. The Corporation Sole (Government of the Republic of Trinidad and Tobago) is owner of 51% of the issued share capital.

Point Lisas Terminals Limited, a wholly owned subsidiary, was incorporated in the Republic of Trinidad and Tobago in 1981 and is solely involved in the supply of labour to the parent company for its cargo handling operations at the port.

Point Lisas Industrial Port Development Corporation Limited and its wholly owned subsidiary, Point Lisas Terminals Limited (together, the Group), are engaged in the following provision of services:

Industrial estate management	Development and maintenance of onshore infrastructure, such as roads, lighting, drainage and including a Free Zone area, for the purpose of leasing.
Cargo handling	Provision of cargo handling services for import, export and transshipment vessels. The Port facilitates the receipt, storage and delivery of containerised, dry and liquid bulks, breakbulk and general cargo.
Marine	Coordination of all movement of vessels at the Port and neighbouring piers, inclusive of the berthing and unberthing operations as well as mooring and unmooring services.
Warehousing	Provision of less than container load warehousing services for both import and export trade and non-trade cargo. The less than container load warehousing service for export cargo facilitates intra-regional trade.
Security	Provision of security support to tenants on the Industrial Estate and Port users. Matters relating to the Port and Ship-to-Shore activities as it relates to the International Ship and Port Facility Security (ISPS) are handled by this unit.

#### a. Investment in subsidiary

The Group's subsidiary at 31 December 2016 consists of Point Lisas Terminals Limited which is 100% owned for \$320,002 (320,002 shares of no par value) (2015: \$320,002 (320,002 shares of no par value)).

### 2 Transactions with related parties

	2016 \$'000	2015 \$'000
Labour (See Note 1)	52,264	58,823
Post retirement benefits	168	766
Key management compensation	<u>2,773</u>	<u>2,589</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 2 Transactions with related parties (continued)

#### a. Principles of consolidation

The consolidated financial statements include those of the parent company and its wholly owned subsidiary, Point Lisas Terminals Limited. All inter-company transactions, balances and unrealised gains/losses have been eliminated in the preparation of the Group's financial statements.

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

In the parent company financial statements, the investment in the subsidiary is shown at cost less impairment.

#### (ii) Changes in ownership interests in subsidiaries without change control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (iii) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 3 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in Notes referred to below together with information about the basis of calculation for each affected line item in the financial statements. In addition, this Note also explains where there have been actual adjustments this year as a result of changes to previous estimates.

#### a. Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of fair values of land and buildings and investment property – Notes 5 and 6
- Estimation of retirement benefit pension obligation – Note 18 a.
- Estimation of casual employee retirement benefit – Note 18 b.
- Estimation of income taxes

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### *Income taxes*

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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 current and deferred income tax provisions in the period in which such determination is made. See Note 8 b.

### 4 Financial risk management

The Group has exposure to the following risks:

- a. Credit risk
  - (i) Risk management
  - (ii) Security
  - (iii) Credit quality
  - (iv) Impaired trade receivables
  - (v) Exposure to credit risk
- b. Liquidity risk
- c. Market risk
  - (i) Foreign exchange risk
  - (ii) Interest rate risk
  - (iii) Price risk
- d. Capital risk management

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 4 Financial risk management (continued)

The Note contains information about the Group's exposure to each of the above risks and the objectives, policies and processes for managing and measuring the risk. Further quantitative disclosures are also included in the referred Notes.

#### a. Credit risk

The Group is exposed to credit risk, which is the risk that its customers and counterparties may cause a financial loss by failing to discharge their contractual obligations. Credit risk arises from cash equivalents, deposits with financial institutions as well as outstanding receivables. The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk. Management does not expect any losses from non-performance by counterparties. There was no concentration of risk due to the number and diversity of operations of the customer base.

There were no changes in the policies and procedures for managing credit risk compared with prior year.

#### (i) Risk management

Cash and deposits are held with a number of reputable financial institutions, in amounts varying between \$8,000 and \$74,000,000 (2015: \$7,000 and \$26,000,000). The maximum limit with any one financial institution is \$100,000,000.

#### (ii) Security

There are no trade receivables for which the Group has obtained any form of guarantee, deeds of undertaking or letters of credit.

#### (iii) Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2016 \$'000	2015 \$'000
Cash at bank		
Cash at bank	144,585	67,267

The rest of the statement of financial position item cash and cash equivalents comprises cash in hand.

#### Trade receivables

All counterparties below do not have external credit ratings.

Group 2	4,780	2,723
Group 1 - new customers (less than 6 months).		
Group 2 - existing customers (more than 6 months) with no defaults in the past.		
Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.		

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 4 Financial risk management (continued)

#### a. Credit risk (continued)

##### (iv) Impairment trade receivables

The main considerations for impairment include whether payments are in arrears for trade receivables. It is done on a specific loss component which relates to significant specific exposures (See Note 10).

##### (v) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk:

Parent	Fully performing \$'000	Past due \$'000	Impaired \$'000	Provision for impairment \$'000	Total \$'000
<b>31 December 2016</b>					
Cash at bank	144,395	--	--	--	144,395
Trade receivables	4,780	17,331	1,399	(1,399)	22,111
Other receivables (excluding prepayments)	5,519	--	--	--	5,519
	<u>154,694</u>	<u>17,331</u>	<u>1,399</u>	<u>(1,399)</u>	<u>172,025</u>
<b>31 December 2015</b>					
Certificates of investment in T&T Government bonds	40,194	--	--	--	40,194
Cash at bank	66,447	--	--	--	66,447
Trade receivables	2,723	10,092	1,399	(1,399)	12,815
Other receivables (excluding prepayments)	6,086	--	--	--	6,086
	<u>115,450</u>	<u>10,092</u>	<u>1,399</u>	<u>(1,399)</u>	<u>125,542</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 4 Financial risk management (continued)

#### a. Credit risk (continued)

##### (v) Exposure to credit risk (continued)

Group	Fully performing \$'000	Past due \$'000	Impaired \$'000	Provision for impairment \$'000	Total \$'000
<b>31 December 2016</b>					
Cash at bank	144,585	--	--	--	144,585
Trade receivables	4,780	17,331	1,399	(1,399)	22,111
Other receivables (excluding prepayments)	6,426	--	--	--	6,426
	<u>155,791</u>	<u>17,331</u>	<u>1,399</u>	<u>(1,399)</u>	<u>173,122</u>
<b>31 December 2015</b>					
Certificates of investment in T&T Government bonds	40,194	--	--	--	40,194
Cash at bank	67,267	--	--	--	67,267
Trade receivables	2,723	10,092	1,399	(1,399)	12,815
Other receivables (excluding prepayments)	6,989	--	--	--	6,989
	<u>117,173</u>	<u>10,092</u>	<u>1,399</u>	<u>(1,399)</u>	<u>127,265</u>

The Group does not hold any collateral in relation to these assets.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 4 Financial risk management (continued)

#### b. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group's liquidity risk management process is measured and monitored by senior management within the Group. This process includes:

- Monitoring cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which can be used to secure facilities.
- Maintaining committed lines of credit.
- Maintaining liquidity ratios.

There were no changes in the policies and procedures for managing liquidity risk compared with prior year.

#### Parent and Group

	< 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Contractual cash flows \$'000	Carrying amount \$'000
<b>31 December 2016</b>						
Borrowings	21,011	20,820	58,719	93,075	193,625	176,706
Trade payables	10,561	--	--	--	10,561	10,561
<b>Total</b>	<b>31,572</b>	<b>20,820</b>	<b>58,719</b>	<b>93,075</b>	<b>204,186</b>	<b>187,267</b>

	< 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Contractual cash flows \$'000	Carrying amount \$'000
<b>31 December 2015</b>						
Borrowings	75,296	9,338	22,367	38,353	145,354	128,104
Trade payables	10,579	--	--	--	10,579	10,579
<b>Total</b>	<b>85,875</b>	<b>9,338</b>	<b>22,367</b>	<b>38,353</b>	<b>155,933</b>	<b>138,683</b>

The fair values are based on cash flows discounted using the borrowing rates and the facilities drawn down at year end as disclosed in Note 16. There were no fixed rate loans as at 31 December 2016.



# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 4 Financial risk management (continued)

#### c. Market risk

Market risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate because of changes in market prices. The Group takes on exposure to market risks from changes in foreign exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

##### (i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group manages its foreign exchange risk by the following:

- Ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.
- Holding foreign currency balances.
- Invoicing only in an exchange currency like the US\$ or in TT\$.

There were no changes in the policies and procedures for managing foreign currency risk compared with prior year.

The impact on the statement of profit or loss and other comprehensive income at 31 December 2016 if the US\$ strengthened/weakened against the TT\$ by an average rate of 5% is a loss or gain of \$1,808,964 (2015: \$583,465) respectively.

##### (ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The Group finances its operations through a mixture of retained profits and borrowings. The Group is also exposed to interest rate risk on cash held on deposit and borrowings. The Group manages the interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. There were no changes in the policies and procedures for managing interest rate risk compared with prior year.

At 31 December 2015 and 2016, there were no fixed rate interest borrowings for the Group. The carrying amounts and their sensitivity to interest rate fluctuations are disclosed in Note 16 d. The contractual cash flows of these floating rate borrowings are also disclosed in Note 16 e.

##### (iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position as available-for-sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. There were no changes in the policies and procedures for managing interest rate risk compared with prior year.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 4 Financial risk management (continued)

#### d. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'shareholders' equity' as shown in the consolidated statement of financial position plus net debt. Gearing is the measure of financial leverage, demonstrating the degree to which the Group's activities are funded by owner's funds versus creditor's funds.

The Group's policy is to keep the ratio at less than or equal to 50%.

There were no changes in the policies and procedures for managing capital risk management compared with prior year.

There are no externally imposed capital requirements that the Group must adhere to.

The gearing ratios as at 31 December 2016 and 2015 were as follows:

	2016	2015
	\$'000	\$'000
<b>Parent</b>		
Total borrowings	176,706	128,104
Less: cash and cash equivalents	<u>(144,553)</u>	<u>(66,579)</u>
Net debt	32,153	61,525
Total equity	<u>2,364,579</u>	<u>1,971,079</u>
Total capital	<u>2,396,732</u>	<u>2,032,604</u>
Gearing ratio	<u>1%</u>	<u>3%</u>
<b>Group</b>		
Total borrowings	176,706	128,104
Less: cash and cash equivalents	<u>(144,745)</u>	<u>(67,401)</u>
Net debt	31,961	60,703
Total equity	<u>2,366,660</u>	<u>1,973,173</u>
Total capital	<u>2,398,621</u>	<u>2,033,876</u>
Gearing ratio	<u>1%</u>	<u>3%</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 4 Financial risk management (continued)

#### e. Financial instruments by category

##### Parent

##### Loans and receivables

The accounting policies for financial instruments have been applied to the line items below:

	2016 \$'000	2015 \$'000
Trade receivables	22,111	12,815
Other receivables (excluding prepayments)	5,519	6,086
Cash at bank	<u>144,395</u>	<u>66,447</u>
	172,025	85,348
<i>Available-for-sale financial assets</i>	1,292	1,302
<i>Held to maturity assets</i>	<u>--</u>	<u>40,194</u>
	<u><u>173,317</u></u>	<u><u>126,844</u></u>

The Company has no assets at fair value through profit or loss.

##### Other financial liabilities

Liabilities as per statement of financial position

Trade payables	10,561	10,561
Other payables (excluding statutory liabilities)	25,979	24,650
Due to subsidiary	5,551	6,244
Borrowings	<u>176,706</u>	<u>128,104</u>
	<u><u>218,797</u></u>	<u><u>169,559</u></u>

The Company has no liabilities at fair value through profit or loss.

##### Group

##### Loans and receivables

The accounting policies for financial instruments have been applied to the line items below:

Trade receivables	22,111	12,815
Other receivables (excluding prepayments)	6,426	6,989
Cash at bank	<u>144,585</u>	<u>67,267</u>
	173,122	87,071
<i>Available-for-sale financial assets</i>	1,292	1,302
<i>Held to maturity assets</i>	<u>--</u>	<u>40,194</u>
	<u><u>174,414</u></u>	<u><u>128,567</u></u>

The Company has no assets at fair value through profit or loss.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 4 Financial risk management (continued)

#### e. Financial instruments by category (continued)

<b>Group</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Other financial liabilities		
Liabilities as per statement of financial position		
Trade payables	10,561	10,561
Other payables (excluding statutory liabilities)	27,832	27,445
Borrowings	<u>176,706</u>	<u>128,104</u>
	<u>215,099</u>	<u>166,110</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 5 Property, plant and equipment – parent/group

The subsidiary has no property, plant and equipment.

	Land \$'000	Own Site Improvements \$'000	Estate infrastructure \$'000	Berths and piers \$'000	Port equipment \$'000	Buildings \$'000	Equipment, furniture and fittings \$'000	Capital work in progress \$'000	Total \$'000
<b>Year ended 31 December 2016</b>									
Opening net book amount	159,140	53,189	63,226	152,127	98,139	36,766	14,538	31,444	608,569
Additions	--	--	--	--	942	--	3,334	39,924	44,200
Transfers from capital work in progress	--	578	--	8,393	4,163	275	17,305	(30,714)	--
Revaluation	96,480	29,703	--	--	--	15,270	--	--	141,453
Disposals/adjustments	--	--	--	--	--	--	(8)	--	(8)
Depreciation	--	(4,955)	(774)	(4,580)	(12,948)	(4,256)	(5,034)	--	(32,547)
Closing net book amount	<u>255,620</u>	<u>78,515</u>	<u>62,452</u>	<u>155,940</u>	<u>90,296</u>	<u>48,055</u>	<u>30,135</u>	<u>40,654</u>	<u>761,667</u>
<b>At 31 December 2016</b>									
Cost/valuation	255,620	78,515	83,983	229,018	248,280	48,055	88,352	40,654	1,072,477
Accumulated depreciation	--	--	(21,531)	(73,078)	(157,984)	--	(58,217)	--	(310,810)
Net book amount	<u>255,620</u>	<u>78,515</u>	<u>62,452</u>	<u>155,940</u>	<u>90,296</u>	<u>48,055</u>	<u>30,135</u>	<u>40,654</u>	<u>761,667</u>
<b>Year ended 31 December 2015</b>									
Opening net book amount	90,480	56,969	61,158	156,540	107,645	41,069	14,585	15,796	544,242
Additions	--	--	--	--	2,991	--	2,811	23,349	29,151
Transfers from capital work in progress	--	1,138	3,402	--	1,221	--	1,940	(7,701)	--
Transfers from investment property	68,660	--	--	--	--	--	--	--	68,660
Disposals/adjustments	--	--	--	--	--	--	(403)	--	(403)
Depreciation	--	(4,918)	(1,334)	(4,413)	(13,718)	(4,303)	(4,395)	--	(33,081)
Closing net book amount	<u>159,140</u>	<u>53,189</u>	<u>63,226</u>	<u>152,127</u>	<u>98,139</u>	<u>36,766</u>	<u>14,538</u>	<u>31,444</u>	<u>608,569</u>
<b>At 31 December 2015</b>									
Cost/valuation	159,140	63,001	83,983	220,625	243,173	45,369	67,743	31,444	914,478
Accumulated depreciation	--	(9,812)	(20,757)	(68,498)	(145,034)	(8,603)	(53,205)	--	(305,909)
Net book amount	<u>159,140</u>	<u>53,189</u>	<u>63,226</u>	<u>152,127</u>	<u>98,139</u>	<u>36,766</u>	<u>14,538</u>	<u>31,444</u>	<u>608,569</u>
<b>At 31 December 2014</b>									
Cost/valuation - Restated	90,480	61,863	80,581	220,625	238,961	45,369	64,012	15,796	817,687
Accumulated depreciation	--	(4,894)	(19,423)	(64,085)	(131,316)	(4,300)	(49,427)	--	(273,445)
Net book amount	<u>90,480</u>	<u>56,969</u>	<u>61,158</u>	<u>156,540</u>	<u>107,645</u>	<u>41,069</u>	<u>14,585</u>	<u>15,796</u>	<u>544,242</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 5 Property, plant and equipment (continued)

#### a. Accounting policy

Land, own site improvements and buildings comprise mainly properties used in connection with the port operations and offices and are shown at fair value based on valuations by external independent valuers, less subsequent depreciation for buildings and own site improvements (land is not depreciated). Independent valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land, own site improvements and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserves directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income. The difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and other comprehensive income, and depreciation based on the asset's original cost is transferred from "revaluation reserve" to retained earnings. See Note 15.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on assets (except land) is calculated at varying rates to allocate cost or revalued amounts of each asset to their residual values over their estimated useful lives. Depreciation is calculated as follows:

Own site improvements	-	5%	straight-line basis
Estate infrastructure	-	1%	straight-line basis
Berths and piers	-	2%	straight-line basis
Port equipment	-	6.67%	straight-line basis
Buildings	-	3.33%	straight-line basis
Equipment, furniture and fittings	-	12.5% - 25%	reducing balance basis
Motor vehicles	-	25%	reducing balance basis
Computer equipment	-	33.3%	reducing balance basis
Other assets	-	10% - 25%	reducing balance basis

Based on independent professional advice, buildings are being written off over their estimated useful lives, on the straight-line basis, over a period not in excess of thirty years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recorded within the statement of profit or loss and other comprehensive income. On disposal of revalued assets, the amounts included in the revaluation reserves are transferred to retained earnings.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 5 Property, plant and equipment (continued)

#### b. Significant fair value estimate

The land, buildings and own site improvements were last revalued on 31 December 2016 by independent professional qualified valuers, Raymond & Pierre Chartered Valuation Surveyors.

The following table analyses the non-financial assets carried at fair value. The different levels of fair value measurements have been defined in Note 24 c.:

*Fair value measurements using*

	Quoted prices in active markets for identical assets (level 1) \$'000	Significant other observable inputs (level 2) \$'000	Significant unobservable inputs (level 3) \$'000
<b>As at 31 December 2016</b>			
Recurring fair value measurements			
- Land	--	--	255,620
- Own site improvements	--	--	78,515
- Buildings	--	--	48,055
<b>As at 31 December 2015</b>			
Recurring fair value measurements			
- Land	--	--	159,140
- Own site improvements	--	--	53,189
- Buildings	--	--	36,766

There were no transfers between levels during the year.

The Group's management annually reviews the latest valuations performed by the independent valuator for financial reporting purposes. At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report;
- holds discussions with the independent valuator.

The property has been developed as an individual estate with its own port facilities with emphasis on energy-based industries. The existing use is the highest and best to which the property could be put. The size and layout of the property was taken into consideration in the valuation. Based on the valuation the buildings appeared to be modern, structurally sound and in fair to good decorative condition and assumed to be adequate and appropriate for a structure of its size, type and use.

Level 3 fair values of land has been derived using the Sales Comparison Approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

Level 3 fair value of buildings and own site improvements have been derived using the Depreciated Replacement Cost Method. Under the Depreciated Replacement Cost Method, the gross replacement costs of the buildings were estimated and appropriate deductions were made for economic and functional obsolescence and environmental factors in order to arrive at a net or depreciated replacement cost. Gross replacement costs include the costs of infrastructural works and professional fees. The most significant input into this valuation approach is the construction price per square foot.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 5 Property, plant and equipment (continued)

#### b. Significant fair value estimate (continue)

The subsidiary has no property, plant and equipment.

	Land \$'000	Own Site Improvements \$'000	Buildings \$'000	Total \$'000
Opening balance 1 January 2016	159,140	53,189	36,766	249,095
Additions/transfers	--	578	275	853
Amounts recognised in profit or loss				
- Depreciation	--	(4,955)	(4,256)	(9,211)
Gains recognised in other comprehensive income	96,480	29,703	15,270	141,453
<b>Closing balance 31 December 2016</b>	<b>255,620</b>	<b>78,515</b>	<b>48,055</b>	<b>382,190</b>

The subsidiary has no property, plant and equipment.

	Land \$'000	Own Site Improvements \$'000	Buildings \$'000	Total \$'000
Opening balance 1 January 2015	90,480	56,969	41,069	188,518
Additions/transfers	--	1,138	--	1,138
Transfers from Investment Property	68,660	--	--	68,660
Amounts recognised in profit or loss				
- Depreciation	--	(4,918)	(4,303)	(9,221)
<b>Closing balance 31 December 2015</b>	<b>159,140</b>	<b>53,189</b>	<b>36,766</b>	<b>249,095</b>

#### c. Carrying amounts that would have been recognised if land, buildings and own-site improvements were stated at cost

If the land, buildings and own site improvements were stated on the historical cost basis, the amounts would be as follows:

	2016 \$'000	2015 \$'000
Cost	99,759	98,906
Accumulated depreciation	(63,799)	(56,846)
Net carrying amount	<u>35,960</u>	<u>42,060</u>

#### d. Assets pledged as security

Refer to Note 16 b. for information on property, plant and equipment pledged as security by the Group.



# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 5 Property, plant and equipment (continued)

#### e. Capital commitments

	2016 \$'000	2015 \$'000
Authorised and contracted for and not provided for in the financial statements	<u>22,859</u>	<u>37,725</u>

#### (i) Depreciation charge

Depreciation expense has been included in 'other operating expenses' in the Statement of profit or loss and other comprehensive income.

#### (ii) Borrowing cost capitalised

Included within the additions during the year is borrowing cost of \$4,165,950 (2015: \$300,779). The capitalisation rate is the interest rate applicable to the specific borrowing for the rehabilitation of the berths, in this case 4.75% (2015: 3.25%).

### 6 Investment properties

PARENT			GROUP	
2015 \$'000	2016 \$'000		2016 \$'000	2015 \$'000
1,509,285	1,511,900	30 year leases:		
		At beginning of year	1,511,900	1,509,285
(68,660)	--	Transfer to owner-occupied property (Note 5)	--	(68,660)
<u>71,275</u>	<u>261,610</u>	Unrealised fair value gains	<u>261,610</u>	<u>71,275</u>
1,511,900	1,773,510	At end of year	1,773,510	1,511,900
<u>59,575</u>	<u>58,802</u>	96 years and longer leases	<u>58,802</u>	<u>59,575</u>
<u>1,571,475</u>	<u>1,832,312</u>	At the end of year	<u>1,832,312</u>	<u>1,571,475</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 6 Investment properties (continued)

#### a. Accounting policy

Investment properties, principally comprising freehold and leasehold land, are held for long term rental yields and are not occupied by the Group. Investment properties are carried at fair value, representing open market value determined annually by independent external valuers. The fair value of investment properties reflects rental income from current leases and assumptions about rental income from future leases in light of current market conditions. Changes in fair value are recorded in the statement of profit or loss and other comprehensive income.

#### b. Significant fair value estimate

The Group's investment properties were valued at 31 December 2016 by independent professional qualified valuers, Raymond & Pierre Chartered Valuation Surveyors, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

The Group's Finance department reviews the valuations performed by the independent valuers for financial reporting purposes. This department reports directly to the Vice President of Business Services. Discussions of valuations processes and results are held between the Vice President of Business Services, the Estate department, the Finance department and the independent valuers at least once every quarter, in line with the Group's quarterly reporting dates.

At each financial reporting date the Finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior valuation report;
- holds discussions with the independent valuator.

Thirty year leases are stated at fair value. The open market value represents the best price at which interest in a property might reasonably be expected to be sold at the end of the financial year. For all investment properties, their current use equates to the highest and best use. The valuation is based upon Open Market Value which comprises both the Investment Method and Direct Capital Comparison Method.

Under the Investment Method, the estimated net rental income from a property by a years purchase (multiplier) is calculated to arrive at a capital value for the property. The net income is derived from an estimated gross income less outgoings i.e. rates, insurance, repairs and management allowance. The present value is obtained by discounting at the risk free rate of 5%. The valuation also assumes that all tenants will have renewal clauses in their current leases which will extend the lease for an additional 30 years. Under the Direct Capital Comparison Method, sales of comparable acreage of the properties are analysed to determine a value for the leased land under consideration.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 6 Investment properties (continued)

#### b. Significant fair value estimate (continued)

The following table analyses the non-financial assets carried at fair value. The different levels of fair value measurements have been defined in Note 24 c.:

	Quoted prices in active markets for identical assets (level 1) \$'000	Significant other observable inputs (level 2) \$'000	Significant unobservable inputs (level 3) \$'000
<b>As at 31 December 2016</b>			
Recurring fair value measurements			
- Investment properties	--	--	1,773,510
<b>As at 31 December 2015</b>			
Recurring fair value measurements			
- Investment properties	--	--	1,511,900

There were no transfers between levels during the year. Level 3 fair values have been derived using the Open Market Value Method. Evidence of arm's length open market transactions of similar lands were analysed and the results applied to the subject lands after taking into consideration appropriate adjustments for location, size and other relevant factors. The most significant input into this valuation approach is future rental cash inflows based on the actual location and quality of the properties and supported by the terms of any existing leases.

The methods used in the valuation of land, building and own site improvement have been classified as level 3 as the inputs used in the methods are not readily available to the public and assumptions applied are based on the experience and judgement of the valuers prior to being reviewed and adopted by Management.

#### c. Other disclosures

PARENT		GROUP	
2015 \$'000	2016 \$'000	2016 \$'000	2015 \$'000
<b>The following amounts have been recognised in the statement of profit or loss and other comprehensive income</b>			
75,239	84,029	84,029	75,239
<u>(1,822)</u>	<u>(1,201)</u>	<u>(1,201)</u>	<u>(1,822)</u>
		Lease rental income (Note 19)	
		Costs arising from investment properties	

#### d. Sensitivity analysis

The calculation of the fair value of investment property is sensitive to the assumptions used. The following table summarises how the fair value as at 31 December 2016 and 2015 would have changed as a result of a change in the discount rate used of 5%.

	2016	
	1% pa increase \$'000	1% pa decrease \$'000
(Decrease)/increase in fair value	(260,470)	355,380
	2015	
	1% pa increase \$'000	1% pa decrease \$'000
(Decrease)/increase in fair value	(234,645)	317,830

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 7 Financial assets (excluding cash and cash equivalents)

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
40,194	--	Held to maturity assets (Note 7 b.)	--	40,194
1,302	1,292	Available-for-sale financial assets (Note 7c.)	1,292	1,302
12,815	22,111	Trade receivables (Note 10)	22,111	12,815
<u>6,086</u>	<u>5,519</u>	Other receivables (Note 10)	<u>6,426</u>	<u>6,989</u>
<u>60,397</u>	<u>28,922</u>		<u>29,829</u>	<u>61,300</u>

The above has been classified as follows in the statement of financial position:

		<i>Non-current assets</i>		
1,302	1,292	Available-for-sale financial assets	1,292	1,302
		<i>Current assets</i>		
40,194	--	Held to maturity assets	--	40,194
12,815	22,111	Trade receivables (included in Note 10)	22,111	12,815
<u>6,220</u>	<u>5,564</u>	Other receivables (Note 10)	<u>6,447</u>	<u>7,123</u>
<u>60,531</u>	<u>28,967</u>		<u>29,850</u>	<u>61,434</u>

#### a. Accounting policy

##### (i) Classification

The Group classifies its financial assets in the following categories:

- loans and receivables (Note 10),
- held-to-maturity assets (Note 7b.), and
- available-for-sale financial assets (Note 7c.).

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, re-evaluates this designation at the end of each reporting period.

##### (ii) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 7 Financial assets (excluding cash and cash equivalents) (continued)

#### a. Accounting policy (continued)

##### (ii) Reclassification (continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

##### (iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

##### (iv) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- For available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income.
- For other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

##### (v) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 7 Financial assets (excluding cash and cash equivalents) (continued)

#### a. Accounting policy (continued)

##### (v) Impairment (continued)

###### *Assets carried at amortised cost:*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in Note 10.

###### *Assets classified as available-for-sale:*

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

##### (vi) Income recognition

###### *Interest income:*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

###### *Dividends:*

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 7 Financial assets (excluding cash and cash equivalents) (continued)

#### b. Held to maturity assets

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
		<b>Non-current assets</b>		
--	--	Held to maturity assets	--	--
		<b>Current assets</b>		
40,194	--	Held to maturity assets	--	40,194
<u>40,194</u>	<u>--</u>		<u>--</u>	<u>40,194</u>

Held to maturity investments consisted of Certificates of Investment in Trinidad and Tobago Government Bonds (Note 16).

#### c. Available-for-sale financial assets

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
955	1,302	At beginning of year	1,302	955
372	--	Purchase	--	372
(25)	(10)	Change in value transferred to equity	(10)	(25)
<u>1,302</u>	<u>1,292</u>	At end of year	<u>1,292</u>	<u>1,302</u>

Available-for-sale financial assets comprise solely of securities listed on the Trinidad and Tobago Stock Exchange and are denominated in Trinidad and Tobago dollars. The valuation method used is categorised as Level 1 as it utilises quoted prices in active markets. The different levels of fair value measurements have been defined in Note 24 c.

#### d. Investment income

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
4,703	5,081	Interest income – tax exempt	5,081	4,703
615	913	Other income	913	615
<u>5,318</u>	<u>5,994</u>		<u>5,994</u>	<u>5,318</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 8 Taxation

#### a. Taxation charge

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
6,348	4,497	Corporation tax	4,497	6,348
(321)	(439)	Prior year over accrual for tax	(439)	(321)
--	--	Business levy - current year	392	164
<u>(2,380)</u>	<u>5,989</u>	Deferred income tax (Note 8 b.)	<u>5,989</u>	<u>(2,380)</u>
<u>3,647</u>	<u>10,047</u>		<u>10,439</u>	<u>3,811</u>

The tax charge differs from the theoretical amount that would arise using the basic tax rate of 25% (2015 - 25%) as follows:

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
<u>86,650</u>	<u>274,479</u>	Profit before taxation	<u>274,858</u>	<u>87,228</u>
21,663	68,620	Tax calculated at applicable tax rate	68,715	21,807
(18,994)	(66,777)	Allowances/income not subject to tax	(66,920)	(18,994)
660	791	Expenses not deductible for tax	839	660
(321)	(439)	Prior year over accrual for tax	(439)	(321)
639	7,852	Change in tax rate and other movements	7,852	495
--	--	Business levy	<u>392</u>	<u>164</u>
<u>3,647</u>	<u>10,047</u>		<u>10,439</u>	<u>3,811</u>

#### b. Accounting policy

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when the deferred income tax asset and liabilities relate to income taxes levied by the same taxation authority.



# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 8 Taxation (continued)

#### c. Deferred taxation

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
64,128	60,424	At beginning of year	60,424	64,128
--	2,053	Change in tax rate and other movements	2,053	--
(1,273)	2,453	Tax on remeasurement of defined benefit obligation recognised in other comprehensive income (Note 18 a.)	2,453	(1,273)
(51)	605	Tax on remeasurement of casual employee retirement benefit recognised in other comprehensive income (Note 18 b.)	605	(51)
--	13,492	Tax on gains on revaluation of buildings and own site improvements (Note 5)	13,492	--
<u>(2,380)</u>	<u>5,989</u>	Charge for the year (Note 8 a.)	<u>5,989</u>	<u>(2,380)</u>
<u>60,424</u>	<u>85,016</u>	At end of year	<u>85,016</u>	<u>60,424</u>

Deferred income taxes are calculated in full, on temporary differences under the liability method using a principal tax rate of 30% (2015: 25%). The deferred income tax (asset)/liability in the statement of financial position and the deferred income tax charge/(credit) in the statement of profit or loss and other comprehensive income are attributable to the following:

Parent/Group	2015	Charge to OCI	Charge/(credit) to SOCI	2016
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 December 2016</b>				
<b>Deferred income tax liabilities</b>				
Accelerated tax depreciation	65,708	--	8,898	74,606
Revaluation of buildings and own site improvements	<u>9,916</u>	<u>16,748</u>	<u>--</u>	<u>26,664</u>
	<u>75,624</u>	<u>16,748</u>	<u>8,898</u>	<u>101,270</u>
<b>Deferred income tax assets</b>				
Casual employee retirement benefit	(5,403)	589	(1,936)	(6,750)
Retirement benefit obligation	<u>(9,797)</u>	<u>1,266</u>	<u>(973)</u>	<u>(9,504)</u>
	<u>(15,200)</u>	<u>1,855</u>	<u>(2,909)</u>	<u>(16,254)</u>
<b>Net deferred income tax liabilities</b>	<u>60,424</u>	<u>18,603</u>	<u>5,989</u>	<u>85,016</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 8 Taxation (continued)

#### c. Deferred taxation (continued)

##### Parent/Group

	2014 \$'000	Charge to OCI \$'000	Charge/ (credit) to SOI \$'000	2015 \$'000
<b>Year ended 31 December 2015</b>				
<b>Deferred income tax liabilities</b>				
Accelerated tax depreciation	66,517	--	(809)	65,708
Revaluation of buildings and own site improvements	10,756	--	(840)	9,916
	<u>77,273</u>	<u>--</u>	<u>(1,649)</u>	<u>75,624</u>
<b>Deferred income tax assets</b>				
Casual employee retirement benefit	(4,691)	(51)	(661)	(5,403)
Retirement benefit obligation	(8,454)	(1,273)	(70)	(9,797)
	<u>(13,145)</u>	<u>(1,324)</u>	<u>(731)</u>	<u>(15,200)</u>
<b>Net deferred income tax liabilities</b>	<u>64,128</u>	<u>(1,324)</u>	<u>(2,380)</u>	<u>60,424</u>

### 9 Inventory

The inventory balance comprises consumable maintenance spares and is shown net of provision for obsolete spares of \$1,669,000 (2015: \$1,669,000).

#### a. Accounting policy

Consumable spares are stated at cost, allowance having been made for slow moving and obsolete items. Cost is determined using the first-in, first-out (FIFO) method.

### 10 Trade and other receivables

PARENT			GROUP	
2015 \$'000	2016 \$'000		2016 \$'000	2015 \$'000
14,214	23,510	Trade receivables	23,510	14,214
<u>(1,399)</u>	<u>(1,399)</u>	Less: provision for impairment	<u>(1,399)</u>	<u>(1,399)</u>
12,815	22,111	Trade receivables – net	22,111	12,815
9,329	7,126	Other receivables and prepayments	8,009	10,232
<u>6,600</u>	<u>4,431</u>	Value added tax	<u>4,431</u>	<u>6,600</u>
<u>28,744</u>	<u>33,668</u>		<u>34,551</u>	<u>29,647</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 10 Trade and other receivables (continued)

#### a. Accounting policy

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are amounts due from customers for rental fees or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade and other receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade receivables that are less than 3 months past due are not considered impaired. Payments on invoices are due 30 days after issue. The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the statement of profit or loss and other comprehensive income. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within distribution costs. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against finance costs in the statement of profit or loss and other comprehensive income.

#### b. Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

#### c. Impairment and risk exposure

Trade receivables of \$17,331,000 (2015: \$10,092,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of trade receivables in arrears is as follows:

	2016 \$'000	2015 \$'000
Up to 1 month	2,472	1,908
1 to 2 months	1,026	451
Over 2 months	<u>13,833</u>	<u>7,733</u>
	<u>17,331</u>	<u>10,092</u>

As at 31 December 2016, trade receivables of \$1,399,000 (2015: \$1,399,000) were impaired and fully provided for. The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations or have disputed invoiced amounts. The ageing of these receivables is as follows:

	2016 \$'000	2015 \$'000
Over 12 months	<u>1,399</u>	<u>1,399</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 10 Trade and other receivables (continued)

#### c. Impairment and risk exposure (continued)

Movements on the Group's provision for impairment of trade receivables are as follows:

	2016 \$'000	2015 \$'000
At 1 January	1,399	1,399
New provision	<u>    --</u>	<u>    --</u>
At 31 December	<u>    1,399</u>	<u>    1,399</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

### 11 Cash and cash equivalents

PARENT			GROUP	
2015 \$'000	2016 \$'000		2016 \$'000	2015 \$'000
11,110	--	Restricted cash	--	11,110
18,434	16,340	Current bank and cash balances	16,532	19,256
<u>37,035</u>	<u>128,213</u>	Short-term bank deposits	<u>128,213</u>	<u>37,035</u>
<u>66,579</u>	<u>144,553</u>	Cash at bank and on hand	<u>144,745</u>	<u>67,401</u>

#### a. Accounting policy

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, short-term bank deposits, and bank overdrafts. Short term bank deposits are presented as cash and cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours notice with no loss of interest. Bank overdrafts are shown in current liabilities in the statement of financial position.

#### b. Restricted cash

Restricted cash represented funds from matured certificates of investment in Trinidad and Tobago Investment Bonds (Note 7.b) which was used solely to repay the floating rate bonds at the redemption date (Note 16). This restriction is internally enforced to ensure the funds are available upon the loan redemption date.

#### c. Financial risk management

The effective interest rates on cash and short-term deposits were between 0.8% and 1.32% (2015: 0.8% and 1.32%) per annum. Short term deposits have original maturities of three months or less.

The Corporation has unsecured overdraft facilities of \$30,000,000. Interest is charged at the average rate of 8.25% per annum (2015: 8.25% per annum).

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 11 Cash and cash equivalents (continued)

#### d. Cash generated from operating activities

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
86,650	274,479	Profit before taxation	274,858	87,228
(71,275)	(261,610)	Unrealised fair value gains on investment properties	(261,610)	(71,275)
33,081	32,547	Depreciation	32,547	33,081
263	(9)	(Gain)/loss on disposal of property, plant and equipment	(9)	263
(2,039)	(1,680)	Increase in inventory	(1,680)	(2,039)
(5,550)	(4,924)	Increase in trade and other receivables	(4,904)	(5,762)
282	668	Net movement in retirement benefit obligation	668	282
2,648	2,901	Net movement in casual employee retirement benefit	2,901	2,648
535	567	Interest (net)	567	537
(331)	(121)	Decrease in deferred lease rental income	(121)	(331)
<u>15,039</u>	<u>120</u>	Increase/(decrease) in trade and other payables	<u>(691)</u>	<u>14,448</u>
<u>59,303</u>	<u>42,938</u>	Cash generated from operating activities	<u>42,526</u>	<u>59,080</u>

### 12 Stated capital

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
		Authorised:		
		An unlimited number of ordinary shares of no par value		
		An unlimited number of preference shares of no par value		
		Issued and fully paid:		
		39,625,684 ordinary shares of no par value		
<u>139,968</u>	<u>139,968</u>		<u>139,968</u>	<u>139,968</u>

#### a. Accounting policy

##### Share capital

Ordinary shares have no par value and entitle the holder to participate in dividends, and to share in the proceeds of winding up the parent company in proportion to the number of the shares held. On show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll share is entitled to one vote.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 12 Stated capital (continued)

#### a. Accounting policy (continued)

##### Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's directors.

#### b. Dividends declared and payable

On 18 March 2016, the Board of Directors approved a final dividend of 10¢ per share, amounting to \$3,963,000 in respect of the year ended 31 December 2015. This is reflected in these financial statements.

### 13 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

	PARENT	
	2016 \$'000	2015 \$'000
Basic earnings per share		
Profit for the year	<u>264.432</u>	<u>83.003</u>
Weighted average number of shares (excluding treasury shares) 39,619,607 (2015 - 39,619,607)		
Basic earnings per share		
- Including fair value gains	667¢	209¢
- Excluding fair value gains	<u>7¢</u>	<u>30¢</u>
	GROUP	
	2016 \$'000	2015 \$'000
Basic earnings per share		
Profit for the year	<u>264.419</u>	<u>83.417</u>
Weighted average number of shares (excluding treasury shares) 39,619,607 (2015 - 39,619,607)		
Basic earnings per share		
- Including fair value gains	667¢	211¢
- Excluding fair value gains	<u>7¢</u>	<u>31¢</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 14 Employee share ownership plan (ESOP) – parent/group

	No of shares	2016 \$'000	2015 \$'000
Fair value of shares held – unallocated	6	34	34
Fair value of shares held – allocated	<u>224</u>	<u>829</u>	<u>829</u>
	<u>230</u>	<u>863</u>	<u>863</u>
Cost of unallocated ESOP shares		32	32
Charge to earnings for shares allocated to employees		<u>--</u>	<u>--</u>

#### a. Accounting policy

The parent company operates an Employee Share Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the parent company based on a set formula. Employees may acquire additional company shares to be held in trust by the Trustees but the costs of such purchases are for the employee's account. All permanent employees of the parent company and its subsidiary (Note 1) are eligible to participate in the Plan that is directed by a Management Committee comprising management of the company and representatives of the general membership. Independent Trustees are engaged to hold in trust all shares in the Plan as well as to carry out the necessary administrative functions. Shares acquired by the ESOP are funded by parent company contributions and cash advances by the parent company to the ESOP. The cost of the shares so acquired and which remain unallocated to employees have been recognised in Shareholders' Equity under 'Unallocated ESOP Shares'. Any further dealings in the shares will be credited against the same account at fair value. The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at the year-end.

### 15 Revaluation reserves

#### a. Nature and purpose of revaluation reserves

The revaluation reserves include the following amounts:

##### *Revaluation surplus – property, plant and equipment:*

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings (Note 5).

##### *Available-for-sale financial assets:*

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets (e.g. equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired (Note 7 c.).

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 15 Revaluation reserves (continued)

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
124,107	121,561	At beginning of year	121,561	124,107
(25)	(10)	Fair value loss of available-for-sale financial assets (Note 7c.)	(10)	(25)
--	127,961	Revaluation of land, buildings and own site improvements (net of tax) (Note 5)	127,961	--
<u>(2,521)</u>	<u>2,789</u>	Transfer/adjustment to retained earnings	<u>2,789</u>	<u>(2,521)</u>
<u>121,561</u>	<u>252,301</u>	At end of year	<u>252,301</u>	<u>121,561</u>

#### a. Property, plant and equipment

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
123,718	121,197	At beginning of year	121,197	123,718
--	127,961	Revaluation of land, buildings and own site improvements (net of tax) (Note 5)	127,961	--
<u>(2,521)</u>	<u>2,789</u>	Transfer/adjustment to retained earnings	<u>2,789</u>	<u>(2,521)</u>
<u>121,197</u>	<u>251,947</u>	At end of year	<u>251,947</u>	<u>121,197</u>

#### b. Available-for-sale financial assets

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
389	364	At beginning of year	364	389
<u>(25)</u>	<u>(10)</u>	Fair value loss of available-for-sale financial assets (Note 7c.)	<u>(10)</u>	<u>(25)</u>
<u>364</u>	<u>354</u>	At end of year	<u>354</u>	<u>364</u>



# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 16 Financial liabilities (excluding trade payables and accruals)

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
55,195	--	Floating rate bonds 2012 – 2016 (b)(i)	--	55,195
<u>72,909</u>	<u>176,706</u>	First Citizens Bank Limited (b)(ii)	<u>176,706</u>	<u>72,909</u>
<u>128,104</u>	<u>176,706</u>		<u>176,706</u>	<u>128,104</u>

The above has been classified as follows in the statement of financial position:

		<i>Non-current liabilities</i>		
59,459	161,945	Long and medium-term borrowings	161,945	59,459
		<i>Current liabilities</i>		
55,195	--	Floating rate bonds 2012 – 2016	--	55,195
<u>13,450</u>	<u>14,761</u>	Long and medium-term borrowings	<u>14,761</u>	<u>13,450</u>
<u>128,104</u>	<u>176,706</u>		<u>176,706</u>	<u>128,104</u>

#### a. Accounting policy

##### *Recognition and measurement*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

##### *Borrowing costs*

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

#### b. Loan agreements

##### (i) *Floating rate bonds 2012 – 2016*

The parent company raised via an issue of bonds the sum of \$55,195,094 on 30 May 1994 through Citibank (Trinidad and Tobago) Limited, from which \$49,776,497 was used to repay bonds managed by Clico Investment Bank Limited and RBTT Merchant Bank Limited. The balance of \$5,418,597 was invested by the trustee in Certificates of Investment in Trinidad and Tobago Government Bonds yielding interest at 11% per annum (Note 7 b.). This provided for repayment of the loan at the redemption date. The bonds were redeemable at par on 30 November 2016 subject to a conditional prepayment option on or after 30 November 2012. This option was not exercised as at 31 December 2016.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 16 Financial liabilities (excluding trade payables and accruals) (continued)

#### b. Loan agreements (continued)

##### (i) Floating rate bonds 2012 – 2016 (continued)

Citibank (Trinidad and Tobago) Limited retired as trustees and a new trust deed was executed between RBC Trust (Trinidad and Tobago) Limited and Point Lisas Industrial Port Development Corporation Limited. Consequently, the charge by way of mortgages over certain freehold lands of the parent company, leases granted by the parent company in respect thereof and the rents arising therefrom, was executed in favour of RBC Trust (Trinidad and Tobago) Limited to be exercised in event of default of payment.

Interest was payable semi-annually at a floating rate set at 1% per annum below the average prime rate of licensed commercial banks. These bonds fully matured on 30 November 2016.

##### (ii) First Citizens Bank Limited

On 30 June 2015, the Corporation established four (4) Term Loan facilities with First Citizens Bank Limited as follows:

Facility (i) is for TT\$5,000,000 to provide financing assistance for the purchase of vehicles. As at 31 December 2015, TT\$2,237,510 was drawn down with no further drawdowns as the facility expired on 31 January 2016. The financing arrangement allows for a full drawdown of the loan to be repayable via blended monthly amortised payments of principal and interest of \$32,775 using an amortised period of 7 years with a bullet payment at the end of year 5 for \$917,579. The interest rate is Prime less 2.25% per annum subject to a floor rate of 6% per annum. The current effective interest rate per annum is 7%. The schedule of repayment on the drawn balance is reflected in Note 16 e.

Facility (ii) is for US\$12,390,428 of which US\$10,371,945 was drawn down to settle existing loans. The financing arrangement allows for a full drawdown of the loan to be repayable over 9 years by 17 semi-annual principal and interest instalments of US\$345,731.52 and a final bullet payment of US\$3,668,481.89. The interest rate is Libor plus 2.6743% per annum, to be reset semi-annually subject to a floor rate of 3% per annum. The current effective interest rate per annum is 3.99697%. The schedule of repayment on the drawn balance is reflected in Note 16 e.

Facility (iii) is for TT\$117,743,430 which was fully drawn as at 31 December 2016 for infrastructural work to the Port. The financing arrangement allows for a full drawdown of the loan to be repayable over 10 years with a one year moratorium on principal. The repayment terms consist of semi-annual principal payments of TT\$3,924,781 and a final bullet payment of TT\$51,022,153. The interest rate is Prime less 4.5% per annum subject to a floor rate of 3% per annum. The current effective interest rate per annum is 4.75%. The schedule of repayment on the drawn balance is reflected in Note 16 e.

Facility (iv) is for TT\$15,000,000 to be drawn in either Trinidad & Tobago Dollars or equivalent United States Dollars. This facility is to assist with working capital requirements. Interest payments to be serviced monthly; principal to be repaid within ninety (90) days of each drawdown. The interest rate for amounts drawn in Trinidad & Tobago Dollars is Prime less 1.0% per annum subject to a floor rate of 6% per annum. Amounts drawn in United States Dollars accrues interest at LIBOR plus 4.0% per annum subject to a floor rate of 4% per annum. There was no drawdown of this facility at year end.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 16 Financial liabilities (excluding trade payables and accruals) (continued)

#### b. Loan agreements (continued)

##### (ii) First Citizens Bank Limited (continued)

Security on Facilities (i) and (iv) is a Debenture Charge stamped to cover the aggregate amount of \$20,000,000 over the fixed and floating assets of the Corporation.

Security on Facilities (ii) and (iii) is a Debenture Charge over the fixed and floating assets of the Corporation and a collateral chattel mortgage over the equipment financed.

#### c. Fair value

The fair values are not materially different to their carrying amounts since the interest payable on these borrowings are at floating rates (i.e. current market rates).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2016 \$'000	2015 \$'000
US dollar	65,139	61,281
TT dollar	<u>111,567</u>	<u>66,823</u>
	<u>176,706</u>	<u>128,104</u>

#### d. Sensitivity analysis - variable rate instruments

	Increase/decrease in US LIBOR %	(Decrease)/increase effect on profit \$'000
<b>2016</b>	+20	27
	-15	(21)
<b>2015</b>	+20	15
	-15	(12)

	Increase/decrease in PRIME %	(Decrease)/increase effect on profit \$'000
<b>2016</b>	+20	40
	-15	(30)
<b>2015</b>	+20	74
	-15	56

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 16 Financial liabilities (excluding trade payables and accruals) (continued)

#### e. Contractual cash flows of floating rate borrowings

Group	< 1 year	1-2	2-5	More	Contractual	Carrying
	< 1 year	years	years	than		
	\$'000	\$'000	\$'000	5 years	cash flows	amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2016						
Borrowings	21,011	20,820	58,719	93,075	193,625	176,706
31 December 2015						
Borrowings	75,296	9,338	22,367	38,353	145,354	128,104

### 17 Staff costs

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
155,666	145,080	Wages, salaries and benefits	144,464	155,005
13,168	14,315	Retirement benefit obligation expense (Note 18 a.)	14,315	13,168
3,116	3,418	Casual employee retirement benefit expense (Note 18 b.)	3,418	3,116
<u>171,950</u>	<u>162,813</u>		<u>162,197</u>	<u>171,289</u>

#### a. Accounting policy

##### Termination benefits

Benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating employment of current employees according to a formal plan without the possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

##### Bonus plans

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for bonus plans are expected to be settled within 12 months.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 17 Staff costs (continued)

#### a. Accounting policy (continued)

##### *Employee share ownership plan*

The Group accounts for profit sharing entitlements which are settled in the shares of the parent company through an Employee Share Ownership Plan (ESOP) as an expense determined at market value. The cost of the unallocated shares of the parent company is recognised as a separate component within equity.

##### *Post retirement benefits*

Pension obligations (Note 18 a (i))

Casual employee retirement benefit (Note 18 b.(ii))

### 18 Long term employee benefits

#### a. Retirement benefit obligations

The Group operates a defined benefit pension plan for its eligible employees regulated by the Insurance Act Chapter 84:01 of Trinidad and Tobago. The plan is a final salary pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members length of service and their salary in the final years leading up to retirement. The plan is operated in accordance with a Trust Deed between the parent company and First Citizens Trustee Services Limited dated 19 July 1985. Fund managers appointed by the trustees of the plan administer the funds of the plan. The pension plan is generally funded by payments from employees and the company, taking account of the recommendations of independent qualified actuaries.

There were no plan amendments, curtailments and settlements during the year.

	2016 \$'000	2015 \$'000
<i>Net liability in the statement of financial position (Parent/Group)</i>		
Present value of defined benefit obligation	192,113	188,278
Fair value of assets	<u>(160,433)</u>	<u>(149,090)</u>
Net defined benefit liability	<u>31,680</u>	<u>39,188</u>
<i>Reconciliation of opening and closing statement of financial position entries</i>		
Opening defined benefit liability	39,188	33,815
Pension expense	14,315	13,168
Re-measurements recognised in other comprehensive income	(8,176)	5,091
Company contributions paid	<u>(13,647)</u>	<u>(12,886)</u>
Closing defined benefit liability	<u>31,680</u>	<u>39,188</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 18 Long term employee benefits (continued)

#### a. Retirement benefit obligations (continued)

##### (i) Accounting policy

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on the following factors age, years of service and compensation.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligations less the fair value of plan assets at the financial position date, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method, and a full valuation is done every three years. Roll forward valuations, which are less detailed than full valuations are performed annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(ii) Movement in present value of defined benefit obligation	2016 \$'000	2015 \$'000
Defined benefit obligation at start of year	188,278	173,534
Current service cost	11,834	11,330
Interest cost	9,602	8,529
Members' contributions	2,841	2,725
Experience adjustments	1,860	(1,850)
Actuarial gains from changes in financial assumptions	(15,245)	—
Benefits paid	<u>(7,057)</u>	<u>(5,990)</u>
Defined benefit obligation at end of year	<u>192,113</u>	<u>188,278</u>

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

	2016	2015
Active members	70%	72%
Deferred members	5%	5%
Pensioners	25%	23%
The weighted average duration of the defined benefit obligation at year end	15.8yrs	16.5yrs

93% of the active member benefits are vested.

30% of the active member defined benefit obligation is conditional on future salary increases.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 18 Long term employee benefits (continued)

#### a. Retirement benefit obligations (continued)

##### (iii) Movement in fair value of plan assets

	2016 \$'000	2015 \$'000
Plan assets at start of year	149,090	139,719
Interest income	7,674	7,211
Return on plan assets, excluding interest income	(5,209)	(6,941)
Company contributions	13,647	12,886
Members' contributions	2,841	2,725
Benefits paid	(7,057)	(5,990)
Expense allowance	<u>(553)</u>	<u>(520)</u>
Fair Value of Plan assets at end of year	<u>160,433</u>	<u>149,090</u>
<i>Actual return on plan assets</i>	<u>2,465</u>	<u>270</u>
<i>Asset allocation</i>		
Locally listed equities	29,923	25,414
Overseas equities	13,929	13,147
Government bonds	49,481	39,952
Corporate bonds	50,812	51,401
Cash and cash equivalents	12,222	14,882
Other (immediate annuity policies)	<u>4,066</u>	<u>4,294</u>
Fair value of plan assets at end of year	<u>160,433</u>	<u>149,090</u>

The asset values as at 31 December 2016 were provided by the Plan's Investment Manager (First Citizens Asset Management Limited). Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve. The value of the Plan's annuity policies with CLICO was estimated using the same assumptions used to calculate the defined benefit obligation. The value of these policies is not quoted and is reliant on CLICO's financial strength.

The majority of the plan's Government bonds were issued by the Government of Trinidad and Tobago, which also guarantees many of the corporate bonds held by the Plan.

The Plan's assets are invested in accordance with a strategy agreed between the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad & Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan other than the decision to purchase immediate annuity policies to secure some pensions in payment and in deferment.

##### (iv) Funding

The Group meets the balance of the cost of funding of the defined benefit pension plan and the Group must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the plan and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay \$13.9 million to the pension plan during 2017.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 18 Long term employee benefits (continued)

#### a. Retirement benefit obligations (continued)

##### (v) Expense recognised in the statement of profit or loss and other comprehensive income

	2016 \$'000	2015 \$'000
Current service cost	11,834	11,330
Net interest on net defined benefit liability	1,928	1,318
Administration expense allowance	<u>553</u>	<u>520</u>
Pension expense (Note 17)	<u>14,315</u>	<u>13,168</u>

##### (vi) Remeasurements recognised in other comprehensive income

Experience (gains)/losses	(8,176)	5,091
Deferred income tax (Note 8 b.)	<u>2,453</u>	<u>(1,273)</u>
Total amount recognised in other comprehensive income	<u>(5,723)</u>	<u>3,818</u>

##### (vii) Significant accounting estimate

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

The parent company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the company considers the interest rates of long term Government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

	Per annum	Per annum
<i>Summary of principal assumptions</i>		
Discount rate	5.50%	5.00%
Underlying salary and wage inflation	4.00%	4.00%
Promotional/merit increases	1.00%	1.00%
Average individual salary increases	5.00%	5.00%
Future pension increases	0.00%	0.00%

These assumptions affect the deferred tax asset calculated on the pension benefit liability. The most recent completed actuarial valuation was as at 31 December 2016.



# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 18 Long term employee benefits (continued)

#### a. Retirement benefit obligations (continued)

##### (viii) Significant accounting estimate (continued)

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at 31 December 2016 are as follows:

	2016	2015
<i>Life expectancy at age 60 for current pensioner in years</i>		
Male	21	21
Female	25.1	25.1
<i>Life expectancy at age 60 for current members age 40 in years</i>		
Male	21.4	21.4
Female	25.4	25.4

##### Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at 31 December 2016 and 2015 would have changed as a result of a change in the assumptions used.

	2016	
	1% pa increase \$'000	1% pa decrease \$'000
Discount rate	32,452	(25,648)
Future salary increases	(10,236)	11,685
	2015	
	1% pa increase \$'000	1% pa decrease \$'000
Discount rate	(26,327)	33,624
Future salary increases	10,981	(9,570)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 December 2016 by \$2.586 million.

#### Impact on defined benefit obligation

	Change in Assumptions		Increase in assumptions		Decrease in assumptions	
	2016	2015	2016	2015	2016	2015
Discount rate	1%pa	1%pa	-13.4%	-14.0%	+16.9%	+17.9%
Future salary increases	1%pa	1%pa	+6.1%	+5.8%	-5.3%	-5.1%
Life expectancy	1%pa	1%pa	+1.3%	-1.4%	1.4%	-1.5%

These sensitivities were computed by re-calculating the defined benefit obligations using the revised assumptions. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the prior year.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 18 Long term employee benefits (continued)

#### b. Casual employee retirement benefit

The Group implemented a retirement benefit for casual employees in 2013 in accordance with its collective agreement. The benefit is for eligible employees who met several criteria as agreed with the bargaining body and the benefit is managed in house and financed by the Group. Lump sums will be paid as they fall due.

	2016 \$'000	2015 \$'000
<i>Net liability in the statement of financial position (parent/group)</i>		
Present value of casual employee retirement benefit obligation	<u>22,500</u>	<u>21,615</u>
<i>Reconciliation of opening and closing statement of financial position entries</i>		
Opening net retirement benefit liability	21,615	18,763
Net benefit cost	3,418	3,116
Re-measurements recognised in other comprehensive income	(2,016)	204
Lump sums paid	<u>(517)</u>	<u>(468)</u>
Closing casual employee retirement benefit liability	<u>22,500</u>	<u>21,615</u>

#### (i) Accounting policy

The liability recognised in the statement of financial position in respect of casual employee retirement benefit is the present value of the obligation at the financial position date, together with adjustments for unrecognised actuarial gains or losses.

The casual employee retirement benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the casual employee retirement benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

#### (ii) Funding

The Group pays the termination lump sums as they fall due. The Group expects to pay lump sums of \$0.613 million in 2017.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 18 Long term employee benefits (continued)

#### b. Casual employee retirement benefit (continued)

##### (iii) Movement in present value of casual employee retirement benefit obligation

	2016 \$'000	2015 \$'000
Obligation at start of year	21,615	18,763
Current service cost	2,293	2,189
Interest cost	1,125	927
Experience adjustments	(354)	204
Actuarial gains from changes in financial assumptions	(1,662)	—
Benefits paid	<u>(517)</u>	<u>(468)</u>
Obligation at end of year	<u>22,500</u>	<u>21,615</u>

The casual employee retirement benefit obligation is allocated between the members as follows:

	2016	2015
Casual employees	91%	95%
Former casual employees made permanent	7%	4%
Outstanding benefits	2%	1%
The weighted average duration of the retirement benefit obligation at year end	14.8yrs	15.8yrs

15% of the benefits are vested.

42% of the retirement obligation is conditional on future salary increases.

##### (iv) Expense recognised in the other comprehensive income

	2016 \$'000	2015 \$'000
Current service cost	2,293	2,189
Net interest on net retirement benefit liability	<u>1,125</u>	<u>927</u>
Casual employee retirement benefit expense (Note 17)	<u>3,418</u>	<u>3,116</u>

##### (v) Re-measurements recognised in other comprehensive income

Experience (gains)/losses	(2,016)	204
Deferred income tax (Note 8 b.)	<u>605</u>	<u>(51)</u>
Total amount recognised in other comprehensive income	<u>(1,411)</u>	<u>153</u>

##### (vi) Significant accounting estimate

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

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 18 Long term employee benefits (continued)

#### b. Casual employee retirement benefit (continued)

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Group considers the interest rates of long term Government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related benefit liability.

Other key assumptions for casual employee retirement benefit are based in part on current market conditions.

<i>Summary of principal assumptions</i>	2016	2015
Discount rate	5.50%	5.00%
Average individual pay increases	4.00%	4.00%

There is limited experience data on casual employees hence management has used the same assumptions as that of the pension plan.

These assumptions affect the deferred tax asset calculated on the casual employee retirement benefit liability.

#### *Sensitivity analysis*

The calculation of the casual employee retirement benefit obligation is sensitive to the assumptions used. The following table summarises how the retirement benefit obligation as at 31 December 2016 and 2015 would have changed as a result of a change in the assumptions used.

	2016	
	1% pa increase \$'000	1% pa decrease \$'000
Discount rate	3,504	(2,864)
Future salary increases	(2,757)	3,329
	2015	
	1% pa increase \$'000	1% pa decrease \$'000
Discount rate	(2,929)	3,612
Future salary increases	3,495	(2,877)

#### Impact on defined benefit obligation

	Change in Assumptions		Increase in assumptions		Decrease in assumptions	
	2016	2015	2016	2015	2016	2015
Discount rate	1%pa	1%pa	-12.7%	-13.6%	+15.6%	+16.7%
Future salary increases	1%pa	1%pa	+14.8%	+16.2%	-12.3%	-13.3%

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 18 Long term employee benefits (continued)

#### b. Casual employee retirement benefit (continued)

These sensitivities were computed by re-calculating the casual employee retirement benefit obligation using the revised assumptions. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the prior year.

### 19 Deferred lease rental income

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
		At beginning of year:		
6,240	5,909	30 year leases and unearned revenue	5,909	6,240
<u>60,348</u>	<u>59,575</u>	96 years and longer leases	<u>59,575</u>	<u>60,348</u>
66,588	65,484		65,484	66,588
<u>74,135</u>	<u>83,135</u>	Amounts received during the year	<u>83,135</u>	<u>74,135</u>
140,723	148,619		148,619	140,723
<u>(75,239)</u>	<u>(84,029)</u>	Income brought into account (Note 21b.)	<u>(84,029)</u>	<u>(75,239)</u>
<u>65,484</u>	<u>64,590</u>	At end of year	<u>64,590</u>	<u>65,484</u>
		Summarised as follows:		
5,909	5,788	30 year leases and unearned revenue	5,788	5,909
<u>59,575</u>	<u>58,802</u>	96 years and longer leases	<u>58,802</u>	<u>59,575</u>
65,484	64,590		64,590	65,484
<u>(61,267)</u>	<u>(60,198)</u>	Less: long-term portion	<u>(60,198)</u>	<u>(61,267)</u>
<u>4,217</u>	<u>4,392</u>	Current portion	<u>4,392</u>	<u>4,217</u>

#### a. Accounting policy

Refer to Note 21 a.

### 20 Trade and other payables

PARENT			GROUP	
2015	2016		2016	2015
\$'000	\$'000		\$'000	\$'000
10,579	10,561	Trade payables	10,561	10,579
<u>26,759</u>	<u>27,590</u>	Other payables and accruals	<u>32,357</u>	<u>33,030</u>
37,338	38,151		42,918	43,609
<u>6,244</u>	<u>5,551</u>	Due to subsidiary	<u>--</u>	<u>--</u>
<u>43,582</u>	<u>43,702</u>		<u>42,918</u>	<u>43,609</u>

#### a. Accounting policy

##### Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 20 Trade and other payables (continued)

#### a. Accounting policy (continued)

##### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the end of the reporting period.

#### b. Fair value of trade payables

Due to the short term nature of the current payables, their carrying amount is assumed to be the same as their fair value.

### 21 Segment information – group

#### a. Accounting policy

##### Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the President and the management team, which is the team responsible for allocating resources and assessing performance of the operating segments and is also responsible for making strategic decisions. The Group's executive management team, consisting of the President, the Vice Presidents of Business Services, Port and Technical, examines the Group's performance from an operations perspective and has identified two reportable segments of its business.

- (i) Port operations – This covers services supplied for the import, export and transhipment of containers and general cargo. The fees for these services include handling charges, storage rents, stuffing/unstuffing and other miscellaneous services. These are all based on an established tariff.
- (ii) Estate operations – This covers operations involved in the development, maintenance and supply of onshore infrastructure which are leased to tenants at contracted rates as charged for occupancy, wayleaves and common service charges.

These are the reportable segments of the Group as they form the basis used by the President and management team, as the chief operating decision makers, for assessing performance and allocating resources.

These reported segments are closely integrated as the viability of one segment depends on the continued operations of the other. As such, the operation comprises one cash generating unit, which is taxed as one unit and for which other expenses do not relate entirely to one segment.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 21 Segment information – group (continued)

#### a. Accounting policy (continued)

##### *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue represents the amounts earned for lease rents, port and warehousing services and management fees, and is shown net of value added tax, discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met as follows:

#### (i) *Port operations*

The fees for services are recognised in the period in which the services are provided.

#### (ii) *Estate operations*

##### *Lease rental income*

Revenue earned as rental income is recognised on an accrual basis in accordance with the terms of the individual lease agreements with tenants. Lease premiums are deferred and recognised as revenue over the term of the lease.

##### *Investment property lease premiums*

Leases between the parent company and tenants on the Industrial Estate are usually of two types, 30 year leases and 96 years and longer leases. The premiums received on 96 year leases are accounted for on a deferral basis. They are taken into income in equal annual amounts over the lives of the leases.

##### *Commitment fees*

Commitment fees received on all leases are taken into income upon receipt.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 21 Segment information – group (continued)

#### b. Segment operations

	Port and related activities \$'000	Estate \$'000	Support activities \$'000	Total \$'000
<b>Year ended 31 December 2016</b>				
Revenue	183,765	84,029	1,049	268,843
Gross profit	92,365	84,029	1,049	177,443
Unrealised fair value gains on investment properties	--	261,610	--	261,610
Depreciation	(27,718)	(1,201)	(3,628)	(32,547)
Repairs and maintenance	(18,370)	(217)	(1,045)	(19,632)
Other expenses – net	(51,828)	(3,552)	(49,809)	(105,189)
Finance costs	(3,754)	(2,627)	(446)	(6,827)
Profit before taxation				<u>274,858</u>
<b>Year ended 31 December 2015</b>				
Revenue	213,009	75,239	1,340	289,588
Gross profit	118,266	75,239	1,340	194,845
Unrealised fair value gains on investment properties	--	71,275	--	71,275
Depreciation	(27,585)	(1,822)	(3,674)	(33,081)
Repairs and maintenance	(23,143)	(1,803)	(2,087)	(27,033)
Other expenses – net	(51,531)	(3,288)	(57,411)	(112,230)
Finance costs	(3,412)	(2,451)	(685)	(6,548)
Profit before taxation				<u>87,228</u>

The revenue reported to the chief operating decision makers is measured in a manner consistent with that in the statement of profit or loss and other comprehensive income.

#### c. Segment assets

	Port and Related activities \$'000	Estate \$'000	Support activities \$'000	Total \$'000
<b>Total segment assets</b>				
31 December 2016	570,713	2,034,211	36,515	2,641,439
31 December 2015	460,829	1,721,685	39,952	2,222,466

Total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.



# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 21 Segment information – group (continued)

#### c. Segment assets (continued)

Reportable segments' assets are reconciled to total assets as follows:

	31 December	
	2016 \$'000	2015 \$'000
Total segment assets	2,641,439	2,222,466
Cash and cash equivalents	144,745	67,401
Held to maturity investments	--	40,194
Deferred income tax	16,254	15,200
Other assets	<u>5,533</u>	<u>4,087</u>
Total assets as per statement of financial position	<u>2,807,971</u>	<u>2,349,348</u>

Total segment assets include additions to property, plant and equipment as follows:

	Port and Related activities \$'000	Estate \$'000	Support activities \$'000	Total \$'000
31 December 2016	43,021	186	993	44,200
31 December 2015	9,059	3,603	16,489	29,151

#### d. Segment liabilities

Total liabilities are centrally managed and are not allocated by segments.

### 22 Expenses by nature

PARENT			GROUP	
2015 \$'000	2016 \$'000		2016 \$'000	2015 \$'000
171,950	162,813	Staff costs (Note 17)	162,197	171,289
33,081	32,547	Depreciation	32,547	33,081
14,578	13,801	Repairs and maintenance spares utilised	13,801	14,578
12,455	5,831	Repairs and maintenance on property, plant and equipment	5,831	12,455
11,275	11,984	Accommodation	11,984	11,275
8,628	6,901	Office expenses	7,126	8,699
6,505	7,475	Other	7,475	6,505
5,303	3,783	Insurance	3,783	5,303
3,061	3,231	Vehicle and transport	3,231	3,061
1,900	1,802	Communication	1,812	1,910
1,688	2,217	Legal and professional fees	2,217	1,688
1,613	1,929	Marketing	1,929	1,613
940	829	Directors' remuneration	829	940
<u>8</u>	<u>--</u>	Bad debts	<u>--</u>	<u>8</u>
<u>272,985</u>	<u>255,143</u>	Total direct cost, administrative expenses and other operating expenses	<u>254,762</u>	<u>272,405</u>

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 23 Contingent liabilities

	2016 \$'000	2015 \$'000
a. Customs bonds	<u>2,250</u>	<u>2,316</u>
b. The Corporation is a party to various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not result in any significant additional liabilities and therefore no provision has been made in these financial statements.		

### 24 Summary of significant accounting policies

This Note provides a list of the significant accounting policies adopted in the preparation of these parent and consolidated financial statements to the extent they have not already been disclosed in the other Notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Point Lisas Industrial Port Development Corporation Limited and its subsidiary, Point Lisas Terminals Limited.

#### a. Basis of preparation

##### (i) Compliance with IFRS

These parent and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to Companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

##### (ii) Historical cost convention

The parent and consolidated financial statements have been prepared on a historical cost basis, except for the following:

- the revaluation of land, buildings and own site improvements – measured at fair value,
- investment properties – measured at fair value,
- available-for-sale financial assets – measured at fair value, and
- defined benefit pension plans – plan assets measured at fair value.

##### (iii) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

<b>Financial reporting standard and effective date</b>	<b>Nature of change</b>
<b>IFRS 1</b>  <b>IAS 27</b>  Effective for years beginning on or after 1 January 2016	<b>Equity method in separate financial statements</b>  Amends IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.  Amends IFRS 1 to permit use of the business combinations exemption for investments in subsidiaries accounted for using the equity method in the separate financial statements of the first-time adopter.

**Point Lisas Industrial Port Development Corporation Limited**  
**Notes to the financial statements (continued)**  
**31 December 2016**  
*(Expressed in Trinidad and Tobago Dollars)*

24 **Summary of significant accounting policies (continued)**  
a. *Basis of preparation (continued)*

(iii) *New standards, amendments and interpretations adopted by the Group (continued)*

<p><b>IFRS 10</b> Effective for years beginning on or after 1 January 2016</p>	<p><b>Applying the consolidation exception</b> IFRS 10 is amended to clarify the application of the consolidation exception for investment entities and their subsidiaries.</p>
<p><b>IFRS 10</b> <b>IAS 28</b> Effective for years beginning on or after 1 January 2016</p>	<p><b>Sale or contribution between an investor and its associate or joint venture</b> The main consequence of the amendments is that a full gain or loss is recognised when the transaction involves a business combination and a partial gain is recognised when the transaction involves assets that do not constitute a business.</p>
<p><b>IAS 1</b> Effective for years beginning on or after 1 January 2016 (Early adopted in 2015)</p>	<p><b>Presentation of financial statements</b> Amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.</p>
<p><b>IAS 16</b> <b>IAS 38</b> Effective for years beginning on or after 1 January 2016</p>	<p><b>Clarification of acceptable methods of depreciation and amortisation</b> Amends IAS 16 and IAS 38 to clarify that the use of a revenue based depreciation and amortisation method is not appropriate for tangible assets and to provide a rebuttable presumption for intangible assets.</p>
<p><b>Annual Improvements to IFRSs 2012-2014 Cycle</b> Effective for years beginning on or after 1 January 2016</p>	<p><b>IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition.</b></p>
	<p><b>IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated.</b></p>

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 24 Summary of significant accounting policies (continued)

#### a. Basis of preparation (continued)

##### (iv) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group. The Group is yet to assess the impact of these new standards.

<b>Financial reporting standard and effective date</b>	<b>Nature of change</b>
<b>IFRS 7</b> <b>IFRS 9</b> Effective for years beginning on or after 1 January 2018	<b>Financial instruments</b> IFRS 9 includes a third measurement category for financial assets – fair value through other comprehensive income and a single, forward –looking expected loss impairment model. IFRS 7 was amended to require additional disclosures on transition to IFRS 9.
<b>IFRS 15</b> Amendment to IFRS 15 issued in September 2015 to defer effective date of IFRS 15 by one year: Effective for first interim periods within years on or after 1 January 2018	<b>Revenue from Contracts with Customers - New standard on revenue recognition, superseding IAS 18, IAS 11, and related interpretations.</b> The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. Almost all entities will be affected to some extent by the significant increase in required disclosures. But the changes extend beyond disclosures and the effect on entities will vary depending on industry and current accounting practices. Entities will need to consider changes that might be necessary to information technology systems, processes and internal controls to capture new data and address changes in financial reporting.
<b>Amendments to IFRS 2 - Effective for years beginning on or after 1 January 2018</b>	<b>Classification and Measurement of Share-based Payment Transactions</b>
<b>Amendments to IAS 7 - Effective for years beginning on or after 1 January 2017</b>	<b>Disclosure Initiative - Going forward, entities will be required to explain changes in their liabilities arising from financing activities.</b> Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

### 24 Summary of significant accounting policies (continued)

#### a. Basis of preparation (continued)

##### (iv) New standards, amendments and interpretations not yet adopted

<b>IFRS 16 Leases</b> - Effective for years beginning on or after 1 January 2019.	<b>Leases</b> - IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
<b>IFRIC Interpretation 22</b> - Effective for years beginning on or after 1 January 2018	<b>Foreign Currency Transactions and Advance Consideration</b> - addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### b. Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

(Expressed in Trinidad and Tobago Dollars)

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### 24 Summary of significant accounting policies (continued)

c. *Fair value hierarchy*

Judgements and estimates are made in determining the fair values for items measured at fair value in the financial statements. The valuation methods used by management were classified into the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

d. *Property, plant and equipment (Note 5 a.)*

e. *Investment properties (Note 6 a.)*

f. *Leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

g. *Financial assets (Note 7 a.)*

h. *Current and deferred income tax (Note 8 a.)*

i. *Inventory (Note 9 a.)*

j. *Trade receivables (Note 10 a.)*

k. *Cash and cash equivalents (Note 11 a.)*

l. *Impairment of non- financial assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

m. *Share capital (Note 12 a.)*

n. *Borrowings (Note 16 a.)*

o. *Trade payables (Note 20 a.)*

# Point Lisas Industrial Port Development Corporation Limited

## Notes to the financial statements (continued)

31 December 2016

*(Expressed in Trinidad and Tobago Dollars)*

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### 24 Summary of significant accounting policies (continued)

- p. *Provisions (Note 20 a.)*
- q. *Employee benefits*
  - *Termination benefits (Note 17 a.)*
  - *Bonus plans (Note 17 a.)*
  - *Employee share ownership plan (Note 17 a.)*
  - *Pension obligations (Note 18 a. (i))*
  - *Casual employee retirement benefit (Note 18 b. (i))*
- r. *Segment reporting (Note 21 a.)*
- s. *Revenue recognition (Note 21 a.)*

