



Trinidad & Tobago Free Zones Company Limited

Financial Statements

For the Year Ended 31 December 2013

Trinidad & Tobago Free Zones Company Limited

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Independent Auditor's Report

To the shareholders of
Trinidad & Tobago Free Zones Company Limited

Report on the financial statements

We have audited the accompanying financial statements of Trinidad & Tobago Free Zones Company Limited as at 31 December 2013, which comprises the statement of financial position, the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

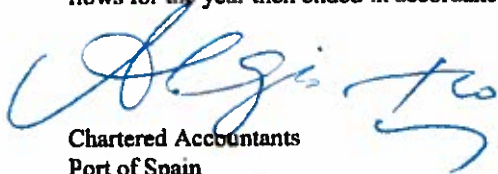
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether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

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

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

Opinion

In our opinion the accompanying financial statements present fairly, in all material respects the financial position of Trinidad & Tobago Free Zones Company Limited as at 31 December 2013, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants
Port of Spain
Trinidad, West Indies
14th January, 2015

Trinidad & Tobago Free Zones Company Limited

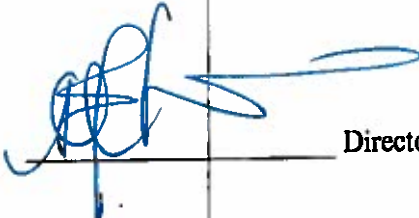
Statement of financial position

	Notes	31 December	
		2013 \$	2012 \$
ASSETS			
Non-current assets			
Plant and equipment	2	<u>444,398</u>	<u>213,387</u>
Current assets			
Receivables and prepayments	3	1,119,463	1,068,159
Cash and cash equivalents	4	<u>11,225,243</u>	<u>10,486,174</u>
		<u>12,344,706</u>	<u>11,554,333</u>
Total assets		<u>12,789,104</u>	<u>11,767,720</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	2	2
Retained earnings		<u>12,378,535</u>	<u>11,573,952</u>
Total shareholders' equity		<u>12,378,537</u>	<u>11,573,954</u>
Current liabilities			
Dividends payable		250,000	—
Accrued liabilities		<u>160,567</u>	<u>193,766</u>
		<u>410,567</u>	<u>193,766</u>
Total equity and liabilities		<u>12,789,104</u>	<u>11,767,720</u>

The accounting policies on pages 6 to 8 and the notes on pages 9 to 14 are an integral part of these financial statements.

On the 14th January, 2015 the Board of Directors of Trinidad & Tobago Free Zones Company Limited authorised these financial statements for issue.


Director


Director

Trinidad & Tobago Free Zones Company Limited

Statement of comprehensive income

	Note	Year Ended 31 December	
		2013 \$	2012 \$
Revenue		3,768,016	3,456,545
Other income		<u>—</u>	<u>12,093</u>
		3,768,016	3,468,638
Administrative expenses	6	<u>(2,775,033)</u>	<u>(2,791,239)</u>
Operating profit		992,983	677,399
Net finance income	7	<u>61,600</u>	<u>178,926</u>
Net profit		<u>1,054,583</u>	<u>856,325</u>

The accounting policies on pages 6 to 8 and the notes on pages 9 to 14 are an integral part of these financial statements.

Trinidad & Tobago Free Zones Company Limited

Statement of changes in shareholders' equity

	Share Capital \$	Retained Earnings \$	Total Equity \$
Year ended 31 December			
Balance at 1 January 2012	2	11,417,627	11,417,629
Interim dividend 2011	--	(700,000)	(700,000)
Net profit for 2012	--	856,325	856,325
Balance at 31 December 2012	2	11,573,952	11,573,954
Year ended 31 December			
Balance at 1 January 2013	2	11,573,952	11,573,954
Proposed dividend 2012	--	(250,000)	(250,000)
Net profit for 2013	--	1,054,583	1,054,583
Balance at 31 December 2013	2	12,378,535	12,378,537

The accounting policies on pages 6 to 8 and the notes on pages 9 to 14 are an integral part of these financial statements.

Trinidad & Tobago Free Zones Company Limited

Statement of cash flows

	Year Ended	
	31 December	
	2013	2012
	\$	\$
Operating activities		
Operating profit	992,983	677,399
Adjustments for items not requiring an outlay of funds:		
Depreciation	137,586	41,300
Loss on sale of asset	<u>902</u>	<u>2,480</u>
Operating profit before working capital changes	1,131,471	721,179
Increase in receivables and prepayments	(51,304)	(882,283)
(Decrease)/increase in accrued liabilities	<u>(33,199)</u>	<u>112,751</u>
Net cash flows generated from/ (used in) operating activities	<u>1,046,968</u>	<u>(48,353)</u>
Investing activities		
Purchase of fixed assets	(369,499)	(196,719)
Interest received	61,858	180,755
Interest paid	<u>(258)</u>	<u>(1,829)</u>
Net cash flows used in investing activities	<u>(307,899)</u>	<u>(17,793)</u>
Financing activities		
Dividends paid	<u>--</u>	<u>(700,000)</u>
Net cash flows used in financing activities	<u>--</u>	<u>(700,000)</u>
Increase/ (decrease) in cash and cash equivalents	739,069	(766,146)
Cash and cash equivalents at beginning of year	<u>10,486,174</u>	<u>11,252,320</u>
Cash and cash equivalents at end of year (note 4)	<u>11,225,243</u>	<u>10,486,174</u>

The accounting policies on pages 6 to 8 and the notes on pages 9 to 14 are an integral part of these financial statements.

Trinidad & Tobago Free Zones Company Limited

Accounting policies

31 December 2013

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

a Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b Plant and equipment

Plant and equipment are stated at historical cost and are depreciated on the reducing balance basis, at rates estimated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Leasehold Improvements & Fixtures - 33.33%
Office furniture, fittings and equipment - 20-33.33%
Motor vehicles - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Profits or losses on disposals of plant and equipment are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Plant and equipment are reviewed for impairment losses at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

c Leases

Leases where 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 comprehensive income on a straight-line basis over the period of the lease.

d Revenue recognition

Revenue comprises the invoiced value for services rendered in the year and is recognized on the performance of the services. Interest income is recognized on an effective yield basis.

Trinidad & Tobago Free Zones Company Limited

Accounting policies (continued)

31 December 2013

e Foreign currency translation

i) Functional and presentational currency

Items included in the company's financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars ("TT\$"), which is the company'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. 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 recognized in the statement of comprehensive income.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale equities are included in the fair value reserve in equity.

f Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, accounts receivable and accounts payable and are stated at their approximate fair values determined in accordance with the policy statements disclosed.

g Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and comprise cash in hand, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and funds held in money market funds. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalent also include the bank overdrafts.

h Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the statement of comprehensive income.

Trinidad & Tobago Free Zones Company Limited

Accounting policies (continued)

31 December 2013

i **Pensions**

The company makes payments on behalf of its employees to deferred annuity plans. The deferred annuity plans are non-contributory by employees. A deferred annuity plan allows one to pay premiums and then receive a lump sum or series of regular payments at a preset future date, usually upon maturity of the plan or at retirement. The regular payments constitute net periodic costs for the year in which they are due and as such are included in staff costs.

j. **Provisions**

Provisions are recorded when the company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements 31 December 2013

1 Incorporation and business activities

The company is incorporated and domiciled in the Republic of Trinidad and Tobago. The company is fully owned by the Government of Trinidad and Tobago. Its principal activity is to administer, control, operate and manage all free zones in accordance with the provisions of the Trinidad and Tobago Free Zones Act No 19 of 1988. The address of the company's registered office is Albion Court, 2nd Floor West, 61Dundonald Street, Port of Spain, Trinidad and Tobago.

2 Plant and equipment

	Leasehold Improvement & Fixtures \$	Furniture Fittings & Equipment \$	Motor Vehicles \$	Total \$
Year ended 31 December 2012				
Opening net book amount	--	45,306	15,143	60,449
Additions	105,800	90,919	--	196,719
Disposals	--	(21,748)	--	(21,748)
Depreciation on disposals	--	19,267	--	19,267
Depreciation charge	(14,520)	(22,994)	(3,786)	(41,300)
Closing net book amount	<u>91,280</u>	<u>110,750</u>	<u>11,357</u>	<u>213,387</u>
At 31 December 2012				
Cost	105,800	220,556	100,415	426,771
Accumulated depreciation	(14,520)	(109,806)	(89,058)	(213,384)
Net book amount	<u>91,280</u>	<u>110,750</u>	<u>11,357</u>	<u>213,387</u>
Year ended 31 December 2013				
Opening net book amount	91,280	110,750	11,357	213,387
Additions	8,200	123,299	238,000	369,499
Disposals	--	(14,490)	--	(14,490)
Depreciation on disposals	--	13,588	--	13,588
Depreciation charge	(32,827)	(61,982)	(42,777)	(137,586)
Closing net book amount	<u>66,653</u>	<u>171,165</u>	<u>206,580</u>	<u>444,398</u>
At 31 December 2013				
Cost	114,000	329,365	338,415	781,780
Accumulated depreciation	(47,347)	(158,200)	(131,835)	(337,382)
Net book amount	<u>66,653</u>	<u>171,165</u>	<u>206,580</u>	<u>444,398</u>

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued) 31 December 2013

3	Receivables and prepayments	2013 \$	2012 \$
	Trade receivables	1,320,767	1,001,974
	Less: Provision for doubtful debt	<u>(221,725)</u>	<u>--</u>
	Net trade receivables	1,099,042	1,001,974
	Staff loans	2,257	44,234
	Prepayments	14,520	14,520
	Interest receivable	3,644	4,405
	Other receivables	<u>--</u>	<u>3,026</u>
		<u>1,119,463</u>	<u>1,068,159</u>

As at 31 December 2013, net trade receivables of \$1,099,042 were current (2012: \$983,374). Trade receivables are non interest bearing and are due upon receipt or on 30 day terms.

4	Cash and cash equivalents	2013 \$	2012 \$
	Money market funds	10,430,312	10,367,693
	Cash at bank	791,931	115,481
	Cash in hand	<u>3,000</u>	<u>3,000</u>
	At end of year	<u>11,225,243</u>	<u>10,486,174</u>

The Money Market Funds have been classified as a cash equivalent because management uses the account for working capital requirements. The interest rate as at the year-end 31 December 2013 was 0.90% (2012: 1.10%).

5	Share capital	2013 \$	2012 \$
	Authorised: An unlimited number of shares of no par value		
	Issued and fully paid: 2 ordinary shares of no par value	<u>2</u>	<u>2</u>

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued)

31 December 2013

6 Administrative Expenses

The company's operating profit includes the following costs and expenses:

	2013	2012
	\$	\$
Staff Costs (Note 8)	1,012,046	942,580
Directors fee	423,000	489,600
Operating lease rental for property (Note 9)	294,372	294,372
Provision for doubtful debt	221,725	—
Office administration (Note 10)	217,850	207,508
Advertising & promotions	160,654	213,763
Depreciation	137,586	41,300
Business development	121,745	187,618
Professional fees	52,444	59,977
Motor vehicles	30,463	44,258
Entertainment	27,929	33,234
Donations	23,379	27,674
Insurance	19,071	6,459
Repairs & maintenance	18,614	51,646
Travel (Note 11)	11,689	183,253
Subscriptions	1,564	5,517
Loss on disposal of asset	902	2,480
	<u>2,775,033</u>	<u>2,791,239</u>

7 Net finance income

Interest income	61,858	180,755
Bank charges	<u>(258)</u>	<u>(1,829)</u>
	<u>61,600</u>	<u>178,926</u>

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued)
31 December 2013

	2013 \$	2012 \$
8 Staff costs		
Contracted wages	456,000	563,980
Wages and salaries	259,765	226,686
Annuity allowance costs	135,601	6,072
Contracted gratuity	53,300	85,200
Other staff costs	68,070	35,379
National insurance costs	24,947	22,054
Group health insurance costs	10,204	2,349
Group life insurance costs	<u>4,159</u>	<u>860</u>
	<u>1,012,046</u>	<u>942,580</u>
<p>Annuity allowance costs of \$70,000 paid to Guardian Life of the Caribbean Limited, regarding Policy #8001008886, is to be reimbursed in the year 2015.</p>		
9 Lease commitment		
<p>A new lease agreement was signed with Trinidad and Tobago Mortgage Finance Company Limited for the three year period 1 January 2011 to 31 December 2014. Monthly rentals of \$22,126 were payable for the period 1 January 2011 to 31 July 2011 towards rent, electricity, service charges and VAT and increased by \$2,405 plus VAT for the remainder of the lease period.</p>		
Property rental	<u>294,372</u>	<u>294,372</u>
10 Office administration		
Stationery and office supplies	49,654	18,561
Telephone/cable	54,244	59,113
Office maintenance	29,695	29,414
Miscellaneous office/subsistence	29,017	32,661
Shop supplies	27,582	36,691
Meeting refreshments	20,547	28,113
Postage and courier services	<u>7,111</u>	<u>2,955</u>
	<u>217,850</u>	<u>207,508</u>

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued)
31 December 2013

11	Travel	2013 \$	2012 \$
	Local travel	11,689	12,793
	Foreign travel	<u> --</u>	<u>170,460</u>
		<u>11,689</u>	<u>183,253</u>

12 Taxation

The company is exempt from corporation tax or levies in respect of sales and profits, by virtue of Section 33 of the Free Zones Act.

13 Related parties

i) Key management compensation

A related party is an individual or entity that has an influential effect on the transactions conducted by the reporting entity.

Key management includes the Chief Executive Officer/Company Secretary. Key management remuneration amounted to \$509,300 (2012: \$649,180).

ii) Loans to key management

Loans to key management of the company:	2013
At 1 January	32,745
Loans advanced during year	39,100
Loan repayment received	71,845
At 31 December	--

Trinidad & Tobago Free Zones Company Limited

Notes to the financial statements (continued)

31 December 2013

14 Financial risk management

The company's activities expose it to credit risk, compliance risk and reputation risk. The company's overall risk management procedures employed manages the risks as discussed below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. Credit risk relating to accounts receivable balances are consistently managed and analysed for each client. Cash balances are held with reputable financial institutions and the company has actively sought to limit the amount of exposure to any single financial institution therefore minimizing credit risk arising from cash and cash equivalents.

The Company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(b) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Government of Trinidad and Tobago, as well as by the monitoring controls applied by the company. The company has an Audit Committee which does routine reviews on compliance.

(c) Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the company. The company engages in activities that bring awareness to its operations and therefore engender trust and minimize this risk.