

Trinidad and Tobago Bureau of Standards

Consolidated financial statements

September 30, 2015

(Expressed in Trinidad and Tobago dollars)

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Trinidad and Tobago Bureau of Standards

Statement of management's responsibilities

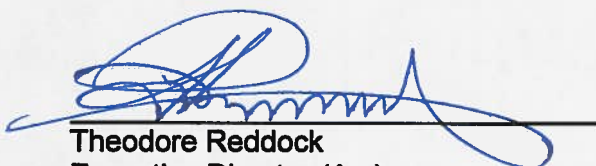
Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Trinidad and Tobago Bureau of Standards & its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at September 30, 2015, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of accumulated surplus, consolidated statement of 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 the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for 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 they have carried out their responsibilities as outlined above.



Theodore Reddock
Executive Director (Ag.)

February 1, 2018



Nadira Mohammed
Financial Comptroller

February 1, 2018

**Independent auditor's report
to the members of
Trinidad and Tobago Bureau of Standards**

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Trinidad and Tobago Bureau of Standards and its subsidiary, which comprises the consolidated statement of financial position as at September 30, 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of accumulated surplus and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Trinidad and Tobago Bureau of Standards and its subsidiary as at September 30, 2015 and its financial performance and cash flows for the year then ended in accordance with IFRS.

Deloitte & Touche
Port of Spain
Trinidad

February 23 2018



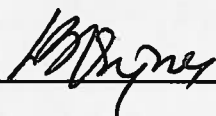

Trinidad and Tobago Bureau of Standards

Consolidated statement of financial position (Expressed in Trinidad and Tobago dollars)

	Notes	As at September 30,		
		2015 \$	2014 \$ Restated	2013 \$ Restated
ASSETS				
Non-current assets				
Property, plant and equipment	5	22,453,633	25,860,027	24,961,064
Long term pension asset	6(a)	43,569,000	49,498,000	48,738,000
Government bonds	7	2,901,828	3,033,518	2,931,000
Total non-current assets		68,924,461	78,391,545	76,630,064
Current assets				
Government bonds	7	247,000	247,000	247,000
Cash and cash equivalents	8	51,990,122	36,856,357	34,348,197
Taxation recoverable		422,321	362,347	8,126
Trade and other receivables	9	3,632,946	5,883,820	6,734,502
Total current assets		56,292,389	43,349,524	41,337,825
Total assets		125,216,850	121,741,069	117,967,889
EQUITY AND LIABILITIES				
Capital and reserves				
Accumulated surplus	11	78,120,400	79,811,090	80,325,656
Total equity		78,120,400	79,811,090	80,325,656
Non-current liabilities				
Government grants deferred	12	15,567,038	15,492,552	13,424,744
Current liabilities				
Trade and other payables	13	31,529,412	25,707,522	23,562,344
Taxation payable		-	729,905	655,145
Total current liabilities		31,529,412	26,437,427	24,217,489
Total liabilities		47,096,450	41,929,979	37,642,233
Total equity and liabilities		125,216,850	121,741,069	117,967,889

The notes on pages 7 to 43 form an integral part of these consolidated financial statements.

On February 1, 2018, the Board of Directors of Trinidad and Tobago Bureau of Standards authorised these financial statements for issue.


 _____ Director
 
 _____ Director

Trinidad and Tobago Bureau of Standards

Consolidated statement of profit or loss and comprehensive income (Expressed in Trinidad and Tobago dollars)

	Notes	Year ended September 30,	
		2015	2014
		\$	\$
			Restated
Revenue	14	61,937,816	55,416,927
Selling, general and administrative expenses	17a	(58,593,972)	(58,172,392)
Other income		1,357,296	1,695,900
Operating income / (loss)		4,701,140	(1,059,565)
Interest income	18	207,975	468,419
Net surplus / (deficit) for the year before taxation		4,909,115	(591,146)
Taxation (expense) / income	15	(52,805)	293,580
Net surplus / (deficit) for the year after taxation		4,856,310	(297,566)
Other comprehensive (loss) / income, net of taxes			
Item that will not be reclassified subsequently to profit or loss			
Re-measurement of post - employment benefit obligations		(6,547,000)	(217,000)
Total comprehensive loss for the year		(1,690,690)	(514,566)
Consolidated Comprehensive Loss for the year comprises:			
Trinidad and Tobago Bureau of Standards		(1,320,023)	(370,929)
Premier Quality Services Limited		(370,667)	(143,637)
Total Consolidated Comprehensive Loss for the year		(1,690,690)	(514,566)

The accounting policies and notes on pages 7 to 43 form an integral part of these consolidated financial statements.

Trinidad and Tobago Bureau of Standards

Consolidated statement of accumulated surplus (Expressed in Trinidad and Tobago dollars)

	Notes	Accumulated surplus \$
Year ended September 30, 2015		
Balance at October 1, 2014 (as restated)		79,811,090
Net surplus for the year after taxation		4,856,310
Other comprehensive loss		<u>(6,547,000)</u>
Total comprehensive loss for the year		<u>(1,690,690)</u>
Balance at September 30, 2015		<u>78,120,400</u>
Year ended September 30, 2014		
Balance at October 1, 2013 (as restated)		80,325,656
Net deficit for the year after taxation		(297,566)
Other comprehensive loss		<u>(217,000)</u>
Total comprehensive loss for the year		<u>(514,566)</u>
Balance at September 30, 2014		<u>79,811,090</u>
Composition of consolidated accumulated surplus		
Year ended September 30, 2015		
Trinidad and Tobago Bureau of Standards		77,550,842
Premier Quality Services Limited		<u>569,558</u>
Balance at September 30, 2015		<u>78,120,400</u>
Year ended September 30, 2014		
Trinidad and Tobago Bureau of Standards		78,870,865
Premier Quality Services Limited		<u>940,225</u>
Balance at September 30, 2014		<u>79,811,090</u>

The accounting policies and notes on pages 7 to 43 form an integral part of these consolidated financial statements.

Trinidad and Tobago Bureau of Standards

Consolidated statement of cash flows (Expressed in Trinidad and Tobago dollars)

	2015	2014
	\$	\$
		Restated
Cash flows from operating activities:		
Net surplus / (deficit) for the year before taxation	4,909,115	(591,146)
Adjustments to reconcile net cash generated from operating activities to net surplus / (loss) for the year:		
Depreciation	5,412,770	2,930,226
Adjustment to property, plant and equipment	2,367	-
(Gain) / loss on disposal of fixed assets	(34,852)	4
Increase in revaluation of investment	(115,310)	(349,518)
Net pension cost	629,000	359,000
	<u>10,803,090</u>	<u>2,348,566</u>
Changes in working capital:		
Decrease in trade and other receivables	2,250,874	850,682
Increase in trade and other payables	5,821,889	2,145,178
Pension contributions paid	(1,247,000)	(1,336,000)
	<u>17,628,853</u>	<u>4,008,426</u>
Cash generated from operating activities		
Taxation (paid) / received	(842,684)	14,119
	<u>16,786,169</u>	<u>4,022,545</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Redemption on fixed deposit	247,000	247,000
Proceeds from sale of fixed asset	38,609	1
Purchase of property, plant & equipment	(2,012,499)	(3,829,194)
	<u>(1,726,890)</u>	<u>(3,582,193)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Capital grants utilised	(4,425,514)	(4,432,192)
Capital grants received	4,500,000	6,500,000
	<u>74,486</u>	<u>2,067,808</u>
Net cash generated from financing activities		
Net increase in cash and cash equivalents	15,133,765	2,508,160
Cash and cash equivalents at beginning of year	36,856,357	34,348,197
Cash and cash equivalents at end of year	<u>51,990,122</u>	<u>36,856,357</u>
Represented by:		
Cash and cash equivalents	<u>51,990,122</u>	<u>36,856,357</u>

The accounting policies and notes on pages 7 to 43 form an integral part of these consolidated financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

1. Incorporation and principal activity

The Trinidad and Tobago Bureau of Standards (the "Bureau") was established by an Act of Parliament number 38 of 1972, Chapter 82:03 as amended by Act 29 of 1985 and Act 18 of 1997. The principal activities of the Bureau are to promote and encourage the development and maintenance of standards and to establish standards by the testing of goods produced or used in Trinidad and Tobago:

- (i) For improvement of goods produced or used in Trinidad and Tobago;
- (ii) To ensure industrial efficiency and development;
- (iii) To promote public and industrial welfare, health and safety, and
- (iv) For the protection of the environment.

The registered office of the Bureau is situated at #2 Century Drive, Trincity Industrial Estate, Macoya, Tunapuna.

The Bureau has a wholly owned subsidiary, Premier Quality Services Limited, whose principal business activity is training and consultancy services.

2. Summary of significant accounting policies

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

a. Basis of preparation

The consolidated financial statements of Trinidad and Tobago Bureau of Standards have been prepared in accordance with the International Financial Reporting Standard ('IFRS') and the IFRS Interpretations Committee ('IFRIC') applicable to entities reporting under IFRS.

Since, the Bureau was set up as an Act of Parliament, it is required to comply with the Ministry of Finance's mandate relating to the adoption of International Financial Reporting Standards, for all periods up to and including the year ended September 30, 2013, the Bureau prepared its financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities. The financial statements for the year ended September 30, 2014 are the first the Group has prepared in accordance with International Financial Reporting Standard. The Group has presented two comparative periods as the effective date of the transition is October 1, 2012.

In its first IFRS reporting period financial statements, the Group has applied IFRS standards effective for the period ended September 30, 2014, for all periods presented, including:

- IAS 19 – Employee Benefits
- IFRS 7 Financial Instruments: Disclosures

The preparation of consolidated financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bureau's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the consolidated financial statements are disclosed in Note 4.

b. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank advances repayable on demand and other short-term highly liquid investments, which are subject to an insignificant risk of changes in value.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

c. Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), 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 using the effective interest method, less provision for impairment.

d. Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation at rates which are expected to apportion the cost of the assets on a systematic basis over their estimated useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate.

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

Building	2% per annum
Plant & machinery	15.0% per annum
Motor Vehicles	25.0% per annum
Office furniture & equipment & library stock	12.5%-25% per annum

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

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

e. Government grants

Grants from the Government of the Republic of Trinidad and Tobago are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Bureau will comply with all the attached conditions. Grants that contain no vesting conditions are recognized immediately in the statement of profit or loss.

Grants related to recurrent costs are deferred in liabilities and recognised in the statement of profit or loss over the period necessary to match them with the costs they are intended to compensate.

Grants relating to capital expenditure are deferred in liabilities and are credited to the consolidated statement of profit or loss on a systematic basis over the expected useful lives of the related assets.

f. Trade payables

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

g. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the testing and inspection activities undertaken in the ordinary course of the Bureau's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group upon performance of services and customer acceptance.

h. Foreign currency transactions

Items included in the consolidated financial statements of the Bureau are measured using the currency that best reflects the economic substance of the underlying events and the circumstances relevant to the Group ("the functional currency"). The presentation and functional currency of the Bureau is Trinidad and Tobago dollars.

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

i. Employee retirement benefit obligations

Pension obligations

The Bureau participates in the Trinidad and Tobago Bureau of Standards Staff Pension Fund Plan. It is a defined benefit plan which covers substantially all of its permanent employees. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets recognized in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds 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 liability.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss. 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.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

j. Impairment of non-financial assets

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). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

k. Financial assets

The Bureau classifies its investment as either fair value through profit or loss for equities with a quoted market price or at cost less impairment for other equity investments that are not publicly traded or whose fair value cannot be measured reliably. All other financial assets are measured at amortized cost. Management determines the classification of its financial assets at initial recognition.

Financial assets – at fair value through profit and loss

Financial assets at fair value through profit and loss are those equity investments that are publicly traded or whose fair value can be measured reliably. These financial assets are initially recognised at the transaction price excluding transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in profit and loss.

Dividends on equity instruments are recognised in the profit and loss account as part of income when the Group's right to receive payments is established.

The fair values of quoted financial assets in active markets are based on current bid prices. Purchase and sale of financial assets are recognised at the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets – amortized cost

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortized cost using the effective interest method, less any impairment. Interest income, if applicable, is recognized by applying the effective interest rate. Trade receivables are carried at original invoice amount less provision made for impairment of these receivables.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

k. Financial assets (continued)

Financial assets – recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Bureau has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the statement of profit or loss within 'Other (losses)/gains – net' in the period in which they arise.

Financial assets – held to maturity

Held-to-maturity investments are investment securities with fixed maturity where management has the positive intention and the ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method, less any provision for impairment. If the Company were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale.

l. Impairment of financial assets

The Bureau 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.

The criteria that the Bureau uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the customer;
- A breach of contract, such as a default or delinquency in payments;
- It becomes probable that the customer will enter bankruptcy or another financial reorganisation.

For loans and receivables category, 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 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 the statement of profit or loss.

If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

m. Provisions

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

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

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

n. Investment in subsidiary

Subsidiaries are all entities (including special purpose entities) over which the Bureau has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bureau controls another entity. These consolidated financial statements include the results of the subsidiary.

o. Leases

i) The Group as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

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 are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

ii) The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

p. Other financial liabilities

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

q. Comparatives

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

r. Taxation

Income tax expense represents Green Fund Levy payable to the Board of Inland Revenue. Green Fund Levy is calculated as a percentage of gross receipts for the year.

a) Corporation tax

The Bureau have been exempted from corporation tax. See Note 15.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

3.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRS issued by the International Accounting Standards Board ('IASB') that are mandatorily effective.

- **Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities***

These amendments have been applied retrospectively. The application of these amendments has no material impact on the disclosures or the amounts recognised in the Company's financial statements.

- **Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets***

These amendments have been applied retrospectively. The application of these amendments has no material impact on the disclosures or the amounts recognised in the Company's financial statements.

- **Annual Improvements to IFRS 2010-2012**

The Annual Improvements to IFRS 2010-2012 include a number of amendments to various IFRS, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition'. The amendments to IFRS 2 are effective for share-based payments transaction for which the grant date is on or after July 1, 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for the accumulated depreciation/ amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

3.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

- **Annual Improvements to IFRS 2010-2012 (continued)**

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of these amendments has no material impact on the disclosures in the Company's financial statements.

- **Annual Improvements to IFRS 2011-2013**

The *Annual Improvements to IFRS 2011-2013* include a number of amendments to various IFRS, which are summarised below.

IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify the scope of the portfolio exception for measuring the fair value of a Group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- a) the property meets the definition of investment property in terms of IAS 40; and
- b) the transaction meets the definition of a business combination under IFRS 3.

The application of these amendments has no material impact on the disclosures in the Company's financial statements.

IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

3.2 New and revised IFRS in issue but not yet effective

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

- | | |
|---------------------------------------------|----------------------------------------------------------------------------------------------------|
| • IFRS 9 | Financial instruments ³ |
| • IFRS 14 | Regulatory Deferral Accounts ¹ |
| • IFRS 15 | Revenue from Contracts with Customers ² |
| • IFRS 16 | Leases ⁴ |
| • Amendments to IFRS 11 | Accounting for Acquisitions of Interest in Joint Operations ¹ |
| • Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ¹ |
| • Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants ¹ |
| • Amendments to IFRS 10 and IAS 28 | Sale of Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| • Amendments to IFRS | Annual Improvements to IFRS 2012-2014 ⁵ |
| • Amendments to IAS 1 | Disclosure Initiative ¹ |
| • Amendments to IAS 27 | Equity Method in Separate Financial Statements ¹ |
| • Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception ¹ |
| • Amendments to IFRS 12 | Recognition of Deferred Tax Assets Unrealised Losses ² |
| • Amendments to IAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses) ² |
| • Amendments to IAS 7 | Disclosure initiative ² |

¹ Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

² Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

⁴ Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

⁵ Effective for annual periods beginning on or after July 1, 2016, with earlier application permitted.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

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

- **IFRS 9 Financial Instruments**

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

Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

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

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

Key requirements of IFRS 9 (continued):

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

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

- **IFRS 14 Regulatory deferral accounts**

IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risk associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

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

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

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

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

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

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

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

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

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

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

- **IFRS 16 Leases**

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

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

- **Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations**

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after January 1, 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Company's financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

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

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

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

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

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

- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have an impact on the Company's financial statements as the Company is not engaged in agricultural activities.

- **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments to IFRS 19 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interest in that associate or joint venture. Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interest in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

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

- **Annual Improvements 2012 – 2014**

The *Annual Improvements to IFRS 2012-2014* include a number of amendments to various IFRS, which are summarised below.

IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 — Clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

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

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

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

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

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

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

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

- **Amendments to IAS 27: Equity Method in Separate Financial Statements**

Amendments were made to IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:

- (i) at cost; or
- (ii) in accordance with IFRS 9 (or IAS 39); or
- (iii) using the equity method.

This is an accounting policy choice for each category of investment.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 (Investment Entities: Applying the Consolidation Exception)**

Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

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

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

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

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

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

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

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

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

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

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

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

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

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

Management is assessing the potential impact of the adoption of the new standards and interpretations.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

4. Critical judgements and the use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make critical judgements and use estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from the estimates and assumptions used. Key sources of uncertainty, which requires the use of estimates, include:

Useful lives and residual values of property, plant and equipment

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

Contingent liabilities

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

Pension benefits

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 (profit or loss) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Bureau determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bureau considers the interest rates of high-quality corporate bonds 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.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 6.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

5. Property, plant and equipment

	Leasehold land and buildings \$	Plant, machinery and motor vehicles \$	Office furniture, equipment and library stock \$	Total \$
Year ended September 30, 2015				
Opening net book amount	9,306,407	10,013,198	6,540,422	25,860,027
Additions	-	1,199,842	812,657	2,012,499
Reclassifications	-	(171,887)	171,887	-
Disposals	-	-	(3,757)	(3,757)
Adjustments	-	(2,367)	-	(2,367)
Depreciation expense	(437,168)	(3,027,439)	(1,948,162)	(5,412,769)
Closing net book amount	8,869,239	8,011,347	5,573,047	22,453,633
At September 30, 2015				
Cost	13,400,252	37,279,618	22,401,583	73,081,453
Accumulated depreciation	(4,531,013)	(29,268,271)	(16,828,536)	(50,627,820)
Net book amount	8,869,239	8,011,347	5,573,047	22,453,633
Year ended September 30, 2014				
Opening net book amount	9,517,040	8,489,941	6,954,083	24,961,064
Additions	-	3,069,564	759,630	3,829,194
Disposals	-	(4)	-	(4)
Depreciation expense	(210,633)	(1,546,303)	(1,173,291)	(2,930,227)
Closing net book amount	9,306,407	10,013,198	6,540,422	25,860,027
At September 30, 2014				
Cost	13,400,252	36,365,485	21,435,868	71,201,605
Accumulated depreciation	(4,093,845)	(26,352,287)	(14,895,446)	(45,341,578)
Net book amount	9,306,407	10,013,198	6,540,422	25,860,027

Library stock

Library stock consists of volumes of reference books on standards, manuals and magazines maintained by the Bureau.

6. Long term pension asset

a. Net asset shown on statement of financial position

	2015 \$	2014 \$
Present value of defined benefit obligation	74,493,000	69,381,000
Fair value of assets	(118,062,000)	(118,879,000)
Net defined benefit asset	(43,569,000)	(49,498,000)

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

6. Long term pension asset (continued)

b. Movement in present value of defined benefit obligation

	<u>2015</u>	<u>2014</u>
	\$	\$
Defined benefit obligation at start of year	69,381,000	63,744,000
Current service cost	3,143,000	2,838,000
Interest cost	3,425,000	3,130,000
Members' contribution	340,000	372,000
Actuarial gain	4,000	1,619,000
Benefits paid	<u>(1,800,000)</u>	<u>(2,322,000)</u>
Defined benefit obligation at end of year	<u>74,493,000</u>	<u>69,381,000</u>

c. The defined benefit obligation is allocated between the Plan's members as follows:

- Active	61%
- Deferred members	6%
- Pensioners	33%

The weighted average duration of the defined benefit obligation is 16.4 years. 94% of the value of the benefits for active members is vested. 28% of the defined benefit obligation for active members is conditional on future salary increases.

d. Movement in fair value of plan assets

	<u>2015</u>	<u>2014</u>
	\$	\$
Fair value of plan assets at start of year	118,879,000	112,482,000
Interest income	5,939,000	5,609,000
Return on Plan assets, excluding interest income	(6,543,000)	1,401,000
Bureau contributions	1,247,000	1,336,000
Members' contributions	340,000	372,000
Benefits paid	<u>(1,800,000)</u>	<u>(2,321,000)</u>
Fair value of Plan assets at end of year	<u>118,062,000</u>	<u>118,879,000</u>
Actual return on Plan assets	<u>(604,000)</u>	<u>7,010,000</u>

Plan assets are primarily invested in listed common stock, government and corporate securities, cash and fixed deposits.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

6. Long term pension asset (continued)

e. Asset allocation

	<u>2015</u>	<u>2014</u>
	\$	\$
Regionally listed equities (prices quoted on regional exchanges)	30,977,000	31,141,000
Overseas equities (developed markets)	18,340,000	18,369,000
TT\$ bonds (no quoted market prices)	57,380,000	63,244,000
US\$ bonds (no quoted market prices)	-	506,000
Local equity/income mutual fund	4,178,000	3,175,000
Cash and cash equivalents	<u>7,187,000</u>	<u>2,444,000</u>
Fair value of Plan assets at end of year	<u>118,062,000</u>	<u>118,879,000</u>

All asset values as at September 30, 2015 were taken from the Plan's audited accounts provided by the Plan's Trustee (First Citizens Trustee Services). Overseas equities have quoted prices in active markets. Local equities also have quoted prices, but the market is relatively illiquid. The Investment Manager (First Citizens Asset Management) calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

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

The Plan's assets are invested in a strategy agreed with 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.

f. Expense recognised in profit or loss

	<u>2015</u>	<u>2014</u>
	\$	\$
Current service cost	3,143,000	2,838,000
Net Interest on net defined benefit asset	<u>(2,514,000)</u>	<u>(2,479,000)</u>
Net pension cost (Note 17.b)	<u>629,000</u>	<u>359,000</u>

g. Re-measurements recognised in other comprehensive income

	<u>2015</u>	<u>2014</u>
	\$	\$
Experience losses	<u>6,547,000</u>	<u>217,000</u>
Total amount recognised in other comprehensive income	<u>6,547,000</u>	<u>217,000</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

6. Long term pension asset (continued)

h. Reconciliation of opening and closing balance sheet entries

	<u>2015</u>	<u>2014</u>
	\$	\$
Opening defined benefit asset	(49,498,000)	(48,738,000)
Net pension cost	629,000	359,000
Re-measurements recognised in other comprehensive income	6,547,000	217,000
Bureau contributions paid	<u>(1,247,000)</u>	<u>(1,336,000)</u>
Closing defined benefit asset	<u>(43,569,000)</u>	<u>(49,498,000)</u>

i. Summary of principal assumptions

	<u>2015</u>	<u>2014</u>
	\$	\$
Discount rate	5.0%	5.0%
Salary increases	5.0%	5.0%
Pensioner liabilities	3.0%	3.0%
Life expectancy at age 60 for current pensioner in years		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
- Male	21.4	21.4
- Female	25.4	25.4

j. Sensitivity analysis

	<u>1%pa higher</u>	<u>1%pa lower</u>
Discount rate	(10,366,000)	13,186,000
Future salary increases	3,477,000	(3,115,000)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2015 by \$1.869 million (2014-\$1.758 million).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

k. Funding

The Bureau meets the balance of the cost of funding the defined benefit Pension Plan and the Board must pay contributions at least equal to 18% of members' pensionable pay, 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 Bureau expects to pay contributions of \$1.898 million to the Pension Plan during 2015/16 (2014/15-\$1.419 million). However, this amount could increase if outstanding pay negotiations are completed during the year.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

7. Government bonds

	<u>2015</u>	<u>2014</u>
	\$	\$
British American Insurance Company Limited	4,431,000	4,678,000
Allowance for impairment	<u>(1,500,000)</u>	<u>(1,500,000)</u>
	2,931,000	3,178,000
Revaluation of investment during the year	464,828	349,518
Redemption of investment during the year	<u>(247,000)</u>	<u>(247,000)</u>
	<u>3,148,828</u>	<u>3,280,518</u>
Current portion	247,000	247,000
Non-current portion	<u>2,901,828</u>	<u>3,033,518</u>
	<u>3,148,828</u>	<u>3,280,518</u>

The fair value of the investment as at the end of September 30, 2015 is \$ 3,148,828. (2014: \$3,280,518).

8. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash in hand	243,380	43,940
Cash at bank:		
First Citizens Bank Limited	23,725,231	15,863,288
Republic Bank Limited	8,894,688	2,105,750
RBC Royal Bank (Trinidad & Tobago) Limited	2,357,558	1,059,885
Money Market Fund accounts	1,926,936	1,874,260
Short term investments	<u>14,842,329</u>	<u>15,909,234</u>
	<u>51,990,122</u>	<u>36,856,357</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

9. Trade and other receivables

	<u>2015</u>	<u>2014</u>
	\$	\$
Trade receivables	2,599,092	2,878,204
Provision for bad debts	(1,002,432)	(332,125)
Trade receivables (net)	1,596,660	2,546,079
Other receivable	8,999	1,441,150
Interest receivable	32,695	52,089
Advances and prepaid expenses	1,994,592	1,844,502
	<u>3,632,946</u>	<u>5,883,820</u>

Included in the other receivables balance is an amount of \$ Nil (2014: \$171,652) for value added tax recoverable.

10. Financial instruments by category

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

	Loans and receivables	
	<u>2015</u>	<u>2014</u>
	\$	\$
Assets as per statement of financial position		
Trade and other receivables, excluding prepayments	1,915,115	4,391,642
Government bonds (Note 7)	3,148,828	3,280,518
Cash at bank and in hand (Note 8)	51,990,122	36,856,357
	<u>57,054,065</u>	<u>44,528,517</u>
Other financial liabilities at amortised cost		
	<u>2015</u>	<u>2014</u>
	\$	\$
Liabilities as per statement of financial position		
Trade and other payables, excluding statutory liabilities	<u>31,529,410</u>	<u>25,756,624</u>

Amounts due from related parties

Balances due from related parties are fully performing and there have been no defaults in the past.

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Cash and cash equivalents</u>		
Counterparties without external credit rating:		
Reputable financial institutions:		
Cash at bank	<u>51,990,122</u>	<u>36,856,357</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

11. Accumulated surplus

The reserves of the Bureau comprise an accumulation of profits/losses over its years of operations. Section 5 of the Standards Act exempts any member of the Bureau from personal liability and under section 26 (2) with the approval of the Minister, the Bureau may build up reserves with a limit that shall be determined by the Minister.

12. Government grants deferred

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance as at October 1	15,492,552	13,424,744
Grants received from Government of Trinidad & Tobago	4,500,000	6,500,000
Grants utilized for the year (note 14)	<u>(4,425,514)</u>	<u>(4,432,192)</u>
Balance as at September 30	<u>15,567,038</u>	<u>15,492,552</u>

13. Trade and other payables

	<u>2015</u>	<u>2014</u>
	\$	\$
Trade payables	3,700,718	1,661,641
Other payables and accruals	<u>27,828,694</u>	<u>24,045,881</u>
	<u>31,529,412</u>	<u>25,707,522</u>

14. Revenue

	<u>2015</u>	<u>2014</u>
	\$	\$
Amortisation of capital grants (note 12)	4,425,514	4,432,192
Government grants received with no vesting conditions	10,745,700	12,630,464
Testing and inspection income	45,076,730	35,336,701
Training and consultancy income	<u>1,689,872</u>	<u>3,017,570</u>
	<u>61,937,816</u>	<u>55,416,927</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

15. Taxation expense

Income tax expense consists of the following:

	<u>2015</u>	<u>2014</u>
	\$	\$
Business levy	(4,583)	(15,964)
Green fund levy	(106,931)	(52,788)
Prior year tax over-payment	44,782	362,332
Prior year tax over-provision	13,927	-
Total (charge) / credit	<u>(52,805)</u>	<u>293,580</u>

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

Net surplus / (deficit) for the year before taxation	<u>4,909,114</u>	<u>(591,146)</u>
Income tax (charge) / credit calculated at statutory rate	<u>(1,227,279)</u>	<u>147,787</u>
Business levy	(4,583)	(15,964)
Green fund levy	(106,931)	(52,788)
Prior year tax over-payment	44,782	362,332
Prior year tax over-provision	13,927	-
Exempt income and tax losses	<u>1,227,279</u>	<u>(147,787)</u>
Total (charge) / credit	<u>(52,805)</u>	<u>293,580</u>

The current rate of corporation tax is 25% for 2015 (2014: 25%) and is only applicable to its subsidiary Premier Quality Services Limited.

The subsidiary is entitled to carry forward its entire tax loss against future tax profits. There is no expiry period for adjustment of tax losses against future tax profits.

The Bureau is a registered Government owned non-profit organisation in Trinidad and Tobago under the Income Tax Ordinance non-profit entities and is therefore exempted from corporation tax and business levy. However, the Bureau is subject to green fund levy on its revenues and other income.

16. Contingencies

The Group is involved in legal proceedings arising in the normal course of business. Management believes that, based on the advice of legal counsel, the outcome of these proceedings will not have any adverse material effect on the Group's consolidated financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

17. Expenses by nature

a. *Selling, general and administrative expenses*

	<u>2015</u>	<u>2014</u>
	\$	\$
Employee benefit expenses (Note 17b)	37,082,993	38,405,245
Utilities and insurance	2,323,722	2,269,257
Depreciation	5,412,770	2,930,227
Expense of capital grants	2,125,352	2,822,104
Contract services	1,549,724	1,929,576
Fees	1,771,062	1,239,676
Repairs and maintenance	1,132,531	1,296,398
Promotions and publicity	1,138,031	669,237
Training	657,873	634,281
Office supplies	551,367	505,010
Rentals	294,758	425,937
Board fees	725,700	497,143
Other expenses	3,824,332	4,548,301
Loss on disposal of asset	3,757	-
Total selling, general and administrative expenses	<u>58,593,972</u>	<u>58,172,392</u>

b. *Employee benefit expense*

Contract employees	17,773,860	20,119,684
Wages and salaries	11,854,461	12,699,078
Travelling and uniforms	782,324	745,561
National insurance	686,281	630,768
Retirement and termination benefits (Note 6f)	629,000	339,333
Arrears of remuneration 2014	5,357,067	3,870,821
	<u>37,082,993</u>	<u>38,405,245</u>

18. Finance income – net

	<u>2015</u>	<u>2014</u>
	\$	\$
Interest income	92,665	118,901
Bond interest income	115,310	349,518
	<u>207,975</u>	<u>468,419</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

19. Restatement

a. *Retrospective restatement of errors*

During 2014, Trinidad and Tobago Bureau of Standards discovered that a Green Fund Levy liability had been recorded twice in the current liabilities, and that an advance payment related to the purchase of an asset had been recorded as expenses. The financial statements for the year ended September 30, 2014 have been restated to correct these errors. The effect of the restatement on those financial statements is shown in tables below.

Prior year adjustments

During 2015, Trinidad & Tobago of Standards discovered a number of accounting errors and omission which affected the prior year.

	\$
Taxation recoverable	362,332
Revenue adjustment of the duplicated invoices	(306,189)
Bond interest income	349,518
Understatement of surplus for the year	21,577
	<hr/>
	427,238

b. *Change in accounting policy*

During 2014, Trinidad and Tobago Bureau of Standards changed its policy regarding the basis of preparation of its financial statements from International Financial Reporting Standards for Small and Medium-sized Entities to full International Financial Reporting Standards. This resulted in the adoption of IAS 19 Employee Benefits and resulted in presentation changes only, with the inclusion of a statement of other comprehensive income.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

19. Restatement (continued)

Impact of retrospective restatement of error and change in accounting policy on the unconsolidated statement of financial position.

	As at September 30, 2014 As previously stated \$	Retrospective restatement of error \$	Adopt IAS 19 \$	As at September 30, 2014 Restated \$
Assets				
<i>Non-current assets</i>				
Property, plant and equipment	25,860,027	-	-	25,860,027
Long term pension asset	49,498,000	-	-	49,498,000
Government bonds	2,684,000	349,518	--	3,033,518
Total non-current assets	78,042,027	349,518	-	78,391,545
<i>Current assets</i>				
Government bonds	247,000	-	-	247,000
Cash and cash equivalents	36,859,338	(2,981)	-	36,856,357
Tax recoverable	-	362,347	-	362,347
Trade and other receivables	6,236,144	(352,324)	-	5,883,820
Total current assets	43,342,482	7,042	-	43,349,524
Total assets	121,384,509	356,560	-	121,741,069
EQUITY AND LIABILITIES				
<i>Capital and reserves</i>				
Accumulated surplus	79,405,428	405,662	-	79,811,090
Total capital	79,405,428	405,662	-	79,811,090
<i>Non-current liabilities</i>				
Government grants deferred	15,492,552	-	-	15,492,552
Total non-current liabilities	15,492,552	-	-	15,492,552
<i>Current liabilities</i>				
Trade and other payables	25,756,624	(49,102)	-	25,707,522
Taxation payable	729,905	-	-	729,905
Total current liabilities	26,486,529	(49,102)	-	26,437,427
Total liabilities	41,979,081	(49,102)	-	41,929,979
Total equity and liabilities	121,384,509	356,560	-	121,741,069

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

19. Restatement (continued)

Impact of retrospective restatement of error and change in accounting policy on the consolidated statement of profit or loss.

	For period ended September 30, 2014 As previously stated \$	Retrospective restatement of error \$	Adopt IAS 19 \$	For period ended September 30, 2014 Restated \$
Revenue	55,723,115	(306,188)	-	55,416,927
Selling, general and administrative expenses	(58,172,392)	-	-	(58,172,392)
Other income	1,695,900	-	-	1,695,900
Operating loss	(753,377)	(306,188)	-	(1,059,565)
Finance income - net	118,901	349,518	-	468,419
Net (deficit)/surplus for the year before taxation	(634,476)	43,330	-	(591,146)
Taxation	(68,752)	362,332	-	293,580
Net (deficit)/surplus for the year after taxation	(703,228)	405,662	-	(297,566)

Impact of retrospective restatement of error and change in accounting policy on the consolidated statement of accumulated surplus.

	For period ended September 30, 2014 As previously stated \$	Retrospective restatement of error \$	Adopt IAS 19 \$	For period ended September 30, 2014 Restated \$
Net (deficit)/surplus for the year after taxation	(703,228)	405,662	-	(297,566)
Re-measurement of post-employment benefit obligations	(217,000)	-	-	(217,000)
Total comprehensive income for the period	(920,228)	405,562	-	(514,566)

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

19. Restatement (continued)

Impact of retrospective restatement of error and change in accounting policy on the consolidated statement of changes in equity.

	As at September 30, 2014 As previously stated \$	Retrospective restatement of error \$	Adopt IAS 19 \$	As at September 30, 2014 Restated \$
Year ended September 30, 2014				
Balance at 1 October 2013	80,325,656	-	-	80,325,656
Net deficit for the year	(920,228)	405,662	-	(514,566)
Balance at September 30, 2014	79,405,428	405,662	-	79,811,090

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

19. Restatement (continued)

Impact of retrospective restatement of error and change in accounting policy on the consolidated statement of cash flows.

	For period ended September 30, 2014 As previously stated \$	Retrospective restatement of error \$	Adopt IAS 19 \$	For period ended September 30, 2014 Restated \$
Cash flows from operating activities				
Net deficit for the year before taxation	(634,476)	43,330	-	(591,146)
Adjustments to reconcile net cash generated from / (used in) operating activities to net surplus / (loss) for the year:				
Depreciation	2,930,226	-	-	2,930,226
Loss on disposal of fixed assets	4	-	-	4
Increase in revaluation of investments	-	(349,518)	-	(349,518)
Net pension cost	359,000	-	-	359,000
	2,654,754	(306,188)	-	2,348,566
Changes in working capital				
Decrease in trade and other receivables	506,484	344,198	-	850,682
Increase in trade and other payables	2,200,288	(55,110)	-	2,145,178
Pension contributions paid	(1,336,000)	-	-	(1,336,000)
Cash generated from operating activities	4,025,526	(17,100)	-	4,008,426
Taxation received	-	14,119	-	14,119
Net cash generated from operating activities	4,025,526	(2,981)	-	4,022,545
Cash flows from investing activities				
Redemption on fixed deposit	247,000	-	-	247,000
Proceeds from sale of fixed assets	1	-	-	1
Purchase of property, plant and equipment	(3,829,194)	-	-	(3,829,194)
Net cash used in investing activities	(3,582,193)	-	-	(3,582,193)
Cash flows from financing activities				
Capital grants utilised	(4,432,192)	-	-	(4,432,192)
Capital grants received	6,500,000	-	-	6,500,000
Net cash generated from financing activities	2,067,808	-	-	2,067,808
Net increase in cash and cash equivalents	2,511,141	(2,981)	-	2,508,160
Cash and cash equivalents at beginning of year	34,348,197	-	-	34,348,197
Cash and cash equivalents at end of year	36,859,338	(2,981)	-	36,856,357
Represented by				
Cash and cash equivalents	36,859,338	(2,981)	-	36,856,357

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

20. Financial risk management

a. Financial risk factors

The Bureau's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors.

(i) Market risk

(a) Foreign exchange risk

The Bureau's is not exposed to foreign exchange risk since it does not operate internationally nor maintain holdings of foreign currency.

(b) Cash flow and fair value interest rate risk

As the Bureau has no significant interest-bearing assets and liabilities other than deposits held at banks, the Bureau's income and operating cash flows are substantially independent of changes in market interest rates.

(c) Price risk

The Bureau is not exposed to equity securities price risk since there are no investments held as available for sale or at fair value through profit or loss.

(ii) Credit risk

Credit risk arises from cash and cash equivalents, financial instruments as well as credit exposures to customers. The Bureau has credit risk; however, the Bureau has policies in place to ensure that use of its services is made to customers with an appropriate credit history and the financial instruments held are issued by the Government of Trinidad and Tobago, and are regarded as risk free investments. Credit risk arises primarily from outstanding receivables (See Note 10).

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance by counterparties in excess of the provision made. Cash and deposits are held with reputable financial institutions. The maximum exposure to credit risk at the reporting date is the fair value of cash and cash equivalents, and government bonds as well as each class of receivables mentioned in notes 8 and 9.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds.

The table below analyses the Bureau's non-derivative financial liabilities based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

20. Financial risk management (continued)

a. Financial risk factors (continued)

(iii) Liquidity risk (continued)

	Less than one year 2015	2014
	\$	\$
Trade and other payables	<u>31,529,412</u>	<u>25,707,522</u>

b. Capital risk management

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

The Bureau monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The Bureau currently has no borrowings to constitute net debt.

c. Fair value estimation

The Bureau classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements in accordance with IFRS 13. The fair value hierarchy has the following levels:

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Trustee's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at fair value based on models using inputs that are not based on observable market data.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

20. Financial risk management (continued)

c. Fair value estimation (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of fair value hierarchy:

	<u>Level 3</u>	<u>Total balance</u>
	\$	\$
As at September 30, 2015		
Financial assets		
Government Bonds	<u>3,148,828</u>	<u>3,148,828</u>
As at September 30, 2014		
Financial assets		
Government Bonds	<u>3,280,518</u>	<u>3,280,518</u>

There was a redemption of one bond in Level 3 during the year ended September 30, 2015 with a face value of \$247,000 and the redemption of one bond in Level 3 during the period ended September 30, 2014 with a face value of \$247,000.

21. Events after the end of the reporting period

On September 16, 2015, the Arrears of Salaries agreement between the Trinidad and Tobago Bureau of Standards and the Public Services Association was finalised. Accruals have been made in the financial statements for the impact of the agreement on salaries and accruals.

22. Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Transactions are entered into with related parties in the normal course of business where the Bureau makes payments or receives cash on a related party's behalf. These payments are reimbursed to or from the related party and any differences result in a receivable or payable at year end. These transactions are carried out on normal commercial terms and conditions at market rates.

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

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

22. Transactions with related parties (continued)

Balances and transactions with related parties and key management personnel during the year were as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
a. <u>Trading transactions</u>		
Government grants	<u>15,245,709</u>	<u>19,130,464</u>
b. Key management remuneration for the year	<u>4,225,182</u>	<u>3,032,528</u>
c. Directors' remuneration for the period	<u>725,700</u>	<u>395,056</u>
Liabilities		
Government grants deferred-subventions from MTI	<u>15,567,038</u>	<u>15,492,552</u>
Income		
Recurrent Expenditure subvention from MTI	10,745,700	12,630,464
Project Capital Expenditure subvention from MTI	2,300,162	1,610,089
Project Revenue Expenditure subvention from MTI	<u>2,125,352</u>	<u>2,822,103</u>
	<u>15,171,214</u>	<u>17,062,656</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2015 (Expressed in Trinidad and Tobago dollars)

23. Project expenditure

	<u>2015</u>	<u>2014</u>
	\$	\$
Capital expenditure:		
PSIP 214- Central Services - Bureau of Standards	809,048	525,890
PSIP 216:-Procurement of Equipment for the Implementation of the Metrology Act 2004	616,960	450,373
PSIP 210:- Procurement of Testing Materials and Equipment	<u>874,154</u>	<u>633,826</u>
	<u>2,300,162</u>	<u>1,610,089</u>
Revenue expenditure:		
PSIP 212:-Providing Reliability to Quality Infrastructure	1,257,466	1,088,380
PSIP 216:-Procurement of Equipment for the Implementation of the Metrology Act 2004	246,246	374,553
PSIP 218:- TTBS-Building Capability for Sustaining Export Led Growth	349,208	254,309
PSIP 214:- Central Services - Bureau of Standards	166,233	168,415
PSIP 209:- Upgrading of TTBS Building	(6,264)	43,032
PSIP 210:- Procurement of Testing Materials and Equipment	<u>112,463</u>	<u>893,414</u>
	<u>2,125,352</u>	<u>2,822,103</u>
Total project expenditure	<u>4,425,514</u>	<u>4,432,192</u>