

Trinidad and Tobago Bureau of Standards

Unconsolidated financial statements

September 30, 2016

(Expressed in Trinidad & Tobago dollars)

Trinidad and Tobago Bureau of Standards
(Expressed in Trinidad & Tobago dollars)

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Trinidad and Tobago Bureau of Standards

Statement of management's responsibilities (Expressed in Trinidad & Tobago dollars)

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Trinidad and Tobago Bureau of Standards, ('the Bureau') which comprise the unconsolidated statement of financial position as at September 30, 2016, the unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of accumulated surplus and unconsolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Bureau 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 Bureau's assets, detection/prevention of fraud, and the achievement of the Bureau'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 Bureau will not remain a going concern for the next twelve months from the reporting date; or up to the date, the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.


Theodore Reddock
Executive Director (Ag.)

June 11, 2018


Nadira Mohammed
Financial Comptroller

June 11, 2018

**Independent Auditor's Report
To the members of
Trinidad and Tobago Bureau of Standards**

Report on the unconsolidated financial statements

We have audited the accompanying unconsolidated financial statements of Trinidad and Tobago Bureau of Standards, which comprises the unconsolidated statement of financial position as at September 30, 2016, the unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of accumulated surplus and unconsolidated 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 unconsolidated 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 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 unconsolidated 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 unconsolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the unconsolidated 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 unconsolidated 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 unconsolidated financial statements present fairly, in all material respects, the financial position of Trinidad and Tobago Bureau of Standards as at September 30, 2016 and its financial performance and cash flows for the year then ended in accordance with IFRS.

Deloitte & Touche
Port of Spain
Trinidad

July 30, 2018



Trinidad and Tobago Bureau of Standards

Unconsolidated statement of financial position (Expressed in Trinidad & Tobago dollars)

	Notes	As at September 30,	
		2016 \$	2015 \$
ASSETS			
Non-current assets			
Property, plant and equipment	5	20,653,281	22,165,703
Post-employment benefit	6(a)	47,805,000	43,569,000
Investment in subsidiary	7	300,000	300,000
Government bonds	8	2,765,502	2,901,828
Total non-current assets		71,523,783	68,936,531
Current assets			
Government bonds	8	247,000	247,000
Cash and cash equivalents	9	48,699,465	50,057,717
Taxation recoverable		295,025	407,114
Trade and other receivables	10	4,686,774	4,582,962
Total current assets		53,928,264	55,294,793
Total assets		125,452,047	124,231,324
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus	12	85,821,815	77,550,842
Total capital		85,821,815	77,550,842
Non-current liabilities			
Government grants deferred	13	13,974,549	15,567,038
Total non-current liabilities		13,974,549	15,567,038
Current liabilities			
Trade and other payables	14	25,655,683	31,113,444
Total current liabilities		25,655,683	31,113,444
Total liabilities		39,630,232	46,680,482
Total equity and liabilities		125,452,047	124,231,324

The notes on pages 7 to 33 form an integral part of these unconsolidated financial statements.

On June 11, 2018, the Board of Directors of Trinidad and Tobago Bureau of Standards authorised these unconsolidated financial statements for issue.


Director

Director

Trinidad and Tobago Bureau of Standards

Unconsolidated statement of profit or loss and other comprehensive income (Expressed in Trinidad & Tobago dollars)

	Notes	Year ended September 30,	
		2016	2015
		\$	\$
Revenue	15	56,387,814	60,247,943
Selling, general and administrative expenses	18	(54,575,586)	(56,938,153)
Other income	19	2,786,809	1,773,032
Operating income		4,599,037	5,082,822
Interest income	20	210,276	204,012
Net surplus for the year before taxation		4,809,313	5,286,834
Taxation charge	16	(134,340)	(59,857)
Net surplus for the year after taxation		4,674,973	5,226,977
Other comprehensive income/(loss), net of taxes			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement of post-employment benefit	6(g)	3,596,000	(6,547,000)
Total comprehensive income / (loss) for the year		8,270,973	(1,320,023)

The notes on pages 7 to 34 form an integral part of these unconsolidated financial statements.

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Unconsolidated statement of accumulated surplus (Expressed in Trinidad and Tobago Dollars)

	<u>Accumulated surplus</u> \$	<u>Total</u> \$
Year ended September 30, 2016		
Balance as at 1 October 2015	77,550,842	77,550,842
Net surplus for the year after taxation	4,674,973	4,674,973
Other comprehensive income	<u>3,596,000</u>	<u>3,596,000</u>
Balance at September 30, 2016	<u>85,821,815</u>	<u>85,821,815</u>
Year ended September 30, 2015		
Balance at October 1, 2014	78,870,865	78,870,865
Net surplus for the year after taxation	5,226,977	5,226,977
Other comprehensive loss	<u>(6,547,000)</u>	<u>(6,547,000)</u>
Balance at September 30, 2015	<u>77,550,842</u>	<u>77,550,842</u>

The notes on pages 7 to 34 form an integral part of these unconsolidated financial statements.

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Unconsolidated statement of cash flows (Expressed in Trinidad & Tobago dollars)

	Notes	Year ended September 30,	
		2016	2015
		\$	\$
Cash flows from operating activities:			
Net surplus for the year before taxation		4,809,313	5,286,834
Adjustments to reconcile net cash generated from / (used in) operating activities to net deficit for the year:			
Depreciation	5	4,104,982	5,354,910
Gain on disposal of property, plant and equipment		-	(38,609)
Fair valuation of investment	8	(110,674)	(115,310)
Net pension cost	6(f)	1,258,000	629,000
Operating profit before working capital changes		10,061,621	11,116,825
(Increase) / decrease in trade and other receivables		(103,812)	2,026,811
(Decrease) / increase in trade and other payables		(5,457,761)	5,724,864
Pension contributions paid		(1,898,000)	(1,247,000)
Cash generated from operating activities		2,602,048	17,621,500
Taxation paid		(22,251)	(829,535)
Net cash generated from operating activities		2,579,797	16,791,965
Cash flows from investing activities:			
Redemption of investment	8	247,000	247,000
Proceeds from sale of property, plant and equipment		-	38,609
Purchase of property, plant and equipment	5	(2,592,560)	(1,997,638)
Net cash used in investing activities		(2,345,560)	(1,712,029)
Cash flows from financing activities:			
Capital grants utilised	13	(3,967,489)	(4,425,514)
Capital grants received	13	2,375,000	4,500,000
Net cash (used in) / generated from financing activities		(1,592,489)	74,486
Net (decrease) / increase in cash and cash equivalents		(1,358,252)	15,154,422
Cash and cash equivalents at beginning of year		50,057,717	34,903,295
Cash and cash equivalents at end of year		48,699,465	50,057,717
Represented by:			
Cash and cash equivalents	9	48,699,465	50,057,717

The notes on pages 7 to 34 form an integral part of these unconsolidated financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

1. General information

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 #2 Century Drive, Trincity Industrial Estate, Macoya, Tunapuna.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these unconsolidated 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 unconsolidated 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.

These unconsolidated financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities.

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.

The preparation of unconsolidated 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 unconsolidated 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.

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 allowance for impairment.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

2. Summary of significant accounting policies (continued)

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	2.0% 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 recognised in profit or loss.

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

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 recognised immediately in the statement of profit or loss.

Grants with vesting conditions are deferred as liabilities and recognised in the statement of profit or loss once the vesting conditions have been met.

Grants relating to capital expenditure are deferred as liabilities and are credited to the 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.

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

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

2. Summary of significant accounting policies (continued)

h) Foreign currency transactions

Items included in the unconsolidated 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 Bureau (the functional currency). The presentation and functional currency of the Bureau is the Trinidad and Tobago dollar.

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 recognised 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 the statement of profit or loss. 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 profit or loss in the period in which they arise.

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.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

2. Summary of significant accounting policies (continued)

k) Financial assets

The Bureau classifies its investments 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 publically traded or whose fair value cannot be measured reliably. All other financial assets are measured at amortised cost. Management determines the classification of its financial assets at initial recognition.

Financial assets – amortised cost

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

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.

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 other 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.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & 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. The investment in subsidiary is carried at cost less any provision for impairment.

o) Leases

i) The Bureau as lessee

Leases of property, plant and equipment where the Bureau 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 are 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 Bureau as lessor

Rental profit or loss from operating leases is recognised on a straight-line basis over the term of the relevant lease in the statement of profit or loss.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & 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) 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 16.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

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

3.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year

In the current year, there were no amendments to IFRS and no new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after October 1, 2015.

3.2 New and revised IFRS in issue but not yet effective

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

- IFRS 9 Financial instruments³
- IFRS 14 Regulatory Deferral Accounts¹
- IFRS 15 Revenue from Contracts with Customers³
- IFRS 16 Leases⁴
- Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations¹
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation¹
- Amendments to IFRS Annual Improvements to IFRS 2012-2014¹
- Amendments to IAS 1 Disclosure Initiative¹
- Amendments to IAS 27 Equity Method in Separate Financial Statements¹
- Amendments to IAS 12 Recognition of Deferred Tax Assets Unrealised Losses²
- Amendments to IAS 7 Disclosure initiative²
- Amendments to IFRS 2 Classification and Measurement of Share-based Payments

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.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & 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 unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & 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)**

- 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 Bureau anticipate that the application of IFRS 9 in the future may have a material impact on the amounts reported in respect of the Bureau's unconsolidated financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Bureau 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 Bureau do not anticipate that the application of these amendments will have a significant impact on the Bureau's unconsolidated 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 recognise 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: Recognise revenue when (or as) the entity satisfies a performance obligation

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & 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 recognises 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.

On June 20, 2016, the IASB issued amendments in *Clarifications to IFRS 15 'Revenue from Contracts with Customers'* which addressed three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectability or measuring non-cash consideration. In all its decisions, the IASB considered the need to balance helping entities with implementing IFRS 15 and not disrupting the implementation process.

The Directors of the Bureau anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Bureau's unconsolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Bureau 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 Bureau anticipate that the application of IFRS 16 in the future may have a material impact on the amounts reported and disclosures made in the Bureau's unconsolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Bureau performs a detailed review.

- **Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)**

Amendments to IFRS 2 Share-based Payment clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

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

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & 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 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 Bureau do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Bureau's unconsolidated financial statements.

- **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 Bureau uses the straight-line method for depreciation and amortisation of its property, plant and equipment, and intangible assets respectively. The directors of the Bureau 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 Bureau do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Bureau's unconsolidated financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & 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 Bureau do not anticipate that the application of these amendments will have a significant impact on the Bureau's unconsolidated 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 Bureau do not anticipate that the application of these amendments will have a significant impact on the Bureau's unconsolidated financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & 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 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 Bureau do not anticipate that the application of these amendments will not have a significant impact on the Bureau's unconsolidated 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 Bureau do not anticipate that the application of these amendments will not have a significant impact on the Bureau's unconsolidated financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

4. Critical judgements and the use of estimates

The preparation of unconsolidated financial statements in conformity with IFRS requires management to make critical judgements and use estimates and assumptions that affect the amounts reported in the unconsolidated financial statements and related notes to the unconsolidated 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.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

5. Property, plant and equipment

	Leasehold land and building	Plant machinery and motor vehicles	Office furniture, equipment and library stock	Total
	\$	\$	\$	\$
Year ended September 30, 2016				
Opening net book amount	8,869,239	8,011,346	5,285,118	22,165,703
Additions	-	1,600,806	991,754	2,592,560
Depreciation expense	(307,877)	(2,158,351)	(1,638,754)	(4,104,982)
Carrying amount	8,561,362	7,453,801	4,638,118	20,653,281
At September 30, 2016				
Cost	13,400,252	38,880,423	22,728,635	75,009,310
Accumulated depreciation	(4,838,890)	(31,426,622)	(18,090,517)	(54,356,029)
Net book value	8,561,362	7,453,801	4,638,118	20,653,281
Year ended September 30, 2015				
Opening net book amount	9,306,407	10,013,198	6,203,371	25,522,976
Additions	-	1,199,842	797,796	1,997,638
Reclassification	-	(171,887)	171,887	-
Depreciation adjustments	(113,484)	(827,694)	(112,573)	(1,053,751)
Depreciation expense	(323,684)	(2,202,113)	(1,775,363)	(4,301,160)
Net book value	8,869,239	8,011,346	5,285,118	22,165,703
At September 30, 2015				
Cost	13,400,252	37,279,617	21,736,881	72,416,750
Accumulated depreciation	(4,531,013)	(29,268,271)	(16,451,763)	(50,251,047)
Net book value	8,869,239	8,011,346	5,285,118	22,165,703

Library stock

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

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

6. Post-employment benefit

	<u>2016</u>	<u>2015</u>
	\$	\$
a) Net asset in the statement of financial position		
Present value defined benefit obligation	71,943,000	74,493,000
Fair value of plan assets	<u>(119,748,000)</u>	<u>(118,062,000)</u>
Net defined benefit asset	<u>(47,805,000)</u>	<u>(43,569,000)</u>

b) Movement in present value of defined benefit obligation:

	<u>2016</u>	<u>2015</u>
	\$	\$
Net defined benefit obligation at start of year	74,493,000	69,381,000
Current service cost	3,496,000	3,143,000
Interest cost	3,668,000	3,425,000
Members' contribution	505,000	340,000
Actuarial (gains) from changes in financial assumptions	(5,631,000)	-
Re-measurements – experience adjustments	(2,304,000)	4,000
Benefits paid	<u>(2,284,000)</u>	<u>(1,800,000)</u>
Net defined benefit obligation at end of year	<u>71,943,000</u>	<u>74,493,000</u>

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

- Active	60%
- Deferred members	6%
- Pensioners	34%

The weighted average duration of the defined benefit obligation is 15.8 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>2016</u>	<u>2015</u>
	\$	\$
Fair value of plan assets at start of year	118,062,000	118,879,000
Interest income	5,906,000	5,939,000
Return on plan assets, excluding interest income	(4,339,000)	(6,543,000)
Bureau's contributions	1,898,000	1,247,000
Members' contributions	505,000	340,000
Benefits paid	<u>(2,284,000)</u>	<u>(1,800,000)</u>
Fair value of plan assets at end of year	<u>119,748,000</u>	<u>118,062,000</u>
Actual return on plan assets	<u>1,567,000</u>	<u>(604,000)</u>

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

6. Post-employment benefit (continued)

e) Asset allocation

	<u>2016</u>	<u>2015</u>
	\$	\$
Regionally listed equities (prices quoted on regional exchanges)	30,674,000	30,977,000
Overseas equities (developed markets)	20,304,000	18,340,000
TT\$ bonds (no quoted market prices)	58,936,000	57,380,000
US\$ bonds (no quoted market prices)	1,205,000	-
Local equity/profit or loss mutual fund	3,309,000	4,178,000
Cash and cash equivalents	<u>5,320,000</u>	<u>7,187,000</u>
Fair value of plan assets at end of year	<u>119,748,000</u>	<u>118,062,000</u>

All asset values as at September 30, 2016 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 the profit or loss

	<u>2016</u>	<u>2015</u>
	\$	\$
Current service cost	3,496,000	3,143,000
Net Interest on net defined benefit asset	<u>(2,238,000)</u>	<u>(2,514,000)</u>
Net pension cost (Note 18 (b))	<u>1,258,000</u>	<u>629,000</u>

g) Re-measurements recognised in other comprehensive profit or loss

	<u>2016</u>	<u>2015</u>
	\$	\$
Experience (gains)/ losses	<u>(3,596,000)</u>	<u>6,547,000</u>
Total amount recognised in other comprehensive (income)/loss	<u>(3,596,000)</u>	<u>6,547,000</u>

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

6. Post-employment benefit (continued)

h) Reconciliation of opening and closing balances

	<u>2016</u>	<u>2015</u>
	\$	\$
Opening defined benefit asset	(43,569,000)	(49,498,000)
Net pension cost	1,258,000	629,000
Re-measurements recognised in other comprehensive (income)/loss	(3,596,000)	6,547,000
Bureau contributions paid	(1,898,000)	(1,247,000)
Closing defined benefit asset	<u>(47,805,000)</u>	<u>(43,569,000)</u>

i) Summary of principal assumptions

	<u>2016</u>	<u>2015</u>
Discount rate	5.5%	5.0%
Salary increases	5.0%	5.0%
Future pension increases	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%p.a higher</u>	<u>1%p.a lower</u>
	<u>2016</u>	<u>2015</u>
	\$	\$
Discount rate	(9,617,000)	12,146,000
Future salary increases	3,234,000	(2,902,000)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2016 by \$1.695 million (2015 - \$1.869 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 by paying 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 \$1.7 million to the pension plan during 2016/17 (2015/16 - \$1.898 million). However, this amount can increase if outstanding pay negotiations are completed during the year.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

7. Investment in subsidiary

This represents an investment in a fully owned subsidiary Premier Quality Service Limited ('PQSL') which was incorporated in Trinidad and Tobago on January 4, 2000. PQSL provides training and consultancy services to organisations.

	<u>2016</u>	<u>2015</u>
	\$	\$
300,000 ordinary shares of \$1.00 each	<u>300,000</u>	<u>300,000</u>

The results of the subsidiary are not included in these unconsolidated financial statements. Copies of the consolidated financials are available on request from the Bureau's secretary at the registered office address set out in note 1.

8. Government bonds

	<u>2016</u>	<u>2015</u>
	\$	\$
Opening value	2,684,000	2,931,000
Fair valuation of investment	575,502	464,828
Redemption of investment during the year	<u>(247,000)</u>	<u>(247,000)</u>
	<u>3,012,502</u>	<u>3,148,828</u>
Current portion	247,000	247,000
Non-current portion	<u>2,765,502</u>	<u>2,901,828</u>
	<u>3,012,502</u>	<u>3,148,828</u>

The fair value of the bond as of September 30, 2016 was \$3,012,502 (2015: \$3,148,828).

9. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash in hand	84,406	85,666
Cash at bank:		
First Citizens Bank Limited	21,339,165	23,725,230
Republic Bank Limited	9,781,844	8,836,148
RBC Royal Bank (Trinidad and Tobago) Limited	674,640	675,315
Money market fund accounts	1,910,139	1,893,029
Short term investments	<u>14,909,271</u>	<u>14,842,329</u>
	<u>48,699,465</u>	<u>50,057,717</u>

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

10. Trade and other receivables

	<u>2016</u>	<u>2015</u>
	\$	\$
Trade receivables	2,276,362	2,121,189
Allowance for doubtful debts	(923,356)	(949,467)
Trade receivables (net)	1,353,006	1,171,722
Other receivables	96,404	7,446
Interest receivable	41,742	32,694
Advances and prepaid expenses	1,620,785	1,994,343
Due from related party	1,574,837	1,376,757
	<u>4,686,774</u>	<u>4,582,962</u>

11. Financial instruments

Financial instruments by category

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Loan and receivables		
Trade and other receivables, excluding prepayments	2,141,693	2,769,821
Government bonds (Note 8)	3,012,502	3,145,828
Cash and cash equivalents	48,699,465	50,057,717
	<u>53,853,660</u>	<u>55,976,366</u>
Other financial liabilities at amortised cost		
Trade and other payables, excluding statutory liabilities	<u>25,655,683</u>	<u>31,133,444</u>

12. Accumulated surplus

The reserves of the Bureau comprise an accumulation of surpluses over its years of operations. Section 5 of the Standards Act exempts any member of the Bureau from personal liability, 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.

13. Government grants deferred

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance as at October 1	15,567,038	15,492,552
Capital grants received from the Government of the Republic of Trinidad & Tobago	2,375,000	4,500,000
Capital grants utilised for the year (Notes 15 and 25)	(3,967,489)	(4,425,514)
Balance as at September 30	<u>13,974,549</u>	<u>15,567,038</u>

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

14. Trade and other payables

	<u>2016</u>	<u>2015</u>
	\$	\$
Trade payables	2,077,437	3,688,583
Other payables and accruals	23,420,200	27,384,789
Due to related party	158,046	40,072
	<u>25,655,683</u>	<u>31,113,444</u>

15. Revenue

	<u>2016</u>	<u>2015</u>
	\$	\$
Amortisation of capital grants (Notes 13 and 25)	3,967,489	4,425,514
Government grants with no vesting conditions	11,067,000	10,745,700
Testing and inspection income	41,353,325	45,076,729
	<u>56,387,814</u>	<u>60,247,943</u>

16. Taxation

The Bureau is a registered Government owned non-profit organisation in Trinidad and Tobago. Under the Profit or loss Tax Ordinance non-profit entities are exempted from corporation tax and business levy. Based on the Profit or loss Tax and Corporation Tax Acts (2009), the Bureau is subject to green fund levy on its gross revenue or receipts, even though it is exempt from business levy and corporation tax.

For the period 2016, an amount of \$ 22,251 (2015 - \$104,640 and 2014 - \$49,767 respectively) was made as a payment of green fund levy.

In addition, the Bureau applied for and received the Board of Inland Revenue's permission to apply all future quarterly Green Fund Levy liability due against the green fund recoverable arising from the earlier periods over-payment, until fully settled. During the period 2016, the Quarterly Green Fund Levy liability due for the quarters 31 March, 30 June and 30 September 2016 respectively was applied against the Green Fund recoverable, which amounted to \$ 101,520 and agreed by the Board of Inland Revenue certification.

In 2013 and 2014, an amount of \$650,134 and \$74,529 were accrued for green fund levy for the period 2001 – 2014 inclusive. The accrued amount of \$724,663. was paid in March 2015.

Income tax expense consists of the following:

	<u>2016</u>	<u>2015</u>
	\$	\$
Green fund levy paid	(22,251)	(104,640)
Green fund levy credit applied against overpayment	(101,520)	-
Current/prior year tax over-payment	11,125	44,783
Current/prior year (under)/over-provision	(21,694)	-
Taxation charge	<u>(134,340)</u>	<u>(59,857)</u>

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

16. Taxation (continued)

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Net surplus for the year before taxation	4,809,313	5,286,834
Income tax expense calculated at statutory rate	1,202,328	1,321,709
Green fund levy paid	(22,251)	(59,857)
Green fund levy credit applied against overpayment	(101,520)	-
Current/prior year tax over-payment	11,125	-
Current/prior year under provision	(21,694)	-
Exempt tax income	<u>(1,202,328)</u>	<u>(1,321,709)</u>
Taxation charge	<u>(134,340)</u>	<u>(59,857)</u>

The current rate of green fund levy is 0.3% (2015:0.1%).

17. Contingencies

The Bureau is a defendant in various Industrial Relations matters and also involved in legal proceedings arising in the normal course of business at the reporting date. Management believes that, based on the advice of legal counsel, the outcome of these proceedings will not give rise to any significant loss and have any adverse material effect on the Bureau's unconsolidated financial statements and as such no provisions were required.

The Trade Disputes before the Industrial Court are generally for declarations and orders rather than specific sums whilst the matter before the Civil Appeal Court, if successful, may require the Bureau to refund the legal costs of the Appellant and be liable for legal costs referable to two-thirds of the costs in the High Court. These costs are indeterminate at the reporting date and as such no provisions were required.

18. Expenses by nature

a) Selling, general and administrative expenses

	<u>2016</u>	<u>2015</u>
	\$	\$
Employee benefit expenses (Note 18(b))	37,873,476	36,351,576
Utilities and insurance	2,144,464	2,292,001
Depreciation	4,104,982	5,352,544
Expense of capital grants	1,735,147	2,125,352
Contract services	1,123,232	1,549,724
Fees	1,685,320	1,476,725
Repairs and maintenance	817,002	1,113,547
Promotions and publicity	599,563	1,115,121
Training	192,267	529,420
Office Supplies	560,743	516,689
Rentals	627,156	505,761
Board fees	430,040	725,700
Bad debt (recovery)/expense	(26,111)	496,730
Other expenses	<u>2,708,305</u>	<u>2,787,263</u>
Total selling, general and administrative expenses	<u>54,575,586</u>	<u>56,938,153</u>

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

18. Expenses by nature (continued)

b) Employee benefit expense

	<u>2016</u>	<u>2015</u>
	\$	\$
Contract employees	21,033,833	17,773,860
Wages and salaries	13,237,326	11,212,018
Travelling and uniforms	540,624	727,347
National insurance	749,816	652,285
Retirement and termination benefits (Note 6 (f))	1,258,000	629,000
Arrears of remuneration	1,053,877	5,357,066
	<u>37,873,476</u>	<u>36,351,576</u>

19. Other income

	<u>2016</u>	<u>2015</u>
	\$	\$
Certification	1,514,188	905,787
Standards Information	795,881	334,992
Other income	476,740	532,253
	<u>2,786,809</u>	<u>1,773,032</u>

20. Interest income

	<u>2016</u>	<u>2015</u>
	\$	\$
Interest income	99,602	88,702
Bond interest income	110,674	115,310
	<u>210,276</u>	<u>204,012</u>

21. Commitments

Operating lease commitments

The Bureau leases various offices under non-cancellable operating lease agreements. Total lease rental expense for the year was \$405,024 (2015: \$405,024).

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

22. 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 profit or loss 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.

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.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

22. Financial risk management (continued)

a. Financial risk factors (continued)

(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.

	Less than one year	
	2016	2015
	\$	\$
Trade and other payables	<u>25,655,683</u>	<u>31,113,444</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 Bureau, 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.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

22. Financial risk management (continued)

c. Fair value estimation (continued)

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.

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, 2016		
Financial assets	<u>3,012,502</u>	<u>3,012,502</u>
Government bonds		
As at September 30, 2015		
Financial assets		
Government bonds	<u>3,148,828</u>	<u>3,148,828</u>

There was a redemption of one bond in Level 3 during the period ended September 30, 2016 with a face value of \$247,000 and the redemption of one bond in Level 3 during the period ended September 30, 2015 with a face value of \$247,000.

23. 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. During the financial year \$7,758,489 representing 50% of the accruals was settled by the Bureau whilst the remainder was fully settled in the financial year ended September 30, 2017.

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

24. Related party transactions

The Trinidad and Tobago Bureau of Standards ("the parent") has a wholly owned subsidiary Premier Quality Services Limited ('PQSL' or 'the subsidiary') which is incorporated in Trinidad and Tobago.

Parties are related, if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions.

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

Many transactions are entered with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Assets		
Due from Premier Quality Services Limited	<u>1,574,837</u>	<u>1,376,757</u>
Liabilities		
Due to Premier Quality Services Limited	<u>158,046</u>	<u>40,072</u>
Inter-company sales and purchases		
Intercompany sales	<u>25,446</u>	<u>74,567</u>
Intercompany purchases	<u>848,604</u>	<u>409,295</u>
Rental of property to subsidiary	<u>405,024</u>	<u>405,024</u>
Key management remuneration for the year		
Key management remuneration	3,671,470	2,841,054
Arrears of key management remuneration	-	905,328
	<u>3,671,470</u>	<u>3,746,382</u>
Board remuneration-Directors' fees	<u>430,040</u>	<u>725,700</u>
Liabilities		
Government grants deferred-subventions from Ministry of Trade and Investment (MTI)	<u>13,974,549</u>	<u>15,567,038</u>
Income		
Recurrent expenditure subvention from MTI	11,067,000	10,745,700
Project capital expenditure subvention from MTI	2,232,342	2,300,162
Project revenue expenditure subvention from MTI	<u>1,735,147</u>	<u>2,125,352</u>
	<u>15,034,489</u>	<u>15,171,214</u>

Trinidad and Tobago Bureau of Standards

Notes to the unconsolidated financial statements for the year ended September 30, 2016 (Expressed in Trinidad & Tobago dollars)

25. Project expenditure

	<u>2016</u>	<u>2015</u>
	\$	\$
Capital expenditure:		
PSIP 214- Central Services - Bureau of Standards	684,566	809,048
PSIP 216:-Procurement of equipment for the Implementation of the Metrology Act 2004	635,162	616,960
PSIP 210:- Procurement of testing materials and equipment	912,614	874,154
	<u>2,232,342</u>	<u>2,300,162</u>
Revenue expenditure:		
PSIP 212:-Providing reliability to quality infrastructure	1,100,464	1,257,466
PSIP 216:-Procurement of equipment for the Implementation of the Metrology Act 2004	318,154	246,246
PSIP 218:- TTBS-Building capability for sustaining export led growth	231,499	349,208
PSIP 214:- Central Services - Bureau of Standards	56,710	166,233
PSIP 209:- Upgrading of TTBS Building	-	(6,264)
PSIP 210:- Procurement of testing materials and equipment	28,320	112,463
	<u>1,735,147</u>	<u>2,125,352</u>
Total project expenditure	<u>3,967,489</u>	<u>4,425,514</u>