

Trinidad and Tobago Bureau of Standards

Consolidated financial statements

September 30, 2019

(Expressed in Trinidad and Tobago dollars)

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Trinidad and Tobago Bureau of Standards

Statement of management's responsibilities¹

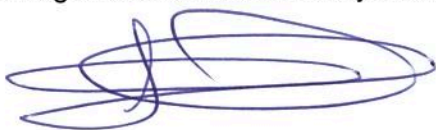
Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated 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, 2019, the consolidated statements of 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 consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date; the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that they have carried out their responsibilities as outlined above.



Derek Luk Pat
Executive Director

February 9, 2021



Omawatie Birbal
Financial Comptroller

February 9, 2021

¹ The above Statement of Management Responsibilities is not considered a part of the financial statements under IFRS. It is however recommended by the Institute of Chartered Accountants of Trinidad and Tobago for insertion into the financial statements immediately before the independent auditor's report and essentially represents Management's acknowledgement and acceptance of its duties, roles and responsibilities for the preparation and fair presentation of the financial statements it accompanies.

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Trinidad and Tobago Bureau of Standards and its subsidiary (the 'Group'), which comprise the consolidated statement of financial position as at September 30, 2019, and the consolidated statement of loss and other comprehensive income, the consolidated statement of accumulated surplus and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as September 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bureau in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Continued...

Independent auditor's report (continued)
to the members of
Trinidad and Tobago Bureau of Standards and its subsidiary

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Derek Mohammed (ICATT#864).



Deloitte & Touche
Port of Spain
Trinidad
March 25, 2021

Trinidad and Tobago Bureau of Standards


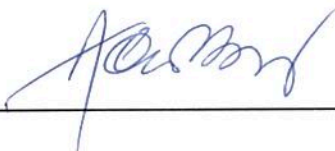
Consolidated statement of financial position

(Expressed in Trinidad and Tobago dollars)

	Notes	As at September 30,	
		2019	2018
		\$	\$
ASSETS			
Non-current assets			
Property, plant and equipment	5	16,299,366	19,298,202
Long term pension asset	6(a)	51,132,000	52,297,000
Government bonds	7	2,334,862	2,478,686
Total non-current assets		69,766,228	74,073,888
Current assets			
Government bonds	7	246,000	246,000
Cash and cash equivalents	8	41,587,466	43,742,515
Taxation recoverable		-	42,455
Trade and other receivables	9	1,896,393	4,265,257
Total current assets		43,729,859	48,296,227
Total assets		113,496,087	122,370,115
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus	11	80,082,428	83,738,234
Non-current liabilities			
Government grants deferred	12	6,495,188	9,618,903
Current liabilities			
Trade and other payables	13	26,898,374	29,012,979
Taxation payable		20,097	-
Total current liabilities		26,918,471	29,012,979
Total liabilities		33,413,659	38,631,881
Total equity and liabilities		113,496,087	122,370,115

The notes on pages 8 to 39 form an integral part of these consolidated financial statements.

On February 9, 2021, the Board of Directors of Trinidad and Tobago Bureau of Standards authorised these consolidated 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,	
		2019	2018
		\$	\$
Revenue:			
Amortisation of capital grants (notes 12 and 24)	14	3,251,715	2,710,742
Government grants received with no vesting conditions	14	9,200,000	9,200,000
Testing and inspection income	14	48,648,764	37,857,961
Training and consultancy income	14	1,079,338	1,270,714
		<u>62,179,816</u>	<u>51,039,417</u>
Selling, general and administrative expenses	17(a)	(65,710,452)	(60,379,142)
Other income	19	<u>1,715,766</u>	<u>1,813,289</u>
Operating loss		(1,814,870)	(7,526,436)
Interest income	18	<u>265,479</u>	<u>200,344</u>
Net deficit for the year before taxation		(1,549,391)	(7,326,092)
Taxation expense	15	<u>(204,803)</u>	<u>(109,842)</u>
Net deficit for the year after taxation		(1,754,194)	(7,435,934)
Other comprehensive loss, net of taxes			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement of post - employment benefit obligations	6(g)	<u>(1,901,000)</u>	<u>(1,499,000)</u>
Total comprehensive loss for the year		<u>(3,655,194)</u>	<u>(8,934,934)</u>
Comprehensive loss for the year comprises:			
Trinidad and Tobago Bureau of Standards		(2,796,237)	(8,642,375)
Premier Quality Services Limited		<u>(858,957)</u>	<u>(292,559)</u>
Total comprehensive loss for the year		<u>(3,655,194)</u>	<u>(8,934,934)</u>

The accounting policies and notes on pages 8 to 39 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)

	Accumulated surplus \$
Year ended September 30, 2019	
Balance at October 1, 2018	83,737,622
Net deficit for the year after taxation	(1,754,194)
Other comprehensive loss	(1,901,000)
Total comprehensive loss for the year	<u>(3,655,194)</u>
Balance at September 30, 2019	<u>80,082,428</u>
Year ended September 30, 2018	
Balance at October 1, 2017	92,672,556
Net surplus for the year after taxation	(7,435,934)
Other comprehensive income	(1,499,000)
Total comprehensive income for the year	<u>(8,934,934)</u>
Balance at September 30, 2018	<u>83,737,622</u>

The accounting policies and notes on pages 8 to 39 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)

	Year ended September 30,	
	2019	2018
	\$	\$
Cash flows from operating activities:		
Net deficit for the year before taxation	(1,549,391)	(7,326,092)
Adjustments to reconcile net cash generated from operating activities to net (loss) / surplus for the year:		
Depreciation	4,216,375	3,660,365
Gain on disposal of property, plant and equipment	-	(69,330)
Fair valuation of investment	(102,176)	(99,949)
Net pension cost	821,000	197,000
	<u>3,385,808</u>	<u>(3,638,006)</u>
Changes in working capital:		
Decrease / (increase) in trade and other receivables	2,368,864	(1,094,950)
Increase / (decrease) in trade and other payables	(2,114,605)	8,276,381
Pension contributions paid	(1,557,000)	(1,780,000)
	<u>2,083,068</u>	<u>1,763,424</u>
Cash generated from operating activities	2,083,068	1,763,424
Taxation paid	(142,862)	(26,562)
	<u>1,940,206</u>	<u>1,736,863</u>
Net cash generated from operating activities	1,940,206	1,736,863
Cash flows from investing activities		
Redemption on investment	246,000	246,000
Proceeds from sale of property, plant & equipment	-	69,330
Purchase of property, plant & equipment	(1,217,539)	(2,948,825)
	<u>(971,539)</u>	<u>(2,633,495)</u>
Net cash used in investing activities	(971,539)	(2,633,495)
Cash flows from financing activities		
Capital grants utilised	(3,251,715)	(2,710,742)
Capital grants received	128,000	352,931
	<u>(3,123,715)</u>	<u>(2,357,811)</u>
Net cash used in financing activities	(3,123,715)	(2,357,811)
Net decrease in cash and cash equivalents	(2,155,049)	(3,254,444)
Cash and cash equivalents at beginning of year	43,742,515	46,996,958
Cash and cash equivalents at end of year	<u><u>41,587,466</u></u>	<u><u>43,742,515</u></u>
Represented by:		
Cash and cash equivalents	<u><u>41,587,466</u></u>	<u><u>43,742,515</u></u>

The accounting policies and notes on pages 8 to 39 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, 2019

(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 Standards (IFRS) and the IFRS Interpretations Committee (IFRIC) applicable to entities reporting under IFRS.

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

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 Group'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.

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 carried at the original invoice amount less the assessed credit loss amount. The credit loss amount is determined by a probability weighted estimate of the credit losses over the expected period of payment. The assessment of the probability of default and loss given default is based on the historical payment patterns of the debtors.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and 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% 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 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 Group will comply with all the attached conditions. Grants that contain no vesting conditions are recognised immediately in the consolidated statement of profit or loss.

Grants related to recurrent costs are deferred in liabilities and recognised in the consolidated 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.

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 Group'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.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

h. Foreign currency transactions

Items included in the consolidated financial statements of the Group 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 Group 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 Group 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 consolidated 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 consolidated 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 consolidated 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.

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 consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

k. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group applied IFRS 9 prospectively, with an initial application date of October 1, 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures.

i. Financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified and subsequently measured based on the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented under impairment.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business model each reporting period to determine whether the business models has changes since the preceding period.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

ii. Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVPTL are:

- financial assets whose contractual cash flows are not SPPI
- financial assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell
- financial assets designated at FVPTL using the fair value option

Assets in this category are measured at fair value with gains or losses, including any interest or dividend income recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is holding to collect the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI)

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

ii. Subsequent measurement of financial assets (continued)

Reclassification

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

Instruments within the scope of the new impairment requirements includes loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') for which a 12-month ECL is recognised
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2') for which 'lifetime expected credit losses' are recognised.

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Group's financial assets fall into this category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets [POCI])

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

iii. Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

iv. Trade and other receivables

The Group makes use of a simplified approach in accounting for trade receivables as well as contract assets. Therefore, the Group does not track changes in credit risk, but records the loss allowance based on lifetime expected credit losses at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Expected credit losses on all items of trade and other receivables are recognised in FVTPL.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

v. Financial assets at fair value through other comprehensive income

The Group currently does not hold any financial assets at fair value through other comprehensive income. In the future for debt instruments at FVTOCI, the Group will apply the low credit risk simplification and recognise a 12 month expected credit losses, as most of these instruments have an investment grade credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Group will assess whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Group will rely on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Group would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Group will consider other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Group will recognise for this instrument or class of instruments the lifetime ECL.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

vii Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

viii. Other financial liabilities

Other financial liabilities including long-term debt, dividends payable, trade and sundry payables and accruals are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

ix. Derecognition of other financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

l. Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group 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.
- Historical data of the Customer

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 consolidated 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 consolidated statement of profit or loss.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

m. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 Group 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 Group 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 consolidated 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 consolidated 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.

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Notes to the consolidated financial statements for the year ended September 30, 2019

(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.

r. Taxation

Income tax expense represents the sum of the Group's tax currently payable and deferred tax.

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of the unused tax credits and unused tax losses can be utilised. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

a) Corporation tax

The Group have been exempted from corporation tax but is subjected to Green Fund Levy (See Note 15).

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and 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, the Group has applied a number of amendments to IFRS and new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for the Group for the year commencing October 1, 2018.

- **IFRS 9 *Financial Instruments***

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

1. Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flow, and that have contractual cash flow that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- Debt instruments that are held within the business model whose objective is to collect both the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Group has evaluated that the application did not have an impact on the Group's financial statements. Financial assets classified as receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and the cash flows consist solely of principal and interest on the principal outstanding.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019 (Expressed in Trinidad and Tobago dollars)

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

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

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

- 2. Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group 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 of the financial assets.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

The Group has not restated the comparative information, which continues to be reported under IAS 39. No differences arose from the adoption of IFRS 9.

- **IFRS 15 *Revenue from Contracts with Customers* and clarifications to IFRS 15 *Revenue from Contracts* (April 2016)**

IFRS 15 supersedes the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

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.

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 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 Group has evaluated that the application of IFRS 15 did not have an impact on the Group's financial statements due to lack of qualifying revenue transactions.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

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

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

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on the initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset on non-monetary liability.

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The Group has evaluated that the application of IFRIC 22 did not have an impact on the Group's financial statements. The Groups had no transaction that recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.

3.2 New and revised IFRS in issue but not yet effective

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

- IFRS 16 Leases¹
- Amendments to IFRS 9 Prepayment Features with Negative Contribution
- Annual Improvements to IFRS Standards 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs¹
- Amendments to IAS 19 Employee Plan Amendment, Curtailment or Settlement Benefits¹
- IFRIC 23 Uncertainty over income tax treatments¹

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

² Effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

³ Effective date to be set.

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Notes to the consolidated financial statements for the year ended September 30, 2019 (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 16 Leases**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion, which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

The Group has evaluated that any application of the new and revised IFRS 16 will not have an impact on the Group's financial statements due to lack of qualifying leases and service contracts. Additional gains in the quality of financial reporting due to early adoption will not therefore be realized.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(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 IFRS 9: Prepayment Features with Negative Compensation**

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment should be applied retrospectively and are effective from January 1 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The Group has evaluated that any application of the amendments to IFRS 9 will not have an impact on the Group's financial statements due to lack of qualifying prepayment features with negative compensation. Additional gains in the quality of financial reporting due to early adoption will not therefore be realized.

- **Annual Improvements to IFRS Standards 2015–2017 Cycle**

- **IAS 12 Income Taxes** - The amendments clarify that an entity should recognise the income tax consequences of dividends in profit and loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.
- **IAS 23 Borrowing Costs** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings.

The Group has evaluated that any application of the new and revised IAS 12 and 23 will not have an impact on the Group's financial statements due to lack of qualifying income tax consequences and borrowing costs. Additional gains in the quality of financial reporting due to early adoption will not therefore be realized.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(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 19 Employee Benefits Plan Amendment, Curtailment or Settlement**

The amendment clarifies that the past service costs (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling. Any change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is recognised in other comprehensive income.

The amendment requires that updated assumptions be used to remeasure current service cost and net interest for the remainder of the reporting period after the change to the plan. Net interest post plan amendments is calculated by multiplying the net defined benefit liability (asset) with the discount rate used in the remeasurement.

These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

The Group has evaluated that any application of the amendments to IAS 19 will not have an impact on the Group's financial statements due to lack of qualifying employee benefits plan amendments, curtailment or settlement. Additional gains in the quality of financial reporting due to early adoption will not therefore be realized.

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- Determine whether uncertain tax position are assessed separately or as a Group;
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings; and
- The effect of changes in facts and circumstances

The Group has evaluated that any application of the new and revised IFRIC 23 will not have an impact on the Group's financial statements due to lack of uncertainty over income tax treatments. Additional gains in the quality of financial reporting due to early adoption will not therefore be realized.

- **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 do not anticipate that the application of these amendments will have a significant impact on the Group's financial statements.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019 (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 2014-2016**

IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The directors do not anticipate that the application of this interpretation will have a significant impact on the Group's financial statements.

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

The directors do not anticipate that the application of this interpretation will have a significant impact on the Group's financial statements.

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Notes to the consolidated financial statements for the year ended September 30, 2019

(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 Group 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 Group 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.

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Notes to the consolidated financial statements for the year ended September 30, 2019

(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, 2018				
Opening net book amount	10,081,772	4,528,608	4,687,821	19,298,201
Additions		399,756	817,783	1,217,539
Disposals	-	-	-	--
Depreciation expense	(544,309)	(2,248,232)	(1,423,833)	(4,216,374)
Net book value	9,537,463	2,680,132	4,081,771	16,299,366
At September 30, 2018				
Cost	15,436,499	40,335,538	26,673,751	82,445,788
Accumulated depreciation	(5,899,036)	(37,655,406)	(22,591,980)	(66,146,422)
Net book value	9,537,463	2,680,132	4,081,771	16,299,366
Year ended September 30, 2018				
Opening net book amount	8,371,437	6,041,603	5,350,598	19,763,638
Additions	1,960,623	686,781	547,526	3,194,931
Disposals	-	(2)	-	(2)
Depreciation expense	(250,289)	(2,199,773)	(1,210,303)	(3,660,365)
Net book value	10,081,772	4,528,608	4,687,821	19,298,201
At September 30, 2018				
Cost	15,436,499	39,935,783	25,855,966	81,228,249
Accumulated depreciation	(5,354,727)	(35,407,174)	(21,168,146)	(61,930,047)
Net book value	10,081,772	4,528,608	4,687,821	19,298,201

Library stock

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

Capital work in progress- building

There are no capital work in progress.

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Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

6. Long term pension asset

a. Net asset shown on statement of financial position

	<u>2019</u>	<u>2018</u>
	\$	\$
Present value of defined benefit obligation	86,481,000	79,998,000
Fair value of assets	<u>(137,613,000)</u>	<u>(132,295,000)</u>
Net defined benefit asset	<u>(51,132,000)</u>	<u>(52,297,000)</u>

b. Movement in present value of defined benefit obligation

	<u>2019</u>	<u>2018</u>
	\$	\$
Defined benefit obligation at start of year	79,998,000	76,113,000
Current service cost	3,016,000	3,127,000
Interest cost	4,305,000	4,122,000
Members' contribution	362,000	394,000
Past Service cost	734,000	
Actuarial gain from changes in financial assumptions	1,695,000	-
Re-measurements-experience adjustments	(142,000)	(1,383,000)
Benefits paid	<u>(3,487,000)</u>	<u>(2,375,000)</u>
Defined benefit obligation at end of year	<u>86,481,000</u>	<u>79,998,000</u>

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

- Active	55%
- Deferred members	7%
- Pensioners	38%

The weighted average duration of the defined benefit obligation is 15.2 years. 96% of the value of the benefits for active members is vested. 26% of the defined benefit obligation for active members is conditional on future salary increases.

d. Movement in fair value of plan assets

	<u>2019</u>	<u>2018</u>
	\$	\$
Fair value of plan assets at start of year	132,295,000	128,326,000
Interest income	7,234,000	7,052,000
Return on plan assets, excluding interest income	(348,000)	(2,882,000)
Group contributions	1,557,000	1,780,000
Members' contributions	362,000	394,000
Benefits paid	<u>(3,487,000)</u>	<u>(2,375,000)</u>
Fair value of plan assets at end of year	<u>137,613,000</u>	<u>132,295,000</u>
Actual return on plan assets	<u>6,886,000</u>	<u>4,170,000</u>

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

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Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

6. Long term pension asset (continued)

e. Asset allocation

	<u>2019</u>	<u>2018</u>
	\$	\$
Regionally listed equities (prices quoted on regional exchanges)	35,049,000	31,695,000
Overseas equities (developed markets)	23,083,000	23,384,000
TT\$ bonds (no quoted market prices)	66,487,000	68,297,000
US\$ bonds (no quoted market prices)	4,466,000	3,034,000
Local equity/income mutual fund	1,399,000	3,954,000
Cash and cash equivalents	7,129,000	1,931,000
	<u>137,613,000</u>	<u>132,295,000</u>

All asset values as at September 30, 2019 were taken from the Plan's Unaudited accounts (2019-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>2019</u>	<u>2018</u>
	\$	\$
Current service cost	3,016,000	3,127,000
Net Interest on net defined benefit asset	(2,929,000)	(2,930,000)
Past Service cost	734,000	
	<u>821,000</u>	<u>197,000</u>

g. Re-measurements recognised in other comprehensive income

	<u>2019</u>	<u>2018</u>
	\$	\$
Experience losses/(gains)	(1,901,000)	(1,499,000)
Total amount recognised in other comprehensive income	<u>(1,901,000)</u>	<u>(1,499,000)</u>

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Notes to the consolidated financial statements for the year ended September 30, 2019 (Expressed in Trinidad and Tobago dollars)

6. Long term pension asset (continued)

h. Reconciliation of opening and closing balance sheet entries

	<u>2019</u>	<u>2018</u>
	\$	\$
Opening defined benefit asset	(52,297,000)	(52,213,000)
Net pension cost	821,000	197,000
Re-measurements recognised in other comprehensive income	1,901,000	1,499,000
Group contributions paid	<u>(1,557,000)</u>	<u>(1,780,000)</u>
Closing defined benefit asset	<u>(51,132,000)</u>	<u>(52,297,000)</u>

i. Summary of principal assumptions

	<u>2019</u>	<u>2018</u>
Discount rate	5.5%	5.5%
Salary increases	5.0%	5.0%
Pensioner liabilities	3.0%	3.0%
Life expectancy at age 60 for current pensioner in years		
- Male	21.7	21.0
- Female	26.0	25.1
Life expectancy at age 60 for current members age 40 in years		
- Male	22.6	21.4
- Female	26.9	25.4

j. Sensitivity analysis

	<u>1%p.a higher</u>	<u>1%p.a lower</u>
	\$	\$
Discount rate	(11,105,000)	14,000,000
Future salary increases	3,307,000	(2,985,000)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2019 by \$2.015 million (2018-\$1.788 million).

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

k. Funding

The Group 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 Group expects to pay contributions of \$1.5 million to the Pension Plan during 2019/20 (2018/19-\$1.6 million). However, this amount could increase if outstanding pay negotiations are completed during the year.

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Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

7. Government bonds

	<u>2019</u>	<u>2018</u>
	\$	\$
Opening value	2,724,686	2,870,737
Increase in fair value of investment	102,176	99,949
Redemption of investment during the year	<u>(246,000)</u>	<u>(246,000)</u>
	<u>2,580,862</u>	<u>2,724,686</u>
Current portion	246,000	246,000
Non-current portion	<u>2,334,862</u>	<u>2,478,686</u>
	<u>2,580,862</u>	<u>2,724,686</u>

The fair value of the investment as at the end of September 30, 2019 is \$ 2,580,862. (2018: \$2,724,686).

8. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash in hand	26,181	13,168
Cash at bank:		
First Citizens Bank Limited	16,221,442	20,871,835
Republic Bank Limited	8,133,443	3,728,976
RBC Royal Bank (Trinidad & Tobago) Limited	-	908,087
Money Market Fund accounts	4,142,430	1,980,106
Short term investments	<u>13,063,970</u>	<u>16,240,342</u>
	<u>41,587,466</u>	<u>43,742,515</u>

9. Trade and other receivables

	<u>2019</u>	<u>2018</u>
	\$	\$
Trade receivables	1,444,803	3,351,472
Expected credit losses	<u>(584,456)</u>	<u>(672,287)</u>
Trade receivables (net)	860,347	2,679,185
Other receivable	172,128	109,979
Interest receivable	41,505	51,534
Advances and prepaid expenses	<u>822,413</u>	<u>1,424,559</u>
	<u>1,896,393</u>	<u>4,265,257</u>

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Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

9. Trade and other receivables continued

Trade receivables are aged as follows:

At September 30, 2019	0 – 30 days	31-60 days	61- 90 days	> 90 days	Total
Receivables	189,175	104,919	42,324	1,108,385	1,444,806
Expected credit losses	-	-	-	435,652	584,456
Net receivable	189,175	104,919	42,324	523,929	860,347
At September 30, 2018	0 – 30 days	31-60 days	61- 90 days	> 90 days	Total
Receivables	1,200,264	663,415	165,107	1,322,687	3,351,473
Expected credit losses	2,786	-	-	669,502	672,288
Net receivable	1,197,478	663,415	165,107	653,185	2,679,185

10. Financial instruments by category

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

	Loans and receivables	
	2019	2018
	\$	\$
Assets as per statement of financial position		
Trade and other receivables, excluding prepayments	1,571,014	3,529,476
Government bonds (Note 7)	2,580,862	2,724,686
Cash at bank and in hand (Note 8)	41,587,466	43,742,515
	45,739,342	49,996,676
Other financial liabilities at amortised cost		
	2019	2018
	\$	\$
Liabilities as per statement of financial position		
Trade and other payables, excluding statutory liabilities	26,898,374	29,012,979
	2019	2018
	\$	\$
<u>Cash and cash equivalents</u>		
Counterparties without external credit rating:		
Reputable financial institutions:		
Cash at bank	41,587,466	43,742,515

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Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

11. Accumulated surplus

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

12. Government grants deferred

	<u>2019</u>	<u>2018</u>
	\$	\$
Balance as at October 1, 2018	9,618,903	11,976,714
Grants received from Government of Trinidad & Tobago	128,000	352,931
Grants utilised for the year (notes 14 and 24)	<u>(3,251,715)</u>	<u>(2,710,742)</u>
Balance as at September 30, 2019	<u>6,495,188</u>	<u>9,618,903</u>

13. Trade and other payables

	<u>2019</u>	<u>2018</u>
	\$	\$
Trade payables	2,716,861	2,929,617
Other payables and accruals	6,232,999	9,872,182
Payroll liabilities-Salary, Travelling & Gratuity arrears	12,858,076	10,604,965
Performance deposits	<u>5,090,437</u>	<u>5,606,215</u>
	<u>26,898,374</u>	<u>29,012,979</u>

14. Revenue

	<u>2019</u>	<u>2018</u>
	\$	\$
Amortisation of capital grants (notes 12 and 24)	3,251,715	2,710,742
Government grants received with no vesting conditions	9,200,000	9,200,000
Testing and inspection income	48,648,764	37,857,961
Training and consultancy income	<u>1,079,338</u>	<u>1,270,714</u>
	<u>62,179,816</u>	<u>51,039,417</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

15. Taxation expense

Income tax expense consists of the following:

	2019	2018
	\$	\$
Business levy	(9,415)	(10,909)
Green fund levy	(148,921)	(5,454)
Green fund levy credit applied against overpayment	(27,616)	(93,479)
Prior year tax under -provision	(18,851)	-
Total charge	(204,803)	(109,842)

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

Net (deficit)/surplus for the year before taxation	(1,549,391)	(7,221,537)
Income tax charge calculated at statutory rate	(464,817)	(2,166,461)
Business levy	(9,415)	(10,909)
Green fund levy	(148,921)	(5,454)
Green fund levy credit applied against overpayment	(27,616)	(93,479)
Current/prior year tax (under)/over-provision	(18,851)	-
Exempt income and tax losses	464,817	2,166,461
Total charge	(204,803)	(109,842)

The current rate of corporation tax is 30% for 2019 (2018:30%) and is only applicable to its subsidiary Premier Quality Services Limited. The subsidiary currently has unutilised tax losses of \$1,397,599 (2018: \$538,029). A deferred tax asset has not been recognised relating to this amount due to the uncertainty relating to future taxable profits against which the losses can be utilised. The current rate of business levy is 0.6% for 2019 (2018:0.6%). The current rate of green fund levy is 0.3% for 2019 (2018:0.3%)

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.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

16. Contingencies

The Group 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 Group's consolidated 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 Group to refund the legal costs of the Appellant and be liable for legal costs referable to two-thirds (2/3rds) of the costs in the High Court. These costs are indeterminate at the reporting date and as such no provisions were required.

17. Expenses by nature

a. Selling, general and administrative expenses

	2019	2018
	\$	\$
Employee benefit expenses (Note 17b)	47,819,197	43,061,657
Utilities and insurance	2,264,708	2,404,823
Depreciation	4,216,676	3,660,365
Expense of capital grants	987,455	309,111
Contract services	2,499,053	2,896,281
Fees	1,249,343	1,091,014
Repairs and maintenance	910,347	753,782
Promotions and publicity	342,864	558,102
Training	279,028	482,238
Office supplies	618,862	558,038
Rentals	775,065	773,642
Board fees	825,011	799,800
Bad debts (recovery)/expense	(87,831)	(87,797)
Gain on disposal of property, plant & equipment	-	(69,330)
Other expenses	3,010,975	3,187,417
Total selling, general and administrative expenses	65,710,452	60,379,142

b. Employee benefit expense

	2019	2018
	\$	\$
Contract employees	24,992,175	21,943,090
Wages and salaries	18,167,729	14,081,485
Travelling and uniforms	758,506	638,118
National insurance	2,463,335	2,409,706
Retirement and termination benefits (Note 6.f)	821,000	197,000
Arrears of remuneration	616,452	3,792,258
	47,819,197	43,061,657

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

18. Interest income

	<u>2019</u>	<u>2018</u>
	\$	\$
Interest income	149,611	131,620
Foreign exchange (loss)/gain	13,692	(31,225)
Bond interest income	102,176	99,949
	<u>265,479</u>	<u>200,344</u>

19. Other income

	<u>2019</u>	<u>2018</u>
	\$	\$
Certification	1,452,932	1,566,275
Standards information	229,535	246,221
Other income	33,300	793
	<u>1,715,766</u>	<u>1,813,289</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

21. Financial risk management

a. Financial risk factors

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

(c) Price risk

The Group 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 Group has credit risk; however, the Group 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 9).

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 Note 9.

(iii) Liquidity risk

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

The table below analyses the Group'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	
	2019	2018
	\$	\$
Trade and other payables	<u>26,898,374</u>	<u>29,012,979</u>

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

21. Financial risk management (continued)

b. Capital risk management

The Group'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 Group 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 consolidated statement of financial position plus net debt. The Group currently has no borrowings to constitute net debt.

22. Events after the end of the reporting period

Management is currently evaluating the potential impact of the coronavirus disease 2019 (COVID-19) that occurred subsequent to year end, particularly on the operations of the Group. This disease was declared a pandemic by the World Health Organisation on March 11, 2020. The extent of the impact on the financial position and performance of the Group depends on future developments, including but not limited to:

- the duration and spread of the outbreak,
- the extent of restrictions and advisories, and
- the effects on the local and global financial and economic markets, all of which are highly uncertain and cannot be predicted.

The continuation of these circumstances could have a negative impact on the Group's financial results.

23. 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 Group 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 Group.

Trinidad and Tobago Bureau of Standards

Notes to the consolidated financial statements for the year ended September 30, 2019

(Expressed in Trinidad and Tobago dollars)

23. Transactions with related parties (continued)

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

	<u>2019</u>	<u>2018</u>
	\$	\$
a. <u>Trading transactions</u>		
Government grants	<u>9,328,000</u>	<u>9,552,931</u>
b. Key management remuneration for the year	<u>3,813,759</u>	<u>3,488,318</u>
c. Directors' remuneration for the period	<u>825,011</u>	<u>799,800</u>

Liabilities

Government grants deferred subventions from Ministry of Trade and Investment (MTI)

<u>6,495,188</u>	<u>9,618,903</u>
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Income

Recurrent expenditure subvention from MTI
Project capital expenditure subvention from MTI
Project revenue expenditure subvention from MTI

9,200,000	9,200,000
2,264,260	2,401,631
987,455	309,111
<u>12,451,715</u>	<u>11,910,742</u>

24. Project expenditure

	<u>2019</u>	<u>2018</u>
	\$	\$
Capital expenditure:		
PSIP 214- Central Services - Bureau of Standards	589,959	645,021
PSIP 216:-Procurement of equipment for the Implementation of the Metrology Act 2004	761,160	784,659
PSIP 210:- Procurement of testing materials and equipment	913,141	971,951
	<u>2,264,260</u>	<u>2,401,631</u>
Revenue expenditure:		
PSIP 212:-Providing reliability to quality infrastructure	20,227	280,318
PSIP 216:-Procurement of equipment for the Implementation of the Metrology Act 2004	-	10,639
PSIP 218:- TTBS-Building capability for sustaining export led growth	19,033	18,154
PSIP 220:-Quality Infrastructure	948,195	-
	<u>987,455</u>	<u>309,111</u>
Total project expenditure	<u>3,251,715</u>	<u>2,710,742</u>