

**Trinidad & Tobago Free Zones Company Limited**

**Financial Statements**

**For the Year Ended 31 December 2017**

## Trinidad & Tobago Free Zones Company Limited

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## Trinidad and Tobago Free Zones Company Limited

Albion Court, 2nd Floor West, 61 Dundonald Street, Port of Spain, Trinidad, West Indies.

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Email: info@ttfreezone.gov.tt

5<sup>th</sup> July, 2017

Aegis & Co.  
18 Scott Bushe Street  
Port of Spain


### **Management is responsible for the following:**


- Preparing and fairly presenting the accompanying financial statements of Trinidad & Tobago Free Zones Company Limited which comprise the statement of financial position as at 31 December 2017 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the company 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 company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- Ensuring that the system of internal controls operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements; management utilized the International Financial Reporting Standards. 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 company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorized for issue, if later.

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

  
Signed  
Title: DIRECTOR  
Date: 5<sup>th</sup> July, 2018

  
Signed  
Title: DIRECTOR  
Date: 5<sup>th</sup> July, 2018

## **Independent Auditors' Report**

To the members of  
Trinidad & Tobago Free Zones Company Limited

### **Opinion**

We have audited the accompanying financial statements of Trinidad & Tobago Free Zones Company Limited, which comprise the statement of financial position as at 31 December, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Trinidad & Tobago Free Zones Company Limited as at 31 December, 2017, of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

### **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 Association in accordance with 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 the IESBA Code. 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 Financial Statements**

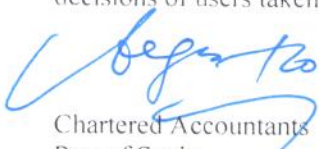
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.



Chartered Accountants  
Port of Spain  
Trinidad, West Indies  
6<sup>th</sup> July 2018



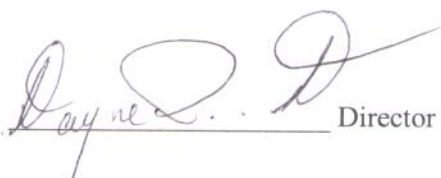
## Trinidad & Tobago Free Zones Company Limited

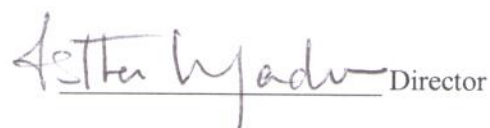
### Statement of financial position

	Notes	31 December	
		2017	2016
		\$	\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	2	<u>84,099</u>	<u>199,521</u>
<b>Current assets</b>			
Receivables and prepayments	3	820,205	764,110
Cash and cash equivalents	4	<u>15,179,863</u>	<u>13,582,202</u>
		<u>16,000,068</u>	<u>14,346,312</u>
<b>Total assets</b>		<u>16,084,167</u>	<u>14,545,833</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	5	2	2
Retained earnings		<u>15,882,384</u>	<u>14,348,451</u>
<b>Total shareholders' equity</b>		<u>15,882,386</u>	<u>14,348,453</u>
<b>Current liabilities</b>			
Accrued liabilities		<u>201,781</u>	<u>197,380</u>
		<u>201,781</u>	<u>197,380</u>
<b>Total equity and liabilities</b>		<u>16,084,167</u>	<u>14,545,833</u>

The accounting policies on pages 7 to 9 and the notes on pages 10 to 14 are an integral part of these financial statements.

On 6<sup>th</sup> July 2018, the Board of Directors of Trinidad & Tobago Free Zones Company Limited authorised these financial statements for issue.

  
Director

  
Director

## Trinidad & Tobago Free Zones Company Limited

### Statement of comprehensive income

	Note	Year Ended 31 December	
		2017 \$	2016 \$
<b>Revenue</b>		3,244,928	3,252,295
Other income		<u>47,193</u>	<u>3,088</u>
		3,292,121	3,255,383
Administrative expenses	6	<u>(1,743,189)</u>	<u>(1,872,667)</u>
<b>Operating profit</b>		1,548,932	1,382,716
Net finance income	7	<u>294,470</u>	<u>531,315</u>
<b>Net profit</b>		<u>1,843,402</u>	<u>1,914,031</u>

The accounting policies on pages 7 to 9 and the notes on pages 10 to 14 are an integral part of these financial statements.

## Trinidad & Tobago Free Zones Company Limited

### Statement of changes in shareholders' equity

	Share capital \$	Retained earnings \$	Total equity \$
<b>Year ended 31 December</b>			
Balance at 1 January 2016	2	12,434,420	12,434,422
Net profit for 2016	--	1,914,031	1,914,031
Balance at 31 December 2016	2	14,348,451	14,348,453
<b>Year ended 31 December</b>			
Balance at 1 January 2017	2	14,348,451	14,348,453
Dividends paid	--	(300,000)	(300,000)
Prior year adjustment	--	(9,469)	(9,469)
Net profit for 2017	--	1,843,402	1,843,402
Balance at 31 December 2017	2	15,882,384	15,882,386

The accounting policies on pages 7 to 9 and the notes on pages 10 to 14 are an integral part of these financial statements.

## Trinidad & Tobago Free Zones Company Limited

### Statement of cash flows

	Year ended 31 December	
	2017 \$	2016 \$
<b>Operating activities</b>		
Operating profit	1,548,932	1,382,716
Adjustments for items not requiring an outlay of funds:		
Prior year adjustment	(9,469)	--
Depreciation	47,930	84,535
Loss / (gain) on sale of asset	73,113	(4,925)
Operating profit before working capital changes	1,660,506	1,462,326
(Increase) / decrease in receivables and prepayments	(56,095)	69,949
Increase in accrued liabilities	4,401	131,676
<b>Net cash flows generated from operating activities</b>	<u>1,608,812</u>	<u>1,663,951</u>
<b>Investing activities</b>		
Purchase of fixed assets	(5,621)	(5,843)
Proceeds from disposal of fixed assets	--	5,157
Interest received	295,719	532,786
Interest paid	(1,249)	(1,471)
<b>Net cash flows generated from investing activities</b>	<u>288,849</u>	<u>530,629</u>
<b>Financing activities</b>		
Dividends paid	(300,000)	(600,000)
<b>Net cash flows used in financing activities</b>	<u>(300,000)</u>	<u>(600,000)</u>
<b>Increase in cash and cash equivalents</b>	1,597,661	1,594,580
<b>Cash and cash equivalents at beginning of year</b>	<u>13,582,202</u>	<u>11,987,622</u>
<b>Cash and cash equivalents at end of year (note 4)</b>	<u>15,179,863</u>	<u>13,582,202</u>

The accounting policies on pages 7 to 9 and the notes on pages 10 to 14 are an integral part of these financial statements.



## Trinidad & Tobago Free Zones Company Limited

### Accounting policies 31 December 2017

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

#### a **Basis of preparation**

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

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

#### b **Plant and equipment**

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

Leasehold improvements & fixtures	-	33.33%
Office furniture, fittings and equipment	-	20-33.33%
Motor vehicles	-	25%

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

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

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

#### c **Leases**

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

#### d **Revenue recognition**

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

## Trinidad & Tobago Free Zones Company Limited

Accounting policies (continued)  
31 December 2017

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e **Foreign currency translation**

i) *Functional and presentational currency*

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

ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

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

f **Financial instruments**

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

g **Cash and cash equivalents**

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

h **Trade receivables**

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

## Trinidad & Tobago Free Zones Company Limited

### Accounting policies (continued)

31 December 2017

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i      **Annuities**

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

j.      **Provisions**

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



## Trinidad & Tobago Free Zones Company Limited

### Notes to the financial statements 31 December 2017

#### 1 Incorporation and business activities

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

#### 2 Property, plant and equipment

	Leasehold improvement & fixtures \$	Furniture fittings & equipment \$	Motor vehicles \$	Total \$
<b>Year ended 31 December 2016</b>				
Opening net book amount	29,627	137,408	111,410	278,445
Additions	--	5,843	--	5,843
Disposals	--	(232)	--	(232)
Depreciation charge	(9,875)	(46,808)	(27,852)	(84,535)
Closing net book amount	19,752	96,211	83,558	199,521
<b>At 31 December 2016</b>				
Cost	114,000	395,109	238,000	747,109
Accumulated depreciation	(94,248)	(298,898)	(154,442)	(547,588)
Net book amount	19,752	96,211	83,558	199,521
<b>Year ended 31 December 2017</b>				
Opening net book amount	19,752	96,211	83,558	199,521
Additions	--	5,621	--	5,621
Disposals	--	(143)	(72,970)	(73,113)
Depreciation charge	(6,583)	(30,759)	(10,588)	(47,930)
Closing net book amount	13,169	70,930	--	84,099
<b>At 31 December 2016</b>				
Cost	114,000	395,589	--	509,589
Accumulated depreciation	(100,831)	(324,659)	--	(425,490)
Net book amount	13,169	70,930	--	84,099

## Trinidad & Tobago Free Zones Company Limited

### Notes to the financial statements (continued)

31 December 2017

3	<b>Receivables and prepayments</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	Trade receivables	777,761	745,198
	Prepayments	14,520	14,520
	Interest receivable	27,690	4,191
	Other receivables	<u>234</u>	<u>201</u>
		<u>820,205</u>	<u>764,110</u>

As at 31 December 2017, trade receivables of \$777,761 were current (2016: \$745,198). Trade receivables are non-interest bearing and are due upon receipt or on 90 day terms.

4	<b>Cash and cash equivalents</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	Money Market Funds	14,928,242	13,147,936
	Cash at bank	248,621	200,238
	Cash in hand	3,000	3,000
	Cash in transit	<u>--</u>	<u>231,028</u>
	At end of year	<u>15,179,863</u>	<u>13,582,202</u>

The Money Market Funds have been classified as a cash equivalent because management uses the account for working capital requirements. The interest rate at the year-end was 0.80%, (2016 – 0.85%).

5	<b>Share capital</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	Authorised:		
	An unlimited number of shares of no par value		
	Issued and fully paid:		
	2 ordinary shares of no par value	<u>2</u>	<u>2</u>



## Trinidad & Tobago Free Zones Company Limited

### Notes to the financial statements (continued) 31 December 2017

#### 6 Administrative expenses

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

	<b>2017</b>	<b>2016</b>
	\$	\$
Staff costs (Note 8)	771,140	899,121
Operating lease rental for property (Note 9)	389,610	390,332
Directors fee	178,800	226,700
Professional fees	150,619	74,338
Office administration (Note 10)	138,336	142,285
Depreciation	47,930	84,535
Advertising and promotions	21,707	--
Business development	18,260	2,407
Repairs & maintenance	9,027	5,538
Insurance	8,445	17,757
Entertainment	6,602	7,684
Subscriptions	1,960	1,698
Travelling	753	283
Motor vehicles	--	19,989
	<u>1,743,189</u>	<u>1,872,667</u>
<b>7 Net finance income</b>		
Interest income	295,719	532,786
Bank charges	<u>(1,249)</u>	<u>(1,471)</u>
	<u>294,470</u>	<u>531,315</u>
<b>8 Staff costs</b>		
Contracted wages	465,600	624,000
Temporary employment	102,000	102,000
Wages and salaries	125,729	91,671
National insurance costs	35,001	42,338
Annuity allowance costs	26,001	26,001
Group health insurance costs	9,672	9,672
Group life insurance costs	<u>7,137</u>	<u>3,439</u>
	<u>771,140</u>	<u>899,121</u>

## Trinidad & Tobago Free Zones Company Limited

### Notes to the financial statements (continued)

31 December 2017

#### 9 Lease commitment

A new lease agreement was signed with Trinidad and Tobago Mortgage Finance Company Limited for the three year period 1 January 2015 to 31 December 2017. Monthly rentals of \$32,467.50 are payable towards rent, electricity, service charges and VAT.

	2017 \$	2016 \$
Property rental	<u>389,610</u>	<u>390,332</u>

The minimum lease payments as at the year end is as follows:

Due in less than one year:	389,610	389,610
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#### 10 Office administration

Telephone and cable	59,363	59,317
Plants and janitors	29,216	29,256
Postage and courier services	18,771	13,220
Stationery and office supplies	16,380	19,792
Shop supplies	9,652	12,405
Meeting refreshments	4,954	5,718
Subsistence and staff welfare	<u>--</u>	<u>2,577</u>
	<u>138,336</u>	<u>142,285</u>

#### 11 Taxation

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

#### 12 Related parties

The company's key management compensation earned total remuneration of \$465,600 (2016 - \$465,600) and directors' fees totaled \$178,800 (2016 - \$226,700)

#### 13 Other income

Other income	104,819	--
(Loss) / gain sale of asset	(73,113)	4,925
Gain / (loss) foreign exchange	<u>15,487</u>	<u>(1,837)</u>
	<u>47,193</u>	<u>3,088</u>

## Trinidad & Tobago Free Zones Company Limited

### Notes to the financial statements (continued) 31 December 2017

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#### 14 Financial risk management

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

##### (a) Credit risk

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

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

##### (b) Compliance risk

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

##### (c) Reputation risk

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