Point Lisas Industrial Port Development Corporation Limited

Parent and Consolidated Financial Statements

31 December 2019

(Expressed in Thousands of Trinidad and Tobago Dollars)

Point Lisas Industrial Port Development Corporation Limited

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying parent and consolidated financial statements of Point Lisas Industrial Port Development Corporation Limited (the Group) which comprise the parent and consolidated statement of financial position as at 31 December 2019 and the parent and consolidated statements of profit or loss and other 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 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 Group 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, including the Companies Act; and

- Using reasonable and prudent judgment in the determination of estimates.

In preparing these audited parent and 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 parent and consolidated financial statements have been authorised for issue, if later.

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

President
20 March 2020

Vice President - Business Services
20 March 2020

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Independent auditor's report

To the Shareholders of Point Lisas Industrial Port Development Corporation Limited

Report on the audit of the parent and consolidated financial statements

Our opinion

In our opinion, the parent financial statements and the consolidated financial statements present fairly, in all material respects, the financial position of Point Lisas Industrial Port Development Corporation Limited (the Parent) and the consolidated financial position of the Parent and its subsidiary (together, 'the Group') as at 31 December 2019, and their parent and consolidated financial performance and their parent and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Point Lisas Industrial Port Development Corporation Limited's parent and consolidated financial statements comprise:

- the parent and consolidated statement of financial position as at 31 December 2019;
- the parent and consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the parent and consolidated statement of changes in equity for the year then ended;
- the parent and consolidated statement of cash flows for the year then ended; and
- the notes to the parent and consolidated financial statements, which include significant accounting policies.

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 parent and consolidated financial statements* section of our report.

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

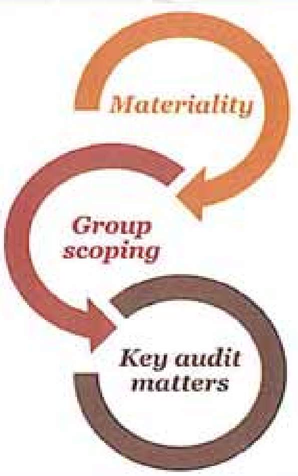
Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent auditor's report (continued)

Our audit approach

Overview



- Overall parent and group materiality: TT$6.9 million and TT$7.0 million respectively, which represents 5% of average profit before tax for the last 5 years.

- The consolidated group consists of the Parent and one fully owned subsidiary (Point Lisas Terminals Limited), both of which are registered in Trinidad and Tobago.
- We performed a full scope audit of the Parent and determined that the subsidiary was financially inconsequential to the Group.

- Valuation of investment properties (Parent & Group)
- Valuation of net retirement benefit and casual employee retirement benefit obligations (Parent & Group)
- Impairment assessment of non-financial assets (Parent & Group)

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the parent and consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

A full scope audit was performed on the Parent as it was deemed individually financially significant. We determined that the subsidiary was inconsequential based on the limited transactional activity and limited balances and we performed group analytical procedures in respect thereof.

Our 2019 audit was planned and executed having regard to the fact that the operations of the Group were largely unchanged from the prior year. In light of this, the areas of audit focus to which we allocated the greatest amount of resources and effort continued to be the fair value movements on investment properties, retirement benefit obligations and the impairment assessment of the Group's non-financial assets due to a shortfall in the market capitalisation compared to the carrying amount of net assets in the consolidated financial statements.

Our audit approach (continued)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the parent and consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent and consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall parent and group materiality for the parent and consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the parent and consolidated financial statements as a whole.

Overall parent & group materiality	Parent - TT$6.9 million Group - TT$7.0 million
How we determined it	5% of the average profit before tax for the last 5 years.
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Parent and Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds and used average profit before tax for the last 5 years due to the historic volatility of earnings.

We agreed with the Audit Committee that we would report to them misstatements identified during our parent and group audits above TT$347,000 and TT$349,000 respectively, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the parent and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Valuation of investment properties (Parent & Group)

Refer to note 6 to the parent and consolidated financial statements for disclosures of related accounting policies and balances.

Investment properties, carried at fair value, were TT$2,117 million as at 31 December 2019 for the Parent and Group. Included in the parent and consolidated statement of profit or loss and other comprehensive income is TT$97.4 million of fair value gains arising from the revaluation of these properties.

The investment properties, principally comprising freehold and leasehold land, represent a significant portion of the asset base of the Parent and Group. Management uses an external valuation expert to value these assets annually at fair value using valuation models, which include unobservable inputs. We focused in particular on the Investment Method estimate, being the principal driver of management's investment properties valuation at the reporting date.

Data from the lease contracts of the land size, rent rates, currency of agreement and lease tenure are provided to the expert, which is then used to determine a present value of the future cash flows associated with the land whilst it is occupied by tenants. Projected cash flows also consider the renewal of existing leases for a further 30 years as allowed within the lease agreements.

There are significant judgments and estimates to be made in relation to the valuation of the Group's investment properties. The most significant judgments being the extension of the leases for an additional 30 years and the discount rates applied to future cash flows. The existence of significant estimation uncertainty, coupled with the material value of the properties, is why we have given specific audit focus and attention to this area.

We obtained, understood and evaluated management's valuation method. We tested the mathematical accuracy of the calculations, obtained support for the data inputs and assessed the independence and competence of management's valuation expert.

We read the valuation report which included all investment properties and discussed the report with management's valuation expert. We evaluated whether the valuation approach for each property was in accordance with professional valuation standards and suitable for use in determining the carrying value of the investment properties.

We performed the following procedures, challenging management's valuation assumptions where appropriate:

- We assessed the likelihood of the continued occupation and extension of the leases using available market data and evaluated the expert's assumptions focusing on the tenants' ability and intent to continue their operations at the leased properties. We also assessed the ability to recover amounts timely in order to identify concerns around the financial condition of the tenants as part of our testing of the receivables balances.
- We compared the discount rates used by management to the yield of a Government of Trinidad and Tobago bond of a similar tenor.
- We tested, on a sample basis, the accuracy of the data inputs into the valuation model by verifying the size of property, rent rates, currency of agreement and rent expiry dates against signed contractual lease agreements and related addendums as applicable.

We did not identify any contradictory information that would require adjustment to management's assumptions nor any evidence of management bias.

We found no material exceptions resulting from the testing performed.

Key audit matter	How our audit addressed the key audit matter

Valuation of net retirement benefit and casual employee retirement benefit obligations (Parent & Group)

Refer to notes 18 a. and 18 b. to the parent and consolidated financial statements for disclosures of related accounting policies and balances.

The amounts for the retirement benefit obligation and the casual employee retirement benefit obligation on the face of the parent and consolidated statement of financial position are presented as (i) the net of the fair value of the pension plan assets and the present value of the defined benefit obligation, and (ii) the present value of the casual employee retirement benefit.

The Group sponsors a funded pension plan for its eligible full-time employees and an unfunded retirement benefit plan for its casual employees. As at 31 December 2019, the Parent and Group had a combined net retirement and casual employee retirement benefit obligation of TT$58.6 million.

Pension plan assets:

- Management utilises the work of the plan's institutional Trustee to perform its valuation of the plan's assets which are not traded on active markets.
- The Trustee has developed a methodology which is used to value these unquoted investments. Significant judgment and assumptions are utilised due to the limited external evidence available to support the valuations.

Retirement benefit and casual employee retirement benefit obligations:

- Management utilises the work of an actuarial expert to perform certain calculations with respect to the estimated obligations.
- The present value of the retirement benefit obligations depends on certain factors that are determined using a number of assumptions in assessing the obligations with the key assumptions being the discount rate, mortality rates and salary increases.

Based on the magnitude and the high degree of estimation uncertainty in assessing both the asset values and the retirement benefit obligations, this is an area of focus for the audit.

Pension plan assets:

- We assessed the methodology used for valuing the plan's assets, focusing particularly on the valuation of unquoted investments.
- For the more judgmental valuations, which depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Trustee by performing an independent valuation of a sample of positions.

Retirement benefit obligations:

- We evaluated the key assumptions, in particular the discount rate, mortality rates and salary increase assumptions as follows:
  - i. We compared the discount rate used by management to the yield of a Government of Trinidad and Tobago bond of a similar period to determine if the rate used was reasonable.
  - ii. We assessed the appropriateness of the mortality rates used by the actuary by comparing them to relevant publicly available statistics for Trinidad and Tobago.
  - iii. Salary increases were compared to historical increases and the current economic climate was considered in assessing their reasonableness.
- We tested the integrity of the census data used in the actuarial calculation by comparing it to personnel files.
- We assessed the independence and competence of the actuary used by management to calculate the retirement benefit obligations.

There were no material exceptions noted in our testing of the retirement benefit obligations.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of non-financial assets (Parent & Group)	
Refer to notes 3, 5 and 21 to the parent and consolidated financial statements for disclosures of related accounting policies and balances. At the reporting date, the Group's market capitalisation was significantly less than the carrying amount of its net assets. Under IAS 36: 'Impairment of non-financial assets', this is an indicator of potential impairment. As such, an impairment assessment was performed by management. Management determined that the port and estate operations comprise a single cash generating unit as described in note 21. As some of the assets are already carried at fair value, the main focus of management's impairment assessment and our audit work was on those assets which are not carried at fair value. In assessing potential impairment, management performed additional procedures to determine the recoverable amount of certain of those assets. This related primarily to TT$210 million of berths and piers, included in property, plant and equipment on the parent and consolidated statement of financial position. Due to the specialised nature of the berths and piers, management engaged external independent valuators who used the depreciated replacement cost (DRC) approach to determine fair value less cost of disposal for impairment purposes. The DRC approach involves estimation of the replacement cost new (RCN) defined as the current cost of a similar new asset having the nearest equivalent utility as the asset being appraised, as well as deductions for obsolescence. Significant inputs and assumptions utilised include: • Direct costs inclusive of materials, labour and equipment • Indirect costs including engineering, architect, and other professional fees • Construction finance • Entrepreneurial profit • Functional and economic obsolescence • Estimation of physical deterioration As the recoverable amount derived from the valuation of the berths and piers was higher than the total carrying amount of the assets which are not carried at fair value, management ultimately determined no impairment provision was required. Based on the magnitude and the high degree of estimation uncertainty in assessing the fair values of the assets assessed for impairment, this was an area of focus for the audit.	We considered the method used by management to perform the impairment assessment and found it to be appropriate based on the requirements of International Financial Reporting Standards. We understood and evaluated management's valuation method and engaged our own auditor's expert to assist us in evaluating the reasonableness of management's fair value measurement of the berths and piers given the specialised nature of these assets. We assessed the independence and competence of management's valuation expert and, with the assistance of our expert, read the valuation report, discussed it with management's expert and obtained explanations for the significant data inputs and assumptions used. We further tested the mathematical accuracy of the calculations. Our procedures were focused on assessing the reasonableness of the significant inputs and assumptions used in the valuation including the direct, indirect and construction finance costs, the estimate of entrepreneurial profit incentive rate and the assessments of asset obsolescence and physical deterioration. Specifically, the procedures included agreeing certain information used in the valuation inputs and assumptions to relevant source or industry data and supporting documents, performing recalculations and evaluating the reasonableness of management's estimates by developing our own expectations where appropriate, with the assistance of our auditor's expert. Based on the procedures performed above, we found the inputs and assumptions to be consistent and in line with our expectations and no impairment provision was identified.

Independent auditor's report (continued)

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the parent and consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the parent and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the parent and consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the parent and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the parent and consolidated financial statements, management is responsible for assessing the Parent and 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 Parent or Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent and Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the parent and 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.

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the parent and consolidated financial statements (continued)

- 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 Parent and 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 Parent or 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 parent and 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 Parent or Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent and consolidated financial statements, including the disclosures, and whether the parent and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 parent and consolidated 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 Wendell Ramoutar.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
24 March 2020

Point Lisas Industrial Port Development Corporation Limited

Parent and Consolidated Statement of Financial Position

(Expressed in Thousands of Trinidad and Tobago Dollars)

Parent As at 31 December 2018 $	Parent As at 31 December 2019 $		Notes	Group As at 31 December 2019 $	Group As at 31 December 2018 $
		Assets			
		Non-current assets			
766,059	767,815	Property, plant and equipment	5	767,815	766,059
2,020,905	2,117,487	Investment properties	6	2,117,487	2,020,905
17,122	18,521	Deferred income tax assets	8 c.	18,521	17,122
320	320	Investment in subsidiary	1 a.	--	--
897	897	Financial asset at amortised cost	7	897	897
1,416	1,592	Financial assets at fair value through other comprehensive income	7 b.	1,592	1,416
2,724	1,715	Trade receivables	10	1,715	2,724
2,809,443	2,908,347			2,908,027	2,809,123
		Current assets			
16,116	15,586	Inventory	9	15,586	16,116
38,680	44,945	Trade and other receivables	10	46,130	39,587
--	--	Taxation recoverable		739	739
116,519	148,227	Cash and cash equivalents	11	148,581	116,750
171,315	208,758			211,036	173,192
2,980,758	3,117,105	**Total assets**		3,119,063	2,982,315
		Equity and liabilities			
		Equity attributable to owners of the parent			
139,968	139,968	Stated capital	12	139,968	139,968
(32)	(32)	Treasury shares	14	(32)	(32)
246,210	256,554	Revaluation reserves	15	256,554	246,210
478	654	Investment revaluation reserve	15	654	478
2,177,333	2,288,979	Retained earnings		2,291,200	2,179,477
2,563,957	2,686,123			2,688,344	2,566,101
		Non-current liabilities			
136,671	123,333	Long and medium-term borrowings	16	123,333	136,671
27,026	26,952	Retirement benefit obligation	18 a.	26,952	27,026
26,915	31,675	Casual employee retirement benefit	18 b.	31,675	26,915
99,774	100,693	Deferred income tax liabilities	8 c.	100,693	99,774
58,066	57,023	Deferred lease rental income	25	57,023	58,066
348,452	339,676			339,676	348,452

Point Lisas Industrial Port Development Corporation Limited

Parent and Consolidated Statement of Financial Position (continued)
(Expressed in Thousands of Trinidad and Tobago Dollars)

Parent As at 31 December 2018 $	Parent As at 31 December 2019 $		Notes	Group As at 31 December 2019 $	Group As at 31 December 2018 $
		Current liabilities			
13,219	13,205	Long and medium-term borrowings	16	13,205	13,219
4,474	4,820	Deferred lease rental income	25	4,820	4,474
42,536	68,765	Trade and other payables	20	68,494	41,946
1,305	4,516	Current income tax liabilities		4,524	1,308
6,815	--	Bank overdraft		--	6,815
68,349	91,306			91,043	67,762
416,801	430,982	**Total liabilities**		430,719	416,214
2,980,758	3,117,105	**Total equity and liabilities**		3,119,063	2,982,315

The notes on pages 16 to 75 are an integral part of these parent and consolidated financial statements.

On 20 March 2020, the Board of Directors of Point Lisas Industrial Port Development Corporation Limited authorised these parent and consolidated financial statements for issue.

Director

Director

Point Lisas Industrial Port Development Corporation Limited

Parent and Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Thousands of Trinidad and Tobago Dollars)

Parent Year ended 31 December 2018 $	Parent Year ended 31 December 2019 $		Notes	Group Year ended 31 December 2019 $	Group Year ended 31 December 2018 $
279,789	313,904	Revenue	19	313,904	279,789
(89,909)	(102,731)	Cost of providing services	22	(101,587)	(88,817)
189,880	211,173	**Gross profit**		212,317	190,972
152,445	97,355	Unrealised fair value gains on investment properties	6	97,355	152,445
(94,434)	(102,786)	Administrative expenses	22	(103,382)	(95,048)
(76,205)	(76,482)	Other operating expenses	22	(76,483)	(76,205)
171,686	129,260	**Operating profit**		129,807	172,164
1,280	2,982	Investment income	7 c.	2,982	1,280
(3,672)	(6,090)	Finance costs		(6,091)	(3,674)
169,294	126,152	**Profit before taxation**		126,698	169,770
(4,990)	(11,277)	Taxation charge	8 a.	(11,746)	(5,434)
164,304	114,875	**Profit for the year**		114,952	164,336
		Other comprehensive income			
		Items that will not be reclassified to profit or loss			
99	176	Change in value of financial assets at fair value through other comprehensive income	7 b.	176	99
--	(3,875)	Deferred tax on accelerated tax depreciation – property plant, and equipment revalued and site improvements	8 c.	(3,875)	--
--	17,196	Gain on revaluation of property, plant and equipment	15 a.	17,196	--
		Remeasurements of:			
326	144	Retirement benefit obligation	18 a.	144	326
1,020	(1,595)	Casual employee retirement benefit	18 b.	(1,595)	1,020
165,749	126,921	**Total comprehensive income for the year**		126,998	165,781
		Earnings per share			
415¢	292¢	**Basic earnings per share**	13	292¢	415¢
412¢	290¢	**Diluted earnings per share**	13	290¢	412¢

The notes on pages 16 to 75 are an integral part of these parent and consolidated financial statements.

Point Lisas Industrial Port Development Corporation Limited
Parent and Consolidated Statement of Changes in Equity
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	Stated capital $	Revaluation reserves $	Investment revaluation reserves $	Treasury shares $	Retained earnings $	Shareholders' equity $
Parent							
Year ended 31 December 2019							
Balance as at 1 January 2019		139,968	246,210	478	(32)	2,177,333	2,563,957
Comprehensive income							
- Profit for the year		--	--	--	--	114,875	114,875
Other comprehensive income							
- Transfer of revaluation reserve to retained earnings	15	--	(2,977)	--	--	2,977	--
- Change in value of financial assets at fair value through other comprehensive income	7 b.	--	--	176	--	--	176
- Deferred tax on accelerated tax depreciation – property, plant and equipment revalued and site improvements	8 c.	--	(3,875)	--	--	--	(3,875)
- Remeasurements of retirement benefit obligation	18 a.	--	--	--	--	144	144
- Remeasurements of casual employee retirement benefit	18 b.	--	--	--	--	(1,595)	(1,595)
- Gain on revaluation of property, plant and equipment (PPE)	15	--	17,196	--	--	--	17,196
Transactions with owners							
- Dividends	12 b.	--	--	--	--	(4,755)	(4,755)
Balance as at 31 December 2019		139,968	256,554	654	(32)	2,288,979	2,686,123
Year ended 31 December 2018							
Balance as at 1 January 2018		139,968	249,581	379	(32)	2,013,220	2,403,116
Change to accounting policy		--	--	--	--	(3,719)	(3,719)
Restated total equity at start of year		139,968	249,581	379	(32)	2,009,501	2,399,397
Comprehensive income							
- Profit for the year		--	--	--	--	164,304	164,304
Other comprehensive income							
- Transfer of revaluation reserve to retained earnings	15	--	(3,371)	--	--	3,371	--
- Change in value of financial assets at fair value through other comprehensive income	7 b.	--	--	99	--	--	99
- Remeasurements of retirement benefit obligation	18 a.	--	--	--	--	326	326
- Remeasurements of casual employee retirement benefit	18 b.	--	--	--	--	1,020	1,020
Transactions with owners							
- Dividends		--	--	--	--	(1,189)	(1,189)
Balance as at 31 December 2018		139,968	246,210	478	(32)	2,177,333	2,563,957

The notes on pages 16 to 75 are an integral part of these parent and consolidated financial statements.

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	Stated capital $	Revaluation reserves $	Investment revaluation reserves $	Treasury shares $	Retained earnings $	Shareholders' equity $
Group							
Year ended 31 December 2019							
Balance as at 1 January 2019		139,968	246,210	478	(32)	2,179,477	2,566,101
Comprehensive income							
- Profit for the year		--	--	--	--	114,952	114,952
Other comprehensive income							
- Transfer of revaluation reserve to retained earnings	15	--	(2,977)	--	--	2,977	--
- Change in value of financial assets at fair value through other comprehensive income	7 b.	--	--	176	--	--	176
- Deferred tax on accelerated tax depreciation – property, plant and equipment revalued and site improvements	8 c.	--	(3,875)	--	--	--	(3,875)
- Remeasurements of retirement benefit obligation	18 a.	--	--	--	--	144	144
- Remeasurements of casual employee retirement benefit	18 b.	--	--	--	--	(1,595)	(1,595)
- Gain on revaluation of property, plant and equipment (PPE)	15	--	17,196	--	--	--	17,196
Transactions with owners							
- Dividends	12 b.	--	--	--	--	(4,755)	(4,755)
Balance as at 31 December 2019		139,968	256,554	654	(32)	2,291,200	2,688,344
Year ended 31 December 2018							
Balance as at 1 January 2018		139,968	249,581	379	(32)	2,015,332	2,405,228
Change in accounting policy		--	--	--	--	(3,719)	(3,719)
Restated total equity at start of year		139,968	249,581	379	(32)	2,011,613	2,401,509
Comprehensive income							
- Profit for the year		--	--	--	--	164,336	164,336
Other comprehensive income							
- Transfer of revaluation reserve to retained earnings	15	--	(3,371)	--	--	3,371	--
- Change in value of financial assets at fair value through other comprehensive income	7 b.	--	--	99	--	--	99
- Remeasurements of retirement benefit obligation	18 a.	--	--	--	--	326	326
- Remeasurements of casual employee retirement benefit	18 b.	--	--	--	--	1,020	1,020
Transactions with owners							
- Dividends			--	--	--	(1,189)	(1,189)
Balance as at 31 December 2018		139,968	246,210	478	(32)	2,179,477	2,566,101

The notes on pages 16 to 75 are an integral part of these parent and consolidated financial statements.

Parent and Consolidated Statement of Cash Flows

(Expressed in Thousands of Trinidad and Tobago Dollars)

Parent Year ended 31 December 2018 $	Parent Year ended 31 December 2019 $		Notes	Group Year ended 31 December 2019 $	Group Year ended 31 December 2018 $
51,315	90,085	**Cash generated from operating activities**	11 c.	90,674	51,981
		Returns on investments and servicing of finance			
(2,884)	(5,218)	Interest paid		(5,220)	(2,886)
48,431	84,867			85,454	49,095
(4,827)	(11,798)	Income tax paid		(12,262)	(5,276)
43,604	73,069	**Net cash generated from operating activities**		73,192	43,819
		Cash flows from investing activities			
(39,021)	(17,616)	Purchases of property, plant and equipment	5	(17,616)	(39,021)
(897)	--	Purchase of bonds		--	(897)
579	898	Interest received		898	579
(39,339)	(16,718)	**Net cash used in investing activities**		(16,718)	(39,339)
		Cash flows from financing activities			
(14,554)	(13,352)	Repayment of long and medium-term borrowings		(13,352)	(14,554)
(1,189)	(4,755)	Dividends paid	12 b.	(4,755)	(1,189)
(15,743)	(18,107)	**Net cash used in financing activities**		(18,107)	(15,743)
(11,478)	38,244	**Net increase/ (decrease) in cash and cash equivalents**		38,367	(11,263)
121,041	109,704	**Cash and cash equivalents at beginning of year**		109,935	121,057
141	279	Effects of exchange rate changes on cash and cash equivalents		279	141
109,704	148,227	**Cash and cash equivalents at end of year**	11	148,581	109,935

The notes on pages 16 to 75 are an integral part of these parent and consolidated financial statements.

(Expressed in Thousands of Trinidad and Tobago Dollars)

1 Incorporation and principal activities

Point Lisas Industrial Port Development Corporation Limited (the Corporation) was incorporated on 16 September 1966 under the laws of the Republic of Trinidad and Tobago and has a primary listing on the Trinidad and Tobago Stock Exchange. Its registered office is located at PLIPDECO House, Orinoco Drive, Point Lisas Industrial Estate, Point Lisas, Couva, Trinidad, West Indies. The Corporation Sole (Government of the Republic of Trinidad and Tobago) is owner of 51% of the issued share capital.

Point Lisas Terminals Limited, a wholly owned subsidiary, was incorporated in the Republic of Trinidad and Tobago in 1981 and is solely involved in the supply of labour to the parent company for its cargo handling operations at the port.

Point Lisas Industrial Port Development Corporation Limited and its wholly owned subsidiary, Point Lisas Terminals Limited (together, the Group), are engaged in the following provision of services:

Industrial estate Management	Development and maintenance of onshore infrastructure, such as roads, lighting, drainage and including a Free Zone area, for the purpose of leasing.
Cargo handling	Provision of cargo handling services for import, export and transhipment vessels. The Port facilitates the receipt, storage and delivery of containerised, dry and liquid bulks, breakbulk and general cargo.
Marine	Coordination of all movement of vessels at the Port and neighbouring piers, inclusive of the berthing and unberthing operations as well as mooring and unmooring services.
Warehousing	Provision of less than container load warehousing services for both import and export trade and non-trade cargo. The less than container load warehousing service for export cargo facilitates intra-regional trade.
Security	Provision of security support to tenants on the Industrial Estate and Port users. Matters relating to the Port and Ship-to-Shore activities as it relates to the International Ship and Port Facility Security (ISPS) are handled by this unit.

a. *Investment in subsidiary*

The Group's subsidiary at 31 December 2019 consists of Point Lisas Terminals Limited which is 100% owned for $320 (320,002 shares of no par value) (2018: $320 (320,002 shares of no par value)).

2 Transactions with related parties

	2019 $	2018 $
Labour (See Note 1)	62,132	61,455
Post retirement benefits	409	410
Key management compensation	3,324	3,190
Parent		
Balance due to Point Lisas Terminals Limited	6,418	6,233

2 Transactions with related parties (continued)

a. *Principles of consolidation*

The consolidated financial statements include those of the parent company and its wholly owned subsidiary, Point Lisas Terminals Limited. All inter-company transactions, balances and unrealised gains/losses have been eliminated in the preparation of the Group's financial statements.

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

In the parent company financial statements, the investment in the subsidiary is shown at cost less impairment.

(ii) *Changes in ownership interests in subsidiaries without change in control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 Critical estimates, judgments and errors

The preparation of parent and consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.
This note provides an overview of the areas that involve a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgments is included in notes referred to below together with information about the basis of calculation for each affected line item in the parent and consolidated financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of changes to previous estimates.

a. *Significant estimates and judgments*

The areas involving significant estimates or judgments are:

- Estimation of fair values of land and buildings and investment properties – Notes 5 and 6
- Estimation of retirement benefit pension obligation – Note 18 a.
- Estimation of casual employee retirement benefit – Note 18 b.
- Estimation of forward looking assumptions under IFRS 9 – Note 10.
- Estimates in the assessment of impairment of property, plant and equipment – Note 5.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Impairment assessment of non-financial assets of the Group

Estimates are required in determining the recoverable amount of assets to assess whether an impairment exists. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. An asset is impaired when its carrying amount exceeds its recoverable amount. IAS 36 'Impairment of non-financial assets' describes some indicators that an impairment loss may have occurred. If any of those indicators are present, the Group will make a formal estimate of recoverable amount. At the statement of financial position date, the market capitalisation of the Group was significantly less than the net assets of the Group. As such, management determined that an impairment assessment was required to determine if the net assets of the Group were impaired.
See note 5 e.

4 **Financial risk management**

The Group has exposure to the following risks:

a. Credit risk
   - (i) Risk management
   - (ii) Security
   - (iii) Credit quality
   - (iv) Impaired trade receivables
   - (v) Exposure to credit risk

b. Liquidity risk

c. Market risk
   - (i) Foreign exchange risk
   - (ii) Interest rate risk
   - (iii) Price risk

d. Capital risk management

This note contains information about the Group's exposure to each of the above risks and the objectives, policies and processes for managing and measuring the risk. Further quantitative disclosures are also included in the referred notes.

a. *Credit risk*

The Group is exposed to credit risk, which is the risk that its customers and counterparties may cause a financial loss by failing to discharge their contractual obligations. Credit risk arises from cash equivalents, deposits with financial institutions as well as outstanding receivables. The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk. There was no concentration of risk due to the number and diversity of operations of the customer base.

There were no changes in the policies and procedures for managing credit risk compared with prior year.

(i) *Risk management*

Cash and deposits are held with a number of reputable financial institutions, in amounts varying between $8 and $50,918 (2018: $8 and $50,534). The utilisation of credit limits is regularly monitored to manage the risk with trade receivables. Receivable balances are also monitored on an ongoing basis.

(ii) *Security*

There are no trade receivables for which the Group has obtained any form of guarantee, deeds of undertaking or letters of credit.

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

a. *Credit risk (continued)*

(iii) *Credit quality*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

Cash at bank	2019 $	2018 $
Parent		
Cash at bank	148,141	116,470
Group		
Cash at bank	148,493	116,698

The rest of the parent and consolidated statement of financial position item cash and cash equivalents comprises cash in hand.

Trade receivables

All counterparties below do not have external credit ratings.

Group 2	3,978	5,020
Group 3	23,369	16,862

There are no Group 1 customers.

Group 1 - new customers (less than 6 months).
Group 2 - existing customers (more than 6 months) with no defaults in the past.
Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered and were discounted where necessary.

(iv) *Exposure to credit risk*

The following is a summary of the Group's maximum exposure to credit risk:

Parent	Fully performing $	Past due $	Impaired $	Provision for impairment $	Total $
31 December 2019					
Financial asset at amortised cost	897	--	--	--	897
Cash at bank	148,141	--	--	--	148,141
Trade receivables	3,978	23,369	1,098	(1,098)	27,347
Other receivables (excluding prepayments)	3,987	--	--	--	3,987
	157,003	23,369	1,098	(1,098)	180,372

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

a. *Credit risk (continued)*

(iv) *Exposure to credit risk (continued)*

Parent (continued)

	Fully performing $	Past due $	Impaired $	Provision for impairment $	Total $
31 December 2018					
Financial asset at amortised cost	897	--	--	--	897
Cash at bank	116,470	--	--	--	116,470
Trade receivables	5,020	16,862	3,298	(3,298)	21,882
Other receivables (excluding prepayments)	4,131	--	--	--	4,131
	126,518	16,862	3,298	(3,298)	143,380

The Company does not hold any collateral in relation to these assets.

Group

	Fully performing $	Past due $	Impaired $	Provision for impairment $	Total $
31 December 2019					
Financial asset at amortised cost	897	--	--	--	897
Cash at bank	148,493	--	--	--	148,493
Trade receivables	3,978	23,369	1,098	(1,098)	27,347
Other receivables (excluding prepayments)	4,894	--	--	--	4,894
	158,262	23,369	1,098	(1,098)	181,631
31 December 2018					
Financial asset at amortised cost	897	--	--	--	897
Cash at bank	116,698	--	--	--	116,698
Trade receivables	5,020	16,862	3,298	(3,298)	21,882
Other receivables (excluding prepayments)	5,038	--	--	--	5,038
	127,653	16,862	3,298	(3,298)	144,515

The Group does not hold any collateral in relation to these assets.

The Group recognises provision for losses for assets subject to credit risk using the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group uses the following approaches in arriving at expected losses
- The simplified approach (for trade receivables)
- The general approach (for all other financial assets)

4 **Financial risk management (continued)**

a. *Credit risk (continued)*

(iv) *Exposure to credit risk (continued)*

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Group first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on various qualitative and quantitative factors. All other non-specific trade receivables are then grouped based on shared credit risk characteristics and the days past due.

The general approach

Under the general approach, the Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk each company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, including the following:

- External credit ratings for bonds (as far as available). Where such ratings are not available, the Group applies certain assumptions and derives an equivalent rating for the respective securities.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed

- if a debtor is more than 30 days past due in making a contractual payment.
- If the bond issuer's credit rating has been downgraded from investment grade to non-investment grade.

A default on a financial asset occurs in the following circumstances:

- When the issuer of a bond has missed a payment of principal or interest or has announced its intention to suspend payments on part or all of its financial obligations, or
- For all other financial assets, when the counterparty fails to make contractual payments within 90 days of when they fall due.

Incorporation of forward-looking information

Historical loss rates for trade receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has reviewed factors such as unemployment rate, gross domestic product and oil prices and determined that the impact was not significant.

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 Financial risk management (continued)

a. *Credit risk (continued)*

(iv) *Exposure to credit risk (continued)*

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Summary of ECL calculations

The simplified approach (trade receivables)

A summary of the assumptions underpinning the company's expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions
- General provisions using a standardised provision matrix

The movement in the provision for expected credit losses for trade receivables is as follows. This includes an amount of $107 (2018:$79) for the discounting of two trade receivable balances.

	2019 $	2018 $
31 December calculated under IAS 39	--	925
Amounts restated through opening retained earnings	--	3,719
Opening loss allowance as at 1 January – calculated under IFRS 9	3,298	4,644
Write back of prior year provision	(57)	(679)
Increase in loss allowance recognised in profit or loss during the year	(2,093)	(588)
Unwinding of discount	(50)	(79)
Balance at end of year	1,098	3,298

The following is an analysis of the net impairment expense on financial assets recognised in profit loss:

Net changes to provisions for the year per above	(2,093)	(588)

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 Financial risk management (continued)

b. *Liquidity risk*

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group's liquidity risk management process is measured and monitored by senior management within the Group. This process includes:

- Monitoring cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which can be used to secure facilities.
- Maintaining committed lines of credit.
- Maintaining liquidity ratios.

There were no changes in the policies and procedures for managing liquidity risk compared with prior year.

Parent

	< 1 year $	1-2 years $	2-5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
31 December 2019						
Borrowings	19,779	19,129	123,088	1,152	163,148	136,538
Trade payables	3,252	--	--	--	3,252	3,252
Due to subsidiary	6,418	--	--	--	6,418	6,418
Other payables (excluding statutory liabilities)	57,667	--	--	--	57,667	57,667
Total	87,116	19,129	123,088	1,152	230,485	203,875

	< 1 year $	1-2 years $	2-5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
31 December 2018						
Borrowings	20,635	23,901	63,933	79,096	187,565	149,890
Bank overdraft	6,815	--	--	--	6,815	6,815
Trade payables	3,758	--	--	--	3,758	3,758
Due to subsidiary	6,233	--	--	--	6,233	6,233
Other payables (excluding statutory liabilities)	31,221	--	--	--	31,221	31,221
Total	68,662	23,901	63,933	79,096	235,592	197,917

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

b. *Liquidity risk (continued)*

Group

	< 1 year $	1-2 years $	2-5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
31 December 2019						
Borrowings	19,779	19,129	123,088	1,152	163,148	136,538
Trade payables	3,252	--	--	--	3,252	3,252
Other payables (excluding statutory liabilities)	60,526	--	--	--	60,526	60,526
Total	83,557	19,129	123,088	1,152	226,926	200,316

	< 1 year $	1-2 years $	2-5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
31 December 2018						
Borrowings	20,635	23,901	63,933	79,096	187,565	149,890
Bank overdraft	6,815	--	--	--	6,815	6,815
Trade payables	3,758	--	--	--	3,758	3,758
Other payables (excluding statutory liabilities)	33,785	--	--	--	33,785	33,785
Total	64,993	23,901	63,933	79,096	231,923	194,248

The fair values are based on cash flows discounted using the borrowing rates and the facilities drawn down at year end as disclosed in Note 16. There were no fixed rate loans as at 31 December 2019 and 2018.

c. *Market risk*

Market risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate because of changes in market prices. The Group takes on exposure to market risks from changes in foreign exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

(i) *Foreign exchange risk*

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
The Group manages its foreign exchange risk by the following:

- Ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.
- Holding foreign currency balances.
- Invoicing only in an exchange currency like the US$ or in TT$.

4 **Financial risk management (continued)**

c. *Market risk (continued)*

(i) *Foreign exchange risk (continued)*

There were no changes in the policies and procedures for managing foreign currency risk compared with prior year. The impact on the parent and consolidated statement of profit or loss and other comprehensive income at 31 December 2019 if the US$ strengthened/weakened against the TT$ by an average rate of 5% is a loss or gain of $2,366 (2018: $253) respectively, mainly as a result of foreign exchange losses/gains on translation of US dollar denominated trade receivables, cash and cash equivalents and borrowings.

(ii) *Interest rate risk*

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. The Group is exposed to no fair value interest rate risk. The Group finances its operations through a mixture of retained profits and borrowings. There were no changes in the policies and procedures for managing interest rate risk compared with prior year.

At 31 December 2019 and 2018, there were no fixed rate interest borrowings for the Group. The sensitivity to interest rate fluctuations are disclosed in Note 16 d. The contractual cash flows and carrying amounts of these floating rate borrowings are also disclosed in Note 16 e.

(iii) *Price risk*

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the parent and consolidated statement of financial position at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. There were no changes in the policies and procedures for managing price risk compared with prior year. The sensitivity impact of this is immaterial.

d. *Capital risk management*

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent and consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'shareholders' equity' as shown in the parent and consolidated statement of financial position plus net debt. Gearing is the measure of financial leverage, demonstrating the degree to which the Group's activities are funded by owner's funds versus creditor's funds.

The Group's policy is to keep the ratio at less than or equal to 50%.

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

d. *Capital risk management (continued)*

There were no changes in the policies and procedures for managing capital risk management compared with prior year.

The gearing ratios as at 31 December 2019 and 2018 were as follows:

Parent	**2019 $**	**2018 $**
Net (cash)/debt	(11,689)	40,186
Total equity	2,686,123	2,563,957
Total capital	2,674,434	2,604,143
Gearing ratio	--	2%
Cash and cash equivalents	148,227	116,519
Borrowings – repayable within one year (including overdraft)	(13,205)	(20,034)
Borrowings – repayable after one year	(123,333)	(136,671)
Net cash/(debt)	11,689	(40,186)
Cash	148,227	116,519
Gross debt – variable interest rates	(136,538)	(156,705)
Net cash/(debt)	11,689	(40,186)

	Other assets	**Liabilities from financing activities**		
	Cash/ bank overdraft $	**Borrowing due within 1 year $**	**Borrowing due after 1 year $**	**Total $**
Net debt as at 1 January 2018	121,041	(14,385)	(150,059)	(43,403)
Cash flows	(11,478)	1,335	13,219	3,076
Foreign exchange adjustments	141	--	--	141
Other changes	--	(169)	169	--
Net debt as at 1 January 2019	109,704	(13,219)	(136,671)	(40,186)
Cash flows	38,244	--	13,205	51,449
Foreign exchange adjustments	279	14	133	426
Net cash/(debt) as at 31 December 2019	148,227	(13,205)	(123,333)	11,689

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 Financial risk management (continued)

d. *Capital risk management (continued)*

Group	2019 $	2018 $
Net (cash)/debt	(12,043)	39,955
Total equity	2,688,344	2,566,101
Total capital	2,676,301	2,606,056
Gearing ratio	--	2%
Cash and cash equivalents	148,581	116,750
Borrowings – repayable within one year (including overdraft)	(13,205)	(20,034)
Borrowings – repayable after one year	(123,333)	(136,671)
Net cash/(debt)	12,043	39,955
Cash	148,581	116,750
Gross debt – variable interest rates	(136,538)	(156,705)
Net cash/(debt)	12,043	(39,955)

	Other assets	Liabilities from financing activities		
	Cash/ bank overdraft $	Borrowing due within 1 year $	Borrowing due after 1 year $	Total $
Net debt as at 1 January 2018	121,057	(14,385)	(150,059)	(43,387)
Cash flows	(11,263)	1,335	13,219	3,291
Foreign exchange adjustments	141	--	--	141
Other changes	--	(169)	169	--
Net debt as at 1 January 2019	109,935	(13,219)	(136,671)	(39,955)
Cash flows	38,367	--	13,205	51,572
Foreign exchange adjustments	279	14	133	426
Net cash/(debt) as at 31 December 2019	148,581	(13,205)	(123,333)	12,043

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 Financial risk management (continued)

e. *Financial instruments by category*

Parent	**2019 $**	**2018 $**
Loans and receivables		
The accounting policies for financial instruments have been applied to the line items below:		
Trade receivables	27,347	21,882
Other receivables (excluding prepayments)	3,987	4,131
Cash at bank	148,141	116,470
	179,475	142,483
Financial asset at amortised cost	897	897
Financial assets at fair value through other comprehensive income	1,592	1,416
	181,964	144,796

The Company has no assets at fair value through profit or loss.

Other financial liabilities

Liabilities as per parent statement of financial position

Trade payables	3,252	3,758
Other payables (excluding statutory liabilities)	57,667	31,221
Due to subsidiary	6,418	6,233
Bank overdraft	--	6,815
Borrowings	136,538	149,890
	203,875	197,917

The Company has no liabilities at fair value through profit or loss.

Group

Loans and receivables

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

Trade receivables	27,347	21,882
Other receivables (excluding prepayments)	4,894	5,038
Cash at bank	148,493	116,698
	180,734	143,618
Financial asset at amortised cost	897	897
Financial assets at fair value through other comprehensive income	1,592	1,416
	183,223	145,931

The Group has no assets at fair value through profit or loss.

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 Financial risk management (continued)

e. *Financial instruments by category (continued)*

Group (continued)	2019 $	2018 $
Other financial liabilities		
Liabilities as per consolidated statement of financial position		
Trade payables	3,252	3,758
Other payables (excluding statutory liabilities)	60,526	33,785
Bank overdraft	--	6,815
Borrowings	136,538	149,890
	200,316	194,248

The Group has no liabilities at fair value through profit or loss.

(Expressed in Thousands of Trinidad and Tobago Dollars)

5 Property, plant and equipment – parent/group

The subsidiary has no property, plant and equipment.

	Land $	Own Site improvements $	Estate infrastructure $	Berths and piers $	Port equipment $	Buildings $	Equipment, furniture and fittings $	Capital work in progress $	Total $
Year ended 31 December 2019									
Opening net book amount	255,620	68,914	61,485	214,019	88,846	44,859	17,380	14,936	766,059
Additions	--	--	--	--	251	--	1,885	15,480	17,616
Transfers from capital work in progress	--	1,664	--	2,288	6,021	134	2,474	(12,581)	--
Revaluation	--	8,954	--	--	--	8,242	--	--	17,196
Disposals/adjustments	--	--	--	--	--	--	(88)	--	(88)
Depreciation	--	(5,697)	(779)	(5,972)	(13,441)	(1,781)	(5,298)	--	(32,968)
Closing net book amount	255,620	73,835	60,706	210,335	81,677	51,454	16,353	17,835	767,815
At 31 December 2019									
Cost/valuation	255,620	73,835	77,913	298,580	255,332	51,454	88,120	17,835	1,118,689
Accumulated depreciation	--	--	(17,207)	(88,245)	(173,655)	--	(71,767)	--	(350,874)
Net book amount	255,620	73,835	60,706	210,335	81,677	51,454	16,353	17,835	767,815
Year ended 31 December 2018									
Opening net book amount	255,620	72,802	61,679	152,219	87,403	46,470	22,131	62,487	760,811
Additions	--	282	582	--	6,985	--	1,573	29,599	39,021
Transfers from capital work in progress	--	1,595	--	66,403	8,690	166	296	(77,150)	--
Disposals/adjustments	--	--	--	--	--	--	(26)	--	(26)
Depreciation	--	(5,765)	(776)	(4,603)	(14,232)	(1,777)	(6,594)	--	(33,747)
Closing net book amount	255,620	68,914	61,485	214,019	88,846	44,859	17,380	14,936	766,059
At 31 December 2018									
Cost/valuation	255,620	80,657	77,912	296,293	249,257	48,407	86,604	14,936	1,109,686
Accumulated depreciation	--	(11,743)	(16,427)	(82,274)	(160,411)	(3,548)	(69,224)	--	(343,627)
Net book amount	255,620	68,914	61,485	214,019	88,846	44,859	17,380	14,936	766,059
At 31 December 2017									
Cost/valuation	255,620	78,780	77,330	229,890	233,582	48,240	84,901	62,487	1,070,830
Accumulated depreciation	--	(5,978)	(15,651)	(77,671)	(146,179)	(1,770)	(62,770)	--	(310,019)
Net book amount	255,620	72,802	61,679	152,219	87,403	46,470	22,131	62,487	760,811

5 Property, plant and equipment (continued)

a. *Accounting policy*

Land, own site improvements and buildings comprise mainly properties used in connection with the port operations and offices and are shown at fair value based on valuations by external independent valuators, less subsequent depreciation for buildings and own site improvements (land is not depreciated). Independent valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is adjusted to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land, own site improvements and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserves directly in equity; all other decreases are charged to the parent and consolidated statement of profit or loss and other comprehensive income. The difference between depreciation based on the revalued carrying amount of the asset charged to the parent and consolidated statement of profit or loss and other comprehensive income, and depreciation based on the asset's original cost is transferred from "revaluation reserve" to "retained earnings". See Note 15.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the parent and consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on assets (except land) is calculated at varying rates to allocate cost or revalued amounts of each asset to their residual values over their estimated remaining useful lives. Depreciation is calculated as follows:

Own site improvements	-	5%	straight-line basis
Estate infrastructure	-	1%	straight-line basis
Berths and piers	-	2%	straight-line basis
Port equipment	-	6.67%	straight-line basis
Buildings	-	3.33%	straight-line basis
Equipment, furniture and fittings	-	10% - 33.3%	reducing balance basis

Equipment, furniture and fittings comprise motor vehicles, computer equipment and other assets.

Based on independent professional advice, buildings are being written off over their estimated remaining useful lives, on the straight-line basis, over a period not in excess of thirty years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recorded within the parent and consolidated statement of profit or loss and other comprehensive income. On disposal of revalued assets, the amounts included in the revaluation reserves are transferred to retained earnings.

(Expressed in Thousands of Trinidad and Tobago Dollars)

5 **Property, plant and equipment (continued)**

b. *Significant fair value estimate*

The land, buildings and own site improvements were last revalued on 31 December 2019 by independent professional qualified valuers, Raymond & Pierre Chartered Valuation Surveyors.

The following table analyses the non-financial assets carried at fair value plus or minus the cost of additions or disposals less subsequent depreciation. The different levels of fair value measurements have been defined in Note 26 c.:

Fair value measurements using

	Quoted prices in active markets for identical assets (level 1) $	Significant other observable inputs (level 2) $	Significant unobservable inputs (level 3) $
As at 31 December 2019			
Recurring fair value measurements			
- Land	--	--	255,620
- Own site improvements	--	--	73,835
- Buildings	--	--	51,454

	Quoted prices in active markets for identical assets (level 1) $	Significant other observable inputs (level 2) $	Significant unobservable inputs (level 3) $
As at 31 December 2018			
Recurring fair value measurements			
- Land	--	--	255,620
- Own site improvements	--	--	68,914
- Buildings	--	--	44,859

There were no transfers between levels during the year.

The Group's management annually reviews the latest valuations performed by the independent valuator for financial reporting purposes. At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report;
- holds discussions with the independent valuator.

The property has been developed as an industrial estate with its own port facilities with emphasis on energy-based industries. The existing use is the highest and best to which the property could be put. The size and layout of the property was taken into consideration in the valuation. Based on the valuation the buildings appeared to be modern, structurally sound and in fair to good decorative condition and assumed to be adequate and appropriate for a structure of its size, type and use.

Level 3 fair values of land has been derived using the Sales Comparison Approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

Level 3 fair value of buildings and own site improvements have been derived using the Depreciated Replacement Cost Method. Under the Depreciated Replacement Cost Method, the gross replacement costs of the buildings were estimated and appropriate deductions were made for economic and functional obsolescence and environmental factors in order to arrive at a net or depreciated replacement cost. Gross replacement costs include the costs of infrastructural works and professional fees. The most significant input into this valuation approach is the construction price per square foot.

(Expressed in Thousands of Trinidad and Tobago Dollars)

5 Property, plant and equipment (continued)

b. *Significant fair value estimate (continued)*

The subsidiary has no property, plant and equipment.

	Land $	Own site improvements $	Buildings $	Total $
Opening balance 1 January 2019	255,620	68,914	44,859	369,393
Additions/transfers/ revaluation	--	10,618	8,376	18,994
Amounts recognised in profit or loss - Depreciation	--	(5,697)	(1,781)	(7,478)
Closing balance 31 December 2019	255,620	73,835	51,454	380,909

The subsidiary has no property, plant and equipment.

	Land $	Own site improvements $	Buildings $	Total $
Opening balance 1 January 2018	255,620	72,802	46,470	374,892
Additions/transfers	--	1,877	166	2,043
Amounts recognised in profit or loss - Depreciation	--	(5,765)	(1,777)	(7,542)
Closing balance 31 December 2018	255,620	68,914	44,859	369,393

c. *Carrying amounts that would have been recognised if land, buildings and own-site improvements were stated at cost*

If the land, buildings and own site improvements were stated on the historical cost basis, the amounts would be as follows:

	2019 $	2018 $
Cost	207,615	205,820
Accumulated depreciation	(73,810)	(70,585)
Net carrying amount	133,805	135,235

d. *Assets pledged as security*

Refer to Note 16 b. for information on property, plant and equipment pledged as security by the Group.

5 Property, plant and equipment (continued)

e. *Impairment assessment of non- financial assets of the Group*

At the statement of financial position date, the market capitalisation of the Group was significantly less than the net assets of the Group. Given this indicator of impairment management performed an impairment assessment to determine if the net assets of the Group were impaired.

The most significant asset groups included on the statement of financial position are investment properties of $2,117,487 and property, plant and equipment (PP&E) of $767,815.

Investment properties are carried at fair value (Note 6).

Land, buildings and site improvements of $380,909 within PP&E are also carried at fair value in accordance with the Group's accounting policies based on periodic independent valuations.

The focus of the impairment assessment was on the carrying amount of the remaining items in PP&E not carried at fair value. This relates primarily to berths and piers, port equipment and estate infrastructure. Management have determined that the port and estate operations comprise one cash generating unit. As the recoverable amount derived from the valuation of berths and piers was higher than the total amount of assets not carried at fair value, no impairment provision was required.

In determining the fair value less cost of disposal for impairment, management utilised valuation techniques to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. In carrying out this review, management engaged independent external valuators in determine a fair value for certain assets.

Due to the specialised nature of the port's berths and piers, management engaged external independent valuators for the valuation at the current year end date using the depreciated replacement cost (DRC) approach. Management considered this to be the most reliable method given relevant information, such as sales or rental transactions, is not readily available due to there being no public active market for specialised assets of this nature.

The DRC approach involves a number of complexities and judgments. The most significant are the estimation of the replacement cost new (RCN) defined as the current cost of a similar new asset having the nearest equivalent utility as the asset being appraised, as well as deductions for physical deterioration. The significant inputs and assumptions utilised include the following:

- Direct costs inclusive of materials, labour and equipment;
- Indirect costs including engineering, architect, and other professional fees;
- Construction finance;
- Entrepreneurial profit;
- Functional and economic obsolescence and;
- Estimation of physical deterioration.

(Expressed in Thousands of Trinidad and Tobago Dollars)

5 Property, plant and equipment (continued)

e. *Impairment assessment of non- financial assets of the Group (continued)*

The calculation of the fair value of the above assets are sensitive to the following assumptions used:

	2019 Increase in rate $	2019 Decrease in rate $
Change in discount rate – 5% (Decrease)/increase in fair value	(15,562)	15,562
Change in finance cost – 1% (Decrease)/increase in fair value	(7,158)	7,158
Change in entrepreneurial profit – 5% (Decrease)/increase in fair value	(20,401)	20,401

	2018 Increase in rate $	2018 Decrease in rate $
Change in discount rate – 5% (Decrease)/increase in fair value	(15,562)	15,562
Change in finance cost – 1% (Decrease)/increase in fair value	(7,158)	7,158
Change in entrepreneurial profit – 5% (Decrease)/increase in fair value	(20,401)	20,401

As the recoverable amount derived from the valuation of the port's berths and piers was higher than the carrying amount of the port and estate operations cash generating unit, management determined no impairment provision was required even with the sensitivity considerations noted above.

f. *Capital commitments*

	2019 $	2018 $
Authorised and contracted for and not provided for in the parent and consolidated financial statements	--	4,976

(i) *Depreciation charge*

Depreciation expense has been included in 'other operating expenses' in the parent and consolidated statement of profit or loss and other comprehensive income.

(ii) *Borrowing cost capitalised*

Included within the additions during the year is borrowing cost of $1,678 (2018: $3,777). The capitalisation rate is the interest rate applicable to the specific borrowing for the rehabilitation of the berths, in this case 5.00% (2018: 4.75%).

(Expressed in Thousands of Trinidad and Tobago Dollars)

6 Investment properties

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
1,811,205	1,963,650	30 year leases	1,963,650	1,811,205
57,255	56,482	96 years and longer leases	56,482	57,255
1,868,460	2,020,132		2,020,132	1,868,460
152,445	97,355	Unrealised fair value gains	97,355	152,445
2,020,905	2,117,487		2,117,487	2,020,905

a. *Accounting policy*

Investment properties, principally comprising freehold and leasehold land, are held for long term rental yields and are not occupied by the Group. All investment properties are carried at fair value, representing open market value determined annually by independent external valuators. The fair value of investment properties reflects, among other things, rental income from current leases, assumptions about rental income from future leases in light of current market conditions and active market prices adjusted, if necessary, for differences in the nature and location of properties. Changes in fair value are recorded in the parent and consolidated statement of profit or loss and other comprehensive income.

b. *Significant fair value estimate*

The Group's investment properties were valued at 31 December 2019 by independent professional qualified valuers, Raymond & Pierre Chartered Valuation Surveyors, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

The Group's Finance department reviews the valuations performed by the independent valuers for financial reporting purposes. This department reports directly to the Vice President of Business Services. Discussions of valuations processes and results are held between the Vice President of Business Services, the Estate department, the Finance department and the independent valuers at least once every quarter, in line with the Group's quarterly reporting dates.

At each financial reporting date the Finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior valuation report;
- holds discussions with the independent valuator.

The open market value represents the best price at which interest in a property might reasonably be expected to be sold at the end of the financial year. For all investment properties, their current use equates to the highest and best use. The valuation is based upon Open Market Value, which comprises both the Investment Method and Direct Capital Comparison Method.

Under the Investment Method, the estimated net rental income from a property by a year's purchase (multiplier) is calculated to arrive at a capital value for the property. The net income is derived from an estimated gross income less outgoings i.e. rates, insurance, repairs and management allowance. The present value is obtained by discounting at the risk free rates of 3.5% and 5%. The valuation for the 30 year leases also assumes that all tenants will have renewal clauses in their current leases which will extend the lease for an additional 30 years. Under the Direct Capital Comparison Method, sales of comparable acreage of the properties are analysed to determine a value for the leased land under consideration.

(Expressed in Thousands of Trinidad and Tobago Dollars)

6 Investment properties (continued)

b. *Significant fair value estimate (continued)*

The following table analyses the non-financial assets carried at fair value. The different levels of fair value measurements have been defined in Note 26 c.:

	Quoted prices in active markets for identical assets (level 1) $	Significant other observable inputs (level 2) $	Significant unobservable inputs (level 3) $
As at 31 December 2019			
Recurring fair value measurements			
- Investment properties	--	--	2,117,487
As at 31 December 2018			
Recurring fair value measurements			
- Investment properties	--	--	2,020,905

There were no transfers between levels during the year. Level 3 fair values have been derived using the Open Market Value Method. Evidence of arm's length open market transactions of similar lands were analysed and the results applied to the subject lands after taking into consideration appropriate adjustments for location, size and other relevant factors. The most significant input into this valuation approach is future rental cash inflows based on the actual location and quality of the properties and supported by the terms of any existing leases and market prices of land.

The methods used in the valuation of land, building and own site improvement have been classified as level 3 as the inputs used in the methods are not readily available to the public and assumptions applied are based on the experience and judgment of the valuators prior to being reviewed and adopted by Management.

c. *Other disclosures*

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
		The following amounts have been recognised in the parent and consolidated statement of profit or loss and other comprehensive income		
99,098	109,902	Lease rental income (Note 19)	109,902	99,098
(1,119)	(1,044)	Costs arising from investment properties	(1,044)	(1,119)

d. *Sensitivity analysis*

The calculation of the fair value of investment properties is sensitive to the assumptions used. The following table summarises how the fair value as at 31 December 2019 and 2018 would have changed as a result of a change in the discount rates used of 3.5% and 5%.

	2019 1% pa increase $	2019 1% pa decrease $
(Decrease)/increase in fair value	(290,460)	399,050

	2018 1% pa increase $	2018 1% pa decrease $
(Decrease)/increase in fair value	(285,445)	385,805

(Expressed in Thousands of Trinidad and Tobago Dollars)

7 Financial assets (excluding cash and cash equivalents)

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
897	897	Financial asset at amortised cost	897	897
		Financial assets at fair value through		
1,416	1,592	other comprehensive income	1,592	1,416
21,882	27,347	Trade receivables (Note 10)	27,347	21,882
4,131	3,987	Other receivables (excluding prepayments)	4,894	5,038
28,326	33,823		34,730	29,233

The above has been classified as follows in the parent and consolidated statement of financial position:

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
		Non-current assets		
897	897	Financial asset at amortised cost	897	897
		Financial assets at fair value through		
1,416	1,592	other comprehensive income	1,592	1,416
2,724	1,715	Trade receivables (Note 10)	1,715	2,724
		Current assets		
19,158	25,632	Trade receivables (Note 10)	25,632	19,158
4,131	3,987	Other receivables (excluding prepayments)	4,894	5,038
28,326	33,823		34,730	29,233

a. (i) *Financial assets*

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at Amortised Cost (AC), and
- Those to be measured subsequently at Fair Value Through Other Comprehensive Income (FVOCI).

The classification for debt instruments depends on the entity's Business Model for managing those assets. It also requires the entity to examine the contractual terms of cash flows, i.e. whether these represent 'Solely Payments of Principal and Interest' (SPPI).

The Business Model test requires the entity to assess the purpose for holding debt securities (hold to collect, hold to collect and sell or to trade). All the Group's debt instruments are held to collect cash flows and accordingly meet the 'hold to collect' criteria.

All debt instruments passing the Business Model and SPPI tests are classified at amortised cost.

All other instruments, including equities are carried at FVOCI. For assets measured at fair value, gains and losses are recorded in other comprehensive income.

7 Financial assets (excluding cash and cash equivalents) (continued)

a. (i) *Financial assets (continued)*

Classification (continued)

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments at amortised cost

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included within 'investment income' using the effective interest rate method.

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial assets (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the statement of profit of loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost.

7 **Financial assets (excluding cash and cash equivalents) (continued)**

a. (i) *Financial assets (continued)*

Debt instruments carried at amortised cost (continued)

Impairment (continued)

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1 – This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk.

Stage 2 – This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted.

Stage 3 – This category includes instruments that are in default.

The above categories exclude purchased or originated credit-impaired (POCI) financial assets. A financial asset is considered credit-impaired on purchase or origination if there is evidence of impairment at the point of initial recognition (for instance, if it is acquired at a deep discount). POCI financial assets are not included in Stages 1, 2 or 3, and are instead shown as a separate category.

Expected credit losses (ECL) is measured as follows:

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.

Instruments in Stages 2 or 3 or that are POCI have their ECL measured based on expected credit losses on a lifetime basis.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information, The Group utilised a probability-weighted assessment of the factors which it believes will have an impact on forward looking rates.

The formula for ECL is generally the 'Probability of Default' (PD) multiplied by the 'Exposure at Default' (EAD) multiplied by the 'Loss Given Default' (LGD). An adjustment is made to reflect the time value of money by considering the original effective interest rate on the individual instruments. The overall models involved in the use of various PD, EAD and LGD tables were then applied to the individual instruments based on several pre-determined criteria, including type, original tenor, time to maturity, whether they are in Stages 1, 2 or 3 and other indicators.

The process in arriving at the individual components of ECL and the forward-looking adjustments involved critical estimates and judgements.

(Expressed in Thousands of Trinidad and Tobago Dollars)

7 Financial assets (excluding cash and cash equivalents) (continued)

a. (i) *Financial assets (continued)*

Impairment (continued)

Trade receivables

The Group applies the simplified approach for trade receivables as permitted by IFRS 9 (Note 4 a.), which requires the expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies specific provisions for higher risk accounts using a risk-rating system based on certain factors, including financial condition of the customer. All other non-specific accounts were grouped together based on shared credit risk characteristics and aged using a 'provisions matrix'. Scaled loss rates were then calculated based on historical payment profiles. The loss rates were adjusted to incorporate forward-looking information and then applied to the different aging buckets as of the statement of financial position date.

b. *Financial assets at fair value through other comprehensive income*

PARENT			GROUP	
2018 $	2019 $		2019 $	2018 $
1,317	1,416	At beginning of year	1,416	1,317
99	176	Change in value transferred to equity	176	99
1,416	1,592	At end of year	1,592	1,416

Financial assets at FVOCI comprise solely of securities listed on the Trinidad and Tobago Stock Exchange and are denominated in Trinidad and Tobago dollars. The valuation method used is categorised as Level 1 as it utilises quoted prices in active markets. The different levels of fair value measurements have been defined in Note 26 c.

c. *Investment income*

PARENT 2018	PARENT 2019		GROUP 2019	GROUP 2018
579	898	Interest income – tax exempt	898	579
701	2,084	Other income	2,084	701
1,280	2,982		2,982	1,280

8 Taxation

a. *Taxation charge*

PARENT 2018	PARENT 2019		GROUP 2019	GROUP 2018
4,291	12,516	Corporation tax	12,516	4,291
109	2,495	Prior year under accrual for tax	2,500	109
--	--	Business levy - current year	464	444
590	(3,734)	Deferred income tax (Note 8 c.)	(3,734)	590
4,990	11,277		11,746	5,434

(Expressed in Thousands of Trinidad and Tobago Dollars)

8 Taxation (continued)

a. *Taxation charge (continued)*

The tax charge differs from the theoretical amount that would arise using the basic tax rate of 30% (2018: 30%) as follows:

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
169,294	126,152	Profit before taxation	126,698	169,770
50,788	37,845	Tax calculated at applicable tax rate	38,009	50,931
(46,405)	(29,986)	Allowances/income not subject to tax	(29,986)	(46,405)
1,802	2,879	Expenses not deductible for tax	2,949	1,870
109	2,495	Prior year under accrual for tax	2,500	109
(1,304)	(1,956)	Other movements	(2,190)	(1,515)
--	--	Business levy	464	444
4,990	11,277		11,746	5,434

b. *Accounting policy*

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the parent and consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent and consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax asset and liabilities relate to income taxes levied by the same taxation authority.

c. *Deferred taxation*

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
81,485	82,652	At beginning of year	82,652	81,485
--	3,875	Accelerated tax depreciation – property plant, and equipment revalued and own site improvements	3,875	--
140	62	Tax on remeasurement of defined benefit obligation recognised in other comprehensive income (Note 18 a.)	62	140
437	(683)	Tax on remeasurement of casual employee retirement benefit recognised in other comprehensive income (Note 18 b.)	(683)	437
590	(3,734)	(Credit)/charge for the year (Note 8 a.)	(3,734)	590
82,652	82,172	At end of year	82,172	82,652

(Expressed in Thousands of Trinidad and Tobago Dollars)

8 Taxation (continued)

c. *Deferred taxation (continued)*

Deferred income taxes are calculated in full, on temporary differences under the liability method using a principal tax rate of 30%. The deferred income tax (asset)/liability in the parent and consolidated statement of financial position and the deferred income tax charge/(credit) in the parent and consolidated statement of profit or loss and other comprehensive income are attributable to the following:

Parent/Group	2018 $	Charge to OCI $	Charge/ (credit) to SOCI $	2019 $
Year ended 31 December 2019				
Deferred income tax liabilities				
Accelerated tax depreciation – property, plant and equipment carried at cost	75,660	--	(2,956)	72,704
Accelerated tax depreciation – property, plant and equipment revalued and own site improvements	24,114	3,875	--	27,989
	99,774	3,875	(2,956)	100,693
Deferred income tax assets				
Casual employee retirement benefit	(8,075)	62	(1,428)	(9,441)
Retirement benefit obligation	(8,108)	(683)	22	(8,769)
Impairment of trade receivables under IFRS 9	(939)	--	628	(311)
	(17,122)	(621)	(778)	(18,521)
Net deferred income tax liabilities	82,652	3,254	(3,734)	82,172

Parent/Group	2017 $	Charge to OCI $	Charge/ (credit) to SOCI $	2018 $
Year ended 31 December 2018				
Deferred income tax liabilities				
Accelerated tax depreciation – property, plant and equipment carried at cost	72,238	--	3,422	75,660
Accelerated tax depreciation – property, plant and equipment revalued and own site improvements	25,390	--	(1,276)	24,114
	97,628	--	2,146	99,774
Deferred income tax assets				
Casual employee retirement benefit	(7,634)	437	(878)	(8,075)
Retirement benefit obligation	(8,509)	140	261	(8,108)
Impairment of trade receivables under IFRS 9	--	--	(939)	(939)
	(16,143)	577	(1,556)	(17,122)
Net deferred income tax liabilities	81,485	577	590	82,652

(Expressed in Thousands of Trinidad and Tobago Dollars)

9 Inventory

The inventory balance comprises consumable maintenance spares and is shown net of provision for obsolete spares of $1,829 (2018: $2,669). The movement related to an decrease of $839 in the provision for obsolete spares.

a. *Accounting policy*

Consumable spares are stated at cost, allowance having been made for slow moving and obsolete items. Cost is determined using the first-in, first-out (FIFO) method.

10 Trade and other receivables

PARENT			GROUP	
2018	2019		2019	2018
$	$		$	$
25,180	28,445	Trade receivables	28,445	25,180
(3,298)	(1,098)	Less: provision for impairment	(1,098)	(3,298)
21,882	27,347	Trade receivables – net	27,347	21,882
6,837	7,178	Other receivables and prepayments	8,363	7,744
--	(527)	Less: provision for impairment	(527)	--
12,685	12,662	Value added tax	12,662	12,685
41,404	46,660		47,845	42,311
(2,724)	(1,715)	Non-current portion	(1,715)	(2,724)
38,680	44,945	Current portion	46,130	39,587

a. *Accounting policy*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are amounts due from customers for rental fees or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non- current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Refer to Note 7 (a) (iv) for the Group's accounting policy for the impairment of trade receivables. The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the parent and consolidated statement of profit or loss and other comprehensive income. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the parent and consolidated statement of profit or loss and other comprehensive income within distribution costs. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against distribution costs in the parent and consolidated statement of profit or loss and other comprehensive income.

b. *Fair value of trade receivables*

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(Expressed in Thousands of Trinidad and Tobago Dollars)

10 Trade and other receivables (continued)

c. *Impairment and risk exposure*

Parent/Group	Current $	More than 30 days Past due $	More than 60 days past due $	More than 90 days past due $	Total $
31 December 2019					
Expected credit loss rate	0.46%	1.21%	1.96%	5.15%	
Gross carrying amount –					
Trade receivables	3,978	3,595	1,205	19,667	28,445
Loss allowance	18	43	24	1,013	1,098
31 December 2018					
Expected credit loss rate	0.98%	3.28%	38.40%	17.26%	
Gross carrying amount –					
Trade receivables	5,019	2,411	500	17,250	25,180
Loss allowance	49	79	192	2,978	3,298

Refer to Note 4 a. (iv) for the movements on the Group's provision for impairment of trade receivables.

Sensitivity analysis

The calculation of the ECL for trade receivables is sensitive to the assumptions used, specifically the forward looking rate. The following table summarises how the ECL as at 31 December 2019 and 31 December 2018 would have changed as a result of an increase in the forward looking rate used of 5% and 10%.

	2019 5% increase $	2019 10% increase $
Increase in ECL	52	104

	2018 5% increase $	2018 10% increase $
Increase in ECL	186	372

11 Cash and cash equivalents

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
24,227	50,193	Current bank and cash balances	50,547	24,458
92,292	98,034	Short-term bank deposits	98,034	92,292
116,519	148,227		148,581	116,750
(6,815)	--	Bank overdraft	--	(6,815)
109,704	148,227	Cash at bank and on hand	148,581	109,935

(Expressed in Thousands of Trinidad and Tobago Dollars)

11 Cash and cash equivalents (continued)

a. *Accounting policy*

For the purpose of presentation in the parent and consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, short-term bank deposits and bank overdrafts. Short term bank deposits are presented as cash and cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours' notice with no loss of interest. Bank overdrafts are shown in current liabilities in the parent and consolidated statement of financial position.

b. *Financial risk management*

The effective interest rates on cash and short-term deposits were between 0.20% and 1.30% (2018: 0.05% and 1.32%) per annum. Short term deposits have original maturities of three months or less. In 2018, the short term deposits had original maturities of three months or less.

The Group has unsecured overdraft facilities of $20,000. Interest is charged at the average rate of 8.63% per annum (2018: 8.25% per annum).

c. *Cash generated from operating activities*

PARENT			GROUP	
2018 $	2019 $		2019 $	2018 $
169,294	126,152	Profit before taxation	126,698	169,770
(152,445)	(97,355)	Unrealised fair value gains on investment properties	(97,355)	(152,445)
33,747	32,968	Depreciation	32,968	33,747
(1,346)	(1,673)	Decrease increase in provision for trade receivables	(1,673)	(1,346)
26	88	Loss on disposal of property, plant and equipment	88	26
957	530	Decrease in inventory	530	957
(9,094)	(3,583)	Increase in trade and other receivables	(3,861)	(9,116)
12,930	14,052	Pension expense in retirement benefit obligation	14,052	12,930
(13,799)	(13,920)	Company contributions paid in retirement benefit obligation	(13,920)	(13,799)
3,628	3,982	Net benefit cost in casual employee retirement benefit	3,982	3,630
(701)	(1,500)	Lumpsums paid in casual employee retirement benefit	(1,500)	(701)
2,743	4,938	Interest expense	4,940	2,743
(579)	(898)	Interest income	(898)	(579)
(316)	75	Decrease in deferred lease rental income	75	(316)
6,270	26,229	Increase in trade and other payables	26,548	6,480
51,315	90,085	Cash generated from operating activities	90,674	51,981

(Expressed in Thousands of Trinidad and Tobago Dollars)

12 Stated capital

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
		Authorised:		
		An unlimited number of ordinary shares of no par value		
		An unlimited number of preference shares of no par value		
		Issued and fully paid:		
		39,625,684 ordinary shares		
139,968	139,968	of no par value	139,968	139,968

a. *Accounting policy*

Share capital

Ordinary shares have no par value and entitle the holder to participate in dividends, and to share in the proceeds of winding up the parent company in proportion to the number of the shares held. On show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll share is entitled to one vote.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's directors.

b. *Dividends declared and payable*

On 20 March 2020, the Board of Directors approved a final dividend of 14¢ per share, amounting to $5,548 in respect of the year ended 31 December 2019. On 26 March 2019, the Board of Directors approved a final dividend of 12¢ per share, amounting to $4,755 in respect of the year ended 31 December 2018.

13 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by dividing the profit for the period attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year plus allocated shares held by the ESOP Trustee.

(Expressed in Thousands of Trinidad and Tobago Dollars)

13 Earnings per share (continued)

	PARENT 2019 $	PARENT 2018 $
Profit for the year	114,875	164,304
Weighted average number of shares (excluding treasury shares) 39,395,684 (2018 - 39,395,684)		
Basic earnings per share	292¢	415¢
Weighted average number of shares (excluding allocated shares) 39,619,684 (2018 - 39,619,684)		
Diluted earnings per share	290¢	412¢

	GROUP 2019 $	GROUP 2018 $
Profit for the year	114,952	164,336
Weighted average number of shares (excluding treasury shares) 39,395,684 (2018 - 39,395,684)		
Basic earnings per share	292¢	415¢
Weighted average number of shares (excluding allocated shares) 39,619,684 (2018 - 39,619,684)		
Diluted earnings per share	290¢	412¢

14 Employee share ownership plan (ESOP) – parent/group

	No of shares	2019 $	2018 $
Fair value of shares held – unallocated	6	34	34
Fair value of shares held – allocated	224	829	829
	230	863	863
Cost of unallocated ESOP shares		32	32
Charge to earnings for shares allocated to employees		--	--

a. *Accounting policy*

The parent company operates an Employee Share Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the parent company based on a set formula. Employees may acquire additional company shares to be held in trust by the Trustees but the costs of such purchases are for the employee's account. All permanent employees of the parent company and its subsidiary (Note 1) are eligible to participate in the Plan that is directed by a Management Committee comprising management of the company and representatives of the general membership. Independent Trustees are engaged to hold in trust all shares in the Plan as well as to carry out the necessary administrative functions. Shares acquired by the ESOP are funded by the parent company contributions and cash advances by the parent company to the ESOP. The cost of the shares so acquired and which remain unallocated to employees have been recognised in Shareholders' Equity under 'Treasury Shares'.

(Expressed in Thousands of Trinidad and Tobago Dollars)

14 Employee share ownership plan (ESOP) – parent/group (continued)

a. *Accounting policy (continued)*

The fair value of allocated shares are measured using the closing market price prevailing on the Trinidad and Tobago Stock Exchange at the year-end. A liability is recorded for this amount.

The Company has determined it has control over the Plan as:

- the Company has power over the relevant activities of the employee share trust;
- the Company has exposure, or rights, to variable returns from its involvement with the employee share trust; and
- the Company has the ability to use its power over the employee share trust to affect the amount of the Company's returns.

The consolidation of the plan was immaterial to these parent and consolidated financial statements.

15 Revaluation reserves

a. *Nature and purpose of revaluation reserves*

The revaluation reserves include the following amounts:

Revaluation surplus – property, plant and equipment:

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings (Note 5).

Financial assets at fair value through other comprehensive income:

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 7(b.). These changes are accumulated within the investment revaluation reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised .

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
249,960	246,688	At beginning of year	246,688	249,960
99	176	Fair value loss of financial assets at fair value through other comprehensive income (Note 7 b.)	176	99
--	(3,875)	Deferred tax on accelerated tax depreciation – property, plant and equipment revalued and site improvements	(3,875)	--
--	17,196	Revaluation of property, plant and equipment	17,196	--
(3,371)	(2,977)	Transfer/adjustment to retained earnings	(2,977)	(3,371)
246,688	257,208	At end of year	257,208	246,688

b. *Property, plant and equipment*

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
249,581	246,210	At beginning of year	246,210	249,581
--	17,196	Revaluation of property, plant and equipment	17,196	--
--	(3,875)	Deferred tax on accelerated tax depreciation – property, plant and equipment revalued and site improvements	(3,875)	--
(3,371)	(2,977)	Transfer/adjustment to retained earnings	(2,977)	(3,371)
246,210	256,554	At end of year	256,554	246,210

(Expressed in Thousands of Trinidad and Tobago Dollars)

15 Revaluation reserves (continued)

c. *Financial assets at fair value through other comprehensive income*

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
379	478	At beginning of year	478	379
99	176	Fair value gain of financial assets at fair value through other comprehensive income (Note 7 b.)	176	99
478	654	At end of year	654	478

16 Long and medium-term borrowings

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
149,194	135,982	First Citizens Bank Limited	135,982	149,194
696	556	Ansa Merchant Bank Limited	556	696
149,890	136,538		136,538	149,890

The above has been classified as follows in the parent and consolidated statement of financial position:

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
		Non-current liabilities		
136,671	123,333	Long and medium-term borrowings	123,333	136,671
		Current liabilities		
13,219	13,205	Long and medium-term borrowings	13,205	13,219
149,890	136,538		136,538	149,890

a. *Accounting policy*

Recognition and measurement

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the parent and consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

The Group capitalises general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

b. *Loan agreements*

(i) *First Citizens Bank Limited*

Facility (ii) is for US$12,390 of which US$10,372 was drawn down to settle existing loans. The financing arrangement allows for a full drawdown of the loan to be repayable over 10 years by 19 semi-annual principal and interest instalments of US$346 and a final bullet payment of US$3,668. The interest rate is Libor plus 2.6743% per annum, to be reset semi-annually subject to a floor rate of 3% per annum. The current effective interest rate per annum is 4.57918%. The schedule of repayment on the drawn balance is reflected in Note 16 e. The balance as at 31 December 2019 was TT$45,850.

(Expressed in Thousands of Trinidad and Tobago Dollars)

16 Long and medium-term borrowings (continued)

b. *Loan agreements (continued)*

(i) *First Citizens Bank Limited (continued)*

Facility (iii) is for TT$117,743 which was fully drawn as at 31 December 2016 for infrastructural work to the Port. The financing arrangement allows for a full drawdown of the loan to be repayable over 10 years with a one year moratorium on principal. The repayment terms consist of semi-annual principal payments of TT$3,925 and a final bullet payment of TT$51,022. The interest rate is Prime less 4.5% per annum subject to a floor rate of 3% per annum. The current effective interest rate per annum is 5%. The schedule of repayment on the drawn balance is reflected in Note 16 e. The balance as at 31 December 2019 was TT$86,345.

Facility (iv) is for TT$15,000 to be drawn in either Trinidad & Tobago Dollars or equivalent United States Dollars. This facility is to assist with working capital requirements. Interest payments to be serviced monthly; principal to be repaid within ninety (90) days of each drawdown. The interest rate for amounts drawn in Trinidad & Tobago Dollars is Prime less 1.0% per annum subject to a floor rate of 6% per annum. Amounts drawn in United States Dollars accrues interest at LIBOR plus 4.0% per annum subject to a floor rate of 4% per annum. There was no drawdown of this facility at year end.
Facility (v) is for US$800 which was fully drawn as at 31 October 2016. The financing arrangement allows for a full drawdown of the loan to be repayable over 5 years. The repayment terms consist of semi-annual principal payments of US$40. The interest rate is Libor plus 2.6743% per annum, to be reset semi-annually subject to a floor rate of 3% per annum. The current effective interest rate per annum is 4.65230%. The balance as at 31 December 2019 was TT$3,787.

Security on Facility (iv) is a Debenture Charge stamped to cover the aggregate amount of $20,000 over the fixed and floating assets of the Corporation.

Security on Facilities (ii) and (iii) is a Debenture Charge over the fixed and floating assets of the Corporation and a collateral chattel mortgage over the equipment financed.

Assignment of all risk insurance.

(ii) *Ansa Merchant Bank Limited*

On 1 October 2017 and 30 November 2017, the Corporation established hire purchase facilities with Ansa Merchant Bank Limited to purchase 3 new vehicles. The repayment terms consist of monthly principal payments of TT$12. The balance as at 31 December 2019 was TT$556.

c. *Fair value*

The fair values are not materially different to their carrying amounts since the interest payable on these borrowings are at floating rates (i.e. current market rates).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2019 $	2018 $
US dollar	49,636	55,000
TT dollar	86,902	94,890
	136,538	149,890

(Expressed in Thousands of Trinidad and Tobago Dollars)

16 Long and medium-term borrowings (continued)

d. *Sensitivity analysis - variable rate instruments*

	Increase/(decrease) in PRIME %	(Decrease)/increase effect on profit $
2019	+20	(935)
	-15	701
2018	+20	(963)
	-15	723

	Increase/(decrease) in LIBOR %	(Decrease)/increase effect on profit $
2019	+20	(572)
	-15	429
2018	+20	(573)
	-15	430

e. *Contractual cash flows of floating rate borrowings*

Group	< 1 year $	1-2 years $	2-5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
31 December 2019						
Borrowings	19,779	19,129	123,088	1,152	163,148	136,538

	< 1 year $	1-2 years $	2-5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
31 December 2018						
Borrowings	20,635	23,901	63,933	79,096	187,565	149,890

17 Staff costs

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
145,263	163,047	Wages, salaries and benefits	162,237	144,506
12,930	14,052	Retirement benefit obligation expense (Note 18 a.)	14,052	12,930
3,628	3,982	Casual employee retirement benefit expense (Note 18 b.)	3,982	3,628
161,821	181,081		180,271	161,064

(Expressed in Thousands of Trinidad and Tobago Dollars)

17 Staff costs (continued)

a. *Accounting policy*

Termination benefits

Benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating employment of current employees according to a formal plan without the possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Bonus plans

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for bonus plans are expected to be settled within 12 months.

Employee share ownership plan

The Group accounts for profit sharing entitlements which are settled in the shares of the parent company through an Employee Share Ownership Plan (ESOP) as an expense determined at market value. The cost of the unallocated shares of the parent company is recognised as a separate component within equity.

Post retirement benefits

Pension obligations (Note 18 a. (i)).

Casual employee retirement benefit (Note 18 b.(i)).

18 Long term employee benefits

a. *Retirement benefit obligation*

The Group operates a defined benefit pension plan for its eligible employees regulated by the Insurance Act Chapter 84:01 of Trinidad and Tobago. The plan is a final salary pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The plan is operated in accordance with a Trust Deed between the parent company and First Citizens Trustee Services Limited dated 19 July 1985. Fund managers appointed by the trustees of the plan administer the funds of the plan. The pension plan is generally funded by payments from employees and the parent company, taking account of the recommendations of independent qualified actuaries.

There were no plan amendments, curtailments and settlements during the year.

	2019 $	2018 $
Net liability in the parent and consolidated statement of financial position (parent/group)		
Present value of defined benefit obligation	243,634	217,119
Fair value of assets	(216,682)	(190,093)
Net defined benefit liability	26,952	27,026

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Long term employee benefits (continued)**

a. *Retirement benefit obligation (continued)*

Reconciliation of opening and closing parent and consolidated statement of financial position entries (parent/group)	**2019 $**	**2018 $**
Opening defined benefit liability	27,026	28,360
Pension expense	14,052	12,930
Re-measurements recognised in other comprehensive income	(206)	(465)
Company contributions paid	(13,920)	(13,799)
Closing defined benefit liability	26,952	27,026

(i) *Accounting policy*

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on the following factors age, years of service and compensation.

The liability recognised in the parent and consolidated statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligations less the fair value of plan assets at the financial position date, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method, and a full valuation is done every three years. Roll forward valuations, which are less detailed than full valuations are performed annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities 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 obligation. 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.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(ii) *Movement in present value of defined benefit obligation*

	2019	2018
Defined benefit obligation at start of year	217,119	204,977
Current service cost	12,004	10,876
Interest cost	12,158	11,463
Members' contributions	2,904	2,876
Experience adjustments	3,546	(6,311)
Actuarial losses	2,821	--
Benefits paid	(6,918)	(6,762)
Defined benefit obligation at end of year	243,634	217,119

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Long term employee benefits (continued)**

a. *Retirement benefit obligation (continued)*

(ii) *Movement in present value of defined benefit obligation (continued)*

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

	2019	2018
Active members	69%	67%
Deferred members	4%	4%
Pensioners	27%	29%
The weighted average duration of the defined benefit obligation at year end	15.4yrs	15.3yrs

96% (2018: 96%) of the active member benefits are vested.
30% (2018: 32% of the active member defined benefit obligation is conditional on future salary increases.

(iii) *Movement in fair value of plan assets*

	2019 $	2018 $
Plan assets at start of year	190,093	176,617
Interest income	10,708	9,968
Return on plan assets, excluding interest income	6,572	(5,846)
Company contributions	13,920	13,799
Members' contributions	2,904	2,876
Benefits paid	(6,918)	(6,762)
Expense allowance	(597)	(559)
Fair value of plan assets at end of year	216,682	190,093
Actual return on plan assets	17,280	4,122
Asset allocation		
Locally listed equities	44,581	42,112
Overseas equities	19,398	15,403
Government bonds	67,887	59,592
Corporate bonds	74,082	63,846
Cash and cash equivalents	6,643	5,034
Other (immediate annuity policies)	4,091	4,106
Fair value of plan assets at end of year	216,682	190,093

The asset values as at 31 December 2019 were provided by the Plan's Investment Manager (First Citizens Trustee Services Limited). Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve. The value of the Plan's annuity policies with CLICO was estimated using the same assumptions used to calculate the defined benefit obligation. The value of these policies is not quoted and is reliant on CLICO's financial strength.

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 Long term employee benefits (continued)

a. *Retirement benefit obligation (continued)*

(iii) *Movement in fair value of plan assets (continued)*

The Plan's assets are invested in accordance with a strategy agreed between 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 and 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 other than the decision to purchase immediate annuity policies to secure some pensions in payment and in deferment.

(iv) *Funding*

The Group meets the balance of the cost of funding of the defined benefit pension plan and the Group must pay contributions at least equal to those paid by members, 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 $16.4 million to the pension plan during 2020.

(v) *Expense recognised in the parent and consolidated statement of profit or loss and other comprehensive income*

	2019 $	2018 $
Current service cost	12,004	10,876
Net interest on net defined benefit liability	1,450	1,495
Administration expense allowance	598	559
Pension expense (Note 17)	14,052	12,930

(vi) *Remeasurements recognised in other comprehensive income*

	2019	2018
Experience gains	(206)	(466)
Deferred income tax (Note 8 c.)	62	140
Total amount recognised in other comprehensive income	(144)	(326)

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 Long term employee benefits (continued)

a. *Retirement benefit obligation (continued)*

(vii) *Significant accounting estimate*

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 for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of obligations.

The parent company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the parent company considers the interest rates of long term Government securities 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.

	2019 Per annum	**2018 Per annum**
Summary of principal assumptions		
Discount rate	5.50%	5.50%
Underlying salary and wage inflation	4.00%	4.00%
Promotional/merit increases	1.00%	1.00%
Average individual salary increases	5.00%	5.00%
Future pension increases	0.00%	0.00%

These assumptions affect the deferred tax asset calculated on the pension benefit liability. The most recent completed actuarial valuation was as at 31 December 2019.

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at year end are as follows:

	2019	**2018**
Life expectancy at age 60 for current pensioner in years		
Male	21.7	21
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

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at 31 December 2019 and 2018 would have changed as a result of a change in the assumptions used.

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 Long term employee benefits (continued)

a. *Retirement benefit obligation (continued)*

(vii) *Significant accounting estimate (continued)*

	Impact on defined benefit obligation					
	Change in Assumptions		Increase in assumptions		Decrease in assumptions	
	2019	2018	2019	2018	2019	2018
Discount rate	1%pa	1%pa	-13.0%	-13.0%	+16.4%	+16.4%
Future salary increases	1%pa	1%pa	+5.8%	+6.1%	-5.1%	-5.3%
Life expectancy	1 year	1 year	+1.3%	+1.4%	-1.3%	-1.4%

These sensitivities were computed by re-calculating the defined benefit obligations using the revised assumptions. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the prior year.

b. *Casual employee retirement benefit*

The Group implemented a retirement benefit for casual employees in 2013 in accordance with its collective agreement. The benefit is for eligible employees who met several criteria as agreed with the bargaining body and the benefit is managed in house and financed by the Group. Lump sums will be paid as they fall due.

	2019 $	2018 $
Net liability in the parent and consolidated statement of financial position (parent/group)		
Present value of casual employee retirement benefit obligation	31,675	26,915
Reconciliation of opening and closing statement of financial position entries (parent/group)		
Opening net retirement benefit liability	26,915	25,445
Net benefit cost	3,982	3,628
Re-measurements recognised in other comprehensive income	2,278	(1,457)
Lump sums paid	(1,500)	(701)
Closing casual employee retirement benefit liability	31,675	26,915

(i) *Accounting policy*

The liability recognised in the parent and consolidated statement of financial position in respect of casual employee retirement benefit is the present value of the obligation at the financial position date, together with adjustments for unrecognised actuarial gains or losses.

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Long term employee benefits (continued)**

b. *Casual employee retirement benefit (continued)*

(i) *Accounting policy (continued)*

The liability recognised in the parent and consolidated statement of financial position in respect of casual employee retirement benefit is the present value of the obligation at the financial position date, together with adjustments for unrecognised actuarial gains or losses.

The casual employee retirement benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the casual employee retirement benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities 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 benefit obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

(ii) *Funding*

The Group pays the termination lump sums as they fall due. The Group expects to pay lump sums of $1,361 in 2020 ($1,119 in 2019).

(iii) *Movement in present value of casual employee retirement benefit obligation*

	2019 $	2018 $
Obligation at start of year	26,915	25,445
Current service cost	2,475	2,188
Interest cost	1,507	1,440
Experience adjustments	2,278	(1,457)
Benefits paid	(1,500)	(701)
Obligation at end of year	31,675	26,915

The casual employee retirement benefit obligation is allocated between the members as follows:

	2019	2018
Casual employees	90%	90%
Former casual employees made permanent	9%	8%
Outstanding benefits	1%	2%
The weighted average duration of the retirement benefit obligation at year end	14.3yrs	14.3yrs

17% (2018: 18%) of the benefits are vested.
41% (2018: 41%) of the retirement obligation is conditional on future salary increases.

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 Long term employee benefits (continued)

b. *Casual employee retirement benefit (continued)*

(iv) *Expense recognised in the other comprehensive income*

	2019 $	2018 $
Current service cost	2,475	2,188
Net interest on net retirement benefit liability	1,507	1,440
Casual employee retirement benefit expense (Note 17)	3,982	3,628

(v) *Re-measurements recognised in other comprehensive income*

	2019 $	2018 $
Experience losses/(gains)	2,278	(1,457)
Deferred income tax (Note 8 c.)	(683)	437
Total amount recognised in other comprehensive income	1,595	(1,020)

(vi) *Significant accounting estimate*

The present value of the retirement benefit 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 for the benefit include the discount rate. Any changes in these assumptions will impact the carrying amount of obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Group considers the interest rates of long term Government securities 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 benefit liability.

Other key assumptions for casual employee retirement benefit are based in part on current market conditions.

	2019 Per annum	2018 Per annum
Summary of principal assumptions		
Discount rate	5.50%	5.50%
Average individual pay increases	4.00%	4.00%

There is limited experience data on casual employees hence management has used the same assumptions as that of the pension plan.

These assumptions affect the deferred tax asset calculated on the casual employee retirement benefit liability.

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 Long term employee benefits (continued)

b. *Casual employee retirement benefit (continued)*

(vi) *Significant accounting estimate (continued)*

Sensitivity analysis

The calculation of the casual employee retirement benefit obligation is sensitive to the assumptions used. The following table summarises how the retirement benefit obligation as at 31 December 2019 and 2018 would have changed as a result of a change in the assumptions used.

	Change in Assumptions		Impact on defined benefit obligation: Increase in assumptions		Impact on defined benefit obligation: Decrease in assumptions	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate	1%pa	1%pa	-12.3%	-12.3%	+15.0%	+15.0%
Future salary increases	1%pa	1%pa	+14.1%	+14.0%	-11.8%	-11.7%

These sensitivities were computed by re-calculating the casual employee retirement benefit obligation using the revised assumptions. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the prior year.

19 Revenue

a. *Accounting policy*

Revenue recognition

Revenue represents the amounts earned for lease rents, port and warehousing services and management fees.

Revenue from port and warehousing services and management fees is recognised in accordance with IFRS 15 and is recognised in the accounting period in which the services are rendered. This is determined based on the actual labour hours spent relative to the total expected labour hours. Revenue is governed by an established tariff. The tariff details all services offered by the Corporation - Port and Warehouse. Revenue from providing services, for marine, mooring and unmooring, container handling, and storage rent etc. are recognised in the accounting period in which the services are rendered.

Revenue earned as rental income is recognised on an accrual basis in accordance with the terms of the individual lease agreements with tenants in accordance with IFRS 16. Lease premiums are deferred and recognised as revenue over the term of the lease. Leases between the parent company and tenants on the Industrial Estate are usually of two types, 30 year leases and 96 years and longer leases. The premiums received on 96 year leases are accounted for on a deferral basis. They are taken into income in equal annual amounts over the lives of the leases. Commitment fees received on all leases are taken into income upon receipt.

(Expressed in Thousands of Trinidad and Tobago Dollars)

19 Revenue (continued)

b. *Disaggregation of revenue from contracts with customers*

The Group derives revenue at a point in time from Cargo Handling Operations and Support departments.

	Port and related activities $	Support activities $	Total $
Year ended 31 December 2019			
Revenue	203,090	912	204,002
Timing of revenue recognition			
At a point in time	203,090	912	204,002
Year ended 31 December 2018			
Revenue	178,897	1,794	180,691
Timing of revenue recognition			
At a point in time	178,897	1,794	180,691

The revenue reported to the chief operating decision makers is measured in a manner consistent with that in the parent and consolidated statement of profit or loss and other comprehensive income.

c. *Revenue from lease income*

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term (Note 24). The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Revenue from estate was $109,902 (2018: $99,098)

d. *Liabilities related to contracts with customers*

The Group has no liabilities related to contracts with customers:

20 Trade and other payables

PARENT			GROUP	
2018 $	2019 $		2019 $	2018 $
3,758	3,252	Trade payables	3,252	3,758
32,545	59,095	Other payables and accruals	65,242	38,188
36,303	62,347		68,494	41,946
6,233	6,418	Due to subsidiary	--	--
42,536	68,765		68,494	41,946

Included within other payables and accruals is an amount for the provision for property tax of $1,933 (2018: $1,935).

20 Trade and other payables (continued)

a. *Accounting policy*

Trade payables

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the end of the reporting period.

b. *Fair value of trade payables*

Due to the short term nature of the current payables, their carrying amount is assumed to be the same as their fair value.

21 Segment information

a. *Accounting policy*

Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the President and the management team, which is the team responsible for allocating resources and assessing performance of the operating segments and is also responsible for making strategic decisions. The Group's executive management team, consisting of the President, the Vice Presidents of Business Services, Port and Technical, examines the Group's performance from an operations perspective and has identified two reportable segments of its business.

(i) Port operations – This covers services supplied for the import, export and transhipment of containers and general cargo. The fees for these services include handling charges, storage rents, stuffing/unstuffing and other miscellaneous services. These are all based on an established tariff.

(ii) Estate operations – This covers operations involved in the development, maintenance and supply of onshore infrastructure which are leased to tenants at contracted rates as charged for occupancy, wayleaves and common service charges.

These are the reportable segments of the Group as they form the basis used by the President and management team, as the chief operating decision makers, for assessing performance and allocating resources.

(Expressed in Thousands of Trinidad and Tobago Dollars)

21 **Segment information (continued)**

a. *Accounting policy (continued)*

These reported segments are closely integrated as the viability of one segment depends on the continued operations of the other. As such, the operation comprises one cash generating unit, which is taxed as one unit and for which other expenses do not relate entirely to one segment.

b. *Segment operations*

Parent

	Port and related activities $	Estate $	Support activities $	Total $
Year ended 31 December 2019				
Revenue	203,090	109,902	912	313,904
Gross profit	100,359	109,902	912	211,173
Unrealised fair value gains on investment properties	--	97,355	--	97,355
Depreciation	(30,401)	(1,044)	(1,523)	(32,968)
Repairs and maintenance	(21,502)	(497)	(2,046)	(24,045)
Other expenses – net	(59,837)	(7,077)	(52,359)	(119,273)
Finance costs	(5,554)	--	(536)	(6,090)
Profit before taxation				126,152
Year ended 31 December 2018				
Revenue	178,897	99,098	1,794	279,789
Gross profit	88,988	99,098	1,794	189,880
Unrealised fair value gains on investment properties	--	152,445	--	152,445
Depreciation	(30,981)	(1,081)	(1,685)	(33,747)
Repairs and maintenance	(17,747)	(573)	(3,801)	(22,121)
Other expenses – net	(54,723)	(8,328)	(50,440)	(113,491)
Finance costs	(3,255)	--	(417)	(3,672)
Profit before taxation				169,294

(Expressed in Thousands of Trinidad and Tobago Dollars)

21 Segment information (continued)

b. *Segment operations (continued)*

Group

	Port and related activities $	Estate $	Support activities $	Total $
Year ended 31 December 2019				
Revenue	203,090	109,902	912	313,904
Gross profit	101,503	109,902	912	212,317
Unrealised fair value gains on investment properties	--	97,355	--	97,355
Depreciation	(30,401)	(1,044)	(1,523)	(32,968)
Repairs and maintenance	(21,502)	(497)	(2,046)	(24,045)
Other expenses – net	(60,434)	(7,077)	(52,359)	(119,870)
Finance costs	(5,555)	--	(536)	(6,091)
Profit before taxation				126,698
Year ended 31 December 2018				
Revenue	178,897	99,098	1,794	279,789
Gross profit	90,080	99,098	1,794	190,972
Unrealised fair value gains on investment properties	--	152,445	--	152,445
Depreciation	(30,981)	(1,081)	(1,685)	(33,747)
Repairs and maintenance	(17,747)	(573)	(3,801)	(22,121)
Other expenses – net	(55,336)	(8,328)	(50,441)	(114,105)
Finance costs	(3,257)	--	(417)	(3,674)
Profit before taxation				169,770

The revenue reported to the chief operating decision makers is measured in a manner consistent with that in the parent and consolidated statement of profit or loss and other comprehensive income.

(Expressed in Thousands of Trinidad and Tobago Dollars)

21 Segment information (continued)

c. *Segment assets*

	Port and Related activities $	Estate $	Support activities $	Total $
Total segment assets				
Parent				
31 December 2019	554,614	2,330,119	47,791	2,932,524
31 December 2018	561,219	2,222,408	45,866	2,829,493
Group				
31 December 2019	555,822	2,330,119	47,767	2,933,708
31 December 2018	562,126	2,222,408	45,866	2,830,400

Total assets are measured in a manner consistent with that of the parent and consolidated financial statements. These assets are allocated based on the operations of the segment. Reportable segments' assets are reconciled to total assets as follows:

PARENT 31 December 2018 $	PARENT 31 December 2019 $		GROUP 31 December 2019 $	GROUP 31 December 2018 $
2,829,493	2,932,524	Total segment assets	2,933,708	2,830,400
116,519	148,227	Cash and cash equivalents	148,581	116,750
17,122	18,521	Deferred income tax	18,521	17,122
17,624	17,833	Other assets	18,253	18,043
2,980,758	3,117,105	Total assets as per statement of financial position	3,119,063	2,982,315

Total segment assets include additions to property, plant and equipment as follows:

	Port and Related activities $	Estate $	Support activities $	Total $
Parent/ Group				
31 December 2019	10,547	6,905	164	17,616
31 December 2018	34,901	3,456	664	39,021

d. *Segment liabilities*

Total liabilities are centrally managed and are not allocated by segments.

(Expressed in Thousands of Trinidad and Tobago Dollars)

22 Expenses by nature

PARENT			GROUP	
2018 $	2019 $		2019 $	2018 $
161,821	181,081	Staff costs (Note 17)	180,271	161,064
33,747	32,968	Depreciation (Note 5)	32,968	33,747
14,797	16,685	Utilities	16,685	14,797
12,400	15,761	Repairs and maintenance spares utilised	15,761	12,400
9,721	8,284	Repairs and maintenance on property, plant and equipment	8,284	9,721
7,427	4,520	Other	4,521	5,619
7,040	9,592	Office expenses	9,855	7,309
5,619	2,890	Insurance	2,890	7,427
3,311	2,636	Vehicle and transport	2,636	3,311
2,202	5,490	Legal and professional fees	5,490	2,202
1,864	1,984	Communication	1,983	1,874
1,115	779	Marketing	779	1,115
829	829	Directors' remuneration	829	829
(79)	(106)	Impairment loss	(106)	(79)
(1,266)	(1,394)	Bad debts	(1,394)	(1,266)
260,548	281,999	Total cost of providing services, administrative expenses and other operating expenses	281,452	260,070

23 Contingent liabilities

a.	Customs bonds	2,950	2,250

b. The Corporation is a party to various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not result in any significant additional liabilities and therefore no provision has been made in these parent and consolidated financial statements.

24 Leases

This note provides information for leases where the group is a lessee. For leases where the group is a lessor, see Note 6(c).

The lease liability was not material to be presented in the parent and consolidated statement of financial position.

a. *Accounting policy*

The Group leases vehicles and printers. Rental contracts are typically made for fixed periods of 3 years for vehicles and a month by month basis for printers.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

24 Leases (continued)

a. *Accounting policy (continued)*

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments(including in substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Corporation, which does not have recent third party financing, an
- makes adjustments specific to the lease, e.g. term, country, currency and security

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

(Expressed in Thousands of Trinidad and Tobago Dollars)

24 **Leases (continued)**

Extension and termination options

Extension and termination options are included in the vehicles lease across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

25 **Deferred lease rental income**

	2019 $	2018 $
Current liability	4,820	4,474
Non-current liability	57,023	58,066
	61,843	62,540

PARENT 2018 $	PARENT 2019 $		GROUP 2019 $	GROUP 2018 $
		At beginning of year:		
5,601	5,285	30 year leases and unearned revenue	5,285	5,601
58,029	57,255	96 years and longer leases	57,255	58,029
63,630	62,540		62,540	63,630
98,008	109,205	Amounts received during the year	109,205	98,008
161,638	171,745		171,745	161,638
(99,098)	(109,902)	Income brought into account (Note 21b.)	(109,902)	(99,098)
62,540	61,843	At end of year	61,843	62,540
		Summarised as follows:		
5,285	5,360	30 year leases and unearned revenue	5,360	5,285
57,255	56,483	96 years and longer leases	56,483	57,255
62,540	61,843		61,843	62,540
(58,066)	(57,023)	Less: long-term portion	(57,023)	(58,066)
4,474	4,820	Current portion	4,820	4,474

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease.

Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

(Expressed in Thousands of Trinidad and Tobago Dollars)

25 **Deferred lease rental income (continued)**

	2019 $	2018 $
Within 1 year	4,820	4,474
Between 1 and 2 years	1,050	1,050
Between 2 and 3 years	1,050	1,050
Between 3 and 4 years	1,050	1,050
Between 4 and 5 years	1,254	1,525
Later that 5 years	52,619	53,391
	61,843	62,540

26. Summary of significant accounting policies

This Note provides a list of the significant accounting policies adopted in the preparation of these parent and consolidated financial statements to the extent they have not already been disclosed in the other Notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Point Lisas Industrial Port Development Corporation Limited and its subsidiary, Point Lisas Terminals Limited.

a. *Basis of preparation*

(i) *Compliance with IFRS*

These parent and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to Companies reporting under IFRS. The parent and consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) *Historical cost convention*

The parent and consolidated financial statements have been prepared on a historical cost basis, except for the following:
- the revaluation of land, buildings and own site improvements – measured at fair value,
- investment properties – measured at fair value,
- financial assets at fair value through other comprehensive income – measured at fair value, and
- defined benefit pension plans – plan assets measured at fair value.

(iii) *New standards, amendments and interpretations adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- Interpretation 23 Uncertainty over Income Tax Treatments
- Annual Improvements to IFRS Standards 2015-2017 Cycle, and
- IFRS 16 - Leases.

The effect of these standards did not have a material impact on these parent and consolidated financial statements.

26 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Group*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Title	Key Requirements	Effective Date
Definition of Material – Amendments to IAS 1 and IAS 8	The IASB has made amendments to IAS 1 presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and - the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.	1 January 2020

26 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Group (continued)*

Title	Key Requirements	Effective Date
Revised Conceptual Framework for Financial Reporting	The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: - increasing the prominence of stewardship in the objective of financial reporting - reinstating prudence as a component of neutrality - defining a reporting entity, which may be a legal entity, or a portion of an entity - revising the definitions of an asset and a liability - removing the probability threshold for recognition and adding guidance on derecognition - adding guidance on different measurement basis, and - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.	1 January 2020

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b. *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the parent and consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These parent and consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Parent and Group's functional and presentation currency.

26 **Summary of significant accounting policies (continued)**

b. *Foreign currency translation (continued)*

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 recognised in the parent and consolidated statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the parent and consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the parent and consolidated statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

c. *Fair value hierarchy*

Judgments and estimates are made in determining the fair values for items measured at fair value in the parent and consolidated financial statements. The valuation methods used by management were classified into the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

d. *Property, plant and equipment (Note 5 a.)*

e. *Investment properties (Note 6 a.)*

f. *Financial assets (Note 7 a.)*

g. *Current and deferred income tax (Note 8 b.)*

h. *Inventory (Note 9 a.)*

i. *Trade receivables (Note 10 a.)*

j. *Cash and cash equivalents (Note 11 a.)*

26 Summary of significant accounting policies (continued)

k. *Impairment of non- financial assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

l. *Share capital (Note 12 a.)*

m. *Borrowings (Note 16 a.)*

n. *Employee benefits*

- *Termination benefits (Note 17 a.)*
- *Bonus plans (Note 17 a.)*
- *Employee share ownership plan (Note 17 a.)*
- *Pension obligations (Note 18 a. (i))*
- *Casual employee retirement benefit (Note 18 b. (i))*

o. *Revenue recognition (Note 19 a.)*

p. *Trade payables (Note 20 a.)*

q. *Provisions (Note 20 a.)*

r. *Segment reporting (Note 21 a.)*

s. *Leases (Note 24 a.)*

t. *Rounding of amounts*

All amounts disclosed in the parent and consolidated financial statements and notes have been rounded to the nearest thousand currency units unless otherwise stated.

27 Subsequent events

Subsequent to the year end, there was a significant disruption in general international and local trading conditions as well as significant declines in the spot price for crude oil and global stock markets as a result of the Coronavirus (COVID-19) pandemic. The impairment tests for certain items of property, plant and equipment, for which there are impairment indicators, as well as the fair value of investment properties and property, plant and equipment are based on fair value estimates which incorporate expectations as at the statement of financial position date, about future events. In addition, expected credit losses (ECL) on financial assets incorporate forward-looking considerations as at the statement of financial position date. Accordingly, as required by IFRS, these subsequent conditions have not been reflected in the measurement of the assets referred to above as at 31 December 2019. At this time, we are unable to determine an estimate of the financial effect of these events on the financial statements.