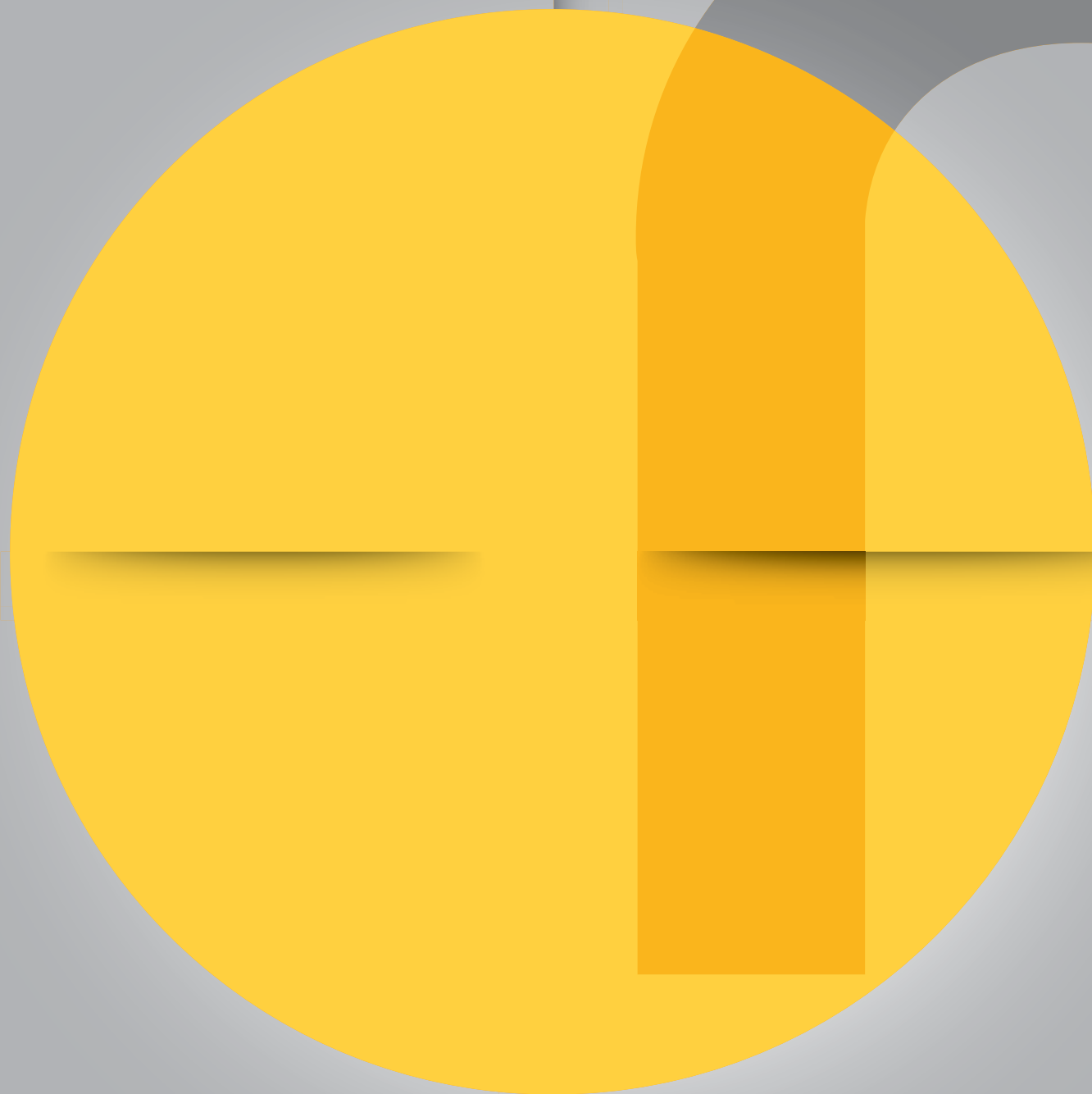




The National Insurance Board
of Trinidad and Tobago





The National Insurance Board
of Trinidad and Tobago

SERVICE



STRATEGY



PEOPLE



INVESTMENT



2014 ANNUAL REPORT

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OUR MISSION

"TO DELIVER MEANINGFUL SOCIAL INSURANCE PRODUCTS AND QUALITY SERVICE TO OUR CUSTOMERS."

WE ARE COMMITTED TO THE PRUDENT MANAGEMENT OF THE NIS TO ENSURE:

- THE DELIVERY OF RELEVANT BENEFITS
- FUND SUSTAINABILITY
- THE CONFIDENCE OF OUR CUSTOMERS
- THE EMPOWERMENT OF EMPLOYEES

Our mission frames the NIBTT's commitment to be the major provider of social protection to the society. We recognise that to achieve our mission and vision, we must continue to improve our products and services to meet and/or exceed customer expectations, remain financially sustainable and develop organisational capacity.

OUR VISION

"EXCELLENCE IN THE PROVISION OF SOCIAL INSURANCE PRODUCTS AND SERVICES."

IN PURSUING THIS VISION OF EXCELLENCE, THE NIBTT SHALL ENSURE:

- VALID BENEFITS ARE PAID ON TIME
- SUITABLE INVESTMENTS ARE ACTIVELY PURSUED IN ACHIEVING THE EIGHTH ACTUARIAL REVIEW TARGETS
- A POSITIVE CORPORATE IMAGE IS CREATED OF THE NIBTT
- IMPLEMENTATION OF APPROPRIATE GOVERNANCE, STRUCTURE, SYSTEMS AND PROCESSES
- EMPLOYEES ARE PROPERLY EQUIPPED TO CARRY OUT THE MISSION OF THE NIBTT

In our quest to achieve excellence, we shall critically examine our culture, structure, systems, policies and processes and develop and implement strategies to move the organisation from the current state to achieve the targeted objectives.

OUR CORE VALUES

IN SERVING OUR VALUED CUSTOMERS, WE ARE GUIDED BY OUR CORE VALUES, WHICH IDENTIFY WHAT IS TRULY IMPORTANT TO US.

- **CUSTOMER SATISFACTION**

We recognise that meeting and exceeding the expectations of our customers must guide our decision-making and behaviour.

- **TRUSTWORTHINESS**

We will be a company that is trusted by our stakeholders.

- **SERVICE DELIVERY**

We are committed to timely, high quality service.

- **MUTUAL RESPECT**

We value and respect each other as persons, professionals and team members subscribing to the same mission, vision and values.

- **TRANSPARENCY**

We are honest, open, clear and timely in communicating and conducting our business affairs with each other, our customers and business associates.

- **INTEGRITY**

We are committed to high standards of personal and professional integrity and ethical behaviour.

- **FAIRNESS**

We strive to be fair and equitable in our treatment of all customers.

- **LOYALTY**

We are committed to protecting the assets and ensuring the best interests of the NIBTT, and will avoid doing anything to tarnish its reputation and corporate image.

- **TEAMWORK**

We promote collaborative development as we work, learn and strive for excellence together.

- **EMPLOYEE DEVELOPMENT & RECOGNITION**

We support and value our employees whose commitment and drive demonstrate a loyalty to the NIBTT's traditions of yesterday and the vision of tomorrow.

CORPORATE INFORMATION

HEAD OFFICE

NIB House
2A Cipriani Boulevard
Port of Spain
Trinidad and Tobago, W.I.
Tel: (868) 625-2171-8
Fax: (868) 627-1787

NIBTT HOTLINE **625-4NIS (4647)**

Email: customercare@nibtt.net
Website: www.nibtt.net

BANKERS

First Citizens
9 Queen's Park West
Port of Spain
Trinidad and Tobago, W.I.

Republic Bank Limited
9-17 Park Street
Port of Spain
Trinidad and Tobago, W.I.

AUDITORS

PriceWaterhouseCoopers
11-13 Victoria Avenue
Port of Spain
Trinidad and Tobago, W.I.

SERVICE CENTRES

Corner Woodford &
Sorzano Streets
ARIMA

35-36 Fifth Street
BARATARIA

Corner Market
& Ramsaran Streets
CHAGUANAS

2 Captain Watson Street
Exchange Lots
COUVA

7A Techier Main Road
POINT FORTIN

Marlson's Building
Charlotte & High Streets
PRINCES TOWN

2461 Naparima/Mayaro Road
RIO CLARO

Western Main Road
ST. JAMES

Henderson Street
SANGRE GRANDE

27 Harris Promenade
SAN FERNANDO

66 Grell Street
SIPARIA

Eastern Main Road
TUNAPUNA

4 Luis Street
WOODBROOK

Rapid Response Building
Mount Marie Road
Scarborough
TOBAGO

**Adrian
Bharath**
Chairman



The financial year ended 30th June 2014 marked the end of the first year in the execution of the National Insurance Board of Trinidad and Tobago's (NIBTT) three (3)-year strategic plan, Vision 2016 – Building a Platform for Transformation.

As is often the case with strategic plans of a transformative nature, the first twelve (12) to eighteen (18) months are utilised to lay the groundwork for the balance of the strategic period and achieve any possible 'quick wins'.

In addition to working to achieve the Year One targets agreed in this strategic plan, the NIBTT has had to work to overcome certain challenges. However, the importance of our institution to the public of Trinidad and Tobago encouraged the Board of Directors, management and staff to work even harder to resolve these issues with unwavering tenacity.

In reviewing the organisation's performance during the period, I have identified those significant milestones achieved by the end of Year One of the strategic plan. I have also laid out what can be expected, as the execution of the plan progresses, and finally, I have addressed our approach to the challenges being faced by the NIBTT.

SIGNIFICANT YEAR ONE ACHIEVEMENTS

Growth of the NIBTT's Asset Base

The asset base of the NIBTT continues to grow year-on-year.

It is precisely because of the strength of the NIBTT's asset base and the income generated from investment initiatives that the NIBTT was able to meet the shortfall between income collected and benefits paid, while still improving the total value of assets under management.

	2014	2013	% change
Contribution Income	TT\$3.62Bn	TT\$3.30Bn	9.70
Benefit Expenditure	TT\$3.916Bn	TT\$3.557Bn	10.09
Total Funds	TT\$25.80Bn	TT\$24.16Bn	6.80
Total Assets	TT\$25.94Bn	TT\$24.36Bn	6.49

The Board and Management of the NIBTT will continue to prudently invest and manage the asset base of the organisation to ensure the viability of the National Insurance System for the longest possible period of time.

WORKING WITH OTHER ORGANISATIONS TO CAPITALISE ON SYNERGIES

The NIBTT has taken the initiative to work with external organisations where synergies exist to improve its ability to provide more efficient services to its customers.

Among these types of enterprises are:

1. **One-day Registration for Employers:** The NIBTT collaborated with the Ministry of Trade and Industry to launch this initiative in February 2014, which allowed for Single Day Registration of Limited Liability Companies with twenty or less employees.
2. **Life Certificate Process Improvement:** The NIBTT signed a memorandum of understanding with the Ministry of Legal Affairs under which the Ministry undertook to provide the NIBTT with information that may allow the NIBTT to reduce the Life Certificate requirements for some beneficiaries. This initiative is being fervently pursued.

The NIBTT continues to explore avenues to create value with government ministries and other organisations.

WHAT TO EXPECT FROM THE NIBTT

The Board, Management and Staff have worked hard to execute the Year One targets under the Strategic Plan, and will continue to vigorously pursue Year Two and Year Three goals.

Our public can look forward to the execution of several important initiatives in furtherance of our strategic plan, including the following:

Extension of Coverage to Self-Employed Persons

The extension of the National Insurance System to include self-employed persons was a mandate of the NIBTT from inception.

A significant amount of work has been done to ensure that the benefits of National Insurance can be provided, not only to those persons who are employed by another, but to the self-employed persons who also contribute to our economy.

At the end of the period under review, many of the milestones set for this programme to come on-stream were met and it is our expectation that National Insurance will be extended to self-employed persons in 2015.

Construction of the Corporate Headquarters of the NIBTT

The NIBTT has been identified by the Central Bank of Trinidad and Tobago as one of the five Systemically Important Financial Institutions in the Republic of Trinidad and Tobago. The funds under management by the NIBTT stand at approximately TT\$25.8 billion, which is larger than the Gross Domestic Product of some Caribbean countries. This underscores the importance of the NIBTT to the economy of the Republic of Trinidad and Tobago.

The construction of a visible and iconic corporate headquarters for the NIBTT can go a long way to

communicating and cementing the idea that the NIBTT is committed to executing its mandate and providing services to the citizens of Trinidad and Tobago in suitably appointed accommodation. This building will also be an income generating opportunity for the NIBTT, as the headquarters will allow the NIBTT to tenant out 'Class A' office space in a prime location. By extension, the NIBTT will be able to earn significant commercial rental income from leasing the current head office location.

In addition, the corporate headquarters will be one of only two Leadership in Energy and Environment Design (LEED) Silver Certified Buildings in the Republic of Trinidad and Tobago. The LEED green building rating system (which was developed and administered by the U.S. Green Building Council, a Washington, D.C.-based, non-profit coalition of building industry leaders) is designed to promote design and construction practices that increase profitability while reducing the negative environmental impacts of buildings and improving occupant health and well-being.*

The Board of Directors intends to ensure that this long overdue project begins before the end of 2014.

Construction of the New Scarborough Waterfront Complex

At the end of the 2012-2013 financial year, major concerns about the structural integrity and general safety of the NIB mall in Scarborough led to a decision to vacate the mall and then proceed to demolish the structure. This demolition work was completed in February 2014.

Parallel to these demolition works, the NIBTT publicly solicited Expressions of Interest from contractors for the provision of design/build services for the construction of a new Scarborough Waterfront Complex. The NIBTT also took steps to engage a development manager for the project.

Again, the Board has worked diligently to ensure that everything is in place so that the resultant building serves the needs of the population of the Republic of Trinidad and Tobago, while ensuring that the NIBTT obtains its targeted return on investment.

Based on the work currently underway, construction on this site is expected to begin in early 2015.

Expansion of our Human Resources Capabilities

The NIBTT cannot serve its customers without dedicated and hardworking members of staff who possess the necessary skills, qualifications and institutional knowledge. Without this integral component, an organisation will fail.

I say without fear or favour that the NIBTT possesses committed members of staff who continuously give of themselves, sometimes under less than ideal conditions.

Although our human resource is one of our greatest strengths, the numbers in the table overleaf support the fact that the NIBTT's customer base also continues to grow year-on-year. Through the prudent employment of people and technology, the NIBTT must also grow to meet the demand of its increasing number of stakeholders.

* Extract from the website of the Natural Resources Defense Council, <http://www.nrdc.org/buildinggreen/leed.asp>.

	2014	2013	% change
Customer Base+	648,629	640,293	1.3
Approved Staff Complement	605	592	2.2
Actual Permanent Staff Complement	513	490	4.7
Actual Staff Complement*	652	660	(1.21)

+ Customer base includes employees, employers and non-employed beneficiaries

* Actual Staff Complement includes temporary members of staff.

The development of the NIBTT's human resources must also include a renewed focus on the principles that guide efficient management of the organisation, which will also take into account a review of our processes and policies. As our strategic plan indicates, the Board and management have embarked on the task of addressing these issues as a part of building the necessary platform to transform the NIBTT so that it possesses the requisite strategies, structures and capabilities to achieve set objectives.

A NOTE ON HOW THE NIBTT IS ADDRESSING OUR CHANGING ENVIRONMENT

The Investment Environment

The NIBTT has an investment mandate to protect the value of the contributions received from its customers, and to try to meet any shortfall that may exist between contribution income and benefit expenditure.

	2014	2013	% change
Realised Investment Income	TT\$699.28Mn	TT\$816.49Mn	(14.36)

This mandate is especially difficult in the low interest rate environment that currently exists in the Republic of Trinidad and Tobago and, indeed, the world over.

To address these problems, however, the Board, its Investment Committee and management have expended considerable time and effort to:

1. Engage a suitably qualified and well-experienced Executive Manager, Investments.
2. Implement a more robust Investment Department structure and fill that structure with persons possessing the requisite skill sets. This will allow the NIBTT to take advantage of those attractive investments that are available on the market.
3. Explore new investment opportunities and build new relationships for the purpose of strengthening and diversifying the NIBTT's investment portfolio.
4. Engage in appropriate training and development. In this regard, the NIBTT successfully hosted a Strategic Pension Fund Investment Seminar at the Movietowne Banquet and Conference Centre in November

2013. This seminar was attended by local pension investment organisations, as well as regional National Insurance System organisations.

Accommodation

The NIBTT has operated for many years in an environment of sub-optimal accommodation for its staff and customers. This situation led to the closure of two (2) of our Service Centres during this financial year for health and safety reasons.

While measures were put in place to minimise the effects of these closures, they impacted on the NIBTT's ability to serve its publics. Efforts are continuously being made to ensure that the customers who make use of those Service Centres are provided with service at alternative locations.

During the course of the period under review, the Board and management worked assiduously to address accommodation issues at the NIBTT. We recognised that several offices required upgrades, and improvement works commenced in this financial year. This commitment to a safe, comfortable working environment to serve our customers will continue.

Further, the Board of Directors intends to engage a facilities management provider to maintain all the NIBTT's offices and Service Centres. The following benefits can be expected:

1. The provision of safe, comfortable and aesthetically pleasing locations for our staff and our customers.
2. Timely attendance to Health and Safety issues.
3. Routine maintenance to help protect the value of the NIBTT's investment properties.
4. Certain internal resources can be refocused on the core business of the NIBTT.

Contribution Records

The National Insurance System provides assistance to the working population and its dependants. In order to provide better service, including the faster processing of applications and the timely, precise payments of benefits, the records of the contributions made by our customers must be accurate. The NIBTT is working to ensure that its records are complete so that obtaining benefits is a smooth process.

The Board and Management have embarked upon the following initiatives to address the accuracy of contribution records:

1. *The Pension Ready Programme:* The NIBTT has invited persons who are fifty (50) years and over - that is persons who will retire within the next 10 to 15 years - to work with the NIBTT to ensure that their contribution records are accurate. This will contribute to more efficient retirement benefit processing for those persons.
2. *Outsourcing:* Where secure and practical, the NIBTT has outsourced certain aspects of record capturing.
3. *Provision of Online Contribution Statements:* When completed, this initiative will allow each National Insurance contributor to securely and instantly obtain access to his or her contribution record via

the Internet. A follow-on benefit of this system is that every contributor who accesses this resource will have a quick means by which to verify the accuracy of their contribution record.

Further to this, I want to encourage contributors (employees and employers alike) to request contribution record statements to assist the NIBTT in confirming that it possesses accurate contribution data.

CLOSING REMARKS

The term of this Board of Directors expires in December 2014, and it is natural to reflect on what has been achieved under our stewardship. Although one may wish to avoid difficulties, they are a fact of life. We must recognise that there is value in confronting challenges and accept that success comes from recognising and overcoming our failures.

There are many persons who give tirelessly to allow the NIBTT to provide its own brand of financial security to many citizens of the Republic of Trinidad and Tobago. To the Board of Directors, management and staff of the NIBTT, I commend you all.

To the NIBTT's customers, improving all aspects of our service offering is our number one priority. I ask that you partner with us as we do our best to strive towards a culture of high performance and improved customer service.



Adrian Bharath
Chairman

October 7, 2014

CORPORATE GOVERNANCE STRUCTURE

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Corporate Governance Structure

BOARD OF DIRECTORS

The NIBTT is governed by a tripartite Board of Management with its investments managed by the Investment Committee.

The Board of Directors

The Board of Directors is a tripartite body with equal representation by Government, Business and the Labour Movement, an independent Chairman and the Executive Director, who is an ex-officio member. Directors are appointed for a period of not more than two years, but may be reappointed. The NIBTT reports to Parliament through the Ministry of Finance and the Economy.

ALTERNATE DIRECTORS

Gwendoline Mc Claren
Business

Clyde Elder
Labour

Edison Munro
Labour

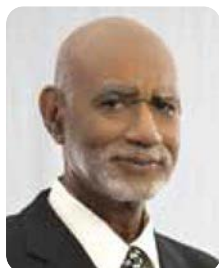
Inshan Nazim Ramsaroop
Government



Ruben Mc Sween
Deputy
Chairman
Business



Walton Hilton-Clarke
Business



Albert Vincent
Government



Ann Chan Chow
Labour



Vijay Gangapersad
Government



David Millette
Corporate
Secretary



Adrian Bharath
Chairman



John Boisselle
Labour



Ermine De Bique-Meade
Labour



Harry Hospedales
Government



Keston Nancoo
Business



Karen Gopaul
Executive Director
(Ag.)
Ex-Officio

Note: Changes to the Board of Directors:
Mrs. Michelle Chong Tai Bell resigned on January 21, 2014.

Mr. Vijay Gangapersad was appointed by the Minister of Finance and the Economy on May 20, 2014.

COMMITTEES OF THE BOARD

The Board is responsible for the development of an appropriate framework to govern the operations of the NIBTT and does this through a number of measures, including the establishment of Board Committees. These Committees guide the development of specific functions and make recommendations to the Board.

INVESTMENT COMMITTEE

Mr. Adrian Bharath
Chairman

Mr. Ruben Mc Sween
Member (Business)

Mr. Albert Vincent
Member (Government)

Ms. Ermine De Bique-Meade
Member (Labour)

Mr. Sylvan Wilson
Member (Labour)

Mr. Peter Clarke
Member (Business)

Mr. Ian Saleem-Narine
Member (Government)

Ms. Karen Gopaul
Executive Director (Ag.)
Ex-Officio Member

Mr. Navin Rajkumar
Executive Manager,
Investments
Ex-Officio Member

TENDERS COMMITTEE

Mr. Ruben Mc Sween
Chairman

Mr. Inshan Ramsaroop
Member (Government)

Mr. Edison Munroe
Member (Labour)

Ms. Karen Gopaul
Executive Director (Ag.)
Ex-Officio Member

Ms. Niala Persad-Poliah
Deputy Executive Director (Ag.)

Ms. Sarah Baboolal
Executive Manager,
Legal Services (Ag.)
Ex-Officio Member

AUDIT, RISK AND COMPLIANCE COMMITTEE

Mr. Vijay Gangapersad
Chairperson (Government)

Ms. Ann Chan Chow
Member (Labour)

Ms. Inez Sinanan
Member (Business)

Ms. Karen Gopaul
Executive Director (Ag.)
Ex-Officio Member

Mr. Davindra Marajh
Internal Auditor
Ex-Officio Member

Ms. Jacqui Castillo
Enterprise Risk Manager
Ex-Officio Member

HUMAN RESOURCES COMMITTEE

Mr. Keston Nancoo
Chairman (Business)

Mr. John Boisselle
Member (Labour)

Mr. Albert Vincent
Member (Government)

Ms. Karen Gopaul
Executive Director (Ag.)
Ex-Officio Member

Ms. Niala Persad-Poliah
Deputy Executive Director (Ag.)
Ex-Officio Member

Ms. Cherrie Ann Crichlow-Cockburn
Executive Manager,
Corporate Services
Ex-Officio Member

NOMINATIONS COMMITTEE

Mr. Adrian Bharath
Chairman

Mr. Albert Vincent
Member (Labour)

Mr. Walton Allison Hilton-Clarke
Member (Business)

Ms. Ann Chan Chow
Member (Labour)

INVESTMENT COMMITTEE

The Investment Committee comprises nine (9) persons, being:

- Three (3) members of the Board – one (1) nominated by the Minister of Finance and the Economy, one (1) nominated by representatives of Business and one (1) nominated by representatives of Labour;
- Three (3) other persons, not members of the existing Board – one (1) nominated by the Minister of Finance and the Economy, one (1) nominated by representatives of Business and one (1) nominated by representatives of Labour;
- The Chairman of the NIBTT;
- The Executive Director of the NIBTT; and
- The Executive Manager, Investments of the NIBTT as an Ex-Officio member.

Members of this Committee hold office for a similar period of two (2) years from the date of appointment.

All other Committees are appointed by the Board.



**Ruben
Mc Sween**
Business



**Sylvan
Wilson**
Labour



**Navin
Rajkumar**
Executive Manager,
Investments
Ex-Officio



**Adrian
Bharath**
Chairman



**Ermine
De Bique-Meade**
Labour



**Albert
Vincent**
Government



**Peter
Clarke**
Business



**Ian
Saleem-Narine**
Government



**Karen
Gopaul**
Executive Director
(Ag.)
Ex-Officio

CORPORATE GOVERNANCE STRUCTURE

FINANCIAL YEAR

The financial year of the NIBTT is the twelve (12) month period ending June 30.

RELATED BODIES

The National Insurance Appeals Tribunal

The National Insurance Appeals Tribunal (NIAT) is an independent body comprising eleven (11) members appointed by the President of the Republic of Trinidad and Tobago in accordance with Section 60 of the National Insurance Act. This body functions as a tribunal of fact for persons aggrieved by decisions of the NIBTT with respect to their claims.

SUBSIDIARIES OF THE NIBTT

National Insurance Property Development Company Limited (NIPDEC)	100%
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NIPDEC is a fully owned subsidiary of the NIBTT. Its mission is to develop, manage and sell property, goods and services in partnership with the NIBTT and other organisations in Trinidad and Tobago, utilising a project management approach to bring value to their shareholders and stakeholders.

Home Mortgage Bank (HMB)	66.25%
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HMB is a subsidiary of the NIBTT. Its purpose is to develop and maintain a mortgage market in Trinidad and Tobago, contribute to the mobilisation of long-term savings for supporting the development of a system of real property and housing finance, provide leadership in the home finance industry and promote growth of the capital market.

Trinidad & Tobago Mortgage Finance Company Limited (TTMF)	51%
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TTMF is a subsidiary of the NIBTT. Its mission is to provide mortgage financing for the purchase of residential properties.

BENEFIT INFORMATION

There are 23 benefits in seven (7) categories

1. Sickness
2. Maternity
3. Invalidity
4. Employment Injury
5. Retirement
6. Funeral Grant
7. Survivors'

NIS BENEFITS

SHORT-TERM	EMPLOYMENT INJURY	LONG-TERM
Sickness Benefit	Injury Allowance	Invalidity Benefit
Maternity Allowance	Medical Expense	Retirement Pension
Maternity Grant	Disablement Pension	Retirement Grant
Special Maternity Grant	Disablement Grant	Survivors' Benefit Widow
Funeral Grant	Death Benefit Widow	Survivors' Benefit Widower
	Death Benefit Widower	Survivors' Benefit Child
	Remarriage Grant	Survivors' Benefit Orphan Allowance
	Death Benefit Child	Survivors' Benefit Dependent Parent Allowance
	Death Benefit Dependent Parent	Survivors' Benefit Remarriage Grant

**Karen
Gopaul**
Executive Director



HIGHLIGHTS

This year marked the first year of the organisation's three-year strategic plan, Vision 2016 – Building the Platform for Transformation. The plan takes into account, among other things, the organisation's renewed customer service focus, strengthening of relationships with key stakeholders and implementing measures to treat with operational issues. In essence, the plan charts the roadmap that will propel the National Insurance Board of Trinidad and Tobago (NIBTT) into becoming an organisation that possesses the requisite systems, structures and capabilities to achieve the objectives as detailed in our shared vision of Excellence in the provision of Social Insurance products and services.

ACHIEVEMENTS FY 2014

Notwithstanding major challenges experienced in the first year of implementation of the strategic plan, we are pleased to report the following achievements for this financial year:

- Payment of \$3.92Bn in benefits, which represents a 10% increase when compared with the \$3.56Bn paid in the previous financial year;
- Provision of NI benefits to 168,286 beneficiaries; an increase of 2.2% over the previous year;
- Collection of \$3.62Bn in contribution income, which represents a 9.67% increase when compared with the previous financial year;
- Growth in total assets to \$25.94Bn, which represents a 6.5% increase when compared with the previous financial year;
- Achievement of 12.19% returns on the investment portfolio;
- Expansion of our customer base to 648,629 customers;
- Implementation of the one-day registration for employers;
- Execution of a Memorandum of Understanding with the Ministry of Legal Affairs to provide an improved customer service experience in treating with proof of life;
- Re-alignment of Business Unit structures to support the strategic plan;
- Hosting of the Pension Fund Investment Seminar to local and regional participants;
- Implementation of recommendations arising out of the Eighth Actuarial Review:
 - Approximately 20% increase in the benefit rates
 - Increase contributions to 12% from 11.7%
 - Increase in the overseas investment limit from 10% to 20%

KEY NI INDICATORS

Key National Insurance (NI) indicators for FY 2014 are compared with results in two (2) previous years in Table 1.

TABLE 1 - KEY INDICATORS

FY 2012 TO FY 2014

	FY 2014	FY 2013	FY 2012	% Increase/ Decrease 2013-2014	% Increase/ Decrease 2012-2013
Claims					
Beneficiaries	168,286	164,660	155,201	2.20	6.09
Long-Term Beneficiaries	137,481	132,253	125,185	3.95	5.65
New Claims Paid	38,261	44,666	33,821	(14.34)	32.07
Compliance					
Customer Base	648,629	640,293	634,381	648,629	0.93
Contributors	519,636	506,248	489,553	519,636	3.41
Employers	20,229	20,021	19,643	20,229	1.92
Employers Surveyed	5,695	5,216	5,281	5,695	(1.23)
Financial					
Contribution Income	\$3,624.03Mn	\$3,304.38Mn	\$2,821.64Mn	9.67	17.02
Investment Income Realised	\$699.28Mn	\$816.49Mn	\$852.47Mn	(14.36)	(4.22)
Miscellaneous Income	\$2.89Mn	\$2.35Mn	\$1.11Mn	22.64	111.71
Benefit Expenditure	\$3,915.78Mn	\$3,557.22Mn	\$2,753.49Mn	10.08	29.45
Administrative Cost	\$190.12Mn	\$184.82Mn	\$185.80Mn	2.87	(1.58)
Administrative Costs as a % of Contribution Income	5.25%	5.60%	6.59%	*(0.35)	*(0.99)
Administrative Costs as a % of Total Income **	3.31%	3.21%	5.06%	*(1.18)	*(0.57)
Net Yield of Investment Portfolio (Realised & Unrealised) / Overall Return***	12.19%	11.34%	6.58%	*0.85	*4.76
Total Funds	\$25,795.84Mn	\$24,155.88Mn	\$22,187.24Mn	6.79	8.87
Total Assets	\$25,937.69Mn	\$24,354.70Mn	\$22,340.55Mn	6.50	9.01

* Percentage Points

** Total income = contribution, investment, penalty & interest, and other income

*** Return based on Investment Portfolio – excludes Cash Balances from the NIBTT Pension Plan a/c, MAT Securities (Mortgages), Funeral Grant Cash Account and other cash accounts related to Insurance Operations

REGISTRATION

Having an efficient registration process is a critical component of providing NI coverage. The numbers of actively insured persons and employers continued to grow during the year and the NIBTT was able to effectively register these customers whilst making improvements to the registration process.

Registration of Employees and Employers

The number of newly registered employees in FY 2014 was 19,730. This contributed to a 2.64% increase in the active insured employee population, which reached 519,636 during the year and represented a net growth of 13,338 over the FY 2013 period.

There has been steady growth in the employer population over the past three (3) years. In FY 2014, there were 2,361 new employers registered under the NI system, which brought the employer population to 20,229.

One-Day Registration

During the reporting period, the NIBTT, in collaboration with the Government of Trinidad and Tobago through the Ministry of Trade, Industry, Investment and Communications (MTIIC), implemented the one-day registration facility for limited liability companies and up to 20 of their employees. This was part of a wider effort by the MTIIC to enhance the rating of Trinidad and Tobago on the World Bank's "Ease of Doing Business Index". With this facility, the NIBTT can now issue registration numbers to both foreign and local-based employers and up to 20 of their employees within 24 hours of submission of the requisite applications. The introduction of this service necessitated the amendment of Section 30 of the National Insurance Act in order to give legal effect to this new facility.

IMPROVING ADMINISTRATION OF THE NI SYSTEM

During the reporting period, the NIBTT adopted measures that targeted enhanced efficiency in our operations. A number of customer-focused initiatives were implemented to improve the quality of service delivery to our customers. Included in these initiatives were the following:

Focus on Customer Service

Customer service was enhanced through the 'walk the floor' initiative and the establishment of information desks at additional locations, the equipping of our offices with the necessary tools to conduct business in a more efficient manner and the establishment of dedicated officers to review claims and appeals processes. The management of contribution data is another critical service initiative which continued in this financial year to ensure that all data is captured in an electronic form and is readily accessible for benefit processing.

Feedback has regularly been solicited from our customers to gauge their level of satisfaction with our service. The preliminary results revealed that customers were generally satisfied with the quality of service received.

Customer Outreach

The NIBTT's seminar outreach programmes were created to promote open communication between the NIBTT and its stakeholders. Over the past year, we conducted a total of 172 interactive seminars and participated in six (6) expositions in collaboration with various government and social agencies. The seminars highlighted a range of National Insurance related matters, including employer obligations, compliance, benefits qualification and the completion of claim forms.

Pension Ready

The Pension Ready Project, which is one of our strategic initiatives, is based primarily on personalised customer service outreach targeting pre-retirees, with a view to the validation of their contribution records in advance of retirement. Since inception of this project in March 2014, the Pension Ready Team has been visible throughout Trinidad and Tobago at malls, promenades and government offices. In just over three (3) months, we have served over 2,000 pre-retirees and have been able to partner with various government departments and other employers with the intent of extending this service to their employees over the age of 55. This project is expected to continue in the next financial year with an intensified marketing campaign.

Life Certificate Project

Noting the need to improve on the existing process whereby benefit recipients are required to submit bi-annual life certification, the NIBTT consulted with the Ministry of Legal Affairs regarding information sharing and the possibilities surrounding the submission of death records to be used for updating the status of NIBTT pensioners. On February 26, 2014, the NIBTT and the Ministry of Legal Affairs signed a Memorandum of Understanding, which facilitates the periodic provision of death records to the NIBTT and will reduce the need for submission of life certificates.

Claims Review and Appeals

Requests by customers to have their claims reviewed were hampered by the fact that there was only one (1) sitting of the Appeals Tribunal during FY 2014, as compared with nine (9) sittings for the previous financial year. Of the 74 notices of appeal received during the year, 10 were heard. Of the 10 matters heard, seven (7) were resolved. The other three (3) matters were adjourned.

The 74 new appeals received marked a decrease of 31 or 30% when compared with the previous financial year's figure of 105 appeals received, and a decrease of 103 or 58% when compared to the 177 appeals received in FY 2013.

As part of our customer service improvement initiative, we sought to ensure that aggrieved claimants have an option that facilitates reviews of their matters, either before consideration to lodge an appeal or within four (4) months of the appeal being lodged. To this end, representatives of the NIBTT and the National Insurance Appeals Tribunal held discussions during the year regarding this process improvement initiative.

Safeguarding Against Fraud and Abuse

Contribution and benefit fraud generally pose high risks to all social insurance organisations and it is incumbent on the NIBTT to protect the Fund against haemorrhage through mistake, misrepresentation or fraud. In order to mitigate the risks associated with such occurrences, the NIBTT's Legal Services Department, with the assistance of the Claims Investigations Unit, continued to be diligent in the prosecution of persons for offences against the National Insurance Act. There were 11 matters before the courts as at June 30, 2014. Six (6) of the 11 fraud matters were set for trial, while the others remained at varying stages of preparation for prosecution at the end of the period.

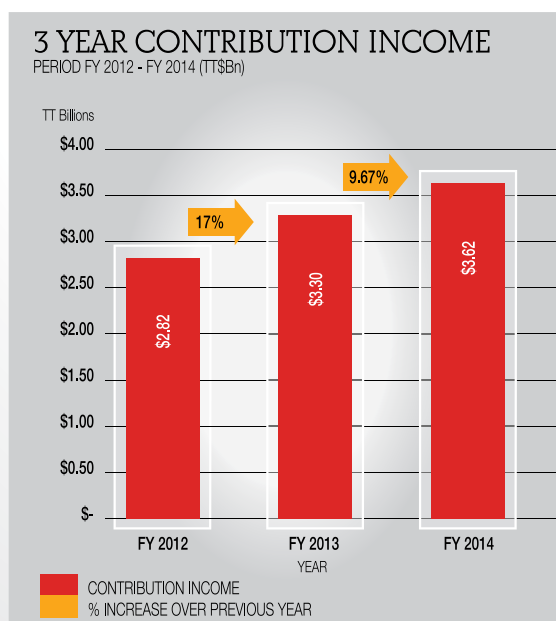
There were an additional 15 suspected cases, which were referred to the Legal Services Department by the Claims Investigation Unit. These cases will be reviewed during the course of the upcoming financial year.

SELF-EMPLOYED COVERAGE

Preparation for the implementation of social insurance coverage for self-employed persons continued during the recently concluded financial year. A significant amount of work with respect to the drafting of legislation, forms and procedures has already been completed and much of the necessary system design for the self-employed has also been addressed in anticipation of an imminent date for going public with this initiative. Discussions are being held with the Government of Trinidad and Tobago in pursuit of the financing of age credits and co-payments, and it is anticipated that an agreement will be reached early within the new financial year.

CONTRIBUTION INCOME

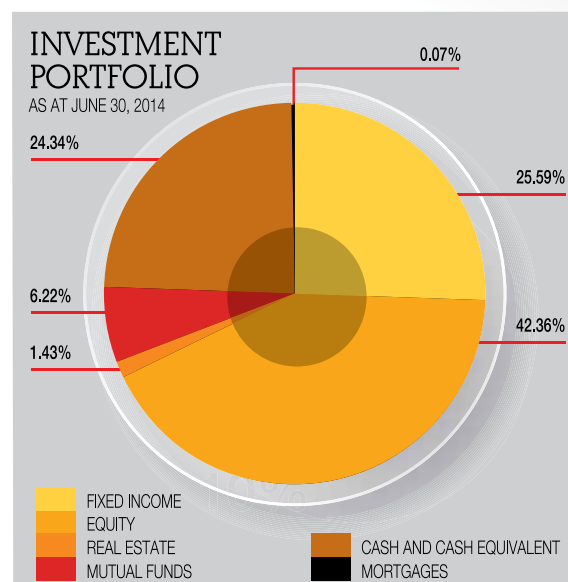
Contribution income collected for the financial year amounted to \$3.62Bn, an increase of 9.67% over the previous year. This improvement in receipts from the last financial year was due in large part to the increase in the contribution rate from 11.7% to 12% in March 2014 and the increase in the monthly maximum insurable earnings from \$11,000 to \$12,000.



Additionally, measures such as the vigorous pursuit of legal action against defaulting employers and the adoption of a range of compliance monitoring and enforcement strategies positively impacted contribution income for FY 2014.

The results of the aforementioned initiatives were reflected in the receipt of penalty and interest income of \$21.44Mn in FY 2014 or 46.0% more than the \$14.69Mn received during the preceding financial year.

INVESTMENTS



ASSET CLASS	AMOUNT AS AT JUNE 2014
Fixed Income	\$9,035,515
Equity	\$10,513,529
Real Estate	\$317,320
Mutual Fund	\$1,550,499
Cash and Cash Equivalents*	\$3,952,667
Mortgages	\$18,268
Total	\$25,387,798

*Excludes Cash Balances from the NIBTT Pension Plan a/c, MAT Securities (Mortgages), Funeral Grant Cash Account and other cash accounts related to Insurance Operations.

For the fiscal year ended June 30, 2014, the Investment portfolio has grown from \$24.44Bn as at June 30, 2013 to \$25.38Bn as at June 30, 2014. The Fund achieved an impressive overall return of 12.19% as at June 30, 2014. The main driver for this increase was the favourable performance of the equity portion of the portfolio. Over the 12-month period ended June 30, 2014, the Equity portfolio achieved a total return (capital appreciation and dividends) of 20.13% over the financial year. In particular, the performance of the Fund was aided by the appreciation of Republic Bank Limited (RBL), Royal Bank of Canada (RBC), Neal and Massy Holdings Limited (NML), National Enterprises Limited (NEL) and First Citizens Bank (FIRST) shares. Additionally, all equity

holdings in subsidiary companies (HMB, TTMF and NIPDEC) increased in value over the financial year.

As at June 30, 2014, the Fixed Income portfolio was valued at approximately TTD \$6.38Bn and had a purchased Yield to Maturity of 6.04%. This portfolio is primarily invested in Government and Government Guaranteed instruments and accounts for almost 66.79% of the Fixed Income portfolio. The Equity and Mutual Fund portfolios at the end of FY 2014 were valued at \$12.1Bn. Taken together, these two asset classes account for 48.58 % of the total portfolio.

The top three (3) countries in which the portfolio is invested are Trinidad and Tobago (88%), Canada (9%) and the United States (2%). The largest areas of the NIBTT's investments are Financials (38%) and Sovereign (29%).

During the year, the NIBTT also sought Government's approval to increase its limit on overseas investments from 10% to 20%. This was in keeping with the recommendation of the Eighth Actuarial Review, which noted that the equity market in Trinidad and Tobago was limited and the NIBTT had a concentration of local equity investments in a small number of enterprises. By increasing the overseas limit, the NIBTT will have more flexibility to diversify its portfolio.

Real Estate Investments

With respect to the Real Estate Investments, our biggest projects were:

1. Scarborough Mall – Demolition of the old mall was completed and design/build contractors shortlisted through the evaluation of Expressions of Interest. Eighteen (18) Expressions of Interest applications for the design and construction of the new Scarborough Waterfront Complex were received pursuant to the NIBTT's invitation. From the seven (7) shortlisted contractors, two (2) were responsive and submitted tenders for the works. Evaluation of the two (2) design/build proposals and selection of a preferred contractor are ongoing and it is expected that work will begin on building the Scarborough Waterfront Complex during the upcoming financial year.
2. The NIBTT Headquarters, Queen's Park East – Evaluation of the two (2) design/build proposals for construction of our Corporate Head Office commenced, and it is expected that construction will begin on the site during the upcoming financial year.

Pension Fund Seminar

One of the NIBTT's corporate strategic goals is to improve fund management in the face of a challenging investment climate. As a means of building internal capacity and capability, we hosted a Pension Fund Investment Seminar – 'Pension Fund Strategy' from October 22 – 25, 2013. Senator the Honourable Larry Howai, Minister of Finance and the Economy, delivered the feature address at the opening ceremony.

Euromoney Training, a division of Euromoney Institutional Investor PLC, administered the course. The objective of the seminar was to give participants a comprehensive understanding of the varied factors affecting pension funds and of strategies that can be adopted to address them. Special attention was paid to pension reform and its impact on developing economies.

The seminar attracted 60 participants, comprising board members and senior executives from the NIBTT, senior government officials from the Ministry of Finance and the Economy and the Tobago House of Assembly. It also included directors and senior officers of regional social security organisations in the English-speaking and Dutch Caribbean, and local and regional representatives from private organisations involved in pension administration.

The occasion was also an opportunity to reinforce the strong ties enjoyed between the NIBTT and our social security counterparts throughout the region. Participants were able to share their views and exchange ideas on the many challenges and issues confronting the management of pension fund investments.

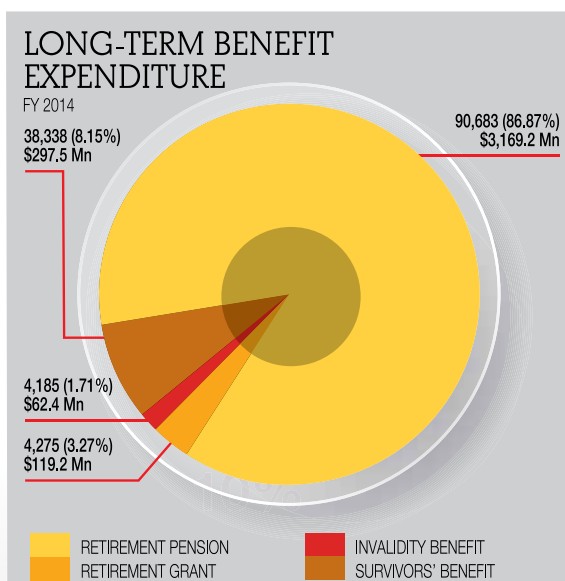
BENEFIT ADMINISTRATION

The number of benefit recipients in FY 2014 was 168,286. This represented an increase of 2.20% over the FY 2013 figure of 164,660. These beneficiaries received a total of \$3.92Bn in benefit payments, which represented an increase in expenditure of approximately \$0.36Bn or 10.08% over the previous reporting period. This was, in part, due to the approximate 20% increase in benefit rates from March 2014 in keeping with the approved recommendations arising out of the Eighth Actuarial Review.

Long-Term Benefits

The long-term benefits branch showed increases both in the number of recipients as well as in the total expenditure figure compared with the previous financial year. Such developments are consistent with the well-established trends impacting social insurance providers globally. The long-term benefits group comprises Retirement, Invalidity and Survivors' Benefit recipients whose numbers showed an increase of 5,228 or 3.95% from 132,253 in the previous year to 137,481 in FY 2014. Payment to this group totaled \$3.65Bn, an increase of \$0.32Bn or 9.61% over the FY 2013 figure of \$3.33Bn. This branch of benefit expenditure accounted for 93.11% of total benefit expenditure for the financial year.

The 137,481 long-term benefit recipients were distributed as follows:



LONG-TERM BENEFITS TABLE

BENEFIT TYPE	NUMBER OF BENEFICIARIES	BENEFIT EXPENDITURE	% OF TOTAL LONG-TERM BENEFICIARIES	% OF TOTAL LONG-TERM EXPENDITURE
Retirement Pension	90,683	\$3,169,162,223.85	65.96%	86.87%
Retirement Grant	4,275	\$119,167,202.22	3.11%	3.27%
*Survivors' Benefit	38,338	\$297,471,416.40	27.89%	8.15%
Invalidity	4,185	\$62,355,585.58	3.04%	1.71%
Total	137,481	\$3,648,156,428.05	100%	100%
% of Total Beneficiaries	81.69%			
% of Total Benefit Expenditure	93.11%			

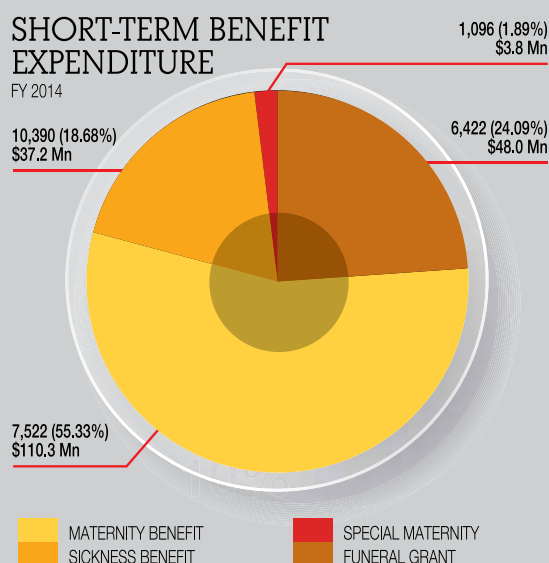
Survivors' Pension plus Survivors' Grant

Short-Term Benefits

The short-term benefits branch showed a decrease in the number of recipients for FY 2014 and an increase in benefit expenditure. The increase in benefit expenditure was due mainly to the implementation of the actuarial recommendation in March to increase short-term benefit payments by approximately 20%. This group comprises the recipients of Sickness Benefit, Maternity Benefit, Special Maternity Grant and Funeral Grant, which showed a decrease of 1,480 or 5.50% from 26,910 in the previous year to 25,430 in FY 2014. Payment to this group totaled \$199.34Mn, an increase of \$28.24Mn or 16.50% over FY 2013's figure of \$171.10. Expenditure on this benefit branch comprised 5.09% of total benefit expenditure.

SHORT-TERM BENEFIT EXPENDITURE

FY 2014



SHORT-TERM BENEFITS TABLE

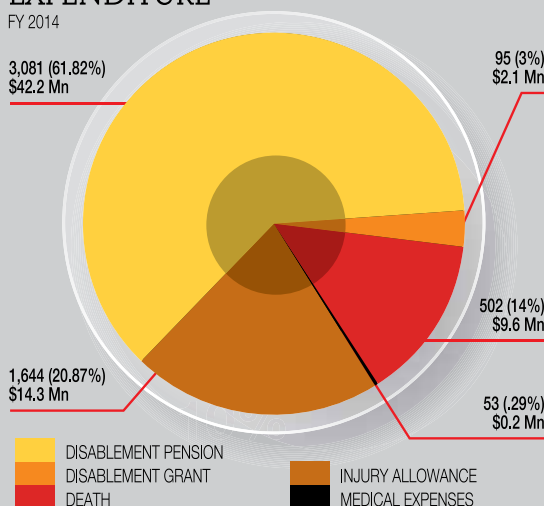
BENEFIT TYPE	NUMBER OF BENEFICIARIES	BENEFIT EXPENDITURE	% OF TOTAL SHORT-TERM BENEFICIARIES	% OF TOTAL SHORT-TERM EXPENDITURE
Sickness Benefit	10,390	\$37,244,249.57	40.86%	18.68%
Maternity Benefit	7,522	\$110,294,004.24	29.58%	55.33%
Special Maternity Grant	1,096	\$3,777,500.00	4.31%	1.89%
Funeral Grant	6,422	\$48,025,000.10	25.25%	24.09%
Total	25,430	\$199,340,753.91	100%	100%
% of Total Beneficiaries	15.11%			
% of Total Benefit Expenditure	5.09%			

Employment Injury Benefits

The Employment Injury benefits branch showed a decrease in the number of recipients for FY 2014 and an increase in benefit expenditure. Again, this was due to the implementation in March of the actuarial recommendation to increase these benefits. This group comprises the recipients of Disablement, Death, Medical Expenses and Employment Injury Benefits. Their number showed a decrease of 122 or 2.22% from 5,497 in the previous year to 5,375 in FY 2014. Payment to this group totaled \$68.29Mn, which represents an increase of \$11.26Mn or 19.74% over the figure for the previous year. The total expenditure for this benefit branch comprised 1.74% of total benefit expenditure.

EMPLOYMENT INJURY BENEFIT EXPENDITURE

FY 2014



EMPLOYMENT INJURY BENEFITS TABLE

BENEFIT TYPE	NUMBER OF BENEFICIARIES	BENEFIT EXPENDITURE	% OF TOTAL EMPLOYMENT INJURY BENEFICIARIES	% OF TOTAL EMPLOYMENT INJURY EXPENDITURE
Disablement Pension	3,081	\$42,214,081.88	57.32%	61.82%
Disablement Grant	95	\$2,057,927.45	1.76%	3.01%
Death	502	\$9,559,363.63	9.34%	14.00%
Medical Expenses	53	\$200,212.68	0.99%	0.29%
Injury Allowance	1,644	\$14,254,113.48	30.59%	20.87%
Total	5,375	\$68,285,699.12	100%	100%
% of Total Beneficiaries	3.19%			
% of Total Benefit Expenditure	1.74%			

Reciprocal Claims

Social security reciprocal agreements seek to protect the national insurance benefit rights of, and to give equality of treatment to, migrant and itinerant workers who are employed in more than one (1) country. The NIBTT continues to provide social insurance support to its clients within the CARICOM region and Canada through its reciprocal agreements with these countries.

During the financial year, 27 applications were made

by persons in Canada accessing Trinidad and Tobago benefits through Service Canada and 135 applications were made through the Service Centres.

A total of 75 enquiries were received for persons in Canada accessing benefits in Canada. For the financial year, no applications were received from persons in Trinidad and Tobago wishing to access benefits in Canada. As at 30 June, 2014 there were 137 applications awaiting responses from Canada for persons applying for Trinidad and Tobago benefits.

During this financial period, four (4) applications were made through CARICOM offices by persons accessing Trinidad and Tobago benefits and 30 enquiries were received from CARICOM in respect of Trinidad and Tobago benefits. No applications were received in Trinidad and Tobago from persons wishing to access CARICOM benefits, and 30 applications were made through the Service Centres accessing Trinidad and Tobago benefits. Responses to the 30 aforementioned matters were being awaited as at June 30, 2014.

NINTH ACTUARIAL REVIEW

In August 2013, the Board of Directors of the NIBTT took a decision to conduct actuarial reviews of the NI system at three-year intervals, marking a shift from the previous five-year intervals. This is a more prudent approach to the management of the NIS. The Ninth Actuarial Review, which is targeted for completion during FY 2015, will make recommendations on measures that can improve the system and ensure the long-term sustainability of the NI Fund. The NIBTT is currently involved in engaging the services of the École Nationale D'Administration Publique (ENAP) to conduct this actuarial review.

IMPROVEMENTS TO FACILITIES

The NIBTT is intent on upgrading its service facilities and providing customers and staff with accommodations that are of the desired standard. During the financial year, improvement works were carried out on the NIBTT's Head Office as well as the Arima, Tunapuna, Barataria, Port of Spain and Chaguanas Service Centres; and one (1) Service Centre was relocated from the Western Main Road, St. James to Luis Street, Woodbrook. Additionally, plans are afoot to relocate the Rio Claro Service Centre and retrofit the office at Abercromby Street. Some of this work is still ongoing and will be completed within the coming financial year.

TECHNOLOGY UPGRADES

The NIBTT continues to upgrade its technological infrastructure so as to enhance the organisation's efficiency in realising its targets, and hence improve the overall quality of service provided to both our internal and external customers. During the reporting period, we consolidated the corporate email system to a Microsoft Office 365 solution that catered for all employees of the organisation. Other upgrades for the period include the virtualisation of the internal Intranet server for increased resiliency, and the upgrade of the Corporate Internet solution. Other technological upgrades have commenced, which are expected to be completed in the next financial year and will impact positively on service delivery.

EMPLOYEE GROWTH AND DEVELOPMENT

During the reporting period, the staff complement of the

NIBTT stood at 652 persons. Employees were exposed to a range of training programmes throughout the financial year in the areas of strategic planning, retirement planning, communication, compensation management, financial auditing, business writing, finance and accounting, governance and business process mapping, among others. These programmes are all meant to broaden and enhance the pool of skills within the organisation for meeting our strategic goals, and hence furthering the fulfillment of the NIBTT's national mandate, "To operate and manage a system of National Insurance".

In addition to providing training programmes, the overall skills bank of the organisation was assessed and the disciplines approved under the Education Assistance Programme were reviewed and revised to include four (4) new fields of study, namely: Facilities Management, Records Management, Health and Safety Management, and Risk and Fraud Management.

Adjustments were made to the organisational structure as we continued to seek enhancements in organisational efficiency. At the senior and executive management levels, the structure was amended in order to effectively support business strategy as enunciated in our corporate strategic plan. The filling of all positions commenced during the latter half of FY 2014 and will be completed during the coming financial year.

NEGOTIATIONS

Proposals for salary negotiations and non-cost items for the period 2011 to 2013 were received from the recognised majority union during the financial year. The NIBTT's counter proposals were approved by the Board of Directors and submitted to the Minister of Finance and the Economy for approval. The NIBTT is committed to the successful conclusion of negotiations and, as such, intends to pursue amicable settlement of these important matters in the coming financial year.

ACKNOWLEDGEMENTS

As we make our way into Year Two of our strategic plan, one of the key challenges will be re-engineering business processes to meet the growing needs of our stakeholders. Our focus over the next two years will be on the execution of our strategic objectives while meeting the needs of our increasing customer base.

At this time, I take the opportunity to thank the Minister of Finance and the Economy, Senator the Honourable Larry Howai, for his encouragement, support and guidance during the year. In addition, I wish to acknowledge the support received during the year from the various departments within the Ministry of Finance and the Economy.

My appreciation is also extended to Permanent Secretaries and staff of several Ministries and Agencies who collaborated with the NIBTT over the past year in an effort to improve and expand our service delivery channels. These Ministries and Agencies include:

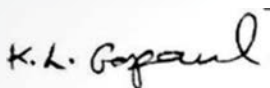
- Ministry of Legal Affairs
- Ministry of Trade, Industry and Investment and Communications
- Ministry of Labour, Small and Micro Enterprise Development
- Ministry of Public Administration
- Ministry of Science and Technology

- Ministry of the People and Social Development
- Office of the Attorney General
- The Central Statistical Office

I express thanks to the Chairman and the Directors of the Board who have been steadfast in their support and guidance as we advance and accelerate the transformation of the NIBTT.

Many thanks to the management team who led and inspired staff at every level, and a special tribute to our employees who continued to work toward achieving the NIBTT's vision and purpose, and who served our customers with thoughtfulness and dedication.

Most of all, it is you, our customers, who we must thank for your patience and understanding over the last year. We look forward to moving ahead together as we enhance the National Insurance System in Trinidad and Tobago.



Karen Gopaul
Executive Director (Ag.)
October 7, 2014

EXECUTIVE & SENIOR MANAGEMENT STRUCTURE

The Executive Director is the Chief Executive Officer of the NIBTT and is responsible for carrying out the decisions of the Board of Management. The Executive Director leads a team of executive managers who oversee the operations of the Board.

OPERATIONAL STRUCTURE

The operations of the NIBTT are divided into eight (8) Business Units as follows:

- Investments
- Finance and Accounting
- Planning, Policy and Actuarial Services
- Insurance Operations
- Corporate Services
- Legal Services
- Technology
- Risk

There are also four (4) independent departments which report to the Executive Director:

- Internal Audit
- Corporate Projects
- Corporate Communications
- Corporate Secretariat

EXECUTIVE MANAGEMENT TEAM



**Greta
Stephen-Henry**
Executive
Manager,
Insurance Operations



**Ramlakhan
Seecharan**
Executive
Manager,
Technology



**Cherrie Ann
Crichlow-Cockburn**
Executive
Manager,
Corporate Services



**Karen
Gopaul**
Executive
Director
(Ag.)



**Niala
Persad-Poliah**
Deputy
Executive Director
(Ag.)



**Navin
Rajkumar**
Executive
Manager,
Investments



**Esther
Charles**
Executive
Manager,
Finance & Accounting



**Sarah
Baboolal**
Executive
Manager,
Legal Services (Ag.)

SENIOR MANAGEMENT TEAM

OFFICE OF THE EXECUTIVE DIRECTOR

David Millette
Corporate Secretary

Lauren Sandiford
Assistant Corporate Secretary

Davindra Marajh
Internal Auditor

Susan Nelson
Corporate Project Manager

Debra Modeste
Executive Assistant (Ag.)

Jennilynn Howe-Dopwell
Manager,
Corporate Communications (Ag.)

INVESTMENTS

Viveka Goolcharan
Manager,
Investments, Fixed Income

Christopher Clarke
Manager,
Investments, Equities

Annabelle Holder
Senior Investment Analyst

Amrit Seunarine
Senior Investment Analyst

Cheryl Moreno-Archer
Manager,
Mortgages (Ag.)

FINANCE AND ACCOUNTING

Karen Davis-Holder
Financial Accountant

Clint Connelly
Manager,
Budgets and Controls (Ag.)

RISK

Jacqui Castillo
Enterprise Risk Manager

POLICY, PLANNING AND ACTUARIAL SERVICES

Bernard Smith
Manager,
Research and Development
(Ag.)

Lisette Alexander
Actuarial Associate (Ag.)

SENIOR MANAGEMENT TEAM

OFFICE OF THE DEPUTY EXECUTIVE DIRECTOR

INSURANCE OPERATIONS

Patricia George-Lezama
Manager,
Insurance Operations (Ag.)
and Area I,
Operations Manager

Cheryl Isaac-Munroe
Area II,
Operations Manager (Ag.)

Emrice Henry
Area III,
Operations Manager

Darien Peters
Manager,
Customer Relations (Ag.)

LEGAL SERVICES

Mandy Livan
Manager,
Legal Services (Ag.)

Ashook Balroop
Manager,
Claims Investigation

Jennifer Creese
Manager,
Procurement (Ag.)

Roger St. Rose
Legal Officer

Marlene Ramroop
Legal Officer

TECHNOLOGY

Curtis Richards
Manager,
IT Infrastructure (Ag.)

Kervyn Greaves
Database Administrator

Mikhail Noel
Manager,
IT Development

Adrian Fortune
Manager,
IT Security

CORPORATE SERVICES

Sherma Gidaree
Manager,
Compensation and Planning

Winslow Demas
Manager,
Facilities, Services and Security

Michael Gopaul
Manager,
Organisational Development

Darcel Lovell
Manager,
Manpower Planning

FINANCIAL STATEMENTS

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32	Statement of Changes in Funds
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STATEMENT OF MANAGEMENT RESPONSIBILITY

It is management's responsibility to apply the appropriate accounting policies and make accounting estimates that are reasonable. Management is responsible for ensuring that the statements presented are a fair and true presentation of the state of affairs of the National Insurance Board of Trinidad and Tobago (NIBTT), which includes ensuring that the controls over the information from which the statements are derived are designed and properly monitored in a manner that would allow accurate information to be provided. In addition, management is responsible for ensuring that the information presented is free from material misstatement whether due to fraud or error.

Management accepts responsibility for the annual special purpose financial statements, as well as the responsibility for the maintenance of the accounting records and internal controls, which form the basis of the special purpose financial statements. The special purpose financial statements of the NIBTT are prepared in accordance with the financial reporting provisions of the National Insurance Act of Trinidad and Tobago and the appropriate accounting policies have been established and applied in a manner that gives a true and fair view of the Board's financial affairs and operating results.

In addition, it is noteworthy to mention that nothing has come to the attention of management to indicate that the NIBTT will not remain a going concern for the next twelve (12) months from the date of this statement.



Executive Director (Ag.)
October 3, 2014



Executive Manager Finance and Accounting
October 3, 2014

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying special purpose financial statements of The National Insurance Board of Trinidad and Tobago (NIBTT), which comprise the statement of financial position as at June 30, 2014 and the statement of comprehensive income, statement of cash flows and the statement of changes in funds for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the National Insurance Act (Act No. 35 of 1971) and the accounting framework, as described in Note 4 of these special purpose financial statements, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

NIBTT's statutory responsibility is to prepare financial statements to be ultimately laid before the Parliament of Trinidad and Tobago as required by the National Insurance Act.

Auditors' Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special

purpose financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

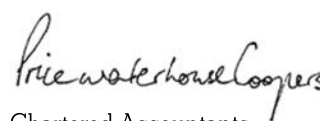
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose financial statements fairly present, in all material respects, the financial position of NIBTT as at 30 June 2014 and its financial performance and cash flows for the year then ended in accordance with the financial reporting provisions of the National Insurance Act and the accounting policies as set out in Note 4 of these special purpose financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 4 to these special purpose financial statements, which describe the basis of accounting. The special purpose financial statements are prepared to assist NIBTT to meet the requirements of the National Insurance Act. As a result, the special purpose financial statements may not be suitable for another purpose.



Chartered Accountants

October 6, 2014
Port of Spain,
Trinidad and Tobago

STATEMENT OF FINANCIAL POSITION

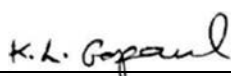
June 30, 2014 (Expressed in Trinidad and Tobago Dollars)

	Notes	2014 \$'000	Restated 2013 \$'000	Restated 2012 \$'000
Assets				
Property, plant and equipment	5	90,760	94,205	82,233
Investment properties	6	317,320	173,343	174,340
Post employment benefit	7	-	3,408	45,622
Investment in subsidiary companies	8	1,266,947	946,117	768,610
Financial assets at fair value through profit and loss	9	19,598,908	17,550,981	16,148,924
Mortgage advances	10	18,268	22,641	26,648
Property being developed for sale	11	38,327	122,562	123,060
Claims receivable	12	81,242	81,242	691,736
Other assets	13	573,251	698,025	627,023
Cash and cash equivalents	14	3,952,667	4,662,175	3,652,352
Total assets		25,937,690	24,354,699	22,340,548
Funds, reserves and liabilities				
Long-term benefits fund	15	24,714,302	23,243,342	21,393,483
Short-term benefits fund	15	398,681	342,193	285,101
Employment injury benefits fund	15	682,857	570,342	508,660
Total funds		25,795,840	24,155,877	22,187,244
Revaluation reserve	16	42,317	42,317	34,675
Total funds and reserves		25,838,157	24,198,194	22,221,919
Post employment benefit	7	149	-	-
Other liabilities	17	99,384	156,505	118,629
Total liabilities		99,533	156,505	118,629
Total funds, reserves and liabilities		25,937,690	24,354,699	22,340,548

The accompanying notes form an integral part of these special purpose financial statements.
These special purpose financial statements have been authorised for issue on October 6, 2014.



Chairman



Executive Director (Ag.)



Executive manager
Finance & Accounting (Ag.)

STATEMENT OF COMPREHENSIVE INCOME

June 30, 2014 (Expressed in Trinidad and Tobago Dollars)

	Notes	2014 \$'000	2013 \$'000
Income			
Contributions			
Employers in compliance		3,335,817	3,037,687
Employers in arrears		288,288	267,005
Voluntary		87	68
		3,624,192	3,304,759
Refunds		(162)	(380)
Total net contribution		3,624,030	3,304,380
Net realised investment income	18	699,283	816,493
Net unrealised investment income	19	1,191,498	1,437,469
Revaluation of subsidiaries		210,280	177,507
Penalties and interest		21,442	14,687
Miscellaneous income		2,887	2,354
Total income		5,749,420	5,752,890
Expenditure			
Benefit expenditure			
Long-term		3,648,156	3,329,091
Short-term		199,340	171,096
Employment injury		68,286	57,034
Total benefit expenditure		3,915,782	3,557,221
Administrative expenditure			
Staff salaries, allowances and benefits	20	126,902	133,965
Board of directors expenses		760	823
Depreciation		6,668	4,416
Other expenses	21	55,789	45,618
Total administrative expense		190,119	184,822
Other			
Pension expense		3,556	42,214
Total other		3,556	42,214
Total expenditure		4,109,457	3,784,257
Excess of income over expenditure		1,639,963	1,968,633
Other comprehensive income		–	7,642
Total comprehensive income		1,639,963	1,976,275

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

June 30, 2014 (Expressed in Trinidad and Tobago Dollars)

Income

Cash flows from operating activities

Excess of income over expenditure

Adjustments:

Unrealised investment income

Depreciation

Pension expense

Revaluation of subsidiaries

Adjustment to property, plant and equipment

Surplus before working capital changes

Decrease in mortgage advances

Decrease in property being developed for sale

Decrease/(increase) in other assets

(Decrease)/increase in other liabilities

Net cash generated by operating activities

Cash flow from investing activities

Purchase of property, plant and equipment

Purchase of investments

Sale/maturity of investments

Net cash (used in)/generated by investing activities

Net (decrease)/increase in cash and cash equivalents

Cash and cash equivalent at beginning of the year

Cash and cash equivalent at the end of the year

	2014	2013
	\$'000	\$'000
Excess of income over expenditure	1,639,963	1,968,633
Adjustments:		
Unrealised investment income	(1,191,498)	(1,437,469)
Depreciation	6,668	4,416
Pension expense	3,556	42,214
Revaluation of subsidiaries	(210,280)	(177,507)
Adjustment to property, plant and equipment	–	(854)
Surplus before working capital changes	248,409	399,433
Decrease in mortgage advances	4,373	4,007
Decrease in property being developed for sale	104,234	498
Decrease/(increase) in other assets	124,774	(65,361)
(Decrease)/increase in other liabilities	(57,121)	3,596
Net cash generated by operating activities	424,669	342,173
Cash flow from investing activities		
Purchase of property, plant and equipment	(3,181)	(12,536)
Purchase of investments	(5,453,726)	(4,333,393)
Sale/maturity of investments	4,322,731	5,013,579
Net cash (used in)/generated by investing activities	(1,134,176)	667,650
Net (decrease)/increase in cash and cash equivalents	(709,507)	1,009,823
Cash and cash equivalent at beginning of the year	4,662,175	3,652,352
Cash and cash equivalent at the end of the year	3,952,667	4,662,175

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS

June 30, 2014 (Expressed in Trinidad and Tobago Dollars)

	Long-term		Short-term		Employment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fund at beginning of year	23,243,342	21,665,946	342,193	285,101	570,342	508,660	24,155,877	22,459,707
Restatement (Note 7)	–	(272,463)	–	–	–	–	–	(272,463)
Fund at beginning of year	23,243,342	21,393,483	342,193	285,101	570,342	508,660	24,155,877	22,187,244
Income								
Contribution	3,225,386	2,940,898	217,442	198,263	181,202	165,219	3,624,030	3,304,380
Penalty income	21,019	14,359	135	100	288	228	21,442	14,687
Revaluation of subsidiaries	210,280	177,507	–	–	–	–	210,280	177,507
Realised investment income	685,484	798,249	4,404	5,556	9,395	12,688	699,283	816,493
Unrealised investment income	1,163,420	1,404,585	8,960	10,014	19,118	22,870	1,191,498	1,437,469
Miscellaneous Income	2,887	2,354	–	–	–	–	2,887	2,354
Total income	5,308,476	5,337,952	230,941	213,933	210,003	201,005	5,749,420	5,752,890
Expenditure								
Benefits Expenditure								
Retirement benefit	3,169,162	2,954,808	–	–	–	–	3,169,162	2,954,808
Survivors benefit	297,471	233,158	–	–	–	–	297,471	233,158
Invalidity benefit	62,356	50,860	–	–	–	–	62,356	50,860
Retirement grant	119,167	90,265	–	–	–	–	119,167	90,265
Funeral grant	–	–	48,025	35,685	–	–	48,025	35,685
Sickness benefit	–	–	37,244	39,364	–	–	37,244	39,364
Maternity benefit	–	–	110,294	93,978	–	–	110,294	93,978
Special maternity	–	–	3,777	2,069	–	–	3,777	2,069
Employment injury	–	–	–	–	67,286	57,034	67,286	57,034
	3,648,156	3,329,091	199,340	171,096	68,286	57,034	3,914,782	3,557,221
Administrative expense	169,206	164,493	11,407	11,089	9,506	9,240	190,119	184,822
Pension expense	3,487	41,637	22	176	47	401	3,556	42,214
Total expenditure	3,820,849	3,535,221	210,769	182,361	77,839	66,675	4,109,457	3,784,257
Excess Transfers	1,487,627 (16,667)	1,802,732 47,127	20,172 36,316	31,572 25,520	132,164 (19,649)	134,329 (72,647)	1,639,963 –	1,968,633 –
Fund at end of year	24,714,302	23,243,342	398,681	342,193	682,857	570,342	25,795,840	24,155,877

The accompanying notes form an integral part of these financial statements.

1. Incorporation and principal activity

The National Insurance Board of Trinidad and Tobago (NIBTT) was incorporated under Act No. 35 of 1971 (The National Insurance Act), as subsequently amended, and commenced operations in 1972. The principal activity of NIBTT is to carry out the requirements of the National Insurance Act in providing social security benefits to the insurable population of Trinidad and Tobago. The registered office is located at 2A Cipriani Boulevard, Port-of-Spain, Trinidad and Tobago.

These financial statements were authorised for issue by the Board of Directors on October 3, 2014.

2. Actuarial review

Section 70 (1) of the Trinidad and Tobago National Insurance Act 35 of 1971 requires an actuarial review of the National Insurance System (NIS) at intervals not exceeding five years. The last actuarial review covered the 5-year period up to June 30, 2010 and was completed in September 2012 by the Centre for the International Promotion of Quebec Public Expertise (CIPOPE). The main objectives of this review were to assess the long-term financial condition of the National Insurance Fund and recommend possible ways to improve contribution and benefit provisions.

In general, contribution payments and benefit calculations are based on a system of wage classes. The contribution amount is paid by the employer and the employee in a proportion of two-thirds/one-third. Benefits are grouped into three funds: long-term benefits, short-term benefits and employment injury benefits. Each fund is credited with contribution income and investment income from which benefit expenditures and administrative expenses are met. NIBTT's liability to beneficiaries, as determined by the Actuary, was \$24,077 million as at June 30, 2010. The value of reserves at June 30, 2010 was \$18,474 million.

The following recommendations were previously implemented from previous actuarial reviews and were again mentioned in the Eighth Actuarial Review, except for items (6) and (7), which were additional recommendations.

- (i) The ratio of the contributions paid by employee to those paid by employer, 1:2 should be maintained.
- (ii) Contribution income should be distributed between the funds in the following ratio – long-term 89%; short-term 6%; employment injury 5%.
- (iii) Benefit levels ought to be revised upwards.
- (iv) Administrative expenses are to be allocated to the funds in the same proportion as contribution income.
- (v) Elimination of the accumulated reserve and the application of the following coefficients to benefit expenditure to determine reserve funds by benefit type:
 - Short-term - two (2) times the annual benefit expenditure;
 - Employment injury - ten (10) times the annual benefit expenditure; and
 - Long-term - the remaining excess of income over expenditure.
- (vi) The increase in minimum survivors' benefits as follows

• Spouse:	\$600.00
• Child:	\$600.00
• Dependant parent:	\$600.00
• Orphan:	\$1,200.00
- (vii) The maximum duration of maternity benefits should be increased from 13 to 14 weeks.

At the 469th meeting of the board of directors held on August 15, 2013, it was determined that an actuarial review of the NI system be conducted every three (3) years, which is more prudent than the statutory requirement of the five (5) year intervals.

Therefore, the conduct of the Ninth Actuarial Review of the National Insurance System as at June 30, 2014 is currently underway and a draft report is expected by November 2014, with the exercise projected to be completed by April 2015.

3. Legislative amendments

The Finance Bill 2013 was assented to on January 31, 2013 and became law as the Act No. 2 of 2013. This Act brought into effect some of the recommendations of the Eighth Actuarial Review. These are (inter alia):

Contributions

The contribution rate of 11.4% was increased to 11.7% with effect from March 4, 2013 and 12% with effect from March 3, 2014.

Benefits

With effect from March 4, 2013, the Maternity Grant, Special Maternity Grant, Retirement Grant, Funeral Grant and minimum Survivors' Pension basic rates were increased by 50%.

The other benefits, such as Sickness, Maternity Allowance, Invalidity, Survivors' and Employment Injury, were increased by approximately 25% with effect from March 4, 2013 and approximately 20% with effect from March 4, 2014.

4. Summary of significant accounting policies

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

4.1 Basis of preparation

These financial statements are prepared in accordance with the financial reporting provisions of the National Insurance Act. In cases where the financial reporting provision is not clear or does not address particular situations, reference is made to IFRS for guidance in determining NIBTT's accounting policy. The Board and management of NIBTT are currently reviewing its financial reporting framework to determine whether it can in future prepare its financial statements in accordance with IFRS.

These financial statements are the parent company unconsolidated financial statements of NIBTT. NIBTT does not prepare consolidated financial statements. Further, these financial statements are prepared on the historical cost basis, except for the following items in the statement of financial position:

- Financial assets at fair value through profit and loss are measured at fair value.
- Investment properties are measured at fair value.
- Investments in subsidiary companies are measured at fair value.
- Artwork and freehold properties classified as property, plant and equipment are measured at fair value.
- The defined benefit asset/liability is recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation and based on actuarial valuations.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 4.14.

4.1.1 New accounting policies adopted in the current year

Post employment benefit

As guided by IAS 19 (revised 2011), certain changes to defined benefit plans and termination benefits were made. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service cost. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

4.2 Investment in subsidiary companies

Subsidiaries are all entities over which the NIBTT has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. These are as follows:

Companies	Percentage Ownership
National Insurance Property Development Company Limited (NIPDEC)	100%
Trinidad And Tobago Mortgage Finance Company Limited (TTMF)	51%
Home Mortgage Bank (HMB)	51.25%

Investments in subsidiaries are initially recorded at cost and adjusted to fair market value based on valuation conducted by an independent professional valuator. Gains and/or losses arising from the change in fair value are included in the statement of comprehensive income.

Investments in subsidiaries are valued by an independent valuator and are based on the assumption that they will continue to operate as going concerns and that the principal activities and legal structure of the companies will remain unchanged.

4.3 Foreign currency

(i) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars, which is NIBTT's functional and presentation currency, unless otherwise stated.

(ii) Foreign currency

Transactions in foreign currencies are initially recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at the rate of exchange ruling on the reporting date as obtained from the Central Bank of Trinidad and Tobago. All differences arising are taken to the comprehensive income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.4 Cash and cash equivalents

Cash and cash equivalents, for the purpose of the statement of cash flows, represent cash and bank balances and highly liquid investments with a maturity period of three months or less.

4.5 Financial assets

NIBTT's financial assets and financial liabilities are recognised in the statement of financial position when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the right to receive the cash flows from the asset has expired or where NIBTT has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All 'regular way' purchases and sales are recognised at settlement date.

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

Financial assets at fair value through profit or loss are subsequently carried at fair value based on quoted prices for investments traded in active markets; or valuation techniques, including recent arm's length transactions, discounted cash flows analysis and other valuation techniques commonly used by market participants, for investments not traded in active markets. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions.

Held for trading securities are initially recognised at cost and subsequently remeasured at fair value based on quoted bid prices at the reporting date. Where the instrument is not actively traded or quoted on an active market, fair value is determined using discounted cash flow analysis.

Gains and losses arising from sales and changes in fair values of these financial assets are recognised in the statement of comprehensive income in the period in which they arise.

All related unrealised gains and losses are included in the statement of comprehensive income. Interest earned is reported as interest income.

(ii) *Loans and advances*

Loans and advances are financial assets with fixed or determinable payments and are not quoted in active markets created by NIBTT providing money to a debtor other than those created with the intention of short-term profit sharing. Such assets are stated at amortised cost, net of any advances for credit losses using the effective interest method.

Loans and advances include mortgage advances. Mortgage advances are measured net of provisions for impairment. A mortgage advance is classified as impaired (non-performing) when there is objective evidence that NIBTT will not be able to collect all amounts due, according to the original contractual terms of the loan. Objective evidence of impairment includes observable data that comes to the attention of NIBTT, such as:

- Significant financial difficulties of the borrower
- Actual delinquencies
- Adverse change in the payment status of a borrower
- Bankruptcy or reorganisation by the borrower.

If there is objective evidence that an impairment loss on mortgage advance has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

The allowance that is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the revenue and expenditure accounts. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

4.6 Impairment of financial assets

The carrying amounts of NIBTT's assets that are not carried at fair value are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

(i) *Losses on loans and advances*

NIBTT reviews its problem loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant loans and advances, NIBTT also makes a collective impairment allowance, where applicable, against exposures that, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

4.7 Investment properties

Investment properties are properties held by NIBTT to earn rental income or for capital appreciation or both. Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value based on valuations conducted by an independent professional valuator. Gains and losses arising from the change in fair value are included in the statement of comprehensive income.

The valuers have adopted standard valuation methods and assumed good title, vacant possession and no unduly restrictive covenants or onerous or unusual outgoings running with the land.

4.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, except for artwork and freehold properties, which are stated at valuations conducted by independent professional valuers every 3 years. Freehold properties were professionally valued in June 2013 using the investment method. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to NIBTT and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

If an asset's carrying value is increased as a result of a revaluation, the increase is credited directly to reserve under the heading 'revaluation reserve'. If an asset's carrying value is decreased as a result of a revaluation, the decrease is debited directly to equity to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any decrease in excess of this amount is recognised in the statement of comprehensive income.

Depreciation is provided on a straight-line basis at varying rates sufficient to write-off the cost/market value respectively of the assets over their estimated useful lives. The rates used are as follows:

Freehold and leasehold properties - 2% on buildings

Improvements to premises:

Owned	- Equal annual instalments over a period of ten years.
Leased	- Equal annual instalments over the period of the lease.
Machinery, equipment, furniture and fixtures	
Machinery	- 7.5% - 25%
Artwork and motor vehicles	- 25%

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amount and are recognised in the revenue and expenditure accounts.

4.9 Properties being developed for sale

Properties being developed for sale are carried at cost less provisions for impairment.

4.10 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the NIBTT 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. Restructuring provisions comprise lease termination penalties and employee termination payments.

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. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.11 Basis of allocation

Contribution income and other income have been allocated to the various fund accounts on the basis set out in the Actuarial Review.

(i) Contribution income

Contribution income is allocated as follows:

	2014 %	2013 %
Long-term benefits fund	89	89
Short-term benefits fund	6	6
Employment injury benefit fund	5	5
	<hr/> 100	<hr/> 100

(ii) Other income

Other income comprising investment income less expenses, penalty income and pension asset income is allocated to the benefit funds in the ratio of their opening fund balances. Investment expenses comprise direct staff costs and overhead expenses of the investments department and other direct expenses, including mortgage management fees and provisions for diminution in value of investments.

(iii) Fund ratios

Based on the recommendations of the Seventh Actuarial Review and maintained in the Eighth Actuarial Review, NIBTT implemented the following: short-term benefit fund and employment injury benefit fund balances will be maintained at 2.0 times and 10 times the respective benefits incurred during the current year, the remaining excess of Income over Expenditure is to be allocated to the Long-Term Benefit Fund.

These fund allocations are based solely on the ratios recommended by the Independent Actuary and do not represent NIBTT's liability to beneficiaries at June 30, 2014.

4.12 Revenue recognition

(i) Contribution and benefits

Contribution income is generally accounted for on the cash basis. An accrual is made at the balance sheet date to take account of all collections up to July 15 of the following year that relate to the current year. Contribution arrears and related penalty and interest are recognised when received as a result of uncertainty in collection and the challenge in estimating and determining contributors in default.

Benefit expenditure is generally accounted for on a cash basis. Benefits paid in the final month of the year, which relate to the following year, are reflected as a prepayment at the balance sheet date.

(ii) Investment income

Income from investments is accounted for on the accrual basis. Interest from commercial loans and debentures is not accrued where instalments are in arrears for more than twelve months.

4.13 Employee benefits

(i) Short-term

Employee benefits are all forms of consideration given by NIBTT in exchange for service rendered by its employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions and annual leave, non-monetary benefits such as medical care and loans, post-employment benefits such as pensions, and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. Post-employment benefits are accounted for as described below.

(ii) *Post employment*

NIBTT contributes to a defined benefit staff pension plan, which covers all qualifying employees. Members contribute 5% (2013: 5%) of their pensionable salaries to the plan whilst NIBTT currently contributes 10% (2013: 10%). All permanent employees are eligible for membership and temporary employees under certain conditions.

The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on the government bonds are used. 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.

4.14 Determination of fair values

A number of NIBTT's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) *Financial assets at fair value through profit and loss*

As stated in Note 4.5, financial assets at fair value through profit and loss are measured at their fair values based on quoted market prices. Where the instrument is not actively traded or quoted on recognised exchanges, fair value is determined using discounted cash flow analysis recent arm's length transaction and other valuation techniques. Professional valuations are also used to value these securities. Where fair value cannot be reliably measured, the investment is stated at cost less impairment losses.

The NIBTT uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1

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

Level 2

Included in the Level 2 category are financial assets and liabilities that are measures using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued based using its own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted, as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment securities				
Equities	10,472,422	–	90,971	10,563,393
Government Bonds	74,973	4,453,460	400,000	4,928,433
CBTT	–	–	2,419,571	2,419,571
Corporate bonds and debentures	415,440	1,221,961	50,109	1,687,510
	10,962,835	5,675,421	2,960,651	19,598,907

2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment securities				
Equities	9,090,667	–	90,340	9,181,007
Government Bonds	–	4,190,322	–	4,190,322
CBTT	–	–	1,293,664	1,293,664
Corporate bonds and debentures	225,814	2,660,174	–	2,885,988
	9,316,481	6,850,496	1,384,004	17,550,981

Movements in Level 3 financial instruments measured at fair value

	Level 3 \$'000	
Balance as at June 30	1,384,004	950,576
Purchases	3,646,657	2,274,684
Repayments	(2,070,750)	(1,842,267)
Net realised gain/(loss)	–	–
Net unrealised gain/(loss)	740	1,011
Balance as at June 30	2,960,651	1,384,004

Transfers between Level 1 and 2

For the year ended June 30, 2014 there were no transfers of assets between Level 1 and 2.

(ii) Investment in subsidiaries

An external, independent valuation company, having appropriate recognised professional qualifications and experience, was contracted to value NIBTT's investment in subsidiaries. In determining the value of subsidiaries, three (3) valuation methods were considered. Under the market approach, the trading multiples method was applied; under the cost approach, the based valuation method; and under the income approach, the excess return model was used. The values derived from these approaches were considered baseline. The baseline values were then applied using an average of the lows and highs of each method. A price range was created and from these scenarios a point estimate was derived using probability estimates for each scenario.

(iii) Investment properties and property, plant and equipment at fair value

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, was used by NIBTT to value its investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(iv) Other

The carrying amounts of financial assets and liabilities, included under other assets, cash and cash equivalents and other liabilities, approximate their fair values because of the short-term maturities on these instruments. The carrying values of fixed deposits are assumed to approximate fair value due to their term to maturity not exceeding one year.

5. Property, plant and equipment

	Land Freehold/ Leasehold Buildings \$'000	Machinery Equipment/ Furniture and Fittings \$'000	Art and Motor Vehicles \$'000	Total \$'000
Year ended June 30, 2014				
Cost/valuation at beginning of year	85,720	54,556	2,794	143,070
Purchases	614	1,928	639	3,181
Adjustments/transfers	–	42	–	42
At the end of year	86,334	56,526	3,433	146,293
Accumulated depreciation at beginning of year	2,139	45,345	1,381	48,865
Current year charge	3,782	2,304	582	6,668
At the end of year	5,921	47,649	1,963	55,533
Net book value	80,413	8,877	1,470	90,760
Year ended June 30, 2013				
Cost/valuation at beginning of year	78,455	48,636	2,668	129,759
Purchases	–	5,881	240	6,121
Customisation works	6,415	–	–	6,415
Revaluation	4,350	–	356	4,706
Adjustments/transfers	(3,500)	39	(470)	(3,931)
At the end of year	85,720	54,556	2,794	143,070
Accumulated depreciation at beginning of year	2,244	43,699	1,583	47,526
Current year charge	2,139	1,646	631	4,416
Disposal/adjustments	(2,244)	–	(833)	(3,077)
At the end of year	2,139	45,345	1,381	48,865
Net book value	83,581	9,211	1,413	94,205

Note:

Valuation of land and freehold and leasehold buildings has been expressed by way of open market values.

6. Investment properties

	2013 \$'000	Appreciation /Depreciation Additions \$'000	in fair value \$'000	Adjustments \$'000	2014 \$'000
Buildings					
Huggins Building	14,500	–	23,500	–	38,000
NIPDEC House	34,000	–	15,000	–	49,000
Lot 13 Queen's Park East	–	39,778	(4,278)	–	35,500
Land					
Scarborough	–	–	–	227	227
Queen's Park East	73,059	–	50,000	162	123,221
Mulchan Seuchan Road	23,234	–	(1,000)	(362)	21,872
Palmiste	3,750	–	13,750	–	27,500
Caroni Savannah Road	3,800	–	5,200	–	9,000
Western Main Road – St James	11,000	–	2,000	–	13,000
	173,343	39,778	104,172	27	317,320

	2012 \$'000	Appreciation /Depreciation Additions \$'000	in fair value \$'000	Adjustments \$'000	2013 \$'000
Buildings					
Huggins Building	14,000	–	500	–	4,500
NIPDEC House	32,000	–	2,000	–	34,000
Scarborough	9,668	–	–	–	(9,668)
Land					
Queen's Park East	73,059	–	–	–	73,059
Mulchan Seuchan Road	18,868	–	4,000	366	23,234
Palmiste	13,300	–	450	–	13,750
Caroni Savannah Road	–	3,500	300	–	3,800
Western Main Road – St. James	13,445	–	(2,445)	–	11,000
	174,340	3,500	4,805	(366)	173,343

Rental income from investment properties during the year amounted to \$5.2 million (2013: \$6.7 million). Direct operating expenses incurred on investment properties during the year amounted to \$4.7 million (2013: \$3.1 million).

The decommissioning, de-gutting and demolition of the Scarborough Mall commenced in May 2013 and was completed in February 2014. Construction of a new building is expected to commence in 2014.

The valuation of the investment properties was conducted as at June 2014 by an independent professional valuator in accordance with the Royal Institute of Chartered Surveyors Valuation – Professional Standards 2014.

The income approach, which considers a property's potential cash flow and analyses the present worth of the anticipated future benefits to the owner over an assumed holding period, was the methodology used to value the buildings.

The market approach was utilised for the valuation of land. This approach measures the value of a property by comparing recent sales or offerings of similar or substitute property and related market data.

For all properties, the market value adopted in the financial statements is based on its highest and best use.

7. Post Employment Benefit

The amounts recognised in the statement of financial position are as follows:

\$'000	2014 \$'000	2013
Net liability in balance sheet		
Present value of defined benefit obligation	958,041	913,439
Fair value of assets	(957,892)	(916,847)
Deficit/(Surplus)	149	(3,408)
Movement in present value of defined benefit obligation		
Defined benefit obligation at start of year	913,439	789,163
Current service cost	18,597	23,126
Interest cost	45,047	42,573
Members' contributions	3,281	4,521
Re-measurements		
- Experience adjustments	2,998	5,617
- Actuarial (gains)/losses from changes in financial assumptions	–	79,071
Benefits paid	(25,321)	(30,632)
Defined benefit obligation at end of year	958,041	913,439

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

- Active	58%
- Deferred members	1%
- Pensioners	41%

The weighted average duration of the defined benefit obligation is 16.5 years.

96% of the value of the benefits for active members is vested.

25% of the defined benefit obligation for active members is conditional on future salary increases.

	2014 \$'000	2013 \$'000
Movement in fair value of plan assets:		
Fair value of plan assets at start of year	916,847	834,785
Interest Income	45,519	45,408
Return on plan assets, excluding interest income	8,613	55,260
Board contributions	8,953	7,505
Members' contributions	3,281	4,521
Benefits paid	(25,321)	(30,632)
Fair value of plan assets at end of year	957,892	916,847
Actual return on plan assets	54,132	100,668
Asset allocation		
Regionally listed equities (prices quoted on regional exchanges)	266,710	248,227
Overseas equities (developed markets outside of CARICOM)	94,459	55,515
TT\$ government and government guaranteed bonds (no quoted market prices)	464,945	443,146
TT\$ corporate bonds (no quoted market prices)	72,284	87,820
US\$ bonds (no quoted market prices)	10,703	10,964
Mortgages (no quoted market prices)	76	76
Local equity/income mutual fund	3,590	3,301
Cash and cash equivalents	45,125	67,798
Fair value of plan assets at end of year	957,892	916,847

All asset values as at June 30, 2014 were provided by the Plan's Investment Manager (First Citizens Asset Management Limited).

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.

Expense recognised in profit or loss

Current service cost	18,597	23,126
Net interest on net defined benefit (asset)/liability	(472)	(2,835)
Past service cost/(credit)	—	—
Net pension cost	18,125	20,291
Net pension cost under the previous accounting policy	30,717	33,342
Re-measurements recognised		
Experience (gains)/loss	(5,615)	29,428
Effect of asset ceiling	—	—
Total amount recognised in comprehensive income	(5,615)	29,428

	2014 \$'000	2013 \$'000
Reconciliation of opening and closing balance sheet entries		
Defined benefit asset at prior year-end	(3,408)	(318,085)
Previously unrecognised loss charged to comprehensive income	–	272,463
Opening defined benefit liability/(asset)	(3,408)	(45,622)
Net pension cost	18,125	20,291
Re-measurements recognised in comprehensive income	(5,615)	29,428
Board contributions	(8,953)	(7,505)
Closing defined benefit liability/(asset)	149	(3,408)

	2014 %	2013 %
Summary of Principal Assumptions as at June 30		
Discount rate	5.0	5.0
General salary increases	4.0	4.0
Salary increases due to age, merit and promotion	1.0	1.0
Total individual salary increases	5.0	5.0
Future pension increases	3.0	3.0

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at June 30, 2014 are as follows:

Life expectancy at age 60 for current pensioner in years		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
- Male	21.4	21.4
- Female	25.4	25.4

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 June 30, 2014 would have changed as a result of change in the assumptions used.

	1 % pa higher	1 % pa higher
- Discount rate	(130.3)	167.6
- Future salary increases	35.7	(31.5)
- Future pension increases	126.1	(103.6)

An increase of one year in the assumed life expectancies shown above would increase the defined benefit obligation at June 30, 2014 by \$23.4 million.

Funding

The NIBTT meets the balance of the cost of funding the defined Pension Plan and the Board 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 Board expects to pay contributions of \$9.4 million to the Pension Plan during 2014/15. However, this amount could increase if outstanding pay negotiations in respect of the period January 1, 2011 to June 30, 2014 are completed during the year.

8. Investment In Subsidiary Companies

The investments in subsidiary companies comprise the following companies reported at fair value:

	2014 \$'000	2013 \$'000
NIPDEC	204,775	159,100
TTMF	383,772	341,203
HMB	678,400	445,814
	<u>1,266,947</u>	<u>946,117</u>

The cost of the investment in NIPDEC, TTMF and HMB was \$25 million, \$7.19 million and \$243.9 million respectively. Shares were purchased in 2014 in HMB to the value of \$110 million dollars.

9. Financial Assets at Fair Value Through Profit or Loss

Investments comprise:

Bonds (a)	9,035,515	8,369,974
Equities (b)	10,563,393	9,181,007
	<u>19,598,908</u>	<u>17,550,981</u>

The analysis below shows the composition of the various investment categories.

(a) Bonds

Foreign	229,834	225,814
Local state and corporate	8,805,681	8,144,160
	<u>9,035,515</u>	<u>8,369,974</u>

Local state and corporate bonds earn interest at rates varying between 0.90% and 12.25% (2013: 0.90% and 12.25%).

(b) Equities

Quoted		
Foreign	2,737,624	2,278,376
Local	7,775,905	6,853,508
Unquoted	49,864	49,123
	<u>10,563,393</u>	<u>9,181,007</u>

10. Mortgage Advances

Mortgage balances are stated net of the provisions for diminution in the value of investments as follows:

Gross mortgage advances	68,895	76,506
Provision for non-performing advances	(50,627)	(53,865)
	<u>18,268</u>	<u>22,641</u>

The movement in the provision for non-performing advances was as follows:

Provisions as at July 1	53,865	60,805
Movement for the year	(3,238)	(6,940)
	<u>50,627</u>	<u>53,865</u>

Mortgage advances earn interest at an average effective rate of 8.00% (2013: 8.00%).

11. Property Being Developed for Sale

In 2004, the NIBTT commenced development of a residential gated community in D'abadie, Omeara, known as Riverwoods, comprising of single-family homes and townhouses. The construction of the single-family homes was divided into four (4) phases, two (2) of which have been completed. The two remaining phases are expected to be completed by November 2014.

The carrying value of properties being developed for sale was arrived at as follows:

	2014	2013
Cost	59,625	156,842
Less provision for diminution in value (Note 19)	(21,298)	(34,280)
	<u>38,327</u>	<u>122,562</u>

12. Claims Receivable

(a) Clico Investment Bank Limited (CIB)

Over the period September 2008 to January 2009, the NIBTT deposited sums of money with Clico Investment Bank Limited (CIB) as Investment Note Certificates (INC). In November 2009, legal action was initiated by the NIBTT due to breach on the part of CIB claiming the sums of US\$102,506,129 and TT\$46,493,563. On September 27, 2011 judgement was awarded in favour of the NIBTT in the sums of both claims with interest at the rate of 6% per annum from the dates of maturity of each deposit to the date of judgement.

On or about October 2011, CIB was placed in compulsory liquidation and Deposit Insurance Corporation (DIC) appointed Liquidator.

By letters dated April 22, 2013 and August 27, 2013 the DIC acknowledged and admitted the NIBTT's INC claims as follows:

- (1) TT\$17,809,762, TT\$17,557,117 and TT\$17,842,500, together with interest up to the date of appointment of the Liquidator (October 17, 2011); and
- (2) US\$118,101,719.53.

By letter dated May 2, 2014 the DIC advised they are not yet in a position to make any payments to the NIBTT. In light of this, the NIBTT has adopted a prudent approach and maintained the full provision on this debt established in 2013.

The NIBTT remains committed to exhausting all efforts to recover this debt.

	2014 \$'000	2013 \$'000
Gross amount	691,736	691,736
Provision for impairment	(691,736)	(691,736)
Carrying amount	<u>—</u>	<u>—</u>

(b) Old Police Headquarters

On or about January 2000, Cabinet agreed that the NIBTT be awarded the mandate to finance the reconstruction of the Old Police Headquarters in the amount of \$42,603,457 plus interest on specific terms and conditions.

In this regard, certain sums were released to NIPDEC and the reconstruction of the Old Police Headquarters was completed in November 2003. The conversion of this debt into a long-term facility remains outstanding.

As at June 30, 2013 the NIBTT ceased capitalising interest on the debt, with the outstanding principal debt at that date amounting to \$81,242,000.

The Ministry of Finance and the Economy has recently expressed an interest to liquidate this debt in full and all efforts will be made to complete this liquidation in the new financial year.

13. Other Assets

	2014 \$'000	2013 \$'000
Investment income receivable	40,610	104,847
Sundry debtors	39,095	30,984
Prepayments	261,115	283,072
Contributions receivable	232,431	279,122
	573,251	698,025

14. Cash and Cash Equivalents

Cash and bank	3,906,532	4,640,778
Money market fund (US\$)	46,135	21,397
	3,952,667	4,662,175

15. Benefits Fund

The benefits funds comprise the following funds:

- Long-term benefits fund, which is held to cover retirement pensions, retirement grants, invalidity and survivors' benefits in respect of qualifying persons.
- Short-term benefits fund, which is held to cover sickness and maternity benefits and funeral grants in respect of qualifying persons.
- Employment injury benefits fund, which is held to cover employment injury benefits to eligible insured persons.

As described in Notes 2 and 4, the benefits fund balances do not represent NIBTT's liability to beneficiaries, but instead reflects the allocation of the accumulated fund based on the application of certain ratios as advised by NIBTT's Actuary.

16. Revaluation Reserve

The revaluation reserve reflects gains or losses on revaluation of freehold properties.

	2014 \$'000	2013 \$'000
Opening balance as at June 30	42,317	34,675
Revaluation of property	–	7,642
Closing balance as at June 30	42,317	42,317

17. Other Liabilities

Sundry creditors and accruals	87,914	110,588
Provision for other payables	11,470	45,917
	99,384	156,505

18. Net Realised Investment Income

	2014 \$'000	2013 \$'000
Interest income	315,284	451,445
Dividend	349,262	322,452
Rental income	5,206	6,711
Miscellaneous income	13,313	6,185
Income – mutual funds	6,715	17,926
Income – foreign equity	11,922	8,998
Income – foreign bonds	6,305	6,348
Gain on sale of foreign equities	28,772	8,441
(Loss)/gain from foreign exchange	(29,699)	1,062
Gain/loss on sale of bonds	15,520	2,857
Total realised investment income	722,600	832,415
Investment expense	(23,317)	(15,922)
Net realised investment income	699,283	816,493

19. Net Unrealised Investment Income

Local equity	742,684	872,648
Foreign equity	398,444	223,530
Mutual funds	66,513	32,718
Investment property valuation	104,172	–
Government bonds	(131,365)	569,897
Corporate bonds	(6,075)	342,862
Debentures	(8,543)	84,816
Foreign asset management cash	(109)	–
Impairment of CIB deposit	–	(691,736)
Loss on property being developed for sale	(21,298)	(34,280)
HFT valuation – equity	49,318	27,843
HFT valuation – bonds	(2,243)	9,171
	1,191,498	1,437,469

The NIBTT changed its accounting policy to carry government and corporate bonds at fair value in the year ended June 30, 2013. Prior to that, government and corporate bonds were carried at initial cost.

20. Staff Salaries, Allowances and Benefits

	2014 \$'000	2013 \$'000
Pension contributions	7,868	6,872
Salaries and other related expenses	108,970	118,010
Group health plan	1,785	2,180
National insurance contributions	5,123	4,409
Training	827	720
Travelling and subsistence	1,624	1,233
Other	705	541
	126,902	133,965

21. Other Expenses

	2014 \$'000	2013 \$'000
Janitorial	2,522	2,527
Data processing services	1,131	–
Advertising and publicity	4,118	2,979
Bank charges	1,253	919
Electricity	2,303	1,991
General	1,789	1,456
Insurance	1,302	1,306
Legal and professional	5,046	2,424
Printing stationery and office supplies	2,103	1,750
Rent	4,996	4,686
Repairs and maintenance – equipment	1,362	2,717
Repairs and maintenance – premises	10,311	5,608
Security	7,081	7,651
Pension administration	1,998	2,237
Telephone	4,577	4,220
Other	3,897	3,147
	<u>55,789</u>	<u>45,618</u>

In 2014, administrative expenses amounted to 5.25% (2013: 5.59%) of contribution income and this did not exceed the limit established by NIBTT of 7.5%.

22. Contingent Liabilities and Capital Commitments

- (a) Pending litigation and outstanding appeals
As at June 30, 2014 there were certain legal proceedings outstanding against NIBTT. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.
- (b) Industrial relations
A provision of \$33.7 million has been made in the accounts for wage negotiations for the period January 1, 2011 to June 30, 2014 for bargaining units A and B, as well as Senior and Executive Management.
- (c) Capital Commitments
Capital projects approved and contracted as at June 30, 2014 amounted to \$5.07 million (2013: \$12.5 million).

23. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. These transactions were carried out on normal terms and conditions at market rates.

The following table provides the total amount of balances and transactions, which have been entered into with related parties for the relevant financial year.

(i) Transactions with related parties

During the years ended June 30, 2014 and June 30, 2013 NIBTT carried out the following significant transactions with related parties during the course of normal operations:

	2014 \$'000	2013 \$'000
Net investments/redemptions in debt of subsidiary companies	(456,988)	263,811
Interest received	29,068	88,549

(ii) Balances due from related parties

The amounts due from related companies comprise the following:

Balance due	507,158	964,146
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(iii) Transactions with key management personnel

In addition to their salaries, NIBTT also provides non-cash benefits to executive officers and contributes to a post employment defined benefit plan on their behalf. The key management personnel compensations are as follows:

	2014 \$'000	2013 \$'000
Short-term employee benefits	2,977	966
Post employment benefits	582	7,556

24. Financial Risk Management

The NIBTT's activities expose it to credit risk, liquidity risk and market risk. Its principal financial instruments comprise investment securities, mortgage advances, fixed deposits, cash and cash equivalents and borrowings. Income earned from investments, together with the excess of contributions after benefits are paid, are used to earn above average interest rate margins through investing in high quality, high yielding assets with acceptable levels of risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. NIBTT is mainly exposed to credit risk with respect to its mortgage portfolio, bonds and deposits.

NIBTT limits its exposure, with respect to its bond portfolio, by investing in only bonds issued by the Government of Trinidad and Tobago or institutions with high credit worthiness.

In respect to the Mortgage portfolio, constant monitoring is also employed. The necessary contact with mortgagors is maintained to ensure that payments are received in a timely manner. Where necessary, mortgage re-scheduling is done, which considers the borrower's new financial position. In the event where recovery may seem doubtful, provisions are set aside to cover any potential losses.

The carrying amount of loans and advances, investment securities, matured deposits and cash balances at banks represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Loans and Advances	
	2014 \$'000	2013 \$'000
Mortgage advances		
Gross amount	68,895	76,506
Impaired		
Gross amount	50,627	53,865
Allowance for impairment	(50,627)	(53,865)
Carrying amount	–	–
Past due, but not impaired		
Gross amount	9,142	10,133
Past due comprises		
30-60 days	7,018	9,282
61-90 days	1,004	1,471
91-180 days	937	696
Over 180 days	183	707
Allowance	–	(2,023)
Carrying amount	9,142	10,133
Neither past due nor impaired		
Gross amount	9,125	12,508

NIBTT granted mortgages based on evaluations of the mortgagees' financial situation and reports monthly on the exposure of potential losses from mortgages.

Investment securities

The amounts in relation to investment securities are neither past due nor impaired. As such, no provisions have been made against the amounts.

NIBTT holds collateral to cover its credit risks associated with specific investment securities considered most at risk.

The maximum exposure to credit risk for investment securities at the reporting date by sector was:

	2014 \$'000,000	2013 \$'000,000
Concentration by sector		
Corporate	3,877	3,954
Foreign investment	230	226
Sovereign	4,929	4,190
	<u>9,036</u>	<u>8,370</u>

The maximum exposure to credit risk for investment securities at the reporting date by location was:

Concentration by location		
Trinidad	8,806	8,144
International	230	226
	<u>9,036</u>	<u>8,370</u>

Liquidity risk

Liquidity risk is the risk that NIBTT will encounter difficulty in meeting obligations associated with financial instruments when they fall due under normal and stress circumstances. To mitigate this risk, the daily liquidity position for both operational and the payment of benefits is monitored to ensure that the bank accounts are adequately serviced. Transfers are done between bank accounts and the excess of contribution income over benefit payments is taken up and invested to earn above average interest rate margins through investing in high quality, high yielding assets with acceptable risk.

The following are the contractual maturities of financial liabilities:

	Up to One Year \$'000	One to Five Years \$'000	Over Five Years \$'000	Total \$'000
As at June 30, 2014				
Other liabilities	99,384	–	–	99,384
As at June 30, 2013				
Other liabilities	<u>156,505</u>	<u>–</u>	<u>–</u>	<u>156,505</u>

Parliament mandated that benefit payments be made from current monthly contributions as per the National Insurance Act.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. NIBTT is primarily exposed to interest rate risk with respect to its fixed rate debentures, government securities and bonds.

At the reporting date, the interest rate profile of NIBTT's interest bearing financial instruments was:

	2014 \$'000	2013 \$'000
Fixed rate instruments	8,566,752	7,894,955
Variable rate instruments	478,763	475,019
	<u>9,035,515</u>	<u>8,369,974</u>

Fair value sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year-end would have increased (decreased) the total funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	100bp Increase \$'000	100bp Decrease \$'000
2014	(346,200)	346,200
2013	(320,417)	320,417

Currency risk

The NIBTT is exposed to currency risk with respect to its investments in cash and cash equivalents denominated in United States dollars. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currently, the TT economy is quite strong and there appears to be no threat of devaluation or appreciation of the TT dollar against the US Dollar. Additionally, the portfolio is monitored on a monthly basis.

NIBTT's exposure to foreign currency risk based on notional amounts was as follows:

	TT \$'000	US \$'000	Total \$'000
As at June 30, 2014			
Assets			
Cash and cash equivalents	2,119,088	1,833,579	3,952,667
Investment securities			
- State and corporate bonds	8,251,640	554,040	8,805,680
- Foreign bonds	—	229,834	229,834
Foreign equities	35,000	2,702,624	2,737,624
Local equities	7,743,363	32,542	7,775,905
Other equities	49,864	—	49,864
Mortgage advances	18,268	—	18,268
Claims receivable	81,242	—	81,242
Other assets	312,136	—	312,136
Total Financial Assets	18,610,601	5,352,619	23,963,219
Liabilities			
Other liabilities	99,384	—	99,384
Total Financial Liabilities	99,384	—	99,384
Net Currency Risk Exposure	18,511,216	5,352,619	23,863,835

As at June 30, 2013

Assets			
Cash and cash equivalents	2,851,637	1,810,538	4,662,175
Investment securities			
- State and corporate bonds	7,678,178	465,982	8,144,160
- Foreign bonds	—	225,814	225,814
Foreign equities	35,000	2,243,376	2,278,376
Local equities	6,821,007	32,501	6,853,508
Other equities	49,123	—	49,123
Mortgage advances	22,641	—	22,641
Claims receivable	81,242	—	81,242
Other assets	414,953	—	414,953
Total Financial Assets	17,985,781	4,746,211	22,731,992
Liabilities			
Other liabilities	156,505	—	156,505
Total Financial Liabilities	156,505	—	156,505
Net Currency Risk Exposure	17,829,276	4,746,211	22,575,487

The following significant exchange rates were applied during the year:

	Average Mid Rate		Reporting Date Spot Rate	
	2014	2013	2014	2013
USD	6.3833	6.4214	6.3933	6.4430

Sensitivity analysis

A 1% strengthening of TTD against USD at year-end would have increased (decreased) the total funds by the amount shown below. This analysis assumes that all other variables—in particular, interest rates—remain constant. The analysis is performed on the same basis for 2014.

	Total Funds	
	2014	2013
Effect in TT\$'000		
TTD	53,526	47,462

A 1% weakening of the TTD against USD at year-end would have had the equal but opposite effect to the above currencies on the amounts shown above, on the basis that all other variables remain constant.

	2014	2013
TTD	(53,526)	(47,462)

25. Staff Complement

The staff complement as at June 30, 2014 was 650 (2013: 655).

26. Subsequent Events

As at June 30, 2014 there were no subsequent events noted by Management that require adjustments to, or disclosure in, these special purpose financial statements.



YEAR IN REVIEW



The Pension Investment Seminar 2013 at the Marriot Hotel.



Mrs. Patricia Martin-Ward of the St. Mary's Children's Home is presented with tokens courtesy Mr. London of the NIBTT.



Margaret Kisto, Manager of the Children's Home, located in Arima, is presented with boxes donated by the NIBTT staff.



All smiles from these NIBTT ladies at the annual ED's Open House.



Employees at the NIBTT Staff Retreat.



Recipients of prizes at the Staff Retreat at the Chaguarams Convention Centre.



NIBTT employees share their comments at the Staff Retreat at the Chaguarams Convention Centre.



NIBTT Staff Retreat turnout at the Chaguarams Convention Centre.



Nominees for Best Dressed Couple at the NIBTT's Dinner and Dance.



NIBTT Staff know how to party in The Hyatt Regency Trinidad Ballroom.



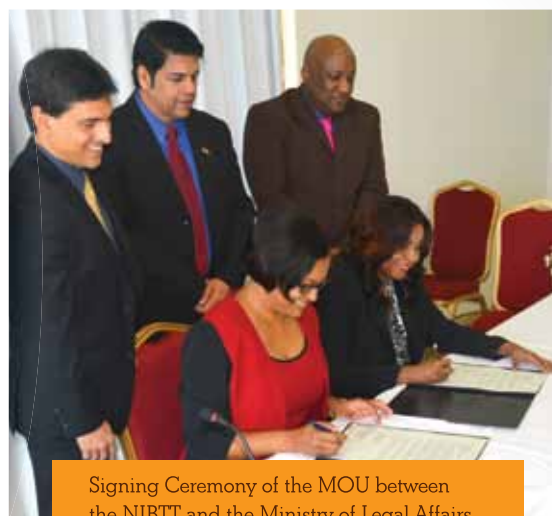
The NIBTT's Children's Party.



Administrative Professionals listen to a presentation by the Manager of Corporate Communications.



Administrative Professionals learn the art of jewellery making.



Signing Ceremony of the MOU between the NIBTT and the Ministry of Legal Affairs.



Employees view the Independence Day parade in front of the NIBTT's Head Office on Cipriani Boulevard.



Employees and their families were treated to Brunch as they viewed the annual Independence Day parade.

NOTES

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. In the top-left corner, there is a bright yellow circular sticker. The paper appears to be part of a notebook or a set of loose-leaf papers.

