

The Caribbean Court of Justice

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Trinidad and Tobago Dollars)

3. Property, plant and equipment

	Computer and software	Furniture, fixtures and equipment	Flags, crest and seals	Library books	Security equipment	Leasehold improvements	Vehicles	Total
Year ended December 31, 2019								
Cost or valuation								
As at January 1, 2019	11,648,071	11,929,727	428,470	15,037,900	1,587,276	1,052,724	4,103,935	45,788,103
Additions	391,003	470,458	-	79,718	162,183	256,749	3,108,000	4,468,111
Disposals	(181,733)	(14,445)	-	-	-	-	(2,761,234)	(2,957,412)
As at December 31, 2019	11,857,341	12,385,740	428,470	15,117,618	1,749,459	1,309,473	4,450,701	47,298,802
Accumulated depreciation								
As at January 1, 2019	(11,061,592)	(11,254,493)	(427,485)	(14,858,513)	(1,086,573)	(651,402)	(4,099,083)	(43,439,141)
Charge for the year	(478,849)	(391,870)	(985)	(112,784)	(228,453)	(89,743)	(779,425)	(2,082,109)
Disposals	181,733	14,445	-	-	-	-	2,761,234	2,957,412
As at December 31, 2019	(11,358,708)	(11,631,918)	(428,470)	(14,971,297)	(1,315,026)	(741,145)	(2,117,274)	(42,563,838)
Net book value								
As at December 31, 2019	\$498,633	\$753,822	\$ -	\$146,321	\$434,433	\$568,328	\$2,333,427	\$4,734,964
Year ended December 31, 2018								
Cost or valuation								
As at January 1, 2018	11,537,275	11,753,699	428,470	14,913,525	1,171,213	1,011,286	4,103,935	44,919,403
Additions	110,796	176,028	-	124,375	416,063	41,438	-	868,700
As at December 31, 2018	11,648,071	11,929,727	428,470	15,037,900	1,587,276	1,052,724	4,103,935	45,788,103
Accumulated depreciation								
As at January 1, 2018	(10,605,677)	(10,880,385)	(422,582)	(14,729,407)	(928,620)	(568,616)	(3,878,408)	(42,013,695)
Charge for the year	(455,915)	(374,108)	(4,903)	(129,106)	(157,953)	(82,786)	(220,675)	(1,425,446)
As at December 31, 2018	(11,061,592)	(11,254,493)	(422,485)	(14,858,513)	(1,086,573)	(651,402)	(4,099,083)	(43,439,141)
Net book value								
As at December 31, 2018	\$586,479	\$675,234	\$985	\$179,387	\$500,703	\$401,322	\$4,852	\$2,348,962

The Caribbean Court of Justice

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(Expressed in Trinidad and Tobago Dollars)

4. Retirement benefits due from Trust Fund

	2019	2018
Retirement benefits due from Trust Fund	<u>\$101,253,149</u>	<u>\$91,124,489</u>

The Trust Fund had previously proposed that since the retirement arrangements of the Court are already funded from within the Trust Fund with a legislature from the Heads of Government to ensure that the resources are always adequate, the retirement benefits due to the judges and non-judicial staff should be paid from the Trust Fund as they fall due. These proposals were accepted by the Court. For the judges, this balance is determined by the present value of the future cost of the judges' pensions, while for non-judicial staff the balance is determined by the total of the non-judicial staff's employee account balances. Refer to Notes 2 (n) and 7.

5. Other receivables

	2019	2018
Due from the Caribbean Association of Judicial Officers (CAJO)	289,216	46,121
Employee advances	285,199	418,390
VAT recoverable	194,855	254,076
Due from Caribbean Academy for Law & Court Administration (CALCA)	-	488,562
Prepayment	-	16,301
Other assets	101,023	227,102
	<u>\$870,293</u>	<u>\$1,450,552</u>

6. Related party transactions

The following balances/transactions were held/carried out with related parties:

	2019	2018
a) Due from related parties:		
- The Commission	932,628	947,182
- JURIST Project	31,999	86,062
	<u>\$964,627</u>	<u>\$1,033,244</u>

Amounts due from the Commission and the JURIST Project are interest-free, with no fixed repayment terms.

b) Trust Fund income received on behalf of and transferred to the Commission:	\$3,682,430	\$3,424,845
c) Expenses charged to the Commission	\$54,055	\$78,861

The Commission works to ensure that the Court meets and fully satisfies the expectations and needs of the people it serves.

Key management compensation:

d) Salaries and other short-term benefits	\$6,045,757	\$6,128,349
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The Caribbean Court of Justice

Notes to the Financial Statements

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(Expressed in Trinidad and Tobago Dollars)

7. Retirement benefit liability

	2019	2018
Judges	76,199,100	70,934,070
Non-Judicial Staff	25,054,049	20,190,419
	\$101,253,149	\$91,124,489

Judges pension arrangement

The President and Judges of the Court are to be paid pension benefits as per a final salary defined benefit pension plan in respect of continuous service with the Court. The benefits are based on one of the following categories depending on the number of years of continuous service at the time of retirement.

Less than 5 years' service	A gratuity of 20% of the pensionable emoluments at the time of retirement for every year of continuous service.
5 to 10 years of service	A monthly pension equivalent to two-thirds of the monthly pensionable emoluments at the time of retirement, for life.
More than 10 years of service	A monthly pension equivalent to the monthly pensionable emoluments at the time of retirement, for life.

Principal actuarial assumptions at the reporting date are as follows:

	2019	2018
Discount rate	3.0%	4.0%
Expected rate of return on plan assets	N/A	N/A
Salary growth rate	1%	1%
Average expected remaining working lives of members	9 years	9 years
Fair value of plan assets as at the beginning of year	-	-
Contributions by the Court	3,753,090	3,191,130
Benefits paid	(3,753,090)	(3,191,130)
Fair value of plan assets as at the end of year	\$-	\$-
Present value of obligation as at beginning of year	70,934,070	68,565,810
Foreign exchange loss on opening obligation	-	-
Interest cost	2,829,870	2,401,710
Current service cost - Employer's portion	1,639,050	1,639,050
Benefit payments	(3,753,090)	(3,191,130)
Actuarial loss on obligation	4,549,200	1,518,630
Present value of obligation as at end of year	\$76,199,100	\$70,934,070
Profit or loss		
Service cost	1,639,050	1,639,050
Interest cost	2,829,870	2,401,710
	4,468,920	4,040,760
Other comprehensive income		
Net actuarial loss recognized	4,549,200	1,518,630
Total expense	\$4,549,200	\$5,559,390

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7. Retirement benefit liability (continued)

Judges pension arrangement (continued)

	2019	2018
Opening liability	(70,934,070)	(68,565,810)
Total expense	(9,018,120)	(5,559,390)
Contributions paid	3,753,090	3,191,130
Closing liability	<u>\$(76,199,100)</u>	<u>\$(70,934,070)</u>

As the retirement benefit liability is payable by the Trust Fund when it becomes due, a receivable balance from the Trust Fund is recorded in the statement of financial position to match the retirement benefit liability.

	2019	2018
Present value of the obligation	<u>(76,199,100)</u>	<u>(70,934,070)</u>
Liability recognized in statement of financial position	<u>\$(76,199,100)</u>	<u>\$(70,934,070)</u>

Non-Judicial staff pension plan

The Court and its employees, with the exception of judges, contribute towards a pension plan which is managed by a Pension Administration Committee made up of representatives of the Commission, employees, the Trust Fund and the Court. The data and benefit administration services are provided by Bacon Woodrow and de Souza Limited. However, since there is no separate external fund where the contributions are placed (other than the Trust Fund), under IAS 19 these arrangements are treated as a defined benefit obligation of the Court. Refer to Notes 2 (n) and 4.

Movement in the present value of defined benefit obligation	2019	2018
Defined benefit obligation as at start of year	20,190,419	18,364,049
Current service cost	1,478,490	1,578,840
Interest cost	829,560	682,380
Contributions paid	829,560	809,490
Re-measurements:		
- Experience adjustment	1,973,550	(829,560)
- Actuarial gains from changes in demographic assumptions	120,420	-
- Actuarial gains from changes in financial assumptions	702,450	(294,360)
- Benefits paid	(1,070,400)	(120,420)
Defined benefit obligation as at end of year	<u>\$25,054,049</u>	<u>\$20,190,419</u>

Liability profile

The defined benefit obligations as at the year ends were allocated as follows:

	2019	2018
- Active members	84%	85%
- Pensioners	16%	15%

The weighted average duration of the defined obligation at the year-end was 3.2 years (2018: 3 years). 92% (2018: 82%) of the benefits accrued by active members were vested. 1% (2018: 1%) of the defined benefit obligation for active members was conditional on future salary increases.

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7. Retirement benefit liability (continued)

Non-Judicial staff pension plan (continued)

Movement in fair value of plan assets/asset allocation

The Plan's assets are held by the Trust Fund in an amount equal to the Plan's liabilities.

	2019	2018
Expense recognised in profit and loss		
Current service cost	1,478,490	1,578,840
Net interest on net defined benefit liability	829,560	682,380
Net pension costs	\$2,308,050	\$2,261,220

Movement in fair value of plan assets/asset allocation

Re-measurements recognised in other comprehensive income

Experience losses	2,796,420	(1,123,920)
Total amount recognised in other comprehensive income	\$2,796,420	\$(1,123,920)

The Plan's assets are held by the Trust Fund in an amount equal to the Plan's liabilities.

	2019	2018
Opening defined benefit liability	20,190,419	18,364,049
Net pension cost	2,308,050	2,261,220
Re-measurements recognized in other comprehensive income	2,796,420	(1,123,920)
Employees salary deductions	829,560	809,490
Benefits paid by the Court	(1,070,400)	(120,420)
Closing defined benefit liability	\$25,054,049	\$20,190,419

Summary of principal assumptions as at December 31

Discount rate	3.0% pa	4.0% pa
Salary increases	1.0% pa	1.0% pa

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

	2019	2018
Life expectancy at age 65 for current pensioner in years:		
- Male	17.4	16.9
- Female	21.4	20.7

Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarizes how the defined benefit obligation as at the year ends would have changed as a result of a change in the assumptions used.

As at December 31, 2019

	1% pa higher	1% pa lower
Discount rate	\$863,010	\$(863,010)
Salary increases	\$(100,350)	\$100,350

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7. Retirement benefit liability (continued)

Non-Judicial staff pension plan (continued)

Sensitivity Analysis (continued)

As at December 31, 2018

	1% pa higher	1% pa lower
Discount rate	\$521,820	\$(622,170)
Salary increases	\$(100,350)	\$100,350

An increase of one year in the assumed life expectancies shown above would decrease the defined benefit obligation as at December 31, 2019, by \$160,560 (2018: \$127,110).

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

Funding

The Court provides benefits under the Plan on a pay as you go basis and thus pays benefits as and when they fall due. The Court expects to pay contributions totalling \$401,400 in 2020.

8. Other payables

	2019	2018
Accounts payable	920,500	784,286
Pension contributions due to Trust Fund	516,017	637,180
Accruals	208,260	210,709
Deferred income	593	593
Due to Caribbean Academy for Law & Court Administration (CALCA)	13,723	-
Miscellaneous liabilities	7,548	76,716
	\$1,666,641	\$1,709,484

9. Funding from the Trust Fund

	2019	2018
Funding received from the Trust Fund	42,920,081	48,736,239
Pension income receivable from the Trust Fund	9,653,670	1,531,642
	\$52,573,751	\$50,267,881

10. Other income

	2019	2018
Foreign exchange gain	513,949	474,107
Interest income	69,629	3,309
Memorabilia sales	24,009	5,825
CALCA registration fee income	-	152,143
Miscellaneous income	9,443	55,815
Gain on disposal of property, plant and equipment	1,101,275	-
	\$1,718,305	\$691,199

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11. Administrative expenses

	2019	2018
Salaries and allowances	30,626,126	29,925,622
Pension cost and gratuities	8,158,223	6,964,849
Depreciation	2,082,109	1,425,446
Insurance expenses	1,648,528	1,282,633
Education and training	1,028,352	756,271
Telephone and internet	809,976	855,436
Repairs and maintenance	799,588	825,658
Library materials	726,984	681,313
Professional fees	717,991	387,053
Janitorial expenses	694,723	688,611
Other administrative expenses	474,837	484,662
Entertainment expenses	330,115	328,596
CALCA expenses	276,832	-
Public education	210,734	58,577
Motor vehicle expenses	130,639	146,946
Office supplies	88,552	152,868
Travelling expenses	61,549	353,091
Bank charges	42,073	40,662
Uniforms	-	105,533
	\$48,907,931	\$45,463,827
Number of employees	89	84

12. Financial risk management

Financial risk factors

The main financial risks arising from the Court's Operations are foreign exchange currency risk, credit risk and liquidity risk. Risk management is carried out by the Finance and Administration Manager under policies approved by the Commission.

Foreign exchange risk

The Court is mainly exposed to foreign exchange risk arising from financial instruments denominated in foreign currencies. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The table below summarizes the Court's assets and liabilities, at the year ended, which are denominated in United States dollars.

	2019	2018
Assets		
Retirement benefit due from Trust Fund	101,253,149	91,124,489
Cash and cash equivalents	5,655,446	9,989,912
Total assets	\$106,908,595	\$101,114,401
Net exposure	\$106,908,595	\$101,114,401

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12. Financial risk management (continued)

Foreign exchange risk (continued)

The table below summarizes the sensitivity of the Court's assets and liabilities to changes in foreign exchange movements at the year-end. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% to the Trinidad and Tobago dollars (2018: 5%), with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to the historical volatility of those rates.

Foreign exchange risk	Effect on accumulated fund	
	2019	2018
<i>Increased by 5%</i>	\$5,345,430	\$5,055,720
<i>Decreased by 5%</i>	\$(5,345,430)	\$(5,055,720)

Credit risk

Credit risk is the risk that a borrower or counterparty fails to meet its contractual obligation. Credit risk of the Court arises from cash and cash equivalents as well as credit exposures from staff loans receivable. The Court is mainly exposed to credit risk from cash and cash equivalents.

The credit quality of staff, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are minimised through the use of contractual agreements.

Cash and deposits are held with reputable financial institutions.

The carrying value of financial assets on the statement of financial position represents their maximum exposure.

Liquidity risk

Liquidity risk arises from the Court's management of working capital. It is the risk that the Court will encounter difficulty in meeting its financial obligations as they fall due. Prudent risk management implies maintaining sufficient cash to fund its day to day operations.

The table below summarizes the maturity profile of the Court's financial liabilities as at the year-end based on contractual undiscounted payments:

	Less than three (3) months	Less than one (1) year	No stated maturity	Total
At December 31, 2019				
Financial liabilities:				
Other payables	1,666,641	-	-	1,666,641
Total liabilities	\$1,666,641	\$-	\$-	\$1,666,641
At December 31, 2018				
Financial liabilities:				
Other payables	1,709,484	-	-	1,709,484
Total liabilities	\$1,709,484	\$-	\$-	\$1,709,484

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13. Subsequent events

Management evaluated all events that occurred from January 1, 2020, through June 25, 2020, the date the financial statements were available to be issued. During the period, the Court did not have any subsequent events requiring recognition or disclosure in the financial statements.

The 2019 Novel Coronavirus infection ('coronavirus') or 'COVID-19' outbreak poses a serious public health threat. It has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. Significant development and spread of the coronavirus did not take place until January 2020. As such, the outbreak represents a non-recognised subsequent event for purposes of these financial statements.

COVID-19 did not have a significant impact on the operations of the Court.