

# TRINIDAD AND TOBAGO GAZETTE (EXTRAORDINARY)

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No. 68A

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# **TRINIDAD AND TOBAGO**

# UNIT TRUST CORPORATION

**Consolidated Financial Statements** for the year ended December 31, 2004



# TO: THE BOARD OF DIRECTORS TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

# REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 2004 DECEMBER 31

The accompanying Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2004 December 31 have been audited. The Statements as set out on pages one (1) to thirty-three (33) comprise:

# (a) **IN RESPECT OF THE UNIT TRUST CORPORATION**

- ➤ A Consolidated Balance Sheet as at 2004 December 31;
- A Consolidated Income and Expenditure Statement for the year ended 2004 December 31;
- An Income and Expenditure Statement for the year ended 2004 December 31; and
- > A Consolidated Cash Flow Statement for the year ended 2004 December 31

# (b) <u>IN RESPECT OF THE FIRST UNIT SCHEME, SECOND UNIT SCHEME</u> <u>AND THE US DOLLAR MONEY MARKET FUND, FOR EACH</u>

- ➤ A Balance Sheet as at 2004 December 31;
- ➤ A Statement of Operations for the year ended 2004 December 31; and
- > An Income Distribution Statement for the year ended 2004 December 31

### (c) IN RESPECT OF THE UNIVERSAL RETIREMENT FUND

- ➤ A Balance Sheet as at 2004 December 31; and
- ➤ A Statement of Operations for the year ended 2004 December 31
- (d) Notes to the Financial Statements numbered one (1) to twenty-eight (28).

2. These Financial Statements are the responsibility of the management of the Trinidad and Tobago Unit Trust Corporation. The Auditor General's responsibility is to audit these Financial Statements in accordance with section 30(1) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter \$3:03 and to report thereon in accordance with section 30(4) of the said Act.

3. The examination was conducted in accordance with generally accepted Auditing Standards. These Standards require that the audit be planned and performed in order to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.

4. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of information in the Financial Statements. The Auditor General is of the view that the audit which was conducted provides a reasonable basis for the comments made at paragraphs 5 and 6 of this Report.

### **Disclaimer**

5. The Auditor General is not the auditor of the Corporation's subsidiaries which are listed in Note 24 to the Financial Statements. As a result, while the accounts of these subsidiaries have been consolidated with the accounts of the Corporation, a review of their activities falls outside the purview of this Report.

### **OPINION**

6. Subject to the disclaimer at paragraph 5 above, the Financial Statements as outlined at paragraph 1 of this Report are in agreement with the books of the Trinidad and Tobago Unit Trust Corporation and present fairly, in all material respects, the state of affairs of the Corporation as at 2004 December 31 and the results of its operations and its cash flows for the year ended 2004 December 31 in accordance with International Financial Reporting Standards. Information requested has been provided.



AUDITOR GENERAL

2005 APRIL 28

c 🐔	Trinidad & Tobago Unit Trust Corporation
	CONSOLIDATED BALANCE SHEET As at December 31, 2004

ASSETS	Notes	2004 <u>\$ '000</u>	2003 <u>\$ 1000</u>
Investment Funds	4	13,252,667	10,631,301
Cash & Short Term Investments	8	189,080	135,781
Receivables Propayments and Other Assets Investments Long Term Investments Fixed Assets	5 5 6	86,528 10,542 9,808 557,697 173,460	64,484 3,006 8,321 348,039 149,146
TOTAL ASSETS		14,279,782	11,340,078
LIABILITIES CURRENT			
Accounts Payable and Short Term Liabilities Other Liabilities Short Term Certificates of Interest Current Portion of Long Term Debt TOTAL CURRENT LIABILITIES	7 9	16,577 88,466 276,767 3,986 385,796	15,573 60,041 122,245 3,528 201,387
LONG TERM	- 1		
Long Term Financial Instruments Finance Lease	8	118,316 64,533	100,842 68,520
TOTAL LIABILITIES	- 1	568,645	370,749
CAPITAL AND RESERVES			
Initial Capital Unit Capital	10	4,811 13,247,856 13,252,667	4,811 10,626,490 10,631,301
Fund Reserves Statutory Reserves Capital Reserve Retained Income	12 13 14	46,360 5,050 58,994 347,638 458,042	45,826 5,633 54,161 231,861 337,481
Minority Interest		458,842	547

#### TOTAL LIABILITIES, CAPITAL AND RESERVES

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14,279,782



	Trinidad & Tobago Unit Trust Corporation
CONSOLIDATED	INCOME AND EXPENDITURE STATEMENT
	For the year ended December 31, 2004

INCOME	Notes	2004 <u>\$ '000</u>	2003 <u>\$ '000</u>
Investment Income - Growth & Income Fund Money Market Fund Universal Retirement Fund US\$ Money Market Fund Net Investment Income - Group Operations Initial Charge Other Income Rental Income Undistributed Income at start of year	15	275,273 364,726 3,440 170,350 18,106 54,672 8,410 3,405 3,680	151,785 326,797 2,526 137,575 25,995 49,911 6,802 4,033 17,043
Total Income		902,062	722,467
EXPENSES			
Distribution Commission Administrative Depreciation <b>Total Expenses</b>	16 17 6	644,058 14,624 92,618 <u>6,862</u> 758,161	518,459 14,277 78,983 <u>5,366</u> 617,084
<b>Net Income before Finance Charges</b> Finance Charges	9	143,900 (10,811)	105,382 (11,115)
Net Income after Finance Charges		133,089	94,267
Transfer from Investment Funds to Reserves Income Capitalized Undistributed Income at end of year	12	(2,635) (1,358) (13,791)	(2,635) (1,182) (3,680)
Net Income before Taxation		115,305	86,770
Taxation		(229)	(197)
Net Income after taxation		115,075	86,574
Minority Interest		119	688
Net Income after Minority Interest		115,194	87,262
Retained Income at start of year		231,861 347,056	<u>217,332</u> 304,594
Transfers to Fund Reserves Transfer from/(to) Statutory Reserve Bonus Distribution <b>Retained Income at end of year</b>	12 13	- 583 - 347,638	(16,150) (583) (56,000) 231,861



# Trinidad and Tobago Unit Trust Corporation

INCOME AND EXPENDITURE STATEMENT For the year ended December 31, 2004

	Notes	2004 <u>\$ '000</u>	2003 <u>\$ '000</u>
INCOME			
Management Charge Initial Charge Investment Income Rental Income Other <b>Total Income</b>	18	147,905 54,672 18,016 3,405 6,730 230,727	102,154 49,911 25,808 4,033 7,137 189,043
EXPENSES			
Commission Administrative Depreciation <b>Total Expenses</b>	17	6,901 89,956 <u>6,167</u> 103,024	6,661 76,811 <u>5,210</u> 88,682
<b>Net Income before Finance Charges</b> Finance Charges	9	127,703 (10,811)	100,361 (11,115)
Net Income before taxation		116,893	89,246
Taxation		(225)	(197)
Net income after taxation		116,667	89,050
Retained Income at start of year		<u>234,229</u> 350,897	<u>217,332</u> 306,382
Transfer to Fund Reserves	12	-	(16,150)
Bonus Distribution			(56,000)
Retained Income at end of year		350,897	234,232

End of Year

#### 711a—Continued

Trinidad & Tobago Unit Trust Corporation	
CONSOLIDATED CASH FLOW STATEMENT	
For the year ended December 31, 2004	
2004 \$ '000	2003 <u>\$ '000</u>
OPERATING ACTIVITIES	

Net Income before taxation and Minority Interest	115,305	86,771
Adjustment to reconcile net income to net cash from operating activity:		
Depreciation Expense Taxation paid (Increase)/Decrease in Receivables Decrease/(Increase) in Prepayments and Other Ass (Decrease)/Increase in Accounts Payable Increase in Other Liabilities Unrealised Foreign Currency (Loss)/Gain Increase/(Decrease) in Short Term Certificates of I (Decrease)/Increase in Long Term Financial Instrun	6,862 (229) (22,045) (7,536) 1,004 28,425 - 154,522 17,474	5,366 (197) (15,500) 7,750 (1,605) 33,323 167 (1,955) 2,904
Net Cash Inflow from Operating Activities	293,782	117,024
INVESTING ACTIVITIES		
Purchase of Fixed Assets (Increase)/Decrease in Investments Proceeds from Disposal of Fixed Assets	(31,378) (206,303) 202	(42,324) (20,220) 121
Net Cash (Outflow) from Investing Activities	(237,479)	(62,423)
FINANCING ACTIVITIES		
Finance Lease Repayments Allocation to Reserves Bonus Distribution Net Cash Inflow/Outflow from Financing Activities	(3,528) 524 - (3,004)	(3,122) 3,952 (56,000) (55,170)
NET CASH INFLOW FOR THE YEAR	53,299	(569)
Cash & Cash Equivalents: Beginning of Year	135,781	136,350

189,080

135,781

Trinidad and Tobago Unit Trust Corporation							
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended December 31, 2004							
	Fund Reserves \$'000	Statutory Reserves \$'000	Capital Reserve \$'000	Retained Income \$'000	Total \$'000		
Balance brought forward at the January 1, 2003 Net Gain on "Available for sale" Financial Assets	25,624	5,050	<b>75,028</b> 5,020	217,332	323,034 5,020		
Amortisation of Capital Appreciation on reclassification of Investment from "Available for Sale" to "Held to Maturity"			(3,090)		(3,090)		
Disposal of Investments classified as Available for Sale			(23,030)		(23,030)		
Currency Translation Differences	(3)		233		230		
Net Income after Minority Interest				87,262	87,262		
Bonus Distribution				(56,000)	(56,000)		
Transfers to Fund Reserves	16,150			(16,150)	-		
Transfers to Statutory Reserves	-	583		(583)	-		
Transfers from Investment Funds	2,635	-			2,635		
Guarantee Reserve Payments	(12)				(12)		
Interest on Reserve Assets	1,432				1,432		
Balance carried forward at December 31, 2003	45,826	5,633	54,161	231,861	337,481		
Balance carried forward at January 1, 2004	45,826	5,633	54,161	231,861	337,481		
Net Gain on "Available for sale" Financial Assets	,	·	7,774	,	7,774		
Amortisation of Capital Appreciation on reclassification of Investment from "Available for Sale" to "Held to Maturity"			(3,090)		(3,090)		
Disposal of Investments classified as Available for Sale			(404)		(404)		
Currency Translation Differences	-		553		553		
Net Income after Minority Interest				115,194	115,194		
Transfers to/from Statutory Reserves	-	(583)		583	-		
Transfers from Investment Funds	2,635	-			2,635		
Transfers to Investment Funds	(3,984)				(3,984)		
Interest on Reserve Assets Balance carried forward as at	1,883				1,883		
December 31, 2004	46,360	5,050	58,994	347,638	458,042		

#### Trinidad and Tobago Unit Trust Corporation

# GROWTH & INCOME FUND (FIRST UNIT SCHEME ) BALANCE SHEET

#### As at December 31, 2004

ASSETS	Notes	2004 <u>\$' 000</u>	2003 <u>\$' 000</u>
Investments Cash and Short Term Investments Interest Receivable	19	4,193,781 83,725 70,398	2,882,793 47,822 49,635
Total Assets		4,347,905	2,980,250
LIABILITIES			
Distribution Payable Amount Due Corporation		73,045 42,712	58,702 20,711
Other Liabilities		26,865	14,735
		142,622	94,148
RESERVES			
Undistributed Income		11,501	3,309
Total Liabilities and Reserves		154,123	97,457
NET ASSETS		4,193,781	2,882,793
CAPITAL ACCOUNT		2,542,287	1,782,967
UNREALISED CAPITAL APPRECIATION	20	1,651,494	1,099,826
		4,193,781	2,882,793

Trinidad and Tobago Unit Trust Corporation
GROWTH & INCOME FUND
(FIRST UNIT SCHEME )
STATEMENT OF OPERATIONS
For the year ended December 31, 2004

INVESTMENT INCOME	Notes	2004 <u>\$ ' 000</u>	2003 \$ '000
Dividends		48,615	47,014
Interest		98,806	57,145
Realised Capital Gains		127,852	47,626
Total Investment Income		275,273	151,785
EXPENSES			
Managem	18	75,992	38,540
Total Expenses		75,992	38,540
NET INVESTMENT INCOME		199,281	113,245

# Trinidad and Tobago Unit Trust Corporation GROWTH & INCOME FUND (FIRST UNIT SCHEME) INCOME DISTRIBUTION ACCOUNT For the year ended December 31, 2004

	Notes	2004 <b>\$</b> ' 000	2003 \$ '000
NET INVESTMENT INCOME		199,281	113,245
Undistributed Income brought forward		3,309	8,397
DISTRIBUTION PAYMENT:		202,590	121,642
Distribution Paid to Initial Contributors 80c per unit (2003 -70c per unit)	16	818	818
Distribution Paid to Unitholders 80c per unit (2003 -70c per unit)	16	189,271	116,659
Total Distribution		190,089	117,333
UNDISTRIBUTED INCOME BEFORE RESERVES		12,501	4,309
Allocation to Guarantee Reserve Fund	12a	1,000	1,000
UNDISTRIBUTED INCOME AS AT DECEMBER 31, 2004	1	11,501	3,309

Trinidad and Tobago Unit Trust Corporation MONEY MARKET FUND (SECOND UNIT SCHEME) BALANCE SHEET As at December 31, 2004			
	Notes	2004	2003
•		\$' 000	\$' 000
ASSETS			
Investments Cash	21	5,988,569	5,353,694
Interest Receivable		187,141 84,455	173,123 102,782
			102,702
Total Assets		6,260,165	5,629,599
LIABILITIES			
Accruals for Distribution	16	21,094	14,531
Amount Due Corporation		13,544	14,973
Other Liabilities		227,057	236,500
		261,695	266,004
Reserves		9,901	9,901
Total Liabilities and Reserves		271,596	275,905
NET ASSETS		5,988,569	5,353,694
CAPITAL ACCOUNT		5,852,919	5,215,244
UNREALIZED CAPITAL APPRECIATION	20	135,650	138,450
		5,988,569	5,353,694

# Trinidad and Tobago Unit Trust Corporation MONEY MARKET FUND (SECOND UNIT SCHEME) STATEMENT OF OPERATIONS

For the year ended December 31, 2004

INVESTMENT INCOME	Notes	2004 \$' 000	2003 \$' 000
Interest Income		364,726	326,797
Investment Income		364,726	326,797
EXPENSES			
Management Charge Commission	18	42,910 7,148	33,969 6,869
Total Expenses		50,058	40,838
NET INVESTMENT INCOME		314,668	285,959

# Trinidad and Tobago Unit Trust Corporation MONEY MARKET FUND

(SECOND UNIT SCHEME)

# INCOME DISTRIBUTION ACCOUNT

for the year ended December 31, 2004

	Notes	2004 \$' 000	2003 \$' 000
NET INVESTMENT INCOME		314,668	285,959
DISTRIBUTION PAYMENT:			
Distribution Paid Accruals for Distribution	16	293,174 21,094	271,029 14,530
Total Distribution		314,268	285,559
Allocation to Reserves	12c	400	400
		314,668	285,959

Trinidad & Tobago Unit Trust Corporation UNIVERSAL RETIREMENT FUND BALANCE SHEET As at December 31 2004			
	Notes	2004 \$' 000	2003 <u>\$' 000</u>
ASSETS			
Long Term Investments Cash & Short Term Investments Interest Receivable		96,637 15,816 858	69,069 5,713 1,626
Total Assets		113,311	76,408
<b>LIABILITIES</b>			
Amount Due Corporation		2,082	767
NET ASSETS OF THE FUND	22	111,229	75,641
CAPITAL ACCOUNT		69,833	55,404
UNREALISED CAPITAL APPRECIATI	20	41,396	20,237
		111,229	75,641

STATEM	O Unit Trust Corpo SAL RETTREMENT ENT OF OPERATIO ended December 31	FUND ONS	
	Natas	2004	2003
INVESTMENT INCOME	Notes	<u>\$'000</u>	<u>\$'000</u>
Dividends		1,471	1,264
Interest		1,969	1,262
Total Investment Income		3,440	2,526
EXPENSES			
Management Charge	18	2,082	1,343
Total Expenses		2,082	1,343
NET INCOME FOR CAPITALIZATION	[	1,358	1,183

US DOLLAR MONEY MARKET FUND BALANCE SHEET As at December 31, 2004			
	Notes	2004 TT\$' 000	2003 TT\$' 000
ASSETS			
Investments Cash Interest Receivable	23	2,959,087 139,590 72,519	2,319,173 55,568 45,543
Total Assets		3,171,196	2,420,284
LIABILITIES			
Amount Due Corporation Distribution Payable Other Liabilities		12,007 37,787 <u>160,024</u> 209,818	4,964 32,052 63,724 <b>100,740</b>
RESERVES Undistributed Income		2,291	371
Total Liabilities and Reserves		212,109	101,111
NET ASSETS		2,959,087	2,319,173
CAPITAL ACCOUNT		2,971,514	2,345,772
UNREALIZED CAPITAL DEPRECIATION	20	(12,427)	(26,599)
		2,959,087	2,319,173

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Trinidad and Tobago Unit Trust Corporation US DOLLAR MONEY MARKET FUND STATEMENT OF OPERATIONS For the year ended December 31, 2004			
	Notes	2004 TT\$' 000	2003 TT\$' 000
INVESTMENT INCOME			
Interest Income		170,350	137,575
Total Investment Income		170,350	137,575
EXPENSES			
Management Charge Commissions	18	26,921 574	28,303 746
Total Expenses		27,495	29,049
NET INVESTMENT INCOME		142,855	108,526

# Trinidad and Tobago Unit Trust Corporation

US DOLLAR MONEY MARKET FUND

**INCOME DISTRIBUTION ACCOUNT** 

For the year ended December 31, 2004

	Notes	2004 TT \$' 000	2003 TT \$' 000
NET INVESTMENT INCOME		142,855	108,526
Undistributed Income at start of year		371	8,646
		143,226	117,172
Distribution Expense	16	139,700	115,566
		3,526	1,606
Allocation to Reserve	12b	1,235	1,235
UNDISTRIBUTED INCOME			
AS AT DECEMBER 31, 2004		2,291	371

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

# 1) INCORPORATION AND PRINCIPAL ACTIVITIES

The Trinidad and Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act ("the Act") Chapter 83:03 of the Laws of the Republic of Trinidad and Tobago, generally to provide facilities for participation by members of the public in investing in shares and securities approved by the Board. The Finance Act of 1997 permitted expansion of the Corporation's scope of activities to include other financial services, such as merchant banking, trustee services and card services. The Corporation's principal office is at the UTC Financial Centre, #82 Independence Square, Port of Spain.

In addition to the Trinidad & Tobago Unit Trust Corporation, the Group is comprised of six (6) subsidiary companies, one of which is a property development company as detailed in note 24.

# 2) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are stated below:

# a) Basis of Preparation

These financial statements are expressed in Trinidad and Tobago Dollars and have been prepared under the historical cost convention except as modified in respect of security valuation (see (c) below). The accounting policies in all material respects conform with International Financial Reporting Standards. All material income and expenditure items are accounted for on an accrual basis.

### b) Investments

Originated loans are securities originated by the Corporation's merchant banking department, in which financial resources are provided directly to the issuer. These securities are carried at amortised cost.

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in exchange rates are classified as available-for-sale. Investments available-for-sale are carried at fair value.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

Investments with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are carried at amortized cost, less any adjustment necessary for impairment.

Purchases and sales of equity investments are recognized at the trade date. Purchases and sales of all other security investments are recognized on the settlement date. Gains and losses from changes in fair value on investments classified as available-for-sale are recognized in equity. When the financial assets are disposed of or are impaired, the related fair value adjustments are included in the income statement.

*c)* Security Valuation

The fair value of publicly traded securities is determined by reference to the prevailing market prices on the last trading day before the Balance Sheet date, on the offer basis.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their nominal amounts.

# *d)* Fixed Assets

The Corporation utilizes the straight-line method of depreciation for all its depreciable assets with the exception of motor vehicles, which are depreciated using a rate of 25% on the reducing balance basis.

Straight-line basis:	Estimated useful live	
Building	50 years	
Office Improvements	5-15 years	
Computer Equipment	3-10 years	
Office Equipment	4-15 years	
Furniture & Fixtures	7-15 years	

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

The Fixed Assets of the subsidiary Belize Unit Trust Corporation Limited are depreciated on a reducing balance basis, at the rates estimated to write off the value of the assets over their useful lives. Rates used are:

Computer equipment	20%
Office equipment	20%
Furniture	10%
Motor vehicles	25%

# e) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago Dollars at the rates of exchange prevailing on December 31, 2004.

Resulting translation differences and profits and losses from other transactions are recognized within the Income and Expenditure Statement except where the differences arise on consolidation of foreign entities. In such instances the translation difference is recognized in equity.

f) Leases

Assets held under finance leases are capitalized as fixed assets and duly depreciated. The liability net of finance charges is shown on the Balance Sheet and the interest element is charged to the Income Statement over the term of the lease.

# g) Separate Funds Under Management

The assets and liabilities pertaining to pension and other funds which are managed in accordance with specific Investment Management Agreements are not included in the Balance Sheet of the Corporation. The market value of these portfolios as at December 31, 2004 is \$639 million (2003: \$451 million).

*h) Presentation* 

Comparative Figures. Certain changes in presentation have been made during the year and the comparative figures have been restated accordingly. These changes have no effect on the net profit of the previous year.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

# *i)* Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries drawn up as at December 31, 2004 and include all the assets and liabilities and results of operations of the group. All material inter-company transactions and accounts have been eliminated in preparing the consolidated financial statements.

# 3) TAXATION

The Corporation is exempt from Corporation Tax.

The Local Subsidiary companies are subject to Corporation Tax.

# 4) **INVESTMENT FUNDS**

	<b>Dec-04</b>	Dec-03
	\$'000	\$'000
Growth & Income Fund	4,193,781	2,882,793
TT\$ Money Market Fund	5,988,569	5,353,694
Universal Retirement Fund	111,229	75,641
US\$ Money Market Fund	2,959,088	2,319,173
Investment Funds	13,252,667	10,631,301

### 5) (a) INVESTMENTS

	Dec-04	Dec-03
	\$'000	\$'000
Chaconia Income & Growth Fund	8,727	8,166
Other Investments	1,081	155
	9,808	8,321

The Chaconia Income and Growth Fund - sponsored by the Trinidad and Tobago Unit Trust Corporation - is incorporated in the State of Maryland, United States of America and registered as an open-ended, non-diversified, no-load management investment company under the Investment Act of 1940 of the United States of America.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

# (b) LONG TERM INVESTMENTS

The major portion of Long Term Investments represents the Corporation's holding in long term government bonds that will mature in fifteen (15) to twenty (20) years.

	Dec-04	Dec-03
	\$'000	\$'000
Held to Maturity	293,591	233,685
Available for Sale	225,772	112,196
Originated Loans	38,334	2,158
	557,697	348,039

#### 6) **FIXED ASSETS**

		Contract		Leasehold	Motor			
	Land	WIP	Building	Improvements	Vehicles	Equipment	Furniture	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Period Ended								
Dec. 31, 2004								
Opening Net								
Book Value	14,475	31,814	72,153	12,394	2,080	10,649	5,581	149,146
Additions	95	15,244	68	4,969	1,697	5,009	4,255	31,337
Transfers		(38,592)	38,592					-
Disposals	-			-	(148)	(13)	-	(161)
Depreciation								
Charge	-	-	(1,832)	(1,292)	(707)	(2,130)	(902)	(6,862)
Closing Net				,				
Book Value	14,570	8,466	108,982	16,071	2,923	13,514	8,934	173,460
A								
As at December								
<b>31, 2004</b>	14.570	9.466	116,660	21.040	5 115	24 (05	12 019	202 564
Cost Accumulated	14,570	8,466	110,000	21,040	5,115	24,695	13,018	203,564
Depreciation			(7,678)	(4,968)	(2,192)	(11,181)	(4,084)	(30,104)
Depreciation	-	-	(7,078)	(4,508)	(2,192)	(11,101)	(4,004)	(30,104)
Net Book Value	14,570	8,466	108,982	16,071	2,923	13,514	8,934	173,460
As at December								
31, 2003								
Cost	14,475	31,814	77,999	16,071	3,934	19,756	8,786	172,835
Accumulated				·				
Depreciation	-	-	(5,846)	(3,677)	(1,854)	(9,107)	(3,205)	(23,689)
Net Book Value	14,475	31,814	72,153	12,394	2,080	10,649	5,581	149,146

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

# Land

The amount shown as Land includes leasehold land of \$2.17 million and freehold land of \$12.305 million.

(a) Leasehold Land

This reflects the Corporation's interest in a ninety-nine (99) year lease granted by the Government of the Republic of Trinidad and Tobago to the Unit Trust Corporation with respect to land situated at the Corner of Richmond Street and Independence Square, Port of Spain for the construction of its Headquarters Building. On April 24, 2001 the Corporation entered into an arrangement with London Street Project Company Limited to transfer its interest for 20 years to facilitate the construction of its Headquarters Building through a Build, Own, Lease and Transfer arrangement described in Note 9 below.

(b) Freehold Land:

In 2003 freehold properties at Chaguanas, San Fernando and Tobago were transferred from the Corporation to the subsidiary company UTC Property Development Limited for non cash consideration of shares.

On August 15, 2003 UTC Property Development Limited acquired the freehold property at Arima.

### **Contract Work In Progress**

Contract Work In Progress represents capital expenditure incurred on the construction of the Tobago branch office as at December 31, 2004. This includes capitalized borrowing costs of \$0.43 million (2003: \$1.099 million which represents borrowing costs for the now completed Chaguanas Office).

# 7) SHORT TERM CERTIFICATES OF INTEREST

This represents Guaranteed Investment Certificates backed by the underlying asset of Government bonds. These instruments are due within one year.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

# 8) LONG TERM FINANCIAL INSTRUMENTS

This represents zero coupon financial instruments that are derived from a portion of the Government long term bonds. These instruments are payable in fifteen (15) to twenty (20) years.

	Dec-04	Dec-03
	\$'000	\$'000
Finance Lease: current portion	3,986	3,528
Finance Lease: long term portion	64,533	68,520
Total	68,519	72,048
Finance charges for the year	10,811	11,115

# 9) **FINANCE LEASES**

- (a) The Corporation entered into a finance lease agreement with London Street Project Company Limited on April 24, 2001 through a buy, own, lease and transfer arrangement. This agreement is for a term of 20 years, with purchase options at the end of the tenth and fifteenth years.
- (b) The Corporation committed to a lease agreement with Republic Finance and Merchant Bank Limited (FINCOR) for the furniture, fittings and equipment at the UTC Financial Centre on December 1, 2002. This agreement is for a term of 5 years.

# 10) INITIAL CAPITAL

Initial Capital is capital subscribed by the Initial Capital Contributors to the Unit Trust Corporation in accordance with Section 17 of the Act and invested in the Growth and Income Fund.

# 11) UNIT CAPITAL

Unit Capital represents the capital value of units issued by the four Investment Funds operated by the Corporation. In respect of the First Unit Scheme, this excludes the acquisition cost of the units issued in respect of Initial Capital.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

	Dec-04	Dec-03
	\$'000	\$'000
Growth & Income Fund	4,188,970	2,877,982
Money Market Fund	5,988,569	5,353,694
Universal Retirement Fund	111,229	75,641
US\$ Money Market Fund	2,959,088	2,319,173
Total Unit Capital	13,247,856	10,626,490

### **12) FUND RESERVES**

	Dec-04	Dec-03
	\$'000	\$'000
Guarantee Reserve	12,837	11,240
US\$ Money Market Fund Reserve	28,839	26,599
Money Market Fund Reserve	4,684	7,987
Total Fund Reserves	46,360	45,826

### a) Guarantee Reserve

In accordance with the provisions of Section 26(1) and (2) of the Act, in 1984 the Board of Directors established a Guarantee Reserve Fund in respect of the Growth and Income Fund (FUS) to ensure adequate funding of the Guarantee Pricing Plan.

In 2004 \$1.0 million was allocated to the Fund from the Income of the Growth and Income Fund.

### b) US\$ Money Market Fund Reserve

In accordance with the provisions of Section 26(1) and (2) of the Act, in 2001 the Board of Directors established a Special Reserve Fund in respect of the US\$ Money Market Fund (US\$ MMF) to provide for maintenance of the capital value of the Fund.

In 2004 TT\$1.235 million (2003: TT\$1.235 million) was allocated to the Special Reserve Fund from the Investment Income of the US\$ MMF.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

# c) Money Market Fund (SUS) Reserve

In accordance with the provisions of Section 13 of the Second Unit Scheme Regulations issued under the Act, in 1991 the Board established a reserve to satisfy any shortfall that may arise from the liquidation of securities in the portfolio of the Scheme.

In 2004 \$0.4 million (2003: \$0.4 million) was allocated to the Second Unit Scheme Reserve Fund from the Investment Income of the Money Market Fund.

In 2004 a call of TT\$3.984 million was made from the Second Unit Scheme Reserve.

# **13) STATUTORY RESERVES**

a) *Local* 

In accordance with Section 59(3)(d)(ii) of the Securities Industries Act By-Laws 1997, a reserve of \$5.0 million was established to satisfy the capital requirements for registration as an Underwriter and \$50,000 as an Investment Adviser.

(b) Foreign

In 2004, the Central Bank of Belize granted an exemption to the Belize Unit Trust Corporation in respect of the 5% reserve requirement under section 21 of the Banks and Financial Institutions (Unit Trust) Regulations for Belize. Consequently, there has been a reversal of the reserve balance of \$.583 million previously allocated in the 2003 financial statements.

### 14) CAPITAL RESERVE

Long term investments included in **Note 5 (b)** previously classified as "Available for Sale" were reclassified in 2003 as "Held to Maturity". The capital appreciation previously recognized in the accounts is being amortized over the remaining life of these bonds. The unamortized capital appreciation as at December 31, 2004 amounted to \$43.187 million (2003: \$46.227million).

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### **15) NET INVESTMENT INCOME – GROUP OPERATIONS**

Net Investment Income – Group Operations primarily reflects the results of the Merchant Banking line of business and comprises the following:

	Dec-04	Dec-03
	\$'000	\$'000
Interest and Other Fee Income	48,970	50,846
Interest Expense & Other Charges	(30,864)	(24,851)
Total	18,106	25,995

#### 16) **DISTRIBUTIONS**

#### Growth & Income Fund

The Corporation declared its forty third (43rd) and forty fourth (44th) distributions in respect of the Growth & Income Fund during the year 2004 totaling \$190.089 million (2003: \$117.333 million). The distribution to registered unit holders as at June 30, 2004 amounted to \$115.693 million (June 2003: \$57.998 million) and the December 31 2004 distribution amounted to \$73,578 million (December 2003: \$58.661 million). The total distribution to Initial Capital Contributors for the year amounted to \$0.818 million (2003: \$0.674 million).

#### Money Market Fund

Distributions in the Money Market Fund are made quarterly. Four (4) payments were made in 2004 and total distributions paid during the period January – November 2004 totaled \$293.174 million (2003: \$271.029 million). Income accrued as at December 31 2004 for distribution in the quarter ended February 2005 amounted to \$21.094 million (2003: \$14.53 million).

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

US\$ Money Market

Distributions in the US\$ Money Market Fund are paid by calendar quarters. Total distributions for the calendar year 2004 amounted to TT\$139.7 million or US\$22.625 million (2003: TT\$115.566 million or US\$18.717 million).

#### 17) ADMINISTRATIVE EXPENSES

	Dec-04	Dec-03
	\$'000	\$'000
Administrative Expenses	92,846	79,179

Included in Administrative Expenses are:

(a) Directors' Fees in the amount of \$0.832 million (2003: \$0.864 million) and

(b) Auditors' Remuneration in the amount of \$0.4 million (2003: \$0.197 million).

#### **18) MANAGEMENT CHARGE**

	Dec-04	Dec-03
	\$'000	\$'000
Growth & Income Fund	75,992	38,540
Money Market Fund	42,910	33,968
Universal Retirement Fund	2,082	1,343
US\$ Money Market Fund	26,921	28,303
	147,905	102,154

- a) The Corporation, in accordance with the regulations governing the Growth and Income Fund, TT \$ Money Market Fund, Universal Retirement Fund and the US\$ Money Market Fund, may charge a management fee of up to two percent (2%) on the value of the funds under management of the respective schemes and funds.
- **b)** In accordance with the regulations governing the Belize Money Market Fund which commenced operations in January 2003, the Belize UTC may charge a management fee not exceeding two percent (2%) of the funds under management.

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

# **19)** INVESTMENTS – GROWTH & INCOME FUND (FIRST UNIT SCHEME)

EQUITY	Shareholding (Stock Units)	Market Value \$
Financial Institutions	7.095.240	226 721 169
Scotiabank Trinidad and Tobago Limited Republic Bank Limited	7,085,349 4,693,166	226,731,168 431,771,272
RBTT Financial Holdings Limited	8,040,284	325,631,502
ANSA Finance and Merchant Bank Limited	1,797,471	30,107,639
First Caribbean International Bank	4,245,834	55,280,759
National Commercial Bank of Jamaica	18,250,000	42,887,500
Manufacturing		
Unilever Caribbean Limited (formerly Lever Brothers)	1,128,770	32,734,330
The West Indian Tobacco Company Limited	1,143,876	25,565,629
Trinidad Cement Limited	9,790,572	78,814,105
National Flour Mills Limited	6,584,794	18,766,663
Conglomerates		
ANSA McAl Limited	5,413,064	226,049,553
Neal & Massy Holdings Limited	4,759,225	228,442,800
Barbados Shipping & Trading	155,000	3,720,000
Non Banking Financial Institutions		
American Life and General Insurance	462,416	2,080,872
Company (Trinidad and Tobago) Limited Guardian Holdings Limited		
	4,751,451	166,775,930
National Enterprises Limited	9,050,000	92,310,000
Property		
Point Lisas Industrial Port Development Corporation Limited	3,066,876	66,244,521
Trading		
Grace Kennedy & Company Limited	2,288,000	27,684,800
Total TTS Equity		2,081,599,042
Total B'dos \$ Equity		164,001,240
MARKET VALUE OF EQUITY		2,245,600,282
TOTAL DEBT SECURITIES		515,255,332
CASH & SHORT TERM INVESTMENTS		<u>1,432,925,492</u>
TOTAL VALUE OF PORTFOLIO		<u>4,193,781,106</u>

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

The Portfolio of the Growth & Income Fund is represented by:

Held to Maturity Financial Assets	<b>\$</b> 1,518,786,981
Available for Sale Financial Assets	<u>2,674,994,125</u>
TOTAL	<u>4,193,781,106</u>

# 20) UNREALISED CAPITAL APPRECIATION/(DEPRECIATION)

This represents the net unrealized gain/ (loss) on the valuation of the Investment Portfolio at the year's end.

# 21) INVESTMENTS – MONEY MARKET FUND (SECOND UNIT SCHEME)

Securities	Market Value \$
Government Securities	694,774,313
Government Guaranteed Securities	541,676,806
Corporate Securities	983,985,426
Cash and Short Term Investments	3,768,132,652
Total	<u>5,988,569,197</u>
The Portfolio of the Money Market Fund is represented by:	
	\$
Held to Maturity Financial Assets	5,231,286,342
Available for Sale Financial Assets	757,282,855
TOTAL	<u>5,988,569,197</u>

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#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

22)	INVESTMENTS - UNIVERSAL RETIREM EQUITY	ENT FUND Shareholding (Stock Units)	Market Value S
	Banks		
	Ansa Finance and Merchant Bank	368,372	6,170,231
	<b>RBTT Financial Holdings Limited</b>	203,778	8,253,009
	Republic Bank Limited	32,617	3,000,764
	Scotiabank of Trinidad & Tobago Limited	2,977	95,264
	National Commercial Bank of Jamaica	1,200,000	2,820,000
	First Caribbean International Bank	101,788	1,325,280
	Manufacturing		
	Trinidad Cement Limited	350,960	2,825,228
	West Indian Tobacco Company Limited	147,226	3,290,501
	Lever Brothers West Indies Limited	20,975	608,275
	National Flour Mills Limited	95,306 26,780	271,622
	Readymix (W I) Limited Conglomerates	36,780	255,621
		210 202	10,000,064
	Neal & Massy Holdings Limited Grace, Kennedy & Company Limited	210,393 360,020	10,098,864 4,356,242
	ANSA McAl Limited	152,454	6,366,479
	Non-Banking Financial Institutions		
	Guardian Holdings Limited	219,572	7,706,977
	National Enterprises Limited	441,000	4,498,200
	Sagicor Financial Corporation	265,000	3,576,711
	Property		
	Point Lisas Industrial Port Development Corporation Limited	343,014	7,409,102
	Trading		
	Prestige Holdings Limited	25,000	225,000
	Chaconia Income & Growth Fund	<u>952</u>	<u>61,463</u>
	MARKET VALUE OF EQUITY		73,214,834
	DEBT SECURITIES		23,428,425
	CASH AND SHORT TERM SECURITIES		14,586,039
	TOTAL VALUE OF PORTFOLIO		<u>111,229,298</u>

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

The Portfolio of the Universal Retirement Fund is represented by:

	\$
Held to Maturity Financial Assets	30,765,075
Available for Sale Financial Assets	80,464,223
TOTAL	<u>111,229,298</u>

# 23) US\$ MONEY MARKET FUND

Securities	Market Value \$
Government Securities	366,210,292
Corporate Securities	513,456,173
Cash and Short Term Investments	<u>2,079,419,843</u>
Total	<u>2,959,086,308</u>

The Portfolio of the US\$ Money market Fund is represented by:

	\$
Held to Maturity Financial Assets	2,632,300,090
Available for Sale Financial Assets	326,786,218
TOTAL	<u>2,959,086,308</u>

# 24) INVESTMENT IN SUBSIDIARIES

Company	% Shareholding	Country of Incorporation
Belize Unit Trust Corporation Limit	ed 83%	Belize
Chaconia Financial Services Inc.	100%	USA
Chaconia Fund Services Inc.	100%	USA
UTC Financial Services Limited	100%	T&T
UTC Trust Services Limited	100%	T&T
UTC Property Development Limited	100%	Т&Т

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### Local Subsidiaries

The Corporation has three (3) wholly owned local subsidiary companies, UTC Financial Services Limited, UTC Trust Services Limited and UTC Property Development Limited which were incorporated under the Companies Act 1995 of Trinidad & Tobago on March 23, 1999, June 2, 1999 and June 18, 2002 respectively. These companies are capitalized as follows:

	2004	2003
	\$'000	\$'000
UTC Financial Services Limited	20,000	20,000
UTC Trust Services Limited	15,000	15,000
UTC Property Development Limited	<u>19,301</u>	<u>19,301</u>
	<u>\$54,301</u>	<u>\$54,301</u>

The UTC Property Development Limited is a wholly owned subsidiary of the Trinidad and Tobago Unit Trust Corporation (the Corporation) and all the Directors of this company are Directors of the Corporation. UTC Property Development Limited was established as a special-purpose company on June 18, 2002 and it currently holds buildings for the offices of the San Fernando, Chaguanas, Tobago and Arima branches.

The assets, liabilities and results of the subsidiaries have been fully incorporated in these Financial Statements. The auditor for the subsidiary companies is Pricewaterhouse Coopers Limited.

#### Foreign Subsidiaries

The Corporation established a wholly owned subsidiary – Chaconia Fund Services, Inc. a Delaware corporation formed in 1997. In 1999 Chaconia Fund Services, Inc. acquired Chaconia Financial Services Inc. a Rhode Island corporation and registered broker-dealer. There were no transactions in Chaconia Fund Services, Inc.. The net assets in Chaconia Financial Services Inc. have been incorporated into these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

As at December 31, 2004 the Corporation invested US\$1.0 million (2003: US\$1.0 million) in the Belize Unit Trust Corporation, a company incorporated under the Companies Act, Chapter 206, of the Laws of Belize on August 24, 2001 and having its registered office at 77 Central American Boulevard, Belize City. At December 31, 2004 the Corporation's share holding represented 83% (2003: 83%) of the issued shares of the Belize Unit Trust Corporation. The assets and liabilities and results of the Belize Unit Trust Corporation as at December 31, 2004 have been incorporated into these Financial Statements.

# **25) RETIREMENT BENEFIT PLAN ASSETS**

Prior to January 1, 2001 the Unit Trust Corporation Pension Fund Plan (the Plan) had been a defined benefit plan. The Plan received formal approval during 2002 for conversion to a defined contribution plan with effect from January 1, 2001. During the year the Corporation contributed \$2.967 million (2003: \$2.479 million) to the Plan which has been charged against Income.

# **26) COMMITMENTS**

As at December 31, 2004 the group had capital commitments of \$12.7 million (2003: \$20.1 million) for construction projects at Chaguanas, Tobago and Arima.

The Corporation embarked on the implementation of an integrated financial software package in 2004 and estimated commitments as at December 31, 2004 amounted to \$6 million.

# **27) POST BALANCE SHEET EVENTS**

These financial statements were authorized by the Board of Directors for issue on April 6, 2005. The Trinidad and Tobago Unit Trust Corporation further represents that as at April 28, 2005, there were no material post balance sheet events which have a bearing on the understanding of the financial statements.

# **28) CONTINGENT LIABILITIES**

a) As at December 31, 2004 there were two legal proceedings outstanding against the Corporation. No provision has been made in these financial statements for the costs arising from these litigations.