



# TRINIDAD AND TOBAGO GAZETTE (EXTRAORDINARY)

VOL. 58

Caroni, Trinidad, Friday 26th April, 2019—Price \$1.00

No. 46

THE FOLLOWING HAVE BEEN ISSUED:

ACT NO. 7 OF 2019—“To provide for the registration of non-profit organisations, the establishment and maintenance of a register of non-profit organisations, the obligations of non-profit organisations and for related matters”—(\$5.20).

ACT NO. 8 OF 2019—“To provide for the establishment of the Civil Asset Recovery and Management Agency for the recovery of criminal property through the use of the remedies of restriction in dealings with civil assets restriction and forfeiture of criminal property, and the management of criminal property, unexplained wealth orders and matters incidental thereto”—(\$17.60).

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## SUPPLEMENTS TO THIS ISSUE

THE DOCUMENTS detailed hereunder have been issued and are published as Supplements to this issue of the *Trinidad and Tobago Gazette*:

### *Legal Supplement Part A—*

Act No. 7 of 2019—“To provide for the registration of non-profit organisations, the establishment and maintenance of a register of non-profit organisations, the obligations of non-profit organisations and for related matters.”

Act No. 8 of 2019—“To provide for the establishment of the Civil Asset Recovery and Management Agency for the recovery of criminal property through the use of the remedies of restriction in dealings with civil assets restriction and forfeiture of criminal property, and the management of criminal property, unexplained wealth orders and matters incidental thereto.”

### *Legal Supplement Part B—*

Legal Profession (Eligibility for Admission) (No. 6) Order, 2019—(Legal Notice No. 88 of 2019).

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## ASSENT TO ACTS

THE UNDERMENTIONED ACTS enacted by Her Excellency the President with the advice and consent of the Senate and House of Representatives have been assented to by Her Excellency and are published as Supplements to this *Trinidad and Tobago Gazette*:

<i>Number of Act</i>	<i>Short Title of Act</i>	<i>Date of Assent</i>
7 of 2019 ... ..	The Non-Profit Organisations Act, 2019	23rd April, 2019
8 of 2019 ... ..	The Civil Asset Recovery and Management and Unexplained Wealth Act, 2019	23rd April, 2019

25th April, 2019.

J. SAMPSON-MEIGUEL

*Clerk of the House*



**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 CONSOLIDATED FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 31 DECEMBER, 2018**

**OPINION**

The consolidated financial statements of the Trinidad and Tobago Unit Trust Corporation (the Corporation) for the year ended 31 December, 2018 have been audited. The statements as set out on pages 1 to 67 comprise a Consolidated Statement of Financial Position as at 31 December, 2018, a Consolidated Statement of Profit or Loss, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements numbered 1 to 34, including a summary of significant accounting policies.

2. In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trinidad and Tobago Unit Trust Corporation as at 31 December, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

**BASIS FOR OPINION**

3. The audit was conducted in accordance with accepted auditing standards. The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Corporation in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

**RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

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

5. In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

7. The Auditor General's responsibility is to express an opinion on these consolidated financial statements based on the audit and to report thereon in accordance with section 30 (4) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03.

8. The Auditor General's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes his opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Corporation.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Corporation to continue as a going concern. If the Auditor General concludes that a



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material uncertainty exists, the Auditor General is required to draw attention in his audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. The Auditor General is responsible for the direction, supervision and performance of the audit of the Corporation. The Auditor General remains solely responsible for his audit opinion.

10. The Auditor General communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit.

20<sup>TH</sup> MARCH, 2019  
PORT OF SPAIN



*MAJ*  
**MAJEED ALI**  
**AUDITOR GENERAL**

SS  
20190320

*Auditor General's Report  
Trinidad and Tobago Unit Trust Corporation – Consolidated Financial Statements 2018*

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## **Trinidad & Tobago Unit Trust Corporation Consolidated Financial Statements**

(Expressed in Trinidad and Tobago Dollars)

**31 December 2018**

## Trinidad and Tobago Unit Trust Corporation Consolidated Financial Statements

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## Trinidad and Tobago Unit Trust Corporation

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

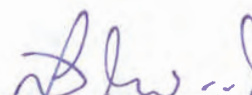
As at 31 December, 2018

Expressed in Trinidad and Tobago dollars

	Notes	31-Dec-18 \$ '000	31-Dec-17 \$ '000
<b>ASSETS</b>			
Cash and Cash Equivalents	3	2,090,800	3,423,652
Receivables		150,104	161,752
Prepayments and Other Assets		17,179	37,355
Investment Securities	4	19,565,672	18,113,588
Property, Plant and Equipment	5	157,305	162,589
Intangible Assets	6	490	852
Deferred Tax Asset		-	73
<b>TOTAL ASSETS</b>		<b>21,981,550</b>	<b>21,899,861</b>
<b>LIABILITIES</b>			
Accounts Payable and Short-term Liabilities		70,045	73,996
Distribution Payable		51,291	47,905
Pension and Other Post-retirement Liabilities	8	13,983	15,173
Price Guarantee Provision	9	25,857	12,355
Net Assets Attributable to Unitholders	10	20,438,710	20,334,197
Other Liabilities		2,110	3,594
<b>TOTAL LIABILITIES</b>		<b>20,601,996</b>	<b>20,487,220</b>
<b>EQUITY</b>			
Statutory Reserves	11	5,700	5,700
Revaluation Reserve	12	(16,720)	22,436
Retained Earnings		1,390,574	1,384,505
		<b>1,379,554</b>	<b>1,412,641</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>21,981,550</b>	<b>21,899,861</b>



Chairman

Executive Director

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<b>Trinidad and Tobago Unit Trust Corporation</b>			
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>			
<b>For the year ended 31 December, 2018</b>			
<b>Expressed in Trinidad and Tobago dollars</b>			
	Notes	31-Dec-18 \$'000	31-Dec-17 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>INCOME</b>			
<b>Investment Income -</b>	<b>13</b>		
Growth & Income Fund		249,391	452,435
TT\$ Income Fund		336,410	364,676
Universal Retirement Fund		15,378	33,855
US\$ Income Fund		118,180	139,493
Investment Income - Group Operations	14	24,687	41,357
Initial Charge		11,847	8,645
Fee Income	15	5,283	4,719
Other Income		10,592	6,974
Realized Gains Re-classified from Equity	16	-	12,472
<b>Total Income</b>		<b>771,768</b>	<b>1,064,626</b>
<b>EXPENSES</b>			
Commissions		(16,545)	(14,338)
Impairment	17	-	(191,638)
Administrative	18	(266,909)	(251,039)
Depreciation and Amortisation		(13,215)	(13,069)
Net Change in Fair Value of Investment Securities		(456,101)	-
<b>Total Expenses</b>		<b>(752,770)</b>	<b>(470,084)</b>
<b>Net Income before Guarantee Adjustment</b>		<b>18,998</b>	<b>594,542</b>
Price Guarantee (Charge)/Credit		(13,873)	16,813
<b>Net Income after Guarantee Adjustment</b>		<b>5,125</b>	<b>611,355</b>
Distributions to Unitholders	22	(249,333)	(197,450)
Allocation by Funds to Reserves	29,30,32	(15,163)	(35,105)
Loss/(Income) Capitalized	31	5,037	(27,136)
Net Loss/(Income) Attributable to Unitholders		259,944	(289,516)
<b>Net Income from continuing operations before Taxation</b>		<b>5,610</b>	<b>62,148</b>
Taxation	7	(6,394)	(6,660)
<b>Net (Loss)Income from continuing operations after taxation</b>		<b>(784)</b>	<b>55,488</b>
<b>DISCONTINUED OPERATIONS</b>			
Net (Loss)/Gain on Liquidation	33	(34,653)	6,865
<b>Net (Loss)/Income for the year</b>		<b>(35,437)</b>	<b>62,353</b>

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

## Trinidad and Tobago Unit Trust Corporation

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December, 2018

Expressed in Trinidad and Tobago dollars

	Notes	31-Dec-18 \$'000	31-Dec-17 \$'000
<b>Net (Loss)/Income for the year</b>		<b>(35,437)</b>	<b>62,353</b>
<b>Other Comprehensive Income:</b>			
<i>Amounts that may be transferred to Profit or Loss in the future:</i>			
Revaluation of available-for-sale Financial Assets	12	-	20,437
Exchange Translation differences		760	(14,878)
<i>Amounts that will not be transferred to Profit or Loss in the future:</i>			
Re-measurements of Pension and Other Post Retirement Liabilities	8	1,590	783
		<b>2,350</b>	<b>6,342</b>
Fair Value gains transferred to Profit or Loss on disposal of available for sale financial instruments	16	-	(12,472)
<b>Other Comprehensive Income/(Loss) for the year</b>		<b>2,350</b>	<b>(6,130)</b>
<b>Total Comprehensive (Loss)/Income for the year</b>		<b>(33,087)</b>	<b>56,223</b>

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



<b>Trinidad and Tobago Unit Trust Corporation</b>				
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>				
<b>For the year ended 31 December, 2018</b>				
<b>Expressed in Trinidad and Tobago dollars</b>				
	<i>Statutory Reserves \$'000</i>	<i>Revaluation Reserve \$'000</i>	<i>Retained Income \$'000</i>	<i>Total \$'000</i>
<b>Balance as at 31 December, 2017 previously reported</b>	5,700	22,436	1,384,505	1,412,641
Changes on Initial application of IFRS 9	-	(41,506)	41,506	-
<b>Balance as at 1 January, 2018</b>	5,700	(19,070)	1,426,011	1,412,641
Total Comprehensive Loss for the year	-	2,350	(35,437)	(33,087)
<b>Balance as at 31 December, 2018</b>	5,700	(16,720)	1,390,574	1,379,554
<b>Balance as at 1 January, 2017</b>	5,700	28,566	1,322,152	1,356,418
Total Comprehensive Income for the year	-	(6,130)	62,353	56,223
<b>Balance as at 31 December, 2017</b>	5,700	22,436	1,384,505	1,412,641

<b>Trinidad and Tobago Unit Trust Corporation</b>		
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
<b>For the year ended 31 December, 2018</b>		
<b>Expressed in Trinidad and Tobago dollars</b>		
	<b>31-Dec-18</b>	31-Dec-17
	<b>\$ '000</b>	\$ '000
<b>OPERATING ACTIVITIES</b>		
Net Income before Taxation	5,610	62,148
<i>Adjustment to reconcile net income to net cash and cash equivalents from operating activities:</i>		
Net (Loss)/Income Attributable to Unitholders	(485)	549,207
Depreciation and Amortisation	13,215	13,069
Impairment - Financial Assets	-	191,638
Loss on sale of Property, Plant and Equipment	-	16
Price Guarantee Provision	13,873	(16,813)
Revaluation of Fund Reserve Assets	251	113
Interest on Fund Reserve Assets	1,535	954
Net Change in Fair value on Investment Securities	456,101	-
	<b>490,100</b>	800,332
<i>Movements in Net Current Assets</i>		
Decrease/(Increase) in Receivables	11,648	(6,546)
Decrease/(Increase) in Prepayments and Other Assets	20,175	(740)
Decrease in Accounts Payable and Liabilities	(5,361)	(11,680)
Increase/(Decrease) in Distribution Liability	3,386	(10,167)
Increase in Pension and Other Post-retirement Liabilities	400	408
	<b>520,348</b>	771,607
Taxation paid	(6,394)	(6,660)
<b>Net Cash Flow From Operating Activities</b>	<b>513,954</b>	764,947
<b>INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(7,569)	(14,714)
Disposal of Property, Plant and Equipment	1	179
Purchase of Investment Securities	(10,383,654)	(8,198,702)
Disposal of Investment Securities	8,401,911	8,733,344
<b>Net Cash (Used In)/Flow From Investing Activities</b>	<b>(1,989,311)</b>	520,107
<b>FINANCING ACTIVITIES</b>		
Subscriptions from Unitholders	2,866,702	2,530,407
Redemptions by Unitholders	(2,475,838)	(2,648,276)
Distribution Payments to Unitholders	(249,333)	(197,450)
Guarantee Reserve Payment	(871)	(1,235)
<b>Net Cash Flow From/(Used In) Financing Activities</b>	<b>140,660</b>	(316,554)
Net Gain on Foreign Exchange	1,845	759
<b>Net (Decrease)/Increase In Cash and Cash Equivalents</b>	<b>(1,332,852)</b>	969,259
Cash and Cash Equivalents at beginning of year	3,423,652	2,454,393
Cash and Cash Equivalents at end of year	<b>2,090,800</b>	3,423,652

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 1) Incorporation and Principal Activities

The Trinidad and Tobago Unit Trust Corporation (the 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 to provide, *inter alia*, facilities for members of the public to invest in shares and securities approved by the Board of the Corporation.

The Corporation's principal place of business is UTC Financial Centre, 82 Independence Square, Port of Spain.

The Finance Act of 1997 permitted expansion of the Corporation's scope of business to include other financial services, such as merchant banking, trustee and card services.

#### 2) Significant Accounting Policies

The significant accounting policies applied in the preparation of these Consolidated Financial Statements (the Financial Statements) are set out below. These policies have been consistently applied to all years presented, except as described in Note 2 (b)(i).

##### a) Basis of Preparation

- i. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- ii. The Financial Statements were prepared under the historical cost convention as modified by financial assets measured at fair value through profit or loss (FVPL). The methods used to fair value the Group's financial assets are provided at Note 2(f).
- iii. The Financial Statements are presented in Trinidad and Tobago dollars (TTD), which is the functional currency of the Corporation.
- iv. The preparation of the Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions. Management reviews these judgments, estimates and underlying assumptions on a regular basis.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### a) Basis of Preparation (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

- i. the quantum of the liability under the price guarantee offered to unitholders of the Growth and Income Fund at the reporting date (see Note 9); and
- ii. the fair value of financial assets categorized as Level 3 (see Notes 2(f) and 4(c))

Management has exercised significant judgment in determining:

- i. whether or not, for purposes of IFRS 10 - *Consolidated Financial Statements*, it controls the entities of which it is the investment manager, trustee and sponsor (see Note 2c); and
- ii. the business model of the investment portfolios (see note 2 (d)).

##### b) New published standards applicable to the Group

###### (i) New published standards effective from 1 January 2018:

###### > IFRS 9 – *Financial Instruments*

IFRS 9 replaced IAS 39 - *Financial Instruments: Recognition and Measurement* and brings together three aspects of the accounting for financial instruments:

- i. Classification and measurement;
- ii. Impairment; and
- iii. Hedge accounting

A summary of the requirements of IFRS 9 is provided below.

###### *Classification and measurement of financial assets and liabilities*

IFRS 9 contains a new classification and measurement approach for financial assets that is based upon the business model in which assets are managed and the contractual cash flow characteristics of the asset.

Under IFRS 9 entities initially measure a financial asset at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction cost. Embedded derivatives in contracts, where the host is a financial asset, are never separated. The hybrid financial instrument as a whole is assessed for classification.

Debt instruments are subsequently measured at either FVPL, amortized cost (AC) or fair value through other comprehensive income (FVOCI).

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### b) New published standards applicable to the Group (continued)

##### (i) New published standards effective from 1 January 2018 (continued)

##### ➤ IFRS 9 – *Financial Instruments* (continued)

Equity instruments are generally measured at FVPL. However, entities have an irrevocable option, on an instrument by instrument basis, to recognize changes in the fair value of non-traded equity instruments in other comprehensive income (OCI).

IFRS 9 also contains requirements for the classification and measurement of financial liabilities, many of which are identical to the IAS 39 requirements. However, for financial liabilities designated at FVPL, the change in fair value that is attributable to changes in credit risk is presented in OCI and the balance of the fair value is presented in profit or loss. If the presentation in OCI would create or enlarge an accounting mismatch in profit or loss, an entity is required to present all gains and losses in profit or loss.

##### *Impairment*

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI, most loan commitments, financial guarantee contracts and lease receivables.

Entities are required to recognize expected credit losses for twelve months:

- i. on initial recognition of the financial instrument (or the date on which the commitment or guarantee was entered into); and
- ii. as long as there is no significant increase in credit risk subsequent to initial recognition of the asset.

Where there has been a significant increase in credit risk - either on an individual financial asset or on a group of financial assets - entities are required to recognize the lifetime expected credit loss associated with the financial asset or group of financial assets.

Lifetime expected credit losses include all the possible default events over the expected life of the financial asset, whereas twelve month expected losses are the credit losses that are possible within the twelve months after the reporting date.

In the case of trade receivables, a simplified approach, whereby the lifetime expected credit loss is recognized on initial recognition, is permitted.



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### b) New published standards applicable to the Group (continued)

##### (i) New published standards effective from 1 January 2018 (continued)

##### ➤ IFRS 9 – *Financial Instruments* (continued)

##### *Hedge accounting*

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39, that is, fair value hedges, cash flow hedges and net investment hedges. However greater flexibility has been introduced with respect to the types of transactions eligible for hedge accounting. In particular:

- i. the types of instruments that qualify as hedging instruments; and
- ii. the types of risk components of non-financial items that are eligible,

are broader in scope.

In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship' and retrospective assessment of hedge effectiveness is no longer required.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### b) New published standards applicable to the Group (continued)

##### (i) New published standards effective from 1 January 2018 (continued)

##### ➤ IFRS 9 – Financial Instruments (continued)

*Impact of the initial application of IFRS 9 on the consolidated financial statements*

- In accordance with the requirements of IFRS 9, the Group classified the financial assets of the locally domiciled funds as FVPL, as the locally domiciled funds are managed, monitored and evaluated on a fair value basis. The resulting changes to the Group's classification of financial assets are shown below.

Financial Asset	Measurement Category		Carrying Amounts 1 January 2018 S'000		Change S'000
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Bonds	Available-for-sale	FVPL-Mandatory	9,505,896	9,505,896	-
Structured Instruments	Available-for-sale	FVPL-Mandatory	607,870	607,870	-
Equity	Available-for-sale	FVPL-Mandatory	2,833,777	2,833,777	-
Exchange Traded Funds	Available-for-sale	FVPL-Mandatory	704,044	704,044	-
Private Equity	Available-for-sale	FVPL-Mandatory	99,890	99,890	-
Short-term Instruments	Available-for-sale	FVPL-Mandatory	4,354,798	4,354,798	-
Mutual Funds	Available-for-sale	FVPL-Mandatory	5,006	5,006	-
Other	Held-to-maturity	FVPL-Mandatory	2,307	2,307	-
<b>Sub-total Investment securities</b>			<b>18,113,588</b>	<b>18,113,588</b>	<b>-</b>
Receivables	Loans & Receivables	FVPL-Mandatory	161,752	161,752	-
Prepayments	Loans & Receivables	FVPL-Mandatory	29,945	29,945	-
Cash and Cash Equivalents	Loans & Receivables	FVPL-Mandatory	3,423,652	3,423,652	-
<b>Sub-total Other financial assets</b>			<b>3,615,349</b>	<b>3,615,349</b>	<b>-</b>
<b>Total Financial Assets</b>			<b>21,728,937</b>	<b>21,728,937</b>	<b>-</b>

- There was no cumulative retrospective impact on the Group's equity position as a result of the initial application of IFRS 9.
- The new impairment requirements were not applicable as none of the Group's financial assets are classified as AC or FVOCI.
- There were no changes to the classification of financial liabilities.
- The hedge accounting requirements were not applicable to the Group.
- As permitted by the transitional provisions of IFRS 9, the Group did not restate comparative amounts.
- The changes in accounting policy on adoption of IFRS 9 are described in Note 2 (d) below.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### b) New published standards applicable to the Group (continued)

###### (i) New published standards effective from 1 January 2018 (continued)

###### ➤ IFRS 15 – Revenue From Contracts With Customers

IFRS 15 replaces all previous revenue requirements and establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, unless the contracts are within the scope of other standards. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity must recognize revenue at an amount that reflects the consideration to which the entity expected to be entitled in exchange for transferring goods and services to a customer. In recognizing revenue IFRS 15 requires entities to:

- i. identify the contracts with a customer;
- ii. identify the performance obligations in the contract;
- iii. determine the transaction price;
- iv. allocate the transaction price to the performance obligations in the contract; and
- v. recognize revenue when (or as) the entity satisfies a performance obligation

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances, when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 on 1 January 2018, but there was no material impact on the Group's accounting policies and retrospective adjustments were not required.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### b) New published standards applicable to the Group (continued)

##### (ii) New published standards applicable to the Group but not yet effective and not early adopted:

###### ➤ IFRS 16 - *Leases*

IFRS 16 is effective from 1 January 2019. It sets out principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17 - *Leases*, IFRSIC 4 - *Determining whether an Arrangement contains a Lease*, SIC 15 - *Operating Leases* and SIC -27 - *Evaluating the substance of transactions Involving the legal form of a Lease*.

The standard removes the current requirement for lessees to classify leases as either finance leases or operating leases by introducing a single lease accounting model that requires the recognition of lease assets (right-of-use assets) and lease liabilities on the statement of financial position for most leases. Lessees will also now separately recognize interest expense on the lease liability and depreciation expense on the right-of-use assets in the statement of income.

Lessor accounting is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group is in the process of evaluating the impact of adopting IFRS 16.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### c) Basis of Consolidation

The Consolidated Financial Statements incorporate the separate Financial Statements of the Corporation, the Financial Statements of the Growth and Income Fund, the TT\$ Income Fund, the Universal Retirement Fund, and the US\$ Income Fund (“the locally domiciled Funds” hereafter) and the Financial Statements of its incorporated subsidiaries (see Note 24). The Corporation and the consolidated entities are referred to as the “Group” in these financial statements.

Management concluded that for purposes of IFRS 10, its relationship with the locally domiciled Funds was that of a principal rather than that of an agent hence their consolidation in these financial statements. Management’s conclusion was based primarily on its exposure to significant variability of returns due to the Corporation’s commitment to support the locally domiciled Funds.

The Corporation reassesses at each reporting period whether or not it controls the entities with which it is involved using the control criteria established in IFRS 10. In particular, it concludes that it controls an entity if, and only if, after considering all the circumstances, it forms the view that:

- i. it has power over the entity;
- ii. it is exposed, or has rights, to variable returns from its involvement with the entity;  
and
- iii. it has the ability to use its power to affect its returns from the entity.

Consolidation of an entity begins when the Corporation obtains control over the entity and ceases when the Corporation loses control of the entity. The income and expenses of an entity acquired during the year are included in the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income from the date the Corporation gains control until the date the Corporation ceases to control the entity.

The line item in the Consolidated Statement of Financial Position - ‘Net Assets Attributable to Unitholders’ - represents the portion of the profit and net assets of consolidated collective investment schemes not owned, directly or indirectly, by either the Corporation or an entity which the Corporation controls. The balance is recognized as a liability in the Consolidated Statement of Financial Position, as the units/shares represent Group obligations to deliver cash on presentation of such units/shares for redemption.

All material intra-group transactions and balances have been eliminated in preparing these Financial Statements.

The financial year end of each entity consolidated is 31 December. The accounting policies of each entity consolidated are consistent with those of the Group.



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### d) Financial Assets

The Group's financial assets consist of:

- i. Investment securities;
- ii. Cash and cash equivalents; and
- iii. Receivables

The Group recognizes a financial asset when it becomes party to the contractual obligations of the financial asset.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or where the Group has transferred substantially all the risks and rewards of ownership of the financial asset to another party.

##### *Classification and subsequent measurement of financial assets - Policy from 1 January 2018*

On 1 January 2018 the Group adopted IFRS 9 Financial Instruments. The Group classifies its financial assets based on the business model of the portfolio within which the financial asset is managed and the contractual cash flow characteristics of the financial asset.

In assessing the objective of a portfolio's business model, the Group considers:

- i. The way in which the assets within the portfolio are managed and information provided to management;
- ii. The stated policies and objectives of the portfolio;
- iii. The operation of the portfolio's stated policies in practice;
- iv. The method of evaluating the performance of the portfolio; and
- v. The risks that affect the performance of the portfolio and how those risks are managed.

The Group's investment securities are held in portfolios which are managed and evaluated on a fair value basis. The receipt of contractual cash flows or, the receipt of contractual cash flows and the purchase and sale of the financial assets in the portfolio, are incidental to the objectives of the portfolios. Accordingly, the assets in the Group's portfolios have been classified and measured at FVPL – mandatory.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### d) Financial Assets (continued)

###### *Classification and subsequent measurement of financial assets - Policy prior to 1 January 2018*

The Group classified its financial assets on initial recognition into the following three (3) categories: available-for-sale, held-to-maturity and loans and receivables. The classification depended on the purpose for which the financial assets were acquired. In particular:

- i. Investment Securities intended to be held for an indefinite period of time, but which might be sold in response to liquidity requirements or market conditions, were classified as available-for-sale. Available-for-sale investments were carried at fair value. Unrealized gains and losses from changes in the fair value of investments classified as available-for-sale were recognized in Other Comprehensive Income (OCI). When available-for-sale financial assets were disposed of, or were impaired, the related accumulated fair value adjustments were re-classified from OCI to the Consolidated Statement of Profit or Loss.
- ii. Investment Securities with fixed maturities and that management had the intent and ability to hold to maturity, were classified as held-to-maturity. Held-to-maturity investments were carried at amortized cost, less adjustments for impairment.
- iii. Non-derivative investment securities with fixed and determinable payments, which were not quoted in an active market and were not designated as available-for-sale, were classified as loans and receivables. Loans and receivables were carried at amortized cost, using the effective interest method.

###### *Impairment of financial assets - Policy from 1 January 2018*

The impairment requirements of IFRS 9 were not applicable as none of the Group's financial assets are classified as AC or FVOCI.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### d) Financial Assets

*Impairment of financial assets - policy prior to 1 January 2018*

*Assets classified as available-for-sale - bonds*

At the end of each reporting period the Group assessed whether there was objective evidence that a bond, or a group of bonds classified as available-for-sale, was impaired. A bond or group of bonds classified as available-for-sale was considered impaired and impairment losses were recognized if and only if:

- i. there was objective evidence of impairment as a result of one or more events that occurred subsequent to initial recognition of the asset (a 'loss event'); and
- ii. the impact on the future cash flows as a result of the loss event could be reliably estimated.

The criteria used by the Group to determine whether there had been a loss event included evidence that:

- (a) the issuer, or obligor, was in significant financial difficulty;
- (b) there had been a breach of contract, such as a default or delinquency in interest payments or principal re-payment by the issuer or obligor;
- (c) the issuer's lender, for economic or legal reasons relating to the issuer's financial difficulty, has granted to the issuer a concession that the lender would not otherwise consider;
- (d) it was probable that the borrower would enter bankruptcy or other financial re-organization;
- (e) an active market for the financial asset had disappeared because of financial difficulties; or
- (f) there was a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease could not yet be identified with the individual financial asset in the portfolio, including:
  - i. adverse changes in the payment status of borrowers in the portfolio; and
  - ii. national or local economic conditions that correlate with defaults on the assets in the portfolio.

Where there was objective evidence of impairment to bonds classified as available-for-sale, the Group transferred the cumulative unrealized loss previously recorded in OCI, to the Consolidated Statement of Profit or Loss.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### d) Financial Assets (continued)

*Impairment of financial assets - policy prior to 1 January 2018 (continued)*

*Assets classified as available-for-sale – bonds (continued)*

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of an appropriate portion of the previously recognized impairment loss was recognized in the Consolidated Statement of Profit or Loss.

*Assets classified as available-for-sale – equity*

In the case of equity investments classified as available-for-sale, in addition to the impairment criteria for available-for-sale bonds outlined above, the Group assessed whether there has been either a significant or a prolonged decline in the fair value of the security below cost. If there had been either a significant or a prolonged decline in the value of the investment below cost, it was regarded as evidence that the asset was impaired. If any such evidence existed for available-for-sale equity investments, the cumulative un-realized loss was re-classified from equity and recognized in the Consolidated Statement of Profit or Loss as an impairment expense.

The Group considers a decline for a period of twelve or more months as prolonged and a 30% decline in value below cost, as significant.

##### e) Financial Liabilities

The Group recognizes a financial liability when it becomes party to the contractual obligations of the financial instrument. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### f) Fair Value Estimation – Investment Securities

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

##### *Valuation framework*

The Group has established a control framework for the measurement of fair values. The framework includes a valuation team that is independent of the front office management. The valuation team reports to a Valuation Committee comprising the Vice Presidents of the Finance and Risk Departments. Valuations are reviewed by the Audit and Compliance Committee on a quarterly basis.

##### *Fair value hierarchy*

Fair value measurements of securities are categorized into three levels based on the degree to which the fair value measurement inputs are observable. The three levels are:

- **Level 1.** Level 1 valuation inputs are unadjusted quoted prices for identical assets and liabilities in active markets that the entity can access at the measurement date.
- **Level 2.** Level 2 valuation inputs exclude Level 1 inputs but are inputs that are observable for the asset or liability either directly or indirectly. There were no assets classified as Level 2 during the years 2017 and 2018.
- **Level 3.** Level 3 uses significant inputs that are unobservable in the valuation of the asset.

The level within the fair value hierarchy to which fair value measurements are assigned is determined by the lowest level input that is significant to the fair value measurement in its entirety. Thus, where a fair value measurement requires significant judgment with respect to an input, it is classified as Level 3.

The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### f) Fair Value Estimation – Investment Securities (continued)

###### *Equities traded in active markets*

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of equities traded in active markets is based on unadjusted quoted prices at the close of trading on the reporting date and categorized as Level 1.

Where the last day of trading is not the reporting date and significant movements in prices occur subsequent to the close of trading and before the reporting date, valuation techniques are used to determine the fair value. Such valuations are categorized as Level 3.

###### *Equities not traded in an active market – unquoted equity*

The fair value of significant holdings of unquoted equities is estimated by professional valuers and categorized as Level 3.

Insignificant holdings of unquoted equities are held by the Corporation for strategic purposes. The cost of such holdings is presumed to approximate its fair value.

###### *Private Equity*

The fair value of the Group's private equity holdings is provided by the General Partners of the private entity and are categorized as Level 3.

###### *Traded local and foreign Bonds*

Traded bonds are valued using the average of indicative quotations received from brokers at the reporting date. The quotations do not necessarily reflect the price at which the broker would be willing to execute a transaction and the valuations have been categorized as Level 3. Where the Group is in receipt of prices at which dealers are prepared to trade, the bonds are categorized as Level 1.

###### *Illiquid local Bonds*

The Group uses an internally developed model to value its illiquid local bonds. Management reviews the model regularly. The output of any valuation model is an estimate of a value that cannot be determined with certainty. As such the valuation may vary significantly from the value that would be realized in an actual transaction. Valuations based on the model are categorized as Level 3.

###### *Categorization of Short-term Investments*

The Group's short-term investments are assumed to be encashable/tradeable at their carrying value and are categorized as Level 1.

###### *Receivables, payables and short-term liabilities*

The carrying value of receivables and payables are assumed to approximate their fair values.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### g) Fair Value Estimation – Property

Land and buildings are valued by independent professional valuers every three years.

##### h) Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs for repairs and maintenance are charged to the Consolidated Statement of Profit or Loss during the financial period in which such costs are incurred.

Where the carrying amount of Property, Plant and Equipment is greater than its estimated recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount.

Gains and losses on disposal of Property, Plant and Equipment are determined by comparing the disposal proceeds with the carrying amounts. The resulting gains or losses are recognized in the Consolidated Statement of Profit or Loss.

Freehold land is capitalized but not depreciated. Leasehold land is capitalized and amortized over the term of the lease.

Depreciation on Property, Plant and Equipment, with the exception of motor vehicles, is calculated using the straight-line method to allocate their cost over their estimated useful lives. The estimated useful life of the various categories of the Group's Property, Plant and Equipment are as follows:

Property, Plant and Equipment Category	Estimated Useful Life
Building	50 years
Office Improvement	3-15 years
Computer Equipment	2-8 years
Office Equipment	3-13 years
Office Furniture & Fixtures	3-10 years
Motor vehicles	4 years

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### i) Intangible Assets

Acquired computer software and software licenses are the only intangible assets recognized by the Group in these Financial Statements. Computer software and software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into operation. The costs are recognized as an intangible asset if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

The cost of intangible assets is amortized on a straight line basis over the estimated useful life of the asset (between three (3) to five (5) years) or the life of the license whichever is shorter. No software was capitalized during 2018 (2017: nil) (see Note 6).

Costs associated with maintaining computer software are expensed as incurred.

##### j) Impairment of Non-Financial Assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or, at a minimum, at least annually. An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. Impairment losses are recognized in the Consolidated Statement of Profit or Loss.

##### k) Foreign Currency Translation

The Group's functional and presentation currency is Trinidad and Tobago dollars. Foreign currency transactions are translated into the functional currency using the average mid-rate for the currency, quoted by the Central Bank of Trinidad and Tobago, on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the Consolidated Statement of Profit or Loss.

The results and financial position of all Group entities that have a functional currency other than the presentation currency are translated into the presentation currency using the closing rate. All resulting exchange differences are recognized in the Consolidated Statement of Comprehensive Income.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### 1) Employee Benefits

###### *i. Short-term benefits*

Short-term employee benefits such as salaries and vacation entitlements are recognized in the accounting period during which the short-term benefits are earned.

###### *ii. Pension obligations*

Group contributions to retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefits constitute a small portion of the Group's pension plan benefits (see Note 8). The Group's defined benefit obligations are calculated by estimating the value of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of the plan assets are deducted. The discount rate approximates either high quality corporate bonds or the long-term bond rate for government bonds with a duration similar to the duration of the defined benefit obligations.

The defined benefit obligation calculations are performed regularly by an actuary using the projected unit credit method. Should the calculation result in a surplus, the surplus is not recognized as an asset since the Group is not entitled to reduce its contributions to the plan.

###### *iii. Other post-retirement obligations*

The Group provides post-retirement medical and insurance benefits to its retirees, the cost of which is recognized as an expense. Entitlement to these benefits is dependent on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that used to compute the defined benefit pension obligations. An independent qualified actuary conducts a valuation of these obligations regularly.



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### m) Cash and Cash Equivalents

Cash and cash equivalents represent balances held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. It includes cash in hand, deposits held at call with banks, cash balances at brokers, and other short-term instruments with original maturities of ninety days or less.

##### n) Provisions

Provisions are recognized when:

- i. the Group has a present or constructive obligation as a result of past events;
- ii. it is probable that an outflow of resources will be required to settle the obligation; and
- iii. the amount of the obligation can be reliably estimated.

##### o) Revenue Recognition

Interest income is recognized in the Consolidated Statement of Profit or Loss using the effective interest method.

Dividend income is recognized only when:

- i. the right to receive a dividend payment is established;
- ii. it is probable that the economic benefits associated with the dividend will flow to the Group; and
- iii. the amount of the dividend can be reliably measured.

Realized and unrealized investment gains and losses are recognized as income in the Consolidated Statement of Profit or Loss.

##### p) Segment Reporting

The Group consists of one segment as all of the Group's activities are incidental to its main activity of collective investment scheme management.



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 2) Significant Accounting Policies (continued)

##### q) Separate Funds Under Management

The assets and liabilities pertaining to funds which are managed on behalf of third parties by the Group in accordance with specific Investment Management Agreements are not included in the Consolidated Statement of Financial Position of the Corporation. The market value of these portfolios as at 31 December is \$798 million (2017: \$784 million).

##### r) Taxation

The Corporation is exempt from corporation tax. However, it is subject to Green Fund Levy. Corporation tax is payable on profits realized by the corporate subsidiaries, based on the laws applicable in their tax jurisdiction. Withholding tax is payable on dividends and interest earned in foreign jurisdictions based on the jurisdiction's tax laws and double taxation treaties where applicable.

Taxes are recognized as an expense in the period in which they arise.

##### s) Comparative Information

In addition to the changes from the initial application of IFRS 9 - Financial Instruments (see note 2 (b) (i)), certain minor changes have been made in these Financial Statements to conform with presentation in the current year. These changes had no effect on the operating results or net income after tax of the Group.

#### 3) Cash and Cash Equivalents

Cash and cash equivalents are analyzed below:

	2018	2017
	\$'000	\$'000
Corporation	651,715	771,638
Locally Domiciled Funds	1,401,797	2,608,185
Foreign Funds	2,431	8,976
Other Group Entities	34,857	34,853
	2,090,800	3,423,652

Cash and cash equivalents held by the locally domiciled Funds form part of the net assets of the said Funds. In compliance with legislation, regulatory restrictions and best practice, all the assets of each Fund, including cash and cash equivalents, are ring-fenced and are not available for use by other entities within the Group. Restricted cash at 31 December was \$1,486,716 (2017: \$2,686,867) (see Note 19).

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 4) Investment Securities

Summaries of the Investment Securities held by the Group are provided by year, investment type and classification below.

	2018 \$'000	2017 \$'000
<b>Investment Securities carried at fair value</b>		
Bonds	9,442,189	9,505,896
Structured bonds	602,383	607,870
Equity	2,285,817	2,833,777
Exchange Traded Funds (ETFs)	852,722	704,044
Private Equity	98,306	99,890
Short-term Investments	6,276,936	4,354,798
Mutual Funds	5,006	5,006
Other	2,313	2,307
<b>Total Investment Securities</b>	<b>19,565,672</b>	<b>18,113,588</b>
	2018 \$'000	2017 \$'000
<b>Investment Securities summarized by classification</b>		
- at fair value through profit or loss – mandatory (FVPL – M)	19,565,672	-
- available for sale at fair value through other comprehensive income (FVOCI)	-	18,113,588
	<b>19,565,672</b>	<b>18,113,588</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 4) Investments Securities (continued)

##### a) The Fair Value Hierarchy for Investment Securities

The Group uses a valuation hierarchy to rank the fair value of its Investments (see Note 2 (f) Fair Value Hierarchy). The Group's Investments at December 2018 are analyzed by their fair valuation categorization below:

Fair Value Hierarchy for Investment Securities December 2018

Recurring fair value measurements	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Investment securities carried at fair value through profit or loss - mandatory</b>				
Bonds	463,796	-	8,978,393	9,442,189
Structured bonds	-	-	602,383	602,383
Equity	1,958,164	-	327,653	2,285,817
Exchange Traded Funds (ETFs)	852,722	-	-	852,722
Private Equity	-	-	98,306	98,306
Short-term Investments	6,276,936	-	-	6,276,936
Mutual Funds	5,006	-	-	5,006
Other	-	-	2,313	2,313
<b>Total Investment Securities</b>	<b>9,556,624</b>	<b>-</b>	<b>10,009,048</b>	<b>19,565,672</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### (4) Investments Assets (continued)

##### a) The Fair Value Hierarchy for Investment Securities (continued)

The Group's Investments at 31 December 2017 are analyzed by the fair valuation hierarchy below:

Fair Value Hierarchy for Investment Securities December 2017

Recurring fair value measurements	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Available-for-sale assets carried at fair value:</b>				
Bonds	27,474	-	9,478,422	9,505,896
Structured Bonds	-	-	607,870	607,870
Equity	2,513,782	-	319,995	2,833,777
Exchange Traded Funds (ETFs)	704,044	-	-	704,044
Private Equity	-	-	99,890	99,890
Short-term Investments	4,354,798	-	-	4,354,798
Mutual Funds	5,006	-	-	5,006
Other	-	-	2,307	2,307
<b>Total Investment Securities</b>	<b>7,605,104</b>	<b>-</b>	<b>10,508,484</b>	<b>18,113,588</b>

##### b) Transfers between Fair Value Hierarchy Levels

There were no transfers between the Fair Value Hierarchy Levels during either 2018 or 2017.



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 4) Investment Securities (continued)

##### c) Valuation Techniques used to derive Level 3 Fair Values

The valuation techniques used by the Group to arrive at the fair value of Level 3 investments are set out in Note 2 (f). The Tables below summarize the valuation techniques used in estimating the fair value of Level 3 securities, the significant unobservable inputs, the relationship of the unobservable inputs to fair value and the impact that an increase or decrease in the unobservable inputs would have had on the valuation results.

Values in the following four (4) Tables are expressed in millions of dollars.

Summary of Techniques used to value Level 3 Financial Assets in 2018

Investment securities carried at fair value through profit or loss - mandatory	Level 3 fair value 2018 \$'M	Valuation Technique used	Significant unobservable inputs	Possible shift in inputs +/-	Change in valuation +/- \$'M
Bonds	8,978	Valuation model, Trading prices	Interest rates	1%	\$125
Structured Bonds	603	Broker quotations	Interest rates	1%	-
Equity	328	Professional/management valuations	Not applicable	Not applicable	Not applicable
Private Equity	98	General partner's valuation	Not applicable	Not applicable	Not applicable
Other	2	Cost	Not applicable	Not applicable	Not applicable
<b>TOTAL</b>	<b>10,009</b>				<b>\$125</b>

Fair value through profit or loss - mandatory	Carrying Value Level 3 Securities 1/1/2018 \$'M	Purchases/ Capitalized Interest \$'M	Sales/ Repayments/Maturities \$'M	Net Gains/ (Losses) recognized in Profit or Loss \$'M	Unrealized Gains/ Losses recognized in OCI \$'M	Carrying Values Level 3 Securities 31/12/2018 \$'M	Fair Values \$'M
Bonds	9,478	10,075	(8,626)	(1,949)	-	8,978	8,978
Structured bonds	608	-	-	(5)	-	603	603
Equity	320	-	-	8	-	328	328
Private Equity	100	-	-	(2)	-	98	98
Other	2	-	-	-	-	2	2
<b>TOTAL</b>	<b>10,508</b>	<b>10,075</b>	<b>(8,626)</b>	<b>(1,948)</b>	<b>-</b>	<b>10,009</b>	<b>10,009</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 4) Investment Securities (continued)

##### c) Valuation Techniques used to derive Level 3 Fair Values (continued)

Summary of Techniques used to value Level 3 Financial Assets in 2017

	Level 3 fair value 2017	Valuation Technique used	Significant unobservable inputs	Possible shift in inputs +/-	Change in valuation +/-
<b>Available-for-sale investments carried at fair value</b>					
Bonds	9,478	Valuation model, Trading prices	Interest rates	+ 1%	\$130
Structured Bonds	608				
Equity	320	Professional/ management valuations	Not applicable	Not applicable	Not applicable
Private Equity	100	General partner's valuation	Not applicable	Not applicable	Not applicable
Other	2		Not applicable	Not applicable	Not applicable
<b>TOTAL</b>	<b>10,508</b>				<b>\$130</b>

Available-for-sale assets carried at fair value	Carrying Value Level 3 Securities 1/1/2017 \$'M	Purchases/ Capitalized Interest \$'M	Sales/ Repayments/ Maturities \$'M	Net Gains/ (Losses) recognized in Profit or Loss \$'M	Unrealized Gains/ Losses recognized in OCI \$'M	Carrying Values Level 3 Securities 31/12/2017 \$'M	Fair Values \$'M
	Bonds	10,045	1,782	(2,319)	(57)	27	9,478
Structured Bonds	609	-	-	-	(1)	608	608
Equity	326	-	-	(6)	-	320	320
Private Equity	78	3	-	-	19	100	100
Other	2	-	-	-	-	2	2
<b>TOTAL</b>	<b>11,060</b>	<b>1,785</b>	<b>(2,319)</b>	<b>(63)</b>	<b>45</b>	<b>10,508</b>	<b>10,508</b>

d) The Group's exposure to market, credit and liquidity risk on its investments is provided at Note 23.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 5) Property, Plant and Equipment

	Land \$'000	Building \$'000	Office Improvement \$'000	Motor Vehicles \$'000	Office & Computer Equipment \$'000	Office Furniture \$'000	Total \$'000
<b>Year ended 31 Dec, 2018</b>							
<b>Opening Net Book Value</b>	16,030	96,933	16,703	243	28,341	4,339	162,589
Acquisitions	-	-	1,434	-	5,194	942	7,570
Disposals	-	-	-	-	-	(1)	(1)
Depreciation/Amortisation	(22)	(2,413)	(2,654)	(61)	(6,911)	(792)	(12,853)
<b>Closing Net Book Value</b>	<b>16,008</b>	<b>94,520</b>	<b>15,483</b>	<b>182</b>	<b>26,624</b>	<b>4,488</b>	<b>157,305</b>
<b>As at 31 Dec, 2018</b>							
Cost	16,569	124,269	61,890	1,461	102,966	24,746	331,901
Accumulated Depreciation/ Amortisation	(561)	(29,749)	(46,407)	(1,279)	(76,342)	(20,258)	(174,596)
<b>Net Book Value</b>	<b>16,008</b>	<b>94,520</b>	<b>15,483</b>	<b>182</b>	<b>26,624</b>	<b>4,488</b>	<b>157,305</b>
<b>Year ended 31 Dec, 2017</b>							
<b>Opening Net Book Value</b>	16,052	99,346	15,518	510	24,993	4,306	160,725
Acquisitions	-	-	3,899	-	9,962	853	14,714
Disposals	-	-	-	(172)	(24)	-	(196)
Depreciation/Amortisation	(22)	(2,413)	(2,714)	(95)	(6,590)	(820)	(12,654)
<b>Closing Net Book Value</b>	<b>16,030</b>	<b>96,933</b>	<b>16,703</b>	<b>243</b>	<b>28,341</b>	<b>4,339</b>	<b>162,589</b>
<b>As at 31 Dec, 2017</b>							
Cost	16,569	124,269	60,456	1,461	97,772	23,816	324,343
Accumulated Depreciation/ Amortisation	(539)	(27,336)	(43,753)	(1,218)	(69,431)	(19,477)	(161,754)
<b>Net Book Value</b>	<b>16,030</b>	<b>96,933</b>	<b>16,703</b>	<b>243</b>	<b>28,341</b>	<b>4,339</b>	<b>162,589</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 5) Property, Plant and Equipment (cont'd)

##### Land

Land includes leasehold land of \$2.2 million and freehold land of \$14.4 million for 2018 and 2017.

##### Fair Value Land and Buildings

The fair value of land and buildings was estimated at \$207.0 million at 31 December (2017: \$192.6 million). Information related to the fair value of land and buildings at 31 December is provided in the Table below in millions of dollars.:

Property	Cost \$'M	Independent Valuation \$'M	Date of last valuation	Fair value 31 Dec 2018 \$'M	Valuation Level
Leasehold Land	2.2	10.8	24 Jan 2019	10.8	Level 2
Freehold Land	14.4	26.5	24 Jan 2019	26.5	Level 2
Building	139.4	169.7	24 Jan 2019	169.7	Level 2
<b>Total</b>	<b>156.0</b>	<b>207.0</b>		<b>207.0</b>	

##### Valuation Technique used to derive Level 2 fair valuation Land and Buildings

Management estimated the fair value of Level 2 land and buildings by reference to independent valuator reports.

#### 6) Intangible Assets

	2018 \$'000	2017 \$'000
<b>Year ended 31 December</b>		
Opening Net Book Value	852	1,267
Acquisitions	-	-
Amortization	(362)	(415)
<b>Closing Net Book Value</b>	<b>490</b>	<b>852</b>
<b>As at 31 December</b>		
Cost	53,054	53,054
Accumulated Amortization	(52,564)	(52,202)
<b>Net Book Value</b>	<b>490</b>	<b>852</b>



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 7) Taxation

The local subsidiary companies are subject to Trinidad and Tobago Corporation Tax while the foreign subsidiaries are subject to taxation in their country of domicile.

	2018	2017
	\$'000	\$'000
Net Income before taxation	5,610	62,148
Less: Income taxed at 0%	(5,586)	(62,131)
Net Income subject to tax	<u>24</u>	<u>17</u>
Corporation Tax for foreign subsidiaries	319	310
Withholding Tax on interest and dividends received	4,752	5,020
Business Levy payments	154	171
Green Fund Levy payments	1,169	1,159
<b>Tax charge</b>	<u><u>6,394</u></u>	<u><u>6,660</u></u>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 8) Pension and Other Post Retirement Benefits

##### a) Pension benefits

i. Changes in the present value of the defined benefit obligations are as follows:

	2018 \$'000	2017 \$'000
Opening present value of defined benefit obligation	199,739	182,135
Current service costs	10,031	8,930
Plan participant contributions	3,916	3,517
Interest cost	211	12,003
Actuarial gains on obligation	(174)	(1,450)
Benefit and expenses paid	(5,501)	(5,396)
Closing present value of defined benefit obligation	208,222	199,739

ii. Changes in the fair value of Plan assets are as follows:

	2018 \$'000	2017 \$'000
Opening fair value of Plan assets	203,795	185,179
Expected return on Plan assets	211	12,003
Actuarial loss on Plan assets	(1,373)	(1,357)
Employer contributions for current service	10,952	9,849
Plan participant contributions for current service	3,916	3,517
Benefits and expenses paid	(5,501)	(5,396)
Closing fair value of Plan assets	212,000	203,795

iii. The amounts recognized in the Consolidated Statement of Financial Position are as follows:

	2018 \$'000	2017 \$'000
Present value of the defined benefit obligation	(208,222)	(199,739)
Fair value of Plan assets	212,000	203,795
Sub-total	3,778	4,056
Un-recognized asset due to limit in IAS 19:64 (b)	(3,778)	(4,056)
Recognized in the Consolidated Statement of Financial Position	-	-

666—Continued

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 8) Pension and Other Post Retirement Benefits (continued)

##### a) Pension benefits (continued)

iv. The amounts recognized in the Consolidated Statement of Profit or Loss are as follows:

	2018 \$'000	2017 \$'000
Current service costs	10,031	8,930
Net interest costs	-	-
Total recognized in Staff Costs	10,031	8,930

v. The amounts recognized in the Consolidated Statement of Comprehensive Income are as follows:

	2018 \$'000	2017 \$'000
Actuarial losses/(gains)	1,199	(93)
IAS 19: 58 (b) limit	(277)	1,011
	922	918

vi. The major categories of the Plan's assets as a percentage of total Plan assets are as follows:

	2018 %	2017 %
Universal Retirement Fund	72.0	74.0
TT\$ Income Fund	18.0	26.0
Local Bond (National Investment Fund)	7.0	-
Cash	3.0	-

vii. The actual return on the Plan's assets is as follows:

	2018 \$'000	2017 \$'000
Actual return	(1,163)	10,646

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 8) Pension and Other Post Retirement Benefits (continued)

##### a) Pension benefits (continued)

- viii. The actuarial assumptions have been based on market expectations at 31 December annually for the period over which the obligations are to be settled. The principal actuarial assumptions used are as follows:

	2018	2017
	%	%
Discount rate at 31 December	5.0	5.0
Future salary increases	5.0	5.0

- ix. The Group expects to contribute \$11.5 million to the Plan in 2019.

##### b) Group Life Benefits

- i. The changes in the present value of the obligation are as follows:

	2018	2017
	\$'000	\$'000
<b>Present value of the defined benefit obligations of the Group Life Scheme</b>		
Opening present value of obligations	1,896	1,793
Current service costs	101	106
Interest costs	98	93
Actuarial loss/(gain) on obligations	10	(15)
Benefits paid	(93)	(81)
Closing present value of obligations	2,012	1,896



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 8) Pension and Other Post Retirement Benefits (continued)

##### b) Group Life Benefits (continued)

ii. The changes in the fair value of the Plan's assets are as follows:

	2018 \$'000	2017 \$'000
Opening fair value of Plan assets	-	-
Employer contributions for current service	93	81
Benefits paid	(93)	(81)
Closing fair value of Plan assets	-	-

iii. The amount recognized in the Consolidated Statement of Financial Position is as follows:

	2018 \$'000	2017 \$'000
Present value of the obligation	2,012	1,896
Recognized in the Consolidated Statement of Financial Position	2,012	1,896

iv. The amounts recognized in the Consolidated Statement of Profit or Loss are as follows:

	2018 \$'000	2017 \$'000
Current service costs	101	106
Net interest costs	98	93
Expense recognized in the Consolidated Statement of Profit or Loss	199	199

v. The amount recognized in the Consolidated Statement of Comprehensive Income is as follows:

	2018 \$'000	2017 \$'000
Experience losses/(gains) - Demographic	10	(15)
Total actuarial losses/(gains) recognized in the Consolidated Statement of Comprehensive Income	10	(15)

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 8) Pension and Other Post Retirement Benefits (continued)

##### c) Medical Benefits

The Corporation operates a post-employment medical benefit scheme. The method of accounting, the assumptions and the frequency of valuations are similar to those used for computing the defined benefit pension obligations.

i. The changes in the present value of the obligation are as follows:

	2018 \$'000	2017 \$'000
<b>Present value of the obligations of the Medical Benefit Scheme</b>		
Opening present value of the obligation	13,277	12,189
Current service costs	778	795
Interest costs	677	624
Actuarial gains	(2,524)	(120)
Benefits paid	(237)	(211)
Closing present value of the obligation	11,971	13,277

ii. The changes in the fair value of the Plan's assets are as follows:

	2018 \$'000	2017 \$'000
Opening fair value of Plan assets	-	-
Employer contributions for current service	237	211
Benefits paid	(237)	(211)
Closing fair value of Plan assets	-	-

iii. The amount recognized in the Consolidated Statement of Financial Position is as follows:

	2018 \$'000	2017 \$'000
Present value of the obligation	11,971	13,277
Recognized in the Consolidated Statement of Financial Position	11,971	13,277

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 8) Pension and Other Post Retirement Benefits (continued)

##### c) Medical Benefits (continued)

iv. The amounts recognized in the Consolidated Statement of Profit or Loss are as follows:

	2018 \$'000	2017 \$'000
Current service costs	778	795
Net interest costs	677	624
Expense recognized in the Consolidated Statement of Profit or Loss	1,455	1,419

v. The amount recognized in the Consolidated Statement of Comprehensive Income is as follows:

	2018 \$'000	2017 \$'000
Experience gains - Demographic	(2,524)	(120)
Total Actuarial gains recognized in the Consolidated Statement of Comprehensive Income	(2,524)	(120)

In addition to the pension benefit actuarial assumptions at 8 (a) (viii) above, the Medical Benefit Scheme benefit obligation calculation assumes that long term health costs will increase by 2% (2017: 3%).

A summary of the post retirement liabilities are as follows:

	2018 \$'000	2017 \$'000
Group Life liability (see Note 8 (b) (iii) above)	2,012	1,896
Medical Benefit liability (see Note 8(c) (iii) above)	11,971	13,277
<b>Total</b>	<b>13,983</b>	<b>15,173</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 9) Guarantee Pricing Liability

In January 1985, the Board of Directors of the Trinidad and Tobago Unit Trust Corporation, pursuant to section 13(1)(d) of the Act, formulated a guarantee pricing plan with respect to units issued under the First Unit Scheme - now the Growth and Income fund (G&IF). Under the Guarantee Pricing Plan, each unitholder that holds units in the G&IF for at least three years from the date of purchase, may redeem those units at a price no less than the purchase price of the units. Subsequently, the Corporation established the Guarantee Reserve Fund under section 26 (1) of the Act to meet claims under the Guarantee Pricing Plan.

There is significant uncertainty with regard to the timing and value of the claims made under the Guarantee Pricing Plan. Factors that appear to influence the timing of guarantee claims include:

- i. The prevailing price of the Growth and Income Fund units. Generally, the price of the G&IF units and the total Guarantee Pricing Liability are inversely related. Increases in the price of G&IF units generally result in a decrease in the total Guarantee Pricing Liability as the number of units ‘in the money’ tends to contract. Conversely a decrease in the price of the units generally increases the total Guarantee Pricing Liability as more units are ‘in the money’; and
- ii. General public sentiment with regard to the future performance of the local and global economy.

Up to June 2018, the G&IF allocated \$500,000 out of its undistributed earnings to the Guarantee Reserve Fund at each distribution to meet any guarantee claims that may arise. The Corporation has historically funded shortfalls in the Guarantee Reserve Fund and is committed to doing so in the future.

During 2016 the Group completed its development of a model to estimate the Corporation’s liability for shortfalls under the Guarantee Pricing Plan. The model runs one thousand (1,000) scenarios based on projections *inter alia* of:

- i. withdrawals over the next thirty years;
- ii. the value of Growth and Income Fund units over the next thirty years;
- iii. interest rates and returns on equity locally and internationally over the next thirty years; and
- iv. the variation in withdrawals based on the interest rate environment.

The average of the estimated payouts generated by the model’s scenarios is the suggested provision.

The model suggests that at 31 December an amount of \$34.9 million should be provided. The actual liability at 31 December was \$25.9 million. Management has provided for the full liability of \$25.9 million (2017: \$12.4 million).



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 10) Net Assets Attributable to Unitholders

This represents the amounts payable on demand to unitholders in the Growth and Income Fund, the TT\$ Income Fund, the Universal Retirement Fund, the US\$ Income Fund and shareholders of the North American Fund. The units/shares issued by each of the foregoing Funds may be redeemed by unit/shareholders of the Funds at any time. Each Fund is primarily responsible for redemption of its units/shares out of its assets.

An analysis by Fund and a summary computation of the net assets attributable to unitholders is provided below.

	2018	2017
	\$'000	\$'000
<b>ANALYSIS OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS BY FUND</b>		
Initial Capital Growth and Income Fund	4,766	4,766
Unit Capital Growth and Income Fund	4,877,332	4,860,266
Unit Capital TT\$ Income Fund	11,176,653	10,949,809
Unit Capital Universal Retirement Fund	297,291	299,520
Unit Capital US\$ Income Fund	4,082,668	4,164,633
<b>Sub-total locally domiciled Funds</b>	<b>20,438,710</b>	<b>20,278,994</b>
North American Fund (non-group interests)	-	55,203
Sub-total Corporate bodies	-	55,203
<b>Net Assets Attributable to Unitholders</b>	<b>20,438,710</b>	<b>20,334,197</b>

	2018	2017
	\$'000	\$'000
<b>COMPUTATION OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		
Cash and Cash Equivalents	1,401,797	2,615,238
Receivables	414,913	399,785
Investment Securities	18,776,113	17,712,312
<b>Total Assets</b>	<b>20,592,823</b>	<b>20,727,335</b>
Less: Liabilities	(154,113)	(149,490)
Less: Group holdings in North American Fund	-	(243,648)
<b>Net Assets Attributable to Unitholders</b>	<b>20,438,710</b>	<b>20,334,197</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 10) Net assets attributable to Unitholders (continued)

Initial Capital in line one of the analysis above, represents the capital subscribed by the Initial Contributors in accordance with Section 17 of the Act. The subscriptions were invested in the Growth and Income Fund. Initial Capital at 31 December 2018 and 2017 was \$4.8 million.

Unit Capital in the analysis above, represents the Net Asset Value of the four (4) Investment Funds domiciled in Trinidad and Tobago at the reporting date. In respect of the Growth and Income Fund (First Unit Scheme), this excludes the acquisition cost of the units issued in respect of Initial Capital.

Financial information is provided for the locally domiciled Entities represented above in Notes 28-32.

#### 11) Statutory Reserves

In accordance with Section 51(1)(b) and (c) of the Securities Act, Chapter 83:02 and Section 27(1)(c) and (d) of the Securities Industry By-Laws, Chapter 83:02, a reserve of \$5 million was established to satisfy the capital requirements for registration as an Underwriter and \$50,000 for registration as an Investment Adviser. In accordance Section 5 of the Exchange Control Act, a reserve of \$650,000 was established to meet the requirements for operation of the Group's Bureau de Change.

#### 12) Revaluation Reserve

The revaluation reserve reflects the net unrealized capital appreciation/depreciation arising from changes in the fair values of available-for-sale financial instruments held by the Corporation, foreign currency translation differences related to such financial instruments, and revaluations related to the Pension and other post retirement plans. The revaluation of the investments held by the Investment Funds is reflected in the line item Net Assets Attributable to Non-group Interests and is not included in this revaluation reserve.

#### 13) Investment Income – Investment Funds

The investment income of the Funds reported in the Consolidated Statement of Profit or Loss excludes transfers from the Corporation. No transfer to the Funds was made during 2018 and 2017 by the Corporation. Investment income is further analyzed in the Table below:

	2018	2017
	\$'000	\$'000
Interest income	509,672	516,110
Dividend income	123,877	117,243
Other income	85,810	357,106
	719,359	990,459

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 14) Investment Income – Group Operations

Net Investment Income includes the contribution to revenue from Treasury operations and the corporate subsidiaries. It comprises the following:

	2018 \$'000	2017 \$'000
<b>Net Investment Income</b>		
Interest	27,297	44,697
Interest Expense and Other Charges	<u>(2,610)</u>	<u>(3,340)</u>
<b>Total</b>	<u>24,687</u>	<u>41,357</u>

#### 15) Fee income

	2018 \$'000	2017 \$'000
Management charge – third parties	5,245	4,674
Trustee fees	20	20
Paying agent fees	18	25
<b>Total</b>	<u>5,283</u>	<u>4,719</u>

#### 16) Realized Gains Reclassified from Equity

Unrealized gains in the amount of \$392 million were recognized in equity on the revaluation of certain available-for-sale bonds during 2012. On receipt of principal repayments and on disposal of the available-for-sale bonds, the relevant portion of the unrealized gains in equity is reclassified to the Consolidated Statement of Profit or Loss.

The total gains reclassified from equity to the Consolidated Statement of Profit or Loss for 2017 was \$12.5 million.

#### 17) Impairment

The Group recognized impairment charges of \$192 million during 2017. A summary of the impairment charges for 2017 is provided below.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 17) Impairment (continued)

Entity	2018 \$'000	2017 \$'000
Growth and Income Fund	-	89,123
TT\$ Income Fund	-	1,754
Universal Retirement Fund	-	-
US\$ Income Fund	-	7,616
<b>Sub-total</b>	<b>-</b>	<b>98,493</b>
Corporation and subsidiaries	-	93,145
<b>Total</b>	<b>-</b>	<b>191,638</b>

A portion of the impairment charges recognized in 2017, represents amounts previously recognized as unrealized losses on available-for-sale assets in the Equity of the respective Funds. Accordingly, recognition of those impairment losses in the Profit or Loss Account did not impact the carrying value of the assets in the respective Funds and consequently had no impact on the Net Asset Value (NAV) of the Funds. The impairment charges are analyzed to show those amounts that affected the carrying value of the assets.

	2018 \$'000	2017 \$'000
Impairments which impacted the carrying value of assets in the Funds	-	9,370
Impairments which did not impact the carrying value of assets in the Funds	-	89,123
<b>Sub-total locally domiciled funds</b>	<b>-</b>	<b>98,493</b>
Impairments which impacted the carrying value of assets in the Corporation	-	88,428
Impairments which did not impact the carrying value of assets in the Corporation	-	4,717
<b>Total</b>	<b>-</b>	<b>191,638</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 17) Impairment (continued)

The carrying value of the assets impaired (before deducting any impairment loss) is provided below. There was no collateral held for impaired assets.

	2018 \$'000	2017 \$'000
Carrying value of impaired investments	Not applicable	992,643

As at December 31, 2017, the Group held bonds with outstanding balances of \$656 million which will become due and payable on December 30, 2021. The bonds are issued by an entity that is owned by the Government of the Republic of Trinidad and Tobago. There is a guarantee on one series of the bonds in the amount of \$100 million. During 2017, the Group provided for impairments in the amount of \$290 million to account for potential repayment shortfalls on maturity of the bonds.

#### 18) Administrative Expenses

Administrative expenses comprised:

	2018 \$'000	2017 \$'000
Audit fees	330	263
Bank charges	998	1,289
Building maintenance	3,025	7,049
Directors' fees	3,459	3,346
General administration	72,048	60,788
Insurance	1,760	1,702
Marketing and advertising	12,977	12,176
Professional services	9,639	13,841
Rental of premises	4,996	4,842
Security	10,202	10,491
Staff costs (Note 21)	147,475	135,252
<b>Total</b>	<b>266,909</b>	<b>251,039</b>



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 19) Restricted Assets

The Group, in keeping with best practice and legislation, has no access to the investment securities, cash holdings, cash flows or other assets of the Funds it manages. The Funds are by nature Collective Investment Schemes and as such the assets, including cash, are ring-fenced and used exclusively for the benefit of the unitholders/shareholders. The Tables below analyze the significant line items in the Consolidated Statement of Financial Position which include assets that are not available to the Group.

Particulars	2018 \$'000	2017 \$'000
Cash and Cash Equivalents (see Note 3)	2,090,800	3,423,652
Restricted Cash and Cash Equivalents	<u>(1,486,716)</u>	<u>(2,686,867)</u>
<b>Available to Group without restriction</b>	<b><u>604,084</u></b>	<b><u>736,785</u></b>

Particulars	2018 \$'000	2017 \$'000
Receivables	150,104	161,752
Restricted Receivables	<u>(128,579)</u>	<u>(150,564)</u>
<b>Available to Group without restriction</b>	<b><u>21,525</u></b>	<b><u>11,188</u></b>

Particulars	2018 \$'000	2017 \$'000
Investment Securities (see Note 4)	19,565,672	18,113,588
Restricted Investment Securities	<u>(18,861,483)</u>	<u>(17,796,176)</u>
<b>Available to Group without restriction</b>	<b><u>704,189</u></b>	<b><u>317,412</u></b>

#### 20) Foreign Exchange Gains / (Losses)

The exchange differences credited to the Consolidated Statement of Profit or Loss are included in other income as follows:

	2018 \$'000	2017 \$'000
Foreign exchange gain	2,912	1,423
	<u>2,912</u>	<u>1,423</u>

#### 21) Staff Costs

	2018 \$'000	2017 \$'000
Salaries and Benefits	131,249	120,548
Pension Costs (see Note 8 (a)(iv))	10,031	8,930
National Insurance	<u>6,195</u>	<u>5,774</u>
<b>Total</b>	<b><u>147,475</u></b>	<b><u>135,252</u></b>
<b>Number of employees</b>	<b><u>528</u></b>	<b><u>522</u></b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 22) Distributions

	2018 \$'000	2017 \$'000
Growth and Income Fund	78,718	36,243
TT\$ Income Fund	135,961	127,924
US\$ Income Fund	34,654	33,283
<b>Total</b>	<u>249,333</u>	<u>197,450</u>

##### a) Growth and Income Fund

The Growth and Income Fund paid \$78.7 million to its unitholders in respect of its June 2018 and December 2018 distributions (2017: \$36.2 million). Included in the \$78.7 million referred to are distributions to Initial Capital Contributors of \$0.3 million (2017: \$0.1 million).

##### b) TT\$ Income Fund

The TT\$ Income Fund makes quarterly distributions at the end of February, May, August and November. Income accrued at 31 December for distribution in the quarter ending 28 February 2019 amounted to \$11.6 million (2017: \$11.3 million).

##### c) US\$ Income Fund

Distributions in the US\$ Income Fund are paid by calendar quarters.

#### 23) Financial Risk Management

The financial assets and liabilities of the Group are summarized below:

	2018 \$'000	2017 \$'000
<b>Financial Assets</b>		
Cash and Bank Balances (see Note 3)	2,090,800	3,423,652
Receivables	150,104	161,752
Prepayments and Other Assets	11,640	29,945
Investment Securities (see Note 4)	19,565,672	18,113,588
<b>Financial Liabilities</b>		
Net Assets Attributable to Unitholders (see Note 10)	(20,438,710)	(20,334,197)

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 23) Financial Risk Management (continued)

##### Financial Risk Management Framework

The Collective Investment Schemes managed by the Corporation and the Corporation's investment activities expose the Group to a variety of financial risks. The Board of Directors has established policies, procedures, an Audit and Compliance Committee and a Strategic Risk Committee to minimize the potential loss that may arise from such financial risks.

The Strategic Risk Committee is responsible for oversight of the Strategic Risks which the Group faces. During 2018 the Audit and Compliance and the Strategic Risk Committees met at least once per quarter to:

- i. monitor compliance with the risk management policies and procedures established by the Board;
- ii. ensure that the overall risk profile and policy environment of the Group was appropriate and consistent with the Group's strategic objectives; and
- iii. consider reports and recommendations submitted by the Risk Management Department, the Internal Audit Department and the Management Risk Committee – an executive committee chaired by the Executive Director.

##### Financial Risk Exposures

The primary financial risks to which the Group is exposed are:

- i. market risk – which comprises:
  - equity and exchange traded funds (ETF) price risk
  - interest rate risk
  - currency risk
- ii. credit risk; and
- iii. liquidity risk

##### Market Risk

Market risk is the risk that changes in market prices e.g. equity and ETF price risk, bond price risk, foreign exchange rates, and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 23) Financial Risk Management (continued)

##### Equity and ETF Price Risk

Equity and ETF price risk is the risk that the fair value of equities/ETFs decreases as a result of changes in the market prices for these securities.

Two (2) of the Funds within the Group have significant holdings of equities and ETFs all of which are traded on either the local or North American stock exchanges. Negative equity price movements in the local and foreign equity markets can subject the portfolios to decreases in their Net Asset Values. This risk is managed by:

- i. careful asset allocation and security selection;
- ii. daily monitoring of security prices; and
- iii. monitoring and measurement of each portfolio's price risk exposure.

The equity price risk exposure is monitored and measured with reference to the beta of equity instruments. Beta is a measure of the stock's price sensitivity to the stock market e.g. stocks that have a beta of 1 would change by approximately 1% for every 1% move in the overall stock market.

A stock with a beta less than 0.9 is considered to have a low equity price risk relative to the overall market. A stock with a beta above 1.1 is considered to have a high equity price risk vis-à-vis the market. A stock with a beta between 0.9 and 1.1 is regarded as having equity price risk comparable to the market.

The Group's equity and ETF holdings are categorized below, both in dollar terms and as a percentage of total equity holdings into three (3) categories to reflect the Group's exposure to movements in equity prices.

	Lower than market \$'000	Comparable to market \$'000	Higher than market \$'000
At 31 December 2018	1,694,775 60.3%	592,569 21.1%	523,541 18.6%
At 31 December 2017	2,177,180 67.7%	565,592 17.6%	474,737 14.8%

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 23) Financial Risk Management (continued)

##### Equity and ETF Price Risk (continued)

The following Table presents the approximate sensitivity of the net asset value of the Group to a 5% change in the TTSE Composite Index and the S&P 500 Composite Index respectively as at 31 December with all other variables held constant.

	31 December, 2018	31 December, 2017
TTSE Composite Index	\$33.7 million	\$45.5 million
S&P 500 Composite Index	\$41.8 million	\$59.1 million

##### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group holds a significant portion of fixed rate debt securities, which exposes it to fair value interest rate risk and to cash flow interest rate risk. The exposure arises primarily on the debt securities held by its two Income Funds – the TT Dollar Income Fund and the US Dollar Income Fund. The debt securities held by the Growth and Income Fund, the Universal Retirement Fund and the Corporation also expose the Group to interest rate risk.

The Group manages the overall interest rate risk by making judicious adjustments of the overall weighted average term to maturity (duration) of its portfolios.



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 23) Financial Risk Management (continued)

##### Interest Rate Risk (continued)

The Group's exposure to interest rate risk as at 31 December, 2018 is summarized below. The Group's assets and liabilities are included at their carrying amount and categorized by the earlier of contractual re-pricing or maturity dates.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>At 31 December, 2018</b>					
<b>Assets</b>					
Cash & Cash Equivalents	2,090,800				2,090,800
Short-term Investments	6,276,936				6,276,936
Bonds (FVPL)	7,996,527	394,229	1,051,433		9,442,189
Structured Bonds (FVPL)	602,383				602,383
<b>Liabilities</b>					
Net Assets Attributable to Unitholders	-	-	-	(20,438,710)	(20,438,710)
<b>Rate Re-pricing Position</b>	<b>16,966,646</b>	<b>394,229</b>	<b>1,051,433</b>	<b>(20,438,710)</b>	<b>(2,026,402)</b>

The Group's exposure to interest rate risk as at 31 December, 2017 is summarized below.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>At 31 December, 2017</b>					
<b>Assets</b>					
Cash & Cash Equivalents	3,423,652	-	-	-	3,423,652
Short-term Investments	4,354,798	-	-	-	4,354,798
Bonds	915,565	3,967,201	4,623,130	-	9,505,896
Structured Bonds	607,870	-	-	-	607,870
<b>Liabilities</b>					
Net Assets Attributable to Unitholders	-	-	-	(20,334,197)	(20,334,197)
<b>Rate Re-pricing Position</b>	<b>9,301,885</b>	<b>3,967,201</b>	<b>4,623,130</b>	<b>(20,334,197)</b>	<b>(2,441,981)</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 23) Financial Risk Management (continued)

##### Currency Risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the TT\$ denominated portfolios contain investments denominated in US\$, these portfolios can be negatively impacted by movements in the US\$/TT\$ exchange rate.

The foreign currency assets and liabilities of the Group at 31 December are summarized below.

	At 31 December, 2018		At 31 December, 2017	
	US\$ (Presented in TT\$) \$'000	Other Foreign Currencies \$'000	US\$ (Presented in TT\$) \$'000	Other Foreign Currencies \$'000
<b>Assets</b>				
Cash & Cash Equivalents	881,118	534	966,506	207
Prepayments and Other Assets	6,378	-	15,928	-
Short-term Investments	1,380,654	-	413,359	-
Bonds measured at fair value through profit or loss	4,242,569	-	4,688,382	-
Structured Bonds measured at fair value through profit or loss	602,383	-	607,870	-
Equities, ETFs, Private Equity & Mutual Funds	1,216,038	-	1,583,043	-
<b>Liabilities</b>				
Net Assets Attributable to Unitholders (see Note 10)	(4,082,668)	-	(4,219,836)	-
<b>Total</b>	<b>4,246,472</b>	<b>534</b>	<b>4,055,252</b>	<b>207</b>

The following analysis shows the effect of a 1% change in the TT dollar relative to the US dollar would have changed the net assets of the Group at 31 December with all other variables held constant.

	2018 TT\$'000	2017 TT\$'000
Approximate change in US\$ holdings	<u>42,465</u>	<u>40,393</u>

##### Concentration of foreign currency exposure

% of total monetary financial assets	2018	2017
US dollars	42%	28%
% of total financial assets		
US dollars	38%	38%

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 23) Financial Risk Management (continued)

##### Credit Risk

Credit risk is the risk that the counter-party to a financial instrument will default on its financial obligations that is, it fails to make full and timely payments of scheduled interest and/or principal sums due.

It is the Group's policy to enter into financial instruments with reputable counterparties.

The Group is exposed to credit risk primarily on debt securities, short-term investments and bank balances. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets represents the Group's maximum exposure to credit risk on financial instruments not subject to IFRS 9 impairment requirements on the respective reporting dates. Hence no separate maximum exposure to credit risk disclosure is provided for these instruments.

Credit risk is managed by:

- i. subjecting counter-parties to robust credit risk assessments prior to initial acquisition;
- ii. limiting the acquisition or retention of debt instruments to certain credit ratings; and
- iii. regular review, measurement and monitoring of counter-parties' credit ratings.

The quality of the Group's debt securities, money market fund and bank balances is analyzed in the Table below into high, moderate and low using ratings primarily from international rating agencies and local rating agencies for either the instrument, the issuer, the sponsor in the case of Bond ETFs or the sovereign in the case of State owned entities. In those few instances where instruments were rated internally, the ratings were mapped to the international credit quality grades used by Standard and Poor.

	2018	2017
	\$'000	\$'000
Securities rated by S&P as AAA to BBB-, are considered high credit quality instruments		
- Debt securities	8,937	8,020
- Structured bonds	602	608
- Short-term instruments	6,277	4,355
- Bank balances	2,091	3,424
	17,907	16,407
Securities rated by S&P as BB+ to B-, are considered medium credit quality instruments		
- Debt securities	468	1,140
Securities rated by S&P as CCC+ and below, are considered low quality instruments		
- Debt securities	37	346
<b>Total</b>	<b>18,412</b>	<b>17,893</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 23) Financial Risk Management (continued)

##### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset as they become due.

The units of the Growth and Income Fund, the TT\$ Income Fund, the US\$ Income Fund are redeemable on demand. The risk is mitigated in each portfolio by holding adequate cash, cash equivalents and short-term investments. In addition, substantial portions of the investments held by the portfolios are tradable.

The financial liabilities of the Group are summarized by their due dates and shown below. The amounts disclosed are the contractual undiscounted cash flows. The Group has no financial liabilities over one (1) year.

	Less than 1 year \$'000
<b>At 31 December, 2018</b>	
Accounts Payable and Short-term Liabilities	70,045
Distribution Payable	51,291
Other Liabilities	2,110
Net Assets Attributable to Unitholders	<u>20,438,710</u>
<b>Total</b>	<u><b>20,562,156</b></u>
	Less than 1 year \$'000
<b>At 31 December, 2017</b>	
Accounts payable and short-term liabilities	73,996
Distribution Payable	47,905
Other Liabilities	3,594
Net Assets Attributable to Unitholders	<u>20,334,197</u>
<b>Total</b>	<u><b>20,459,692</b></u>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 23) Financial Risk Management (continued)

##### Capital Management

The Group's capital consists of Reserves and Retained Earnings. The Group's objectives when managing capital are:

- i. To comply with the capital requirements stipulated by the regulators of the markets where the Group operates;
- ii. To safeguard the Group's ability to continue as a going concern; and
- iii. To provide attractive risk adjusted returns

#### 24) Interests in Corporate Entities

##### a) Local Corporate Entities

The Corporation has two (2) wholly-owned local subsidiary companies incorporated under the Companies Act 81:01 of the Laws of the Republic of Trinidad and Tobago, namely:

Company	Interest	Principal Place of Business	Date of Incorporation
UTC Financial Services Limited	100%	82, Independence Square, Port of Spain, Trinidad	23 March, 1999
UTC Trust Services Limited	100%	82, Independence Square, Port of Spain, Trinidad	2 June, 1999

All the Directors of the foregoing two companies are Directors of the Corporation. UTC Financial Services Limited carries on the business of a registrar and paying agent, while UTC Trust Services Limited is the registered Trustee for certain bonds.

The assets, liabilities and results of these subsidiaries have been fully incorporated in these Financial Statements.

The auditor for UTC Financial Services Limited is the Auditor General's Department of the Republic of Trinidad and Tobago.

##### b) Foreign Corporate Entities

The Corporation has two (2) foreign subsidiaries which were consolidated. These are:

Company	Interest	Date of Incorporation	Country of Incorporation
UTC Fund Services, Inc.	100%	8 December, 1997	Delaware, USA
UTC Financial Services USA, Inc.	100%	8 June, 1999	Rhode Island, USA

UTC Fund Services Inc. does not require auditors for any statutory or regulatory purpose. The auditor for the company is as follows:

Company	Auditors
UTC Financial Services USA, Inc.	Accell Audit & Compliance, PA, Tampa, Florida



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 24) Interests in Corporate Entities (continued)

##### b) Foreign Corporate Entities

UTC Fund Services Inc. was inactive from its incorporation until 1 March, 2009 when it began operations as the investment advisor to the UTC North American Fund Inc.

#### 25) Related-party Transactions

Related parties are individuals or entities that are related to the Group. An individual is related to the Group when that individual or a close member of that individual's family either:

- i. has significant influence over the Corporation or one of its subsidiaries; or
- ii. is a Director or key member of the management of the Corporation or one of its subsidiaries.

An entity is related to the Corporation if the entity is:

- i. a subsidiary of the Corporation;
- ii. an associate of the Corporation;
- iii. in a joint venture with the Corporation; or
- iv. a post-employment benefit plan of either the Corporation or one of its related entities.

Related party transactions and balances, not disclosed elsewhere in these Financial Statements, are disclosed below.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 25) Related-party Transactions (continued)

	2018 \$'000	2017 \$'000
<b>Key management transactions - loans</b>		
Loan balances	334	930
<b>Represented by:</b>		
Balance at beginning of year	930	2,154
Loans advanced during year	-	-
Loan repayments received during year	(596)	(1,224)
Interest income during year	26	67
Interest received during year	(26)	(67)
Balance at end of year	334	930
<b>Key Management transactions - compensation</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries	20,432	21,618
Post-employment benefits	7,813	8,588
Termination benefits	3,657	367
	31,902	30,573
<b>Key Management –balances in Funds managed by the Corporation</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Units held by Key management	1,505	4,881
<b>Other related party transactions - directors remuneration</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries	3,453	3,278
<b>Other related party balances – directors balances in Funds under management</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Units in Funds under management	2,425	1,276

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 25) Related-party Transactions (continued)

All transactions with related parties were undertaken on commercial terms and on an arms-length basis. No expense was recognized in the current or prior year for bad or doubtful debts for amounts owed by any related party.

There were no balances outstanding for related parties except for the loans to key management noted above.

There were no commitments to related parties during the year and no commitments outstanding at the year end.

#### 26) Commitments

At 31 December, the Group had contractual obligations for capital contributions in the amounts of approximately \$20.24 million (2017: \$20.47 million).

#### 27) Contingent Liabilities

At 31 December 2018, there were two matters before the Courts against the Corporation. Both matters are in their early stages and it is not yet possible to form an opinion as to their likely outcome.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 28) Locally domiciled funds

The four (4) locally domiciled Funds controlled by the Corporation are considered subsidiaries for the purposes of IFRS 10 and are consolidated structured entities for the purposes of IFRS 12. The Total Assets of the locally domiciled Funds are shown in the Table below.

	2018	2017
	\$'000	\$'000
Growth and Income Fund	4,963,665	4,938,285
TT\$ Income Fund	11,213,479	10,985,913
Universal Retirement Fund	300,328	302,648
US\$ Income Fund	4,115,416	4,202,092
<b>Total assets</b>	<b>20,592,888</b>	<b>20,428,938</b>

The summarized financial information in Notes 29-32 discloses the Corporation's relationship with the Funds and the arrangements that may require the Corporation to provide financial support to the Funds.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 29) Summarized Financial Information – Growth and Income Fund

The Table below summarizes financial information for the Growth and Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2018 and 2017.

	2018 \$'000	2017 \$'000
Cash and Cash Equivalents	406,686	381,242
Receivables	28,018	35,992
Investment Securities (see Tables below)	4,528,961	4,521,051
<b>Total assets</b>	<b>4,963,665</b>	<b>4,938,285</b>
Liabilities	81,567	73,253
Equity	4,882,098	4,865,032
<b>Total liabilities and equity</b>	<b>4,963,665</b>	<b>4,938,285</b>
Investment Income	85,809	452,436
Net (Loss)/Income available for distribution	(14,374)	265,257
Distribution	(78,717)	(36,242)
Allocations to Reserves (see paragraphs below)	(500)	(1,000)
Other Comprehensive Loss for the year	-	(69,654)
<b>Total Comprehensive (Loss)/Income for the year</b>	<b>(18,795)</b>	<b>191,052</b>
Net cash flow from operating activities	83,159	56,749
Net cash (used in)/flow from investing activities	(96,124)	110,749
Net cash flow from/ (used in) financing activities	38,409	(69,866)
<b>Net change in cash flows for the year</b>	<b>25,444</b>	<b>97,632</b>

The Table below analyses the investment securities held by the Growth and Income Fund.

	2018 \$'000	2017 \$'000
Government Securities	829,042	876,705
Corporate Securities	301,986	299,826
Equity and ETFs (local and foreign)	3,012,227	3,134,300
Short-term Investments	385,706	210,220
<b>Total</b>	<b>4,528,961</b>	<b>4,521,051</b>

The Table below classifies the investment securities held by the Growth and Income Fund

	2018 \$'000	2017 \$'000
Available-for-sale assets	-	4,521,051
Fair value through profit or loss	4,528,961	-
<b>Total</b>	<b>4,528,961</b>	<b>4,521,051</b>



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 29) Summarized Financial Information – Growth and Income Fund (continued)

##### Growth and Income Fund Reserves

In 1985, in accordance with the provisions of Section 26 (1) and (2) of the Act, the Corporation established a Guarantee Reserve Fund in respect of the Growth and Income Fund (First Unit Scheme) to ensure adequate funding of the Guarantee Pricing Plan. During 2018 the Growth and Income Fund made allocations in the amount of \$0.5 million to the Guarantee Reserve. Calls totaling \$0.9 million were made on the Reserve, of which the Corporation met \$0.4 million. The Corporation has met and will continue to meet any shortfalls in the Guarantee Reserve.

In 2012 the Board approved the establishment of a Secondary Reserve Facility for the Growth and Income Fund (First Unit Scheme). The Secondary Reserve Facility is funded from income of the Growth and Income Fund and income of the Corporation. The Secondary Reserve is used to fund requirements for capital reinstatement and/or distribution liabilities of the Growth and Income Fund. The balance in the Secondary Reserve Facility was nil for 2018 and 2017.

A summary of the transactions in the Growth and Income Fund Guarantee Reserve is provided below.

Fund Reserve	2018 \$'000	2017 \$'000
Fund Reserve as at 1 January	-	-
Allocation to Reserve (Growth and Income Fund)	500	1,000
Call on Reserve	(871)	(1,235)
Allocation to Reserve (Corporation)	371	235
<b>Fund Reserve as at 31 December</b>	-	-

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 29) Summarized Financial Information – Growth and Income Fund (continued)

##### Growth and Income Fund Reserves (continued)

The Corporation may from time to time transfer a portion of its income to the secondary reserves of the Growth and Income Fund.

No transfers to support the Growth and Income Fund were required during 2018 and 2017. The Corporation is the sponsor of the Growth and Income Fund and is committed to supporting the Fund financially and otherwise as necessary.

#### 30) Summarized Financial Information – TT\$ Income Fund

The Table below summarizes financial information for the TT\$ Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2018 and 2017.

	2018	2017
	\$'000	\$'000
Cash and Cash Equivalents	625,539	1,650,294
Receivables	250,043	233,011
Investment Securities (see Tables below)	10,337,897	9,102,608
<b>Total assets</b>	<b>11,213,479</b>	<b>10,985,913</b>
Liabilities	36,826	36,103
Equity	11,176,653	10,949,810
<b>Total liabilities and equity</b>	<b>11,213,479</b>	<b>10,985,913</b>
Investment Income	257,534	365,246
Net Income available for distribution	70,712	176,219
Distributions	(135,960)	(127,924)
Allocations to Reserves (see paragraphs below)	(2,800)	(19,867)
Other comprehensive income for the year	-	17,955
<b>Total comprehensive income for the year</b>	<b>70,712</b>	<b>194,174</b>
Net cash flow from operating activities	105,988	126,002
Net cash (used in)/ flow from investing activities	(1,268,930)	680,602
Net cash flow from/ (used in) financing activities	138,187	(105,854)
<b>Net change in cash flows for the year</b>	<b>(1,024,755)</b>	<b>700,750</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 30) Summarized Financial Information – TT\$ Income Fund (continued)

The Table below analyses the investment securities held by the TT\$ Income Fund

	2018 \$'000	2017 \$'000
Government Securities	3,542,403	3,148,263
Corporate Securities	1,946,421	2,144,840
Short-term Investments	4,849,073	3,809,505
<b>Total</b>	<b>10,337,897</b>	<b>9,102,608</b>

The Table below classifies the investment securities held by the TT\$ Income Fund

	2018 \$'000	2017 \$'000
Available-for-sale assets	-	9,102,608
Amortised cost	4,849,073	-
Fair value through profit or loss	5,488,824	-
<b>Total</b>	<b>10,337,897</b>	<b>9,102,608</b>

#### TT\$ Income Fund Reserves

In accordance with the provisions of Section 13 of the TT\$ Income Fund (Second Unit Scheme) Regulations issued under the Act, the Corporation established two reserves in respect of the TT\$ Income Fund - a Primary Reserve and a Secondary Reserve.

The Primary Reserve was established to satisfy any shortfall that may arise on the realization of securities in the portfolio of the Fund.

The Secondary Reserve was established to augment the capital maintenance capability of the Fund and to provide for the funding of any distribution liability which may arise.

The Corporation may from time to time transfer a portion of its income to the Reserves of the TT\$ Income Fund.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 30) Summarized Financial Information – TT\$ Income Fund (continued)

A summary of the transactions in the TT\$ Income Fund Reserves is provided below.

	2018	2017
	\$'000	\$'000
<b>Primary Reserve</b>		
Fund reserve as at 1 January	51,299	48,048
Allocation to primary reserve	2,800	2,800
Interest earned on the reserve	578	451
<b>Primary Reserve as at 31 December</b>	54,677	51,299
<b>Secondary Reserve</b>		
Fund reserve as at 1 January	20,874	3,687
Allocation to secondary reserve	-	17,067
Interest earned on the reserve	230	120
<b>Secondary Reserve as at 31 December</b>	21,104	20,874
<b>Total Fund Reserves as at 31 December</b>	75,781	72,173

The Corporation is the sponsor of the TT\$ Income Fund and is committed to supporting the fund financially and otherwise as and when necessary. No transfers to support the TT\$ Income Fund were required during 2018 and 2017.

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 31) Summarized Financial Information – Universal Retirement Fund

The Table below summarizes financial information for the Universal Retirement Fund (before inter-entity eliminations or consolidation adjustments) for the years 2018 and 2017.

	2018	2017
	\$'000	\$'000
Cash and Cash Equivalents	30,398	33,524
Receivables	1,189	2,002
Investment Securities (see Tables below)	268,741	267,122
<b>Total assets</b>	<b>300,328</b>	<b>302,648</b>
Liabilities	3,038	3,128
Equity	297,290	299,520
<b>Total liabilities and equity</b>	<b>300,328</b>	<b>302,648</b>
Investment Income	1,470	33,855
Net (Loss)/Income for capitalization	(5,037)	27,137
Other comprehensive loss for the year	-	(9,968)
<b>Total comprehensive (loss)/income for the year</b>	<b>(5,037)</b>	<b>17,169</b>
Net cash flow from operating activities	2,332	2,973
Net cash (used in)/ flow from investing activities	(9,279)	34,517
Net cash flow from / (used in) financing activities	3,821	(23,651)
<b>Net change in cash flows for the year</b>	<b>(3,126)</b>	<b>13,839</b>

The Table below analyses the investment securities held by the Universal Retirement Fund.

	2018	2017
	\$'000	\$'000
Government Securities	40,017	40,143
Corporate Securities	22,578	18,673
Equity and ETFs (local and foreign)	185,840	208,306
Short-term Investments	20,306	-
<b>Total</b>	<b>268,741</b>	<b>267,122</b>

The Table below classifies the investment securities held by the Universal Retirement Fund.

	2018	2017
	\$'000	\$'000
Available-for-sale assets	-	267,122
Fair value through profit or loss	268,741	-
<b>Total</b>	<b>268,741</b>	<b>267,122</b>



## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 31) Summarized Financial Information – Universal Retirement Fund (continued)

The Corporation is the sponsor of the Universal Retirement Fund and is committed to supporting the fund financially and otherwise as and when necessary. No transfers to support the Universal Retirement Fund were required during 2018 and 2017.

#### 32) Summarized Financial Information – US\$ Income Fund

The Table below summarizes Financial Information for the US\$ Income Fund (before inter-entity eliminations or consolidation adjustments) for the years 2018 and 2017.

	2018 \$'000	2017 \$'000
Cash and Cash Equivalents	339,174	543,125
Receivables	135,729	129,973
Investment Securities (see Tables below)	3,640,513	3,528,994
<b>Total assets</b>	<b>4,115,416</b>	<b>4,202,092</b>
Liabilities	32,748	37,459
Equity	4,082,668	4,164,633
<b>Total liabilities and equity</b>	<b>4,115,416</b>	<b>4,202,092</b>
Investment Income	17,484	139,876
Net (Loss)/Income available for distribution	(45,831)	78,150
Distributions	(34,654)	(33,283)
Allocations to reserves (see paragraphs below)	(11,863)	(14,237)
Other comprehensive income for the year	-	4,964
<b>Total comprehensive (loss)/income for the year</b>	<b>(45,831)</b>	<b>83,114</b>
Net cash flow from operating activities	63,475	25,575
Net cash (used in)/ flow from investing activities	(215,284)	134,575
Net cash used in financing activities	(53,816)	(148,030)
<b>Net change in cash flows for the year</b>	<b>(205,625)</b>	<b>12,120</b>

The Table below analyses the investment securities held by the US\$ Income Fund

	2018 \$'000	2017 \$'000
Government Securities	721,851	557,616
Corporate Securities	2,328,025	2,752,704
Short-term Investments	590,637	218,674
<b>Total</b>	<b>3,640,513</b>	<b>3,528,994</b>

## Trinidad and Tobago Unit Trust Corporation

### Notes to the Consolidated Financial Statements (continued) For the year ended 31 December, 2018

Expressed in Trinidad and Tobago Dollars

#### 32) Summarized Financial Information – US\$ Income Fund (continued)

The Table below classifies the investment securities held by the US\$ Income Fund

	2018 \$'000	2017 \$'000
Available-for-sale assets	-	3,528,994
Amortised cost	590,637	-
Fair value through profit or loss	3,049,876	-
<b>Total</b>	<b>3,640,513</b>	<b>3,528,994</b>

#### US\$ Income Fund Reserves

In accordance with the provisions of Section 26 (1) and (2) of the Act, the Corporation has established two reserves in respect of the US\$ Income Fund, a Primary Reserve and a Secondary Reserve.

The Primary Reserve was established to satisfy any shortfall that may arise on the realization of securities in the portfolio of the Fund. There were no calls on the reserve during 2018 and 2017.

The Secondary Reserve was established to augment the capital maintenance capability of the Fund and to provide for the funding of any distribution liability which may arise.

A summary of the transactions in the US\$ Income Fund Reserves is provided below.

	2018 \$'000	2017 \$'000
<b>Primary Reserve</b>		
Fund reserve as at 1 January	48,720	40,322
Allocation to primary reserve	8,122	8,115
Interest earned on the reserve	433	228
Foreign exchange revaluation	152	55
<b>Primary Reserve as at 31 December</b>	<b>57,427</b>	<b>48,720</b>
<b>Secondary Reserve</b>		
Fund reserve as at 1 January	32,999	26,686
Allocation to secondary reserve	3,716	6,122
Interest earned on the reserve	293	155
Revaluation	98	36
<b>Secondary Reserve as at 31 December</b>	<b>37,106</b>	<b>32,999</b>
<b>Total Fund Reserves as at 31 December</b>	<b>94,533</b>	<b>81,719</b>

**Trinidad and Tobago Unit Trust Corporation****Notes to the Consolidated Financial Statements (continued)  
For the year ended 31 December, 2018**

Expressed in Trinidad and Tobago Dollars

**32) Summarized Financial Information – US\$ Income Fund (continued)****US\$ Income Fund Reserves (continued)**

The Corporation is the sponsor of the US\$ Income Fund and is committed to supporting the Fund financially and otherwise as and when necessary. No transfers to support the US\$ Income Fund were required during 2018 and 2017.

**33) Discontinued Operations****As at 31 December 2018****UTC North American Fund Inc.**

On 20th December 2018, UTC North American Fund, an investment company organized under the Investment Act 1940 of the United States of America and a subsidiary of the Corporation ceased operations. All assets and liabilities were settled at the close of 2018. The Group's share of the net loss for the period was \$34.6 million.

As at 31 December 2017, the total assets of UTC North American Fund was \$300 million and the Group's share of net profit for the year was \$10.4 million.

UTC Fund Services a wholly owned subsidiary of the Corporation and investment advisor to the North American Fund remains active. UTC Financial Services USA a wholly owned subsidiary of UTC Fund Services Inc, the distributor for the North American Fund's shares also remains active at the close of 2018. The Board of the Corporation is deliberating the future of these companies.

**As at 31 December 2017****UTC Energy Investment Limited**

On 2nd October 2014, UTC Energy Investments Limited, a wholly owned subsidiary of the Corporation, filed a Certificate of Dissolution with the Secretary of State of Delaware, United States of America. Notwithstanding the filing in 2014, reversal of the dissolution was under active consideration during the first quarter of 2015. Subsequently, on the sale of its only asset during March 2015, a final decision was taken to allow the dissolution to proceed. The company has been inactive, for all intents and purposes, since March 2015. The winding up procedures were completed on 2nd October 2017.

The provisions for the winding up expenses and taxes were in excess of requirements by \$6.9 million.

**34) Approval of the Financial Statements**

These Financial Statements were approved by the Board of Directors and authorized for issue on 22 February 2019.