



# TRINIDAD AND TOBAGO GAZETTE (EXTRAORDINARY)

VOL. 48

Port-of-Spain, Trinidad, Tuesday 31st March, 2009—Price \$1.00

No. 39

530



**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 2008 DECEMBER 31**

The accompanying Consolidated Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2008 December 31 have been audited. The Statements as set out on pages 1 to 47 comprise:

- (i) a Consolidated Balance Sheet as at 2008 December 31, a Consolidated Income and Expenditure Statement, a Consolidated Statement of Changes in Equity and a Consolidated Cash Flow Statement for the year ended 2008 December 31 in respect of the Trinidad and Tobago Unit Trust Corporation;
- (ii) a Balance Sheet as at 2008 December 31 and a Statement of Operations for the year ended 2008 December 31 in respect of the Growth and Income Fund (First Unit Scheme), the TT\$ Income Fund (formerly TT\$ Money Market Fund) (Second Unit Scheme), the Universal Retirement Fund and the US\$ Income Fund (formerly US\$ Money Market Fund) respectively, and
- (iii) Notes to the Consolidated Financial Statements for the year ended 2008 December 31 numbered 1 to 33.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The management of the Trinidad and Tobago Unit Trust Corporation is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**AUDITOR'S RESPONSIBILITY**

3. The Auditor General's responsibility is to express an opinion on these Financial Statements in accordance with section 30 (4) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03 (the Act) based on the audit. The audit which was carried out in accordance with section 30 (1) of the said Act was conducted in accordance with generally accepted Auditing Standards. Those Standards require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.



4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinion expressed at paragraph 6 of this Report.

#### **AUDIT OF SUBSIDIARIES**

5. The financial statements of the subsidiaries listed in Note 27 to the Consolidated Financial Statements which account for 1.05% of the consolidated total assets (2007: 0.65%), 3.58% of the consolidated total liabilities (2007: 3.45%) and 1.26% of the consolidated total income (2007: 1.10%), have been audited, where applicable, by auditors other than the Auditor General. My opinion insofar as it relates to consolidation of balances in respect of the subsidiaries, is based solely on copies of reports of the other auditors which were received and information provided by the Corporation.

#### **OPINION**

6. In my opinion the Consolidated Financial Statements as outlined at paragraph one above present fairly, in all material respects, the financial position of the Trinidad and Tobago Unit Trust Corporation as at 2008 December 31 and its financial performance and its cash flows for the year ended 2008 December 31 in accordance with International Financial Reporting Standards.

2009 FEBRUARY 27

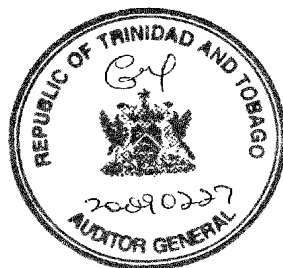


*Sharmar Ottley*  
SHARMAN OTTLEY  
AUDITOR GENERAL

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**Trinidad & Tobago Unit Trust Corporation**  
**CONSOLIDATED BALANCE SHEET**  
**As at December 31, 2008**

	Notes	2008 \$ '000	2007 \$ '000
<b>ASSETS</b>			
Investment Funds	3	15,574,492	16,401,111
Cash and Cash Equivalents		389,394	185,475
Receivables		162,163	107,965
Prepayments and Other Assets		6,798	13,060
Investment Securities	4	3,564,055	2,071,536
Property, plant and equipment	5	188,448	185,360
Intangible assets	6	17,334	10,477
<b>TOTAL ASSETS</b>		<b>19,902,684</b>	<b>18,974,984</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts Payable and Short Term Liabilities		39,200	34,137
Other Liabilities		46,433	27,325
Short-term Financial Instruments	7a	3,121,035	1,489,417
Current Portion of Finance Lease	8	2,983	2,706
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,209,651</b>	<b>1,553,585</b>
<b>LONG TERM</b>			
Long-term Financial Instruments	7b	270,793	257,396
Finance Lease	8	53,047	56,030
<b>TOTAL LIABILITIES</b>		<b>3,533,491</b>	<b>1,867,011</b>
<b>CAPITAL AND RESERVES</b>			
Initial Capital	9	4,766	4,766
Unit Capital	10	15,569,726	16,396,345
		<b>15,574,492</b>	<b>16,401,111</b>
Fund Reserves	11	84,462	69,981
Statutory Reserves	12	5,050	5,050
Revaluation Reserve	13	(1,002)	(2,849)
Retained Income		706,113	634,742
		<b>794,623</b>	<b>706,924</b>
Minority Interest		78	(62)
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>		<b>19,902,684</b>	<b>18,974,984</b>



*[Signature]*

Chairman

*[Signature]*

Executive Director

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## Trinidad &amp; Tobago Unit Trust Corporation

## CONSOLIDATED INCOME AND EXPENDITURE STATEMENT

For the year ended December 31, 2008

	Notes	2008 \$ '000	2007 \$ '000
<b>INCOME</b>			
<b>INVESTMENT INCOME:</b>			
Growth & Income Fund		457,127	241,767
TT\$ Income Fund		577,758	522,452
Universal Retirement Fund		14,373	8,513
US\$ Income Fund		234,233	261,010
Net Investment Income - Group Operations	15	129,324	48,079
Initial Charge		11,455	16,149
Other Income		11,146	12,479
Rental Income		3,667	2,723
<b>TOTAL INCOME</b>		<b>1,439,083</b>	<b>1,113,172</b>
<b>EXPENSES</b>			
Commissions		11,849	12,479
Impairment	17	-	2,166
Administrative	18	190,329	161,963
Depreciation and amortisation	5&6	17,170	15,403
<b>TOTAL EXPENSES</b>		<b>219,348</b>	<b>192,011</b>
<b>NET INCOME BEFORE FINANCE CHARGES</b>		<b>1,219,735</b>	<b>921,161</b>
Finance Charges	20	(10,441)	(11,373)
<b>NET INCOME AFTER FINANCE CHARGES</b>		<b>1,209,294</b>	<b>909,788</b>
Undistributed Income at beginning of year		21,736	7,895
Distributions	21	(1,029,039)	(777,160)
Transfer from Investment Funds to Reserves	11	(26,293)	(12,202)
Income Capitalized		(11,149)	(5,501)
Undistributed Income at end of year		(33,143)	(21,736)
<b>NET INCOME BEFORE TAXES</b>		<b>131,406</b>	<b>101,084</b>
Taxation	29	(382)	(327)
<b>NET INCOME AFTER TAXES</b>		<b>131,024</b>	<b>100,757</b>
Minority Interest		(184)	354
<b>NET INCOME AFTER MINORITY INTEREST</b>		<b>130,840</b>	<b>101,111</b>

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

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## Trinidad &amp; Tobago Unit Trust Corporation

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2008

	<b>2008</b>	<b>2007</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>OPERATING ACTIVITIES</b>		
Net Income before Taxation and Minority Interest	131,406	101,084
<i>Adjustment to reconcile net income to net cash and cash equivalents from operating activity:</i>		
Depreciation / amortisation expense	17,170	15,403
Loss on sale of property, plant and equipment	152	8
(Increase)/decrease in receivables	(54,198)	558
Decrease / (increase) in prepayments and other assets	6,262	(8,390)
Increase in accounts payable	5,063	16,972
Increase/(decrease) in other liabilities	19,109	(904)
Taxation paid	(382)	(327)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>124,582</b>	<b>124,404</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(17,476)	(10,944)
Proceeds from disposal of property, plant and equipment	306	227
Purchase of intangible assets	(10,097)	(2,148)
Purchase of investment securities	(2,594,726)	(998,461)
Proceeds from disposal of investments	1,103,814	261,726
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,518,179)</b>	<b>(749,600)</b>
<b>FINANCING ACTIVITIES</b>		
Finance lease repayments	(2,706)	(2,454)
Increase in short term financial instruments	1,631,618	643,505
Increase in long term financial instruments	13,397	(2,250)
Allocation to reserves	27,985	15,459
Guarantee reserve payments	(72,778)	(5,846)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>1,597,516</b>	<b>648,414</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>203,919</b>	<b>23,218</b>
Cash and cash equivalents at beginning of year	185,475	162,257
Cash and cash equivalents at end of year	<b>389,394</b>	<b>185,475</b>

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

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## Trinidad and Tobago Unit Trust Corporation

GROWTH AND INCOME FUND  
(FIRST UNIT SCHEME)  
BALANCE SHEET

As at December 31, 2008

ASSETS	Notes	2008 \$ '000	2007 \$ '000
Investments	23	3,468,313	4,711,246
Cash and Cash Equivalents		274,638	126,658
Income Receivable		42,801	46,852
<b>TOTAL ASSETS</b>		<b>3,785,752</b>	<b>4,884,756</b>
<b>LIABILITIES</b>			
Distribution Payable		203,985	58,671
Amount Due to Corporation		58,247	48,239
Other Liabilities		22,064	45,915
		<b>284,296</b>	<b>152,825</b>
<b>RESERVES</b>			
Undistributed Income		33,143	20,685
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>317,439</b>	<b>173,510</b>
<b>NET ASSETS</b>		<b>3,468,313</b>	<b>4,711,246</b>
<b>CAPITAL ACCOUNT</b>		<b>2,793,363</b>	<b>3,412,439</b>
<b>UNREALISED CAPITAL APPRECIATION</b>		<b>674,950</b>	<b>1,298,807</b>
		<b>3,468,313</b>	<b>4,711,246</b>

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

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## Trinidad and Tobago Unit Trust Corporation

GROWTH AND INCOME FUND  
(FIRST UNIT SCHEME)  
STATEMENT OF OPERATIONS

For the year ended December 31, 2008

	Notes	2008 \$ '000	2007 \$ '000
<b>INVESTMENT INCOME</b>			
Dividends		64,333	78,483
Interest		116,243	162,085
Realised Capital Gains		276,550	1,199
<b>TOTAL INVESTMENT INCOME</b>		<b>457,126</b>	<b>241,767</b>
<b>EXPENSES</b>			
Management Charge	14	84,816	93,863
Other Expenses		158	-
<b>TOTAL EXPENSES</b>		<b>84,974</b>	<b>93,863</b>
<b>NET INVESTMENT INCOME</b>		<b>372,152</b>	<b>147,904</b>
<b>UNDISTRIBUTED INCOME AT BEGINNING OF YEAR</b>		<b>20,685</b>	<b>6,250</b>
		<b>392,837</b>	<b>154,154</b>
<b>DISTRIBUTION EXPENSE:</b>			
Distribution Paid to Initial Contributors \$1.30c per unit (2007 - 45c per unit)		1,239	433
Distribution Paid to Unitholders \$1.30c per unit (2007 - 45c per unit)		337,455	132,036
<b>TOTAL DISTRIBUTION</b>	21	<b>338,694</b>	<b>132,469</b>
<b>UNDISTRIBUTED INCOME BEFORE RESERVES</b>		<b>54,143</b>	<b>21,685</b>
Allocation to Guarantee Reserve Fund	11a	21,000	1,000
<b>UNDISTRIBUTED INCOME AT END OF YEAR</b>		<b>33,143</b>	<b>20,685</b>

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

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<b>Trinidad and Tobago Unit Trust Corporation</b>			
TT\$ INCOME FUND (FORMERLY TT\$ MONEY MARKET FUND)			
(SECOND UNIT SCHEME)			
BALANCE SHEET			
As at December 31, 2008			
	Notes	2008 \$' 000	2007 \$' 000
<b>ASSETS</b>			
Investments	24	7,972,320	7,192,855
Cash & Cash Equivalents		342,878	200,610
Interest Receivable		106,997	72,637
<b>Total Assets</b>		<b>8,422,195</b>	<b>7,466,102</b>
<b>LIABILITIES</b>			
Accruals for Distribution	21b	53,340	41,858
Amount Due to Corporation		10,908	14,210
Other Liabilities		375,727	207,279
		<b>439,975</b>	<b>263,347</b>
<b>RESERVES</b>		<b>9,900</b>	<b>9,900</b>
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>449,875</b>	<b>273,247</b>
<b>NET ASSETS</b>		<b>7,972,320</b>	<b>7,192,855</b>
<b>CAPITAL ACCOUNT</b>		<b>8,081,121</b>	<b>7,216,234</b>
<b>UNREALISED CAPITAL DEPRECIATION</b>		<b>(108,801)</b>	<b>(23,379)</b>
		<b>7,972,320</b>	<b>7,192,855</b>

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



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## Trinidad and Tobago Unit Trust Corporation

TT\$ INCOME FUND (FORMERLY TT\$ MONEY MARKET FUND)  
(SECOND UNIT SCHEME )  
STATEMENT OF OPERATIONS

For the year ended December 31, 2008

	Notes	2008 \$' 000	2007 \$' 000
<b>INVESTMENT INCOME</b>			
Interest Income		577,757	522,452
<b>TOTAL INVESTMENT INCOME</b>		<b>577,757</b>	<b>522,452</b>
<b>EXPENSES</b>			
Management Charge	14	81,251	80,649
Commissions		9,102	9,326
Other expenses		1,363	-
<b>TOTAL EXPENSES</b>		<b>91,716</b>	<b>89,975</b>
<b>NET INVESTMENT INCOME</b>		<b>486,041</b>	<b>432,477</b>
Distribution Expense	21	429,901	381,919
Accruals for Distribution	21b	53,340	41,858
Allocation to Reserve	11b	2,800	8,700
<b>UNDISTRIBUTED INCOME AT END OF THE YEAR</b>		<b>-</b>	<b>-</b>

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## Trinidad &amp; Tobago Unit Trust Corporation

UNIVERSAL RETIREMENT FUND  
BALANCE SHEET

As at December 31, 2008

	Notes	2008 \$ '000	2007 \$ '000
<b>ASSETS</b>			
Investments		133,920	143,176
Interest and Other Receivables		1,232	1,364
Cash & Cash Equivalents		4,928	10,392
<b>TOTAL ASSETS</b>		<b>140,080</b>	<b>154,932</b>
<b>LIABILITIES</b>			
Amount Due to Corporation		1,409	1,565
Other Payables		2	-
<b>NET ASSETS OF THE FUND</b>	25	<b>138,669</b>	<b>153,367</b>
<b>CAPITAL ACCOUNT</b>			
		119,368	123,136
<b>UNREALISED CAPITAL APPRECIATION</b>			
		19,301	30,231
		<b>138,669</b>	<b>153,367</b>

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

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## Trinidad &amp; Tobago Unit Trust Corporation

UNIVERSAL RETIREMENT FUND  
STATEMENT OF OPERATIONS

For the year ended December 31, 2008

	Notes	2008 \$ '000	2007 \$ '000
<b>INVESTMENT INCOME</b>			
Dividends		1,977	2,056
Interest		6,585	6,444
Realised Capital Gains/(Losses)		5,791	(25)
Miscellaneous Income		20	38
<b>TOTAL INVESTMENT INCOME</b>		<b>14,373</b>	<b>8,513</b>
<b>EXPENSES</b>			
Management Charge	14	3,218	3,012
Other Expenses		6	-
<b>TOTAL EXPENSES</b>		<b>3,224</b>	<b>3,012</b>
<b>NET INCOME FOR CAPITALISATION</b>		<b>11,149</b>	<b>5,501</b>

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

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## Trinidad &amp; Tobago Unit Trust Corporation

## US\$ INCOME FUND (FORMERLY US\$ MONEY MARKET FUND)

## BALANCE SHEET

As at December 31, 2008

	Notes	2008 \$' 000	2007 \$' 000
<b>ASSETS</b>			
Investments	26	3,995,190	4,343,643
Cash & Cash Equivalents		46,547	10,991
Interest Receivable		69,611	98,089
<b>TOTAL ASSETS</b>		<b>4,111,348</b>	<b>4,452,723</b>
<b>LIABILITIES</b>			
Amount Due to Corporation		6,699	7,250
Distribution Payable		51,450	60,653
Other Liabilities		58,009	40,127
		<b>116,158</b>	<b>108,030</b>
<b>RESERVES</b>			
Undistributed Income		-	1,050
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>116,158</b>	<b>109,080</b>
<b>NET ASSETS</b>		<b>3,995,190</b>	<b>4,343,643</b>
<b>CAPITAL ACCOUNT</b>		<b>4,209,542</b>	<b>4,369,749</b>
<b>UNREALISED CAPITAL DEPRECIATION</b>		<b>(214,352)</b>	<b>(26,106)</b>
		<b>3,995,190</b>	<b>4,343,643</b>

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

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**Trinidad & Tobago Unit Trust Corporation**  
**US\$ INCOME FUND (FORMERLY US\$ MONEY MARKET FUND)**  
**STATEMENT OF OPERATIONS**  
**For year ended December 31, 2008**

	Notes	2008 <u>\$' 000</u>	2007 <u>\$' 000</u>
<b>INVESTMENT INCOME</b>			
Interest Income		234,233	261,010
<b>TOTAL INVESTMENT INCOME</b>		<b>234,233</b>	<b>261,010</b>
<b>EXPENSES</b>			
Management Charge	14	23,936	34,511
Commissions		896	1,512
Impairment	17	-	2,166
Other Expenses		855	-
<b>TOTAL EXPENSES</b>		<b>25,687</b>	<b>38,189</b>
<b>NET INVESTMENT INCOME</b>			
		208,546	222,821
Undistributed Income at start of year		1,050	1,644
Distribution Expense	21	207,103	220,913
Allocation to Reserve	11c	2,493	2,502
<b>UNDISTRIBUTED INCOME AT END OF YEAR</b>		<b>-</b>	<b>1,050</b>

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

**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**1) INCORPORATION AND PRINCIPAL ACTIVITIES**

The Trinidad & Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act (“the Act”), Chapter 83:03 of the Laws of the Republic of Trinidad and Tobago, generally to provide facilities for participation by members of the public in investing in shares and securities approved by the Board. The Finance Act of 1997 permitted expansion of the Corporation’s scope of activities to include other financial services, such as merchant banking, trustee services and card services.

The Corporation’s principal office is located at the UTC Financial Centre, 82 Independence Square, Port of Spain.

In addition to the Trinidad & Tobago Unit Trust Corporation, there are eight (8) subsidiary companies which comprise the Group.

**2) SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Basis of Preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Unit Trust Corporation of Trinidad and Tobago Act, under the historical cost convention, except as modified in respect of security valuation (see (d) below). The accounting policies in all material respects conform to International Financial Reporting Standards (IFRS).

The Group has not early adopted the following revised standards and IFRIC Interpretations that have been issued but are not yet effective. These changes either do not apply to the activities of the Group or have no material impact on its financial statements.

*Amendment to standards*

		<b>Effective date</b>
IAS	1 Presentation of Financial Statements	January 1, 2009
IAS	23 Borrowing Costs	January 1, 2009
IAS	32 Financial Instruments: Presentation	January 1, 2009
IAS	27 Consolidated and Separate Financial Statements	July 1, 2009
IFRS	3 Business Combinations	July 1, 2009
IFRS	2 Share-based payment	January 1, 2009
IFRS	8 Operating Segments	January 1, 2009

*New Interpretations*

IFRIC	12 Service Concession Arrangements	January 1, 2008
IFRIC	13 Customer Loyalty Programs	July 1, 2008
IFRIC	14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 1, 2008

**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical factors and management's best knowledge of current events and actions. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, or in any future periods, if applicable.

**b) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries drawn up as at December 31, 2008 and include all the assets and liabilities and results of operations of the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

All material inter-company transactions and accounts have been eliminated in preparing the consolidated financial statements. Accounting policies of the subsidiaries are consistent with the policies of the Group.

**c) Investment securities**

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

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

Investment securities with fixed and determinable payments, but not quoted in an active market are classified as loans and receivables. Loans and receivables are carried at amortised cost, less any adjustment necessary for impairment.

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

**d) Security Valuation**

The fair value of publicly traded securities is determined by reference to the prevailing closing market prices on the balance sheet date.

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

The fair value of unquoted securities is determined using the last traded price, which is provided by the issuer.

**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Repurchase and Reverse Repurchase Agreements**

A repurchase agreement is the sale of securities for cash with a simultaneous agreement to repurchase them at a fixed price on a contracted date. An interest rate is negotiated for the term of the agreement. A reverse repurchase agreement is the corollary of this and is the purchase of the securities for cash with a simultaneous agreement to re-sell them at a fixed price on a contracted date and an agreed rate of interest.

A repurchase agreement may be construed as a borrowing and in the normal course of business, the Corporation does not enter into repurchase agreements. However, as part of its short-term investment activity, it does enter into reverse repurchase agreements. Deterioration in the value of the securities bought under reverse repurchase agreements is materially covered through margin calls comprising cash and/or additional securities.

**f) Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs for repairs and maintenance are charged to the income and expenditure statement during the financial period in which they are incurred.

Where the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, this carrying amount is written down to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amounts and are recognised within Other Income in the consolidated income and expenditure statement.

Freehold land is not depreciated. Leasehold land is capitalised and amortised over the term of the lease.

Depreciation on other assets, except for motor vehicles, is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives as follows:

Property, plant and equipment category:	Estimated useful life:
Building	50 years
Office Improvements	7-15 years
Computer Equipment	2-8 years
Office Equipment	3-13 years
Furniture & Fixtures	3-10 years

Motor vehicles are depreciated using a rate of 25% per annum on the reducing balance.

The property, plant and equipment of the subsidiary Unit Trust Corporation (Belize) Limited (formerly Belize Unit Trust Corporation Limited) are depreciated on a reducing balance basis, at the rates estimated to write off the value of the assets over their useful lives. Rates used are:



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**SIGNIFICANT ACCOUNTING POLICIES (continued)**

Computer Equipment	20% per annum
Office Equipment	20% per annum
Furniture	10% per annum
Motor Vehicles	25% per annum

**g) Intangible Assets**

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (five to ten years).

**h) Impairment of Non-Financial Assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income and expenditure statement. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**i) Foreign Currency Translation**

The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Corporation's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure statement.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. All resulting exchange differences are recognised in equity.

**j) Leases**

Assets held under finance leases are capitalised as property, plant and equipment and duly depreciated. The liability net of finance charges is shown on the balance sheet and the interest element is charged to the income and expenditure statement over the term of the lease.

**k) Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term investments with original maturities of ninety days or less and bank overdrafts.

**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**SIGNIFICANT ACCOUNTING POLICIES (continued)**

**l) Provisions**

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

**m) Revenue Recognition**

Income comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Income is shown net of value-added tax, discounts and after eliminating services within the Group.

Interest income is recognised in the income and expenditure statement using the effective interest rate method. Dividend income is recognised when the right to receive payment is established. Realised investment gains and losses are recognised in the income and expenditure statement.

**n) Borrowings**

Borrowings are recognised initially at fair value, and are subsequently stated at amortised cost. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised.

**o) Separate Funds Under Management**

The assets and liabilities pertaining to pension and other funds, which are managed in accordance with specific Investment Management Agreements, are not included in the balance sheet of the Corporation. The market value of these portfolios as at December 31, 2008 is \$ 538 million (2007: \$539 million).

**p) Taxation**

The Corporation is exempt from Corporation Tax, however, it is subject to the Green Fund Levy.

Income tax is payable on profits by the subsidiaries and is recognised as an expense in the period in which profits arise. Taxes are based on the applicable tax laws in each jurisdiction. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

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**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3) INVESTMENT FUNDS**

	2008	2007
	\$'000	\$'000
Growth & Income Fund	3,468,313	4,711,246
TT\$ Income Fund (formerly \$TT Money Market Fund)	7,972,320	7,192,855
Universal Retirement Fund	138,669	153,367
US\$ Income Fund (formerly \$US Money Market Fund)	3,995,190	4,343,643
<b>Total</b>	<b>15,574,492</b>	<b>16,401,111</b>

On June 1, 2007, the name of the TT\$ Money Market Fund was changed to the TT\$ Income Fund and that of the US\$ Money Market Fund was changed to the US\$ Income Fund.

**4) INVESTMENT SECURITIES**

	2008	2007
	\$'000	\$'000
Held to maturity	801,170	1,118,274
Available for sale	2,739,165	931,952
Loans and receivables	23,720	21,310
<b>Total</b>	<b>3,564,055</b>	<b>2,071,536</b>

Investments represent short-term investments and equity securities held by the Corporation and the holdings of the Merchant Bank Department in local and regional government and corporate securities that will mature up to twenty-five (25) years.

An investment in the UTC North American Fund (formerly Chaconia Income and Growth Fund) is included in investments available-for-sale. The UTC North American Fund Inc. (formerly Chaconia Income and Growth Fund Inc.) is sponsored by the Trinidad and Tobago Unit Trust Corporation and incorporated in the State of Maryland, United States of America. It is registered as an open-ended, non-diversified, no-load management investment company under the Investment Act of 1940 of the United States of America.

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**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**5) PROPERTY, PLANT AND EQUIPMENT**

	<i>Land</i>	<i>Building</i>	<i>Office Improvement</i>	<i>Motor Vehicles</i>	<i>Office &amp; Computer Equipment</i>	<i>Office Furniture</i>	<i>TOTAL</i>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Year ended Dec 31, 2008</b>							
Opening Net Book Value	16,249	123,886	15,868	1,499	19,737	8,121	<b>185,360</b>
Additions	-	-	7,789	2,356	5,622	1,709	<b>17,476</b>
Disposals	-	-	(158)	(288)	(5)	(9)	<b>(460)</b>
Depreciation/Amortisation	(22)	(2,808)	(1,967)	(542)	(6,391)	(2,198)	<b>(13,928)</b>
Closing Net Book Value	<b>16,227</b>	<b>121,078</b>	<b>21,532</b>	<b>3,025</b>	<b>18,963</b>	<b>7,623</b>	<b>188,448</b>
<b>As at Dec 31, 2008</b>							
Cost	16,569	139,427	33,840	4,348	48,107	18,830	<b>261,121</b>
Accumulated Depreciation/Amortisation	(342)	(18,349)	(12,308)	(1,323)	(29,144)	(11,207)	<b>(72,673)</b>
<b>Net Book Value</b>	<b>16,227</b>	<b>121,078</b>	<b>21,532</b>	<b>3,025</b>	<b>18,963</b>	<b>7,623</b>	<b>188,448</b>
<b>Year ended Dec 31, 2007</b>							
Opening Net Book Value	16,271	126,695	16,077	1,557	16,774	9,049	<b>186,423</b>
Additions	-	-	1,788	659	7,741	755	<b>10,943</b>
Disposals	-	-	-	(230)	(4)	(1)	<b>(235)</b>
Depreciation/Amortisation	(22)	(2,809)	(1,997)	(487)	(4,774)	(1,682)	<b>(11,771)</b>
Closing Net Book Value	<b>16,249</b>	<b>123,886</b>	<b>15,868</b>	<b>1,499</b>	<b>19,737</b>	<b>8,121</b>	<b>185,360</b>
<b>As at Dec 31, 2007</b>							
Cost	16,569	139,427	26,377	3,134	42,502	17,186	<b>245,195</b>
Accumulated Depreciation/Amortisation	(320)	(15,541)	(10,509)	(1,635)	(22,765)	(9,065)	<b>(59,835)</b>
<b>Net Book Value</b>	<b>16,249</b>	<b>123,886</b>	<b>15,868</b>	<b>1,499</b>	<b>19,737</b>	<b>8,121</b>	<b>185,360</b>

**Land**

Land includes leasehold land of \$1.89 million and freehold land of \$14.40 million.

**a) Leasehold Land**

This reflects the Corporation's interest in a ninety-nine (99)-year lease. On November 19, 1999 the Corporation entered into an arrangement with London Street Project Company Limited to transfer its interest for twenty (20) years to facilitate the construction of its Headquarters Building through a build, own, lease and transfer arrangement described in note 8 below.

**b) Freehold Land**

This reflects freehold land on which buildings have been constructed / renovated to facilitate the operations of the Parent company.

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**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**6) INTANGIBLE ASSETS**

	<b>2008</b>	<b>2007</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Year ended Dec 31</b>		
Opening Net Book Value	10,477	11,961
Additions	10,097	2,148
Depreciation Charge	(3,240)	(3,632)
<b>Closing Net Book Value</b>	<b><u>17,334</u></b>	<b><u>10,477</u></b>
<b><u>As at Dec 31</u></b>		
Cost	30,026	19,929
Accumulated Depreciation	(12,692)	(9,452)
<b>Net Book Value</b>	<b><u>17,334</u></b>	<b><u>10,477</u></b>

**7) FINANCIAL INSTRUMENTS****a) Short-term Financial Instruments**

	<b>2008</b>	<b>2007</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Fixed term borrowings	2,934,876	939,721
Borrowings at notice	58,833	85,391
Repo borrowings	127,326	464,305
<b>Total</b>	<b><u>3,121,035</u></b>	<b><u>1,489,417</u></b>

These instruments are Investment Note Certificates falling due within one (1) year.

**b) Long-term Financial Instruments**

	<b>Interest</b>		<b>2008</b>	<b>2007</b>
	<b>Rate</b>	<b>Term</b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Guaranteed Investment Certificates	8%-12.6%	3-23 years	226,668	207,215
Long-term bond	8%	10 years	28,693	32,294
Long-term bond	8%	7.5 years	8,283	10,124
Long-term loan	8.15%	10 years	7,149	7,763
<b>Total</b>			<b><u>270,793</u></b>	<b><u>257,396</u></b>

**Trinidad & Tobago Unit Trust Corporation**  
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**FINANCIAL INSTRUMENTS (continued)**

The long-term interest bearing bonds represent debt raised by the subsidiary UTC Property Holdings Limited (formerly UTC Property Development Limited) for financing the construction of its properties. No borrowing costs were capitalised in this period or in 2007. The cumulative borrowing costs capitalised as at December 31, 2008 amounted to \$3.9 million (2007: \$3.9 million).

**8) FINANCE LEASE**

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
<b>Lease payments due:</b>		
within 1 year	<b>2,983</b>	2,706
within 1 to 5 years	<b>20,178</b>	18,302
greater than 5 years	<b>32,869</b>	37,728
<b>Total</b>	<b>56,030</b>	58,736

The Corporation entered into a finance lease agreement with London Street Project Company Limited effective November 19, 1999 through a build, own, lease and transfer arrangement. This agreement is for a term of 20 years, with purchase options at the end of the tenth and fifteenth years.

**9) INITIAL CAPITAL**

Initial Capital is capital subscribed by the Initial Capital Contributors to the Trinidad and Tobago Unit Trust Corporation in accordance with Section 17 of the Act and invested in the Growth and Income Fund. Initial Capital at the balance sheet date was \$4.77 million (2007: \$4.77 million).

**10) UNIT CAPITAL**

Unit Capital represents the capital value of units issued by the four Investment Funds incorporated in Trinidad and Tobago and operated by the Corporation. 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.

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Growth and Income Fund	<b>3,463,547</b>	4,706,480
TT\$ Income Fund (formerly \$TT Money Market Fund)	<b>7,972,320</b>	7,192,855
Universal Retirement Fund	<b>138,669</b>	153,367
US\$ Income Fund (formerly \$US Money Market Fund)	<b>3,995,190</b>	4,343,643
<b>Total</b>	<b>15,569,726</b>	16,396,345

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**Trinidad & Tobago Unit Trust Corporation**  
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**11) FUND RESERVES**

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Growth and Income Fund Guarantee Reserve	<b>20,000</b>	12,504
TT\$ Income Fund (formerly \$TT Money Market Fund)	<b>22,090</b>	18,298
US\$ Income Fund (formerly \$US Money Market Fund)	<b>42,372</b>	39,179
<b>Total</b>	<b>84,462</b>	<b>69,981</b>

**a) Growth and Income Fund Guarantee Reserve**

In accordance with the provisions of Section 26(1) and (2) of the Act, in 1984 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 2008, calls in excess of \$72 million were made on the Fund, of which the Corporation met \$59.3 million through its Retained Income. The Corporation will continue to meet any shortfalls in the reserves through its Retained Income.

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Fund reserve as at January 1	<b>12,504</b>	16,311
Allocation to reserves from Growth and Income Fund	<b>21,000</b>	1,000
Allocation to reserves from Corporation	<b>59,274</b>	-
Interest earned on reserves	-	1,039
Call on reserves	<b>(72,778)</b>	(5,846)
Fund reserve as at December 31	<b>20,000</b>	12,504

**b) TT\$ Income Fund (formerly TT\$ Money Market Fund) Reserve**

In accordance with the provisions of Section 13 of the TT\$ Income Fund (Second Unit Scheme) regulations issued under the Act, in 1991 the Corporation established a reserve to satisfy any shortfall that may arise from the liquidation of securities in the portfolio of the Scheme.

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Fund reserve as at January 1	<b>18,298</b>	9,211
Allocation to reserves	<b>2,800</b>	8,700
Interest earned on reserves	<b>992</b>	387
Fund reserve as at December 31	<b>22,090</b>	18,298

**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**FUND RESERVES (continued)**

**c) US\$ Income Fund (formerly US\$ Money Market Fund) Reserve**

In accordance with the provisions of Section 26 (1) and (2) of the Act, in 2001 the Corporation established a special reserve fund in respect of the US\$ Income Fund to provide for maintenance of the capital value of the Fund.

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Fund reserve as at January 1	<b>39,179</b>	34,846
Allocation to reserves	<b>2,493</b>	2,502
Interest earned on reserves	<b>700</b>	1,831
Fund reserve as at December 31	<b>42,372</b>	39,179

**12) STATUTORY RESERVES**

In accordance with Section 59(3)(d)(ii) of the Securities Industries Act By-Laws 1997, 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.

**13) REVALUATION RESERVE**

The revaluation reserve significantly reflects unrealised capital appreciation and depreciation from changes in the fair values of available-for-sale financial instruments held by the Corporation. Minor changes for foreign currency translations are also reflected therein. The revaluation of the investments held by the Investment Funds is reflected on the balance sheet of each of the Funds and is not included in this revaluation reserve.

**14) MANAGEMENT CHARGE**

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Growth and Income Fund	<b>84,816</b>	93,863
TT\$ Income Fund (formerly \$TT Money Market Fund)	<b>81,251</b>	80,649
Universal Retirement Fund	<b>3,218</b>	3,012
US\$ Income Fund (formerly \$US Money Market Fund)	<b>23,936</b>	34,511
<b>Total</b>	<b>193,221</b>	<b>212,035</b>



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**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**MANAGEMENT CHARGE (continued)**

- a) The Corporation, in accordance with the regulations governing the Growth and Income Fund, the TT\$ Income Fund (formerly TT\$ Money Market Fund), the Universal Retirement Fund and the US\$ Income Fund (formerly US\$ Money Market Fund) may charge a management fee of up to 2% on the value of the funds under management in the respective schemes and funds. The average management fee charged for the year was 1.3% (2007: 1.3%).
- b) In accordance with the regulations governing the Belize Money Market Fund, Unit Trust Corporation (Belize) Limited (formerly Belize UTC) may charge a management fee not exceeding 2% of the funds under management. No management fee was charged for this year or during 2007.

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

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

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Interest and Other Fee Income	<b>274,396</b>	151,890
Interest Expense & Other Charges	<b>(145,072)</b>	(103,811)
<b>Total</b>	<b>129,324</b>	48,079

**16) FOREIGN EXCHANGE GAINS/(LOSSES)**

The exchange differences credited to the income and expenditure statement are included in other income and are as follows:

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Foreign exchange gains	<b>3,628</b>	6,739

**17) IMPAIRMENT**

There were no impairment issues for the current period. In 2007, the Statement of Operations of the US\$ Income Fund (formerly US\$ Money Market Fund) accounted for an impairment loss on a fixed rate bond, which was previously reflected at \$5.3 million, including \$2.2 million in capitalised interest. The issuer had defaulted on its obligation and all negotiations with bondholders to exchange their positions for new bonds with lower rates and longer terms have become protracted. Consequently, the capitalised interest portion of the bond was impaired (43%), leaving a recoverable value of \$3.1 million.

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**Trinidad & Tobago Unit Trust Corporation**  
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**18) ADMINISTRATIVE EXPENSES**

Administrative expenses include:

	2008 \$'000	2007 \$'000
Staff costs (Note 19)	95,611	78,906
Audit Fees	455	289
Directors' Fees	1,421	982

**19) STAFF COSTS**

	2008 \$'000	2007 \$'000
Salaries and benefits	92,671	77,330
National Insurance	2,940	1,576
<b>Total</b>	<b>95,611</b>	<b>78,906</b>

**Number of employees**

533	468
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**20) FINANCE CHARGES**

	2008 \$'000	2007 \$'000
Long-term bonds (Note 7 b)	3,717	4,189
Finance lease (Note 8)	6,724	7,184
<b>Total</b>	<b>10,441</b>	<b>11,373</b>

**21) DISTRIBUTIONS**

	2008 \$'000	2007 \$'000
Growth and Income Fund	338,694	132,469
TT\$ Income Fund (formerly \$TT Money Market Fund)	483,242	423,778
US\$ Income Fund (formerly \$US Money Market Fund)	207,103	220,913
<b>Total</b>	<b>1,029,039</b>	<b>777,160</b>

**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**DISTRIBUTIONS (continued)**

**a) Growth and Income Fund**

The Corporation declared its fifty-first (51<sup>st</sup>) and fifty-second (52<sup>nd</sup>) distributions in June 2008 and December 2008 respectively. Included in the above totals are distributions to Initial Capital Contributors of \$1.2 million in 2008 (2007: \$0.43 million).

**b) TT\$ Income Fund (formerly TT\$ Money Market Fund)**

Distributions in the TT\$ Income Fund are made quarterly in February, May, August and November. Income accrued as at December 31, 2008 for distribution in the quarter ended February 2009 amounted to \$53.34 million (2007: \$41.86 million).

**c) US\$ Income Fund (formerly US\$ Money Market Fund)**

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

**22) FINANCIAL RISK MANAGEMENT**

The Group's activities, primarily in its Investment Funds and Merchant Banking lines of business expose it to a variety of financial risks, including security price risk, interest rate risk (fair value and cash flow), foreign exchange rate risk, credit risk, concentration risk, and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors of the Trinidad and Tobago Unit Trust Corporation has overall responsibility for the management of the financial risks faced by the Investment Funds. It has established a Risk Committee composed wholly of Directors whose role *inter alia* is to ensure that the overall risk profiles of the Investment Funds are consistent with their investment objectives. The Board Risk Committee meets on a monthly basis to consider the specific risk issues highlighted by the internal risk management committees it has established as well as to monitor the overall progress of the risk management framework.

The Board Risk Committee has established two internal management committees, namely the Asset/Liability Committee and the Credit Risk Committee with respect to financial risk management. These committees are composed of multi-disciplinary senior management members whose collective experience and expertise are utilized in determining appropriate approaches for managing and mitigating the financial risks facing the Group, as well as the Investment Funds. The Committees meet on a monthly basis to consider various risk reports tabled by the relevant management personnel.

The identification, measurement and monitoring of financial risk exposures is the daily responsibility of the Risk Managers. The Risk Managers report on these risks at the monthly meetings of the Asset/Liability and Credit Risk Committees and may also make recommendations for their management and mitigation.

**Trinidad & Tobago Unit Trust Corporation**  
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**FINANCIAL RISK MANAGEMENT (continued)**

**Strategy in using financial instruments**

Financial risks arise from the acquisition of various classes of financial instruments including equities and debt instruments (listed and unlisted). The Corporation's practice is to acquire financial assets, which provide consistent risk-adjusted returns relative to specific investment objectives of the individual Investment Funds. In general, the Investment Funds only take long positions in securities and neither use leverage nor sell securities short. The Investment Funds have no financial liabilities arising out of their investment activity.

**Security price risk**

The Investment Funds may acquire securities that are exposed to fluctuations in market value. These exposures create security price risk for the Investment Funds and may contribute to substantial volatility of their net assets. This risk is managed via careful asset allocation and security selection within specified limits.

Key influences on the asset allocation decision include domestic as well as global economic and financial market trends. In the case of equity, the security selection decision is typically influenced by consideration of fundamental and technical valuation factors as well as by the instrument's historical price sensitivity to the market. In the case of debt instruments, the security selection is typically influenced by consideration of the general interest rate outlook as well as the default likelihood of the issuer.

In respect of equities, the price risk of the Investment Funds is monitored and measured via categorisation of the stocks by their historical price sensitivity to the overall market. A historical price sensitivity below 90% is considered to be low whereas a historical sensitivity above 110% is considered to be high. A historical price sensitivity between 90% and 110% is regarded as comparable to the overall market.

The price sensitivity of the Investment Funds' equity portfolios is provided below:

	Lower than market \$'000	Comparable to market \$'000	Higher than market \$'000
<b>At December 31, 2008</b>			
Growth & Income Fund	881,620	736,838	367,688
Universal Retirement Fund	39,448	11,350	18,346
<b>Total</b>	<b>921,068</b>	<b>748,188</b>	<b>386,034</b>
<b>At December 31, 2007</b>			
Growth & Income Fund	1,522,373	606,148	748,827
Universal Retirement Fund	40,684	8,822	21,747
<b>Total</b>	<b>1,563,057</b>	<b>614,970</b>	<b>770,574</b>

If the TTSE Composite Index had increased/decreased by 1% as at December 31, 2008 with all other variables held constant, net assets attributable to unitholders would have risen/fallen by an estimated TT\$16 million for the Growth & Income Fund and by an estimated TT\$0.6 million for the Universal Retirement Fund. If the Standard & Poor's 500

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**Trinidad & Tobago Unit Trust Corporation**  
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**FINANCIAL RISK MANAGEMENT (continued)**

Composite Index had increased/decreased by 1% as at December 31, 2008 with all other variables held constant, net assets attributable to unitholders would have risen/fallen by approximately TT\$3.12 million for the Growth & Income Fund and negligibly for the Universal Retirement Fund. Neither the TT\$ Income Fund (formerly TT\$ Money Market Fund) nor the US\$ Income Fund (formerly US\$ Money Market Fund) had equity exposures over the reporting period.

In respect of debt instruments, the interaction of interest and exchange rates as well as default likelihoods is monitored in order to determine the overall security price risk. This is described in subsequent sections dealing with interest rate risk, currency risk and credit risk.

**Interest rate risk**

Interest rate risk arises on interest-bearing financial instruments recognised in the balance sheet. The Group's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Group's exposure to interest rate risks. It includes the Group's assets and liabilities at fair values, categorized by maturity dates.

The Corporation's interest rate exposures were as follows:

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>At December 31, 2008</b>					
<b>Assets</b>					
Cash & Cash Equivalents	389,394	-	-	-	389,394
Money Market Instruments	696,486	84,938	-	-	781,424
Floating Rate Instruments					-
Fixed Income Securities	509,695	698,051	1,349,936	-	2,557,682
Equities	-	-	-	226,032	226,032
<b>Liabilities</b>					
Short Term Financial Instruments	(3,037,268)	(83,767)	-	-	(3,121,035)
Long Term Financial Instruments	(9,385)	(79,553)	(237,885)	-	(326,823)
Other Liabilities	(46,333)	-	-	-	(46,333)
<b>Total</b>	<b>(1,497,411)</b>	<b>619,669</b>	<b>1,112,051</b>	<b>226,032</b>	<b>460,341</b>

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**FINANCIAL RISK MANAGEMENT (continued)**

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Non- Interest Bearing \$'000	Total \$'000
<b>At December 31, 2007</b>					
<b>Assets</b>					
Cash & cash equivalents	185,475	-	-	-	185,475
Money Market Instruments	506,836	-	-	-	506,836
Floating Rate Instruments	-	21,619	256,498	-	278,117
Fixed Income Securities	258,715	133,433	817,856	-	1,210,004
Equities	-	-	-	213,367	213,367
<b>Liabilities</b>					
Short Term Financial Instruments	(1,489,417)	-	-	-	(1,489,417)
Long Term Financial Instruments	(12,668)	(86,307)	(231,154)	-	(330,129)
Other liabilities	(33,502)	-	-	-	(33,502)
<b>Total</b>	<b>(584,561)</b>	<b>68,745</b>	<b>843,200</b>	<b>213,367</b>	<b>540,751</b>

The Investment Funds' holdings of listed and unlisted debt instruments are exposed to movements in market rates of interest. In general, rising interest rates expose the Funds to deterioration in net assets arising out of lower carrying values for bonds (fair value interest rate risk). Conversely, falling interest rates can expose the Investment Funds to potential diminution in earnings on variable rate instruments (cash flow interest rate risk).

Given the general offsetting effect of exposures to fair value interest rate risk and cash flow interest rate risk, the overall interest rate risk is managed by making judicious adjustments of the overall weighted average term to maturity (i.e. duration) based on the relevant economic and financial market outlook.

Management monitors the duration of the fixed income portfolio by segregating the securities by the earlier of contractual maturity or interest rate reset dates that are less than or equal to one year, greater than one year but less than five years, and greater than or equal to five years. The degree of interest rate sensitivity in the overall portfolio is then reflected by the relative proportions in the given maturity terms/interest rate reset frequencies.

An interest rate re-pricing analysis (as defined by the earlier of the contractual maturity or interest fixing date for each instrument) is provided below for the Investment Funds' fixed income portfolio as at December 31, 2008 and December 31, 2007:

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**FINANCIAL INSTRUMENTS (continued)**

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>At December 31, 2008</b>				
<b>Growth &amp; Income Fund</b>				
Debt instruments – listed	-	-	9,384	9,384
Debt instruments – unlisted	794,838	163,309	482,245	1,440,392
Cash & other net assets	85,537	-	-	85,537
	<u>880,375</u>	<u>163,309</u>	<u>491,629</u>	<u>1,535,313</u>
<b>TT\$ Income Fund</b>				
Debt instruments – listed	-	29,453	100,885	130,338
Debt instruments – unlisted	5,536,499	889,624	1,045,623	7,471,746
Cash & other net assets	370,236	-	-	370,236
	<u>5,906,735</u>	<u>919,077</u>	<u>1,146,508</u>	<u>7,972,320</u>
<b>Universal Retirement Fund</b>				
Debt instruments – listed	-	-	-	-
Debt instruments – unlisted	13,722	26,632	24,422	64,776
Cash & other net assets	4,749	-	-	4,749
	<u>18,471</u>	<u>26,632</u>	<u>24,422</u>	<u>69,525</u>
<b>US\$ Income Fund</b>				
Debt instruments – listed	159,049	119,530	257,033	535,612
Debt instruments – unlisted	2,604,056	385,559	82,933	3,072,548
Cash & other net assets	387,030	-	-	387,030
	<u>3,150,135</u>	<u>505,089</u>	<u>339,966</u>	<u>3,995,190</u>
<b>Total</b>	<u><b>9,955,716</b></u>	<u><b>1,614,108</b></u>	<u><b>2,002,525</b></u>	<u><b>13,572,349</b></u>

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**FINANCIAL RISK MANAGEMENT (continued)**

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>At December 31, 2007</b>				
<b>Growth &amp; Income Fund</b>				
Debt instruments – listed	-	-	12,344	12,344
Debt instruments – unlisted	903,336	160,603	681,725	1,745,664
Cash & other net assets	96,575	-	-	96,575
	999,911	160,603	694,069	1,854,583
<b>TT\$ Income Fund</b>				
Debt instruments – listed	-	11,383	199,080	210,463
Debt instruments – unlisted	5,080,696	521,748	935,009	6,537,453
Cash & other net assets	444,939	-	-	444,939
	5,525,635	533,131	1,134,089	7,192,855
<b>Universal Retirement Fund</b>				
Debt instruments – listed	-	-	1,313	1,313
Debt instruments – unlisted	26,512	22,210	21,887	70,609
Cash & other net assets	10,191	-	-	10,191
	36,703	22,210	23,200	82,113
<b>US\$ Income Fund</b>				
Debt instruments - listed	-	204,092	361,467	565,559
Debt instruments - unlisted	3,214,420	280,860	152,402	3,647,682
Cash & other net assets	130,400	-	-	130,400
	3,344,820	484,952	513,869	4,343,641
<b>Total</b>	<b>9,907,069</b>	<b>1,200,896</b>	<b>2,365,227</b>	<b>13,473,192</b>

As at December 31, 2008 the Investment Funds' TT dollar denominated fixed income positions were almost exclusively categorized as held to maturity. As a result, there was no exposure of net assets to changes in TT dollar interest rates, since this category of financial assets is not marked to market. However, a 25 basis point increase in US interest rates at the same date would have reduced the net assets of the individual Funds as follows:

	<b>\$'000</b>
Growth & Income Fund	223
TT\$ Income Fund	1,989
US\$ Income Fund	4,559



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**FINANCIAL RISK MANAGEMENT (continued)**

Conversely, a 25 basis point decline in US interest rates would have increased the net assets of the individual Funds as follows:

	\$'000
Growth & Income Fund	231
TT\$ Income Fund	2,040
US\$ Income Fund	4,660

The Universal Retirement Fund had no material exposure to US interest rate movements as at December 31, 2008.

**Exchange rate risk**

The Investment Funds' net assets may fluctuate due to changes in foreign exchange rates. This risk is currently limited to the Growth & Income Fund, the TT\$ Income Fund and the Universal Retirement Fund as these TT dollar-denominated Funds may hold financial assets denominated in other currencies. The US\$ Income Fund's investments are exclusively in US dollars. As a consequence, the net assets and/or earnings of the Investment Funds could increase or decrease in value due to exchange rate fluctuations of individual currencies relative to the TT dollar. This risk is managed by restricting non-TT dollar holdings in the individual Funds to an appropriate proportion of net assets. The primary foreign exchange exposure in the Investment Funds is to the USD/TTD exchange rate given the negligible holdings of other currencies in the portfolios.

Management monitors the portfolio on at least a monthly basis to ensure that the foreign currency holdings remain consistent with the overall investment strategy.

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**FINANCIAL RISK MANAGEMENT (continued)**

The Investment Funds' foreign currency holdings as at December 31, 2008 and December 31, 2007 were as follows:

	USD (Presented in TT\$) \$'000	OTHER (Presented in TT\$) \$'000
<b>At December 31, 2008</b>		
<b>Growth &amp; Income Fund</b>		
Equities	383,208	15,748
Debt instruments - listed	9,384	-
Debt instruments - unlisted	549,973	-
Cash & other net assets	222,335	449
	1,164,900	16,197
<b>TT\$ Income Fund</b>		
Debt instruments - listed	130,339	-
Debt instruments - unlisted	376,845	-
Cash & other net assets	5,398	-
	512,582	-
<b>Universal Retirement Fund</b>		
Equities	12,093	-
Debt instruments - listed	-	-
Debt instruments - unlisted	16,565	-
Cash & other net assets	3,350	26
	32,008	26
<b>Total</b>	<b>1,709,490</b>	<b>16,223</b>

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**FINANCIAL RISK MANAGEMENT (continued)**

	USD (Presented in TT\$) \$'000	OTHER (Presented in TT\$) \$'000
<b>At December 31, 2007</b>		
<b>Growth &amp; Income Fund</b>		
Equities	818,492	22,409
Debt instruments - listed	12,345	-
Debt instruments - unlisted	338,970	-
Cash & other net assets	81,400	1478
	1,251,207	23,887
<b>TT\$ Income Fund</b>		
Debt instruments - listed	210,463	-
Debt instruments - unlisted	450,165	-
Cash & other net assets	22,514	-
	683,142	-
<b>Universal Retirement Fund</b>		
Equities	7,660	-
Debt instruments - listed	1313	-
Debt instruments - unlisted	13,511	-
Cash & other net assets	3,515	50
	25,999	50
<b>Total</b>	<b>1,970,348</b>	<b>23,937</b>

The Corporation's practice is to value the US dollar-denominated assets of the Funds at a "mid-rate" that is approximately equal to the average of ask and bid rates offered by local commercial banks. As at December 31, 2008, this rate stood at 6.23355 (2007: 6.25375).

A 1% depreciation of the TT dollar relative to the US dollar as at that date would have increased the net assets of the individual Funds as follows:

	<b>\$'000</b>
Growth & Income Fund	11,649
TT\$ Income Fund	5,126
Universal Retirement Fund	320

Conversely, a 1% appreciation of the TT dollar relative to the US dollar would have decreased the net assets of the above Funds by the identical amounts, as the foreign exchange exposure is not hedged.

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**Trinidad & Tobago Unit Trust Corporation**  
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**FINANCIAL RISK MANAGEMENT (continued)**

The Group's foreign currency assets and liabilities as at December 31, 2008 and as at December 31, 2007 are provided as follows:

	USD (Presented in TTD) \$'000	Other (Presented in TTD) \$'000
<b>At December 31, 2008</b>		
<b>Assets</b>		
Cash & Cash Equivalents	355,245	-
Money Market Instruments	257,535	3,535
Fixed Income Securities	1,850,193	-
Equities	186,095	-
<b>Liabilities</b>		
Short Term Certificates of Interest	(2,362,916)	(3,535)
Long Term Financial Instruments	-	-
Other liabilities	-	-
<b>Total</b>	<b>286,152</b>	<b>-</b>

	USD (Presented in TTD) \$'000	Other (Presented in TTD) \$'000
<b>At December 31, 2007</b>		
<b>Assets</b>		
Cash & Cash Equivalents	146,002	-
Money Market Instruments	187,130	-
Fixed Income Securities	773,504	-
Equities	49,999	-
<b>Liabilities</b>		
Short Term Certificates of Interest	(877,033)	-
Long Term Financial Instruments	-	-
Other liabilities	-	-
<b>Total</b>	<b>279,602</b>	<b>-</b>

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**FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk**

Credit Risk is defined as the risk of loss due to default or the risk of diminution of value or loss due to poor asset quality. In particular, the Merchant Banking operation is exposed to credit risk arising out of its direct lending and underwriting operations. The credit risk exposure of the Merchant Banking Department is managed through credit administration policies and limits that are approved by the Merchant Banking Committee of the Board. The Merchant Banking Committee is also responsible for the approval of all credit advances and underwriting transactions. All existing facilities are relationship managed and reviewed annually. The credit portfolio is routinely monitored for compliance with approved policies, limits and acceptable risk parameters by a Risk Manager and reported to the internal Credit Risk Asset /Liability Committee. Instruments past due but not impaired at the year end were as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Past due up to 30 days	99	-
Past due 30-90 days	156	-
Past due 90-180 days	27	-
Past due over 180 days	121,445	39,443
<b>Total</b>	<b>121,727</b>	<b>39,443</b>

These instruments are fully secured by collateral of \$144.2 million in market value.

The Investment Funds' holdings of debt instruments expose them to the risk that issuers or counterparties may default on their financial obligations, that is fail to make full timely payments of scheduled interest and/or principal sums. Default risk has the potential to lower net asset value or fund earnings in the event that part or all of the scheduled cash flows become uncollectible after being past due for an extended period of time. This risk of loss may be tempered by the availability of realisable collateral that enhances the potential recovery value on the debt instrument.

Default risk is managed at the outset by subjecting potential issuers/ counterparties to a robust credit risk assessment process that results in the assignment of a credit score or rating. The level of exposure to the issuer/counterparty is then set based on its credit score or rating. For existing issuers/counterparties, a credit review is performed on at least an annual basis. Based on the outcome of the review, exposure limits to the issuer or counterparty may be increased, decreased or maintained going forward. These limits may take into account the value of collateral or other credit enhancements.

The overall Fund exposure to default risk is measured by monitoring the relative credit quality of the issuers making up the fixed income portfolio. Issuers/counterparties that are rated at least BBB- equivalent by international credit rating agencies or that have an internally determined credit score consistent with such a credit rating are deemed to have a high credit quality. Issuers/counterparties that are past due or otherwise distressed or that are exposed to considerable short-term economic/industry/project risk are deemed to have a low credit quality. All other issuers/counterparties are considered to be of moderate credit risk quality.

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**FINANCIAL RISK MANAGEMENT (continued)**

The credit quality of the individual Funds' fixed income portfolio is given below:

	<b>High</b> <b>\$'000</b>	<b>Moderate</b> <b>\$'000</b>	<b>Low</b> <b>\$'000</b>
<b>At December 31, 2008</b>			
<b>Growth &amp; Income Fund</b>			
Debt instruments - listed	-	-	9,384
Debt instruments - unlisted	997,997	418,826	23,568
	997,997	418,826	32,952
<b>TT\$ Income Fund</b>			
Debt instruments - listed	17,699	63,116	49,524
Debt instruments - unlisted	6,814,319	647,485	9,942
	6,832,018	710,601	59,466
<b>Universal Retirement Fund</b>			
Debt instruments - listed	-	-	-
Debt instruments - unlisted	46,661	18,115	-
	46,661	18,115	-
<b>US\$ Income Fund</b>			
Debt instruments - listed	318,027	80,748	136,838
Debt instruments - unlisted	1,873,101	1,143,146	56,301
	2,191,128	1,223,894	193,139
<b>Total</b>	<b>10,067,804</b>	<b>2,371,436</b>	<b>285,557</b>

	<b>High</b> <b>\$'000</b>	<b>Moderate</b> <b>\$'000</b>	<b>Low</b> <b>\$'000</b>
<b>At December 31, 2007</b>			
<b>Growth &amp; Income Fund</b>			
Debt instruments - listed	-	-	12,345
Debt instruments - unlisted	1,259,749	342,902	143,012
	1,259,749	342,902	155,357
<b>TT\$ Income Fund</b>			
Debt instruments - listed	21,346	124,324	89,114
Debt instruments - unlisted	5,305,413	618,128	589,591
	5,326,759	742,452	678,705
<b>Universal Retirement Fund</b>			
Debt instruments - listed	-	1,313	-
Debt instruments - unlisted	49,796	18,184	2,630
	49,796	19,497	2,630
<b>US\$ Income Fund</b>			
Debt instruments - listed	309,477	177,247	78,835
Debt instruments - unlisted	2,571,392	738,033	338,259
	2,880,869	915,280	417,094
<b>Total</b>	<b>9,517,173</b>	<b>2,020,131</b>	<b>1,253,786</b>

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**FINANCIAL RISK MANAGEMENT (continued)**

The Funds' maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements) is given below:

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Debt instruments-listed	675,336	814,001
Debt instruments-unlisted	12,049,461	11,977,089
<b>Total</b>	<b>12,724,797</b>	<b>12,791,090</b>

As at the financial year-end, a single instrument with an approximate carrying value of \$14.5 million was identified as being past due. Although the issuer was in arrears for over eight months as at the 2008 year end, the recovery value of the collateral property is judged to exceed the carrying value. The item was therefore not accounted for as an impaired asset.

**Concentration risk**

During the normal course of investment activity, the Funds may build up concentrations in single entities, groups of related/affiliated entities, sectors/industries and countries. Domination of the Funds individually and collectively in any one security, entity/group of entities, industry/sector or country/geographic region has the potential inter alia to magnify the impact of idiosyncratic events on net assets or earnings. In some cases, such concentrations may restrict the ability of the Funds to exit security positions without sustaining substantial loss.

Statutory restrictions limit the exposure of the Funds to any one issuer to a maximum of 10% of net assets and a maximum of 10% in securities in issue. Combined with additional internal risk limits, this prevents the undue build up of issuer, sector and country concentrations in the Funds. As at December 31, 2008 there were no exposures to any single entity or group of related entities exceeding 10% of the Funds' combined net assets.

**Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group's liquidity management process includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of short-term investments that can be easily liquidated as protection against any unforeseen interruptions to cash flow and managing the concentration and profile of debt maturities.

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**FINANCIAL RISK MANAGEMENT (continued)**

The table below presents cash flows payable by the Group for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Less than 1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>
<b>At December 31, 2008</b>			
Accounts Payable and Short Term liabilities	39,200	-	-
Other Liabilities	46,433	-	-
Short Term Financial Instruments	3,037,268	83,767	-
Long Term Financial Instruments	6,402	59,375	205,016
Finance Lease	2,983	20,178	32,869
<b>At December 31, 2007</b>			
Accounts Payable and Short Term liabilities	33,502	-	-
Other Liabilities	27,325	-	-
Short Term Financial Instruments	1,489,417	-	-
Long Term Financial Instruments	9,962	68,005	195,709
Finance Lease	2,706	18,302	37,728

Units in the Growth & Income Fund, the TT\$ Income Fund and the US\$ Income Fund are available upon demand. Consequently, these Funds are exposed to daily unit redemptions. The Funds mitigate this risk by maintaining adequate portfolio liquidity through appropriate cash, near cash and other short-term investments. Given the tradable nature of a substantial proportion of the Fund portfolios, this risk is not deemed significant.

**Capital Management**

The objectives with respect to the management of capital are to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for its stakeholders and to maintain a strong capital base for the development of its business. The capital maintenance objective of the Investment Funds under management is met through the risk management strategies adopted by the Corporation. Additionally, the Corporation has established Fund Reserves to treat with any capital losses in its investment portfolios.



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**23) INVESTMENTS - GROWTH AND INCOME FUND (FIRST UNIT SCHEME)**

	Shareholding 2008 (Stock Units)	Market Value 2008 \$	Market Value 2007 \$
<b>FINANCIAL INSTITUTIONS</b>			
Scotiabank Trinidad & Tobago Limited	6,337,859	167,953,264	186,686,534
Republic Bank Limited	3,063,166	263,432,276	244,961,385
RBTT Financial Holdings Limited	-	-	278,311,500
ANSA Merchant Bank Limited	1,798,833	53,964,990	41,822,867
First Caribbean International Bank Limited	7,248,662	67,267,583	94,377,579
National Commercial Bank of Jamaica	18,250,000	14,600,000	36,500,000
Sagicor Financial Corporation	8,687,579	95,563,369	135,771,563
Bank of Nova Scotia - Jamaica	11,750,000	15,748,466	22,409,224
<b>MANUFACTURING</b>			
Unilever Caribbean Limited	1,128,770	22,552,825	19,742,187
The West Indian Tobacco Company Limited	1,031,210	27,327,065	32,014,432
Trinidad Cement Limited	9,905,572	39,622,288	72,805,954
National Flour Mills Limited	6,656,598	4,659,619	5,924,372
<b>CONGLOMERATES</b>			
ANSA Mc Al Limited	5,463,064	273,153,200	262,172,441
Neal & Massy Holdings Limited	7,163,012	354,569,094	326,602,800
Barbados Shipping & Trading	-	-	55,115,191
Grace Kennedy & Company Limited	2,358,000	9,549,900	14,619,600
<b>NON-BANKING FINANCIAL INSTITUTIONS</b>			
American Life and General Insurance Company (Trinidad and Tobago) Limited	462,416	2,427,684	2,427,684
Guardian Holdings Limited	5,761,731	103,711,158	137,681,544
National Enterprises Limited	9,115,500	60,162,300	65,175,825
Savinest Mutual Fund	278,698	19,508,762	20,910,709
<b>ENERGY AND ENERGY RELATED INDUSTRY</b>			
Eastern Caribbean Gas Pipeline	1,223,831	7,628,810	7,653,531
<b>PROPERTY</b>			
Point Lisas Industrial Port Development Corporation Limited	2,966,876	26,672,215	23,735,008
<b>Market Value TT\$ Equity</b>	110,651,377	1,630,074,868	2,087,421,930
<b>Market Value US\$ Equity</b>	36,845,722	356,070,758	789,927,347
<b>MARKET VALUE OF EQUITIES</b>	147,497,099	1,986,145,626	2,877,349,277
<b>TOTAL DEBT SECURITIES</b>		1,109,997,007	937,497,423
		3,096,142,633	3,814,846,700
<b>CASH &amp; SHORT TERM INVESTMENTS</b>		372,170,513	896,399,813
<b>TOTAL VALUE OF PORTFOLIO</b>		<b>3,468,313,146</b>	<b>4,711,246,513</b>

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**Trinidad & Tobago Unit Trust Corporation**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**INVESTMENTS - GROWTH AND INCOME FUND (FIRST UNIT SCHEME) (continued)**

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

	2008	2007
	\$	\$
Held to Maturity Financial Assets	1,381,146,089	1,741,362,703
Available for Sale Financial Assets	2,087,167,057	2,969,883,810
<b>Total</b>	<b>3,468,313,146</b>	<b>4,711,246,513</b>

**24) INVESTMENTS - TT\$ INCOME FUND (FORMERLY TT\$ MONEY MARKET FUND)**

Securities at market value:

	2008	2007
	\$	\$
Government Securities	2,007,766,832	1,232,979,226
Corporate Securities	945,925,226	571,218,295
Cash and Short Term Investments	5,018,628,280	5,388,657,689
<b>Total</b>	<b>7,972,320,338</b>	<b>7,192,855,210</b>

The Portfolio of the TT\$ Income Fund is represented by:

	2008	2007
	\$	\$
Held to Maturity Financial Assets	7,516,882,058	6,949,914,439
Available for Sale Financial Assets	455,438,280	242,940,771
<b>Total</b>	<b>7,972,320,338</b>	<b>7,192,855,210</b>

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**Trinidad & Tobago Unit Trust Corporation**  
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**25) NET ASSETS – UNIVERSAL RETIREMENT FUND**

	Shareholdings 2008 (Stock Units)	Market Value 2008 \$	Market Value 2007 \$
<b>FINANCIAL INSTITUTIONS</b>			
ANSA Merchant Bank Limited	368,372	11,051,160	8,564,649
First Caribbean International Bank Limited	171,788	1,594,193	2,236,680
National Commercial Bank - Jamaica	1,200,000	960,000	2,400,000
RBTT Financial Holdings Limited	-	-	6,340,341
Republic Bank Limited	22,617	1,945,062	1,808,681
Scotiabank Trinidad & Tobago Limited	14,466	383,336	132,581
<b>MANUFACTURING</b>			
National Flour Mills Limited	95,306	66,714	84,822
Readymix (West Indies) Limited	36,780	1,162,248	257,828
The West Indian Tobacco Company Limited	130,460	3,457,190	4,050,187
Trinidad Cement Limited	350,960	1,403,840	2,579,556
Unilever Caribbean Limited	20,975	419,081	366,853
<b>CONGLOMERATES</b>			
ANSA Mc Al Limited	187,454	9,372,700	7,316,267
Grace Kennedy & Company Limited	489,020	1,980,531	2,232,124
Neal & Massy Holdings Limited	225,393	11,156,954	10,098,864
<b>NON-BANKING FINANCIAL INSTITUTIONS</b>			
Guardian Holdings Limited	252,075	4,537,350	5,041,800
National Enterprises Limited	441,000	2,910,600	3,153,150
Sagcor Financial Corporation	452,000	4,972,000	4,184,350
<b>PROPERTY</b>			
Point Lisas Industrial Port Development Corporation Limited	343,014	3,083,696	2,744,112
<b>Market Value TT\$ Equity</b>	4,801,680	60,456,655	63,592,845
UTC North American Fund	1,007	51,522	76,180
<b>Market Value US\$ Equity</b>	1,607,869	8,636,134	7,583,717
<b>MARKET VALUE OF EQUITIES</b>	6,410,556	69,144,311	71,252,742
<b>TOTAL DEBT SECURITIES</b>		63,775,767	45,462,726
		132,920,078	116,715,468
<b>OTHER ASSETS NET OF LIABILITIES</b>		5,749,151	36,651,331
<b>TOTAL VALUE OF PORTFOLIO</b>		<b>138,669,229</b>	<b>153,366,799</b>

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**Trinidad & Tobago Unit Trust Corporation**  
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**NET ASSETS – UNIVERSAL RETIREMENT FUND (continued)**

The Portfolio of the Universal Retirement Fund is represented by:

	2008	2007
	\$	\$
Held to Maturity Financial Assets	67,901,703	80,800,769
Available for Sale Financial Assets	70,767,526	72,566,030
<b>Total</b>	<b>138,669,229</b>	<b>153,366,799</b>

**26) INVESTMENTS - US\$ INCOME FUND (FORMERLY US\$ MONEY MARKET FUND)**

Securities at market value:

	2008	2007
	\$	\$
Government Securities	296,276,442	351,080,907
Corporate Securities	927,492,010	772,266,104
Cash and Short Term Investments	2,771,421,817	3,220,295,135
<b>Total</b>	<b>3,995,190,269</b>	<b>4,343,642,146</b>

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

	2008	2007
	\$	\$
Held to Maturity Financial Assets	3,459,578,185	3,778,082,922
Available for Sale Financial Assets	535,612,084	565,559,224
<b>Total</b>	<b>3,995,190,269</b>	<b>4,343,642,146</b>

**27) INVESTMENT IN SUBSIDIARIES**

**a) Local Subsidiaries**

The Corporation established three (3) wholly-owned local subsidiary companies incorporated under the Companies Act 1995 of Trinidad & Tobago as follows:

Company	% Shareholding	Date of Incorporation
UTC Financial Services Limited	100%	March 23, 1999
UTC Trust Services Limited	100%	June 2, 1999
UTC Property Holdings Limited (formerly UTC Property Development Limited)	100%	June 18, 2002

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**Trinidad & Tobago Unit Trust Corporation**  
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**INVESTMENT IN SUBSIDIARIES (continued)**

The UTC Property Holdings Limited is a wholly-owned subsidiary of the Corporation and all the Directors of this company are Directors of the Corporation. It has constructed and currently owns buildings for rental to the Corporation for its San Fernando, Chaguanas, Tobago and Arima branches. The name UTC Property Development Limited was changed to UTC Property Holdings Limited as of October 25, 2007.

The assets, liabilities and results of operations of these subsidiaries have been fully incorporated in these Financial Statements. The auditor for these subsidiary companies is PriceWaterhouseCoopers.

**b) Foreign Subsidiaries**

The Corporation has established five (5) foreign subsidiaries as follows:

<b>Company</b>	<b>% Shareholding</b>	<b>Date of Incorporation</b>	<b>Country of Incorporation</b>
Unit Trust Corporation (Belize) Limited	90.31%	August 24, 2001	Belize
UTC Financial Services USA, Inc.	100%	June 8, 1999	Rhode Island, USA
UTC Fund Services, Inc.	100%	December 8, 1997	Delaware, USA
Unit Trust Corporation (Cayman) SPC Limited	100%	July 31, 2006	Cayman Islands
UTC Energy Investments Limited	90%	May 31, 2007	Delaware, USA

There are no transactions in UTC Fund Services Inc.

During this year, the names of subsidiaries were changed as follows:

<b>Previous name</b>	<b>New name</b>	<b>Effective date</b>
Belize Unit Trust Corporation Limited	Unit Trust Corporation (Belize) Limited	April 1, 2008
Chaconia Fund Services, Inc.	UTC Fund Services, Inc.	January 31, 2008
Chaconia Financial Services, Inc.	UTC Financial Services USA, Inc.	January 31, 2008
UTC Mutual Funds SPC Limited	Unit Trust Corporation (Cayman) SPC Limited	March 3, 2008

The auditors of these foreign subsidiaries are as follows:

<b>Company</b>	<b>Auditors</b>
Unit Trust Corporation (Belize) Limited	Pannell Kerr Forster, Belize
UTC Financial Services USA, Inc	Kirkland, Russ, Murphy & Tapp, USA
UTC Fund Services, Inc	Kirkland, Russ, Murphy & Tapp, USA
Unit Trust Corporation (Cayman) SPC Limited	PricewaterhouseCoopers, Cayman Islands

The Unit Trust Corporation (Cayman) SPC Limited was incorporated in 2006 and is authorised to issue voting and segregated portfolio shares. The Trinidad and Tobago Unit Trust Corporation has the sole right to hold 100% of the voting shares of the Company. As at December 31, 2008, the Trinidad and Tobago Unit Trust Corporation held one voting share at a value of \$623.55 (2007: \$625.38).

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**Trinidad & Tobago Unit Trust Corporation**  
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**INVESTMENT IN SUBSIDIARIES (continued)**

The segregated portfolio shares are held by various persons who have invested in the mutual funds issued by the Unit Trust Corporation (Cayman) SPC Limited. The balance sheet of this Company comprises the combined assets and liabilities of five mutual funds plus the value of the voting shares.

The subsidiary company substantially comprises these mutual fund net assets and has not been consolidated in these financial statements.

UTC Energy Investments Limited was incorporated in 2007 under the Laws of Delaware, USA. The Growth and Income Fund holds the additional 10% of this subsidiary. Since the assets of the Growth and Income Fund are included in the consolidated assets of the Group, 100% of this subsidiary's assets are incorporated in these Financial Statements, resulting in no minority interest from this investment.

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

**28) RETIREMENT BENEFIT PLAN ASSETS**

Prior to January 1, 2001 the Unit Trust Corporation Pension Fund Plan (the Plan) had been a defined benefit plan. The Plan received formal approval during 2002 for conversion to a defined contribution plan with effect from January 1, 2001 with pre January 1, 2001 benefits guaranteed. Retirement benefits are currently paid out the Fund and are guaranteed for life. The defined benefits comprise a small portion of plan benefits and the pension expense is faithfully represented by cash contributions from the Corporation. This is due to the limitation required by IAS 19 section 58 (b)(ii) which prohibits recognition of the pension plan surplus unless it is available to the Corporation via reduction of its future contributions. For the financial year 2008, the Corporation contributed \$7.09 million (2007: \$5.97 million) to the Plan. This is in excess of the current service costs, but this excess will never be available to the Corporation and must be used to preserve members' contributions.

**29) TAXATION**

The local subsidiary companies are subject to Corporation Tax and foreign subsidiaries are subject to taxation relevant to the country of domicile.

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Net income before taxation	<b>131,406</b>	101,084
Corporation tax rate 0%	-	-
Corporate tax at 25% for local subsidiaries	<b>549</b>	558
Corporate tax for foreign subsidiaries	<b>3</b>	3
Utilisation of previously unrecognised tax losses	<b>(549)</b>	(558)
Business Levy payments	<b>22</b>	23
Green Fund Levy payments	<b>357</b>	301
<b>Tax charge</b>	<b>382</b>	327

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**Trinidad & Tobago Unit Trust Corporation**  
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**30) RELATED-PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following transactions were carried out with related parties:

**a) Loans**

	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Key management personnel	979	1,209
Subsidiaries	79,125	85,181
<b>Total</b>	<b>80,104</b>	<b>86,390</b>

**Loans to key management of the Group:**

Balance at beginning of year	1,209	626
Loans advanced during year	254	1,078
Loan repayments received during year	(484)	(495)
Interest income during year	42	36
Interest received during year	(42)	(36)
<b>Balance at end of year</b>	<b>979</b>	<b>1,209</b>

**Loans: subsidiaries**

Balance at beginning of year	85,181	90,640
Loans advanced during year	-	-
Loan repayments received	(6,056)	(5,459)
<b>Balance at end of year</b>	<b>79,125</b>	<b>85,181</b>

**b) Rental of premises from:**

Subsidiary Company	12,439	12,556
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**c) Administrative services to:**

Subsidiary Company	3,322	3,343
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**d) Key management compensation:**

Salaries and other short-term benefits	15,046	10,409
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**Trinidad & Tobago Unit Trust Corporation**  
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**RELATED-PARTY TRANSACTIONS (continued)**

The Investment Funds managed by the Trinidad & Tobago Unit Trust Corporation have invested in bonds issued by its subsidiary company, UTC Property Holdings Limited (formerly UTC Property Development Limited). As at December 31, 2008, the Investments Funds held \$3.0 million (2007: \$3.84 million).

The Corporation invested in the five funds issued by the Unit Trust Corporation (Cayman) SPC Limited. At December 31, 2008, the Corporation's shareholding in these mutual funds was \$25.06 million (2007: \$25.32 million).

**31) COMMITMENTS**

At December 31, 2008, the Group had contractual obligations for capital contributions of \$33.8 million over the next nine (9) years.

**32) POST-BALANCE SHEET EVENTS**

These financial statements were approved by the Board of Directors on February 26, 2009. The Trinidad & Tobago Unit Trust Corporation further represents that, as at February 27, 2009 there were no post-balance sheet events, which have a material bearing on these financial statements.

**33) CONTINGENT LIABILITIES**

As at December 31, 2008 there were two legal proceedings outstanding against the Corporation. No provision has been made, as professional advice indicates that it is unlikely that any significant loss will arise.