



TRINIDAD AND TOBAGO GAZETTE (EXTRAORDINARY)

VOL. 49

Port-of-Spain, Trinidad, Tuesday 27th April, 2010—Price \$1.00

No. 48

688



REPUBLIC OF TRINIDAD AND TOBAGO AUDITOR GENERAL'S DEPARTMENT

REPORT OF THE AUDITOR GENERAL

**ON THE CONSOLIDATED FINANCIAL
STATEMENTS OF THE
TRINIDAD AND TOBAGO UNIT TRUST CORPORATION**

FOR THE YEAR ENDED

2009 December 31



**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 2009 DECEMBER 31**

The accompanying Consolidated Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2009 December 31 have been audited. The Statements as set out on pages 1 to 72 comprise:

- (i) a Consolidated Statement of Financial Position as at 2009 December 31, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year ended 2009 December 31 in respect of the Trinidad and Tobago Unit Trust Corporation;
- (ii) a Statement of Financial Position as at 2009 December 31, a Statement of Comprehensive Income and a Statement of Cash Flows for the year ended 2009 December 31 in respect of each of the following: the Growth and Income Fund (First Unit Scheme), the TT Dollar Income Fund, the Universal Retirement Fund and the US Dollar Income Fund respectively, and
- (iii) Notes to the Consolidated Financial Statements for the year ended 2009 December 31 numbered 1 to 37.

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

688—Continued

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 comments made at paragraphs 6 and 7 of this Report.

AUDIT OF SUBSIDIARIES

5. The financial statements of the subsidiaries listed in Note 28 to the Consolidated Financial Statements which account for 1.92% of the consolidated total assets (2008 restated: 2.02%), 3.73% of the consolidated total liabilities (2008 restated: 3.61%) and 1.89% of the consolidated total comprehensive income (2008 restated: 1.42%), 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 2009 December 31 and its financial performance and its cash flows for the year ended 2009 December 31 in accordance with International Financial Reporting Standards.

EMPHASIS OF MATTER

STATUTORY COMPLIANCE

Investment Limit

7.1 Without qualifying the above opinion, attention is drawn to section 13 (3) of the Act which states:

"In investing in securities the Board shall not invest more than ten per cent of the funds of any one unit scheme in the purchase of securities in any one company or other corporation, nor shall the investments of all Unit Schemes established by the Board include at any time more than ten per cent of the securities issued by any company or other corporation."

7.2 It was noted that at 2009 December 31, one investment exceeded 10% of the securities issued by an entity. Note 3 to the Consolidated Financial Statements is relevant.

2010 MARCH 31



Sharmar Otley
SHARMAR OTLEY
AUDITOR GENERAL

688—Continued

Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2009

| | Notes | 2009 \$ '000 | Restated 2008 \$ '000 |
|--|-------|-------------------|-----------------------------|
| ASSETS | | | |
| Investment Funds | 3 | 18,449,327 | 15,574,492 |
| Cash and Cash Equivalents | | 311,998 | 408,957 |
| Receivables | | 197,639 | 162,525 |
| Prepayments and Other Assets | | 17,951 | 7,813 |
| Investment Securities | 4 | 3,476,414 | 3,635,693 |
| Property, plant and equipment | 5 | 190,246 | 188,448 |
| Intangible assets | 6 | 25,737 | 17,334 |
| TOTAL ASSETS | | 22,669,312 | 19,995,262 |
| LIABILITIES | | | |
| CURRENT | | | |
| Accounts Payable and Short Term Liabilities | | 54,773 | 42,723 |
| Other Liabilities | | 36,802 | 46,433 |
| Short-term Financial Instruments | 7(a) | 2,873,962 | 3,121,035 |
| Current Portion of Finance Lease | 8 | 3,289 | 2,983 |
| TOTAL CURRENT LIABILITIES | | 2,968,826 | 3,213,174 |
| LONG TERM | | | |
| Long-term Financial Instruments | 7(b) | 286,117 | 270,793 |
| Deferred income tax liability | 32 | 1,399 | - |
| Finance Lease | 8 | 49,758 | 53,047 |
| TOTAL LIABILITIES | | 3,306,100 | 3,537,014 |
| CAPITAL AND RESERVES | | | |
| Initial Capital | 9 | 4,766 | 4,766 |
| Unit Capital | 10 | 18,444,561 | 15,569,726 |
| | | 18,449,327 | 15,574,492 |
| Fund Reserves | 11 | 66,478 | 84,462 |
| Statutory Reserves | 12 | 5,050 | 5,050 |
| Revaluation Reserve | 13 | 24,707 | (10,413) |
| Retained Income | | 725,533 | 701,421 |
| | | 821,768 | 780,520 |
| Minority Interest | | 92,117 | 103,236 |
| TOTAL LIABILITIES, CAPITAL AND RESERVES | | 22,669,312 | 19,995,262 |



[Signature]
Chairman

[Signature]
Executive Director

688—Continued

Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2009

| | Notes | 2009 \$ '000 | Restated 2008 \$ '000 |
|--|-------|------------------|-----------------------------|
| INCOME | | | |
| Investment Income - | | | |
| Growth & Income Fund | | 210,564 | 457,127 |
| TTS Income Fund | | 528,443 | 577,758 |
| Universal Retirement Fund | | 12,820 | 14,373 |
| US\$ Income Fund | | 196,244 | 234,233 |
| Net Investment Income - Group Operations | 15 | 184,780 | 134,544 |
| Initial Charge | | 7,033 | 11,455 |
| Other Income | | 12,970 | 5,529 |
| Rental Income | | 4,257 | 3,667 |
| Total Income | | 1,157,111 | 1,438,686 |
| EXPENSES | | | |
| Commissions | | 13,629 | 11,849 |
| Impairment | 17 | 193,319 | 1,302 |
| Administrative | 18 | 230,710 | 195,107 |
| Depreciation and amortisation | 5&6 | 18,688 | 17,170 |
| Total Expenses | | 456,346 | 225,428 |
| Net Income before Finance Charges | | 700,765 | 1,213,258 |
| Finance Charges | 20 | (9,786) | (10,441) |
| Net Income after Finance Charges | | 690,979 | 1,202,817 |
| Undistributed Income at beginning of year | | 33,143 | 21,736 |
| Distributions | 21 | (700,132) | (1,029,039) |
| Transfer from Investment Funds to Reserves | 11 | (6,286) | (26,293) |
| Income Capitalized | | (9,594) | (11,149) |
| Undistributed Income at end of year | | 82,768 | (33,143) |
| Net Income before Taxation | | 90,878 | 124,929 |
| Taxation | 31 | (1,990) | (382) |
| Net Income after taxation | | 88,888 | 124,547 |
| Other Comprehensive Income: | | | |
| Available for sale financial assets | | 55,198 | (11,712) |
| Exchange differences on translating foreign operations | | (20,078) | 4,148 |
| Other Comprehensive Income for the year | | 35,120 | (7,564) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 124,008 | 116,983 |
| Net Income after taxation attributable to: | | | |
| Owners of the parent | | 87,366 | 125,953 |
| Minority Interest | | 1,522 | (1,406) |
| | | 88,888 | 124,547 |
| Total Comprehensive Income attributable to: | | | |
| Owners of the parent | | 116,709 | 122,032 |
| Minority Interest | | 7,299 | (5,049) |
| | | 124,008 | 116,983 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2009

| | <i>Fund Reserves</i> <i>\$'000</i> | <i>Statutory Reserves</i> <i>\$'000</i> | <i>Revaluation</i> <i>Reserve</i> <i>\$'000</i> | <i>Retained Income</i> <i>\$'000</i> | <i>Total</i> <i>\$'000</i> |
|---|---------------------------------------|--|---|---|-------------------------------|
| Balance as at January 1, 2009 (restated) | 84,462 | 5,050 | (10,413) | 701,421 | 780,520 |
| Total Comprehensive Income for the year | - | - | 35,120 | 87,366 | 122,486 |
| Transfers (to)/from Investment Funds | 1,279 | - | - | - | 1,279 |
| Transfers from Retained Income | 63,254 | - | - | (63,254) | - |
| Guarantee reserves payments | (84,254) | - | - | - | (84,254) |
| Interest on Reserve Assets | 1,737 | - | - | - | 1,737 |
| Balance as at December 31, 2009 | 66,478 | 5,050 | 24,707 | 725,533 | 821,768 |
| Balance as at January 1, 2008 | 69,981 | 5,050 | (2,849) | 634,742 | 706,924 |
| Total Comprehensive Income for the year | - | - | (7,564) | 125,953 | 118,389 |
| Transfers from Investment Funds | 26,293 | - | - | - | 26,293 |
| Transfers from Retained Income | 59,274 | - | - | (59,274) | - |
| Guarantee reserves payments | (72,778) | - | - | - | (72,778) |
| Interest on Reserve Assets | 1,692 | - | - | - | 1,692 |
| Balance as at December 31, 2008 (restated) | 84,462 | 5,050 | (10,413) | 701,421 | 780,520 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2009

| | 2009 \$ '000 | Restated 2008 \$ '000 |
|---|------------------|-----------------------------|
| OPERATING ACTIVITIES | | |
| Net Income before taxation | 90,878 | 124,929 |
| <i>Adjustment to reconcile net income to net cash and cash equivalents from operating activities:</i> | | |
| Depreciation Expense | 18,688 | 17,170 |
| Impairment | 80,678 | 1,302 |
| Loss on sale of property, plant and equipment | 77 | 152 |
| Increase in Receivables | (35,114) | (54,560) |
| (Increase) / Decrease in Prepayments and Other Assets | (10,138) | 5,247 |
| Increase in Accounts Payable and Liabilities | 2,419 | 27,694 |
| Taxation paid | (591) | (382) |
| Net Cash Inflow from Operating Activities | <u>146,897</u> | <u>121,552</u> |
| INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (16,364) | (17,476) |
| Proceeds from Disposal of Property, Plant and Equipment | 25 | 306 |
| Purchase of Intangible Assets | (12,627) | (10,097) |
| Purchase of Investment Securities | (2,681,404) | (2,572,134) |
| Proceeds from Disposal of Investments | 2,782,486 | 1,103,814 |
| Net Cash Inflow/ (Outflow) from Investing Activities | <u>72,116</u> | <u>(1,495,587)</u> |
| FINANCING ACTIVITIES | | |
| Finance Lease Repayments | (2,983) | (2,706) |
| (Decrease) / Increase in Short Term Financial Instruments | (247,073) | 1,631,618 |
| Increase in Long Term Financial Instruments | 15,324 | 13,397 |
| Allocation to Reserves (net) | 3,015 | 27,985 |
| Guarantee reserve payments | (84,254) | (72,778) |
| Net Cash (Outflow)/ Inflow from Financing Activities | <u>(315,971)</u> | <u>1,597,516</u> |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (96,958) | 223,481 |
| Cash and Cash Equivalents at beginning of year | 408,956 | 185,475 |
| Cash and Cash Equivalents at end of year | <u>311,998</u> | <u>408,956</u> |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

GROWTH AND INCOME FUND
(FIRST UNIT SCHEME)
STATEMENT OF FINANCIAL POSITION

as at December 31, 2009

| | Notes | 2009 \$ '000 | 2008 \$ '000 |
|--|-------|------------------|------------------|
| <u>ASSETS</u> | | | |
| Investment Securities | 24 | 2,849,155 | 3,333,322 |
| Cash and Cash Equivalents | | 246,486 | 405,908 |
| Income Receivable | | 24,022 | 42,488 |
| Other Receivables | | 3,039 | 4,035 |
| Total Assets | | 3,122,702 | 3,785,752 |
| <u>LIABILITIES</u> | | | |
| Distribution Payable | | 35,482 | 203,985 |
| Amount Due to Corporation | | 32,960 | 58,247 |
| Other Liabilities | | 13,207 | 22,064 |
| | | 81,649 | 284,296 |
| <u>RESERVES</u> | | | |
| Undistributed (Loss) / Income | | (82,768) | 33,143 |
| Total Liabilities and Reserves | | (1,119) | 317,439 |
| NET ASSETS | | 3,123,821 | 3,468,313 |
| CAPITAL ACCOUNT | | 2,562,002 | 2,793,363 |
| UNREALISED CAPITAL APPRECIATION | | 561,819 | 674,950 |
| | | 3,123,821 | 3,468,313 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

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

for the year ended December 31, 2009

| | Notes | 2009 \$ '000 | 2008 \$ '000 |
|---|-------|-----------------|-----------------|
| INVESTMENT INCOME | | | |
| Dividends | | 62,509 | 64,333 |
| Interest | | 78,349 | 116,243 |
| Realised Capital Gains | | 69,707 | 276,550 |
| Total Investment Income | | 210,565 | 457,126 |
| EXPENSES | | | |
| Management Charge | 14 | 67,649 | 84,816 |
| Impairment | 17 | 105,249 | - |
| Other Expenses | | 68 | 158 |
| Total Expenses | | 172,966 | 84,974 |
| NET INVESTMENT INCOME | | 37,599 | 372,152 |
| UNDISTRIBUTED INCOME AT BEGINNING OF YEAR | | 33,143 | 20,685 |
| | | 70,742 | 392,837 |
| DISTRIBUTION EXPENSE: | | | |
| Distribution Paid to Initial Contributors \$0.60c per unit (2008 - 1.30c per unit) | | 572 | 1,239 |
| Distribution Paid to Unitholders \$0.60c per unit (2008 - 1.30c per unit) | | 151,938 | 337,455 |
| Total Distribution | 21 | 152,510 | 338,694 |
| UNDISTRIBUTED (LOSS) / INCOME BEFORE RESERVES | | (81,768) | 54,143 |
| Allocation to Guarantee Reserve Fund | 11(a) | 1,000 | 21,000 |
| UNDISTRIBUTED (LOSS) / INCOME AT END OF YEAR | | (82,768) | 33,143 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

GROWTH AND INCOME FUND)
(FIRST UNIT SCHEME)

STATEMENT OF CASH FLOWS

for the year ended December 31, 2009

| | 2009 \$ '000 | 2008 \$ '000 |
|---|------------------|------------------|
| Cash Flows from Operating Activities | | |
| Net Income before distribution | 36,599 | 351,152 |
| Adjustments for: | | |
| Impairment | 105,249 | - |
| Exchange Rate (Gains)/Loss | (1,504) | 2,063 |
| Realised Exchange (Gains)/Loss | (726) | 199 |
| Realised Capital Gains | (67,476) | (278,812) |
| | <u>72,142</u> | <u>74,602</u> |
| Decrease in receivables | 19,462 | 64,703 |
| (Decrease)/Increase in payables | (202,647) | 131,471 |
| (Cash Used in) / Generated From Operating Activities | <u>(111,043)</u> | <u>270,776</u> |
| Cash Flows From Investing Activities | | |
| Purchase of Investment Securities | (817,291) | (1,246,538) |
| Disposal of Investment Securities | 1,152,783 | 2,132,249 |
| Net Cash Flows Generated From Investing Activities | <u>335,492</u> | <u>885,711</u> |
| Cash Flows From Financing Activities | | |
| Subscriptions | 400,424 | 190,543 |
| Redemptions | (631,785) | (809,620) |
| Distributions | (152,510) | (338,694) |
| Net Cash Flows Used In Financing Activities | <u>(383,871)</u> | <u>(957,771)</u> |
| Net (Decrease)/Increase in Cash and Cash Equivalents | <u>(159,422)</u> | <u>198,716</u> |
| Cash and Cash Equivalents at beginning of year | <u>405,908</u> | <u>207,192</u> |
| Cash and Cash Equivalents at end of year | <u>246,486</u> | <u>405,908</u> |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

TT DOLLAR INCOME FUND
STATEMENT OF FINANCIAL POSITION

as at December 31, 2009

| | Notes | 2009 \$ '000 | 2008 \$' 000 |
|--|-------|-------------------|------------------|
| <u>ASSETS</u> | | | |
| Investment Securities | 25 | 8,104,771 | 7,602,081 |
| Cash and Cash Equivalents | | 2,083,009 | 221,288 |
| Income Receivable | | 101,464 | 107,003 |
| Other Receivables | | 480,538 | 491,823 |
| Total Assets | | 10,769,782 | 8,422,195 |
| <u>LIABILITIES</u> | | | |
| Accruals for Distribution | 21(b) | 22,204 | 53,340 |
| Amount Due to Corporation | | 16,791 | 10,908 |
| Other Liabilities | | 375,053 | 375,727 |
| | | 414,048 | 439,975 |
| Reserves | | 9,918 | 9,900 |
| Total Liabilities and Reserves | | 423,966 | 449,875 |
| NET ASSETS | | 10,345,816 | 7,972,320 |
| CAPITAL ACCOUNT | | 10,352,183 | 8,081,121 |
| UNREALIZED CAPITAL DEPRECIATION | | (6,367) | (108,801) |
| | | 10,345,816 | 7,972,320 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation
TT DOLLAR INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2009

| | Notes | 2009 \$ '000 | 2008 \$ '000 |
|--|-------|-----------------|-----------------|
| INVESTMENT INCOME | | | |
| Interest Income | | 528,443 | 577,757 |
| Total Investment Income | | <u>528,443</u> | <u>577,757</u> |
| EXPENSES | | | |
| Commissions | | 11,129 | 9,102 |
| Management Charge | 14 | 125,610 | 81,251 |
| Impairment | 17 | 789 | - |
| Other expenses | | 693 | 1,363 |
| Total Expenses | | <u>138,221</u> | <u>91,716</u> |
| NET INVESTMENT INCOME | | 390,222 | 486,041 |
| Distribution Expense | 21 | 365,218 | 429,901 |
| Accruals for Distribution | 21(b) | 22,204 | 53,340 |
| Allocation to Reserve | 11(b) | 2,800 | 2,800 |
| UNDISTRIBUTED INCOME AT END OF THE YEAR | | <u>-</u> | <u>-</u> |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

TT DOLLAR INCOME FUND
STATEMENT OF CASH FLOWS

for the year ended December 31, 2009

| | 2009 \$ '000 | 2008 \$'000 |
|---|------------------|------------------|
| Cash Flows from Operating Activities | | |
| Net Income before distribution | 387,422 | 483,241 |
| Adjustments for: | | |
| Impairment | 789 | - |
| | <u>388,211</u> | <u>483,241</u> |
| Decrease/(Increase) in receivables | 19,119 | (269,487) |
| (Decrease)/Increase in payables | (28,204) | 179,298 |
| Cash Generated From Operating Activities | <u>379,126</u> | <u>393,052</u> |
| Cash Flows From Investing Activities | | |
| Purchase of Investment Securities | (8,183,841) | (7,466,793) |
| Disposal of Investment Securities | 7,782,796 | 6,541,915 |
| Net Cash Flows Used In Investing Activities | <u>(401,045)</u> | <u>(924,878)</u> |
| Cash Flows From Financing Activities | | |
| Subscriptions | 3,729,345 | 1,912,264 |
| Redemptions | (1,458,284) | (1,047,376) |
| Distributions | (387,422) | (483,241) |
| Net Cash Flows Generated From Financing Activities | <u>1,883,639</u> | <u>381,647</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 1,861,720 | (150,179) |
| Cash and Cash Equivalents at beginning of year | 221,288 | 371,467 |
| Cash and Cash Equivalents at end of year | <u>2,083,008</u> | <u>221,288</u> |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation
UNIVERSAL RETIREMENT FUND
STATEMENT OF FINANCIAL POSITION
as at December 31, 2009

| | Notes | 2009 \$ '000 | 2008 \$ '000 |
|--|-------|-----------------|-----------------|
| <u>ASSETS</u> | | | |
| Investment Securities | 26 | 135,905 | 133,920 |
| Cash and Cash Equivalents | | 12,162 | 4,928 |
| Income Receivable | | 1,156 | 1,219 |
| Other Receivables | | 37 | 13 |
| Total Assets | | 149,260 | 140,080 |
| <u>LIABILITIES</u> | | | |
| Amount Due to Corporation | | — | 1,409 |
| Other Payables | | 2 | 2 |
| NET ASSETS OF THE FUND | | 149,258 | 138,669 |
| CAPITAL ACCOUNT | | 137,034 | 119,368 |
| UNREALISED CAPITAL APPRECIATION | | 12,224 | 19,301 |
| | | 149,258 | 138,669 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation
UNIVERSAL RETIREMENT FUND
STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2009

| | Notes | 2009 \$ '000 | 2008 \$ '000 |
|--------------------------------------|-------|-----------------|-----------------|
| INVESTMENT INCOME | | | |
| Dividends | | 2,140 | 1,977 |
| Interest | | 5,623 | 6,585 |
| Realised Capital Gains | | 3,219 | 5,791 |
| Miscellaneous Income | | 1,838 | 20 |
| Total Investment Income | | 12,820 | 14,373 |
| EXPENSES | | | |
| Management Charge | 14 | 1,415 | 3,218 |
| Impairment | 17 | 1,808 | - |
| Other Expenses | | 2 | 6 |
| Total Expenses | | 3,225 | 3,224 |
| NET INCOME FOR CAPITALISATION | | 9,595 | 11,149 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

UNIVERSAL RETIREMENT FUND
STATEMENT OF CASH FLOWS

for the year ended December 31, 2009

| | 2009 \$ '000 | 2008 \$ '000 |
|---|-----------------|-----------------|
| Cash Flows from Operating Activities | | |
| Net Income before distribution | 9,595 | 11,149 |
| Adjustments for: | | |
| Impairment | 1,808 | - |
| Exchange Loss/(Gains) | 73 | (65) |
| Realised Exchange Gains | (18) | (25) |
| Realised Capital Gains | (3,274) | (5,701) |
| | 8,184 | 5,358 |
| Decrease in receivables | 39 | 132 |
| Decrease in payables | (1,409) | (154) |
| Cash Generated From Operating Activities | 6,814 | 5,336 |
| Cash Flows From Investing Activities | | |
| Purchase of Investment Securities | (29,284) | (50,840) |
| Disposal of Investment Securities | 21,633 | 54,958 |
| Net Cash Flows (Used in)/Generated From Investing Activities | (7,651) | 4,118 |
| Cash Flows From Financing Activities | | |
| Subscriptions | 17,352 | 15,515 |
| Redemptions | (9,281) | (30,433) |
| Net Cash Flows Generated From/(Used In) Financing Activities | 8,071 | (14,918) |
| Net Increase/(Decrease) in Cash and Cash Equivalent | 7,234 | (5,464) |
| Cash and Cash Equivalents at beginning of year | 4,928 | 10,392 |
| Cash and Cash Equivalents at end of year | 12,162 | 4,928 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation
US DOLLAR INCOME FUND
STATEMENT OF FINANCIAL POSITION
as at December 31, 2009

| | Notes | 2009 \$ '000 | 2008 \$' 000 |
|--|-------|------------------|------------------|
| ASSETS | | | |
| Investment Securities | 27 | 4,238,821 | 3,608,159 |
| Cash and Cash Equivalents | | 494,027 | 371,532 |
| Income Receivable | | 56,193 | 69,630 |
| Other Receivables | | 183,234 | 62,027 |
| Total Assets | | 4,972,275 | 4,111,348 |
| LIABILITIES | | | |
| Amount Due to Corporation | | 17,698 | 6,699 |
| Distribution Payable | | 28,209 | 51,450 |
| Other Liabilities | | 95,798 | 58,009 |
| | | 141,705 | 116,158 |
| RESERVES | | | |
| Reserves | | 138 | - |
| Total Liabilities and Reserves | | 141,843 | 116,158 |
| NET ASSETS | | 4,830,432 | 3,995,190 |
| CAPITAL ACCOUNT | | 4,927,786 | 4,209,542 |
| UNREALIZED CAPITAL DEPRECIATION | | (99,354) | (214,352) |
| | | 4,830,432 | 3,995,190 |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation
US DOLLAR INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2009

| | Notes | 2009 \$ '000 | 2008 \$ '000 |
|--|-------|-----------------|-----------------|
| INVESTMENT INCOME | | | |
| Interest Income | | 196,243 | 234,233 |
| Total Investment Income | | 196,243 | 234,233 |
| EXPENSES | | | |
| Commissions | | 1,000 | 896 |
| Management Charge | 14 | 27,507 | 23,936 |
| Impairment | 17 | 4,794 | - |
| Other Expenses | | 255 | 855 |
| Total Expenses | | 33,556 | 25,687 |
| NET INVESTMENT INCOME | | | |
| | | 162,687 | 208,546 |
| Undistributed Income at start of year | | - | 1,050 |
| Distribution Expense | 21 | 160,200 | 207,103 |
| Allocation to Reserve | 11(c) | 2,487 | 2,493 |
| UNDISTRIBUTED INCOME AT END OF YEAR | | - | - |

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

688—Continued

Trinidad & Tobago Unit Trust Corporation

US DOLLAR INCOME FUND

STATEMENT OF CASH FLOWS

for the year ended December 31, 2009

| | 2009 \$ '000 | 2008 \$'000 |
|---|------------------|------------------|
| Cash Flows from Operating Activities | | |
| Net Income before distribution | 160,200 | 206,053 |
| Adjustments for: | | |
| Impairment | 4,794 | - |
| | 164,994 | 206,053 |
| (Increase)/Decrease in receivables | (106,318) | 29,601 |
| Increase/(Decrease) in payables | 24,191 | (23,856) |
| Cash Generated From Operating Activities | 82,867 | 211,798 |
| Cash Flows From Investing Activities | | |
| Purchase of Investment Securities | (2,288,947) | (3,023,094) |
| Disposal of Investment Securities | 1,757,940 | 3,425,000 |
| Net Cash Flows (Used In) / Generated From Investing Activities | (531,007) | 401,906 |
| Cash Flows From Financing Activities | | |
| Subscriptions | 1,904,877 | 2,813,952 |
| Redemptions | (1,173,017) | (2,960,044) |
| Distributions | (160,200) | (207,103) |
| Net Cash Flows Generated From/(Used In) Financing Activities | 571,660 | (353,195) |
| Net Increase in Cash and Cash Equivalents | 123,520 | 260,509 |
| Cash and Cash Equivalents at beginning of year | 371,532 | 111,379 |
| Translation Adjustment | (1,025) | (356) |
| Cash and Cash Equivalents at end of year | 494,027 | 371,532 |

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, 2009

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 nine (9) 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).

Certain new standards, amendments to published standards and interpretations came into effect during the current financial year. The Group has adopted the following new and amended International Financial Reporting Standards, which are relevant to its operations:

- IFRS 7 (amendment) – Financial Instruments – Disclosures – effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement, specifically in relation to disclosures of inputs used in valuation techniques and the uncertainty associated with such valuations and disclosures on liquidity risk to address current diversity in practice. This amendment only impacts disclosure and has no impact on the net income of the Group.
- IFRS 8 (new) – Operating segments- effective January 1, 2009. This standard supersedes IAS 14 (Segment Reporting) and sets out requirements for disclosure of information about the Group's operating segments. This new requirement only impacts disclosure and has no impact on the net income of the Group.
- IAS 1(revised) – Presentation of Financial Statements – effective January 1, 2009. This revised standard requires the presentation of all non-owner changes in equity in one or two statements: either a single statement of comprehensive income or in an income statement and a statement of total comprehensive income. The Group has chosen a single statement of comprehensive income. This change only affects presentation and has no impact on the net income of the Group.
- IAS 23 (revised) – Borrowing Costs – effective January 1, 2009. This revision prohibits the immediate expensing of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This revision does not impact the net income of the Group since the Group has always capitalized borrowing costs directly attributable to the construction of a qualifying asset as part of the cost of that asset.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Preparation (continued)

The Group has not early adopted the following new and amended standards and Interpretations which are not yet effective:

- IAS 27 (revised) – Consolidated and separate financial statements – for accounting periods beginning on or after July 1, 2009. This amendment requires the effect of all transactions with minority interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. It also specifies the accounting treatment when control is lost, requiring that any remaining interest in the equity be re-measured to fair value, and a gain or loss be recognised in the statement of comprehensive income.
- IAS 24 (revised) – Related Party Disclosures – effective January 1, 2011. This revised standard amends the definition of a related party and modifies certain related party disclosure requirements for government related entities.
- IFRS 9 (new) – Financial Instruments – effective January 1, 2013. This new standard is part of a wider project to replace IAS 39. It establishes two primary measurement categories for financial assets: amortised cost and fair value.

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries drawn up as at December 31, 2009 and include all the assets and liabilities and results of operations of the Group. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Minority interest represents the portion of the profit and net assets not owned directly or indirectly by the Corporation and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent's shareholding interest.

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

The Group classifies its financial assets in the following categories: available for sale, held to maturity and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Investment securities (continued)

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 statement of comprehensive income.

d) Security Valuation

The fair value of publicly traded securities is determined by reference to the prevailing closing market prices at the end of the reporting period.

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.

e) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the future cash flows of the financial asset or group of financial assets that can be reasonably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- d) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- e) the disappearance of an active market for the financial asset because of financial difficulties; or
- f) observable data indicating that there is 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 cannot 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.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of financial assets (continued)

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria used for assets carried at amortised cost. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the separate consolidated statement of comprehensive income on equity investments are not reversed through the consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

f) 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 at 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.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) 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 statement of comprehensive income 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 statement of comprehensive income.

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:

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

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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). Costs associated with maintaining computer software are recognised as an expense as incurred.

i) 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 statement of comprehensive income. 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.

j) 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 statement of comprehensive income.

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.

k) 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 statement of financial position and the interest element is charged to the statement of comprehensive income over the term of the lease.

l) 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.

m) 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.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

n) 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 statement of comprehensive income 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 statement of comprehensive income.

o) 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.

p) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing similar products or services which is subject to risks and rewards that are different from those of other segments. The Group bases its segment reporting on business segments.

q) 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, 2009 is \$500 million (2008: \$538 million).

r) Taxation

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

Income tax is payable on profits realised 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.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

3) INVESTMENT FUNDS

The portfolio values of the locally based investment funds are as follows:

| | 2009 | 2008 |
|---------------------------|--------------------------|--------------------------|
| | \$'000 | \$'000 |
| Growth & Income Fund | 3,123,821 | 3,468,313 |
| TT\$ Income Fund | 10,345,816 | 7,972,320 |
| Universal Retirement Fund | 149,258 | 138,669 |
| US\$ Income Fund | <u>4,830,432</u> | <u>3,995,190</u> |
| Total | <u>18,449,327</u> | <u>15,574,492</u> |

The Corporation has in its portfolio a bond that was considered sovereign debt. As a result, the Corporation's participation, which was in excess of 10% of the securities issued, was not considered to be in contravention of section 13 (3) of the Unit Trust Corporation of Trinidad and Tobago Act 1981. Subsequently, management recognized the facility was not a sovereign issue. The bond was restructured on December 30, 2009 and the Corporation participated in the restructured facility due 2029. At restructuring, the Corporation's participation continued to be in excess of 10% of the securities in issue. It is management's expectation that the restructured facility will allow for a selling down of its participation to an amount within its statutory limit which was not previously possible.

4) INVESTMENT SECURITIES

| | 2009 | 2008 |
|-----------------------|-------------------------|-------------------------|
| | \$'000 | \$'000 |
| Held to maturity | 1,339,425 | 801,170 |
| Available for sale | 1,750,707 | 2,810,803 |
| Loans and receivables | <u>386,282</u> | <u>23,720</u> |
| Total | <u>3,476,414</u> | <u>3,635,693</u> |

Investment securities represent short-term investments and equity securities held by the Corporation, including the holdings of the Merchant Bank Department in local and regional government and corporate securities that will mature up to twenty-one (21) years.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

5) PROPERTY, PLANT AND EQUIPMENT

| | <i>Land</i> <i>\$'000</i> | <i>Building</i> <i>\$'000</i> | <i>Office</i> <i>Improvement</i> <i>\$'000</i> | <i>Motor</i> <i>Vehicles</i> <i>\$'000</i> | <i>Office &</i> <i>Computer</i> <i>Equipment</i> <i>\$'000</i> | <i>Office</i> <i>Furniture</i> <i>\$'000</i> | <i>TOTAL</i> <i>\$'000</i> |
|--|------------------------------|----------------------------------|--|--|---|--|-------------------------------|
| Year ended Dec 31, 2009 | | | | | | | |
| Opening Net Book Value | 16,227 | 121,078 | 21,532 | 3,025 | 18,963 | 7,623 | 188,448 |
| Additions | - | - | 5,331 | 2,528 | 7,707 | 798 | 16,364 |
| Transfers in/out | - | - | (248) | - | (529) | 398 | (379) |
| Disposals | - | - | (15) | (75) | (5) | (7) | (102) |
| Depreciation/Amortisation | (22) | (2,808) | (2,647) | (1,172) | (5,449) | (1,987) | (14,085) |
| Closing Net Book Value | 16,205 | 118,270 | 23,953 | 4,306 | 20,687 | 6,825 | 190,246 |
| As at Dec 31, 2009 | | | | | | | |
| Cost | 16,569 | 139,427 | 38,905 | 6,601 | 55,274 | 19,971 | 276,747 |
| Accumulated Depreciation/Amortisation | (364) | (21,157) | (14,952) | (2,295) | (34,587) | (13,146) | (86,501) |
| Net Book Value | 16,205 | 118,270 | 23,953 | 4,306 | 20,687 | 6,825 | 190,246 |
| Year ended Dec 31, 2008 | | | | | | | |
| Opening Net Book Value | 16,249 | 123,886 | 15,868 | 1,499 | 19,737 | 8,121 | 185,360 |
| Additions | - | - | 7,789 | 2,356 | 5,622 | 1,709 | 17,476 |
| Disposals | - | - | (158) | (288) | (5) | (9) | (460) |
| Depreciation/Amortisation | (22) | (2,808) | (1,967) | (542) | (6,391) | (2,198) | (13,928) |
| Closing Net Book Value | 16,227 | 121,078 | 21,532 | 3,025 | 18,963 | 7,623 | 188,448 |
| As at Dec 31, 2008 | | | | | | | |
| Cost | 16,569 | 139,427 | 33,840 | 4,348 | 48,107 | 18,830 | 261,121 |
| Accumulated Depreciation/Amortisation | (342) | (18,349) | (12,308) | (1,323) | (29,144) | (11,207) | (72,673) |
| Net Book Value | 16,227 | 121,078 | 21,532 | 3,025 | 18,963 | 7,623 | 188,448 |

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.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

6) INTANGIBLE ASSETS

| | 2009 | 2008 |
|-------------------------------|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Year ended Dec 31 | | |
| Opening Net Book Value | 17,334 | 10,477 |
| Additions | 12,627 | 10,097 |
| Transfers in | 379 | - |
| Disposals | - | - |
| Depreciation Charge | <u>(4,603)</u> | <u>(3,240)</u> |
| Closing Net Book Value | <u>25,737</u> | <u>17,334</u> |
| As at Dec 31 | | |
| Cost | 43,031 | 30,026 |
| Accumulated Depreciation | <u>(17,294)</u> | <u>(12,692)</u> |
| Net Book Value | <u>25,737</u> | <u>17,334</u> |

7) FINANCIAL INSTRUMENTS

a) Short-term Financial Instruments

| | 2009 | 2008 |
|----------------------|-------------------------|-------------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Fixed term borrowing | 2,442,804 | 2,934,876 |
| Borrowing at notice | - | 58,833 |
| Repo borrowing | <u>431,158</u> | <u>127,326</u> |
| Total | <u>2,873,962</u> | <u>3,121,035</u> |

These instruments are financial liabilities in the form of Investment Note Certificates and repurchase agreements falling due within one (1) year.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

7) FINANCIAL INSTRUMENTS (continued)**b) Long-term Financial Instruments**

| | Interest Rate | Term | 2009 \$'000 | 2008 \$'000 |
|------------------------------------|--------------------------|-------------|------------------------|------------------------|
| Guaranteed Investment Certificates | 7.7%-12.6% | 10-25 years | 248,393 | 226,668 |
| Long-term bond | 8% | 10 years | 24,797 | 28,693 |
| Long-term bond | 8% | 7.5 years | 6,442 | 8,283 |
| Long-term loan | 8.15% | 10 years | <u>6,485</u> | <u>7,149</u> |
| Total | | | <u>286,117</u> | <u>270,793</u> |

The long-term interest bearing bonds/loan represent debt raised by the subsidiary UTC Property Holdings Limited for financing the construction of its properties. There have been no new borrowing costs capitalized since 2006. As at December 31, 2009, \$3.9 million in borrowing costs had been capitalized.

8) FINANCE LEASE

| | 2009 \$'000 | 2008 \$'000 |
|----------------------------|------------------------|------------------------|
| Lease payments due: | | |
| within 1 year | 3,289 | 2,983 |
| within 1 to 5 years | 22,246 | 20,178 |
| greater than 5 years | <u>27,512</u> | <u>32,869</u> |
| Total | <u>53,047</u> | <u>56,030</u> |

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 twenty (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 end of the reporting period was \$4.77 million (2008: \$4.77 million).

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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.

| | 2009 | 2008 |
|---------------------------|--------------------------|--------------------------|
| | \$'000 | \$'000 |
| Growth and Income Fund | 3,119,055 | 3,463,547 |
| TT\$ Income Fund | 10,345,816 | 7,972,320 |
| Universal Retirement Fund | 149,258 | 138,669 |
| US\$ Income Fund | <u>4,830,432</u> | <u>3,995,190</u> |
| Total | <u>18,444,561</u> | <u>15,569,726</u> |

11) FUND RESERVES

| | 2009 | 2008 |
|--|----------------------|----------------------|
| | \$'000 | \$'000 |
| Growth and Income Fund Guarantee Reserve | - | 20,000 |
| TT\$ Income Fund | 26,037 | 22,090 |
| US\$ Income Fund | <u>40,441</u> | <u>42,372</u> |
| Total | <u>66,478</u> | <u>84,462</u> |

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 2009, calls in excess of \$84 million were made on the Fund, of which the Corporation met \$63 million through its Retained Income. The Corporation will continue to meet any shortfalls in the reserves through its Retained Income.

| | 2009 | 2008 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Fund reserve as at January 1 | 20,000 | 12,504 |
| Allocation to reserve (Growth and Income Fund) | 1,000 | 21,000 |
| Call on reserve | (84,254) | (72,778) |
| Allocation to reserve (Corporation) | <u>63,254</u> | <u>59,274</u> |
| Fund reserve as at December 31 | <u>-</u> | <u>20,000</u> |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

11) FUND RESERVES (continued)

b) TT\$ Income 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.

| | 2009 | 2008 |
|--------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Fund reserve as at January 1 | 22,090 | 18,298 |
| Allocation to reserve | 2,800 | 2,800 |
| Interest earned on reserve | <u>1,147</u> | <u>992</u> |
| Fund reserve as at December 31 | <u>26,037</u> | <u>22,090</u> |

c) US\$ Income 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.

| | 2009 | 2008 |
|--------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Fund reserve as at January 1 | 42,372 | 39,179 |
| Allocation to reserve | 2,487 | 2,493 |
| Call on reserve | (5,007) | - |
| Interest earned on reserve | <u>589</u> | <u>700</u> |
| Fund reserve as at December 31 | <u>40,441</u> | <u>42,372</u> |

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 Group. 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.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

14) MANAGEMENT CHARGE

| | 2009 | 2008 |
|---------------------------|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| Growth and Income Fund | 67,649 | 84,816 |
| TT\$ Income Fund | 125,610 | 81,251 |
| Universal Retirement Fund | 1,415 | 3,218 |
| US\$ Income Fund | <u>27,507</u> | <u>23,936</u> |
| Total | <u>222,181</u> | <u>193,221</u> |

- a) The Corporation, in accordance with the regulations governing the Growth and Income Fund, the TT\$ Income Fund, the Universal Retirement Fund and the US\$ Income 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 1.2% (2008: 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. The management fee charged for the year was 1.7%. No fees were charged in 2008.

In addition to this management charge, the Group earned additional management charge of \$3.2 million from its foreign investment portfolios and other funds under management. This is carried in other income in the consolidated statement of comprehensive income.

15) NET INVESTMENT INCOME – GROUP OPERATIONS

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

| | 2009 | 2008 |
|----------------------------------|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| Interest and Other Fee Income | 326,734 | 279,616 |
| Interest Expense & Other Charges | <u>(141,954)</u> | <u>(145,072)</u> |
| Total | <u>184,780</u> | <u>134,544</u> |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

16) FOREIGN EXCHANGE GAINS/(LOSSES)

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

| | 2009 \$'000 | 2008 \$'000 |
|------------------------|----------------|----------------|
| Foreign exchange gains | <u>4,370</u> | <u>3,628</u> |

17) IMPAIRMENT OF INVESTMENT SECURITIES

The Group has recognised impairment of \$193.3 million of which \$80.7 million is within Investment Securities of the Corporation and its subsidiaries and \$112.6 million is for the Investment Funds.

| | 2009 \$'000 | 2008 \$'000 |
|--|------------------|------------------|
| Investment Securities | 3,557,092 | 3,636,995 |
| Impairment | <u>(80,678)</u> | <u>(1,302)</u> |
| | <u>3,476,414</u> | <u>3,635,693</u> |
| | 2009 \$'000 | 2008 \$'000 |
| Carrying value of impaired investments | 433,884 | - |
| Fair value of collateral held for impaired investments | 434,655 | - |

This impairment represents securities past due and/or in receivership, for which there was a shortfall in the fair value of the collateral.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

17) IMPAIRMENT ON INVESTMENT SECURITIES (continued)

Total impairment of \$112.6 million is recognised within the portfolio of investments for the investment funds.

| | 2009 \$'000 | 2008 \$'000 |
|-----------------------|-------------------|-------------------|
| Investment Securities | 15,441,293 | 14,677,484 |
| Impairment | <u>(112,641)</u> | <u>-</u> |
| | <u>15,328,652</u> | <u>14,677,484</u> |

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Carrying value of impaired investments | 33,751 | - |
| Fair value of collateral held for impaired investments | 33,751 | - |

18) ADMINISTRATIVE EXPENSES

Administrative expenses include:

| | 2009 \$'000 | 2008 \$'000 |
|-----------------------|----------------|----------------|
| Staff costs (Note 19) | 117,860 | 97,386 |
| Audit Fees | 333 | 455 |
| Directors Fees | 2,301 | 1,421 |

19) STAFF COSTS

| | 2009 \$'000 | 2008 \$'000 |
|-----------------------|----------------|----------------|
| Salaries and benefits | 114,394 | 94,446 |
| National Insurance | <u>3,466</u> | <u>2,940</u> |
| Total | <u>117,860</u> | <u>97,386</u> |

| | | |
|----------------------------|------------|------------|
| Number of employees | 554 | 533 |
|----------------------------|------------|------------|

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

20) FINANCE CHARGES

| | 2009 | 2008 |
|---------------------------|---------------------|----------------------|
| | \$'000 | \$'000 |
| Long-term bonds (Note 7b) | 3,215 | 3,717 |
| Finance lease (Note 8) | <u>6,571</u> | <u>6,724</u> |
| Total | <u>9,786</u> | <u>10,441</u> |

21) DISTRIBUTIONS

| | 2009 | 2008 |
|------------------------|-----------------------|-------------------------|
| | \$'000 | \$'000 |
| Growth and Income Fund | 152,510 | 338,694 |
| TT\$ Income Fund | 387,422 | 483,242 |
| US\$ Income Fund | <u>160,200</u> | <u>207,103</u> |
| Total | <u>700,132</u> | <u>1,029,039</u> |

a) Growth and Income Fund

The Corporation declared its fifty-third (53rd) and fifty-fourth (54th) distributions in June 2009 and December 2009 respectively. Included in the above totals are distributions to Initial Capital Contributors of \$0.6 million in 2009 (2008: \$1.2 million).

b) TT\$ Income Fund

Distributions in the TT\$ Income Fund are made quarterly in February, May, August and November. Income accrued as at December 31, 2009 for distribution in the quarter ending February 2010 amounted to \$22.20 million (2008: \$53.34 million).

c) US\$ Income Fund

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

22) FINANCIAL RISK MANAGEMENT

The Group's Mutual Fund, Merchant Banking and Treasury 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 minimize potential adverse effects on the Group's financial performance.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

The Board of Directors of the Trinidad and Tobago Unit Trust Corporation has overall responsibility for the management of the financial, operational and business risks faced by all business lines. It has established a Board Risk & Governance Committee whose role *inter alia* is to ensure that the overall risk profile of the Corporation is consistent with its strategic objectives. The Board Risk & Governance Committee meets on a monthly basis to consider the specific risk issues highlighted by the Asset/Liability Committee and the Operational Risk Committee, the internal committees comprising senior management personnel from several business units.

The Asset/Liability Committee utilizes the collective experience and expertise of meeting participants to determine appropriate approaches for managing and mitigating the financial risks facing the Corporation. The Committee meets on a monthly basis to consider various risk reports tabled by the relevant management personnel. Similarly, the Operational Risk Committee provides a forum for key operating activities to be evaluated from a multi-faceted perspective in order to analyze past operational failures/losses with a view to mitigating recurrence. This Committee also meets on a monthly basis.

In addition, other Board Committees play key roles in the Corporation's overall risk management programme. The Investment Committee approves the investment policy statements for the various mutual funds which include various constraints on the investment portfolios; the Merchant Banking Committee approves underwriting limits for various credit relationships maintained by the Merchant Banking function; the Audit Committee has oversight for the key internal control systems affecting the Corporation's significant operating activities.

An independent risk management function led by the Chief Risk Officer submits relevant reports and recommendations to all the aforementioned Committees and participates in all the meetings. Its key responsibilities include risk management policy-setting, scenario and stress testing and risk exposure monitoring across all business and operating activities. The risk management function in consultation with relevant line management may also make recommendations for the management and mitigation of financial and other risks.

The disclosures on risk management that follow focus on the operating activities of the Corporation's mutual fund products (the Growth & Income Fund, the TT\$ Income Fund, the US\$ Income Fund, the Universal Retirement Fund, the UTC Energy Fund, the UTC European Fund, the UTC Asia-Pacific Fund, the UTC Latin American Fund, the UTC Global Bond Fund and the UTC North American Fund) and the combined business lines of Merchant Banking and Treasury. All other subsidiaries and operating activities are not considered to have material financial risk exposures.

Strategy in using financial instruments

Financial risks arise from the acquisition of various classes of financial instruments including equities and debt instruments (traded and non-traded). With regard to its Mutual Fund business, the Corporation's practice is to acquire financial assets that provide consistent risk-adjusted returns relative to specific investment objectives of the individual fund portfolios. In general, the investment activities of the Mutual Funds involve taking long positions in securities with a focus on medium term performance as opposed to short-term gains-taking. The Mutual Funds neither use leverage nor sell securities short and have no financial liabilities arising out of their investment activities. In respect of its combined Merchant Banking and Treasury lines of business, the Corporation's strategy is to earn intermediation income via the interest spread of its proprietary financial assets over its associated funding instruments while managing credit, market and liquidity risks.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

Equity price risk

Mutual Funds – Registered as local unit trust schemes

The Mutual Funds may acquire equity instruments that are exposed to fluctuations in market value. These exposures create equity price risk for the fund portfolios 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.

The equity price risk exposure of the fund portfolios is monitored and measured via categorization of the stocks by their historical price sensitivity to the overall market. An historical price sensitivity below 90% is considered to be low whereas an historical sensitivity above 110% is considered to be high. An historical price sensitivity between 90% and 110% is regarded as comparable to the overall market.

The price sensitivity of the Fund portfolios' equity holdings is provided below:

| | Lower than market \$'000 | Comparable to market \$'000 | Higher than market \$'000 |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|
| At December 31, 2009 | | | |
| Growth & Income Fund | 756,753 | 423,057 | 769,463 |
| Universal Retirement Fund | 26,734 | 13,259 | 29,097 |
| At December 31, 2008 | | | |
| Growth & Income Fund | 881,620 | 736,838 | 367,688 |
| Universal Retirement Fund | 39,448 | 11,350 | 18,346 |

The following table presents the approximate sensitivity of the net assets of the Growth & Income Fund and the Universal Retirement Fund to a 1% change in the TTSE Composite Index and the S&P 500 Composite Index respectively as at December 31, 2009 and December 31, 2008 with all other variables held constant:

| | | |
|------------------------------------|--------------------------|--------------------------|
| TTSE Composite Index | December 31, 2009 | December 31, 2008 |
| Growth & Income Fund | TT\$15.47 million | TT\$16.0 million |
| Universal Retirement Fund | TT\$0.63 million | TT\$0.60 million |
| S&P 500 Composite Index | December 31, 2009 | December 31, 2008 |
| Growth & Income Fund | TT\$4.69 million | TT\$3.12 million |
| Universal Retirement Fund | TT\$0.05 million | TT\$0.01 million |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

Neither the TT\$ Income Fund nor the US\$ Income Fund held equity positions over the reporting period.

Mutual Funds – Registered as overseas subsidiary companies

The equity price risk exposure of the fund portfolios in the overseas subsidiary companies is also monitored and measured via categorization of the stocks by their historical price sensitivity to the overall market.

The price sensitivity of the Fund portfolios' equity holdings is provided below:

| | Lower than market \$'000 | Comparable to market \$'000 | Higher than market \$'000 |
|-----------------------------|--------------------------------|-----------------------------------|---------------------------------|
| At December 31, 2009 | | | |
| UTC Energy Fund | 2,146 | 4,455 | 6,361 |
| UTC European Fund | 1,295 | 462 | 1,203 |
| UTC Asia-Pacific Fund | 1,272 | 1,035 | 1,183 |
| UTC Latin American Fund | 191 | 698 | 1,744 |
| UTC North American Fund | <u>30,453</u> | <u>23,248</u> | <u>87,068</u> |
| Total | <u>35,357</u> | <u>29,898</u> | <u>97,559</u> |
| | | | |
| | Lower than market \$'000 | Comparable to market \$'000 | Higher than market \$'000 |
| At December 31, 2008 | | | |
| UTC Energy Fund | 2,786 | 1,049 | 3,532 |
| UTC European Fund | 238 | 234 | 449 |
| UTC Asia-Pacific Fund | 100 | 63 | 302 |
| UTC Latin American Fund | - | 63 | 352 |
| UTC North American Fund | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>3,124</u> | <u>1,409</u> | <u>4,635</u> |

As at December 31, 2009 and December 31, 2008, using the S&P 500 Index, had US equity securities prices increased/decreased as a whole by 5% (with all other variables held constant), total equity would have increased/decreased as follows for the following Funds:

| | 2009 \$'000 | 2008 \$'000 |
|-------------------------|----------------|----------------|
| UTC Energy Fund | 714 | 359 |
| UTC European Fund | 148 | 79 |
| UTC Asia-Pacific Fund | 174 | 23 |
| UTC Latin American Fund | 132 | 20 |
| UTC North American Fund | 6,759 | 7,632 |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

Merchant Bank & Treasury

Treasury's holdings of mutual fund shares issued by the above overseas subsidiaries create exposure to equity price risk. Such risk is assumed to be proportionate to Treasury's holdings relative to the net assets of the mutual funds. In addition, Treasury holds strategic positions in a number of unquoted equity positions that are regarded as uncorrelated with recognized stock exchanges. As a result, equity price risk is not considered material for these positions.

Interest rate risk

Mutual Funds – Registered as local Unit Trust securities

The Mutual Funds' holdings of listed and unlisted debt instruments are exposed to movements in market rates of interest. In general, rising interest rates expose the fund portfolios 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 fund portfolios 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 fund portfolios by segregating the fixed income 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.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

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 Mutual Funds' fixed income portfolio as at December 31, 2009 and December 31, 2008:

| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|----------------------------------|----------------------------|---------------------------------|-------------------------|--------------------------|
| At December 31, 2009 | | | | |
| Growth & Income Fund | | | | |
| Debt instruments – traded | - | - | 5,545 | 5,545 |
| Debt instruments – nontraded | 179,099 | 214,737 | 419,642 | 813,478 |
| Cash & other net assets | <u>274,665</u> | <u>-</u> | <u>-</u> | <u>274,665</u> |
| | <u>453,764</u> | <u>214,737</u> | <u>425,187</u> | <u>1,093,688</u> |
| TTS Income Fund | | | | |
| Debt instruments – traded | - | - | 278,227 | 278,227 |
| Debt instruments – nontraded | 5,035,433 | 816,756 | 1,974,355 | 7,826,544 |
| Cash & other net assets | <u>2,241,045</u> | <u>-</u> | <u>-</u> | <u>2,241,045</u> |
| | <u>7,276,478</u> | <u>816,756</u> | <u>2,252,582</u> | <u>10,345,816</u> |
| Universal Retirement Fund | | | | |
| Debt instruments – traded | - | - | - | - |
| Debt instruments – nontraded | 9,363 | 28,293 | 28,762 | 66,418 |
| Cash & other net assets | <u>13,353</u> | <u>-</u> | <u>-</u> | <u>13,353</u> |
| | <u>22,716</u> | <u>28,293</u> | <u>28,762</u> | <u>79,771</u> |
| US\$ Income Fund | | | | |
| Debt instruments – traded | 31,343 | 344,560 | 446,906 | 822,809 |
| Debt instruments – nontraded | 3,030,512 | 297,713 | 87,787 | 3,416,012 |
| Cash & other net assets | <u>591,611</u> | <u>-</u> | <u>-</u> | <u>591,611</u> |
| | <u>3,653,466</u> | <u>642,273</u> | <u>534,693</u> | <u>4,830,432</u> |
| Total | <u>11,406,424</u> | <u>1,702,059</u> | <u>3,241,224</u> | <u>16,349,707</u> |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|----------------------------------|-------------------------------|------------------------------------|-------------------------|--------------------------|
| At December 31, 2008 | | | | |
| Growth & Income Fund | | | | |
| Debt instruments -- listed | - | - | 9,384 | 9,384 |
| Debt instruments -- unlisted | 794,838 | 163,309 | 482,245 | 1,440,392 |
| Cash & other net assets | <u>134,992</u> | <u>-</u> | <u>-</u> | <u>134,992</u> |
| | <u>929,830</u> | <u>163,309</u> | <u>491,629</u> | <u>1,584,768</u> |
| TT\$ Income Fund | | | | |
| 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 | <u>370,236</u> | <u>-</u> | <u>-</u> | <u>370,236</u> |
| | <u>5,906,735</u> | <u>919,077</u> | <u>1,146,508</u> | <u>7,972,320</u> |
| Universal Retirement Fund | | | | |
| Debt instruments -- listed | - | - | - | - |
| Debt instruments -- unlisted | 13,722 | 26,632 | 24,422 | 64,776 |
| Cash & other net assets | <u>4,749</u> | <u>-</u> | <u>-</u> | <u>4,749</u> |
| | <u>18,471</u> | <u>26,632</u> | <u>24,422</u> | <u>69,525</u> |
| US\$ Income Fund | | | | |
| Debt instruments - listed | - | 204,092 | 361,467 | 565,559 |
| Debt instruments - unlisted | 2,609,338 | 280,860 | 152,402 | 3,042,600 |
| Cash & other net assets | <u>387,031</u> | <u>-</u> | <u>-</u> | <u>387,031</u> |
| | <u>2,996,369</u> | <u>484,952</u> | <u>513,869</u> | <u>3,995,190</u> |
| Total | <u>9,851,405</u> | <u>1,200,896</u> | <u>2,365,227</u> | <u>13,417,528</u> |

As at December 31, 2009 the Mutual Funds' TT dollar denominated fixed income positions were almost exclusively categorized as held to maturity and as a consequence changes in TT dollar interest rates would not have materially affected the net assets of the fund portfolios given that this category of financial assets is always carried at amortized cost in accordance with International Accounting Standards.

On the other hand, a number of US dollar denominated fixed income positions held by the Mutual Funds are categorized as available for sale and as such changes in US dollar interest rates would affect the net assets of the fund portfolios given that this category of financial assets is always carried at fair value in accordance with International Accounting Standards.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

With all other variables held constant, sensitivity analysis performed for a 25 basis point increase and decrease in US interest rates as at December 31, 2009 and December 31, 2008 would have had the following estimated impact on the net assets of the individual fund portfolios:

| | | |
|------------------------------------|------------------------------|------------------------------|
| 25 basis point increase | December 31, 2009 | December 31, 2008 |
| Growth & Income Fund | (TT\$0.10 million) | (TT\$0.22 million) |
| TT\$ Income Fund | (TT\$3.46 million) | (TT\$1.99 million) |
| US\$ Income Fund | (TT\$6.74 million) | (TT\$4.56 million) |
| 25 basis point decrease | December 31, 2009 | December 31, 2008 |
| Growth & Income Fund | TT\$0.10 million | TT\$0.23 million |
| TT\$ Income Fund | TT\$3.54 million | TT\$2.04 million |
| US\$ Income Fund | TT\$6.86 million | TT\$4.66 million |

The Universal Retirement Fund had no material exposure to US interest rate movements as at December 31, 2009 or as at December 31, 2008.

Mutual Funds - Registered as overseas subsidiary companies

The Mutual Funds' US dollar denominated fixed income positions are exclusively categorized as available for sale and as a consequence changes in US dollar interest rates would have materially affected the net assets of the fund portfolios given that this category of financial assets is always carried at fair value in accordance with International Accounting Standards. 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 Mutual Funds' fixed income portfolio as at December 31, 2009 and December 31, 2008:

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

As at December 31, 2009

| | Up to 1 year \$'000 | 1 to 5 years \$'000 | Over 5 years \$'000 | Non-Interest bearing \$'000 | Total \$'000 |
|-----------------------------------|------------------------|------------------------|------------------------|-----------------------------------|-----------------------|
| Assets | | | | | |
| <u>Investment securities</u> | | | | | |
| UTC Energy Fund | 2,799 | 137 | 7,533 | 14,178 | 24,647 |
| UTC European Fund | 342 | | 538 | 2,943 | 3,823 |
| UTC Asia-Pacific Fund | 982 | 658 | 628 | 3,490 | 5,758 |
| UTC Latin American Fund | 1,349 | | 260 | 2,611 | 4,220 |
| UTC Global Bond Fund | <u>3,661</u> | <u>584</u> | <u>2,002</u> | <u>1,316</u> | <u>7,563</u> |
| <i>Cayman SPC</i> | <u>9,133</u> | <u>1,379</u> | <u>10,961</u> | <u>24,538</u> | <u>46,011</u> |
| UTC North American Fund | 3,809 | 15,635 | 55,214 | 140,769 | 215,427 |
| <u>Interest income receivable</u> | | | | | |
| UTC Energy Fund | 195 | - | - | - | 195 |
| UTC European Fund | 15 | - | - | - | 15 |
| UTC Asia-Pacific Fund | 24 | - | - | - | 24 |
| UTC Latin American Fund | 20 | - | - | - | 20 |
| UTC Global Bond Fund | <u>38</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>38</u> |
| <i>Cayman SPC</i> | <u>292</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>292</u> |
| <u>Other receivables</u> | | | | | |
| - UTC Energy Fund | 49 | - | - | - | 49 |
| - UTC Global Bond Fund | <u>12</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>12</u> |
| - <i>Cayman SPC</i> | <u>61</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>61</u> |
| <u>Cash</u> | | | | | |
| - UTC Energy Fund | 6,058 | - | - | - | 6,058 |
| - UTC European Fund | 2,623 | - | - | - | 2,623 |
| - UTC Asia-Pacific Fund | 3,741 | - | - | - | 3,741 |
| - UTC Latin American Fund | 2,555 | - | - | - | 2,555 |
| - UTC Global Bond Fund | <u>2,368</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,368</u> |
| - <i>Cayman SPC</i> | <u>17,345</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,345</u> |
| Total Assets | <u>30,640</u> | <u>17,014</u> | <u>66,175</u> | <u>165,307</u> | <u>279,136</u> |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)**As at December 31, 2008**

| | Up to 1 year \$'000 | 1 to 5 years \$'000 | Over 5 years \$'000 | Non-Interest bearing \$'000 | Total \$'000 |
|-----------------------------------|------------------------|------------------------|------------------------|-----------------------------------|-----------------------|
| <u>Investment securities</u> | | | | | |
| UTC Energy Fund | 7,462 | 173 | 6,464 | 7,182 | 21,281 |
| UTC European Fund | 1,290 | - | 280 | 1,585 | 3,155 |
| UTC Asia-Pacific Fund | 1,912 | 482 | - | 465 | 2,859 |
| UTC Latin American Fund | 1,290 | 1,011 | 280 | 397 | 2,978 |
| UTC Global Bond Fund | <u>4,526</u> | <u>1,706</u> | <u>1,674</u> | <u>-</u> | <u>7,906</u> |
| <i>UTC Cayman SPC</i> | <i>16,480</i> | <i>3,372</i> | <i>8,698</i> | <i>9,629</i> | <i>38,179</i> |
| UTC North American Fund | <u>3,809</u> | <u>15,635</u> | <u>55,214</u> | <u>140,769</u> | <u>215,427</u> |
| | <u>20,289</u> | <u>19,007</u> | <u>63,912</u> | <u>150,398</u> | <u>253,607</u> |
| <u>Interest income receivable</u> | | | | | |
| UTC Energy Fund | 322 | - | - | - | 322 |
| UTC European Fund | 3 | - | - | - | 3 |
| UTC Asia-Pacific Fund | 8 | - | - | - | 8 |
| UTC Latin American Fund | 27 | - | - | - | 27 |
| UTC Global Bond Fund | <u>109</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>109</u> |
| | <u>469</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>469</u> |
| <u>Other receivables</u> | | | | | |
| UTC Energy Fund | 14 | - | - | - | 14 |
| UTC Global Bond Fund | <u>70</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>70</u> |
| | <u>84</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>84</u> |
| <u>Cash</u> | | | | | |
| UTC Energy Fund | 6,292 | - | - | - | 6,292 |
| UTC European Fund | 2,588 | - | - | - | 2,588 |
| UTC Asia-Pacific Fund | 6,580 | - | - | - | 6,580 |
| UTC Latin American Fund | 3,222 | - | - | - | 3,222 |
| UTC Global Bond Fund | <u>827</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>827</u> |
| | <u>19,509</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,509</u> |
| Total Assets | <u>40,351</u> | <u>19,007</u> | <u>63,912</u> | <u>150,398</u> | <u>273,668</u> |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis was conducted to determine the effect had US interest rates changed by 100 basis points. With all other variables held constant, net assets attributable to unitholders and equity would have decreased or increased as at December 31, 2009 and December 31, 2008 as follows:

| | Net Assets Attributable To Unitholders | | Equity | | | |
|-------------------------|---|--------|-------------------|--------|-------------------|--------|
| | +/(-)100 basis points | | +100 basis points | | -100 basis points | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| UTC Energy Fund | 25 | 51 | (313) | (301) | 333 | 249 |
| UTC European Fund | 3 | - | (21) | (17) | 23 | 4 |
| UTC Asia-Pacific Fund | 6 | 6 | (56) | (7) | 59 | 5 |
| UTC Latin American Fund | 7 | - | (9) | (32) | 9 | 17 |
| UTC Global Bond Fund | 15 | 20 | (95) | (26) | 101 | 64 |

The North American Fund would have experienced a \$2.94 million drop in net assets if interest rates had increased by 100 basis points as at December 31, 2009 and \$1.49 million for an identical increase in interest rates as at December 31, 2008.

Merchant Bank & Treasury

The Merchant Bank's & Treasury's interest bearing asset and liability positions are exposed to movements in market rates of interest. A positive rate re-pricing gap between interest bearing assets and liabilities exposes intermediation earnings to declines in market interest rates. Conversely, a negative rate re-pricing gap between interest bearing assets and liabilities exposes intermediation earnings to increases in market interest rates. In general, the combined activity of the units is geared towards controlling the rate re-pricing mismatch between assets and liabilities so as to maintain a stable, consistent spread over their cost of funds. This is achieved by maintaining a reasonably substantial variable rate asset portfolio, by active management of the maturity profile of funding instruments and by holding a minimum level of readily tradable assets.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

The combined interest rate re-pricing exposures of the Merchant Bank and Treasury assets and liabilities are provided below as at December 31, 2009 and December 31, 2008:

| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 | Over 5 years \$'000 | Non-Interest Bearing \$'000 | Total \$'000 |
|----------------------------------|-------------------------------|------------------------------------|------------------------|---------------------------------------|-----------------|
| At December 31, 2009 | | | | | |
| Assets | | | | | |
| Cash & Cash Equivalents | 311,998 | - | - | - | 311,998 |
| Money Market Instruments | 406,194 | - | - | - | 406,194 |
| Fixed Income Securities | 1,587,403 | 660,182 | 485,858 | - | 2,733,443 |
| Equities | - | - | - | 337,548 | 337,548 |
| Liabilities | | | | | |
| Short Term Financial Instruments | (2,873,962) | - | - | - | (2,873,962) |
| Long Term Financial Instruments | - | (26,752) | (259,365) | - | (286,117) |
| Other Liabilities | (36,802) | - | - | - | (36,802) |
| Rate Re-pricing Gap | <u>(458,348)</u> | <u>562,958</u> | <u>266,500</u> | <u>221,192</u> | <u>592,302</u> |
| | | | | | |
| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 | Over 5 years \$'000 | Non- Interest Bearing \$'000 | Total \$'000 |
| At December 31, 2008 | | | | | |
| Assets | | | | | |
| Cash & Cash Equivalents | 389,394 | - | - | - | 389,394 |
| Money Market Instruments | 696,486 | 84,938 | - | - | 781,424 |
| Fixed Income Securities | 509,695 | 698,051 | 1,349,936 | - | 2,557,682 |
| Equities | - | - | - | 226,032 | 226,032 |
| Liabilities | | | | | |
| 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) |
| Rate Re-pricing Position | <u>(1,497,411)</u> | <u>619,669</u> | <u>1,112,051</u> | <u>226,032</u> | <u>460,341</u> |

Given the above rate re-pricing profile, a change in short term market rates of interest of 25 basis points effective from December 31, 2009 would have modified net interest income over the coming twelve months by an estimated TT\$0.57 million with all other variables held constant.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

Exchange rate risk

Mutual Funds - Registered as local unit trust schemes

The net assets of the fund portfolios 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 fund portfolios 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.

The fund portfolios' foreign currency holdings as at December 31 were as follows:

| | At December 31, 2009 | | At December 31, 2008 | |
|----------------------------------|--------------------------------------|--|--------------------------------------|--|
| | USD (Presented in TT\$) \$'000 | OTHER (Presented in TT\$) \$'000 | USD (Presented in TT\$) \$'000 | OTHER (Presented in TT\$) \$'000 |
| Growth & Income Fund | | | | |
| Equities | 619,488 | 15,583 | 383,208 | 15,748 |
| Debt instruments - listed | 5,545 | - | 9,384 | - |
| Debt instruments - unlisted | 472,396 | - | 549,973 | - |
| Cash & other net assets | <u>109,582</u> | <u>-</u> | <u>222,335</u> | <u>449</u> |
| | <u>1,207,011</u> | <u>15,583</u> | <u>1,164,900</u> | <u>16,197</u> |
| TT\$ Income Fund | | | | |
| Debt instruments - listed | 214,472 | - | 130,339 | - |
| Debt instruments - unlisted | 391,656 | - | 376,845 | - |
| Cash & other net assets | <u>36,735</u> | <u>-</u> | <u>5,398</u> | <u>-</u> |
| | <u>642,863</u> | <u>-</u> | <u>512,582</u> | <u>-</u> |
| Universal Retirement Fund | | | | |
| Equities | 15,881 | - | 12,093 | - |
| Debt instruments - listed | - | - | 0 | - |
| Debt instruments - unlisted | 15,141 | - | 16,565 | - |
| Cash & other net assets | <u>2,351</u> | <u>-</u> | <u>3,350</u> | <u>26</u> |
| | <u>33,373</u> | <u>-</u> | <u>32,008</u> | <u>26</u> |
| Total | <u>1,883,247</u> | <u>15,583</u> | <u>1,709,490</u> | <u>16,223</u> |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

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, 2009, the mid-rate stood at 6.21635 (2008: 6.23355). A 1% change in the TT dollar relative to the US dollar would have changed the net assets of the individual Funds as at December 31, 2009 and December 31, 2008 as follows:

| | 2009 | 2008 |
|---------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Growth & Income Fund | 12,070 | 11,649 |
| TT\$ Income Fund | 6,429 | 5,126 |
| Universal Retirement Fund | 334 | 320 |

Mutual Funds – Registered as overseas subsidiary companies

The reporting currency of the overseas subsidiaries is the US dollar. Moreover, the portfolio assets of the Funds issued by these subsidiaries are denominated almost exclusively in US dollars (except in the case of the North American Fund which holds Canadian dollar denominated positions). As a result, there is no material exchange rate risk in those Funds.

For the North American Fund nonetheless, a 1% change in the USD/CAD exchange rate would have lowered net assets by \$255,131 approximately as at December 31, 2009. There was no foreign currency exposure in this Fund as at December 31, 2008.

Moreover, the translation effect of the subsidiaries on the Group's consolidated financial statements is considered minimal.

Merchant Bank & Treasury

The combined foreign currency assets and liabilities of the Merchant Bank and Treasury as at December 31, 2009 and as at December 31, 2008 are provided as follows:

| | USD | Other |
|-------------------------------------|---------------------------|---------------------------|
| | (Presented in TTD) | (Presented in TTD) |
| | \$'000 | \$'000 |
| At December 31, 2009 | | |
| Assets | | |
| Cash & Cash Equivalents | 246,806 | - |
| Money Market Instruments | 116,355 | - |
| Fixed Income Securities | 1,723,512 | - |
| Equities | 337,548 | - |
| Liabilities | | |
| Short Term Certificates of Interest | (2,222,505) | - |
| Long Term Financial Instruments | - | - |
| Other liabilities | - | - |
| Total | <u>201,716</u> | <u>-</u> |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

| | USD (Presented in TTD) \$'000 | Other (Presented in TTD) \$'000 |
|-------------------------------------|-------------------------------------|---------------------------------------|
| At December 31, 2008 | | |
| Assets | | |
| Cash & Cash Equivalents | 355,245 | - |
| Money Market Instruments | 257,535 | 3,535 |
| Fixed Income Securities | 1,850,193 | - |
| Equities | 186,905 | - |
| Liabilities | | |
| Short Term Certificates of Interest | (2,362,916) | (3,535) |
| Long Term Financial Instruments | - | - |
| Other liabilities | - | - |
| Total | <u>286,152</u> | <u>-</u> |

A 1% change in the TT dollar relative to the US dollar as at that date would have affected the net income position of the Corporation by TT\$0.17 million as at December 31, 2009 and by TT\$27.9 million as at December 31, 2008.

Credit risk

Merchant Bank & Treasury

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. 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. The Corporation's policy is for all existing facilities to be relationship managed and reviewed annually. The Corporation's policy is for the credit portfolio to be routinely monitored for compliance with approved policies, limits and acceptable risk parameters. Instruments past due but not impaired at the 2009 and 2008 year ends were as follows:

| | 2009 \$'000 | 2008 \$'000 |
|------------------------|-----------------------|-----------------------|
| Past due up to 30 days | 7,164 | 99 |
| Past due 30-90 days | 157,493 | 156 |
| Past due 90-180 days | 361,447 | 27 |
| Past due over 180 days | <u>65,865</u> | <u>121,445</u> |
| Total | <u>591,969</u> | <u>121,727</u> |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

A remedial management process is in place to manage more closely past due accounts with a view to recovery via realization of collateral or restructure where feasible. These accounts are individually reviewed and reported on to the Risk and Governance and Merchant Banking Board committees.

The Treasury's holdings of debt instruments apart from inter-company transactions are minimal and do not give rise to material credit risks.

Mutual Funds - Registered as local unit trust schemes

The Mutual 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 realizable collateral that enhances the potential recovery value on the debt instrument.

Default risk is managed at the outset by subjecting all issuers/ counterparties to a robust credit risk assessment process that results in the assignment of a credit score or rating. The credit score then maps to an exposure limit for each issuer/counterparty. It is the Corporation's policy that a credit rating review of each issuer/counterparty be performed on at least an annual basis. Based on the outcome of this review, the initial exposure limit may be increased, decreased or maintained.

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 rated CCC equivalent and below by international agencies or have an internally determined score consistent with such a rating or that are past due or otherwise distressed or that are exposed to considerable short-term economic/industry/project risk are all deemed low credit quality. All other issuers/counterparties are considered to be of moderate credit quality. The internal credit quality is mapped to comparable external rating grades as per the following table:

| Agency | High | | | | | | | | | Moderate | | | | | | Low | |
|-----------------|------|-----|-----|-----|----|----|----|------|------|----------|-----|-----|-----|----|----|-----|----------------|
| S&P | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC+ and below |
| Moody's | Aaa | Aa1 | Aa2 | Aa3 | A1 | A2 | A3 | Baa1 | Baa2 | Baa3 | Ba1 | Ba2 | Ba3 | B1 | B2 | B3 | Caa1 and below |
| Fitch | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC and below |
| CariCris | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | C+ and below |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

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

| | High \$'000 | Moderate \$'000 | Low \$'000 |
|----------------------------------|--------------------------|-------------------------|-----------------------|
| At December 31, 2009 | | | |
| Growth & Income Fund | | | |
| Cash & Cash Equivalents | 274,665 | - | - |
| Debt instruments - traded | - | - | 5,545 |
| Debt instruments – non-traded | <u>359,087</u> | <u>299,294</u> | <u>155,097</u> |
| | <u>633,752</u> | <u>299,294</u> | <u>160,642</u> |
| TTS Income Fund | | | |
| Cash & Cash Equivalents | 2,241,045 | - | - |
| Debt instruments - traded | 91,741 | 41,692 | 42,150 |
| Debt instruments – non-traded | <u>6,758,579</u> | <u>465,218</u> | <u>62,747</u> |
| | <u>9,091,365</u> | <u>558,232</u> | <u>104,897</u> |
| Universal Retirement Fund | | | |
| Cash & Cash Equivalents | 13,353 | - | - |
| Debt instruments - traded | - | - | - |
| Debt instruments – non-traded | <u>44,952</u> | <u>19,651</u> | <u>1,816</u> |
| | <u>58,305</u> | <u>19,651</u> | <u>1,816</u> |
| US\$ Income Fund | | | |
| Cash & Cash Equivalents | 591,611 | - | - |
| Debt instruments - traded | 544,775 | 192,838 | 85,196 |
| Debt instruments – non-traded | <u>2,343,030</u> | <u>637,487</u> | <u>435,495</u> |
| | <u>3,479,416</u> | <u>830,325</u> | <u>520,691</u> |
| Total | <u>13,262,838</u> | <u>1,707,502</u> | <u>788,046</u> |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

| | High | Moderate | Low |
|----------------------------------|--------------------------|-------------------------|-------------------------|
| | \$'000 | \$'000 | \$'000 |
| At December 31, 2008 | | | |
| Growth & Income Fund | | | |
| Cash & Cash Equivalents | 134,992 | - | - |
| Debt instruments – traded | - | - | 9,384 |
| Debt instruments – non-traded | <u>997,997</u> | <u>418,826</u> | <u>23,568</u> |
| | <u>1,132,989</u> | <u>418,826</u> | <u>32,952</u> |
| TT\$ Income Fund | | | |
| Cash & Cash Equivalents | 370,236 | - | - |
| Debt instruments – traded | 21,346 | 19,884 | 89,114 |
| Debt instruments – non-traded | <u>6,264,027</u> | <u>618,128</u> | <u>589,585</u> |
| | <u>6,655,609</u> | <u>638,012</u> | <u>678,699</u> |
| Universal Retirement Fund | | | |
| Cash & Cash Equivalents | 4,749 | - | - |
| Debt instruments – traded | - | - | - |
| Debt instruments – non-traded | <u>46,661</u> | <u>18,115</u> | <u>-</u> |
| | <u>51,589</u> | <u>18,115</u> | <u>-</u> |
| US\$ Income Fund | | | |
| Cash & Cash Equivalents | 387,031 | - | - |
| Debt instruments – traded | 309,477 | 177,247 | 78,835 |
| Debt instruments – non-traded | <u>2,609,338</u> | <u>738,033</u> | <u>338,259</u> |
| | <u>3,305,846</u> | <u>915,280</u> | <u>417,094</u> |
| Total | <u>11,146,033</u> | <u>2,020,131</u> | <u>1,253,786</u> |

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

| | 2009 | 2008 |
|-----------------------------|--------------------------|--------------------------|
| | \$'000 | \$'000 |
| Cash & Cash Equivalents | 495,712 | 847,552 |
| Debt instruments-traded | 675,336 | 814,001 |
| Debt instruments-non-traded | <u>12,049,461</u> | <u>11,977,089</u> |
| Total | <u>13,220,509</u> | <u>13,638,642</u> |

As at the financial year-end, a single instrument in the US\$ Income Fund with an approximate carrying value of \$7.7 million was identified as being past due. Although the issuer was in arrears for over two months as at the 2009 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.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

The corresponding credit quality of the Mutual Funds registered as overseas subsidiary companies is presented below for December 31, 2009 and December 31, 2008:

| | High | Moderate | Low |
|-----------------------------------|---------------|-----------------|---------------|
| | \$'000 | \$'000 | \$'000 |
| As at December 31, 2009 | | | |
| Corporate debt Securities | | | |
| UTC Energy Fund | 3,773 | 3,968 | 2,728 |
| UTC Global Bond Fund | 2,040 | 519 | 2,460 |
| UTC European Fund | 620 | 260 | - |
| UTC Asia Pacific Fund | 1,286 | - | 622 |
| UTC Latin American Fund | 482 | 260 | 627 |
| UTC North American Fund | 70,149 | - | 701 |
| Treasury bills | | | |
| UTC Energy Fund | - | - | - |
| UTC Global Bond Fund | - | - | 746 |
| UTC European Fund | - | - | - |
| UTC Asia Pacific Fund | - | - | - |
| UTC Latin American Fund | - | - | - |
| UTC North American Fund | 5,430 | - | - |
| Interest income receivable | | | |
| UTC Energy Fund | 195 | - | - |
| UTC Global Bond Fund | 38 | - | - |
| UTC European Fund | 2 | - | - |
| UTC Asia Pacific Fund | 24 | - | - |
| UTC Latin American Fund | 20 | - | - |
| UTC North American Fund | | | |
| Other assets | | | |
| UTC Energy Fund | 49 | - | - |
| UTC Global Bond Fund | 12 | - | - |
| UTC European Fund | - | - | - |
| UTC Asia Pacific Fund | - | - | - |
| UTC Latin American Fund | - | - | - |
| UTC North American Fund | | | |
| Cash | | | |
| UTC Energy Fund | 6,058 | - | - |
| UTC Global Bond Fund | 2,368 | - | - |
| UTC European Fund | 2,623 | - | - |
| UTC Asia Pacific Fund | 3,741 | - | - |
| UTC Latin American Fund | 2,555 | - | - |
| UTC North American Fund | - | - | - |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

| | High \$'000 | Moderate \$'000 | Low \$'000 |
|-----------------------------------|----------------|--------------------|---------------|
| As at December 31, 2008 | | | |
| Corporate debt Securities | | | |
| UTC Energy Fund | 2,929 | 5,696 | - |
| UTC Global Bond Fund | 586 | 3,414 | 370 |
| UTC European Fund | - | 280 | - |
| UTC Asia Pacific Fund | - | 1,104 | - |
| UTC Latin American Fund | - | 1,135 | 155 |
| UTC North American Fund | - | - | - |
| Treasury bills | | | |
| UTC Energy Fund | 2,144 | 3,453 | - |
| UTC Global Bond Fund | 2,665 | 870 | - |
| UTC European Fund | 1290 | - | - |
| UTC Asia Pacific Fund | 1290 | - | - |
| UTC Latin American Fund | 1290 | - | - |
| UTC North American Fund | - | - | - |
| Interest income receivable | | | |
| UTC Energy Fund | 322 | - | - |
| UTC Global Bond Fund | 109 | - | - |
| UTC European Fund | 3 | - | - |
| UTC Asia Pacific Fund | 8 | - | - |
| UTC Latin American Fund | 27 | - | - |
| UTC North American Fund | - | - | - |
| Other assets | | | |
| UTC Energy Fund | 14 | - | - |
| UTC Global Bond Fund | 70 | - | - |
| UTC European Fund | - | - | - |
| UTC Asia Pacific Fund | - | - | - |
| UTC Latin American Fund | - | - | - |
| UTC North American Fund | - | - | - |
| Cash | | | |
| UTC Energy Fund | 6,292 | - | - |
| UTC Global Bond Fund | 827 | - | - |
| UTC European Fund | 2,588 | - | - |
| UTC Asia Pacific Fund | 6,580 | - | - |
| UTC Latin American Fund | 3,222 | - | - |
| UTC North American Fund | - | - | - |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

The Funds' maximum exposure to credit risk as at December 31, 2009 and December 31, 2008 were as follows:

December 31, 2009

| | UTC Energy Fund \$'000 | UTC Asia-Pacific Fund \$'000 | UTC European Fund \$'000 | UTC Latin American Fund \$'000 | UTC Global Bond Fund \$'000 |
|---------------------------|------------------------------|------------------------------------|--------------------------------|--------------------------------------|-----------------------------------|
| Corporate debt securities | 10,469 | 2,269 | 880 | 1,586 | 5,580 |
| Treasury bills | - | - | - | - | 746 |
| Other assets | 244 | 24 | 15 | 20 | 50 |
| Cash | 6,058 | 3,741 | 2,623 | 2,555 | 2,368 |
| Total | 16,771 | 6,034 | 3,518 | 4,161 | 8,744 |

December 31, 2008

| | UTC Energy Fund \$'000 | UTC Asia-Pacific Fund \$'000 | UTC European Fund \$'000 | UTC Latin America Fund \$'000 | UTC Global Bond Fund \$'000 |
|---------------------------|------------------------------|------------------------------------|--------------------------------|-------------------------------------|-----------------------------------|
| Corporate debt securities | 8,498 | 1,104 | 280 | 1,291 | 4,370 |
| Treasury bills | 5,602 | 1,290 | 1,290 | 1,290 | 3,536 |
| Other assets | 335 | 8 | 3 | 27 | 178 |
| Cash | 6,292 | 6,580 | 2,588 | 3,222 | 827 |
| Total | 20,727 | 8,982 | 4,161 | 5,830 | 8,911 |

The maximum exposure to credit risk for the North American Fund stood at \$76,279,215 as at December 31, 2009 comprising \$70,849,295 in corporate debt securities and \$5,429,919 in Treasury bills. This compares with a maximum exposure of \$140,473,938 as at December 31 2008, comprising corporate debt securities only.

No instruments were deemed past due for these Funds as at December 31, 2009 and as December 31, 2008.

Impaired assets

Impairment provisions are recognized for financial reporting only for losses that have been incurred at the balance sheet date based on objective evidence of impairment.

The Corporation's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

reconfirmation of its enforceability) and the anticipated receipts for that individual account. An asset is considered impaired where there is no longer reasonable assurance of collection within the contractually established timeframe and the full amount of principal and interest due to deterioration in the credit quality of the counterparty or any other factor which may affect contractual performance. In other words, an asset is impaired if its estimated recoverable amount is less than its carrying amount.

Merchant Bank & Treasury

The impairment charge for the year ended December 31, 2009 is TT\$79.77 million against the corporation's assets held by the Merchant Bank. No impairment charge was required for the assets held by Treasury.

Mutual Funds - Registered as local unit trust schemes

With regard to these Mutual Funds, as at December 31, 2009 two instruments were accounted for as impaired assets across the following Funds in the amounts detailed below:

| | |
|---------------------------|------------------|
| Growth and Income Fund | \$105.25 million |
| TT Dollar Income Fund | \$0.79 million |
| Universal Retirement Fund | \$1.81 million |
| US Dollar Income Fund | \$4.79 million |

Mutual Funds - Registered as overseas subsidiary companies

With regard to these Mutual Funds, the impairment losses recorded for the year ended December 31, 2009 were as follows:

| | |
|-------------------------|----------------|
| UTC Asia Pacific Fund | \$0.06 million |
| UTC Latin American Fund | \$0.04 million |
| UTC Global Bond Fund | \$0.08 million |
| UTC Energy Fund | \$0.73 million |

Concentration risk

Mutual Funds – Registered as local unit trust schemes

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, 2009 there were no exposures to any single entity or group of related entities exceeding 10% of the Funds' combined net assets.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) FINANCIAL RISK MANAGEMENT (continued)

Mutual Funds – Registered as overseas subsidiary companies

The mutual fund products issued by overseas subsidiary companies contain significant geographic, industry sector and/or asset class concentrations in compliance with regulatory prescriptions on fund nomenclature. In general, concentrations higher than 80% are usual in these Funds. As such there is significant concentration risk in the Fund portfolios.

Merchant Bank & Treasury

In the Merchant Bank, concentrations of credit risk are managed and controlled wherever they are identified, in particular, to individual counterparties and groups, and to industries and countries. As at December 31, 2009, the Merchant Banking portfolio was exposed to significant concentration in the real estate sector. With respect to individual counterparties and group concentration, there was significant exposure to one borrower group. Concentration is considered significant if the exposure to the borrower group is more than 25% of the Merchant Banking total asset portfolio.

The total exposure of the Corporation to the CL Financial Group is \$2.18 billion. The mutual funds collectively account for \$0.94 billion, of which \$0.45 billion is fully secured. The remaining \$0.49 billion represents holdings in a publicly listed bank that is a member of the Group disaggregated by asset class as follows:

Quoted equity (ordinary shares) – \$0.23 billion
Fixed rate bonds (senior unsecured) – \$0.26 billion

The Corporation's Merchant Bank also holds \$1.24 billion in fully secured investments with the CL Financial Group.

Liquidity risk

Merchant Bank & Treasury

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.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

22) 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.

| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 | Over 5 years \$'000 |
|---|-------------------------------|------------------------------------|------------------------|
| At December 31, 2009 | | | |
| Accounts Payable and Short Term liabilities | 49,908 | - | - |
| Other Liabilities | 36,802 | - | - |
| Short Term Financial Instruments | 2,873,962 | - | - |
| Long Term Financial Instruments | - | 26,752 | 259,365 |
| Finance Lease | <u>3,289</u> | <u>22,246</u> | <u>27,512</u> |
| Total | <u>2,963,961</u> | <u>48,998</u> | <u>286,877</u> |

| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 | Over 5 years \$'000 |
|---|-------------------------------|------------------------------------|------------------------|
| At December 31, 2008 | | | |
| 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 | <u>2,983</u> | <u>20,178</u> | <u>32,869</u> |
| Total | <u>3,132,286</u> | <u>163,320</u> | <u>237,885</u> |

Mutual Funds

Units in the Growth & Income Fund, the TT\$ Income Fund and the US\$ Income Fund are redeemable upon demand by investors. This is also true of the mutual fund products issued by the overseas subsidiaries. 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.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

23) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group's financial statements and its financial result are influenced by accounting policies, estimates and management judgment, which necessarily have to be made in the course of preparation of consolidated financial statements. Estimates and judgments are evaluated on a continuous basis, and are based on historical experience and other factors, including expectations with regard to future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the future. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

24) INVESTMENT SECURITIES - GROWTH AND INCOME FUND (FIRST UNIT SCHEME)

| | SHAREHOLDING 2009 (STOCK UNITS) | MARKET VALUE 2009 \$ | MARKET VALUE 2008 \$ |
|--|---------------------------------------|----------------------------|----------------------------|
| FINANCIAL INSTITUTIONS | | | |
| Scotiabank Trinidad & Tobago Limited | 6,337,859 | 194,889,164 | 167,953,264 |
| Republic Bank Limited | - | - | 263,432,276 |
| ANSA Merchant Bank Limited | 1,798,833 | 53,964,990 | 53,964,990 |
| First Caribbean International Bank Limited | 6,943,139 | 45,130,404 | 67,267,583 |
| National Commercial Bank of Jamaica | 18,250,000 | 18,980,000 | 14,600,000 |
| Sagicor Financial Corporation | 8,687,579 | 102,079,053 | 95,563,369 |
| Bank of Nova Scotia - Jamaica | 11,750,000 | 15,582,850 | 15,748,466 |
| MANUFACTURING | | | |
| Unilever Caribbean Limited | 1,128,770 | 18,906,898 | 22,552,825 |
| The West Indian Tobacco Company Limited | - | - | 27,327,065 |
| Trinidad Cement Limited | 9,905,572 | 38,136,452 | 39,622,288 |
| National Flour Mills Limited | - | - | 4,659,619 |
| CONGLOMERATES | | | |
| ANSA Mc Al Limited | 5,463,064 | 234,911,752 | 273,153,200 |
| Neal & Massy Holdings Limited | 5,181,532 | 233,168,940 | 354,569,094 |
| Grace Kennedy & Company Limited | 2,358,000 | 7,074,000 | 9,549,900 |
| NON-BANKING FINANCIAL INSTITUTIONS | | | |
| American Life and General Insurance Company (Trinidad and Tobago) Limited | 462,416 | 2,427,684 | 2,427,684 |
| Guardian Holdings Limited | 5,761,731 | 81,298,024 | 103,711,158 |
| National Enterprises Limited | 4,762,640 | 39,291,780 | 60,162,300 |
| Savinvest Mutual Fund | 278,698 | 17,279,279 | 19,508,762 |
| ENERGY AND ENERGY RELATED INDUSTRIES | | | |
| Eastern Caribbean Gas Pipeline | 1,288,666 | 8,010,798 | 7,628,810 |
| PROPERTY | | | |
| Point Lisas Industrial Port Development Corporation Limited | 2,966,876 | 17,207,881 | 26,672,215 |
| Market Value TT\$ Equity | 93,325,375 | 1,128,339,949 | 1,630,074,868 |
| Market Value US\$ Equity | 50,508,365 | 820,933,100 | 356,070,758 |
| MARKET VALUE OF EQUITIES | 143,833,740 | 1,949,273,049 | 1,986,145,626 |
| TOTAL DEBT SECURITIES | | 899,881,668 | 1,109,997,007 |
| | | 2,849,154,717 | 3,096,142,633 |
| SHORT TERM INVESTMENTS | | - | 237,179,339 |
| TOTAL VALUE OF INVESTMENT SECURITIES | | 2,849,154,717 | 3,333,321,972 |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

24) INVESTMENT SECURITIES – GROWTH AND INCOME FUND (FIRST UNIT SCHEME) (continued)

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

| | 2009 | 2008 |
|-------------------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Held to Maturity Financial Assets | 893,917,462 | 1,246,154,915 |
| Available for Sale Financial Assets | <u>1,955,237,255</u> | <u>2,087,167,057</u> |
| Total | <u>2,849,154,717</u> | <u>3,333,321,972</u> |

25) INVESTMENT SECURITIES -TT\$ INCOME FUND

Securities at market value:

| | 2009 | 2008 |
|------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Government Securities | 2,291,403,886 | 2,007,766,831 |
| Corporate Securities | 1,443,044,698 | 945,925,226 |
| Short Term Investments | <u>4,370,323,107</u> | <u>4,648,389,561</u> |
| Total | <u>8,104,771,691</u> | <u>7,602,081,618</u> |

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

| | 2009 | 2008 |
|-------------------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Held to Maturity Financial Assets | 7,381,109,060 | 7,146,643,338 |
| Available for Sale Financial Assets | <u>723,662,631</u> | <u>455,438,280</u> |
| Total | <u>8,104,771,691</u> | <u>7,602,081,618</u> |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

26) INVESTMENT SECURITIES – UNIVERSAL RETIREMENT FUND

| | SHAREHOLDING 2009 (STOCK UNITS) | MARKET VALUE 2009 \$ | MARKET VALUE 2008 \$ |
|---|---------------------------------------|----------------------------|----------------------------|
| FINANCIAL INSTITUTIONS | | | |
| ANSA Merchant Bank Limited | 330,611 | 9,918,330 | 11,051,160 |
| First Caribbean International Bank Limited | 131,826 | 856,869 | 1,594,193 |
| National Commercial Bank – Jamaica | 1,200,000 | 1,248,000 | 960,000 |
| Republic Bank Limited | - | - | 1,945,062 |
| Scotiabank Trinidad & Tobago Limited | 114,466 | 3,519,814 | 383,336 |
| MANUFACTURING | | | |
| National Flour Mills Limited | - | - | 66,714 |
| Readymix (West Indies) Limited | 36,780 | 1,153,053 | 1,162,248 |
| The West Indian Tobacco Company Limited | 68,288 | 2,211,848 | 3,457,190 |
| Trinidad Cement Limited | 350,960 | 1,351,196 | 1,403,840 |
| Unilever Caribbean Limited | 20,975 | 351,331 | 419,081 |
| CONGLOMERATES | | | |
| ANSA Mc Al Limited | 170,028 | 7,311,204 | 9,372,700 |
| Grace Kennedy & Company Limited | 549,867 | 1,649,601 | 1,980,531 |
| Neal & Massy Holdings Limited | 207,698 | 9,346,410 | 11,156,954 |
| NON-BANKING FINANCIAL INSTITUTIONS | | | |
| Guardian Holdings Limited | 398,313 | 5,620,196 | 4,537,350 |
| National Enterprises Limited | 348,417 | 2,874,440 | 2,910,600 |
| Sagicor Financial Corporation | 512,263 | 6,019,090 | 4,972,000 |
| PROPERTY | | | |
| Point Lisas Industrial Port Development Corporation Limited | 343,014 | 1,989,481 | 3,083,696 |
| Market Value TT\$ Equity | 4,783,506 | 55,420,863 | 60,456,655 |
| UTC North American Fund | 1,007 | 60,517 | 51,522 |
| Market Value US\$ Equity | 2,204,076 | 15,820,578 | 8,636,134 |
| MARKET VALUE OF EQUITIES | 6,988,588 | 71,301,958 | 69,144,311 |
| TOTAL DEBT SECURITIES | | 64,602,561 | 63,775,766 |
| | | 135,904,519 | 132,920,077 |
| SHORT TERM INVESTMENT | | - | 1,000,000 |
| TOTAL VALUE OF INVESTMENT SECURITIES | | 135,904,519 | 133,920,077 |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

26) INVESTMENT SECURITIES – UNIVERSAL RETIREMENT FUND (continued)

The Portfolio of the Universal Retirement Fund is represented by:

| | 2009 | 2008 |
|-------------------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| Held to Maturity Financial Assets | 64,602,560 | 63,152,551 |
| Available for Sale Financial Assets | <u>71,301,959</u> | <u>70,767,526</u> |
| Total | <u>135,904,519</u> | <u>133,920,077</u> |

27) INVESTMENT SECURITIES - US\$ INCOME FUND

Securities at market value:

| | 2009 | 2008 |
|---------------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Government Securities | 342,606,370 | 296,276,442 |
| Corporate Securities | 1,205,294,980 | 927,492,010 |
| Cash and Short Term Investments | <u>2,690,919,733</u> | <u>2,384,391,472</u> |
| Total | <u>4,238,821,083</u> | <u>3,608,159,924</u> |

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

| | 2009 | 2008 |
|-------------------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Held to Maturity Financial Assets | 3,416,011,837 | 3,072,757,341 |
| Available for Sale Financial Assets | <u>822,809,246</u> | <u>535,402,583</u> |
| Total | <u>4,238,821,083</u> | <u>3,608,159,924</u> |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

28) 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 | % Interest | Date of Incorporation |
|--------------------------------|------------|-----------------------|
| UTC Financial Services Limited | 100% | March 23, 1999 |
| UTC Trust Services Limited | 100% | June 2, 1999 |
| UTC Property Holdings Limited | 100% | June 18, 2002 |

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 currently owns buildings constructed for rental to the Corporation to house its customer service centers.

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 and, given its current majority holding in UTC North American Fund Inc., now has six (6) foreign subsidiaries consolidated in these financial statements. These are:

| Company | % Interest | Date of Incorporation | Country of Incorporation |
|---|---|-----------------------|--------------------------|
| UTC Fund Services, Inc. | 100% | December 8, 1997 | Delaware, USA |
| UTC Financial Services USA, Inc. | 100% | June 8, 1999 | Rhode Island, USA |
| Unit Trust Corporation (Belize) Limited | 90% | August 24, 2001 | Belize |
| Unit Trust Corporation (Cayman) SPC Limited | 100% voting shares 42% segregated portfolio shares | July 31, 2006 | Cayman Islands |
| UTC Energy Investment Limited | 90% | May 31, 2007 | Delaware, USA |
| UTC North American Fund Inc. | 72% | October 24, 1990 | Maryland, USA |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

28) INVESTMENT IN SUBSIDIARIES (continued)

During 2008, the names of subsidiaries were changed as follows:

| Previous name | New name | Effective date |
|---------------------------------------|---|-----------------------|
| 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 |
| Chaconia Growth and Income Fund | UTC North American Fund, Inc. | January 31, 2008 |

The auditors of these foreign subsidiaries are as follows:

| Company | Auditors |
|---|--|
| 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 |
| UTC North American Fund, Inc. | PricewaterhouseCoopers, Milwaukee |

b) Foreign Subsidiaries

The UTC Energy Investment Limited is not a publicly traded entity and is not subject to any regulatory reporting, therefore, it does not require an audit opinion.

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, 2009, the Trinidad and Tobago Unit Trust Corporation held one voting share at a value of \$621.63 (2008: \$623.55).

The segregated portfolio shares are held by various investors, including the Trinidad and Tobago Unit Trust Corporation, 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 Trinidad and Tobago Unit Trust Corporation invested seed capital of \$25 million across the five mutual funds, currently representing 42% ownership of the segregated portfolio shares. Prior to 2009, the net assets of this Company were not consolidated in these financial statements, resulting in a restatement of the 2008 financial statements.

UTC Energy Investment Limited was incorporated in 2007 under the Laws of Delaware, USA. In addition to the 90% of capital held by the Corporation, the Growth and Income Fund and the UTC Energy Fund, a subsidiary fund, hold the additional 10% of this company. Since the assets of these investment funds are reflected in these consolidated accounts, all of the assets of this subsidiary are reported on the consolidated statement of financial position.

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

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

28) INVESTMENT IN SUBSIDIARIES (continued)

b) Foreign Subsidiaries

The UTC North American Fund Inc. (formerly Chaconia Income and Growth Fund Inc.) is registered as an open-end, diversified, management investment company under the Investment Act of 1940 of the United States of America, as amended. In December 2008, the Corporation acquired majority shareholding in the UTC North American Fund, Inc. when its shareholding grew to 70% of the outstanding shares of this Fund. The net assets of this Company are consolidated in these financial statements with the appropriate restatement of the comparative year.

29) SEGMENT INFORMATION

The Group has reported three (3) business segments:

- a) Merchant Banking – includes loan syndication, provision of short term and long term financing, floating and underwriting of bonds and consultancy.
- b) Mutual Funds Services – includes asset management and administration of investment funds.
- c) Treasury operations – has responsibility for areas of the Corporation such as investment of surplus funds, cash flow management and Bureau de Change business.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

29) SEGMENT INFORMATION (continued)

| | 2009 | | | | Group |
|-----------------------------|---------------------|-------------|-------------------------|----------|--------------|
| | \$'000 | | | | |
| | Merchant Banking | Treasury | Mutual Fund Services | Other | |
| Gross external revenues | 273,658 | 22,080 | 250,110 | 30,576 | 576,424 |
| Revenue from other segments | - | 137,541 | - | - | 137,541 |
| Total gross revenues | 273,658 | 159,621 | 250,110 | 30,576 | 713,965 |
| Total expenses | (254,515) | (116,651) | (236,122) | (15,799) | (623,087) |
| Net income before tax | 19,143 | 42,970 | 13,988 | 14,777 | 90,878 |
| Taxation | - | - | (381) | (1,609) | (1,990) |
| Net income for the year | 19,143 | 42,970 | 13,607 | 13,168 | 88,888 |
| Segment assets | 3,102,066 | 3,090,152 | 16,057,822 | 419,272 | 22,669,312 |
| Unallocated assets | - | - | - | - | - |
| Total assets | 3,102,066 | 3,090,152 | 16,057,822 | 419,272 | 22,669,312 |
| Segment liabilities | (2,817,988) | (3,027,454) | (16,781,342) | (42,528) | (22,669,312) |
| Unallocated liabilities | - | - | - | - | - |
| Total liabilities | (2,817,988) | (3,027,454) | (16,781,342) | (42,528) | (22,669,312) |
| Other segment items: | | | | | |
| Interest expense | 157,562 | 97,214 | - | - | 254,776 |
| Impairment | 79,774 | - | 904 | - | 80,678 |
| Depreciation | - | - | 16,919 | 1,769 | 18,688 |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

29) SEGMENT INFORMATION (continued)

| | 2008 | | | | Group |
|-----------------------------|---------------------|----------|--------------------------|----------|--------------|
| | \$'000 | | | | |
| | Merchant Banking | Treasury | Mutual Funds Services | Other | |
| Gross external revenues | 252,370 | - | 233,320 | 15,294 | 500,984 |
| Revenue from other segments | - | - | 3,550 | - | 3,550 |
| Total gross revenues | 252,370 | - | 236,870 | 15,294 | 504,534 |
| Total expenses | (149,355) | - | (213,018) | (17,231) | (379,604) |
| Net income before tax | 103,015 | - | 23,852 | (1,937) | 124,930 |
| Taxation | - | - | (346) | (37) | (383) |
| Net income for the year | 103,015 | - | 23,506 | (1,974) | 124,547 |
| Segment assets | 3,696,351 | - | 15,912,836 | 386,075 | 19,995,262 |
| Unallocated assets | - | - | - | - | - |
| Total assets | 3,696,351 | - | 15,912,836 | 386,075 | 19,995,262 |
| Segment liabilities | (3,442,794) | - | (16,506,536) | (45,932) | (19,995,262) |
| Unallocated liabilities | - | - | - | - | - |
| Total liabilities | (3,442,794) | - | (16,506,536) | (45,932) | (19,995,262) |
| Other segment items: | | | | | |
| Interest expense | 132,444 | - | - | - | 132,444 |
| Impairment | - | - | 1,302 | - | 1,302 |
| Depreciation | - | - | 15,419 | 1,752 | 17,170 |

30) 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 2009, the Corporation contributed \$9.78 million (2008: \$7.09 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.

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

31) TAXATION

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

| | 2009 | 2008 |
|---|---------------------|-------------------|
| | \$'000 | \$'000 |
| Net income before taxation | <u>90,878</u> | <u>124,929</u> |
| Corporation tax rate 0% | - | - |
| Corporate tax at 25% for local subsidiaries | 619 | 549 |
| Corporate tax for foreign subsidiaries | 175 | 3 |
| Utilisation of previously unrecognised tax losses | - | (549) |
| Tax losses reversed | 780 | - |
| Business Levy payments | 24 | 22 |
| Green Fund Levy payments | <u>392</u> | <u>357</u> |
| Tax charge | <u><u>1,990</u></u> | <u><u>382</u></u> |

32) DEFERRED TAX

Deferred income taxes are calculated on all temporary differences under the liability method using the current rate of 25%.

Deferred tax assets and liabilities and deferred tax (credit)/charge in the profit and loss account are attributable to the following items:

Deferred income tax assets and liabilities are attributable to the following:

| | 2009 |
|------------------------|-------------------------|
| | \$ |
| Losses carry forward | (3,128,344) |
| Premises and equipment | <u>4,527,306</u> |
| Net deferred liability | <u><u>1,398,962</u></u> |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

33) 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

| | 2009 \$'000 | 2008 \$'000 |
|--------------------------|----------------|----------------|
| Key management personnel | 1,577 | 979 |
| Subsidiaries | <u>72,725</u> | <u>79,125</u> |
| Total | <u>74,302</u> | <u>80,104</u> |

Loans to key management of the Group:

| | | |
|--------------------------------------|--------------|-------------|
| Balance at beginning of year | 979 | 1,209 |
| Loans advanced during year | 1,056 | 254 |
| Loan repayments received during year | (458) | (484) |
| Interest income during year | 50 | 42 |
| Interest received during year | <u>(50)</u> | <u>(42)</u> |
| Balance at end of year | <u>1,577</u> | <u>979</u> |

| | |
|----------------|----------------|
| 2009 \$'000 | 2008 \$'000 |
|----------------|----------------|

Loans: subsidiaries

| | | |
|-------------------------------|----------------|----------------|
| Balance at beginning of year | 79,125 | 85,181 |
| Loan repayments received | <u>(6,400)</u> | <u>(6,056)</u> |
| Balance at end of year | <u>72,725</u> | <u>79,125</u> |

b) Rental of premises from:

| | | |
|--------------------|--------|--------|
| Subsidiary Company | 12,367 | 12,439 |
|--------------------|--------|--------|

c) Administrative services to:

| | | |
|--------------------|-------|-------|
| Subsidiary Company | 3,322 | 3,322 |
|--------------------|-------|-------|

d) Key management compensation:

| | | |
|--|--------|--------|
| Salaries and other short-term benefits | 20,889 | 15,046 |
|--|--------|--------|

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

33) 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. As at December 31, 2009, the Investments Funds held \$2.6 million (2008: \$3.0 million).

34) RESTATEMENTS AND RECLASSIFICATIONS

Adjustments to prior year financial statements have been made to conform to the current year reporting.

The Corporation acquired majority shareholding in UTC North American Fund Inc. in December 2008. The prior period was amended to reflect the line by line consolidation of this subsidiary.

The Unit Trust Corporation (Cayman) SPC Limited is a subsidiary of the Corporation and is now being consolidated in these financial statements.

In accordance with IAS 19, outstanding vacation has been accrued, with restatement to the comparative year. Also, reorganization cost recovery is being reclassified to liabilities from prepayments and other assets in 2008.

The effect of these changes to the 2008 consolidated statement of financial position and consolidated statement of comprehensive income is summarized in the following tables.

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

34) RESTATEMENTS AND RECLASSIFICATIONS (continued)**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – 2008**

| | Consolidated Statement of Financial Position - As previously stated | <u>Adjustments</u> | | | Consolidated Statement of Financial Position - Restated |
|--|---|------------------------------------|-----------------------------|-------------------|---|
| | | UTC North American Fund Inc. | UTC SPC (Cayman) Ltd. | Others | |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| ASSETS | | | | | |
| Investment Funds | 15,574,492 | - | - | - | 15,574,492 |
| Cash and Cash Equivalents | 389,394 | - | 19,563 | - | 408,957 |
| Receivables | 162,163 | 313 | 49 | - | 162,525 |
| Prepayments and Other Assets | 6,798 | 71 | 84 | 860 | 7,813 |
| Investment Securities | 3,564,055 | 61,042 | 10,596 | - | 3,635,693 |
| Property, plant and equipment | 188,448 | - | - | - | 188,448 |
| Intangible assets | <u>17,334</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,334</u> |
| TOTAL ASSETS | <u>19,902,684</u> | <u>61,426</u> | <u>30,292</u> | <u>860</u> | <u>19,995,262</u> |
| LIABILITIES | | | | | |
| Accounts Payable and Short Term Liabilities | 39,200 | 720 | 169 | 2,635 | 42,724 |
| Other Liabilities | 46,433 | - | - | - | 46,433 |
| Short-term Financial Instruments | 3,121,035 | - | - | - | 3,121,035 |
| Current Portion of Finance Lease | 2,983 | - | - | - | 2,983 |
| Long-term Financial Instruments | 270,793 | - | - | - | 270,793 |
| Finance Lease | <u>53,047</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>53,047</u> |
| TOTAL LIABILITIES | 3,533,491 | 720 | 169 | 2,635 | 3,537,015 |
| CAPITAL AND RESERVES | | | | | |
| Initial Capital | 4,766 | - | - | - | 4,766 |
| Unit Capital | <u>15,569,726</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,569,726</u> |
| | 15,574,492 | - | - | - | 15,574,492 |
| Fund Reserves | 84,462 | - | - | - | 84,462 |
| Statutory Reserves | 5,050 | - | - | - | 5,050 |
| Revaluation Reserve | (1,002) | 1,027 | (10,438) | - | (10,413) |
| Retained Income | <u>706,113</u> | <u>(2,724)</u> | <u>(193)</u> | <u>(1,775)</u> | <u>701,421</u> |
| | 794,623 | (1,697) | (10,631) | (1,775) | 780,520 |
| Minority Interest | <u>78</u> | <u>59,773</u> | <u>43,383</u> | <u>-</u> | <u>103,235</u> |
| TOTAL LIABILITIES, CAPITAL AND RESERVES | <u>19,902,684</u> | <u>58,796</u> | <u>32,921</u> | <u>860</u> | <u>19,995,262</u> |

688—Continued

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

34) RESTATEMENTS AND RECLASSIFICATIONS (continued)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME -2008

| | Consolidated Statement of Comprehensive Income - As previously stated | Adjustments | | | Consolidated Statement of Comprehensive Income – Restated |
|--|---|------------------------------------|-----------------------------|----------------|--|
| | | UTC North American Fund Inc. | UTC SPC (Cayman) Ltd. | Others | |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| INCOME | | | | | |
| INVESTMENT INCOME: | | | | | |
| Growth & Income Fund | 457,127 | - | - | - | 457,127 |
| TT\$ Income Fund | 577,758 | - | - | - | 577,758 |
| Universal Retirement Fund | 14,373 | - | - | - | 14,373 |
| US\$ Income Fund | 234,233 | - | - | - | 234,233 |
| Net Investment Income - Group Operations | 129,324 | 2,269 | 2,950 | - | 134,543 |
| Initial Charge | 11,455 | - | - | - | 11,455 |
| Other Income | 11,146 | (3,804) | (1,812) | - | 5,530 |
| Rental Income | 3,667 | - | - | - | 3,667 |
| TOTAL INCOME | 1,439,082 | (1,535) | 1,138 | - | 1,438,686 |
| EXPENSES | | | | | |
| Commissions | 11,849 | - | - | - | 11,849 |
| Impairment | - | - | 1,302 | - | 1,302 |
| Administrative | 190,329 | 2,660 | 343 | 1,775 | 195,107 |
| Depreciation and amortisation | 17,170 | - | - | - | 17,170 |
| TOTAL EXPENSES | 219,348 | 2,660 | 1,645 | 1,775 | 225,428 |
| NET INCOME BEFORE FINANCE CHARGES | 1,219,734 | (4,195) | (507) | (1,775) | 1,213,258 |
| Finance Charges | (10,441) | - | - | - | (10,441) |
| NET INCOME AFTER FINANCE CHARGES | 1,209,294 | (4,195) | (507) | (1,775) | 1,202,817 |
| Undistributed Income at beginning of year | 21,736 | - | - | - | 21,736 |
| Distributions | (1,029,039) | - | - | - | (1,029,039) |
| Transfer from Investment Funds to Reserves | (26,293) | - | - | - | (26,293) |
| Income Capitalized | (11,149) | - | - | - | (11,149) |
| Undistributed Income at end of year | (33,143) | - | - | - | (33,143) |
| NET INCOME BEFORE TAXES | 131,406 | (4,195) | (507) | (1,775) | 124,929 |
| Taxation | (382) | - | - | - | (382) |
| NET INCOME AFTER TAXES | 131,024 | (4,195) | (507) | (1,775) | 124,547 |
| Minority Interest | (184) | 1,277 | 313 | - | 1,406 |
| NET INCOME AFTER MINORITY INTEREST | 130,840 | (2,918) | (194) | (1,775) | 125,953 |

Trinidad & Tobago Unit Trust Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

35) COMMITMENTS

At December 31, 2009, the Group has contractual obligations for capital contributions of \$27.3 million over the next eight (8) years (2008 - \$33.8 million).

36) POST-BALANCE SHEET EVENTS

These financial statements were approved by the Board of Directors on March 31, 2010. The Trinidad & Tobago Unit Trust Corporation further represents that, as at March 31, 2010 there were no post-balance sheet events, which have a material bearing on these financial statements.

37) CONTINGENT LIABILITIES

As at December 31, 2009 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.

689

LOSS OF GUARDIAN LIFE OF THE CARIBBEAN
LIMITED POLICIES

SWORN declaration having been made that Policy Number 8000232251 issued by GUARDIAN LIFE OF THE CARIBBEAN LIMITED on the life of HAFIZ MOHAMED has been lost, and having made application to the Company for a duplicate policy, notice is hereby given that unless objection is raised within one month of the undermentioned date, the duplicate policy requested will be issued.

GUARDIAN LIFE OF THE CARIBBEAN
LIMITED

No. 1 Guardian Drive
Westmoorings South-East

25th March, 2010.

690

SWORN declaration having been made that Policy Number DT90092477 issued by GUARDIAN LIFE OF THE CARIBBEAN LIMITED on the life of INDARLAL RAMDIAL has been lost, and having made application to the Company for a duplicate policy, notice is hereby given that unless objection is raised within one month of the undermentioned date, the duplicate policy requested will be issued.

GUARDIAN LIFE OF THE CARIBBEAN
LIMITED

No. 1 Guardian Drive
Westmoorings South-East

25th March, 2010.

691

SWORN declaration having been made that Policy Number 8000325462 issued by GUARDIAN LIFE OF THE CARIBBEAN LIMITED on the life of MARIO MERVYN DARRELL RICHARDS has been lost, and having made application to the Company for a duplicate policy, notice is hereby given that unless objection is raised within one month of the undermentioned date, the duplicate policy requested will be issued.

GUARDIAN LIFE OF THE CARIBBEAN
LIMITED

No. 1 Guardian Drive
Westmoorings South-East

25th March, 2010.

692

SWORN declaration having been made that Policy Number 8000160706 issued by GUARDIAN LIFE OF THE CARIBBEAN LIMITED on the life of JASSODRA LALWAH has been lost, and having made application to the Company for a duplicate policy, notice is hereby given that unless objection is raised within one month of the undermentioned date, the duplicate policy requested will be issued.

GUARDIAN LIFE OF THE CARIBBEAN
LIMITED

No. 1 Guardian Drive
Westmoorings South-East

25th March, 2010.

693

SWORN declaration having been made that Policy Number 5000541065 issued by GUARDIAN LIFE OF THE CARIBBEAN LIMITED on the life of DARRELL PANTIN has been lost, and having made application to the Company for a duplicate policy, notice is hereby given that unless objection is raised within one month of the undermentioned date, the duplicate policy requested will be issued.

GUARDIAN LIFE OF THE CARIBBEAN
LIMITED

No. 1 Guardian Drive
Westmoorings South-East

25th March, 2010.

694

SWORN declaration having been made that Policy Number 5000957377 issued by GUARDIAN LIFE OF THE CARIBBEAN LIMITED on the life of LYNETTE SOOKLAL has been lost, and having made application to the Company for a duplicate policy, notice is hereby given that unless objection is raised within one month of the undermentioned date, the duplicate policy requested will be issued.

GUARDIAN LIFE OF THE CARIBBEAN
LIMITED

No. 1 Guardian Drive
Westmoorings South-East

25th March, 2010.

695

SWORN declaration having been made that Policy Number 8000101351 issued by GUARDIAN LIFE OF THE CARIBBEAN LIMITED on the life of VASHTI ALI has been lost, and having made application to the Company for a duplicate policy, notice is hereby given that unless objection is raised within one month of the undermentioned date, the duplicate policy requested will be issued.

GUARDIAN LIFE OF THE CARIBBEAN
LIMITED

No. 1 Guardian Drive
Westmoorings South-East

25th March, 2010.

696

LOSS OF MEGA INSURANCE COMPANY LIMITED LIFE
POLICY

PURSUANT to section 163 of the Insurance Act, 1980, notice is hereby given that after one month of this publication, this Company intends to issue to KAELAUTI SALIM a replacement Policy, Number T: 31638 declared as lost/misplaced/stolen.

MEGA INSURANCE COMPANY LIMITED

49, Dundonald Street
Port-of-Spain.