



TRINIDAD AND TOBAGO GAZETTE

(EXTRAORDINARY)

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774



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

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 2005 DECEMBER 31

The accompanying Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2005 December 31 have been audited. The Statements as set out on pages 1 to 38 comprise:

- (i) a Consolidated Balance Sheet as at 2005 December 31, a Consolidated Income and Expenditure Statement, a Consolidated Statement of Changes in Equity and a Consolidated Cash Flow Statement for the year ended 2005 December 31 in respect of the Trinidad and Tobago Unit Trust Corporation;
- (ii) a Balance Sheet as at 2005 December 31 and a Statement of Operations for the year ended 2005 December 31 in respect of the Growth and Income Fund (First Unit Scheme), the Money Market Fund (Second Unit Scheme), the Universal Retirement Fund and the US Dollar Money Market Fund respectively, and
- (iii) Notes to the Consolidated Financial Statements numbered 1 to 32.

2. These Financial Statements are the responsibility of the management of the Trinidad and Tobago Unit Trust Corporation. The Auditor General's responsibility is to audit these Financial Statements in accordance with section 30(1) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03 (the Act) and to report thereon in accordance with section 30 (4) of the said Act.

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

4. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of information in the Financial Statements. It is my view that the audit which was conducted provides a reasonable basis for the comments made at paragraphs 5 to 8 of this Report.



STATUTORY COMPLIANCE

INVESTMENT LIMIT

5.1 Section 13 (3) of the Act 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.”

5.2 It was noted that at 2005 December 31, the Corporation had invested in a company to the extent of 45% of the issued share capital of the company at that date. This investment exceeded the 10% limit stated in section 13 (3) of the Act.

5.3 In this connection, Note 28 to the Consolidated Financial Statements is relevant.

DISCLAIMER

6. The accounts of the subsidiaries listed in Note 27 to the Consolidated Financial Statements have been audited by auditors other than the Auditor General. As a result, while the accounts of these subsidiaries have been consolidated with the accounts of the Corporation, a review of their activities was not undertaken as part of this audit exercise.

OPINION

7. Subject to the comments at paragraphs 5 and 6 above, the Financial Statements as outlined at paragraph one above are in agreement with the records of the Trinidad and Tobago Unit Trust Corporation and present fairly, in all material respects, the state of affairs of the Corporation as at 2005 December 31 and the results of its operations and its cash flows for the year ended 2005 December 31 in accordance with International Financial Reporting Standards.

EMPHASIS OF MATTER **SUBSIDIARY COMPANY**

8. Without further qualifying the above opinion, attention is drawn to Note 27 (1) of the Notes to the Consolidated Financial Statements with reference to the UTC Property Development Company Limited. It was not clear whether the purpose for which this subsidiary was established fell within section 13 (1A) of the Act.

2006 APRIL 28



Sharmar Ottley
SHARMAN OTTLEY
AUDITOR GENERAL

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Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED BALANCE SHEET

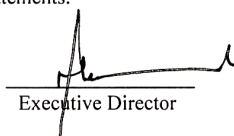
As at December 31, 2005

<u>ASSETS</u>	Notes	2005 \$ '000	2004 \$ '000
Investment Funds	4	15,462,021	13,252,667
Cash and Cash Equivalents		215,112	108,703
Short-term Investments		194,518	100,218
Receivables		80,684	85,738
Prepayments and Other Assets		4,804	10,542
Long-term Investments	5	672,337	547,759
Fixed Assets	6	198,679	173,205
TOTAL ASSETS		16,828,155	14,278,832
<u>LIABILITIES</u>			
CURRENT			
Accounts Payable and Short Term Liabilities		30,235	16,195
Other Liabilities		44,960	33,392
Short-term Financial Instruments	7	507,559	268,939
Current Portion of Long-term Debt	8	2,880	3,986
TOTAL CURRENT LIABILITIES		585,634	322,512
LONG TERM			
Long-term Financial Instruments	7	195,260	180,905
Finance Lease	8	61,190	64,533
TOTAL LIABILITIES		842,084	567,950
<u>CAPITAL AND RESERVES</u>			
Initial Capital	9	4,811	4,811
Unit Capital	10	15,457,210	13,247,856
		15,462,021	13,252,667
Fund Reserves	11	51,894	46,360
Statutory Reserves	12	5,050	5,050
Capital Reserve	13	9,871	58,994
Retained Income		456,875	347,383
		523,690	457,787
Minority Interest		360	428
TOTAL LIABILITIES, CAPITAL AND RESERVES		16,828,155	14,278,832

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



Chairman



Executive Director



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Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT

For the year ended December 31, 2005

	Notes	2005 \$ '000	2004 \$ '000
INCOME			
Investment Income -			
Growth & Income Fund		340,493	275,273
Money Market Fund		387,909	364,726
Universal Retirement Fund		7,737	3,440
US\$ Money Market Fund		208,295	170,350
Net Investment Income - Group Operations	15	22,554	18,106
Initial Charge		57,977	54,672
Other Income		11,339	8,410
Rental Income		2,598	3,405
Total Income		1,038,902	898,382
EXPENSES			
Commissions		20,966	14,624
Impairment	17	5,618	-
Administrative	18	107,018	91,365
Depreciation and amortisation	6	11,255	6,862
Total Expenses		144,857	112,851
Net Income before Finance Charges		894,045	785,531
Finance Charges	20	(11,767)	(12,066)
Net Income after Finance Charges		882,278	773,465
Undistributed Income at start of year		13,791	3,680
Distributions	21	(751,819)	(644,057)
Transfer from Investment Funds to Reserves	11	(3,436)	(2,635)
Income Capitalized		(4,939)	(1,358)
Undistributed Income at end of year		(26,169)	(13,791)
Net Income before Taxation		109,706	115,304
Taxation		(269)	(229)
Net Income after taxation		109,437	115,075
Minority Interest		69	119
Net Income after Minority Interest		109,506	115,194

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

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Trinidad and Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2005

	<i>Fund Reserves</i> <i>\$'000</i>	<i>Statutory Reserves</i> <i>\$'000</i>	<i>Capital Reserve</i> <i>\$'000</i>	<i>Retained Income</i> <i>\$'000</i>	<i>Total</i> <i>\$'000</i>
Balance brought forward as at January 1, 2004	45,826	5,633	54,161	231,861	337,481
Net Gain on "Available for sale" Financial Assets			7,774		7,774
Amortisation of Capital Appreciation on reclassification of Investment from "Available for Sale" to "Held to Maturity"			(3,090)		(3,090)
Disposal of Investments classified as Available for Sale			(404)		(404)
Currency Translation Differences			553		553
Net Income after Minority Interest				115,194	115,194
Transfers to Statutory Reserves		(583)		583	-
Transfers from Investment Funds	2,635				2,635
Transfers to Investment Funds	(3,984)				(3,984)
Interest on Reserve Assets	1,883				1,883
Balance carried forward as at December 31, 2004	46,360	5,050	58,994	347,638	458,042
Prior period adjustment (Note 6)				(255)	(255)
Restated balance carried forward as at December 31, 2004	46,360	5,050	58,994	347,383	457,787
Balance brought forward as at January 1, 2005	46,360	5,050	58,994	347,383	457,787
Net Loss on "Available for sale" Financial Assets			(12,646)		(12,646)
Amortisation of Capital Appreciation on reclassification of Investment from "Available for Sale" to "Held to Maturity"			(36,477)		(36,477)
Currency Translation Differences				(14)	(14)
Net Income after Minority Interest				109,506	109,506
Transfers from Investment Funds	3,435				3,435
Interest on Reserve Assets	2,099				2,099
Balance carried forward as at December 31, 2005	51,894	5,050	9,871	456,875	523,690

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

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Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2005

	2005 \$ '000	2004 \$ '000
OPERATING ACTIVITIES		
Net Income before taxation and Minority Interest	109,706	115,305
<i>Adjustment to reconcile net income to net cash from operating activity:</i>		
Depreciation Expense	11,255	6,862
Decrease/(Increase) in Receivables	5,054	(21,256)
Decrease/(Increase) in Prepayments and Other Assets	5,738	(7,536)
Increase in Accounts Payable	14,040	622
Increase/(Decrease) in Other Liabilities	11,568	(26,649)
Taxation paid	(269)	(229)
Net Cash Inflow from Operating Activities	<u>157,092</u>	<u>67,119</u>
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(37,462)	(31,378)
Increase in Investments	(268,066)	(286,774)
Proceeds from Disposal of Fixed Assets	733	202
Net Cash Outflow from Investing Activities	<u>(304,795)</u>	<u>(317,950)</u>
FINANCING ACTIVITIES		
Finance Lease Repayments	(4,449)	(3,528)
Increase in Short Term Certificates of Interest	238,672	146,694
Increase in Long Term Financial Instruments	14,355	80,063
Allocation to Reserves	5,534	524
Net Cash Inflow from Financing Activities	<u>254,112</u>	<u>223,753</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>106,409</u>	<u>(27,078)</u>
Cash and Cash Equivalents at the beginning of year	108,703	135,781
Cash and Cash Equivalents at the end of year	<u>215,112</u>	<u>108,703</u>

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

Trinidad and Tobago Unit Trust Corporation

**GROWTH AND INCOME FUND
(FIRST UNIT SCHEME)
BALANCE SHEET**

As at December 31, 2005

	Notes	2005 \$' 000	2004 \$' 000
<u>ASSETS</u>			
Investments	23	4,789,034	4,193,781
Cash and Cash Equivalents		192,402	83,725
Income Receivable		32,237	70,398
Total Assets		5,013,673	4,347,904
<u>LIABILITIES</u>			
Distribution Payable		115,304	73,045
Amount Due to Corporation		48,742	42,712
Other Liabilities		39,977	26,865
		204,023	142,622
<u>RESERVES</u>			
Undistributed Income		20,616	11,501
Total Liabilities and Reserves		224,639	154,123
NET ASSETS		4,789,034	4,193,781
CAPITAL ACCOUNT		3,333,888	2,542,287
UNREALISED CAPITAL APPRECIATION		1,455,146	1,651,494
		4,789,034	4,193,781

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

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Trinidad and Tobago Unit Trust Corporation

GROWTH AND INCOME FUND
(FIRST UNIT SCHEME)

STATEMENT OF OPERATIONS

For the year ended December 31, 2005

	Notes	2005 \$ ' 000	2004 \$ ' 000
INVESTMENT INCOME			
Dividends		56,573	48,615
Interest		145,008	98,806
Realised Capital Gains		138,885	127,852
Total Investment Income		340,466	275,273
EXPENSES			
Management Charge	14	97,878	75,992
Impairment	17	5,618	-
Total Expenses		103,496	75,992
NET INVESTMENT INCOME		236,970	199,281
Undistributed Income brought forward		11,501	3,309
		248,471	202,590
DISTRIBUTION EXPENSE:			
Distribution Paid to Initial Contributors 80c per unit (2004 - 85c per unit)		770	818
Distribution Paid to Unitholders 80c per unit (2004 - 85c per unit)		226,086	189,271
Total Distribution	21	226,856	190,089
UNDISTRIBUTED INCOME BEFORE RESERVES		21,616	12,501
Allocation to Guarantee Reserve Fund	11	1,000	1,000
UNDISTRIBUTED INCOME AS AT DECEMBER 31		20,616	11,501

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

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Trinidad & Tobago Unit Trust Corporation

**MONEY MARKET FUND
(SECOND UNIT SCHEME)
BALANCE SHEET**

As at December 31, 2005

	Notes	2005 \$' 000	2004 \$' 000
<u>ASSETS</u>			
Investments	24	6,803,973	5,988,569
Cash & Cash Equivalents		199,194	187,141
Interest Receivable		83,210	84,455
Total Assets		7,086,377	6,260,165
<u>LIABILITIES</u>			
Accruals for Distribution		28,209	21,094
Amount Due to Corporation		5,840	13,544
Other Liabilities		238,454	227,057
		272,503	261,695
Reserves		9,901	9,901
Undistributable Income c/fwd		0	
Total Liabilities and Reserves		282,404	271,596
NET ASSETS		6,803,973	5,988,569
CAPITAL ACCOUNT		6,808,502	5,852,919
UNREALIZED CAPITAL APPRECIATION/(DEPRECIATION)		(4,529)	135,650
		6,803,973	5,988,569

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

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Trinidad & Tobago Unit Trust Corporation

**MONEY MARKET FUND
(SECOND UNIT SCHEME)
STATEMENT OF OPERATIONS**

For the year ended December 31, 2005

	Notes	2005 \$' 000	2004 \$' 000
INVESTMENT INCOME			
Interest Income		387,909	364,726
Total Investment Income		<u>387,909</u>	<u>364,726</u>
EXPENSES			
Management Charge	14	29,387	42,910
Commissions		8,669	7,148
Total Expenses		<u>38,056</u>	<u>50,058</u>
NET INVESTMENT INCOME		349,853	314,668
Distribution Expense	21	320,444	293,174
Accruals for Distribution	21	28,209	21,094
Allocation to Reserve	11	1,200	400
Undistributed Income as at December 31		<u><u>-</u></u>	<u><u>-</u></u>

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

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Trinidad & Tobago Unit Trust Corporation

UNIVERSAL RETIREMENT FUND
BALANCE SHEET

As at December 31, 2005

	Notes	2005 \$' 000	2004 \$' 000
<u>ASSETS</u>			
Long Term Investments		121,486	96,637
Short Term Investments		14,154	-
Interest Receivable		1,279	858
Cash & Cash Equivalents		10,042	15,816
Total Assets		146,961	113,311
<u>LIABILITIES</u>			
Amount Due to Corporation		1,607	2,082
NET ASSETS OF THE FUND	25	145,354	111,229
 CAPITAL ACCOUNT			
		109,844	69,833
UNREALISED CAPITAL APPRECIATION			
		35,510	41,396
		145,354	111,229

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

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Trinidad & Tobago Unit Trust Corporation

UNIVERSAL RETIREMENT FUND
STATEMENT OF OPEARTIONS

For the year ended December 31, 2005

	Notes	2005 \$' 000	2004 \$' 000
INVESTMENT INCOME			
Dividends		1,701	1,471
Interest		4,373	1,853
Realised Capital Gains		1,555	116
Miscellaneous Income		108	-
Total Investment Income		7,737	3,440
EXPENSES			
Management Charge	14	2,798	2,082
Total Expenses		2,798	2,082
NET INCOME FOR CAPITALIZATION		4,939	1,358

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

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Trinidad & Tobago Unit Trust Corporation

US DOLLAR MONEY MARKET FUND
BALANCE SHEET

As at December 31, 2005

	Note	2005 TTDS' 000	2004 TTDS' 000
<u>ASSETS</u>			
Investments	26	3,723,660	2,959,087
Interest Receivable		70,613	72,519
Cash & Cash Equivalents		1,392	139,590
Total Assets		3,795,665	3,171,196
<u>LIABILITIES</u>			
Amount Due to Corporation		9,234	12,007
Distribution Payable		48,218	37,787
Other Liabilities		9,026	160,024
		66,478	209,818
<u>RESERVES</u>			
Undistributed Income		5,527	2,291
Total Liabilities and Reserves		72,005	212,109
NET ASSETS		3,723,660	2,959,087
CAPITAL ACCOUNT		3,733,321	2,971,514
UNREALIZED CAPITAL DEPRECIATION		(9,661)	(12,427)
		3,723,660	2,959,087

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

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Trinidad & Tobago Unit Trust Corporation

US DOLLAR MONEY MARKET FUND
STATEMENT OF OPERATIONS

For the year ended December 31, 2005

	Note	2005 <u>TTDS' 000</u>	2004 <u>TTDS' 000</u>
INVESTMENT INCOME			
Interest Income		208,294	170,350
Total Investment Income		<u>208,294</u>	<u>170,350</u>
EXPENSES			
Management Charge	14	26,868	26,921
Commissions		644	574
Total Expenses		<u>27,512</u>	<u>27,495</u>
NET INVESTMENT INCOME		180,782	142,855
Undistributed Income at start of year		2,291	371
Distribution Expense	21	176,310	139,700
Allocation to Reserve	11	1,236	1,235
Undistributed Income as at December 31		<u>5,527</u>	<u>2,291</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2005****1) INCORPORATION AND PRINCIPAL ACTIVITIES**

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

In addition to the Trinidad & Tobago Unit Trust Corporation, the Group is comprised of six (6) subsidiary companies, one of which is a property development company as detailed in note 28.

2) SIGNIFICANT ACCOUNTING POLICIES

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

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 & Tobago Act. They have been prepared under the historical cost convention, except as modified in respect of security valuation (see (d) below).

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries drawn up as at December 31, 2005 and include all the assets and liabilities and results of operations of the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

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

c) Investments

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

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

Investments 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.

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

d) Security Valuation

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

The carrying amounts of financial assets and liabilities with a maturity of less than three months are assumed to approximate their nominal amounts. The fair value of unquoted securities is determined using the last traded price which is provided by the issuer.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

e) Repurchase and reverse repurchase agreements

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

The Unit Trust Act permits the Unit Trust to borrow against security and on terms and conditions as may be necessary for the sole purpose of redeeming units. A repurchase agreement may be construed as a borrowing and in the normal course of business, the Corporation does not enter into repurchase agreements. However, as part of its short-term investment activity, it does enter into reverse repurchase agreements. Deterioration in the value of the securities bought under reverse repurchase agreements is materially covered through margin calls comprising cash and/or additional securities.

f) Property, plant and equipment

Property, plant and equipment is 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 repairs and maintenance are charged to the income and expenditure statement during the financial period in which they are incurred.

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profits.

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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	5-15 years
Computer Equipment	3-10 years
Office Equipment	4-15 years
Furniture & Fixtures	7-15 years

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

Contract work in progress comprises costs incurred in the development of the land and construction of buildings thereon and is recorded at certified cost. On completion, the cost is transferred to buildings.

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

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

g) Foreign currency translation

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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.

h) Leases

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

i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and short-term investments with original maturities of three months or less.

j) Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not 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.

k) Revenue recognition

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

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

l) 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 capitalized as allowed under IAS 23 – Borrowing Costs.

m) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income and expenditure statement. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

n) 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, 2005 is \$457 million (2004: \$639 million).

o) Presentation

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

3) TAXATION

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

The Local Subsidiary companies are subject to Corporation Tax and foreign subsidiaries are subject to taxation relevant to the country in which the companies are domiciled. Taxes paid/payable by the Group are as follows:

	2005 \$'000	2004 \$'000
Net income before taxation	109,742	115,305
Corporation tax rate 0%	-	-
Effective difference in tax at 30% of local subsidiary	62	(75)
Previously unrecognised tax losses utilized	(62)	-
Tax losses not recognised	-	75
Effective difference in tax at 42% of foreign subsidiary	3	-
Green Fund Levy payments	266	229
	<u>269</u>	<u>229</u>

4) INVESTMENT FUNDS

	2005 \$'000	2004 \$'000
Growth & Income Fund	4,789,034	4,193,781
TT\$ Money Market Fund	6,803,973	5,988,569
Universal Retirement Fund	145,354	111,229
US\$ Money Market Fund	3,723,660	2,959,088
Total	<u>15,462,021</u>	<u>13,252,667</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2005

5) LONG TERM INVESTMENTS

	2005	2004
	\$'000	\$'000
Held to maturity	101,673	293,591
Available for sale	372,938	235,580
Originated loans	197,726	18,588
Total	<u>672,337</u>	<u>547,759</u>

Long Term Investments mainly represent the Corporation's merchant banking division holdings in local and regional government and corporate securities that will mature in four (4) to sixteen (16) years.

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

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TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

6) PROPERTY, PLANT AND EQUIPMENT

	Land	Contract WIP	Buildings	Office Improvements	Motor Vehicles	Office & Computer Equipment	Furniture & Fixtures	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year Ended December 31, 2005								
Opening Net Book Value	14,315	8,466	108,982	16,071	2,923	13,514	8,934	173,205
Additions	-	5,536	5,195	2,048	628	22,013	2,018	37,438
Transfers	-	(11,046)	11,046	-	-	-	-	-
Transfers	-	5,549	(5,549)	-	-	-	-	-
Disposals	-	-	-	-	(696)	(11)	(2)	(709)
Depreciation / amortisation	(22)	-	(2,363)	(1,640)	(680)	(5,046)	(1,504)	(11,255)
Closing Net Book Value	14,293	8,505	117,311	16,479	2,175	30,470	9,446	198,679
As at December 31, 2005								
Cost	14,570	8,505	127,350	23,088	3,549	46,692	15,019	238,773
Accumulated Depreciation / amortisation	(277)	-	(10,039)	(6,609)	(1,374)	(16,222)	(5,573)	(40,094)
Net Book Value	14,293	8,505	117,311	16,479	2,175	30,470	9,446	198,679
As at December 31, 2004								
Cost	14,570	8,466	116,660	21,040	5,115	24,695	13,018	203,564
Accumulated Depreciation /amortisation	(255)	-	(7,678)	(4,969)	(2,192)	(11,181)	(4,084)	(30,359)
Net Book Value	14,315	8,466	108,982	16,071	2,923	13,514	8,934	173,205

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Land

Land includes leasehold land of \$1.89 million and freehold land of \$12.4 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 20 years to facilitate the construction of its Headquarters Building through a build, own, lease and transfer arrangement described in Note 8 below.

IAS 17 requires the amount paid for the acquisition of the land to be capitalised and amortised over the lease term. However, up to December 31, 2004, leasehold land was carried at historical cost. The correction was done in the current financial year, with a \$0.255 million change to prior period retained earnings. Plant, property and equipment has also been restated.

(b) Freehold Land

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

7) BORROWINGS*a) Short-term financial instruments*

	2005	2004
	\$'000	\$'000
Fixed term borrowings	190,853	174,469
Borrowings at notice	170,236	40,752
Repo borrowings	146,470	53,718
Total	507,559	268,939

These instruments are certificates of interest falling due within one year.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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b) Long-term financial instruments

	Interest Rate	Term	2005 \$'000	2004 \$'000
Guaranteed Investment Certificates	12%-12.5%	16 years	144,814	135,929
Long-term bond	8%	10 years	38,704	36,448
Long-term bond	8%	8.5 years	11,742	8,528
Total			195,260	180,905

The long-term interest bearing bonds represent debt raised by the subsidiary UTC Property Development Limited, for financing the construction of its properties. Borrowing costs capitalized in 2005 amounted to \$0.7 million (2004: \$2.9 million).

8) FINANCE LEASES

	2005 \$'000	2004 \$'000
Lease payments due:		
within 1 year	2,880	3,986
within 1 to 5 years	11,432	9,279
more than 5 years	49,758	55,254
	64,070	68,519

- a) The Corporation entered into a finance lease agreement with London Street Project Company Limited effective from November 19, 1999 through a build, own, lease and transfer arrangement. This agreement is for a term of 20 years, with purchase options at the end of the tenth and fifteenth years.
- b) The Corporation committed to a lease agreement with Republic Finance and Merchant Bank Limited (FINCOR) for the furniture, fittings and equipment at the UTC Financial Centre effective from April 1, 2001. This agreement is for a term of 5 years.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

9) INITIAL CAPITAL

Initial Capital is capital subscribed by the Initial Capital Contributors to the Unit Trust Corporation in accordance with Section 17 of the Act and invested in the Growth and Income Fund. Initial capital at the balance sheet date was \$4.8 million (2004: \$4.8 million).

10) UNIT CAPITAL

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

	2005	2004
	\$'000	\$'000
Growth and Income Fund	4,784,223	4,188,970
TT\$ Money Market Fund	6,803,973	5,988,569
Universal Retirement Fund	145,354	111,229
US\$ Money Market Fund	3,723,660	2,959,088
Total	15,457,210	13,247,856

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2005

11) FUND RESERVES

	2005 \$'000	2004 \$'000
Growth and Income Fund Guarantee Reserve	14,456	12,837
US\$ Money Market Fund Reserve	31,369	28,839
TT\$ Money Market Fund Reserve	6,069	4,684
Total	51,894	46,360

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 (FUS) to ensure adequate funding of the Guarantee Pricing Plan.

In 2005 \$1.0 million (2004 \$1.0 million) was allocated to the Guarantee Reserve from the Income of the Growth and Income Fund.

b) US\$ Money Market Fund Reserve

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

In 2005 TT\$1.236 million (2004: TT\$1.235 million) was allocated to the Special Reserve Fund from the Investment Income of the US\$ MMF.

c) TT\$ Money Market Fund Reserve

In accordance with the provisions of Section 13 of the 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.

In 2005 \$1.2 million (2004: \$0.4 million) was allocated to the \$TT Money Market Fund Reserve from the Investment Income of the Money Market Fund. No calls were made from the TT\$ Money Market Fund in 2005 (2004: \$3.984 million).

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

12) STATUTORY RESERVES

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

13) CAPITAL RESERVE

Capital reserve includes unrealized capital appreciation on available for sale investments of the Merchant Bank portfolio and the exchange differences arising from the translation of foreign subsidiaries.

Long-term investments included in **Note 5** previously classified as “available for sale” were reclassified in 2003 as “held to maturity”. The capital appreciation previously recognised in the accounts is being amortised over the remaining life of these bonds. The unamortised capital appreciation as at December 31, 2005 amounted to \$3.33 million (2004: \$43.187 million). The significant reduction this year resulted from the early call on one of the bonds.

14) MANAGEMENT CHARGE

	2005	2004
	\$'000	\$'000
Growth and Income Fund	97,878	75,992
TT\$ Money Market Fund	29,387	42,910
Universal Retirement Fund	2,798	2,082
US\$ Money Market Fund	26,868	26,921
Total	156,931	147,905

- a) The Corporation, in accordance with the regulations governing the Growth and Income Fund, the TT\$ Money Market Fund, the Universal Retirement Fund and the US\$ Money Market Fund, may charge a management fee of up to two percent (2%) on the value of the funds under management of the respective schemes and funds.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

- b) In accordance with the regulations governing the Belize Money Market Fund the Belize UTC may charge a management fee not exceeding two percent (2%) of the funds under management.

15) NET INVESTMENT INCOME – GROUP OPERATIONS

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

	2005 \$'000	2004 \$'000
Interest and Other Fee Income	66,789	48,970
Interest Expense & Other Charges	<u>(44,235)</u>	<u>(30,864)</u>
Total	<u>22,554</u>	<u>18,106</u>

16) FOREIGN EXCHANGE GAINS/(LOSSES)

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

	2005 \$'000	2004 \$'000
Foreign exchange gains	<u>5,826</u>	<u>4,584</u>

17) IMPAIRMENT

The statement of operations of the Growth and Income Fund has accounted for an impairment loss of \$5.618 million on a loan facility, which was previously reflected at a carrying value of \$12.485 million. During the year the debtor was placed in receivership and the recoverable amount was established as \$6.867 million, based on a write-down of 45%.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

18) ADMINISTRATIVE EXPENSES

Administrative expenses include:

	2005	2004
	\$'000	\$'000
Staff costs (Note 19)	51,701	42,996
Audit Fees	323	271
Directors Fees	713	832

19) STAFF COSTS

	2005	2004
	\$'000	\$'000
Management Compensation	4,774	4,276
Salaries and benefits	45,713	37,815
National Insurance	1,214	905
Total	51,701	42,996
Number of employees	418	346

20) FINANCE CHARGES

	2005	2004
	\$'000	\$'000
Long-term bonds (Note 7 b)	4,001	1,255
Finance lease (Note 8)	7,766	10,811
Total	11,767	12,066

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2005

21) DISTRIBUTIONS

	2005 \$'000	2004 \$'000
Growth and Income Fund	226,856	190,089
TT\$ Money Market Fund	348,653	314,268
US\$ Money Market Fund	176,310	139,700
	<u>751,819</u>	<u>644,057</u>

a) Growth and Income Fund

The Corporation declared its forty-fifth (45th) and forty-sixth (46th) distributions in June 2005 and December 2005 respectively. Included in the above total are distributions to Initial Capital Contributors of \$0.77 million in 2005 (2004: \$0.818 million).

b) TT\$ Money Market Fund

Distributions in the Money Market Fund are made quarterly in February, May, August and November. Income accrued as at December 31, 2005 for distribution in the quarter ended February 2006 amounted to \$28.209 million (2004: \$21.094 million).

c) US\$ Money Market Fund

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

22) FINANCIAL RISK MANAGEMENT

The Funds' investment activities expose them to myriad risks including but not limited to market, credit, liquidity and interest rate risks. Risk is managed using a 'core and core plus' investment strategy for equity-based funds whereas for money market funds the strategy is focused primarily on maintaining an appropriate average life. These strategies are supported by a top-down fundamental research discipline along with asset allocation consistent with economic and financial market conditions, asset selection, market timing, and periodic portfolio rebalancing.

Overall risk management is overseen by the Investment Committee and the Board of Directors.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Market risk

Foreign exchange risk – The Funds which are TT dollar funds, (excluding the US dollar Money Market Fund whose assets and liabilities are denominated in the same currency), are exposed to foreign exchange risk primarily through investments made in currencies other than the domestic currency. The strategy for dealing with foreign exchange risk is to limit the Funds' investments to currencies with historically low levels of volatility relative to the TT dollar. The foreign exchange risk of the portfolios derives mainly from investments in US denominated assets, which comprise the major part of the external assets of these funds.

**Foreign Exchange Risk
as at December 31,
2005**

	Up to one year \$'000	One to five years \$'000	Over five years \$'000	Non-interest bearing \$'000	Total \$'000
Assets					
USD	614,506	168,588	624,724	5,008	1,412,826
TTD	6,640,561	684,503	908,438	2,318,973	10,552,475
Liabilities					
TTD	(226,941)	-	-	-	(226,941)
	7,028,126	853,091	1,533,162	2,323,981	11,738,360

Price risk – The Funds are exposed to price risk from equity as well as traded debt securities. The Corporation manages this risk by holding a diversified portfolio of assets. More specifically, with respect to equities the Corporation manages down-side stock market risk by rebalancing the portfolio. With respect to traded debt securities, risk is managed by the application of various limits in respect of countries, sectors/industries and issuers.

Credit risk

The Funds have no significant concentrations of credit risk. Statutory requirements limit the Corporation's exposures to any given institution to 10% of the assets under management. Further, the Funds minimize this risk by limiting the investments in issuers to principally governments, government agencies, major banks and non-banking financial institutions as well as other high credit quality corporate entities. The financial performance of these issuers as well as that of the Corporation's counterparties and other financial intermediaries is typically assessed on at least an annual basis in order to monitor changes in credit quality.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Liquidity risk

Units in the Corporation's Funds are redeemable upon demand. Consequently, the Funds in general maintain liquidity through appropriate cash, near cash and other short-term investments. With respect to the TT and US Dollar Money Market Funds, liquidity is further ensured through holding a significant portion of the portfolio assets with maturities having an upper limit of 365 days. Given the tradable nature of other instruments within the Funds, liquidity risk is further mitigated.

Interest rate risk

The Corporation's holding of fixed income instruments in its various Funds exposes it to interest rate risk. For the Funds' short-term fixed income holdings, the critical risk is **reinvestment risk**. This risk is managed by appropriate adjustment of the tenors of these instruments. For the Funds' holdings of traded debt securities, **fair value interest rate risk** is managed by limiting portfolio duration in order to moderate the impact of mark-to-market adjustments. For the Funds' holdings of non-traded debt securities, fair value interest rate risk is similarly managed notwithstanding the absence of quoted market prices.

Interest Rate Risk as at December 31, 2005	Up to one year \$'000	One to five years \$'000	Over five years \$'000	Non-interest bearing \$'000	Total \$'000
Assets					
Cash and cash equivalent	967,325	-	-	-	967,325
Money market instruments	7,330,437	-	-	-	7,330,437
Floating rate debt holdings	229,957	69,866	236	-	300,059
Fixed rate debt holdings	1,292,780	1,062,574	2,096,580	-	4,451,934
Equities	-	-	-	2,323,981	2,323,981
Other assets	318,667	-	-	-	318,667
Liabilities					
Current Liabilities	(230,382)	-	-	-	(230,382)
	9,908,784	1,132,440	2,096,816	2,323,981	15,462,021

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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23) INVESTMENTS – GROWTH AND INCOME FUND (FIRST UNIT SCHEME)

EQUITY

	SHAREHOLDING (STOCK UNITS)	MARKET VALUE \$
FINANCIAL INSTITUTIONS		
Scotiabank Trinidad & Tobago Limited	4,191,906	169,772,193
Republic Bank Limited	4,063,166	365,684,940
RBTT Financial Holdings Limited	8,040,284	325,631,502
ANSA Merchant Bank Limited	1,797,471	38,645,627
First Caribbean International Bank Limited	7,235,834	96,400,030
National Commercial Bank of Jamaica	18,250,000	32,850,000
Sagicor Financial Corporation	7,430,504	99,252,446
Bank of Nova Scotia - Jamaica	10,500,000	22,713,075
MANUFACTURING		
Unilever Caribbean Limited	1,128,770	19,505,146
The West Indian Tobacco Company Limited	1,163,738	26,789,249
Trinidad Cement Limited	9,905,572	99,055,720
National Flour Mills Limited	6,584,794	11,720,933
CONGLOMERATES		
ANSA Mc Al Limited	5,463,064	221,254,092
Neal & Massy Holdings Limited	6,804,225	305,849,914
Barbados Shipping & Trading	1,973,330	42,353,190
NON-BANKING FINANCIAL INSTITUTIONS		
American Life and General Insurance Company (Trinidad and Tobago) Limited	462,416	2,080,872
Guardian Holdings Limited	5,001,527	160,448,986
National Enterprises Limited	9,115,500	102,458,220
Savinvest Mutual Fund	500,000	31,749,999
ENERGY AND ENERGY RELATED INDUSTRIES		
Eastern Caribbean Gas Pipeline	292,500	11,610,230
PROPERTY		
Point Lisas Industrial Port Development Corporation Limited	2,966,876	43,019,702
TRADING		
Grace Kennedy & Company Limited	2,358,000	21,269,160
Market Value TT\$ Equity	115,229,477	2,250,115,226
Market Value US\$ Equity		5,007,790
MARKET VALUE OF EQUITIES		2,255,123,016
TOTAL DEBT SECURITIES		792,345,644
		3,047,468,660
CASH & SHORT TERM INVESTMENTS		1,741,565,211
TOTAL VALUE OF PORTFOLIO		4,789,033,872

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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

	\$
Held to Maturity Financial Assets	2,215,082,496
Available for Sale Financial Assets	<u>2,573,951,376</u>
Total	<u>4,789,033,872</u>

24) INVESTMENTS – TT\$ MONEY MARKET FUND (SECOND UNIT SCHEME)

Securities	Market Value
	\$
Government Securities	1,465,944,079
Corporate Securities	789,681,337
Cash and Short Term Investments	<u>4,548,347,711</u>
Total	<u>6,803,973,127</u>

The Portfolio of the Money Market Fund is represented by:

	\$
Held to Maturity Financial Assets	6,617,332,378
Available for Sale Financial Assets	<u>186,640,749</u>
Total	<u>6,803,973,127</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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25) INVESTMENTS - UNIVERSAL RETIREMENT FUND

EQUITY

	SHAREHOLDING (STOCK UNITS)	MARKET VALUE \$
FINANCIAL INSTITUTIONS		
ANSA Merchant Bank Limited	368,372	7,919,998
First Caribbean International Bank Limited	171,788	2,308,831
National Commercial Bank - Jamaica	1,200,000	2,160,000
RBTT Financial Holdings Limited	183,778	7,443,009
Republic Bank Limited	22,617	2,035,530
Scotiabank Trinidad & Tobago Limited	2,977	120,569
MANUFACTURING		
National Flour Mills Limited	95,306	169,645
Readymix (West Indies) Limited	36,780	139,764
The West Indian Tobacco Company Limited	147,226	3,389,143
Trinidad Cement Limited	350,960	3,509,600
Unilever Caribbean Limited	20,975	362,448
CONGLOMERATES		
ANSA Mc Al Limited	152,454	6,174,387
Grace Kennedy & Company Limited	360,020	3,247,380
Neal & Massy Holdings Limited	210,393	9,457,165
NON-BANKING FINANCIAL INSTITUTIONS		
Guardian Holdings Limited	210,075	6,739,206
National Enterprises Limited	441,000	4,956,840
Sagicor Financial Corporation	265,000	3,686,150
PROPERTY		
Point Lisas Industrial Port Development Corporation Limited	343,014	4,973,703
Market Value TT\$ Equity	4,582,735	68,793,367
Chaconia Income and Growth Fund	952	64,727
MARKET VALUE OF EQUITIES	4,583,687	68,858,094
TOTAL DEBT SECURITIES		52,627,920
		121,486,014
CASH AND SHORT TERM INVESTMENTS		23,867,746
TOTAL VALUE OF PORTFOLIO		145,353,760

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION
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The Portfolio of the Universal Retirement Fund is represented by:

	\$
Held to Maturity Financial Assets	76,495,666
Available for Sale Financial Assets	<u>68,858,094</u>
Total	<u><u>145,353,760</u></u>

26) US\$ MONEY MARKET FUND

Securities	Market Value
	\$
Government Securities	496,875,084
Corporate Securities	402,821,060
Cash and Short Term Investments	<u>2,823,964,117</u>
Total	<u><u>3,723,660,261</u></u>

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

	\$
Held to Maturity Financial Assets	3,515,255,502
Available for Sale Financial Assets	<u>208,404,759</u>
Total	<u><u>3,723,660,261</u></u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

27) INVESTMENT IN SUBSIDIARIES

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

1) Local Subsidiaries

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

	2005	2004
	\$'000	\$'000
UTC Financial Services Limited	20,000	20,000
UTC Trust Services Limited	15,000	15,000
UTC Property Development Limited	20,370	19,301
Total	55,370	54,301

The UTC Property Development Limited is a wholly owned subsidiary of the Trinidad and Tobago Unit Trust Corporation (the Corporation) and all the Directors of this company are Directors of the Corporation. UTC Property Development Limited was established as a Property Development Company on June 18, 2002 and it currently owns and constructs buildings for rental to the Corporation for its San Fernando, Chaguanas and Tobago branches.

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

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

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FOR THE YEAR ENDED DECEMBER 31, 2005

2) Foreign Subsidiaries

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

As at December 31, 2005 the Corporation invested US\$1.0 million (2004: US\$1.0 million) in the Belize Unit Trust Corporation, a company incorporated under the Companies Act, Chapter 206, of the Laws of Belize on August 24, 2001 and having its registered office at 77 Central American Boulevard, Belize City. At December 31, 2005 the Corporation's shareholding represented 83% (2004: 83%) of the issued shares of the Belize Unit Trust Corporation. The assets and liabilities and results of the Belize Unit Trust Corporation as at December 31, 2005 have been incorporated into these Financial Statements.

28) STRATEGIC INVESTMENT INITIATIVE

The Income and Growth Fund invested an amount of TT\$11.6 million as at December 31, 2005. This investment is equivalent to 45% of the issued share capital of a company engaged in the development of a natural gas pipeline. The project is estimated to cost US\$550 million comprising 70% debt and 30% equity. At the commencement of the construction phase of the pipeline, the Corporation's equity holding is expected not to exceed 10% of the shares in issue, and would represent 3% of the total securities issued by the company.

29) RETIREMENT BENEFIT PLAN ASSETS

Prior to January 1, 2001 the Unit Trust Corporation Pension Fund Plan (the Plan) had been a defined benefit plan. The Plan received formal approval during 2002 for conversion to a defined contribution plan with effect from January 1, 2001. During the year the Corporation contributed \$4.092 million (2004: \$2.967 million) to the Plan which has been charged against Income.

30) COMMITMENTS

As at December 31, 2005 the group had capital commitments of \$5.65 million (2004: \$12.78 million) for construction projects.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2005****31) POST BALANCE SHEET EVENTS**

These financial statements were authorized by the Board of Directors for issue on April 11, 2006. The Trinidad and Tobago Unit Trust Corporation further represents that as at April 11, 2006, there were no material post balance sheet events which have a bearing on the understanding of the financial statements.

32) CONTINGENT LIABILITIES

As at December 31, 2005 there were two legal proceedings outstanding against the Corporation. No provision has been made in these financial statements for the costs arising from these proceedings.