



SECOND REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE CHAGUARAMAS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30th SEPTEMBER, 2006

The First Report of the Auditor General of the Republic of Trinidad and Tobago on the non-receipt of the Financial Statements of the Chaguaramas Development Authority (the Authority) for the year ended 30th September, 2006 was signed by the Auditor General on 2009 November, 04th and forwarded to the Speaker and the President of the Senate to be laid before the House of Representatives and the Senate respectively and to the Minister of Finance.

2. Section 29(2) of the Chaguaramas Development Authority Act, Chapter 35:02 requires the Auditor General to audit the accounts of the Authority in accordance with the Exchequer and Audit Act. The accompanying Financial Statements comprise a Balance Sheet as at 30th September, 2006 an Income Statement, a Statement of Changes in Equity and a Cash Flow Statement for the year ended 30th September, 2006 and Notes to the Financial Statements numbered 1 to 12.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

3. The management of the Chaguaramas Development Authority is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Accounting 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

4. The Auditor General's responsibility is to express an opinion on these Financial Statements based on conducting the audit in accordance with auditing standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, sufficient appropriate audit evidence was not obtained to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

5. A complete Fixed Assets Register, Development Programme documentation, signed bank reconciliation statements and the other pertinent source documents were not provided for audit. As a result the figures shown for Property Plant and Equipment, Investment Properties, Development Costs, Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables, Revenue, Other Income, Administrative Expenses were not verified. Also, certain Journals presented did not have supporting documentation neither was there evidence of approval.

DISCLAIMER OF OPINION

6. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the Financial Statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7.1 The Chaguaramas Development Authority Act No. 37 of 1972 Section 10 states,

“The Authority shall within a period of three years of its establishment, by rules confirmed by the Minister, provide for the establishment and maintenance of a Pension Scheme for the benefit of the officers and employees of the Authority and officers transferred to it or transferred on secondment.”

7.2 Evidence was not seen that a pension scheme has been established by the Authority.

8. An approval from the Minister of Finance was not produced for the increase of the overdraft facility of \$1.5 Million in accordance with the Chaguaramas Development Authority Act No. 37 of 1972 Section 26(2) which states:

“The Authority may from time to time borrow by way of overdraft or unsecured borrowings for periods not exceeding twelve months such sums as may be required for meeting its obligations and the discharge of its functions under this Act, provided that the Authority shall not exceed any limits of borrowing under this subsection that are imposed from time to time by the Minister of Finance.”

SUBMISSION OF REPORT

9. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance and the Economy in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago

23rd January, 2015



MAJEED ALI
ACTING AUDITOR GENERAL



Chaguaramas Development Authority

Financial Statements

For the year ended 30th September, 2006

Chaguaramas Development Authority

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Chaguaramas Development Authority


Balance Sheet

	Notes	For the year ended September 30th	
		2006 \$' 000	2005 \$' 000
Assets			
Property, plant and equipment	2	261,051	259,060
Investment properties	3	42,597	42,597
Development costs	4	12,140	13,355
Total non-current assets		<u>315,788</u>	<u>315,012</u>
Cash and cash equivalents	5	26,893	13,725
Trade and other receivables	6	12,725	10,803
Total current assets		<u>39,618</u>	<u>24,528</u>
Total assets		<u><u>355,406</u></u>	<u><u>339,540</u></u>
Equity			
Share capital	7	315,935	315,935
Accumulated deficit		(64,434)	(88,322)
Total equity		<u>251,501</u>	<u>227,613</u>
Non- current liabilities			
Government advances		79,138	95,225
Deferred lease rental income	8	15,678	4,705
Borrowings	9	3,240	6,480
Total non-current liabilities		<u>98,056</u>	<u>106,410</u>
Current liabilities			
Borrowings	9	3,240	3,240
Deferred lease rental income	8	627	627
Trade and other payables	10	1,982	1,650
Total current liabilities		<u>5,849</u>	<u>5,517</u>
Total liabilities		<u>103,905</u>	<u>111,927</u>
Total equity and liabilities		<u><u>355,406</u></u>	<u><u>339,540</u></u>



The accounting policies on pages 5 to 7 and the notes on pages 8 to 13 are an integral part of these financial statements.

 Chairman

 Secretary

The Chaguaramas Development Authority

Income Statement

		For the year ended September 30th	
	Notes	2006 \$' 000	2005 \$' 000
Revenue		22,880	19,499
Cost of sales		(3,021)	(2,485)
Gross profit		<u>19,859</u>	<u>17,014</u>
Other income		791	1,570
Administrative expenses		(20,719)	(17,729)
Other operating expenses		(3,166)	(1,478)
Operating loss	11	<u>(3,235)</u>	<u>(623)</u>
Finance income		668	499
Finance costs		(628)	(1,114)
Finance costs (net)		<u>40</u>	<u>(615)</u>
Deficit for the year		<u>(3,195)</u>	<u>(1,238)</u>

The accounting policies on pages 5 to 7 and the notes on pages 8 to 13 are an integral part of these financial statements.

Chaguaramas Development Authority

Statement of changes in equity

	Share capital \$' 000	Accumulated deficit \$' 000	Total \$' 000
Year ended 30 September 2006			
Balance at 1 October 2005 as reported	315,935	(88,322)	227,613
Adjustments		27,083	27,083
Balance at 1 October 2005 as restated	315,935	(61,239)	254,696
Deficit for the year	-	(3,195)	(3,195)
Balance at 30 September 2006	315,935	(64,434)	251,501
Year ended 30 September 2005			
Balance at 1 October 2004 as reported	315,935	(86,857)	229,078
Adjustments		(227)	(227)
Balance at 1 October 2004 as restated	315,935	(87,084)	228,851
Deficit for the year	-	(1,238)	(1,238)
Balance at 30 September 2005	315,935	(88,322)	227,613

The accounting policies on pages 5 to 7 and the notes on pages 8 to 13 are an integral part of these financial statements.

Chaguaramas Development Authority

Cash Flow Statement

	For the year ended September 30th	
Notes	2006 \$' 000	2005 \$' 000
Cash flows from operating activities		
Operating loss	(3,235)	(623)
Interest received	668	499
Interest paid	(628)	(1,114)
	<u>(3,195)</u>	<u>(1,238)</u>
Adjustments for:		
Depreciation	3,009	2,944
Trade and other receivables	(1,922)	(5,049)
Inventories	-	-
Trade and other payables	332	(159)
Deferred lease rental income	10,973	2,373
Prior year adjustments	27,083	(225)
	<u>36,280</u>	<u>(1,354)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,785)	(3,163)
Development costs		(178)
	<u>(3,785)</u>	<u>(3,341)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from government advances	(16,087)	8,307
Proceeds from loan	-	-
Repayment of borrowings	(3,240)	(4,529)
	<u>(19,327)</u>	<u>3,778</u>
Net cash generated from financing activities		
Net (decrease)/increase in cash and cash equivalents	13,168	(917)
Cash and cash equivalents at beginning of year	13,725	14,642
	<u>26,893</u>	<u>13,725</u>
Cash and cash equivalents at end of year		

The accounting policies on pages 5 to 7 and the notes on pages 8 to 13 are an integral part of these financial statements.

Chaguaramas Development Authority

Accounting policies

For the year ended 30 September 2006

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b **Financial instruments**

Financial instruments carried on the Balance Sheet include cash and bank balances, accounts receivable, and accounts payable are stated at their approximate fair values determined in accordance with the policy statements disclosed.

c **Property, plant and equipment**

Property, plant and equipment are stated at historical cost and are depreciated on the reducing balance basis, at rates estimated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Land improvements	-	10%
Buildings	-	2%
Plant and machinery	-	25%
Equipment	-	10% - 33.3%
Furniture and fittings	-	10%
Vehicles	-	25%
Computers and software	-	33.3 %

Profits or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

Land is not depreciated.

d **Investment properties**

Investment properties, principally comprising of freehold land, are held to earn rentals and long term capital appreciation and are not occupied by the Authority. Investment properties are treated as long term investments and are measured using the cost model in accordance with IAS 40.

Chaguaramas Development Authority

Accounting policies (continued) For the year ended 30 September 2006

e **Development costs**

Development costs related to the upkeep of facilities and infrastructure are capitalized and amortized over the period of its useful life as determined by the Authority. Development costs are amortized between 2% and 10%.

f **Cash and cash equivalents**

Cash and cash equivalents are carried in the Balance Sheet at cost and comprise cash in hand and cash at bank. Bank overdrafts are included within borrowings in current liabilities on the Balance Sheet. For the purposes of the Statement of Cash Flows, cash and cash equivalent also include the bank overdrafts.

g **Trade receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

h **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings.

i **Government advances**

Government advances are used for the purchase of property, plant and equipment as well as development projects. Proceeds of the Government Advances are transferred to long term liabilities. These advances are interest free and have no fixed term of repayment.

Chaguaramas Development Authority

Accounting policies (continued) For the year ended 30 September 2006

j **Foreign currency translation**

i) Functional and presentational currency

Items included in the company's financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars ("TT\$"), which is the company's functional and presentation currency.

ii) Transactions and balances

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 recognized in the Income Statement.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale equities are included in the fair value reserve in equity.

k **Revenue recognition**

Sales are recognized upon delivery of products or on the performance of services. Sales are shown net of value added tax and discounts.

Other revenue earned by the company is recognized on the following bases:

Interest income – on an effective yield basis

l **Income from leases**

The premiums received on 30 year leases are accounted for on a deferral basis. They are taken into income in equal annual amounts over the lives of the leases.

Commitment fees received on all leases are taken into income upon receipt.

Chaguaramas Development Authority

Notes to the Financial Statements For the year ended 30 September 2006

1 Incorporation and principal activity

The Authority is a Government Agency governed by the CDA Act No 37 of 1972. Its principal function the development of the North-West Peninsula in accordance with a development plan and development order. And, to ensure that such development is carried out in conformity with the requirements of the Town and Country Planning Act.

2 Property, plant and equipment

	Land, buildings and improvements \$'000	Plant and machinery \$'000	Furniture, fixtures and equipment \$'000	Motor vehicles \$'000	Computers and software \$'000	Total \$'000
Year ended 30 September 2006						
Opening net book value	255,777	250	1,947	796	290	259,060
Additions	2,944	24	584	66	167	3,785
Depreciation charge	(1,093)	(68)	(265)	(216)	(152)	(1,794)
Closing net book value	257,628	206	2,266	646	305	261,051
At 30 September 2006						
Cost	272,934	1,531	7,262	2,700	1,576	286,003
Accumulated depreciation	(15,306)	(1,325)	(4,996)	(2,054)	(1,271)	(24,952)
Closing net book value	257,628	206	2,266	646	305	261,051
Year ended 30 September 2005						
Opening net book value	254,867	289	1,789	584	67	257,596
Additions	1,886	45	387	477	368	3,163
Depreciation charge	(976)	(84)	(229)	(265)	(145)	(1,699)
	255,777	250	1,947	796	290	259,060
At 30 September 2005						
Cost	269,990	1,507	6,678	2,634	1,409	282,218
Accumulated depreciation	(14,213)	(1,257)	(4,731)	(1,838)	(1,119)	(23,158)
Closing net book value	255,777	250	1,947	796	290	259,060

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2006

	2006	2005
	\$'000	\$'000
3 Investment properties		
Mainland properties	22,286	22,286
Offshore properties	20,311	20,311
	<u>42,597</u>	<u>42,597</u>

The following is a listing of the investment properties and the corresponding acreages held:

	Acreage	\$
Main land properties		\$'000
Properties under long term lease arrangements 3 yrs pending 30 yrs and 30 yrs	32,330	14,130
Properties unoccupied with potential for lease arrangements	1,160	507
Occuied properties	17,501	7,649
	<u>50,991</u>	<u>22,286</u>
 Offshore properties		
Monos Island	18,455	8,066
Gasparee Island	14,288	6,245
Huevos Island	11,390	4,978
Chacachacare Island	2,339	1,022
	<u>46,472</u>	<u>20,311</u>

	2006	2005
	\$'000	\$'000
4 Development costs		
Cost at 30 September	26,527	26,527
Accumulated amortisation	(14,387)	(13,172)
Net book value at 30 September	<u>12,140</u>	<u>13,355</u>

Development costs are incurred in keeping with the Authority's approved development programme and include the improvement to existing buildings. These costs include costs incurred for plans, designs and other consultancy works and are amortised over the period of expected future benefit.

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2006

4 Development costs (cont'd)

Expenditure for the acquisition and refurbishment of existing assets, which are funded under the development programme, are amortised in a manner consistent with the policy for fixed assets.

Description		Cost/Appraised Value b/f @ 1/10/2005	Additions	Cost/Appraised Value c/f @ 30/9/2006	B/f Amortisation	Amortisation Charge 2006	Acc. Amortisation c/f @ 30/9/2006	NBV c/f @ 30/9/2006
		'000	'000	'000	'000	'000	'000	'000
Development Project-								
Hotel/Conv Centre	2%	4,451	0	4,451	1,958	89	2,047	2,404
CDP Chag Hotel & Conv Centre	2%	12,550	0	12,550	5,494	251	5,745	6,805
CDP Chagville Beach Facilities	10%	1,536	0	1,536	1,221	154	1,375	161
CDP Improvements to Macq Beach	10%	371	0	371	287	36	323	48
CDP Improvements to National Park	10%	771	0	771	771		771	0
CDP Improvements to Chag. Golf Course	10%	1,699	0	1,699	899	170	1,069	630
CDP Human Resources Reorganisation	10%	405	0	405	141	40	181	224
CDP Information Technology Rat	10%	786	0	786	376	79	455	331
CDP Marketing & Public Relation Dev.	10%	231	0	231	137	23	160	71
CDP Williams Bay	10%	66	0	66	38	7	45	21
CDP Chag Forest Rehabilitation	10%	32	0	32	16	3	19	13
CDP Road Improv. Programme	10%	101	0	101	62	10	72	29
CDP Improv to Infrastructure	10%	374	0	374	233	37	270	104
CDP Water & Sewerage Infrastructure	10%	557	0	557	446	56	502	55
CDP Chag Development Plan	10%	131	0	131	78	13	91	40
CDP Tembladora Park Dev	10%	172	0	172	106	17	124	48
CDP Gaspre Caves Lodge	10%	32	0	31	19	3	22	9
CDP Tembladora Police Post Building	10%	640	0	640	538	64	602	38
Dev. Project W.I.P.	10%	1,623	0	1,623	352	162	514	1,109
		26,528	0	26,527	13,172	1,214	14,387	12,140

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2006

	2006	2005
	\$'000	\$'000
5 Cash and cash equivalents		
Cash at bank and on hand	16,203	2,881
Short term deposits	10,690	10,844
	<u>26,893</u>	<u>13,725</u>

Short term deposits are deposits with maturities of three months or less and are represented as follows:

	2006		2005	
	\$'000	Effective Rate of Interest %	\$'000	Effective Rate of Interest %
Republic Bank Money Market Account	1,510	5.50%	1,433	5.15%
First Citizens Bank Money Market Account	1,633	5.14%	2,046	5.14%
Roytrin Mutual Fund Account	1,520	5.45%	1,442	5.35%
Republic Bank Caribbean Equity Account	340	3.53%	434	0.70%
RBTT Income & Growth Fund	408	2.94%	492	3.75%
Unit Trust Corporation 2nd Unit Scheme	5,279	5.75%	4,997	5.40%
	<u>10,690</u>		<u>10,844</u>	

	2006	2005
	\$'000	\$'000
6 Trade and other receivables		
Trade receivables	6,292	6,432
Other receivables	6,360	4,312
Prepayments	73	59
	<u>12,725</u>	<u>10,803</u>

Chaguaramas Development Authority

Notes to the Financial Statements (continued)

For the year ended 30 September 2006

	2006 \$'000	2005 \$'000
7 Share capital		
Share capital as at September 30th, 2005 comprises of:		
Capital vested as at December 31st, 1990	79,891	79,891
Capital acquired by transfer of the Gasparee Caves facility in 1991	1,015	1,015
Institute of Marine Affairs building vested on June 30th, 1993	469	469
Development projects sponsorship contributions	400	400
Surplus arising from the revaluations of assets in 1991	234,160	234,160
	<u>315,935</u>	<u>315,935</u>
8 Deferred lease rental income		
At beginning of year	5,332	2,959
Increased premiums	11,441	3,000
Amounts brought into income	(468)	(627)
At end of year	16,305	5,332
Less long term portion	(15,678)	(4,705)
Current portion	<u>627</u>	<u>627</u>
9 Long term borrowings		
First Citizens Bank	3,240	6,480
	<u>3,240</u>	<u>6,480</u>
Short term borrowings		
First Citizens Bank	3,240	3,240
	<u>3,240</u>	<u>3,240</u>

On 19th September 2002, Cabinet gave approval for the Authority to refinance all outstanding debt. A fixed rate amortized loan facility was secured with First Citizens Bank for a period of 5 years at a rate of 6.35% per annum.

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2006

	2006 \$'000	2005 \$'000	
10	Trade and other payables		
	Trade payables	948	889
	Refundable caution deposits	470	452
	VAT payable	402	309
	Other payables	162	-
	1,982	1,650	
11	The company's operating loss included the following items:		
	Staff costs	14,098	8,004
	Depreciation	3,011	2,944
	Insurance	429	240
	Repairs and maintenance	3,838	2,693
	Telephone	410	306
	Utilities	981	1,099
12	Related party transactions		
	Directors' fees	149	185