



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 30 SEPTEMBER, 2008

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 30 September, 2008 was signed by the Auditor General on 2009 November 04 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 30 September 2008, an Income Statement, a Statement of Changes in Equity, a Cash Flow Statement for the year ended 30 September 2008, Accounting Policies and Notes to the Financial Statements numbered 1 to 13.

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. The Fixed Asset Register was not properly maintained. Investment properties were not treated in accordance with the IAS 40. Differences were noted in balances between the General Ledger and Financial Statements. Documentation for adjustments made and pertinent source documents were not provided for audit. As a result the figures shown for Property Plant and Equipment, Depreciation, Investment, Development Costs, Trade and Other Payables and Share Capital were not verified.

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.

SUBMISSION OF REPORT

8. 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, 2008

Chaguaramas Development Authority

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Chaguaramas Development Authority

Balance Sheet

	Notes	As at September 30th	
		2008 \$' 000	2007 \$' 000
Assets			
Property, plant and equipment	2	279,255	264,685
Investment properties	3	42,597	42,597
Development costs	4	13,633	11,956
Total non-current assets		<u>335,485</u>	<u>319,238</u>
Cash and cash equivalents	5	20,480	35,427
Inventories		96	
Trade and other receivables	6	10,916	10,418
Total current assets		<u>31,492</u>	<u>45,845</u>
Total assets		<u><u>366,977</u></u>	<u><u>365,083</u></u>
Equity			
Share capital	7	315,935	315,935
Retained earnings/ accumulated deficit		21,212	(66,852)
Total equity		<u>337,147</u>	<u>249,083</u>
Non- current liabilities			
Government grants deferred	13	7,848	92,739
Deferred lease rental income	8	17,799	16,955
Total non-current liabilities		<u>25,647</u>	<u>109,694</u>
Current liabilities			
Borrowings	9	-	3,240
Deferred lease rental income	8	474	472
Trade and other payables	10	3,709	2,594
Total current liabilities		<u>4,183</u>	<u>6,306</u>
Total liabilities		<u>29,830</u>	<u>116,000</u>
Total equity and liabilities		<u><u>366,977</u></u>	<u><u>365,083</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

Chaguaramas Development Authority

Income Statement

		For the year ended September 30th	
	Notes	2008 \$' 000	2007 \$' 000
Revenue		27,329	25,351
Cost of sales		(3,132)	(2,891)
Gross profit		<u>24,197</u>	<u>22,460</u>
Other income		2,677	(770)
Administrative expenses		(24,924)	(23,082)
Other operating expenses		(3,230)	(3,717)
Operating loss	11	<u>(1,280)</u>	<u>(5,109)</u>
Finance income		1,710	1,298
Finance costs		(178)	(384)
Finance costs (net)		<u>1,532</u>	<u>914</u>
Profit/ deficit for the year		<u>252</u>	<u>(4,195)</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 2008			
Balance at 1 October 2007 as reported	315,935	(66,852)	249,083
Adjustments		87,812	87,812
Balance at 1 October 2007 as restated	315,935	20,960	336,895
Profit/ deficit for the year	-	252	252
Balance at 30 September 2008	315,935	21,212	337,147
Year ended 30 September 2007			
Balance at 1 October 2006 as reported	315,935	(64,434)	251,501
Adjustments		1,777	1,777
Balance at 1 October 2006 as restated	315,935	(62,657)	253,278
Deficit for the year	-	(4,195)	(4,195)
Balance at 30 September 2007	315,935	(66,852)	249,083

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

	Notes	For the year ended September 30th	
		2008 \$' 000	2007 \$' 000
Cash flows from operating activities			
Operating loss		(1,280)	(5,109)
Interest received		1,710	1,298
Interest paid		(178)	(384)
		<u>252</u>	<u>(4,195)</u>
Adjustments for:			
Depreciation		4,116	3,616
Trade and other receivables		(498)	2,307
Inventories		(96)	-
Trade and other payables		1,115	612
Deferred lease rental income		847	1,122
Prior year adjustments		87,813	1,778
		<u>93,549</u>	<u>5,240</u>
Net cash generated from operating activities			
Cash flows from investing activities			
Purchases of property, plant and equipment		(17,571)	(5,971)
Increased development costs		(2,793)	(1,096)
		<u>(20,364)</u>	<u>(7,067)</u>
Net cash used in investing activities			
Cash flows from financing activities			
(Decrease)/ increase in government advances		(84,892)	13,601
Repayment of borrowings		(3,240)	(3,240)
		<u>(88,132)</u>	<u>10,361</u>
Net cash generated from/used in financing activities			
Net increase in cash and cash equivalents		(14,947)	8,534
Cash and cash equivalents at beginning of year		35,427	26,893
		<u>20,480</u>	<u>35,427</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 2008

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%
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 2008

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 grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions.

Government grants relating to expenses are deferred and are included in non-current liabilities. They are recognized in the income statement over the period necessary to match them with the net expenditure for the year, which they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to the income statement on a consistent basis over the expected useful lives of the related assets.

Chaguaramas Development Authority

Accounting Policies (continued) For the year ended 30 September 2008

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 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 2008

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 2008						
Opening net book value	259,161	169	3,569	1,583	203	264,685
Additions	14,879	9	706	1,739	238	17,571
Depreciation charge	(1,546)	(45)	(434)	(831)	(145)	(3,001)
Closing net book value	272,494	133	3,841	2,491	296	279,255
At 30 September 2008						
Cost	290,590	1,560	9,677	5,904	1,814	309,545
Accumulated depreciation	(18,096)	(1,426)	(5,836)	(3,412)	(1,520)	(30,290)
Closing net book value	272,494	134	3,841	2,492	294	279,255
Year ended 30 September 2007						
Opening net book value	257,628	206	2,266	646	305	261,051
Additions	2,777	19	1,710	1,465	-	5,971
Depreciation charge	(1,244)	(56)	(407)	(528)	(102)	(2,337)
	259,161	169	3,569	1,583	203	264,685
At 30 September 2007						
Cost	275,710	1,551	8,971	4,165	1,576	291,973
Accumulated depreciation	(16,549)	(1,382)	(5,402)	(2,582)	(1,373)	(27,288)
Closing net book value	259,161	169	3,569	1,583	203	264,685

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2008

	2008	2007
	\$'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	\$
		\$'000
Mainland properties		
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
Occupied 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>

	2008	2007
	\$'000	\$'000
4 Development costs		
Development costs		
Cost at 30 September	30,415	27,623
Accumulated amortisation	(16,782)	(15,667)
Net book value at 30 September	<u>13,633</u>	<u>11,956</u>

Development costs are incurred in keeping with the Authority's approved development programme and include the improvements 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 2008

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/Apprais ed Value b/f @1/10/2006	Additions	Cost/Apprais ed Value c/f @30/9/2007	B/f Amortisation	Amortisation Charge 2008	Acc. Amortisation c/f @ 30/9/2008	NBV c/f @30/9/2008
		'000	'000	'000	'000	'000	'000	'000
Development Project-								
Hotel/Conv Centre	2%	4,451	-	4,451	2,136	89	2,225	2,226
CDP Chag Hotel & Conv Centre	2%	12,550	-	12,550	5,996	251	6,247	6,303
CDP Chagville Beach Facilities	10%	1,536	-	1,536	1,529	7	1,536	-
CDP Improvements to Macq Beach	10%	371	-	371	360	11	371	-
CDP Improvements to National Park	10%	771	-	771	771	-	771	-
CDP Improvements to Chag. Golf Course	10%	1,699	-	1,699	1,239	170	1,409	290
CDP Human Resources Reorganisation	10%	507	1,020	1,527	230	152	382	1,145
CDP Information Technology Rat	10%	786	-	786	534	79	613	173
CDP Marketing & Public Relation Dev.	10%	231	-	231	183	23	206	25
CDP Williams Bay	10%	66	-	66	52	7	59	7
CDP Chag Forest Rehabilitation	10%	32	-	32	22	3	25	7
CDP Road Improv. Programme	10%	101	-	101	82	10	92	9
CDP Improv to Infrastructure	10%	374	-	374	307	37	344	30
CDP Water & Sewerage Infrastructure	10%	557	-	557	557	-	557	-
CDP Chag Development Plan	10%	940	-	940	185	94	279	661
CDP Tembladora Park Dev	10%	172	-	172	142	17	160	12
CDP Gaspree Caves Lodge	10%	31	-	30	25	3	28	2
CDP Tembladora Police Post Building	10%	640	-	640	640	-	640	-
Dev. Project W.I.P.	10%	1,623	-	1,623	676	162	838	785
Tucker Farm	0%	185	1,773	1,958			0	1,958
		27,623	2,793	30,415	15,666	1,115	16,782	13,633

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2008

	2008 \$'000	2007 \$'000
5 Cash and cash equivalents		
Cash and cash equivalents		
Cash at bank and on hand	3,363	9,259
Short term deposits	17,117	26,168
	<u>20,480</u>	<u>35,427</u>

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

	2008		2007	
	\$'000	Effective Rate of Interest %	\$'000	Effective Rate of Interest %
Republic Bank Money Market Account	185	5.92%	1,595	5.92%
First Citizens Bank Money Market Account	304	5.67%	1,726	5.67%
Roytrin Mutual Fund Account	189	5.46%	1,603	5.46%
Republic Bank Caribbean Equity Account	-		392	5.03%
RBTT Income & Growth Fund	-		454	5.83%
Unit Trust Corporation 2nd Unit Scheme	1,639	5.91%	5,598	5.91%
Scotia Bank Fixed Deposit	800	2.00%	800	2.00%
Treasury Bills	14,000	7.12%	14,000	7.12%
	<u>17,117</u>		<u>26,168</u>	

	2008 \$'000	2007 \$'000
6 Trade and other receivables		
Trade receivables	9,115	8,227
Other receivables	1,772	2,098
Prepayments	29	93
	<u>10,916</u>	<u>10,418</u>

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2008

	2008 \$'000	2007 \$'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	17,427	16,305
Increased premiums	1,320	1,590
Amounts brought into income	(474)	(468)
At end of year	18,273	17,427
Less long term portion	(17,799)	(16,955)
Current portion	<u>474</u>	<u>472</u>
9 Short term borrowings		
First Citizens Bank	-	3,240
	<u>-</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 2008

	2008 \$'000	2007 \$'000
10 Trade and other payables		
Trade payables	4,310	1,044
Refundable caution deposits	614	530
VAT (refundable)/payable	(1,391)	354
Other payables	176	666
	<u>3,709</u>	<u>2,594</u>
11 The company's operating loss included the following items:		
Staff costs	19,815	17,675
Depreciation	4,312	3,616
Insurance	558	428
Repairs and maintenance	5,132	5,082
Telephone	383	365
Utilities	<u>941</u>	<u>961</u>
12 Related party transactions		
Directors' fees	<u>187</u>	<u>138</u>
13 Government grants deferred		
Balance at beginning of year	92,739	79,138
Grants received in current year	12,879	13,601
Transfer to income statement re prior years	(96,133)	-
Transfer to income statement re current year	<u>(1,637)</u>	<u>-</u>
Capital grants deferred at end of year	<u>7,848</u>	<u>92,739</u>

The Authority made an adjustment during 2008 to transfer all government grants received in past years that had accumulated in the Government Advances deferred account in the balance sheet. The balance that remains in the account represents the amount which was received in 2008 for development expenditure, reduced by an appropriate amount transferred to the income statement which represents the recognition of the Government grants on a systematic basis over the expected useful lives of assets funded. A transfer has also been made in 2008 for amounts utilized from government advances transferred to the expenditure accounts during 2008.