



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, 2014

The accompanying Financial Statements of the Chaguaramas Development Authority for the year ended 30th September, 2014 have been audited. The Statements as set out on pages 1 to 23 comprise a Statement of Financial Position for the year ended 30th September, 2014, and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flow for the year ended 30th September, 2014 and Notes to the Financial Statements numbered 1 to 21, including a summary of significant accounting policies.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the Chaguaramas Development Authority (the Authority) is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and Section 29 (2) of the Chaguaramas Development Authority Act, Chapter 35:02 (the Act). The audit was conducted in accordance with accepted auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the adverse audit opinion.

BASIS FOR ADVERSE OPINION

PROPERTY, PLANT AND EQUIPMENT \$279,197,000.00

6.1 The above figure of \$279,197,000.00 includes Land, Buildings and Improvements with a net book value of \$272,096,000.00.

6.2 International Accounting Standards 16, Property, Plant and Equipment requires that:

“ ... Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.”

6.3 The last revaluation of the Authority's property, plant and equipment was conducted in 1991 which is twenty three years prior to this reporting period. As such, the above figure of \$279,197,000.00 may not be the fair value of the Authority's property, plant and equipment.

CASH AND CASH EQUIVALENTS \$1,745,000.00

7. The Overdraft balance of \$624,000.00 was netted against the Cash and Cash Equivalents figure of \$2,369,000.00. This treatment is not in accordance with International Accounting Standard I – Presentation of Financial Statements which states that an entity shall not offset assets and liabilities. The above figure of \$1,745,000.00 is therefore understated by \$624,000.00.

TRADE AND OTHER RECEIVABLES \$46,394,000.00

8. The above figure of \$46,394,000.00 is overstated by \$7,534,866.00. The sum of \$7,534,866.00 represents revenue recognized by the Authority which did not meet the conditions for recognition as required by International Accounting Standard 18 - Revenue.

RETAINED EARNINGS/ACCUMULATED DEFICIT (\$17,773,000.00)

9. Records and source documents were not produced for the verification of several items of revenue and expenditure. As a result, the above Accumulated Deficit figure of (\$17,773,000.00) was not verified.

TRADE AND OTHER PAYABLES \$43,938,000.00

10. The prior year's balance of \$15,699,000.00 was not verified. In addition documentary evidence such as an Aged Payables Ledger/listing was not produced for the verification of the above balance of \$43,938,000.00.

**STATEMENT OF COMPREHENSIVE INCOME
REVENUE \$32,312,000.00**

11. Journal vouchers, lease agreements, revised rates and other supporting documents to verify the above figure were not produced for audit examination.

ADVERSE OPINION

12. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion at paragraphs 6.1 to 11 above, the financial statements do not present fairly, the financial position of the Chaguaramas Development Authority as at 30th September, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13.1 TECHNICAL ADVISORY COMMITTEE

Section 9 of the Act states:

“There shall be appointed by the President a technical advisory committee of public officers for the purpose of advising the Authority in matters relating to the performance of its functions and the exercise of its powers.”

A technical advisory committee of public officers was not appointed by the President.

13.2 PENSION PLAN

Section 10 of the Act 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.”

A Pension Scheme was not established in the stipulated timeframe as required by the Act.

SUBMISSION OF REPORT

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

**16th March, 2018
PORT-OF-SPAIN**



**MAJEED ALI
AUDITOR GENERAL**

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2018 0316



Chaguaramas Development Authority

Financial Statements

For the year ending 30th September, 2014

Chaguaramas Development Authority

**Unaudited Financial Statements
For the year ended 30 September 2014**

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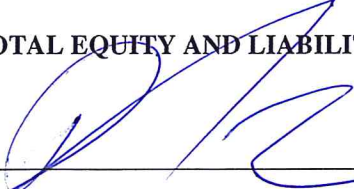
Chaguaramas Development Authority

Unaudited Financial Statements
For the year ended 30 September 2014

Statement of Financial Position

	Notes	As at September 30th	
		2014 \$' 000	2013 \$' 000
Assets			
Property, plant and equipment	3	279,197	280,496
Investment properties	4	42,597	42,597
Work in progress	5	141,339	81,774
Total Non-Current Assets		463,133	404,867
Cash and cash equivalents	6	1,745	3,329
Inventories - Supplies		102	602
Trade and other receivables	7	46,394	26,484
Total Current Assets		48,241	30,415
TOTAL ASSETS		511,374	435,282
Equity			
Contributed Capital	8	81,775	81,775
Revaluation Reserve	9	234,160	234,160
Retained earnings/ accumulated deficit		(17,773)	10,664
Total Equity		298,162	326,599
Non-Current Liabilities			
Government grants deferred	10	130,621	67,729
Deferred lease rental income	11	34,698	21,538
Total Non-Current Liabilities		165,319	89,267
Current Liabilities			
Bank overdraft	6	-	-
Deferred lease rental income	11	3,955	3,717
Trade and other payables	12	43,938	15,699
Total Current Liabilities		47,893	19,415
Total Liabilities		213,212	108,683
TOTAL EQUITY AND LIABILITIES		511,374	435,282




Chairman


Secretary

The accounting policies on pages 7-12 and the notes on pages 13-23 are an integral part of these Financial Statements.

These accounts were approved by the Board of Directors on 15/05/15

Chaguaramas Development Authority

Unaudited Financial Statements
For the year ended 30 September 2014

Statement of Comprehensive Income

		For the year ended	
		September 30th	
		2014	2013
		\$' 000	\$' 000
Revenue	13	32,312	38,981
Cost of Sales	14	<u>(13,542)</u>	<u>(5,494)</u>
Gross Profit		18,770	33,487
Other Income	15	7,863	1,091
Administrative Expenses	16	(50,166)	(42,713)
Other Operating Expenses	17	<u>(4,785)</u>	<u>(4,130)</u>
Operating Loss		<u>(28,318)</u>	<u>(12,265)</u>
Finance Income	18	42	104
Finance Costs		<u>(161)</u>	<u>(28)</u>
Finance Costs (Net)		<u>(119)</u>	<u>76</u>
Deficit For The Year		<u><u>(28,437)</u></u>	<u><u>(12,189)</u></u>

The accounting policies on pages 7-12 and the notes on pages 13-23 are an integral part of these Financial Statements

Chaguaramas Development Authority

**Unaudited Financial Statements
For the year ended 30 September 2014**

Statement of Changes in Equity

	Contributed Capital	Revaluation Reserve	Accumulated Deficit	Total
	\$' 000	\$' 000	\$' 000	\$' 000
Year ended 30 September 2014				
Balance at 1 October 2013 as reported	81,775	234,160	10,664	326,599
Deficit for the year	-	-	(28,437)	(28,437)
Balance at 30 September 2014	81,775	234,160	(17,773)	298,162
Year ended 30 September 2013				
Balance at 1 October 2012 as reported	81,775	234,160	22,853	338,788
Deficit for the year	-	-	(12,189)	(12,189)
Balance at 30 September 2013	81,775	234,160	10,664	326,599

Chaguaramas Development Authority

Unaudited Financial Statements For the year ended 30 September 2014

Statement of Cash Flow

		For the year ended September 30 th	
	Notes	2014 \$' 000	2013 \$' 000
Cash flows from operating activities			
Operating loss		(28,318)	(12,265)
Interest received	18	42	104
Interest Paid		(161)	(28)
		<u>(28,437)</u>	<u>(12,189)</u>
Adjustments for:			
Depreciation and Amortization	3	2,637	2,752
Gain on Disposal		-	-
(Increase)/Decrease in Trade and other receivables	7	(19,910)	(4,404)
(Increase)/Decrease in Provision		-	3,761
(Increase)/Decrease in Inventories		500	(50)
Increase/(Decrease) in Trade and other payables		28,241	9,274
Increase/(Decrease) Deferred lease rental income		13,398	(5,987)
Net cash generated from operating activities		<u>(3,571)</u>	<u>(6,843)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	3	(1,338)	(674)
Proceeds from Sale of Assets		-	-
Increased Work in progress		<u>(59,567)</u>	<u>(19,361)</u>
Net cash used in investing activities		<u>(60,905)</u>	<u>(20,035)</u>
Cash flows from financing activities			
(Decrease)/ increase in government advances		<u>62,892</u>	<u>18,203</u>
Net cash generated from/used in financing activities		<u>62,892</u>	<u>18,203</u>
Net increase in cash and cash equivalents		(1,584)	(8,675)
Cash and cash equivalents at beginning of year		<u>3,329</u>	<u>12,004</u>
Cash and cash equivalents at end of year		<u><u>1,745</u></u>	<u><u>3,329</u></u>

The accounting policies on pages 7 to 12 and the notes on pages 13 to 23 are an integral part of these financial statements.

Accounting Policies

1. Incorporation and principal activity

The Authority is a Government Agency governed by the CDA Act No 37 of 1972. Its principal function is 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. The Authority's registered office is situated at Airway Road, Chaguaramas, Trinidad and Tobago.

These financial statements were authorised for issue by the directors on XXXXX.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards.

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) Basis of measurement

These financial statements have been prepared on the historical cost basis.

(c) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash, fixed deposits, money market instruments and accounts receivable. Financial liabilities have been determined to include accounts payable.

Estimation of Fair values

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act and is best evidenced by a quoted market price if one exists. The estimated fair value of the Company's financial instruments is based on the market prices and valuation methodologies as set out below.

Cash and cash equivalents

Assumed to be their carrying value due to their liquidity.

Accounts receivable, accounts payable and accrued liabilities

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Investments

Investments that are held-to-maturity with a remaining life of more than one year, are measured at amortised costs using the effective interest method for any difference between the initial amount and the maturity amount.

(d) Use of estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

(e) Property, plant and equipment

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use

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 %

Depreciation is based on the cost of an asset less its residual value. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The gain or loss on disposal of property, plant and equipment is determined by comparing the

proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in the statement of comprehensive income. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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 and reflected at the revalued cost in 1991. The surplus that arose as a result of the revaluation in 1991, was treated as a revaluation reserve.

(f) 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.

(g) Work in progress

Work in progress related to the upgrade of facilities and infrastructure.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost and comprise cash in hand and cash at bank, short term investments and bank overdrafts.

(i) Bank overdraft

The Authority has an overdraft facility with First Citizens Bank Limited in order to meet its financial obligations as they fall due.

(j) Inventories

Inventories are valued at the lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business. Inventories consist mainly of materials and supplies used in the rendering of its services.

(k) Trade receivables

Trade receivables are carried at original invoice amount less any specific provision made for bad and doubtful debts. 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 and is recognized in the statement of comprehensive income.

(l) 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.

(m) Trade and other payables

Liabilities for trade and other payables which are normally settled on 30 - 90 day terms and conditions are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Authority.

(n) Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) 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 Statement of Comprehensive Income.

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.

(p) Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Authority and the revenue can be reliably measured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Revenue is recognized net of value added tax and discounts.

Government releases that compensate the Authority for expenses incurred are recognised as revenue in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

Government releases that compensate the Authority for the cost of an asset are recognised in the statement of comprehensive income as revenue on a systematic basis over the life of the asset.

All other revenue is recorded on an accruals basis.

(q) Leases

i) Operating leases

The Authority has entered into leasing arrangements in which the risk and rewards incidental to ownership remain with the Authority during the lease term.

These leases are accounted for as operating leases whereby rents due are accrued and included in the statement of comprehensive income. The assets subject to the leases are classified as property, plant and equipment and depreciated in accordance with note.

ii) Finance leases

Leases which transfer substantially all the risks and rewards incident to ownership of the asset to the lessee are classified as finance leases. There are no finance leases in operation at the Authority.

(r) Employee benefits

Employee benefits are all forms of consideration given by the Authority in exchange for service rendered by employees. These include current or short-term benefits such as salaries, NIS contributions and annual leave

It is the intention of the Authority to operate a contributory defined contribution pension plan covering the majority of its employees. The funds of the plan are to be administered by fund managers appointed by the trustees of the plan. The pension plan would be funded by contributions from both the Authority and the employee.

(s) Impairment

The carrying amounts of the Authority's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

**Unaudited Financial Statements
For the year ended 30 September 2014**

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(t) New standards, amendments and interpretation adopted

Annual Improvements to the IFRS's 2009 - 2011 Cycle in accordance with International Financial Reporting Standards, which were incorporated into the Authority's financial statements, are IFRS1 First-Time Adoption of IFRS, IAS 1 Presentation of Financial Statements, IAS 16 Property, Plant and Equipment and IAS 32 Financial Instruments Presentation.

The adoption of these standards did not have any material effect on the Authority's financial statements.

(u) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2012, but are not mandatory and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements except IFRS9 Financial Instruments, which becomes mandatory for the 2016 financial statements and could change the classification and measurement of financial assets. IAS19 Employee Benefits, which also becomes mandatory for the 2014 financial statements withdraws the option for deferral of actuarial gains and losses within a 10% corridor and would significantly impact disclosures of other comprehensive income. In addition, IFRS 13 Fair Value Measurement, which defines fair value and replaces the requirement contained in individual standards, becomes mandatory on or after January 1, 2013.

(v) Comparative information

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year.

Amendment to IAS 1, Presentation of Financial Statements, stated that when an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):

- The nature of the reclassification;
- The amount of each item or class of items that is reclassified; and
- The reason for the reclassification

Chaguaramas Development Authority

**Unaudited Financial Statements
For the year ended 30 September 2014**

Notes to the Financial Statements

3. Property, plant and equipment

	Land, buildings and Improvements	Plant and Machinery	Furniture, Fixtures and Equipment	Motor Vehicles	Computers and Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 September 2014						
Cost						
Opening Balance	300,144	3,385	12,862	6,902	2,371	325,664
Additions	156	-	681	471	30	1,338
Disposals	-	-	-	-	-	-
Closing Balance	300,300	3,385	13,543	7,373	2,400	327,001
Depreciation						
Opening Balance	26,716	2,599	8,343	5,521	1,989	45,168
Depreciation charge	1,488	187	469	390	103	2,637
Disposals	-	-	-	-	-	-
Closing Balance	28,204	2,786	8,811	5,911	2,092	47,804
Closing NBV 2014	272,096	599	4,732	1,462	308	279,197
Year ended 30 September 2013						
Opening Balance	299,942	3,385	12,629	6,887	2,147	324,990
Additions	202	-	233	15	224	674
Disposals	-	-	-	-	-	-
Closing Balance	300,144	3,385	12,862	6,902	2,371	325,664
Depreciation						
Opening Balance	25,171	2,358	7,867	5,121	1,894	42,411
Depreciation charge	1,545	241	476	400	95	2,757
Disposals	-	-	-	-	-	-
Closing Balance	26,716	2,599	8,343	5,521	1,989	45,168
Closing NBV 2013	273,428	786	4,519	1,381	382	280,496

Chaguaramas Development Authority

Unaudited Financial Statements For the year ended 30 September 2014

4. Investment Properties

	2014	2013
	\$'000	\$'000
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:

Mainland Properties

	Acreage	\$'000
Properties under long term lease arrangements 3 years	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
Chacacharare Island	2,339	1,022
	<u>46,472</u>	<u>20,311</u>

5. Work in progress

	2014	2013
	\$'000	\$'000
Opening balance	81,774	62,413
Additions	59,565	19,361
Closing balance	<u>141,339</u>	<u>81,774</u>

Work in progress are incurred in keeping with the Authority's approved development programme and include the improvements to existing buildings and include costs incurred for plans, designs and other consultancy works.

Chaguaramas Development Authority

Unaudited Financial Statements For the year ended 30 September 2014

Description	Cost/ Appraised Value b/f @ 1/10/2013 '000	Additions/ (Transfers) '000	Cost/ Appraised Value c/f @ 30/9/2013 '000
CDP Chag Hotel & Conv Centre	17,501	170	17,671
CDP Improvements to Macq Beach	10,230	277	10,507
Electronic Surveillance System, Motor Vehicle and Equipment	11,143	3,953	15,096
CDP Improvements Golf Course	3,995	0	3,995
Organizational Strengthening	5,543	280	5,823
Infrastructure	2,123	23	2,146
Chagville Beach	12,115	826	12,941
National Park	871	0	871
Welcome Centre & Cottages	842	0	842
Head Office Renovation	5,733	6,202	11,935
CDP Nature Trails/Chaguaramas Studios	1,353	0	1,353
CDP Chag Forest Rehabilitation	99	0	99
CDP Chag Development Plan	2,248	5,714	7,962
Dev. Project W.I.P.	21	1	22
Tucker Valley Farm	545	0	545
Boardwalk Phase 2&3	7,249	36,129	43,378
Relocation of Police Post	21	2,316	2,337
C-44 Renovations	142	64	206
Guave Road Multi-Storey Car park	0	70	70
Guave Road Rehabilitation	0	3,541	3,541
TOTAL	81,774	59,565	141,339

Chaguaramas Development Authority

Unaudited Financial Statements For the year ended 30 September 2014

6. Cash and Cash Equivalents

	2014	2013
	\$'000	\$'000
Cash at Bank and on Hand	2,307	2,155
Short Term Deposits	62	1,174
	<u>2,369</u>	<u>3,329</u>
Bank Overdraft	624	-
	<u>1,745</u>	<u>3,329</u>

Short term deposits are deposits with maturities of less than one (1) year and are represented as follows:

	2014	Effective Interest Rate	2013	Effective Interest Rate
	\$'000		\$'000	
Republic Bank Money Market	-	-	205	1.00%
First Citizens Bank Money Market	28	1.41%	126	1.41%
Unit Trust Corporation 2 nd Unit Scheme	34	1.00%	34	1.00%
First Citizens Bank Fixed Deposit	-	-	809	1.00%
	<u>62</u>		<u>1,174</u>	

7. Trade and Other Receivables

	2014	2013
	\$'000	\$'000
Trade Receivables	19,670	28,584
Less Provision for Bad Debts	(5,888)	(5,888)
	<u>13,782</u>	<u>22,696</u>
Other Receivables	26,055	2,712
Prepayments	31	1,076
VAT Refundable	6,526	-
	<u>46,394</u>	<u>26,484</u>

8. Contributed Capital

	2014	2013
	\$'000	\$'000
Capital vested as at December 31, 1990	79,891	79,891
Capital acquired by transfer of Gasparée Caves facility in 1991	1,015	1,015
Institute of Marine Affairs building vested on June 30, 1993	469	469
Development projects sponsorship contributions	400	400
	<u>81,775</u>	<u>81,775</u>

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9. Revaluation Reserve

	2014	2013
	\$'000	\$'000
Surplus arising from revaluations of assets in 1991	234,160	234,160
	<u>234,160</u>	<u>234,160</u>

10. Government Grants Deferred

	2014	2013
	\$'000	\$'000
Balance at beginning of year	67,729	49,526
Grants received in current year	63,016	18,950
Transfer to Income Statement re: Current Year	(124)	(747)
	<u>130,621</u>	<u>67,729</u>

The balance in this account represents the amount of government grants received in 2012 for development expenditure.

A transfer has also been made in 2013 for amounts utilized from government grants relating to expenses transferred to the expenditure accounts during 2013.

11. Deferred Lease Rental Income

	2014	2013
	\$'000	\$'000
At beginning of year	25,255	31,242
Contributions	20,502	3,416
Amounts brought into income	(7,104)	(9,403)
At End of Year	<u>38,653</u>	<u>25,255</u>
Long Term Portion	34,698	21,538
Current Portion	3,955	3,717
At End of Year	<u>38,653</u>	<u>25,255</u>

12. Trade and Other Payables

	2014	2013
	\$'000	\$'000
Trade Payables	40,037	12,037
Accruals	1,232	1,320
Statutory Payables	(25)	522
Refunds /Refundable Caution Deposits	1,903	1,265
Provision for Expense	-	425
VAT Payable	-	130
Advance Rental Payments	791	-
	<u>43,938</u>	<u>15,699</u>

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13. Revenue

	2014	2013
	\$'000	\$'000
Tenancy Income	28,335	35,237
Golf Course Income	507	672
CHACC Income	3,005	2,723
Tour Income	465	349
	<u>32,312</u>	<u>38,981</u>

14. Cost of Sales

	2014	2013
	\$'000	\$'000
Insurance	199	209
Materials and Supplies	222	173
Other Costs	66	166
Repairs and Maintenance	320	173
Salaries and Wages	1,620	1,704
Telephone	129	120
Utilities	1,011	695
Consultancy	65	230
Maintenance	9,910	2,024
	<u>13,542</u>	<u>5,494</u>

15. Other Income

	2013	2012
	\$'000	\$'000
Public Sector Investment Income	7,535	748
Donations	9	25
Security Services	185	182
Other	134	136
	<u>7,863</u>	<u>1091</u>

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16. Administrative Expenditure

	2014	2013
	\$'000	\$'000
Bad Debts	-	4,039
Consulting and Contracting Services	4,019	1,968
Depreciation and Amortization	2,637	2,752
Directors Remuneration	475	393
Foreign Travel	25	75
General Expense	2,039	1,271
Insurance	587	480
Legal Fees	3,225	999
Materials and Supplies	1,195	620
Industrial Relations	194	249
Office Stationery	942	606
Promotions and Advertising	2,173	2,155
Repairs and Maintenance	996	636
Salaries and Wages	29,260	24,867
Salary Related Cost	1,377	609
Telephone	799	779
Utilities	222	214
	<u>50,166</u>	<u>42,713</u>

17. Other Operating Expenditure

	2014	2013
	\$'000	\$'000
Consulting and Contracting Services	413	379
Mainland and Sea Tours Expenses	40	25
Maintenance of Building and Grounds	967	948
Materials and Supplies	442	296
Other Costs	89	147
Utilities	2,191	93
Salaries and Wages	109	1,722
Vehicle Maintenance	534	520
	<u>4,785</u>	<u>4,130</u>

18. Finance Income

	2014	2013
	\$'000	\$'000
Bank Interest	1	5
Investment Interest	41	99
	<u>42</u>	<u>104</u>

19. Financial Risk Management

Introduction and overview

The Authority has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Operational risk
- Foreign Currency risk
- Compliance risk
- Reputation risk

This note presents information about the Authority's exposure to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk, and the Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority has established the Ethics, Finance and Audit Committee which is responsible for developing and monitoring the Authority's risk management policies in their specified areas.

The Authority's risk management policies are established to identify and analyze the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Authority, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Authority's Ethics Finance and Audit Committee is responsible for monitoring compliance with the Authority's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Authority is assisted in these functions by the Internal Audit function. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Ethics, Finance and Audit Committee.

Credit risk

Credit risk is the risk of loss resulting from the failure of a lessee or counterparty to honour its financial or contractual obligations to the Authority. Credit risk is created in the Authority's leasing, investment and trading activities where counterparties have repayment or other obligations to the Authority.

Credit risk is managed through strategies, policies and limits that are approved by the Board of Directors, which routinely reviews the quality of the major portfolios and all the larger credits.

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The Authority's credit process includes:

- A Leasing Committee that is independent of the customer relationship function
- Senior management which considers all major risk exposures and
- An independent review by the Internal Audit Department

(a) Trade receivables

The aging of trade receivables at the reporting date was:

	2013	2012
	\$'000	\$'000
Not past due 0-30 days	1,460	7,534
Not past due 31-60 days	549	428
More than 60 days	17,660	20,621
	<u>19,669</u>	<u>28,583</u>

(b) Cash and cash equivalents

The Authority limits its exposure to credit risk by only investing in liquid securities and only with counterparties that are licensed under the Financial Institutions Act. Management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation. Typically the Authority ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

Foreign currency risk

The Authority does not incur significant foreign currency risk on purchases that are denominated in a currency other than Trinidad and Tobago Dollars. The Authority was not exposed at the year end. The Authority maintains one United States dollar bank account should any foreign payments arise. The exchange rate of the United States dollar to the Trinidad and Tobago dollar at the year end was as follows:

At September 30, 2014: TT\$
At September 30, 2013: TT\$6.2877

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Sensitivity analysis

The Authority has not performed a sensitivity analysis on the effect of a strengthening of the Trinidad and Tobago dollar against the United States dollar at year end, because there was not a significant exposure.

The Company has the following foreign currency risk expressed in Trinidad and Tobago dollars.

	2014		2013	
	TT\$	US\$	TT\$	US\$
<i>Cash</i>	4,860	762	137,701	21,900

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Ethics, Finance & Audit Committee. This responsibility is supported by the development of overall Authority standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Periodic assessment of operational risks, the adequacy of controls and procedures to address the risks identified
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Compliance with the Authority's standards is supported by a programme of periodic review undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management of the business unit to which they relate, with summaries submitted to the Ethics, Finance and Audit Committee and senior management of the Authority.

Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. This risk is limited to a significant extent due to the monitoring controls applied by the Authority. This risk will be further reduced by the Authority's planned recruitment of compliance personnel in 2014.

Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Authority's operations (whether true or false) may result in a reduction of its revenue and an increase in legal cases levied against the Authority. The Authority engages in public social endeavors to engender trust in an effort to minimize this risk

20. Related Party Transactions

A party is related to the Authority if directly or indirectly the party:

- Controls, is controlled by, or is under common control with the Authority
- Has an interest in the Authority that gives it significant influence over the Authority;
or
- Has joint control over the Authority

(a) Identity of related parties

The Company has a related party relationship with the Government of Trinidad and Tobago and with its executive officers.

(b) Transactions with key management personnel

Key management personnel receive compensation in the form of short-term, employee benefits. The key management personnel compensations comprise short-term employee benefits of \$5,292,000 (2013:\$ 4,657,000).

21. Subsequent events

Subsequent to the reporting date, security arrears were finalized on 10 December, 2013 between the Authority and the Estate Police Association for the period 1 January, 2011 – 31 December, 2013. Total arrears due of \$1.7M and will be paid in the following Financial Year.