



Chartered Accountants
& Business Advisors

**THE SPORTS COMPANY OF
TRINIDAD AND TOBAGO LIMITED**

FINANCIAL STATEMENTS

30 SEPTEMBER 2013



Chartered Accountants
& Business Advisors

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

I N D E X

	<u>Page</u>
Statement of Management Responsibilities	1
Independent Auditors' Report	2
Statement of Financial Position	3
Statement of Income and Retained Earnings	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 16



111-117 Homey Street
Port of Spain, Trinidad, WI
Tel: (868) 623 1954, 623 2448, 623 9519
Fax: (868) 624 7134
E-mail: sporttt@sporttt.co.tt
Web: www.sporttt.com

The Sports Company of Trinidad and Tobago Ltd.

The Sports Company of Trinidad and Tobago Limited

Statement of Management Responsibilities

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for the year. It is also management's responsibility to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities. 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.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.



CEO: John Mollenthiel

Date: 05/02/14



Chairman – Sebastien Paddington

Date: 05/02/14

Directors: Mr. Sebastien Paddington – Chairman,
Mr. Reynold Bala, Mr. Norris Blanc, Ms. Nisa Dass, Dr. Anyl Gopeesingh, Ms. Sabrenah Khayyam,
Mr. Matthew Quamina, Mr. Annau Ramnansingh, Mr. Kent Samlal, Mr. Harnarine Secram Singh, Mr. Milton Siboo



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholder The Sports Company of Trinidad and Tobago Limited

We have audited the accompanying financial statements of The Sports Company of Trinidad and Tobago Limited, which comprise the statement of financial position as at 30 September 2013, the statements of income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Sports Company of Trinidad and Tobago Limited as of 30 September 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities.

PKF

**Port-of-Spain
TRINIDAD
5 February 2014**

Direct tel (868) 624-4569 | Direct fax (868) 624-4388

Email pkf-trinidad@trinidad.net

PKF | 245 Belmont Circular Road | PO Bag 250 | Belmont | Port-of-Spain | Trinidad | WI

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

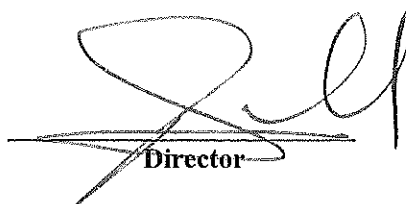
		30 September	
	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Current Assets:			
Cash and cash equivalents	4	\$ 28,296,784	\$ 69,988,503
Trade and other receivables and prepayments	5	165,765,247	74,919,933
Other financial assets	6	<u>1,224</u>	<u>1,117</u>
Total Current Assets		194,063,255	144,909,553
Non-Current Assets:			
Intangible asset	7	29,200	43,800
Property, plant and equipment	8	<u>4,648,015</u>	<u>3,861,328</u>
Total Assets		<u>\$ 198,740,470</u>	<u>\$ 148,814,681</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities:			
Trade and other payables and accruals	9	\$ 71,419,255	\$ 103,363,945
Deferred income	10	26,097	21,281,683
Other financial liabilities	11	<u>127,295,108</u>	<u>24,169,043</u>
Total Liabilities		198,740,460	148,814,671
Shareholder's Equity:			
Stated Capital	12	<u>10</u>	<u>10</u>
Total Liabilities and Shareholder's Equity		<u>\$ 198,740,470</u>	<u>\$ 148,814,681</u>

These financial statements were approved by the Board of Directors and authorised for issue on 5 February 2014 and signed on their behalf by:


Director


Director

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

		For the year ended 30 September	
	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Income:			
Government grant	13	\$ 373,618,743	\$ 267,610,329
Life Sport loan funding		134,725,986	-
Interest income		107	20
Other income		<u>846,434</u>	<u>3,728,200</u>
Income for the year		<u>509,191,270</u>	<u>271,338,549</u>
Expenditure:			
Amortisation of intangible asset		14,600	14,600
Audit fees		82,800	74,750
Books and periodicals		51,446	36,982
Building maintenance		1,565,085	1,469,872
Communities, athletes and other sporting organisations		6,605,005	3,968,267
Conference and seminars		204,047	157,743
Contract gratuities		2,667,540	1,595,227
Court settlement and expenses		3,528,645	-
Depreciation		786,886	664,558
Depreciation – Life Sport		47,211	4,784
Directors' stipend		671,645	861,634
Equipment rental		5,350	45,749
Facility expenses		39,011,088	32,991,027
Finance charges		24,140	17,418
Infrastructure development		215,954,087	119,019,636
Life Sport expenses		149,531,978	20,400,802
Loan interest		1,221,088	1,377,380
Loan interest – Life Sport		931,415	-
Loss on disposal of fixed assets		283,812	-
National governing bodies and other sporting initiatives	14	44,913,454	49,415,324
Office expenses		1,093,868	1,189,380
Official entertainment		295,641	329,911
Official overseas travel		211,901	707,340
Professional fees		6,099,567	7,163,381
Promotion		6,716,150	7,877,611
Rent		3,007,476	3,487,645
Salaries and staff benefits		21,325,564	16,940,328
Telephone		396,616	426,392
Training		466,276	133,076
Travelling and subsistence		27,090	134,038
Vehicle maintenance		160,640	127,263
Vehicle rental		<u>1,289,159</u>	<u>706,431</u>
Total expenditure		<u>509,191,270</u>	<u>271,338,549</u>
Net surplus for the year		-	-
Retained Earnings, brought forward		-	-
Retained Earnings, carried forward		<u>\$ -</u>	<u>\$ -</u>

(The accompanying notes form an integral part of these financial statements)

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2013</u>	<u>2012</u>
Operating Activities:		
Net surplus for the year	\$ -	\$ -
Depreciation	834,097	669,342
Amortisation of website development	14,600	14,600
Loss on disposal of fixed assets	<u>283,812</u>	<u>-</u>
	1,132,509	683,942
Net change in trade and other receivables and prepayments	(90,845,314)	(37,123,796)
Net change in trade and other payables and accruals	(31,944,690)	96,564,816
Net change in other financial assets	(107)	(20)
Net change in deferred income	<u>(21,255,586)</u>	<u>(21,666,785)</u>
Funds (used in)/provided by Operating Activities	<u>(142,913,188)</u>	<u>38,458,157</u>
Investing Activities:		
Proceeds from sale of assets	121,499	-
Purchase of property, plant and equipment	<u>(2,026,095)</u>	<u>(1,673,063)</u>
Funds used in Investing Activities	<u>(1,904,596)</u>	<u>(1,673,063)</u>
Financing Activities:		
Net change in other financial liabilities	<u>103,126,065</u>	<u>(5,820,501)</u>
Fund provided by/(used in) Financing Activities	<u>103,126,065</u>	<u>(5,820,501)</u>
Net change in cash balances	(41,691,719)	30,964,593
Cash balances, beginning of year	<u>69,988,503</u>	<u>39,023,910</u>
Cash balances, end of year	<u>\$ 28,296,784</u>	<u>\$ 69,988,503</u>
Represented by:		
Cash and cash equivalents	<u>\$ 28,296,784</u>	<u>\$ 69,988,503</u>

(The accompanying notes form an integral part of these financial statements)

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2013****1. Incorporation and Principal Business Activity:**

The Sports Company of Trinidad and Tobago Limited was incorporated in the Republic of Trinidad and Tobago on the 27 September 2004. The principal business activity of the Company is to act as an agent on behalf of the Government of Trinidad and Tobago to enhance local sporting ventures. The principal place of business is 111 – 117 Henry Street, Port of Spain.

2. Significant Accounting Policies:**a) Basis of financial statements preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) and are stated in Trinidad and Tobago dollars. These financial statements have been prepared on the historical cost basis.

(b) Use of estimates -

The preparation of financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(c) Adoption of IFRS for SMEs and Restatement -

During the current year the Company adopted the IFRS for SMEs which was issued by the International Accounting Standards Board in July 2009. These standards were adopted by the Institute of Chartered Accountants of Trinidad and Tobago effective 1 February 2010 for use in the presentation of financial statements for 2009 and prior periods.

In accordance with Section 35 of the IFRS for SMEs (Transition to IFRS for SME), the previous year's accounts have been restated.

(d) Intangible assets -

Intangible assets are website development costs that are stated at cost less accumulated amortisation. It is amortised over its estimated useful life of four (4) years.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

2. Significant Accounting Policies (Continued):

(e) Property, plant and equipment -

Plant and equipment are stated at cost. Depreciation is provided at varying rates sufficient to write off the cost of the assets over their estimated useful economic lives as follows:

Gym equipment	-	12.5%	Reducing balance
Furniture and fixtures	-	10%	Reducing balance
Computer equipment	-	33%	Reducing balance
Office equipment	-	12.5%	Reducing balance
Motor vehicles	-	20%	Reducing balance
Equipment & machinery	-	20%	Reducing balance

Leasehold improvements are being depreciated over the life of the initial lease of three (3) years.

Depreciation is charged on a pro rata basis in the year of acquisition as well as in the year of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining the net surplus for the year.

(f) Trade and other receivable and prepayments -

Trade and other receivable and prepayments are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

(g) Investments -

The Company's basic financial instruments are stated at transaction cost in the first instance and at amortised cost subsequently in accordance with Section 11 of the IFRs for SMEs (Basic Financial Instruments). Equity investments with quoted prices or a readily determinable fair value are at fair value through profit and loss. The Company does not have complex financial instruments and therefore Section 12 of the IFRs for SMEs (Other Financial Instruments Issues) is not applicable.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2013****2. Significant Accounting Policies (Continued):****(h) Income recognition -****Investment Income**

Income from investments is accounted for on the accruals basis.

(i) Provisions -

Provisions are recognised when the Company has a present legal 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(j) Foreign currencies -

Foreign currency transactions during the year are recorded in Trinidad and Tobago Dollars at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the Reporting date are translated into Trinidad and Tobago dollars at the exchange rate ruling at that date. Gains or losses thus arising are dealt with in the current year's Statement of Income and Retained Earnings.

(k) Comparative information -

Where necessary, comparative amounts have been adjusted to conform with changes in presentation in the current year.

(l) Government grant -

Grants from the Government of the Republic of Trinidad and Tobago are recognised at transaction cost, where there is a reasonable assurance that the grant will be received, and the Company will comply with all conditions attached.

Grants relating to operating expenses are deferred and included in non-current liabilities. They are recognised in the Statement of Income and Retained Earnings over the period necessary to match them with net expenses they are intended to compensate.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2013****2. Significant Accounting Policies (Continued):****(l) Government grant (continued) -**

Grants relating to infrastructure development are deferred and included in non-current liabilities. They are recognised in the Statement of Income and Retained Earnings over the period necessary to match them with net expenses they are intended to compensate.

Grants relating to the purchase and construction of property and plant and equipment are credited to the Statement of Income and Retained Earnings in an amount equal to the period's depreciation of acquired assets, over the expected useful lives of these assets.

Grants intended for on-lending purposes are recorded as capital grants and presented as equity in the Company's Statement of Financial Position.

(m) Financial instruments -

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of twelve months or less and are carried at cost, which approximates market value.

Trade and other receivable and prepayments

Trade and other receivable and prepayments are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Income and Retained Earnings when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables and accruals

Trade and other payables and accruals are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

3. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with IFRs for SMEs requires management to make judgments, estimates and assumptions in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Income and Retained Earnings in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether leases are classified as operating leases or finance leases.
- ii) Which depreciation method for property, plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Reporting date (requiring management's most difficult, subjective or complex judgments) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each Reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Property, plant and equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

4. Cash and Cash Equivalents:

	30 September	
	<u>2013</u>	<u>2012</u>
First Citizens Bank Limited – Operations	\$ 14,021,376	\$ 16,932,090
First Citizens Bank Limited – Infrastructure Development	12,460,189	40,981,062
First Citizens Bank Limited – Life Sport	1,779,622	3,614,907
First Citizens Bank Limited – Loan Account	26,097	8,458,720
Petty Cash	<u>9,500</u>	<u>1,724</u>
	<u>\$ 28,296,784</u>	<u>\$ 69,988,503</u>

5. Trade and Other Receivable and Prepayments:

	30 September	
	<u>2013</u>	<u>2012</u>
Accounts receivable -Other	\$ 1,417,460	\$ 2,189,230
Recoverable expenses - Ministry of Sport – Recurrent*	8,850,730	16,926,522
Recoverable expenses -Life Sport *	25,949,216	18,168,585
Recoverable expenses-Infrastructure Development Fund*	278,033	10,206,598
Ministry of Finance – Life Sport Programme (Note 11 (i), (ii))	109,224,973	-
Ministry of Finance – Stadium Upgrade (Note 11 (iii))	19,376,436	26,696,432
Prepayments	419,613	483,780
Security deposit	<u>248,786</u>	<u>248,786</u>
	<u>\$165,765,247</u>	<u>\$ 74,919,933</u>

*Recoverable expenses represent the excess of expenses incurred over the subventions received. These are deemed reimbursable from the Ministry of Sport.

6. Other Financial Assets:

This balance represents an investment held with the Abercrombie Fund at First Citizens Bank Limited.

7. Intangible Asset:

	30 September	
	<u>2013</u>	<u>2012</u>
Website development balance, brought forward	\$ 43,800	\$ 58,400
Amortisation	<u>(14,600)</u>	<u>(14,600)</u>
Website development balance, carried forward	<u>\$ 29,200</u>	<u>\$ 43,800</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

8. Property, Plant and Equipment:

Cost	Furniture & Fixtures	Office Equipment	Computer Equipment	Vehicles	Leasehold Improvements	Gym Equipment	Equipment and Machinery	Total
Balance, 1 October 2012	\$ 1,811,308	\$ 1,249,663	\$ 3,651,029	\$ 651,097	\$ 4,594,554	\$ 205,081	\$ -	\$ 12,162,732
Additions	199,231	108,217	622,971	-	-	677,207	418,469	2,026,095
Disposals	(60,392)	(72,880)	(1,461,970)	(611,697)	-	-	-	(2,206,939)
Reclassification	-	-	-	(39,400)	-	-	39,400	-
Balance, 30 September 2013	1,950,147	1,285,000	2,812,030	-	4,594,554	882,288	457,869	11,981,888
Accumulated Depreciation								
Balance, 1 October 2012	465,843	392,296	2,377,959	460,522	4,594,554	10,230	-	8,301,404
Charge for the year	146,214	109,768	457,491	33,122	-	73,285	14,217	834,097
Disposals	(26,345)	(33,751)	(1,267,358)	(474,174)	-	-	-	(1,801,628)
Reclassification	-	-	-	(19,470)	-	-	19,470	-
Balance, 30 September 2013	585,712	468,313	1,568,092	-	4,594,554	83,515	33,687	7,333,873
Net Book Value								
Balance, 30 September 2013	\$ 1,364,435	\$ 816,687	\$ 1,243,938	\$ -	\$ -	\$ 798,773	\$ 424,182	\$ 4,648,015
Balance, 30 September 2012	\$ 1,345,465	\$ 857,367	\$ 1,273,070	\$ 190,575	\$ -	\$ 194,851	\$ -	\$ 3,861,328

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

9. Trade and Other Payable and Accruals:

	30 September	
	<u>2013</u>	<u>2012</u>
Audit fees payable	\$ 74,750	\$ 224,250
Accruals - Other	27,961,503	6,598,441
Accruals – Life Sport	12,727,460	9,334,471
Refundable deposit	41,210	265,820
Retention fees – Infrastructure Development Fund	6,783,337	2,190,829
Accounts payable – Operations	19,452,923	80,186,742
Accounts payable – Life Sport	<u>4,378,072</u>	<u>4,563,392</u>
	<u>\$ 71,419,255</u>	<u>\$ 103,363,945</u>

10. Deferred Income:

This relates to deferred income arising from the proceeds of the First Citizens Bank loan issued for the purpose of refurbishing and carrying out upgrade works to multipurpose stadia and recreation grounds. The company's deferred income consists of:

	30 September	
	<u>2013</u>	<u>2012</u>
Infrastructure Development Fund	<u>\$ 26,097</u>	<u>\$ 21,281,683</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

11. Other Financial Liabilities:

	30 September	
	<u>2013</u>	<u>2012</u>
Loan - First Citizens Bank Limited (i)	\$ 18,070,135	\$ 24,169,043
- First Citizens Bank Limited (ii)	78,037,769	-
- First Citizens Bank Limited (iii)	<u>31,187,204</u>	<u>-</u>
	<u>\$127,295,108</u>	<u>\$ 24,169,043</u>

- (i) This balance represents a **\$69,378,203** Commercial Demand Loan facility granted for the purpose of refurbishing and carrying out upgrade works to multi-purpose stadia and recreation grounds. The amount drawn was **\$31,712,569**. It is repayable over a period of five (5) years. Interest accrues at a rate of 4.75% per annum and is repayable semi-annually commencing after the drawdown period of ninety (90) days from the date of acceptance of the facility. A letter of guarantee has been issued by the Government of the Republic of Trinidad and Tobago through the Ministry of Sport, for the repayment of all principal and interest.
- (ii) This balance represents a nine-month **\$77,233,050** Commercial Demand Loan Facility granted for the purpose of financing the shortfall in the budgetary allocation in the Life Sport Programme from January 2013 to June 2013. The full amount was drawn down. Interest accrues at a rate of 3.6% per annum. It is repayable (interest and principal) at maturity. A letter of guarantee has been issued by the Government of the Republic of Trinidad and Tobago through the Ministry of Sport, for the repayment of all principal and interest.
- (iii) This balance represents a six-month **\$76,899,010** Commercial Demand Loan Facility granted for the purpose of assisting with expenses related to the Life Sport Programme for the period May 2013 to September 2013. **\$31,145,048** has been drawn down to date. Interest accrues at a rate of 2.5% per annum. It is repayable (interest and principal) at maturity. A letter of guarantee has been issued by the Government of the Republic of Trinidad and Tobago through the Ministry of Sport, for the repayment of all principal and interest.

12. Stated Capital:

	30 September	
	<u>2013</u>	<u>2012</u>
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
10 ordinary shares of no par value	<u>\$ 10</u>	<u>\$ 10</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

13. Government Grant:

	30 September	
	<u>2013</u>	<u>2012</u>
Recurrent expenditure	\$ 155,170,729	\$ 126,807,727
Infrastructure Development Fund	202,663,396	120,397,016
Life Sport	<u>15,784,618</u>	<u>20,405,586</u>
	<u>\$ 373,618,743</u>	<u>\$ 267,610,329</u>

14. National Governing Bodies and Other Sporting Initiatives

	30 September	
	<u>2013</u>	<u>2012</u>
Athletics	\$ 4,258,966	\$ 2,641,660
Basketball	282,160	1,622,080
Boxing	739,224	131,502
Cricket	3,309,917	5,403,748
Cycling	1,824,408	1,276,716
Football	12,816,335	4,982,829
Golf	595,576	1,182,748
Gymnastics	385,004	673,569
Hockey	1,962,077	2,251,047
Lawn Tennis	373,747	666,433
Netball	1,041,925	1,527,418
Olympic Committee	-	32,270
Other - EDPU	(825)	-
Rugby	347,286	799,991
Sailing	538,535	598,949
Saturday Camps	-	4,420
Swimming	3,431,358	2,542,275
Trinidad Youth Sports Camps	11,386,455	21,032,756
Volleyball	<u>1,621,306</u>	<u>2,044,913</u>
	<u>\$ 44,913,454</u>	<u>\$ 49,415,324</u>

15. Contingent Liabilities:

As at 30 September 2013 the Company had contingent liabilities in respect to pending litigation. The potential liability amounts to **\$4.1 million**. No provision has been made for this amount in the financial statements.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

16. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transaction with related parties and key management personnel during the year were as follows:

	30 September	
	<u>2013</u>	<u>2012</u>
Expenses		
Directors' stipend	<u>\$ 671,645</u>	<u>\$ 861,634</u>
Key management compensation		
Short-term benefits	\$ 3,221,200	\$ 2,501,400
Post employment benefits	<u>552,272</u>	<u>403,200</u>
	<u>\$ 3,773,472</u>	<u>\$ 2,904,600</u>

17. Capital Risk Management:

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder, whilst providing value to the clients. The Company's overall strategy remains unchanged from previous years.

The capital structure of the Company consists of equity attributable to its shareholder, and comprise capital grants.