



Chartered Accountants
& Business Advisors

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

FINANCIAL STATEMENTS

30 SEPTEMBER 2014

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

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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. 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. 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.

Adrian Raymond
Executive Manager- CCBD

Date: 11th July 2015

Anthony Creed
Executive Manager - SDPU

Date: 11th July 2015

Directors: Mr. Dudnath Ramkessoon – Chairman,
Mr. Henry Greaves, Ms. Nadine Hackett, Mr. Tracy Hackshaw, Mr. Netram Kowlessar, Mr. Ricardo Lue Shue,
Mr. Chaitram Ramjitsingh, Ms. Raquel Ramkissoon, Mr. Sunil Seecharan, Mr. Reynold Sewdass, Ms. Anna-Lee Walcott



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 2014, 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, 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 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port-of-Spain
TRINIDAD
11 July 2015

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THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

		30 September	
	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Current Assets:			
Cash and cash equivalents	5	\$ 494,299,111	\$ 28,296,784
Trade and other receivables and prepayments	6	53,363,582	165,765,247
Other financial assets	7	<u>1,237</u>	<u>1,224</u>
Total Current Assets		<u>547,663,930</u>	<u>194,063,255</u>
Non-Current Assets:			
Intangible asset	8	14,600	29,200
Bond receivable	9	481,351,103	-
Property, plant and equipment	10	<u>4,837,090</u>	<u>4,648,015</u>
Total Non-Current Assets		<u>486,202,793</u>	<u>4,677,215</u>
Total Assets		<u>\$ 1,033,866,723</u>	<u>\$ 198,740,470</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:			
Trade and other payables and accruals	11	\$ 91,234,100	\$ 71,419,255
Deferred income	12	449,614,831	26,097
Other financial liabilities (current)	13	<u>11,666,679</u>	<u>115,628,429</u>
Total Current Liabilities		552,515,610	187,073,781
Non-Current Liabilities:			
Other financial liabilities (non-current)	13	-	11,666,679
Bond payable	9	<u>481,351,103</u>	<u>-</u>
Total Liabilities		<u>1,033,866,713</u>	<u>198,740,460</u>
Shareholder's Equity:			
Stated capital	14	<u>10</u>	<u>10</u>
Total Shareholder's Equity		<u>10</u>	<u>10</u>
Total Liabilities and Shareholder's Equity		<u>\$ 1,033,866,723</u>	<u>\$ 198,740,470</u>

These financial statements were approved by the Board of Directors and authorised for issue on 11 July 2015 and signed on their behalf by:


Director


Director

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

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 30 September	
	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Income:			
Government grant	15	\$ 443,157,321	\$ 373,618,743
Life Sport loan funding		19,096,763	134,725,986
Interest income		14	107
Other income		<u>709,612</u>	<u>846,434</u>
Income for the year		<u>462,963,710</u>	<u>509,191,270</u>
Expenditure:			
Audit fees		82,800	82,800
Books and periodicals		19,259	51,446
Building maintenance		1,661,659	1,565,085
Communities, athletes and other sporting organisations		6,384,034	6,605,005
Conference and seminars		280,315	204,047
Contract gratuities		4,045,508	2,667,540
Court settlement and expenses		2,072,021	3,528,645
Depreciation		1,008,281	786,886
Depreciation – Life Sport		-	47,211
Directors' stipend		660,000	671,645
Equipment rental		81,510	5,350
Facility expenses		39,666,970	39,011,088
Finance charges		21,191	24,140
Impairment of intangible asset		14,600	14,600
Infrastructure development		194,520,282	215,954,087
Life Sport expenses		138,637,295	149,531,978
Loan interest		794,425	1,221,088
Loan interest – Life Sport		-	931,415
Loss on disposal of fixed assets		2,608	283,812
National governing bodies and other sporting initiatives	16	34,234,266	44,913,454
Office expenses		959,882	1,093,868
Official entertainment		130,030	295,641
Official overseas travel		236,349	211,901
Professional fees		6,342,194	6,099,567
Promotion		4,611,339	6,716,150
Rent		3,010,362	3,007,476
Salaries and staff benefits		21,109,994	21,325,564
Telephone		386,259	396,616
Training		115,886	466,276
Travelling and subsistence		119,045	27,090
Vehicle maintenance		190,477	160,640
Vehicle rental		<u>1,564,869</u>	<u>1,289,159</u>
Total expenditure		<u>462,963,710</u>	<u>509,191,270</u>
Net surplus for the year		<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 CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	<u>Stated Capital</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Shareholder's Equity</u>
Balance as at 1 October 2012	\$ 10	\$ -	\$ 10
Net surplus for the year	_____ -	_____ -	_____ -
Balance as at 30 September 2013	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>
Balance as at 1 October 2013	\$ 10	\$ -	\$ 10
Net surplus for the year	_____ -	_____ -	_____ -
Balance as at 30 September 2014	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</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>2014</u>	<u>2013</u>
Operating Activities:		
Depreciation	\$ 1,008,281	\$ 834,097
Impairment of website development	14,600	14,600
Loss on disposal of fixed assets	2,608	283,812
Write-off	<u>362,366</u>	<u>-</u>
	1,387,855	1,132,509
Net change in trade and other receivables and prepayments	112,401,665	(90,845,314)
Net change in trade and other payables and accruals	19,814,845	(31,944,690)
Net change in other financial assets	(13)	(107)
Net change in deferred income	<u>449,588,734</u>	<u>(21,255,586)</u>
Funds provided by/(used in) Operating Activities	<u>583,193,086</u>	<u>(142,913,188)</u>
Investing Activities:		
Net change in bond receivable	(481,351,103)	-
Proceeds from sale of assets	-	121,499
Purchase of property, plant and equipment	<u>(1,562,330)</u>	<u>(2,026,095)</u>
Funds used in Investing Activities	<u>(482,913,433)</u>	<u>(1,904,596)</u>
Financing Activities:		
Net change in bond payable	481,351,103	-
Net change in other financial liabilities	<u>(115,628,429)</u>	<u>103,126,065</u>
Fund provided by Financing Activities	<u>365,722,674</u>	<u>103,126,065</u>
Net change in cash balances	466,002,327	(41,691,719)
Cash balances, beginning of year	<u>28,296,784</u>	<u>69,988,503</u>
Cash balances, end of year	<u>\$494,299,111</u>	<u>\$ 28,296,784</u>
Represented by:		
Cash and cash equivalents	<u>\$494,299,111</u>	<u>\$ 28,296,784</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 2014

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 (IFRSs) and are stated in Trinidad and Tobago dollars rounded to the nearest whole dollar. These financial statements have been prepared on the historical cost basis, except for the measurement at fair value of available-for-sale investments.

(b) Use of estimates -

The preparation of financial statements in conformity with IFRSs 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) New Accounting Standards and Interpretations -

The company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 1	First-time Adoption of International Financial Reporting Standards – Government Loans (effective for accounting periods beginning on or after 1 January 2013).
IFRS 9	Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015).
IFRS 9	Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2015).
IFRS 10	Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013).

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

2. Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations (cont'd) -

IFRS 11	Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).
IFRS 12	Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
IFRS 13	Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012).
IAS 19	Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013).
IAS 32	Financial Instruments; Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013).

The adoption of IFRS 9 Financial Instruments may result in significant changes in the company's classification and presentation of financial instruments.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

2. Significant Accounting Policies (Cont'd):

(d) Intangible assets -

Intangible assets are website development costs that are stated at cost less accumulated impairment.

(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%-33 1/3%	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 receivables -

Trade receivables 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 investments are classified as available-for-sale.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as "available-for-sale", in accordance with International Accounting Standards (IAS) #39.

These investments are carried at their fair values. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in equity in the period they arise. All short-term investments of the company are considered available-for-sale.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

2. Significant Accounting Policies (Cont'd):**(h) Income recognition -****Investment Income**

Income from investments is accounted for on the accruals basis, consistent with International Accounting Standard (IAS) #18.

(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 Comprehensive Income.

(k) Comparative information -

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

(l) Going concern -

These financial statements have been prepared on the going concern basis despite the excess of current liabilities over current assets. This basis has been deemed appropriate in view of the company's ability to continue its operation using funding from its shareholder.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2014****2. Significant Accounting Policies (Cont'd):****(l) Government grant -**

Grants from the Government of the Republic of Trinidad and Tobago are recognised at their fair values, 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 Comprehensive Income over the period necessary to match them with net expenses they are intended to compensate.

Grants relating to infrastructure development are deferred and included in non-current liabilities. They are recognised in the Statement of Comprehensive Income 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 Comprehensive Income 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 instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date on which the company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset. Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2014****2. Significant Accounting Policies (Cont'd):****(m) Financial instruments (cont'd) -****Impairment of financial assets**

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the company about the following loss events:

- i) Significant financial difficulty of the issuer or obligor.
- ii) A breach of contract, such as default or delinquency in interest or principal payments.
- iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv) The disappearance of an active market for that financial asset because of financial difficulties.
- v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the company or national or economic conditions that correlate with defaults on assets in the company.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2014****2. Significant Accounting Policies (Cont'd):****(m) Financial instruments (cont'd) -**

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i) Financial assets measured at amortised cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

ii) Financial assets measured at cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed.

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 receivables

Trade receivables are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

2. Significant Accounting Policies (Cont'd):

(m) Financial instruments (cont'd) –

ii) Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

Trade payables

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

3. Financial Risk Management:

Financial risk factors

The following table summarizes the carrying amounts and fair values of the company's financial assets and liabilities:

	30 September 2014	
	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	\$ 494,299,111	\$ 494,299,111
Trade and other receivable and prepayments	53,363,582	53,363,582
Other financial assets	1,237	1,237
Bond receivable	481,351,103	481,351,103
Financial Liabilities		
Trade and other payables and accruals	91,234,100	91,234,100
Other financial liabilities	11,666,679	11,666,679
Bond payable	481,351,103	481,351,103

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

3. Financial Risk Management (Continued):

	30 September 2013	
	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	\$ 28,296,784	\$ 28,296,784
Trade and other receivable and prepayments	165,765,247	165,765,247
Other financial assets	1,224	1,224
Financial Liabilities		
Trade and other payables and accruals	71,419,255	71,419,255
Other financial liabilities	127,295,108	127,295,108

The company is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the company to manage these risks are discussed below:

(a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company's exposure to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities is minimal and is monitored closely by management. Interest rate risk is not considered a material risk.

Interest rate sensitivity analysis

The company's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

3. Financial Risk Management (Continued):

(a) Interest rate risk (cont'd) -

	Effective Rate	30 September 2014				Non - Interest Bearing	Total
		Up to 1 year	1 to 5 years	Over 5 years			
Financial Assets							
Cash and cash equivalents	0.5 – 1.5%	\$494,289,611	\$ -	\$ -	\$ 9,500	\$ 494,299,111	
Trade and other receivables and prepayments	0 – 3.8%	2,565,869	-	-	50,797,713	53,363,582	
Other financial assets	0 – 2%	1,237	-	-	-	1,237	
Bond receivable	3.8%	-	-	481,351,103	-	481,351,103	
		<u>496,856,717</u>	<u>-</u>	<u>481,351,103</u>	<u>50,807,213</u>	<u>1,029,015,033</u>	
Financial Liabilities							
Trade and other payables and accruals	0 – 3.8%	\$ 2,565,869	\$ -	\$ -	\$88,668,231	\$ 91,234,100	
Other financial liabilities	2.5 – 4.75%	-	11,666,679	-	-	11,666,679	
Bond payable	3.8%	-	-	481,351,103	-	481,351,103	
		<u>2,565,869</u>	<u>11,666,679</u>	<u>481,351,103</u>	<u>88,668,231</u>	<u>584,251,882</u>	
30 September 2013							
	Effective Rate	Up to 1 year	1 to 5 years	Over 5 years	Non - Interest Bearing	Total	
Financial Assets							
Cash and cash equivalents	0.5 – 1.5%	\$ 28,287,284	\$ -	\$ -	\$ 9,500	\$ 28,296,784	
Trade and other receivables and prepayments	0%	-	-	-	165,765,247	165,765,247	
Other financial assets	0 – 2%	1,224	-	-	-	1,224	
		<u>28,288,508</u>	<u>-</u>	<u>-</u>	<u>165,774,747</u>	<u>194,063,255</u>	
Financial Liabilities							
Trade and other payables and accruals	0%	\$ -	\$ -	\$ -	\$71,419,255	\$ 71,419,255	
Other financial liabilities	2.5 – 4.75%	-	127,295,108	-	-	127,295,108	
		<u>-</u>	<u>127,295,108</u>	<u>-</u>	<u>71,419,255</u>	<u>198,714,363</u>	

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2014****3. Financial Risk Management (Continued):****(b) Credit risk -**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The company relies heavily on its written Policies and Procedures Manuals, which sets out in detail the current policies governing the granting of credit function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the company's credit philosophy; provide policy guidelines to team members; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

Cash balances are held with high credit quality financial institutions and the company has policies to limit the amount of exposure to any single financial institution.

The company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The company is able to make daily calls on its available cash resources to settle financial and other liabilities. Liquidity risk is not considered a material risk.

Liquidity gap

The company's exposures to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

3. Financial Risk Management (Cont'd):(c) Liquidity risk (cont'd)

	2014			
	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial Assets				
Cash and cash equivalents	\$494,299,111	\$ -	\$ -	\$ 494,299,111
Trade and other receivables and prepayments	53,363,582	-	-	53,363,582
Other financial assets	1,237	-	-	1,237
Bond receivable	-	-	481,351,103	481,351,103
	<u>547,663,930</u>	<u>-</u>	<u>481,351,103</u>	<u>1,029,015,033</u>
Financial Liabilities				
Trade and other payables and accruals	\$ 91,234,100	\$ -	\$ -	\$ 91,234,100
Other financial liabilities	-	11,666,679	-	11,666,679
Bond payable	-	-	481,351,103	481,351,103
	<u>91,234,100</u>	<u>11,666,679</u>	<u>481,351,103</u>	<u>584,251,882</u>
	2013			
	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial Assets				
Cash and cash equivalents	\$ 28,296,784	\$ -	\$ -	\$ 28,296,784
Trade and other receivables and prepayments	165,765,247	-	-	165,765,247
Other financial assets	1,224	-	-	1,224
	<u>194,063,255</u>	<u>-</u>	<u>-</u>	<u>194,063,255</u>
Financial Liabilities				
Trade and other payables and accruals	\$ 71,419,255	\$ -	\$ -	\$ 71,419,255
Other financial liabilities	-	127,295,108	-	127,295,108
	<u>71,419,255</u>	<u>127,295,108</u>	<u>-</u>	<u>198,714,363</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2014****3. Financial Risk Management (Continued):****(d) Currency risk -**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The company's exposure to foreign exchange risk is minimal and the company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. Currency risk is not considered a material risk.

(e) Operational risk -

Operational risk is the risk derived from deficiencies relating to the company's information technology and control systems, as well as the risk of human error and natural disasters. The company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error.

(f) 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. The risk is limited to a significant extent due to the strong monitoring controls applied by the company's management.

(g) Reputation risk -

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

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the company's accounting policies. See Note 2 (b).

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:

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

4. Critical Accounting Estimates and Judgments (Continued):

Changes in accounting estimates are recognised in the Statement of Comprehensive Income 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 investments are classified as held-to-maturity investments, available-for-sale or loans and receivables.
- ii) Whether leases are classified as operating lease or finance lease.
- iii) Which depreciation method for fixed assets 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) Fixed assets

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 2014

5. Cash and Cash Equivalents:

	30 September	
	<u>2014</u>	<u>2013</u>
First Citizens Bank Limited – Operations	\$ 12,539,941	\$ 14,021,376
First Citizens Bank Limited – Infrastructure Development	31,266,375	12,460,189
First Citizens Bank Limited – Life Sport	868,463	1,779,622
First Citizens Bank Limited – Loan Account	-	26,097
First Citizens Bank Limited – ANSA Bond	449,614,832	-
Petty Cash	<u>9,500</u>	<u>9,500</u>
	<u>\$494,299,111</u>	<u>\$ 28,296,784</u>

6. Trade and Other Receivable and Prepayments:

	30 September	
	<u>2014</u>	<u>2013</u>
Accounts receivable -Other	\$ 1,994,726	\$ 1,417,460
Recoverable expenses - Ministry of Sport – Life Sport	10,480,736	25,949,216
Recoverable expenses - Ministry of Sport – Recurrent*	10,369,054	8,850,730
Recoverable expenses - Infrastructure Development Fund*	14,707,087	278,033
Ministry of Finance – Life Sport Programme (Note 11 (i), (ii))	-	109,224,973
Ministry of Finance – Stadium Upgrade (Note 11 (iii))	12,972,980	19,376,436
Prepayments	24,344	419,613
Security deposit	248,786	248,786
3.8% Bond interest receivable	<u>2,565,869</u>	<u>-</u>
	<u>53,363,582</u>	<u>165,765,247</u>

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

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

7. Other Financial Assets:

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

8. Intangible Asset:

	30 September	
	<u>2014</u>	<u>2013</u>
Website development balance, brought forward	\$ 29,200	\$ 43,800
Impairment	<u>(14,600)</u>	<u>(14,600)</u>
Website development balance, carried forward	<u>\$ 14,600</u>	<u>\$ 29,200</u>

9. Bond Receivable/(Payable):

This held-to-maturity financial instrument is measured to amortised costs and represents a **TT\$495.94 million** 3.80% Fixed Rate Bond issued by The Sports Company of Trinidad and Tobago Limited on 19 December 2013 to be repaid by 19 December 2030. Principal and interest are payable semi-annually on 19 June and 19 December. The principal and interest are guaranteed irrevocably and unconditionally by the Government of the Republic of Trinidad and Tobago. The purpose of the bond is to finance the development of the following nine (9) recreational facilities:

- Irvin Park, Siparia
- Penal Recreation Ground, Penal
- Buen Intento Recreation Ground, Princes Town
- Eddie Hart Recreation Ground, Tacarigua
- Brian Lara Recreation Ground, Santa Cruz
- Dass Trace Recreation Ground, Cunupia
- Carapo Recreation Ground, Carapo
- Northern Recreation Ground, Diego Martin.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

10. Property, Plant and Equipment:

Cost	Furniture &	Office	Computer	Leasehold	Gym	Equipment	Total
	Fixtures	Equipment	Equipment	Improvements	Equipment	and Machinery	
Balance, 1 October 2013	\$ 1,950,147	\$ 1,285,000	\$ 2,812,030	\$ 4,594,554	\$ 882,288	\$ 457,869	\$ 11,981,888
Additions	123,793	144,886	906,232	-	361,544	25,875	1,562,330
Disposals	(192,073)	(23,143)	(202,121)	-	-	-	(417,337)
Balance, 30 September 2014	1,881,867	1,406,743	3,516,141	4,594,554	1,243,832	483,744	13,126,881
Accumulated Depreciation							
Balance, 1 October 2013	585,712	468,313	1,568,092	4,594,554	83,515	33,687	7,333,873
Charge for the year	132,964	127,644	518,965	-	139,882	88,826	1,008,281
Adjustment	-	12,121	-	-	-	-	12,121
Disposals	(16,461)	(1,286)	(46,737)	-	-	-	(64,484)
Balance, 30 September 2014	702,215	606,792	2,040,320	4,594,554	223,397	122,513	8,289,791
Net Book Value							
Balance, 30 September 2014	\$ 1,179,652	\$ 799,951	\$ 1,475,821	\$ -	\$ 1,020,435	\$ 361,231	\$ 4,837,090
Balance, 30 September 2013	\$ 1,364,435	\$ 816,687	\$ 1,243,938	\$ -	\$ 798,773	\$ 424,182	\$ 4,648,015

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

10. Property, Plant and Equipment (Continued):

Cost	Furniture &	Office	Computer	Vehicles	Leasehold	Gym	Equipment	Equipment	Total
	Fixtures	Equipment	Equipment		Improvements	Equipment	Machinery		
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	<u>1,950,147</u>	<u>1,285,000</u>	<u>2,812,030</u>	<u>-</u>	<u>4,594,554</u>	<u>882,288</u>	<u>457,869</u>	<u>11,981,888</u>	
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	<u>585,712</u>	<u>468,313</u>	<u>1,568,092</u>	<u>-</u>	<u>4,594,554</u>	<u>83,515</u>	<u>33,687</u>	<u>7,333,873</u>	
Net Book Value									
Balance, 30 September 2013	<u>\$ 1,364,435</u>	<u>\$ 816,687</u>	<u>\$ 1,243,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 798,773</u>	<u>\$ 424,182</u>	<u>\$ 4,648,015</u>	
Balance, 30 September 2012	<u>\$ 1,345,465</u>	<u>\$ 857,367</u>	<u>\$ 1,273,070</u>	<u>\$ 190,575</u>	<u>\$ -</u>	<u>\$ 194,851</u>	<u>\$ -</u>	<u>\$ 3,861,328</u>	

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

11. Trade and Other Payable and Accruals:

	30 September	
	<u>2014</u>	<u>2013</u>
Audit fees payable	\$ 74,750	\$ 74,750
Accruals - Other	16,434,210	27,961,503
Accruals – Life Sport	-	12,727,460
Refundable deposit	177,456	41,210
Retention fees – Infrastructure Development Fund	11,836,085	6,783,337
Accounts payable – Operations	60,145,730	19,452,923
Accounts payable – Life Sport	-	4,378,072
3.80% Bond interest payable	<u>2,565,869</u>	<u>-</u>
	<u>\$ 91,234,100</u>	<u>\$ 71,419,255</u>

12. Deferred Income:

This relates to 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>2014</u>	<u>2013</u>
Infrastructure Development Fund	<u>\$ 449,614,831</u>	<u>\$ 26,097</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

13. Other Financial Liabilities:

	30 September	
	<u>2014</u>	<u>2013</u>
Loan - First Citizens Bank Limited (i)	\$ 11,666,679	\$ 18,070,135
- First Citizens Bank Limited (ii)	-	78,037,769
- First Citizens Bank Limited (iii)	<u>-</u>	<u>31,187,204</u>
	11,666,679	127,295,108
Current portion	<u>11,666,679</u>	<u>115,628,429</u>
Non-Current portion	<u>\$ -</u>	<u>\$ 11,666,679</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. The loan was repaid during 2014.
- (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. The loan was repaid during 2014.

14. Stated Capital:

	30 September	
	<u>2014</u>	<u>2013</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 2014

15. Government Grant:

	30 September	
	<u>2014</u>	<u>2013</u>
Infrastructure Development Fund	\$ 190,110,585	\$ 202,663,396
Recurrent expenditure	133,506,203	155,170,729
Life Sport	<u>119,540,533</u>	<u>15,784,618</u>
	<u>\$ 443,157,321</u>	<u>\$ 373,618,743</u>

16. National Governing Bodies and Other Sporting Initiatives:

	30 September	
	<u>2014</u>	<u>2013</u>
Athletics	\$ 3,871,544	\$ 4,258,966
Basketball	497,896	282,160
Boxing	1,177,973	739,224
Cricket	887,881	3,309,917
Cycling	1,225,222	1,824,408
Draughts	486,336	-
Football	10,368,364	12,816,335
Golf	999,193	595,576
Gymnastics	616,675	385,004
Hockey	1,092,758	1,962,077
Lawn Tennis	704,034	373,747
Netball	1,363,103	1,041,925
Other - EDPU	1,047,094	(825)
Rugby	1,494,367	347,286
Saturday Camps	639,068	538,535
Swimming	2,019,111	3,431,358
Trinidad Youth Sports Camps	4,251,850	11,386,455
Volleyball	<u>1,491,797</u>	<u>1,621,306</u>
	<u>\$ 34,234,266</u>	<u>\$ 44,913,454</u>

17. Contingent Liabilities:

As at 30 September 2014 the company had contingent liabilities in respect to pending litigation. The potential liability amounts to **\$282,900**. 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 2014

18. 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>2014</u>	<u>2013</u>
Expenses		
Directors' stipend	<u>\$ 660,000</u>	<u>\$ 671,645</u>
Key management compensation		
Short-term benefits	\$ 3,746,246	\$ 3,221,200
Post employment benefits	<u>605,508</u>	<u>552,272</u>
	<u>\$ 4,351,754</u>	<u>\$ 3,773,472</u>

19. 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 comprises capital grants.