



Chartered Accountants
& Business Advisors

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

FINANCIAL STATEMENTS

30 SEPTEMBER 2009



Chartered Accountants
& Business Advisors

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

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Chartered Accountants
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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 balance sheet as at 30 September 2009 and the statements of income and accumulated surplus 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 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Port-of-Spain
17 October 2012

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THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

BALANCE SHEET

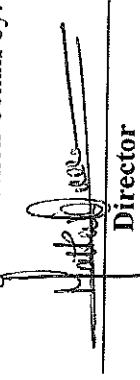
ASSETS

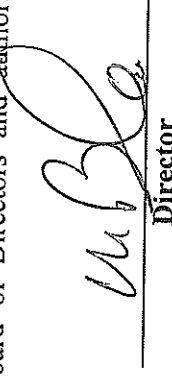
	<u>Notes</u>	<u>2009</u>	<u>30 September</u>	<u>2008</u>
Current Assets:				
Cash in hand and at bank	5	\$ 11,390,492	\$ 68,424,256	
Accounts receivable and prepayments	6	343,300	258,189	
Investment	7	<u>794,523</u>	<u>646,093</u>	
Total Current Assets		12,528,315	69,328,538	
Non-Current Assets:				
Fixed assets	8	<u>6,165,267</u>	<u>2,006,749</u>	
Total Assets		<u>\$ 18,693,582</u>	<u>\$ 71,335,287</u>	

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities:				
Accounts payable and accruals	9	\$ 2,529,853	\$ 1,432,692	
Deferred income	10	<u>16,163,719</u>	<u>69,902,585</u>	
Total Liabilities		18,693,572	71,335,277	
Shareholder's Equity:				
Stated Capital	11	<u>10</u>	<u>10</u>	
Total Liabilities and Shareholder's Equity		<u>\$ 18,693,582</u>	<u>\$ 71,335,287</u>	

These financial statements were approved by the Board of Directors and authorised for issue on 17 October 2012 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 INCOME

	<u>Schedules</u>	<u>2009</u>	<u>2008</u>
		For the year ended 30 September	
Income:			
Government Grant	1	\$ 147,892,759	\$ 137,687,581
Interest income		636,857	911,703
Other income		<u>444,232</u>	<u>259,310</u>
Income for the year		<u>148,973,848</u>	<u>138,858,594</u>
Expenditure:			
Allocations to national sporting organisations	2	44,733,498	37,943,419
Audit fees		74,750	74,750
Books and periodicals		74,210	19,908
Building maintenance		2,416,990	88,369
Community organisation funding		4,706,446	11,336,554
Conference and seminars		123,308	147,926
Contract gratuities		622,009	465,250
Depreciation		1,617,656	541,284
Directors' stipend		1,216,845	200,837
Donations		-	197,938
Equipment rental		90,041	8,004
Finance charges		16,475	9,649
Infrastructure development		76,709,488	73,990,211
Office entertainment		53,957	-
Office expenses		697,312	889,456
Official overseas travel		68,190	-
Professional fees		2,665,670	3,047,174
Promotion		1,657,584	1,685,441
Rent		3,115,314	1,243,932
Salaries and staff benefits		7,313,822	6,293,943
Telephone		458,365	335,216
Training		41,202	-
Travelling and subsistence		41,319	233,154
Vehicle maintenance		111,692	85,216
Vehicle rental		<u>347,705</u>	<u>20,963</u>
Total expenditure		<u>148,973,848</u>	<u>138,858,594</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 2009

	Stated <u>Capital</u>	Accumulated <u>Surplus/(Deficit)</u>	Shareholder's <u>Equity</u>
Balance as at 1 October 2007	\$ 10	\$ -	\$ 10
Net surplus/(deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 1 October 2008	10	-	10
Net surplus/(deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 30 September 2009	<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>2008</u>
	<u>2009</u>	<u>2008</u>
Operating Activities:		
Net surplus for the year	\$ -	\$ -
Depreciation	<u>1,617,656</u>	<u>541,284</u>
	1,617,656	541,284
Net change in accounts receivable and prepayments	(85,111)	(258,189)
Net change in accounts payables and accruals	1,097,161	956,133
Net change in deferred income	<u>(53,738,866)</u>	<u>(21,808,581)</u>
Funds used in operating activities	(51,109,160)	(20,569,353)
Investing Activities:		
Fixed asset purchases	<u>(5,776,174)</u>	<u>(678,951)</u>
Net change in cash balances	(56,885,334)	(21,248,304)
Cash balances, beginning of year	<u>69,070,349</u>	<u>90,318,653</u>
Cash balances, end of year	<u>\$ 12,185,015</u>	<u>\$ 69,070,349</u>
Represented by:		
Cash in hand and at bank	\$ 11,390,492	\$ 68,424,256
Investment	<u>794,523</u>	<u>646,093</u>
	<u>\$ 12,185,015</u>	<u>\$ 69,070,349</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 2009

1. Incorporation and Principal Business Activity:

The Sports Company of Trinidad and Tobago Limited is 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.

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. 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) Adoption of new and revised IFRSs -

i) The Company has not applied the following International Financial Reporting Interpretations Committee interpretations (IFRICs) that became effective during the current year as they do not apply to the activities of the Company:

IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

ii) The Company has not applied the following IFRSs, International Accounting Standards (IASs) 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:

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

2. Summary of the Significant Accounting Policies:

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

Effective for accounting periods beginning on or after 1 January 2009.

IFRS 1	First-time Adoption of International Financial Reporting Standards.
IFRS 2	Share-based Payment.
IFRS 8	Operating Segments.
IAS 1	Presentation of Financial Statements.
IAS 16	Property, Plant and Equipment.
IAS 19	Employee Benefits.
IAS 20	Government Grants and Disclosure of Government Assistance.
IAS 23	Borrowing Costs.
IAS 27	Consolidated and Separate Financial Statements.
IAS 28	Investment in Associates.
IAS 29	Financial Reporting in Hyperinflationary Economies.
IAS 32	Financial Instruments: Presentation.
IAS 36	Impairment of Assets.
IAS 38	Intangible Assets.
IAS 39	Financial Instruments: Recognition and Measurement.
IAS 40	Investment Property.
IAS 41	Agriculture.
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the Construction of Real Estate.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

2. Summary of the Significant Accounting Policies (continued):(c) **New Accounting Standards and Interpretations (Cont'd) -**

Effective for accounting periods beginning on or after 1 July 2009.

IFRS 3	Business Combinations – Comprehensive revision on applying the acquisition method
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations.
IFRS 31	Interest in Joint Ventures.
IFRIC 17	Distributions of Non-cash Assets to Owners.
IFRIC 18	Transfer of Assets from Customers.

(d) **Fixed assets -**

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:

Furniture and fixtures	-	10%	Reducing balance
Computer equipment	-	33%	Reducing balance
Office equipment	-	12.5%	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 Balance Sheet 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 fixed assets are determined by reference to their carrying amounts and are taken into account in determining the net surplus for the year.

(e) **Accounts receivable -**

Accounts receivable 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.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

2. Summary of Significant Accounting Policies (Continued):

(f) **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.

(g) **Income recognition -**

Investment Income

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

(h) **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 Balance Sheet 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.

(i) **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 balance sheet 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 accumulated surplus.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

2. Significant Accounting Policies (Continued):

(j) **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 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 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 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 balance sheet.

(k) **Comparative information -**

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

(l) **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 Balance Sheet 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 2009

2. Significant Accounting Policies (Continued):

(1) Financial instruments (Cont'd) -

Impairment of financial assets

The Company assesses at each Balance Sheet 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 2009

2. Significant Accounting Policies (Continued):(1) 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 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 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 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.

Accounts receivable

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

iii) 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.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2009****2. Significant Accounting Policies (Continued):****(i) Financial instruments (Cont'd) -****iii) Financial liabilities (cont'd)**

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 Income.

Accounts payable

Accounts payable 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 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 is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in mutual funds and loans.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

3. Financial Risk Management (Cont'd):**Financial risk factors cont'd)****(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 Balance Sheet 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.

Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Company. The Company employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Company's assets as well as generating sufficient cash from government grants and loan repayments.

To manage and reduce liquidity risk the Company's management actively seeks to match cash inflows with liability requirements.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

3. Financial Risk Management (Continued):

Financial risk factors (Cont'd)

(d) **Currency risk -**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to minimal foreign exchange risk. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(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.

(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 monitoring controls applied by the Company.

(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 applies procedures to minimize this risk.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, 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:

Changes in accounting estimates are recognised in the Statement of 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 judgements, 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) Which depreciation method for fixed assets is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Balance Sheet date (requiring management's most difficult, subjective or complex judgements) 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 Balance Sheet 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 judgement 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 2009

5. Cash in Hand and at Bank:

	<u>2009</u>	<u>30 September</u> <u>2008</u>
First Citizens Bank Limited – Operations	\$ 1,057,851	\$ 9,757,659
First Citizens Bank Limited – Infrastructure development	10,330,141	58,665,607
Petty Cash	<u>2,500</u>	<u>990</u>
	<u>\$ 11,390,492</u>	<u>\$ 68,424,256</u>

6. Accounts Receivable and Prepayments:

	<u>2009</u>	<u>30 September</u> <u>2008</u>
Employee loan	\$ 999	\$ -
Prepayments	34,920	9,403
Security deposit	<u>307,381</u>	<u>248,786</u>
	<u>\$ 343,300</u>	<u>\$ 258,189</u>

7. Investment:

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

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

8. Fixed Assets:

	<u>Furniture and Fixtures</u>	<u>Office Equipment</u>	<u>Computer Equipment</u>	<u>Vehicles</u>	<u>Leasehold Improvements</u>	<u>Total</u>
Cost						
Balance as at 1 October 2008	\$ 577,633	\$ 295,168	\$ 1,620,498	\$ 611,697	\$ -	\$ 3,104,996
Additions for the year	<u>346,612</u>	<u>277,933</u>	<u>557,075</u>	<u>-</u>	<u>4,594,554</u>	<u>5,776,174</u>
Balance as at 30 September 2009	<u>924,245</u>	<u>573,101</u>	<u>2,177,573</u>	<u>611,697</u>	<u>4,594,554</u>	<u>8,881,170</u>
Accumulated Depreciation						
Balance as at 1 October 2008	71,657	73,388	745,955	207,247	-	1,098,247
Charge for the year	<u>59,122</u>	<u>37,088</u>	<u>377,798</u>	<u>80,890</u>	<u>1,062,758</u>	<u>1,617,656</u>
Balance as at 30 September 2009	<u>130,779</u>	<u>110,476</u>	<u>1,123,753</u>	<u>288,137</u>	<u>1,062,758</u>	<u>2,715,903</u>
Net Book Value						
Balance as at 30 September 2009	<u>\$ 793,466</u>	<u>\$ 462,625</u>	<u>\$ 1,053,820</u>	<u>\$ 323,560</u>	<u>\$ 3,531,796</u>	<u>\$ 6,165,267</u>
Balance as at 30 September 2008	<u>\$ 505,976</u>	<u>\$ 221,780</u>	<u>\$ 874,543</u>	<u>\$ 404,450</u>	<u>\$ -</u>	<u>\$ 2,006,749</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

8. Fixed Assets (Continued):

Cost	Furniture and Fixtures	Office Equipment	Computer Equipment	Vehicles	Total
Balance as at					
1 October 2007	\$ 251,944	\$ 205,448	\$ 1,356,956	\$ 611,697	\$ 2,426,045
Additions for the year	<u>325,689</u>	<u>89,720</u>	<u>263,542</u>	<u>-</u>	<u>678,951</u>
Balance as at					
30 September 2008	<u>577,633</u>	<u>295,168</u>	<u>1,620,498</u>	<u>611,697</u>	<u>3,104,996</u>
Accumulated Depreciation					
Balance as at					
1 October 2007	23,991	45,929	380,909	106,134	556,963
Charge for the year	<u>47,666</u>	<u>27,459</u>	<u>365,046</u>	<u>101,113</u>	<u>541,284</u>
Balance as at					
30 September 2008	<u>71,657</u>	<u>73,388</u>	<u>745,955</u>	<u>207,247</u>	<u>1,098,247</u>
Net Book Value					
Balance as at					
30 September 2008	<u>\$ 505,976</u>	<u>\$ 221,780</u>	<u>\$ 874,543</u>	<u>\$ 404,450</u>	<u>\$ 2,006,749</u>
Balance as at					
30 September 2007	<u>\$ 227,953</u>	<u>\$ 159,519</u>	<u>\$ 976,047</u>	<u>\$ 505,563</u>	<u>\$ 1,869,082</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

9. Accounts Payable and Accruals:

	<u>2009</u>	<u>30 September</u> <u>2008</u>
Audit fees payable	\$ 224,250	\$ 149,500
Accruals	1,095,760	867,598
Trade payable	<u>1,209,843</u>	<u>415,594</u>
	<u>\$ 2,925,853</u>	<u>\$ 1,432,692</u>

10. Deferred Income:

This relates to government grants received in the current year and previous years to be utilized during future periods. The Company's deferred income consists of:

	<u>2009</u>	<u>30 September</u> <u>2008</u>
Recurrent expenditure	\$ 6,333,578	\$ 11,736,979
Infrastructure Development Fund	<u>9,830,141</u>	<u>58,165,606</u>
	<u>\$ 16,163,719</u>	<u>\$ 69,902,585</u>

11. Stated Capital:

	<u>2009</u>	<u>30 September</u> <u>2008</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 2009

12. 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:

	<u>2009</u>	<u>30 September</u>	<u>2008</u>
Expenses			
Directors' stipend	<u>\$ 1,216,845</u>		<u>\$ 200,837</u>
Key management compensation			
Short-term benefits	\$ 1,708,800		\$ 1,677,600
Post employment benefits	<u>124,200</u>		<u>-</u>
	<u>\$ 1,833,000</u>		<u>\$ 1,677,600</u>

13. Fair Values:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. See Note 2 (b). Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

13. Fair Values (Cont'd):**(a) Current assets and liabilities -**

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

(b) Investments -

The fair values of investments are determined on the basis of quoted market prices available at 30 September 2009.

14. 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.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2009

1. Government Grant:

	<u>2009</u>	<u>30 September 2008</u>
Recurrent expenditure	\$ 72,797,416	\$ 63,459,726
Infrastructure Development Fund	<u>75,095,343</u>	<u>74,227,855</u>
	<u>\$147,892,759</u>	<u>\$137,687,581</u>

2. Allocations to National Sporting Organisations:

	<u>2009</u>	<u>30 September 2008</u>
Athletics	\$ 5,185,555	\$ 6,875,079
Basketball	1,826,874	841,216
Boxing	1,730,509	7,938,055
Cricket	4,424,167	3,489,110
Cycling	1,190,520	1,258,785
Football	4,612,162	4,572,405
Golf	1,276,861	512,233
Hockey	2,484,575	3,700,387
Lawn Tennis	736,916	1,056,615
Netball	1,430,914	808,842
Rifle	295,146	585,620
Rugby	3,000	-
Sailing	583,379	992,556
Saturday Camps	406,123	-
Special Olympics	3,095	-
Swimming	2,372,622	1,533,513
Trinidad Youth Sports Camps	13,386,006	-
Volleyball	<u>2,785,074</u>	<u>3,779,003</u>
	<u>\$ 44,733,498</u>	<u>\$ 37,943,419</u>