



Chartered Accountants
& Business Advisors

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

FINANCIAL STATEMENTS

30 SEPTEMBER 2011



Chartered Accountants
& Business Advisors

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

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The Sports Company of Trinidad and Tobago Ltd.

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 (IFRS). This responsibility includes designing, implementing and maintaining internal controls 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 judgements and estimates, in conformity with IFRS. 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.

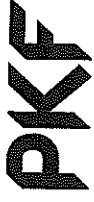
John Mollenthief
Chief Executive Officer

Date: October 17, 2012

Sebastien Paddington
Chairman

Date: October 17, 2012

Directors: Mr. Sebastien Paddington – Chairman, Dr. Chela Lamsee-Ebanks – Deputy Chairperson
Mr. Reynold Bala, Mr. Norris Blanc, Ms. Nisa Dass, Dr. Anyi Gopeesingh, Ms. Checmattee Martin, Mr. Matthew Quamina
Mr. Annon Ramnansingh, Mr. Kent Samlal, Mr. Hamarinc Secram Singh, Mr. Milton Siboo



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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 statement of financial position as at 30 September 2011, the statements of comprehensive income, changes in equity 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 2011, 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

STATEMENT OF FINANCIAL POSITION

ASSETS


	<u>Notes</u>	<u>2011</u>	<u>30 September</u> <u>2010</u>
Current Assets:			
Cash in hand and at bank	5	\$ 39,023,910	\$ 12,921,861
Accounts receivable and prepayments	6	2,580,078	315,093
Investment	7	<u>1,097</u>	<u>97,984</u>
Total Current Assets		41,605,085	13,334,938
Non-Current Assets:			
Fixed assets	8	<u>2,916,007</u>	<u>5,061,458</u>
Total Assets		<u>\$ 44,521,092</u>	<u>\$ 18,396,396</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities:			
Overdrawn current account	9	\$ -	\$ 2,152,715
Accounts payable and accruals	10	6,799,129	2,647,804
Deferred income	11	<u>37,721,953</u>	<u>13,595,867</u>
Total Liabilities		44,521,082	18,396,386
Shareholder's Equity:			
Stated Capital	12	<u>10</u>	<u>10</u>
Total Liabilities and Shareholder's Equity		<u>\$ 44,521,092</u>	<u>\$ 18,396,396</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 COMPREHENSIVE INCOME

	Schedules	2011	2010
		For the year ended 30 September	
Income:			
Government Grant	1	\$ 122,654,347	\$ 124,118,885
Interest income		6,207	527,076
Other income		<u>3,649,471</u>	<u>1,849,518</u>
Income for the year		<u>126,310,025</u>	<u>126,495,479</u>
Expenditure:			
Allocations to national sporting organisations	2	31,094,698	42,297,793
Audit fees		74,750	74,750
Books and periodicals		9,246	6,642
Building maintenance		24,837,765	13,008,880
Community organisation funding		734,076	4,087,192
Conference and seminars		75,101	71,203
Contract gratuities		142,313	616,381
Depreciation		2,579,616	2,336,543
Directors' stipend		646,387	522,088
Equipment rental		81,397	109,195
Finance charges		18,336	14,489
Industrial relations settlement expense		3,499,517	-
Infrastructure development		42,281,306	42,523,914
Office entertainment		-	10,411
Office expenses		889,394	1,095,426
Official overseas travel		-	155,176
Professional fees		2,100,643	2,174,534
Promotion		744,605	1,738,129
Rent		3,513,243	3,721,830
Salaries and staff benefits		11,920,316	10,679,548
Telephone		536,110	464,252
Training		55,274	167,170
Travelling and subsistence		3,185	55,046
Vehicle maintenance		70,563	119,843
Vehicle rental		<u>402,184</u>	<u>445,044</u>
Total expenditure		<u>126,310,025</u>	<u>126,495,479</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 2011

	<u>Stated Capital</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Shareholder's Equity</u>
Balance as at 1 October 2009	\$ 10	\$ -	\$ 10
Net surplus/(deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 1 October 2010	10	-	10
Net surplus/(deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 30 September 2011	<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	
	2011	2010
Operating Activities:		
Net surplus for the year	\$ -	\$ -
Depreciation	<u>2,579,616</u>	<u>2,336,543</u>
	2,579,616	2,336,543
Net change in accounts receivable and prepayments	(2,264,985)	28,207
Net change in accounts payables and accruals	4,151,325	117,951
Net change in deferred income	<u>24,126,086</u>	<u>(2,567,852)</u>
Funds provided by/(used in) operating activities	28,592,042	(85,151)
Investing Activities:		
Fixed asset purchases	<u>(434,165)</u>	<u>(1,232,734)</u>
Net change in cash balances	28,157,877	(1,317,885)
Cash balances, beginning of year	<u>10,867,130</u>	<u>12,185,015</u>
Cash balances, end of year	<u>\$ 39,025,007</u>	<u>\$ 10,867,130</u>
Represented by:		
Overdrawn current account	-	\$ (2,152,715)
Cash in hand and at bank	39,023,910	12,921,861
Investment	<u>1,097</u>	<u>97,984</u>
	<u>\$ 39,025,007</u>	<u>\$ 10,867,130</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 2011****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.

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) New Accounting Standards and Interpretations -

- i) The Company has not applied IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine, which became effective during the current year, as it does not apply to the activities of the Company.
- ii) 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:

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

2. Significant Accounting Policies (Continued):(c) **New Accounting Standards and Interpretations (cont'd) -**

IFRS 1	First-time Adoption of International Financial Reporting Standards – Replacement of “fixed dates” for certain exceptions with “the date of transition to IFRSs” (effective for accounting periods beginning on or after 1 July 2011).
IFRS 1	First-time Adoption of International Financial Reporting Standards – Additional exemption for entities ceasing to suffer from hyperinflation (effective for accounting periods beginning on or after 1 July 2011).
IFRS 7	Financial Instruments: Disclosure – Amendments enhancing disclosure about transfers of financial assets (effective for accounting periods beginning on or after 1 July 2011).
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).
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 12	Income Taxes – Limited scope amendment - recovery of underlying assets (effective for accounting periods beginning on or after 1 January 2012).

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

2. Significant Accounting Policies (Continued):

- (c) **New Accounting Standards and Interpretations (cont'd) -**
- | | |
|--------|---|
| 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). |
| IAS 34 | Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011). |

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 2011

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

(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.

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(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 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 and accumulated surplus.

(j) Comparative information -

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

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

30 SEPTEMBER 2011

2. Significant Accounting Policies (Continued):

(k) 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.

(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 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 2011

2. Significant Accounting Policies (Continued):

(I) 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 2011

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 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.

Accounts receivable

Accounts receivable 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.

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 2011

2. Significant Accounting Policies (Continued):

(1) **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 Comprehensive 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 2011

3. Financial Risk Management (Continued):**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 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.

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 2011

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 2011

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 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 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 Reporting 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 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 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 2011

5. Cash in Hand and at Bank:

	<u>2011</u>	<u>30 September 2010</u>
First Citizens Bank Limited – Operations	\$ 14,913,520	\$ -
First Citizens Bank Limited – Infrastructure development	24,107,890	12,919,361
Petty Cash	<u>2,500</u>	<u>2,500</u>
	<u>\$ 39,023,910</u>	<u>\$ 12,921,861</u>

6. Accounts Receivable and Prepayments:

	<u>2011</u>	<u>30 September 2010</u>
Accounts receivable	\$ 2,185,480	\$ -
Prepayments	87,217	7,712
Security deposit	<u>307,381</u>	<u>307,381</u>
	<u>\$ 2,580,078</u>	<u>\$ 315,093</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 2011

8. Fixed Assets:

	Cost						
	Balance as at 1 October 2010	\$ 1,242,769	\$ 826,488	\$ 2,798,996	\$ 651,097	\$ 4,594,554	\$ -
	Additions for the year	174,596	105,843	95,326	-	-	58,400
	Balance as at 30 September 2011	<u>1,417,365</u>	<u>932,331</u>	<u>2,894,322</u>	<u>651,097</u>	<u>4,594,554</u>	<u>58,400</u>
	Balance as at 1 October 2010	229,471	197,329	1,579,231	353,324	2,693,091	-
	Charge for the year	113,307	101,078	404,213	59,555	1,901,463	-
	Balance as at 30 September 2011	<u>342,778</u>	<u>298,407</u>	<u>1,983,444</u>	<u>412,879</u>	<u>4,594,554</u>	<u>-</u>
	Balance as at 30 September 2011	<u>\$ 1,074,587</u>	<u>\$ 633,924</u>	<u>\$ 910,878</u>	<u>\$ 238,218</u>	<u>\$ -</u>	<u>\$ 58,400</u>
	Balance as at 30 September 2010	<u>\$ 1,013,298</u>	<u>\$ 629,159</u>	<u>\$ 1,219,765</u>	<u>\$ 297,773</u>	<u>\$ 1,901,463</u>	<u>\$ -</u>
	Balance as at 30 September 2011	<u>\$ 2,916,007</u>	<u>\$ 2,916,007</u>	<u>\$ 2,916,007</u>	<u>\$ 2,916,007</u>	<u>\$ 2,916,007</u>	<u>\$ 2,916,007</u>
	Balance as at 30 September 2010	<u>\$ 5,061,458</u>	<u>\$ 5,061,458</u>	<u>\$ 5,061,458</u>	<u>\$ 5,061,458</u>	<u>\$ 5,061,458</u>	<u>\$ 5,061,458</u>

Net Book Value

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

8. Fixed Assets (Continued):

Cost	Balance as at 1 October 2009						Balance as at 30 September 2010						
	Furniture and Fixtures	Office Equipment	Computer Equipment	Vehicles	Leasehold Improvements	Total	Furniture and Fixtures	Office Equipment	Computer Equipment	Vehicles	Leasehold Improvements	Total	
Balance as at 1 October 2009	\$ 924,245	\$ 573,101	\$ 2,177,573	\$ 611,697	\$ 4,594,554	\$ 8,881,170	\$ 924,245	\$ 573,101	\$ 2,177,573	\$ 611,697	\$ 4,594,554	\$ 8,881,170	
Additions for the year	318,524	253,387	621,423	39,400	-	1,232,734	1,242,769	826,488	2,798,996	651,097	4,594,554	10,113,904	
Balance as at 30 September 2010	1,242,769	826,488	2,798,996	651,097	4,594,554	10,113,904	2,29,471	197,329	1,579,231	353,324	2,693,091	5,052,446	
Accumulated Depreciation	Balance as at 1 October 2009	130,779	110,476	1,123,753	288,137	2,715,903	Balance as at 30 September 2010	229,471	197,329	1,579,231	353,324	2,693,091	5,052,446
Charge for the year	98,692	86,853	455,478	65,187	1,630,333	2,336,543	Charge for the year	98,692	86,853	455,478	65,187	1,630,333	2,336,543
Net Book Value	Balance as at 30 September 2010	\$ 1,013,298	\$ 629,159	\$ 1,219,765	\$ 297,773	\$ 1,901,463	Balance as at 30 September 2010	\$ 1,013,298	\$ 629,159	\$ 1,219,765	\$ 297,773	\$ 1,901,463	
	Balance as at 30 September 2009	\$ 793,466	\$ 462,625	\$ 1,053,820	\$ 323,560	\$ 3,531,796	Balance as at 30 September 2009	\$ 793,466	\$ 462,625	\$ 1,053,820	\$ 323,560	\$ 3,531,796	

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

9. Overdrawn Current Account:

This balance is held at First Citizens Bank Limited – Operations.

10. Accounts Payable and Accruals:

	<u>2011</u>	<u>30 September</u>	<u>2010</u>
Audit fees payable	\$ 373,750	\$	299,000
Accruals	210,496		734,413
Refundable deposit	32,148		-
Trade payable – operations	5,719,883		1,614,391
Trade payable – Infrastructure Development Fund	<u>462,852</u>		<u>-</u>
	<u>\$ 6,799,129</u>	<u>\$</u>	<u>2,647,804</u>

11. 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>2011</u>	<u>30 September</u>	<u>2010</u>
Recurrent expenditure	\$ 15,487,461	\$	176,506
Infrastructure Development Fund	<u>22,234,492</u>		<u>13,419,361</u>
	<u>\$ 37,721,953</u>	<u>\$</u>	<u>13,595,867</u>

12. Stated Capital:

	<u>2011</u>	<u>30 September</u>	<u>2010</u>
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Authorised:

An unlimited number of ordinary shares of no par value

Issued and fully paid:

10 ordinary shares of no par value

<u>\$</u>	<u>10</u>	<u>\$</u>	<u>10</u>
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THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

13. Contingent Liabilities:

As at 30 September 2011 the Company had contingent liabilities in respect to pending litigation.

The potential liability amounts to **\$3.2 million**. In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, no provision has been made for this amount in the financial statements.

14. 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>2011</u>	<u>30 September 2010</u>
Expenses		
Directors' stipend	\$ <u>646,387</u>	\$ <u>522,088</u>
Key management compensation		
Short-term benefits	\$ 2,502,000	\$ 2,558,400
Post employment benefits	<u>403,200</u>	<u>263,586</u>
	<u>\$ 2,905,200</u>	<u>\$ 2,821,986</u>

THE SPORTS COMPANY OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

15. 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:

(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 2011.

16. 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 2011

1. Government Grant:

	<u>2011</u>	<u>30 September 2010</u>
Recurrent expenditure	\$ 80,736,363	\$ 82,378,422
Infrastructure Development Fund	<u>41,917,984</u>	<u>41,740,463</u>
	<u>\$122,654,347</u>	<u>\$124,118,885</u>

2. Allocations to National Sporting Organisations:

	<u>2011</u>	<u>30 September 2010</u>
Athletics	\$ 4,027,673	\$ 2,286,079
Basketball	1,648,390	2,100,348
Boxing	1,256,021	1,513,591
Cricknet	2,992,798	3,875,451
Cycling	1,604,414	3,021,000
Football	3,487,518	4,374,993
Golf	1,010,867	907,283
Gymnastics	11,500	-
Hockey	1,679,080	2,712,632
Lawn Tennis	1,055,480	1,047,107
Netball	2,222,798	952,666
Rifle	537,343	172,953
Sailing	653,929	534,453
Saturday Camps	226,927	505,639
Swimming	1,828,576	2,100,795
Trinidad Youth Sports Camps	5,762,066	14,338,227
Volleyball	<u>1,089,318</u>	<u>1,854,576</u>
	<u>\$ 31,094,698</u>	<u>\$ 42,297,793</u>