Trinidad and Tobago Postal Corporation

Financial Statements

30 September 2009

(Expressed in Trinidad and Tobago Dollars)

Trinidad and Tobago Postal Corporation

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Trinidad and Tobago Postal Corporation

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of the Trinidad and Tobago Postal Corporation (the "Company"), which comprise the statement of financial position as at 30 September 2009, and the statements of comprehensive income, changes in equity and cash flows and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Director	Managing Director
1 December 2016	1 December 2016

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Independent Auditor's Report

To the shareholders of
Trinidad and Tobago Postal Corporation

Report on the financial statements

We were engaged to audit the accompanying financial statements of the Trinidad and Tobago Postal Corporation (the "Company"), which comprise the statement of financial position as at 30 September 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information (the financial statements).

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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

For the reasons described below, were unable to obtain sufficient appropriate audit evidence in a number of areas.

Internal controls relevant to the audit

International Standards on Auditing require that the auditor obtain an understanding of the internal control relevant to the audit, including evaluating the design of those controls and determining whether they have been implemented. This understanding assists the auditor in identifying the types of potential misstatements and factors that affect the risks of material misstatement, and in designing the nature, timing and extent of further audit procedures. At the time we performed our audit, we were unable to obtain the necessary understanding of the key business processes and related internal controls relevant to the audit as management at the time did not maintain sufficient and appropriate internal documentation over the processes and related controls. Current management and senior employees were not employed by the Company at the time and were not able to provide the required information to assist in our understanding of the processes and controls.

The prior year's auditor's report was qualified in relation to the issue identified above.

BA Hackett (Senior Partner), L Awai, F Aziz Mohammed, H Mohammed, NA Panchoo, SW Ramirez, A West

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Independent Auditor's Report (Continued)

Basis for disclaimer of opinion (continued)

Financial reporting process and journal entries

International Standards on Auditing 240 "The Auditor's Responsibility To Consider Fraud in an Audit of Financial Statements", requires that an auditor conducting an audit in accordance with ISAs should obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud error.

An auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgement, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. At the time we performed our audit, we were unable to obtain the necessary understanding of the financial reporting process and a complete listing of the journal entries posted during the year as management at the time did not maintain sufficient and appropriate internal documentation over the process and related controls and could not extract the required population for us to conduct our test. Testing the appropriateness of journal entries is an important audit procedure that is required to respond to the risk of possibility management override of controls.

The prior year's auditor's report was qualified in relation to the issue identified above.

Allegations of fraud

Our review of the approved minutes of the board of directors of the Company of 8 February 2008, revealed discussions surrounding a letter addressed to the Honourable Prime Minister of Trinidad and Tobago. The letter which was circulated to those charged with governance, raised concerns of serious allegations of fraud within the Company. We were unable to obtain a copy of this letter, management was unable to provide information on the allegations and there was insufficient documentation contained within the minutes to allow us to assess the allegations. As a result we are unable to determine whether these matters were investigated and the appropriate action taken by management and the impact, if any, of the allegations on the financial statements.

The prior year's auditor's report was qualified in relation to the issue identified above.

Report on special investigation

Our review of the approved minutes of the board of directors of the Company of 6 December 2007 revealed that a Security/ Risk Assessment/ Audit special investigation report on the Courier operations for the period 14 November 2007 to 8 September 2008 was commissioned by the Managing Director of the Company. The report was prepared by a forensic expert and was submitted to management. The report provided to us indicated that there were inadequate controls within the courier department which could have resulted in the misappropriation of the assets of the Company. As of the date of this audit opinion we are unaware of the actions taken by management to address the control deficiencies contained within the report and we are unable to determine the impact of the control deficiencies on the financial statements.

The prior year's auditor's report was also qualified in relation to the issue identified above.

Independent Auditor's Report (Continued)

Basis for disclaimer of opinion (continued)

Revenue – corporate post shops and franchises

Included within revenue are sales made by the Company, the Company's corporate post shops and franchises. These sales are recorded by the corporate post shops and franchises on a cash basis and are subsequently updated into the Company's accounting system manually. Management was unable to provide us with a detailed analysis of the sales transactions during the year thus we were unable to obtain appropriate audit evidence to validate revenue transactions. As a result we are unable to satisfy ourselves by alternative means concerning the completeness, accuracy and occurrence of the revenue recorded in the statement of comprehensive income.

The prior year's auditor's report was also qualified in relation to a similar issue as identified above.

Non-attendance at inventory count and cost of sales

We were not appointed as auditors of the Company until 4 June 2012 and thus were unable to observe the counting of physical inventories at either the beginning or end of the year ended 30 September 2009. We were also unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 September 2009 and 30 September 2008, which are measured in the statement of financial position at $731,220 and $1,630,782 respectively.

Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether any adjustments may be necessary in respect cost of sales and profits for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

The prior year's auditor's report was also qualified in relation to a similar issue as identified above.

Accounts receivables and payables

Management was unable to provide detailed analyses for accounts receivable balances totalling $13,237,485 and accounts payables balances totalling $5,804,647. We were also unable to obtain supporting documentation to verify accounts payables amounting to $23,346,994 and accounts receivables amounting to $9,350,217, as we were not provided with all the evidence to validate these amounts and to assess the completeness of accounts payables. As a result, we were unable to obtain sufficient audit evidence over the completeness of the accounts payables and accruals, which impacted our work over cost of sales and administrative and operating expenses. There were no alternative procedures that could have been performed to confirm or verify the accounts payable and accounts receivable balances included in the statement of financial position as at 30 September 2009. As a result of the above we were unable to perform audit procedures over the related disclosure notes for accounts receivables and payables as the statement of financial position date.

Due to the lack of information (as described above) we were unable to obtain sufficient and appropriate audit evidence to substantiate the provision for doubtful debts for trade and other receivables included in the financial statements as at 30 September 2009. We were also unable to obtain sufficient and appropriate audit evidence to support the valuation of the non-current portion of trade receivables which have been discounted.

The prior year's auditor's report was also qualified in relation to a similar issue as identified above.

Independent Auditor's Report (Continued)

Basis for disclaimer of opinion (continued)

Cost of sales, administrative and operating expenses

Due to the impact of accounts payables and accruals on expenses we were unable to obtain sufficient appropriate audit evidence over the completeness, accuracy and occurrence of expenses included within the statement of comprehensive income.

The prior year's auditor's report was also qualified in relation to a similar issue as identified above.

Valuation of property plant and equipment

During the financial year 2012 management engaged an expert to perform a valuation of its land and building as at 30 September 2010. The valuation which was accepted by management resulted in an increase in the value of land and buildings from $29,500,000 to $32,000,000 (land $12,250,000 to $13,500,000 and building $17,250,000 to $18,500,000). International Standards on Auditing 620 'Using the Work of an Auditor's Expert' requires the auditor to consider the need for an auditor's expert to assist in obtaining audit evidence over significant transactions and account balances such as property valuations. Based on the audit procedures that were possible, including the use of an auditor's expert, we were unable to obtain sufficient and appropriate audit evidence to support the valuation of property plant and equipment recorded in the financial statements as at the year-end. As a result, we were unable to determine whether any adjustments may be necessary in respect of the revaluation reserve and property, plant and equipment balances included in the financial statements.

The prior year audit report was also qualified for this issue identified above.

Cash in transit

Included within the cash balance in the financial statements are balances amounting to $2,489,080 for which reconciliations were not provided. As a result, we were unable to determine whether any adjustments may be necessary in respect of cash balances and other balances included within the financial statements.

Included within the cash balances within the operating account are reconciling which could not be validated. As a result, we were unable to determine whether any adjustments may be necessary in respect of cash balances included within the financial statements.

Employee benefits

The Trinidad and Tobago Postal Corporation Act (the "Act"), requires the Company to create a pension plan for all employees. As at 30 September 2009, the creation of this pension plan is still outstanding as management is unable to determine the funding strategy for the plan. This represents a breach of the requirements of the Act. If the Plan is required to be implemented, it is uncertain whether the Company would be required to create a defined benefit or a defined contribution plan. As at the year end, there was insufficient audit evidence available to determine the impact of this breach on the financial statements.

The prior year audit report was also qualified for this issue identified above.

Independent Auditor's Report (Continued)

Basis for disclaimer of opinion (continued)

Existence of plant and equipment

We were unable to gain appropriate audit evidence to support the existence and completeness of plant and equipment recorded in the financial statements as at 30 September 2009. Management was unable to provide evidence to support the existence and completeness of assets recorded within the fixed assets register at year end. Since the fixed asset register is used in the calculation of the depreciation charge we are unable to determine whether any adjustments may be necessary in respect property, plant and equipment, administrative and operating expenses, and profits for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

Deferred and income taxes

Due to the impact of revenue, expenses and property, plant and equipment on deferred tax and income taxes, we were unable to obtain sufficient appropriate audit evidence to substantiate the amounts in the statement of financial position, statement of comprehensive income and related note disclosures.

Additional matters

Classification of borrowed funds

At the start of the Company's operations in 1999, the Government of the Republic of Trinidad and Tobago, borrowed funds from the World Bank and provided these funds to the Company to fund its start-up operations. The Company accounted for this funding as equity, however based on the requirements of International Accounting Standard 32 'Financial Instruments', this amount may be required to be classified as a financial liability until the Government of the Republic of Trinidad and Tobago formally communicates to the Company that this funding is not required to be repaid which has not occurred to date. As a result of the treatment of the funds received from the Government of the Republic of Trinidad and Tobago in the financial statements as equity, the Company is not in compliance with the requirements of IAS 32.

The prior year audit report was also qualified for this issue identified above.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

PricewaterhouseCoopers

18 January 2017
Port of Spain
Trinidad, West Indies

Trinidad and Tobago Postal Corporation

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 September 2009 $	2008 $
Assets			
Non-current assets			
Property, plant and equipment	5	46,810,877	46,908,515
Investment in associate	6	1,535,072	1,159,557
Deferred tax asset	15	432,014	312,455
Trade and other receivables	9	16,432,086	5,793,068
Total non-current assets		65,210,049	54,173,595
Current assets			
Inventories	8	731,220	1,630,782
Trade and other receivables	9	14,480,556	20,882,080
Short term investments	10	23,895,369	20,903,642
Cash and cash equivalents		5,277,093	7,707,364
Total current assets		44,384,238	51,123,868
Total assets		109,594,287	105,297,463
Equity and liabilities			
Equity			
Reserve fund	12	77,752,262	77,752,262
Revaluation reserve	13	13,178,722	9,500,000
Accumulated deficit		(37,241,159)	(22,518,674)
Total equity		53,689,825	64,733,588
Non-current liabilities			
Deferred revenue	14	8,465,969	3,830,069
Deferred tax liability	15	432,014	312,455
Interest-bearing loan	16	2,088,840	5,962,083
Total non-current liabilities		10,986,823	10,104,607
Current liabilities			
Taxes payable		--	79,434
Interest-bearing loan	16	3,873,243	3,500,054
Trade and other payables	18	39,144,851	26,879,780
Bank overdraft	17	1,899,545	--
Total current liabilities		44,917,639	30,459,268
Total equity and liabilities		109,594,287	105,297,463

The notes on pages 11 to 36 are an integral part of these financial statements.

On 1 December 2016, the Board of Directors of Trinidad and Tobago Postal Corporation authorised these financial statements for issue.

________________ Director ________________ Managing Director

Trinidad and Tobago Postal Corporation

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 September 2009 $	2008 $
Revenue		86,788,207	84,189,724
Cost of sales	19	(20,426,158)	(13,363,909)
		66,362,049	70,825,815
Other operating income	20	2,458,125	3,250,521
Government subventions	23	47,000,000	68,900,000
		115,820,174	142,976,336
Administrative and operating expenses	21	(130,896,203)	(122,689,385)
Operating (loss)/profit		(15,076,029)	20,286,951
Financial income		1,066,910	1,406,808
Financial expenses		(1,264,591)	(2,190,700)
Finance costs - net		(197,681)	(783,892)
Share of profit from associate	6	703,254	518,149
(Loss)/profit before taxation		(14,570,456)	20,021,208
Taxation	24	(152,029)	(259,443)
(Loss)/profit after taxation		(14,722,485)	19,761,765
Total comprehensive (loss)/income for the year		(14,722,485)	19,761,765
Other comprehensive income			
Revaluation gain on property, plant and equipment		3,678,722	(1,500,000)
Total comprehensive (loss)/income for the year		(11,043,763)	18,261,765

The notes on pages 11 to 36 are an integral part of these financial statements.

Trinidad and Tobago Postal Corporation

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Reserve fund $	Revaluation reserve $	Accumulated deficit $	Total equity $
Year ended 30 September 2009				
Balance at 1 October 2008	77,752,262	9,500,000	(22,518,674)	64,733,588
Other comprehensive income				
Valuation of land (Note 5)	--	3,678,722	--	3,678,722
Total comprehensive loss for the year	--	--	(14,722,485)	(14,722,485)
Balance at 30 September 2009	77,752,262	13,178,722	(37,241,159)	53,689,825
Year ended 30 September 2008				
Balance at 1 October 2007	77,752,262	11,000,000	(42,280,439)	46,471,823
Other comprehensive income				
Valuation of land (Note 5)	--	(1,500,000)	--	(1,500,000)
Total comprehensive income for the year	--	--	19,761,765	19,761,765
Balance at 30 September 2008	77,752,262	9,500,000	(22,518,674)	64,733,588

The notes on pages 11 to 36 are an integral part of these financial statements.

Trinidad and Tobago Postal Corporation

Statement of Cash Flow

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 September 2009 $	2008 $
Cash flows from operating activities			
(Loss)/profit before provision for taxation		(14,570,456)	20,021,208
Adjustments to reconcile (loss)/profit before taxation to net cash from operating activities:			
Depreciation and amortisation	5	4,907,736	4,466,410
Finance income		(1,066,910)	(1,406,808)
Finance expense		1,264,591	2,190,700
Impairment and de-recognition of property plant & equipment	5	4,578,722	1,700,000
Share of profits	6	(703,254)	(518,149)
Operating (loss)/profit before changes in working capital		(5,589,571)	26,453,361
Decrease in inventories		899,562	439,553
(Increase)/decrease in trade and other receivables		(4,237,494)	4,385,815
Increase/(decrease) in trade and other payables		12,265,071	(20,104,677)
Cash generated from operations		3,337,568	11,174,052
Income taxes paid		(231,463)	(255,783)
Net cash flow from operating activities		3,106,105	10,918,269
Cash flows from investing activities			
Dividends received	6	327,739	181,806
Interest received		1,066,910	1,406,808
Increase in short-term investments		(2,991,727)	(9,420,794)
Purchase of property, plant and equipment	5	(5,710,098)	(6,998,794)
Net cash used in investing activities		(7,307,176)	(14,830,974)
Cash flows from financing activities			
Interest paid		(1,264,591)	(2,190,700)
Increase/(decrease) in deferred revenue		4,635,900	(309,971)
Repayment of borrowings	16	(3,500,054)	(3,162,822)
Net cash used in financing activities		(128,745)	(5,663,493)
Net decrease in cash and cash equivalents for the year		(4,329,816)	(9,576,198)
Cash and cash equivalents at the beginning of the year		7,707,364	17,283,562
Cash and cash equivalents at the end of the year		3,377,548	7,707,364
Cash and cash equivalents comprise:			
Cash at bank		5,277,093	7,707,364
Bank overdraft		(1,899,545)	--
		3,377,548	7,707,364

The notes on pages 11 to 36 are an integral part of these financial statements.

1 **Incorporation and principal activities**

Trinidad and Tobago Postal Corporation (TTPOST or the Company) was established as a corporate body by the Trinidad and Tobago Postal Corporation Act No. 1 of 1999 (the Act), on 10 February 1999, and amended by Trinidad and Tobago Postal Corporation Act No. 6 of 2012.

TTPOST was set up to take over the functions of the former Government Post Office Division of the then Ministry of Public Utilities. The address of its principal place of business is 240-250 Golden Grove Road Piarco.

The financial statements are required by the Trinidad and Tobago Postal Corporation Act chapter 47.02, Section 23 of the Act states that the financial statements are to be submitted annually by the Auditor General or by an auditor authorised by the Auditor General in writing for that purpose. In addition, Section 24 of the Act states that the Board shall, within three months of the end of each financial year, submit an annual report to the Minister in respect of Trinidad and Tobago Post and its subsidiaries. The annual report for the year ended 30 September 2009 was due for filing on the 31 December 2009.sure sure

As a result, the Plan is in breach of the Act as the requirement and the deadline for submission of audited accounts for the year ended 30 September 2009 has passed. This non-compliance does not have a material impact on the financial statement performance as there is no penalty for late filing.

2 **Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. *Basis of preparation*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements these are disclosed in Note 4.

(i) *Changes in accounting policies*

(a) *Standards, amendments and interpretations effective 1 January 2008*

- IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial instruments, or the disclosures relating to taxation and trade and other payables.
- IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard did not have any impact on the Company's financial statements.
- IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard did not have any impact on the Company's financial statements.
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions' provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation did not have an impact on the Company's financial statements.

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(i) *Changes in accounting policies (continued)*

(b) *Standards, amendments and interpretations effective in 2008 but not relevant*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Company's operations:

- IFRS 4, 'Insurance contracts'
- IFRIC 7, 'Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies'
- IFRIC 9, 'Re-assessment of embedded derivatives'

(c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2008 or later periods, but the Company has not early adopted them:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs was removed.
- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company will apply IAS 1 (Revised) from 1 January 2009.It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.
- IFRIC 17, 'Distribution of non-cash assets to owners' - effective on or after 1 July 2009. This is not expected to have a material impact to the Company's financial statements.
- IFRS 9, 'Financial Instruments' – effective from 1 January 2018. The objective of this IFRS is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of the entity's future cash flows. This is not expected to have a significant impact to the Company's financial statements.

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(i) *Changes in accounting policies (continued)*

(d) *Standards, amendments and interpretations to existing standards that are not yet effective and relevant to the Company's operations*

- IFRS 3 (revised), 'Business combinations' - effective from 1 July 2009.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'.

- IAS 1 (amendment), 'Presentation of financial statements'.

- IAS 19, 'Employee benefits', was amended in June 2011. The impact on the group will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Company is yet to assess the full impact of the amendments.

- IAS 27 (revised 2011) 'Separate Financial Statement' includes the provision on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised 2011) 'Associate and Joint Ventures' includes the requirements for joint ventures as well as associates to be equity accounted following the issue of IFRS 11.

- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of Company's arrangements that were not covered by that interpretation.

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Company will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the Company's accounts.

- IFRS 10, Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess IFRS 10's impact but it is not expected to have a significant impact on the Company's accounts.

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(i) *Changes in accounting policies (continued)*

(d) *Standards, amendments and interpretations to existing standards that are not yet effective and to relevant to the Company's operations (continued)*

- IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. See note 43 for the impact of adoption on the financial statements.
- IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- IFRS 14, 'Regulatory Deferral Accounts" is an interim standard which provides relief for first-adopters of IFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The impact of IFRS 14 has not yet been assessed.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The impact of IFRS 15 has not yet been assessed.
- IFRS 16, 'Leases', addresses the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual reporting periods beginning on or after 1 January 2019. The impact of the changes has not yet been assessed.

2 Significant accounting policies (continued)

a. *Basis of preparation (continued)*

(i) *Changes in accounting policies (continued)*

(d) *Standards, amendments and interpretations to existing standards that are not yet effective and to relevant to the Company's operations (continued)*

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

b. *Consolidation*

(i) *Associates*

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Company's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

c. *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are expressed in Trinidad and Tobago dollars which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2 **Significant accounting policies (continued)**

d. *Property, plant and equipment*

Land and building comprises in the main assets at Piarco. Land and building are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and building are credited to revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve in equity. All other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Furniture and fixtures	10 years
Computer equipment	3 years
Vehicles	4 years
Other equipment	15 years
Air conditioning units	4 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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 disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative and operating expenses' in the statement of comprehensive income. When revalued assets are sold, the amounts included in 'revaluation reserve' are transferred to retained earnings.

2 **Significant accounting policies (continued)**

e. *Financial assets*

The Company classifies its financial assets in the following categories: loans and receivables and held to maturity. The classification depends on the purpose for which financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. The Company follows IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires a significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

f. *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method. It includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

g. *Trade and other receivables*

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer) they are classified as current assets. If not they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred 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 loss 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. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

The Act also provided for the exemption from Value Added Tax (VAT) on imports and commercial sale of goods and services of the postal services operations of TTPOST. The commercial services are not exempt. VAT paid on purchases has been claimed from the Commissioner of VAT and included in other receivables.

2 Significant accounting policies (continued)

h. *Cash and cash equivalents*

Cash and cash equivalents include includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdraft. Bank overdraft is shown separately in current liabilities on the statement of financial position.

i. *Trade and other payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

j. *Current and deferred income tax*

The Act provided for the exemption from taxes by TTPOST for a period of three (3) years from the proclamation date of 1 July 1999. In April 2004, the Act was amended to extend the tax-exempt status to 30 June 2004. Consequently, with effect from 1 July 2004, TTPOST became liable to taxation.

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. The principal temporary differences arise from depreciation on property, plant and equipment and unutilised tax losses.

2 Significant accounting policies (continued)

k. *Provisions*

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

l. *Revenue recognition*

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Company's business activities. Revenue is shown net of VAT, returns, rebates and discounts. The Company recognises revenue when the amount can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met. Revenue is recognised as follows:

(i) *Sale of goods and services*

The Company operates through a chain of its own postal retail shops (Corporate Shops) and in partnership through a number of franchise arrangements. Services leveraged through the network on behalf of other principals, attracts commission income which is recorded on the accruals basis.

(ii) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

(iii) *Dividend income*

Dividend income from the associate is recognised when received. It is recognised in the statement of comprehensive income by reducing the share of profits from the associates in the period received.

m. *Leases*

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

2 Significant accounting policies (continued)

n. *Government grants*

Government grants are unconditional and are either capital in nature or related to the ongoing operations of TTPOST. The ongoing operational grants are recognised in the statement of comprehensive income when received. Capital grants are recognised in the statement of financial position as deferred income and are released to the statement of comprehensive income in the manner consistent with the depreciation of the asset to which it relates.

The Company is dependent on government funding to defray both capital and period costs. This funding is treated in accordance with IAS 20 Government Grants, except where there is an agreement between the Government of the Republic of Trinidad and Tobago (GORTT) and the TTPOST that specific injections of funds will be treated as equity in the statement of financial position.

GORTT supports the recurrent expenses of the Company by subventions as approved by the Parliament of Trinidad and Tobago in the Annual Budget. Subventions are received monthly and are recognised in the statement of comprehensive income when received. Subventions are deemed non-taxable income.

o. *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

p. *Reserve fund*

Additional funding received from the GORTT is treated as an injection of funds and included in equity.

3 **Financial risk management**

a. *Financial risk factors*

The Company's activity exposes it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's performance.

(i) *Market risk*

(a) *Foreign exchange risk*

The Company operates internationally with and through other international postal administrations, within the Universal Postal Union (UPU). It is exposed to foreign exchange risk arising from various currency exposures, primarily the US dollar.

At 30 September 2009 if the TT dollar had weakened/strengthened by 1% against the US dollar with all other variables being constant post-tax profits for the year would have been $11,620 (2008: $65,520) higher/lower as a result of foreign exchange losses on translation of US dollar-denominated cash balances, trade receivables and payables.

(b) *Price risk*

The Company is not exposed to equity security or commodity price risk.

(c) *Cash flow and fair value interest rate risk*

As the Company has no significant interest bearing assets, income and operation cash flows are substantially independent of changes in market interest rates. The current borrowings are at fixed rate and were repaid in 2011.

(ii) *Credit risk*

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. The utilisation of credit limits is regularly monitored and management does not expect any non-performance by these counterparties with the exception of those provided for. Cash at banks are held with reputable financial institutions.

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Management monitors rolling forecast of the Company's liquidity reserves. Due to the nature of the business, the Company maintains its funding through available committed credit lines which include the subventions received from the Government of the Republic of Trinidad and Tobago.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 Financial risk management (continued)

a. *Financial risk factors (continued)*

(iii) *Liquidity risk (continued)*

	Less than 1 year $	Between 1 and 5 years $	Contractual cash flows $	Carrying amount $
At 30 September 2009				
Trade and other payables	39,144,851	--	39,144,851	39,144,851
Interest bearing loan	4,137,891	2,718,900	6,856,791	5,962,083
Bank overdraft	1,899,545	--	1,899,545	1,899,545
At 30 September 2008				
Trade and other payables	26,879,780	--	26,879,780	26,879,780
Interest bearing loan	4,394,761	8,789,523	13,184,284	9,462,137

b. *Capital risk management*

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders. The Company's capital structure is presently not share based and is dependent on strategic injections by the Government of the Republic of Trinidad and Tobago. The Company obtains funding from the GORTT to fund its capital and expenses. There have been no changes in the Company's objectives of managing capital from the prior year.

c. *Fair value estimations*

The carrying value less impairment provision of current trade receivables and payables are assumed to approximate their fair value. Non-current trade receivables were discounted to determine its fair value.

4 Critical accounting estimates and judgements

Estimates and judgements 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.

a. *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. 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 addressed below.

(i) *Income taxes*

Significant estimates are required in determining the Company's provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Management has made estimates of tax deductions based on current information available. If these tax deductions claimed were to be different from management's estimate, such differences may impact the current and deferred income tax in the period in which such determination is made.

(ii) *Estimated impairment of non-current trade receivables*

The impairment provision is determined by discounting the expected future cash flows associated with the receivable. A major assumption used to estimate the impairment is the discount rate. If the estimated discount rate had been 1% higher than management's estimate then the Company would have recognised a further impairment on receivables in the amount of $ 52,290 (2008: $104,969).

Had the rate been 1% lower than management's estimate then the Company would have recognised a reduced impairment on receivables in the amount of $63,911 (2008: $108,546).

b. *Critical judgements in applying accounting policies*

The Company has recognised PSIP funding in accordance with IAS 20 Government Grants whereby, amounts are set up as deferred income and released to statement of comprehensive income in the manner consistent with the asset it funds. It is management's view that the GORTT is providing this funding to the Company similar to funding that is also available to other similar state-owned entities.

The Company accounts for injection of additional funding as equity, since in management's view the amounts are not to be repaid by the Company. Should this change the treatment could have a significant impact on the Company's financial statements.

Notes to the Financial Statements (continued)
30 September 2009
(Expressed in Trinidad and Tobago Dollars)

5 Property, plant and equipment

	Land and buildings $	Furniture and fixtures $	Computer equipment $	Vehicles $	Other equipment $	Air condition $	Capital work-in-progress $	Total $
At 30 September 2008								
Cost/valuation	35,328,722	8,828,385	6,044,191	9,995,521	7,905,407	2,412,717	--	70,514,943
Accumulated depreciation	(4,328,722)	(3,395,941)	(5,001,012)	(7,926,065)	(1,416,337)	(1,538,351)	--	(23,606,428)
Net book amount	31,000,000	5,432,444	1,043,179	2,069,456	6,489,070	874,366	--	46,908,515
Year ended 30 September 2008								
Opening net book value	34,800,000	4,927,964	415,584	1,394,867	4,725,751	1,311,965	--	47,576,131
Revaluation reserve (Note 13)	(1,500,000)	--	--	--	--	--	--	(1,500,000)
Impairment	(1,700,000)	--	--	--	--	--	--	(1,700,000)
Additions	--	1,381,567	1,309,830	2,373,943	1,933,454	--	--	6,998,794
Depreciation charge	(600,000)	(877,087)	(682,235)	(1,699,354)	(170,135)	(437,599)	--	(4,466,410)
Closing net book amount	31,000,000	5,432,444	1,043,179	2,069,456	6,489,070	874,366	--	46,908,515
At 30 September 2009								
Cost/valuation	34,678,722	8,833,601	6,876,597	9,995,521	12,694,107	2,496,492	--	75,575,040
Accumulated depreciation	(5,178,722)	(4,260,560)	(5,883,430)	(8,808,549)	(2,592,671)	(2,040,231)	--	(28,764,163)
Net book amount	29,500,000	4,573,041	993,167	1,186,972	10,101,436	456,261	--	46,810,877
Year ended 30 September 2009								
Opening net book value	31,000,000	5,432,443	1,043,180	2,069,456	6,489,071	874,365	--	46,908,515
Revaluation reserve (Note 13)	3,678,722	--	--	--	--	--	--	3,678,722
Impairment	(4,578,722)	--	--	--	--	--	--	(4,578,722)
Additions	--	5,217	832,406	--	4,788,699	83,776	--	5,710,098
Depreciation charge	(600,000)	(864,619)	(882,419)	(882,484)	(1,176,334)	(501,880)	--	(4,907,736)
Closing net book amount	29,500,000	4,573,041	993,167	1,186,972	10,101,436	456,261	--	46,810,877

5 Property, plant and equipment (continued)

The Company's land and buildings were revalued on 30 September 2009 by G.A. Farrell & Associates Chartered Valuation Surveyors. The valuation surveyors in arriving at the estimate of the value of the subject property considered all of the following approaches and utilized one of more of them. These included the Sales Comparison Approach, the Income Approach and the Cost Approach.

This basis of valuation considered relevant factors and particularly the prices being paid for properties in the area at the time of the report. The surplus thus arising was credited to revaluation surplus in shareholders' equity. As per the valuation report land and buildings were valued at $12,250,000 and $17,250,000 respectively.

6 Investment in associate

Investment in associate represents TTPOST's 30% equity interest in 'Streamlined Solutions'. Streamline Solutions is a limited liability company incorporated in the Republic of Trinidad and Tobago, whose principal activity is the provision of mailing processing solutions as well as sales and servicing of mailing equipment. The investment of 52,322 ordinary shares at $1.00 par value was acquired in September 2001 at a cost of $300,000.

	2009 $	2008 $
Balance at the start of the year	1,159,557	823,214
Share of profits	703,254	518,149
Less dividends received	(327,739)	(181,806)
Balance at the end of the year	1,535,072	1,159,557

The share of profits in associate is after tax and adjusted for the difference in financial year-end of the Company 30 September and the associate – 31 December. The Company's share of the results of the associate is unlisted and is as follows. The assets and liabilities are the Company's share based on the associate's audited financial statements as at 31 December 2009 and 2008:

	2009 $	2008 $
Revenue	3,517,794	2,704,798
Assets	2,280,730	1,815,129
Liabilities	739,367	814,181
Profit	703,254	518,149

7 Financial instruments by category

As at 30 September 2009	Loans & receivables $	Held to maturity $	Total $
Assets as per statement of financial position			
Investments - short-term	--	23,895,369	23,895,369
Trade and other receivables (excluding prepayment)	29,494,097	--	29,494,097
Cash and cash equivalents	5,277,093	--	5,277,093
Total	34,771,190	23,895,369	58,666,559

As at 30 September 2009	Financial liabilities at amortised cost $	Total $
Assets as per statement of financial position		
Bank overdraft	1,899,545	1,899,545
Borrowings	5,962,083	5,962,083
Trade and other payables (excluding statutory liability)	38,378,069	38,378,069
Total	46,234,697	46,234,697

As at 30 September 2008	Loans & receivables $	Held to maturity $	Total $
Assets as per statement of financial position			
Investments - short-term	--	20,903,642	20,903,642
Trade and other receivables (excluding prepayment)	26,216,902	--	26,216,902
Cash and cash equivalents	7,707,364	--	7,707,364
Total	33,924,266	20,903,642	54,827,908

As at 30 September 2008	Financial liabilities at amortised cost $	Total $
Assets as per statement of financial position		
Borrowings	9,462,137	9,462,137
Trade and other payables (excluding statutory liability)	26,879,780	26,879,780
Total	36,341,917	36,341,917

8 Inventories

	2009 $	2008 $
Stamps	218,816	633,570
Supplies	512,404	997,212
	731,220	1,630,782

Inventories of $12,385,971 (2008: 7,360,551) were recognised in cost of sales.

9 Trade and other receivables

Trade receivables	34,635,683	27,307,957
Provision for doubtful debts	(5,616,633)	(1,514,100)
Net trade receivables	29,019,050	25,793,857
Other receivables and prepayments	1,893,592	881,291
	30,912,642	26,675,148
Less non-current portion - trade receivables	(16,432,086)	(5,793,068)
Current portion - trade and other receivables	14,480,556	20,882,080

Trade receivables include the results from local trade, international trade, franchisee operations, customs receivables and money order operations. Other receivables and prepayments include security deposits for rental of properties, prepayments and employee receivables.

Trade receivables comprises local customers, local franchisees and international postal administrations. Other trade receivables are made up of money orders and employee receivables.

Non-current trade receivables have been discounted at a rate of 11.75% and the fair value shown below:

	2009 $	2008 $
Trade receivables	29,019,050	25,793,857
Other receivables and prepayments	1,893,592	881,291
	30,912,642	26,675,148

As at 30 September 2009, trade receivables of $13,294,222 (2008: $15,795,443) were fully performing.

As at 30 September 2009, trade receivables of $15,724,828 (2008: $9,998,414) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

Up to 12 months	1,632,753	3,999,366
12 to 24 months	6,672,493	5,999,048
Over 24 months	7,419,582	--
	15,724,828	9,998,414

9 Trade and other receivables (continued)

Past due receivables include terminal dues from international administrations as well as money order balances from international administrations. These are collectable annually and are therefore not impaired.

As at 30 September 2009, trade receivables of $5,616,633 (2008: $1,514,100) were impaired and provided for. These relate to receivables that in view of the length of the post statement of financial position period and all efforts to collect having been exhorted, they were deemed impaired.

Non-current trade receivables were discounted and the impact on carrying value was a decrease in 2008 and an increase in 2009 amounting to $199,282 and $191,187 respectively.

The carrying amounts of the Company's trade and other receivables are denoted in the following currencies:

	2009 $	2008 $
Trinidad and Tobago dollar	24,266,111	16,328,907
US dollar	5,621,393	9,029,682
Euro dollar	429,126	697,549
UK pound	596,012	619,010
	30,912,642	26,675,148

Movement on the Company's impairment of trade receivables is as follows:

As at 1 October	1,514,100	4,242,172
Increase in provision	4,102,533	807,674
Amounts written off	--	(3,535,746)
As at 30 September	5,616,633	1,514,100

The creation and release of the provision for impaired receivables have been included in "administrative and operating expenses" in the statement of comprehensive income. The other classes within trade and other receivables do not contain impaired assets.

The Company does not hold any collateral to cover the credit risks associated with its financial assets. Maximum exposure to credit risk is $58,008,126 (2008: $54,404,864).

10 Short-term investments

Royal Bank of Canada - Call deposits	33,361	12,219,348
First Citizens Bank Limited - Paria Fund	684,991	3,591,424
CMMB Investment Fund	23,177,017	5,092,870
	23,895,369	20,903,642

11 Cash and cash equivalents

	2009 $	2008 $
Citibank of Trinidad and Tobago Limited	358,352	1,575,087
First Citizens Bank Limited	--	121,686
Republic Bank Limited	496,952	7,040,677
RBTT Bank Limited	3,847,144	10,238,908
Scotiabank of Trinidad and Tobago Limited	18	147,169
Cash in transit	--	(11,421,163)
Bill pay	569,627	--
Cash in hand	5,000	5,000
	5,277,093	7,707,364

Included in the various bank accounts are funds collected on behalf of other agencies under the Bill pay facility totalling $569,627 (2008: $2,823,428). There were no cash in transit at the end of year 2009. In respect of the cash in transit in 2008, this amount includes a credit balance of $14.7m and other balances which net to an overall credit balance of $11.5m. The Company provides certain services in which they collect and remit payments by customers to bill pay principals. As at 30 September 2008, management reversed a liability of $14.7m payable to bill pay principals with the corresponding entry to cash in transit. In respect of the remaining debit balance of $3.2m, this represents the net of other transactions which were also in most instances duplicated in error.

12 Reserve fund

On 14 June 1999, the Government of the Republic of Trinidad and Tobago signed a loan agreement for US$11,450,000 with the International Bank for Reconstruction and Development to secure funding for the Postal Services Reform Project (the Project). The implementing agency is the Ministry of Public Utilities and the Environment. The total cost of the Project is US$23,200,000 with the remainder of the cost being funded by the Government of the Republic of Trinidad and Tobago.

The stated objectives of the Project are:

a. to improve postal service in Trinidad and Tobago by expanding its coverage and quality, while achieving major efficiency gains and introducing new products and services in response to growing client needs; and

b. to increase private sector participation of postal services.

In its execution, the direct beneficiary of the Project is TTPOST, however, there is no contractual arrangement between the Government of the Republic of Trinidad and Tobago and TTPOST regarding the nature of the support provided by the Government of Trinidad and Tobago in its capacity as borrower under the loan facility nor has any repayment been agreed or executed in the post statement of financial position period.

In the absence of a formal arrangement with the Government of the Republic of Trinidad and Tobago, management has decided to treat all draw-downs on the loan facility as a reserve fund under equity.

	2009 $	2008 $
As at 30 September	77,752,262	77,752,262

13 Revaluation reserve

In 2009, a valuation was done on the land and building owned by the Company at the National Mailing Centre.

	2009 $	2008 $
As at 1 October	9,500,000	11,000,000
Revaluation increase (Note 5)	3,678,722	(1,500,000)
As at 30 September	13,178,722	9,500,000

14 Deferred revenue

Under IAS 20 – Accounting for Government Grants and Quality of Service Fund is accounted for using the alternate treatment by holding the asset for which the grant pertains on the statement of financial position at cost, and the grant to which it refers as deferred revenue. The latter is then amortised to the statement of comprehensive income in the manner of use as the asset for which it was given.

The deferred revenue is composed of Quality of Service Fund or QSF and Public Sector Investment Program Funds or PSIP. The following shows the movement on the grants and its amortisation.

	2009 $	2008 $
As at 1 October	3,830,069	4,140,040
Public Sector Investment Program (PSIP) receipts	6,000,000	1,222,000
Quality of Service Fund (QSF)	902,083	--
Amortisation - QSF	(236,191)	(236,191)
Amortisation - PSIP	(2,029,992)	(1,295,780)
As at 30 September	8,465,969	3,830,069

As at September 2009, there were no further conditions of the grants to be met by the Company.

15 Deferred income taxes

Deferred tax asset recognised in the period is limited to the deferred tax liability effective at the end of tax shelter in June 2004. Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25%. The movement on the deferred income tax account is as follows:

	2009 $	2008 $
At beginning of year	--	--
Charge/credit to statement of comprehensive income	--	--
At end of year	--	--

15 Deferred income taxes (continued)

Deferred tax liability/asset and the deferred tax charge in the statement of comprehensive income are attributable to the property plant and equipment and tax losses. The movement in the deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	2008 $	Change in the year $	2009 $
Deferred income tax liability			
Accelerated tax depreciation	312,455	119,559	432,014
Deferred income tax asset			
Tax profit	(312,455)	(119,559)	(432,014)

	2007 $	Change in the year $	2008 $
Deferred income tax liability			
Accelerated tax depreciation	345,635	(33,180)	312,455
Deferred income tax asset			
Tax losses	(345,635)	(33,180)	(312,455)

Deferred income tax assets are recognised for tax losses to the extent of the Company's taxable temporary differences. The Company recognised deferred income tax assets of $432,014 (2008: $312,455) in respect of unused of tax losses amounting to $3,642,614 (2008: $1,249,820). The tax losses have not been agreed by the Board of Inland Revenue. The Company's tax losses not recognised is $69.9m (2008: $66.5m).

16 Interest-bearing loan

The interest bearing loan is in respect of land and building at NMC. The movement on which is as follows:

	2009 $	2008 $
Loan principal		
As at 1 October	9,462,137	12,624,959
Instalments paid	(3,500,054)	(3,162,822)
As at 30 September	5,962,083	9,462,137
Current portion	(3,873,243)	(3,500,054)
Non-current portion	2,088,840	5,962,083

16 Interest-bearing loan (continued)

The interest bearing loan is a United States Dollar denominated mortgage loan for US$4,275,977 received from First Citizens Bank Limited for the construction of the National Mail Centre. The loan, which was received in two amounts of US$4,000,000 and US$275,977 on 23 May 2000 and 19 October 2001, respectively, is secured by the property situated at Golden Grove Road, Piarco and bears interest at 10.25% per annum. The loan is payable over ten years which commenced September 2001 via semi-annual instalments of principal and interest totalling $2,197,730 (US$348,846).

17 Bank overdraft

	2009 $	2008 $
Bank overdraft as at 30 September 2009 were as follows		
RBTT Limited	1,481,705	--
First Citizens Bank Limited	417,840	--
	1,899,545	--

The Company has an overdraft authorised of $5,000,000 at the TTD prime rate. The security for this facility is a letter of comfort from the Government of the Republic of Trinidad and Tobago for $5,000,000.

18 Trade and other payables

	2009	2008
Trade payables	9,122,689	8,999,917
Bill pay	4,064,356	--
Other payables	15,876,756	7,535,901
Accrued liabilities	10,081,050	10,343,962
	39,144,851	26,879,780

Other payables include vacation payable to staff $9,211,628 (2008: $6,694,569).

19 Cost of sales

	2009	2008
Materials	12,385,971	7,360,551
Franchise expenses	2,302,361	1,094,479
Philatelic expenses	59,046	191,381
Courier expenses	5,678,780	4,717,498
	20,426,158	13,363,909

Courier expenses include local administration cost, transportation and other cost of international mail.

20 Other operating income

	2009 $	2008 $
Commissions	163,189	3,022,605
Gain on foreign exchange	28,754	26,024
Amortisation of capital grant	2,266,182	--
Other	--	201,892
	2,458,125	3,250,521

Commissions include bill-pay commissions from principals based on volume of transactions, as well as commissions recognised on money orders and encashment of pension cheques.

21 Expenses by nature

	2009	2008
Salaries and employee costs	84,404,376	79,230,817
NIS contribution	4,476,826	4,312,223
Travel, meals and accommodation	395,896	605,309
Training	110,663	274,769
Subscriptions and memberships	405,000	5,388
Board of directors fees and expenses	15,701	323,831
Legal and professional fees	1,712,002	800,220
Audit fees	240,000	560,000
Security	3,056,915	2,758,803
Rent/lease expenses	3,339,860	4,177,726
Telephone	2,008,174	1,994,246
Advertising	724,983	1,150,016
Electricity	1,304,996	1,272,452
Utilities, rates and taxes	153,188	216,476
Duties & charges	509,761	99,677
Insurance	869,153	615,028
Repairs and maintenance	2,457,754	3,549,887
Motor vehicle	989,186	341,558
Stationery and supplies	3,686,699	2,207,700
IT support	359,029	294,351
Donations	47,775	122,322
Depreciation and amortisation	4,907,736	4,466,410
Impairment expense (Note 5)	4,578,723	--
Provision for bad and doubtful debts (Note 9)	4,102,533	807,674
Other expenses	6,039,274	12,502,502
Administrative and operating expenses	130,896,203	122,689,385
Cost of sales	20,426,158	13,363,909
Total expenses by nature	151,322,361	136,053,294

22 Employee benefit expenditure

	2009	2008
Salaries and employee costs	84,404,376	79,230,817
NIS contribution	4,476,826	4,312,223
	88,881,202	83,543,040
Number of employees	1373	1,564

23 Government subvention

Government subvention received in the period is as follows:

	2009 $	2008 $
Recurrent expenditure support	47,000,000	33,000,000
Arrears of wages (BU #1 & #3 - 2005 to 2007)	--	35,900,000
Total subventions received	47,000,000	68,900,000

In 2008, the union agreement for bargaining unit (BU) #1 and #3 was signed and settled. Additional subvention was received to settle this liability. These were paid on 30 September 2008.

24 Income tax expense

	2009 $	2008 $
Business levy	152,029	259,443
	152,029	259,443

Reconciliation between the Company's tax expense and theoretical amounts that would arise using average tax rate applicable to profits are as follows:

	2009	2008
(Loss)/profit before tax	(14,570,456)	20,021,208
Tax calculated at domestic tax rates applicable to profits	(3,642,614)	5,005,302
Tax effects of:		
- Associates results	703,254	182,670
- Income not subject to tax	(11,750,000)	(17,225,000)
- Expenses not deductible for tax purposes	285,694	655,061
- Unrecognised tax losses	14,802,862	11,381,967
- Business levy	152,029	259,443
Tax charge	152,029	259,443

25 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2009	2008
Less than one year	2,794,745	4,177,726
Between one and five years	1,428,827	2,991,931

TTPOST leases a number of facilities for the Delivery and Retail Network under operating leases. The leases typically run for a period of 1 to 3 years, with an option to renew the lease after that date. None of the leases includes contingent rentals.The network of Delivery and Retail locations are subject to rationalisation as per market demands.

During the year ended 30 September 2009, $3,339,860 (2008: $4,177,726) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

26 Contingent liability

The Act requires TTPOST to establish a pension fund plan for all employees by 10 February 2001; however, to date this statutory requirement has not been fulfilled. The Act preserves the benefits that accrued to employees by virtue of their employment in the Government Postal Services, up to their date of employment by TTPOST based on their salary immediately prior to their employment by TTPOST (the Public Service salary). That benefit is payable by the Government of the Republic of Trinidad and Tobago.

The Act states that death or retirement benefits that accrue to employees prior to the establishment of the pension fund plan shall be based on their TTPOST salary, if higher than the Public Service salary, and difference between the benefits payable based on their TTPOST salary and Public Service salary is TTPOST's liability.

However, the TTPOST Act did not envisage the following:

(a) a gap period of 15 years and more before the establishment of a Pension Fund, and its implication for Public Service Salaries uplift from 1999 to present and;

(b) employment positions in the Company's current organisation structure that are not all covered in the Pension Extension's Act of Trinidad and Tobago.

An actuarial valuation was performed on the basis that the pension fund plan was established as at 30 September 2005. Another actuarial valuation was done as at September 2007. The valuation revealed that had the pension fund plan been established at September 2007, the initial past service liability would have been $116,300,000 and, TTPOST's contribution rates in respect of current service cost for ex-Public Servants and new employees should be 18.6% of employees' salaries. This approximates to a total contribution cost of $777,000 per month.

The funding mechanism for the pension fund plan has not yet been decided so it is uncertain how much, if any, of the initial past service liability will be paid by TTPOST.

27 Capital commitments

At the statement of financial position date, the Company had no capital commitments. In the prior year, capital commitments amounted to $5,118,048 which was settled during this year.

28 Related party transactions

The Company has 30% of the equity of 'Streamlined Solutions'. The controlling interest of 70% is held by other parties. Government and government related entities are considered related parties.

28 Related party transactions (continued)

The following transactions were carried out with related parties:

	2009 $	2008 $
a. *Sale of goods and services*		
Associate - Streamline Solutions	--	943,228
Government and governmental agencies	37,187,975	31,304,310
b. *Purchase of goods and services*		
Government and governmental agencies	28,178,196	13,901,787
c. *Year-end balances arising from sales/ purchases of goods/services*		
Receivable from related parties		
Associate - Streamline Solutions	--	147,121
Government and governmental agencies	1,708,414	9,177,319
Payable to related parties		
First Citizen Bank Limited- Mortgage Loan	5,962,083	9,462,137

d. *Key management compensation*

Key management includes the Company's directors, the Senior Management Team (SMT), the Corporate Secretary and the Internal Audit Manager.

	2009	2008
Directors fees	405,000	215,926
Salaries and other short-term employee benefits	1,733,878	1,601,015
	2,138,878	1,816,941

29 Events after the reporting date

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.