

Annual Report 2000

Year Ended June 30, 2000





"Affordability , reliability and convenience are yours from TTPost .



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*Trinidad and Tobago
Postal Corporation*

Making Our Vision And Mission Work For You

OUR VISION:

- *To be recognised as the best enterprise in Trinidad and Tobago*
- *To be recognised worldwide as an outstanding postal service*

OUR MISSION:

- *To transform TTPost into a successful commercial business*
- *To become a world-class postal service*

OUR NEW LOOK

Our new logo symbolises all that TTPost represents. The red, white and black reflect our national colours and the humming bird represents our commitment to swift and focused action.

**Trinidad and Tobago
Postal Corporation
(TTPost)**

TTPost is the Postal Service of Trinidad and Tobago, 100% owned by the Government and people of Trinidad and Tobago and managed by New Zealand Post International Limited (NZPIL) under a contract known as the Delegated Management Arrangement.

CHAIRMAN'S STATEMENT



In our new financial year, we will continue to build this business from strength to strength. As a team, we will renew our efforts for the benefit of our customers and the people of Trinidad and Tobago.

As a Board, we will support the efforts of the management and staff and assist in any way possible. As part of Team TTPost, we will be with them every step of the way, along the path of growth and expansion. Together we aim to provide a reliable, affordable and efficient postal service.

Ash Saigal,
Chairman

THE BOARD OF DIRECTORS



*Standing Left to Right: Vice Chairman, **Osborne Ashby** of the Chief Personnel Office; **Everald Samuel**, Board Member, General Secretary of the Postal Workers Union; **Veena Badrie Maraj**, Board Member, Attorney at Law; **Hajinder Atwal**, Board Member, Director of Economic Research and Planning, Ministry of Public Utilities; **Sitting: Paul Dalton**, Board Member, Managing Director, TTPost, **Phaedra Ram**, Corporate Secretary, TTPost, **Ash Saigal**, Chairman, TTPost. • Not pictured: **McDonald Lloyd Greene**, Tobago House of Assembly (THA) Representative.*

THE OBJECTIVES OF THE TRINIDAD AND TOBAGO POSTAL CORPORATION (TTPost)

TTPost, a statutory corporation was established under the Trinidad and Tobago Postal Corporation Act No. 1, 1999.

The Act itself puts into place the framework for the reform of the old Post Office and dictates the transition path from a Government Department to a viable corporate enterprise.

The first stage of this transformation is a five-year Delegated Management Arrangement, which commenced February 25, 1999. This was awarded to New Zealand Post International Limited.

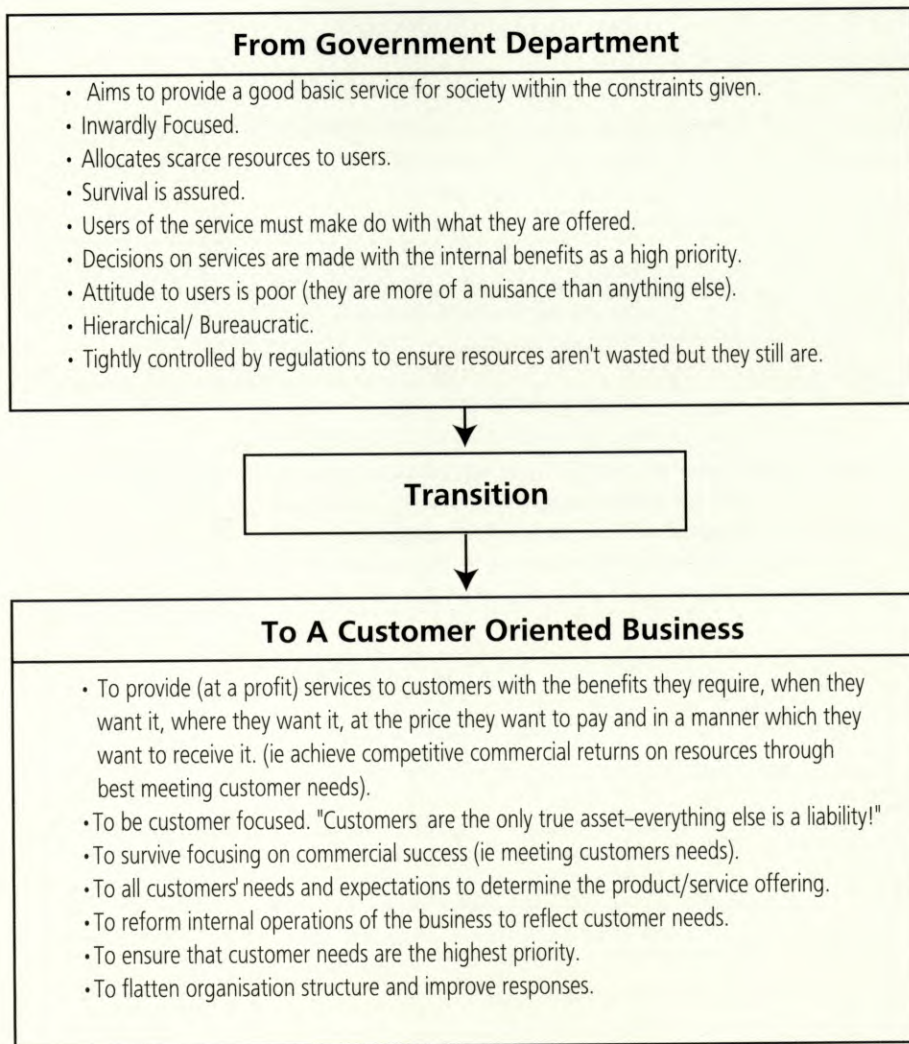
Under this arrangement, the objectives of the Post Office reform programme are to :

- I. Create a financially self-sufficient Postal service with the capacity to finance its growth, investment and new product development needs.
- II. Assure the continuation of universal Postal service to the people of Trinidad and Tobago. The term "universal service" envisions a delivery network that reaches all parts of the country and a counter network that provides reasonable and convenient access to postal services to all residents. "Universal service" also assures the provision of at least one category of letter mail service, at a universal rate, within Trinidad and Tobago.
- III. Assure the achievement of high quality standards in the provision of all Postal services, while maintaining reasonable, affordable and efficient prices for mail categories, subject to monopoly protection.
- IV. Stimulate real growth in the Postal service with an enhanced portfolio of services and products that are customer and market driven, focusing on creating increased choice and availability of communications services, including paper based and emerging electronic opportunities.
- V. Modernise the Postal infrastructure and strengthen management capacity to maximise the future value of the enterprise, its assets and its workforce.
- VI. Develop a highly motivated and skilled workforce which is committed to organisational objectives.

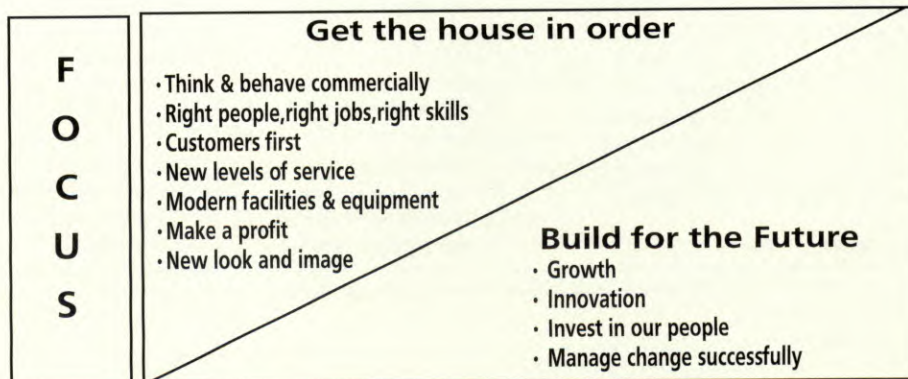
THE OBJECTIVES OF THE TRINIDAD AND TOBAGO POSTAL CORPORATION (TTPOST)

continued

(a) The transition of TTPost:



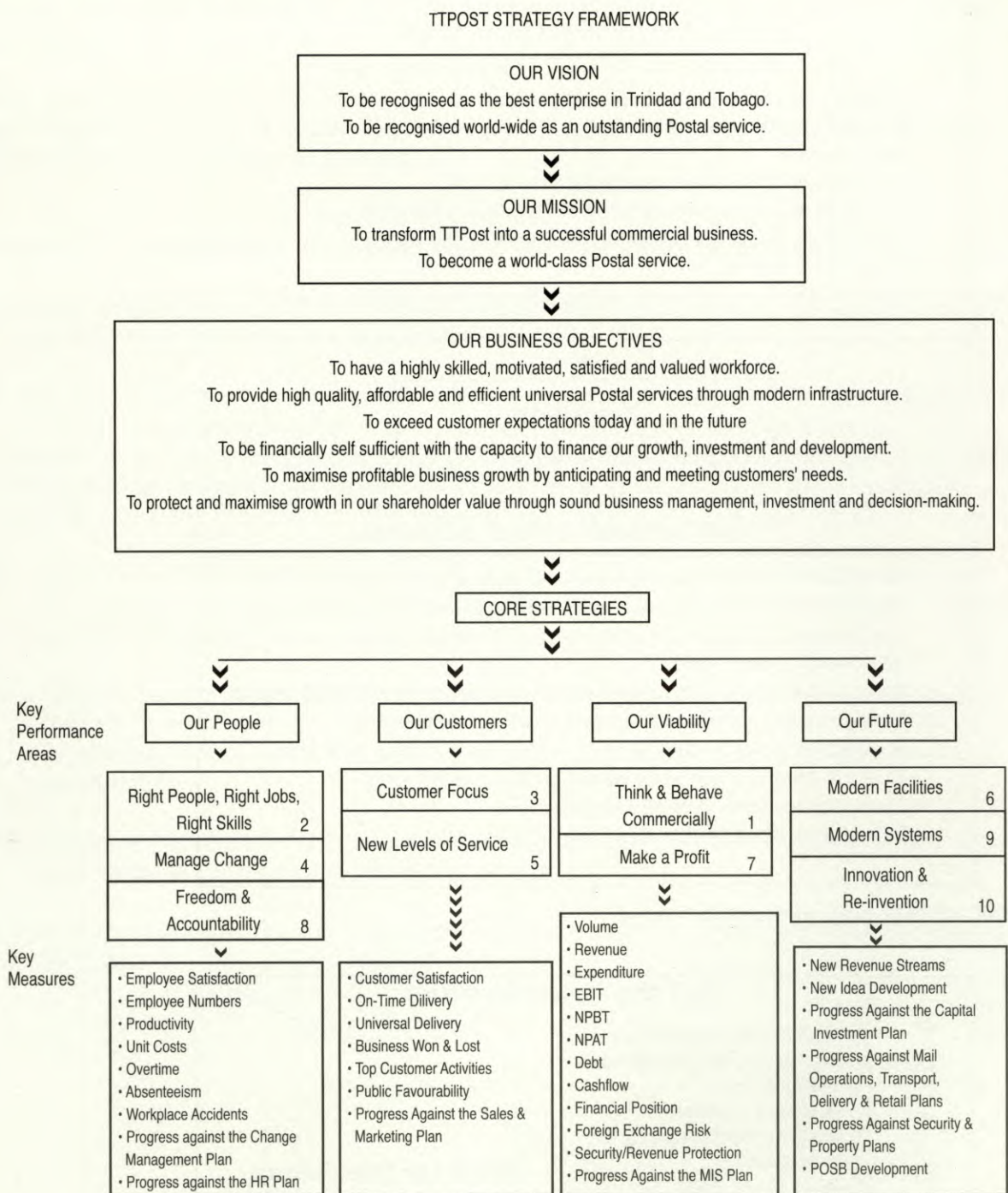
(b) What will take place in the next 5 years



TTPOST'S STRATEGY FRAMEWORK

Overall Strategy and Policies under the Corporation Plan

The following strategies as detailed in the Corporation's Five Year Plan allow TTPost to carry out its obligations under Section 8 of the Act:



These measures have been further crystallised into five (5) performance targets namely:

1. Universal Delivery Service
2. Customer Satisfaction
3. Transit Time
4. Revenue Growth
5. Net Income

TTPOST CORE STRATEGIES

EXPLAINING TTPOST CORE STRATEGIES

Priority	Strategy	What does this mean?
1	Think and behave commercially	<ul style="list-style-type: none"> • This is the driver behind all the other strategies. • Setup and structure the business as a private sector business would operate. Leave the Government Dept chapter of our history behind. • Take control of our own destiny and make decisions on a commercial basis. • Move quickly and without unnecessary bureaucracy.
2	Right People, Right Jobs, Right Skills	<ul style="list-style-type: none"> • Restructure the organisation to meet the challenges it has ahead. • Select the right people for the required jobs and provide them with skills to do the job. • Allow those that want to leave to exit with dignity (VSEP) • Upskill the organisation at all levels and create the opportunity for people to develop
3	Customer Focus	<ul style="list-style-type: none"> • Regain the respect and trust of the customers • Start treating them as important and let them know we care • Understand their needs and tailor our products and services to help them meet those needs • Build relationships with our customers • Be more responsive • Greater accountability when things go wrong • Aim to be first choice service provider
4	Manage Change	<ul style="list-style-type: none"> • Have a common vision on the direction and ultimate objectives • Let everyone know what is going on. No surprises. • Involve people and get their involvement & commitment • Get people used to revolution -continual improvement
5	New Levels of Service	<ul style="list-style-type: none"> • On-time delivery, every time • Faster delivery • Delivery to every household and business • No loss or damage • More convenient access to our service • A wider range of service • More commercial ways of doing business
6	Modern Facilities	<ul style="list-style-type: none"> • Upgrade buildings • Upgrade equipment • New technology • Upgrade vehicle fleet • New image
7	Make a Profit	<ul style="list-style-type: none"> • Increase revenue • Reduce cost • Reduce revenue leakage • Understand & monitor the real business drivers
8	Freedom & Accountability	<ul style="list-style-type: none"> • De-centralise decision making. Give managers and staff more control over their work areas • In return, expect people to be more accountable for their decisions and results • Provide the tools and training for people to manage their performance
9	Modern Systems	<ul style="list-style-type: none"> • Modern work practices & production management • Upgrade information systems at all levels (for timely, accurate reporting) • Computerisation • Modern accounting systems • Forward looking planning, budgeting and performance measurement
10	Innovation & Re-invention	<ul style="list-style-type: none"> • Generate and develop new revenue streams • Identify and implement new ways of doing things • Continual re-invention of the business to secure a future in the marketplace

TTPOST PERFORMANCE MEASURES

1999/2000 RESULTS FOR KEY PERFORMANCE MEASURES

Year One DMA Targets	Target	Actual
Revenue Growth (\$000)	\$60821	\$60736
Net Income (\$000)	\$(6594)	\$(4353)
Customer Satisfaction	50%	76.4%
Universal Delivery	60%	62%
Transit Time	80%	46%

MANAGING DIRECTOR 'S COMMENTS

An Interview with Paul Dalton, Managing Director of TTPost

"I am proud to say that we have not only done well against our business targets but we have really worked together to lay the foundation for our growth."



Mr. Dalton, in your assessment, to what extent were TTPost's objectives met during the year July 01, 1999 to June 30, 2000 ?

"During our first year of operation as a business, I am proud to say that we have not only done well against our business targets but we have really worked together to lay the foundation for our growth. In particular :

- Through faster and more reliable service, we have managed to get people to start trusting the mail again. On-time delivery is currently over 90% and this easily positions us as the best postal service in the Caribbean.

- We have made home delivery a reality for over 38,000 extra households – making the mail a more convenient means of communication that our customers will hopefully use more.

- Our public favourability is running at a very high level – over 93% of media articles on TTPost are positive. Delivering virtually all of the Christmas mail before Christmas last year really set us on a good footing for the New Year.

- We have started to convince advertisers that mail is a viable means of getting a message across to their potential customers. We delivered over 1 million items of advertising mail for over 70 major companies in the last half of the year.

- We have begun to modernise our public image in a way that has delighted and surprised many customers. Our 8 new-look Post Offices are a real success in that regard, with more to come.

- We have introduced new services – from stationery and Western Union money transfers to courier services.

- We have improved the way we interact with all of our customers – especially the larger businesses that send the majority of our mail.

- We have increased our prices to a more viable level.

- We have introduced simpler means of pricing to make the service more convenient for customers to use.

- We have begun the rationalisation of our retail network with the opening of the first two franchise outlets.

- We have sent the message to Trinidad and Tobago that there are more things still to come.

continued...

An Interview with Paul Dalton, Managing Director of TTPost

These successes have been achieved with virtually the same staff you had when you started business on July 01, 1999. Getting the best out of your people must be an important criterion for success. Can you comment?

"Yes. The attitude and commitment of our staff will be the reason why TTPost will be an even greater success in the future. This is their business and it is their efforts that will make the difference. While we have done so much, we cannot be complacent. Productivity has to keep improving, costs have to keep reducing, services have to keep improving and we will only be able to do this through the efforts of our staff."

What about your plans for Tobago?

"During our second year of business, much more emphasis will be placed on the Tobago arm of our network. Plans are already in place to relocate the existing Scarbrough TTPost Office and have it effectively transformed into a modern, new-look TTPost retail outlet. Likewise, the Canaan and Bon Accord TTPost Offices will soon offer a range of products similar to our new outlets in Trinidad. Efforts to expand our delivery network in Tobago will also continue apace."

What are some of the changes and activities we can expect to see in the near future?

"We have some catching up to do in some important areas. We have to get our new staff uniforms out on the streets. We have to get our new vehicle fleet up and running and we have to finish installing sorting cases and overflow boxes. We also have to find a way to overcome the legal constraints in terms of negotiating a new collective employment contract. We must also enter into new contractual arrangements with our Postal agents so that we can move forward in this area. The mammoth task of the property upgrading programme will continue, with repair and relocations going at an even faster pace. In other words, we must ensure that the people of Team TTPost are well-paid, well-clothed, well-housed and well-equipped."



Top: It's in the box. Deputy Mayor of P.O.S., Murchinson Browne and Paul Dalton, Managing Director, TTPost, look on while Public Utilities Minister Ganga Singh receives a mailbox from TTPost. Middle: Artist's impression of the New National Mail Centre. Scheduled opening: November 2000. Bottom: Another satisfied customer.



POSTAL OPERATIONS

(during the Year July 01, 1999-June 30, 2000)

(A) MAIL VOLUMES (000's items)

<i>Category</i>	<i>12 mth Target</i>	<i>12 mth Actual</i>	<i>Variance</i>
(1) Local			
<i>Bulk Local Letters</i>	25,000.00	23,803.30	-5%
<i>Other Local Letters</i>	7,450.00	7,600.20	+2%
<i>Freepost/Business Reply</i>	100.00	12.50	-88%
<i>Parcels</i>	0.00	0.00	-
<i>Registration</i>	66.00	189.50	+187%
<i>Courier</i>	0.00	34.80	N/A
<i>Unaddressed Mail</i>	0.00	1,234.70	N/A
Sub-total local	32,616.0	32,876.80	+1%
(2) Outbound International			
<i>EMS</i>	13.00	14.40	+8%
<i>Bulk Letters</i>	1,500.00	986.40	-34%
<i>Other Letters</i>	1,300.00	1,878.70	+45%
<i>Parcels</i>	5.00	2.40	-52%
<i>Registration</i>	168.00	120.10	-29%
Sub-total outbound	2986.00	3002.00	+0.5%
(3) Inbound International			
<i>EMS</i>	26.00	28.70	+10%
<i>Letters</i>	3564.00	5,209.80	+46%
<i>Parcels</i>	25.00	43.30	+73%
<i>Registration</i>	78.00	83.40	+7%
Sub-Total	3,693.00	53,65.20	+45%
Grand-Total	39,295.00	41,241.80	+5%

(B) RETAIL NETWORK SIZE

Outlet Type	Number
<i>Post Offices</i>	71
<i>Agencies</i>	158
<i>Franchises</i>	2
<i>Stamp Retailers</i>	61
TOTAL	292

(C) UNIVERSAL DELIVERY

Total number of delivery points increased (July 1, 1999-June 30, 2000): 39,111

Delivery points:

Receiving 5 days per week delivery as at 30/6/00

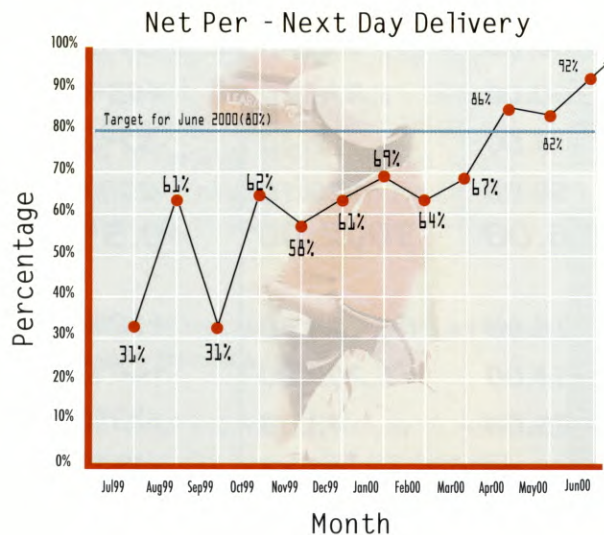
Box / Bags	4,922
Street	214,596
Total	219,518

Delivery point targets:

	% of Total Nation's Dwellings	No. of Delivery Points	Increase Required
Current (June 2000)	62.0%	219,518	39,111
June 2001	70.8%	245,139	34,621
2002	86.8%	315,777	61,638
2003	91.8%	338,477	22,700
2004	95.8%	357,994	19,517

(D) TRANSIT TIME

Net Per - the internal measure of Day 1 (next working day) service performance for local letters from September 2000. A quarterly external independent measure will also be undertaken.



July 1999	31%
August 1999	62%
September 1999	31%
October 1999	63%
November 1999	58%
December 1999	61%
January 2000	69%
February 2000	64%
March 2000	67%
April 2000	86%
May 2000	82%
June 2000	91%

The Target for 1999/2000 was to bring Net Per (day 1) up to 80% by June 2000.

(E) PRICES*Private Boxes / Private Bags*

SERVICE	SIZE OPTION	PRICE
Private Boxes	Large	\$150.00 Per Annum
	Medium	\$125.00 Per Annum
	Small	\$85.00 Per Annum
Private Bag		\$150.00 Per Annum

Letters within Trinidad and Tobago

CATEGORY	WIDTH (max)	LENGTH (max)	THICKNESS (max)	PRICE
Small	130 mm(5 1/8in)	240 mm(9 1/2in)	5 mm	75¢
Large	267 mm(10 1/2in)	318 mm(12 1/2in)	5 mm	\$1.50
Extra Large	330 mm(14in)	450 mm(17 1/2in)	50 mm	\$3.00

Parcels within Trinidad and Tobago

WEIGHT	PRICE
0 - 500g	\$4.50
500g - 1kg	\$6.00
1 - 2kg	\$10.00

OTHER ACTIVITIES

The activities of the Property Management Division for the period July 1, 1999 to June 30, 2000, focused on four main areas:

1. National Mail Centre

A site comprising approximately six acres and located on the Golden Grove Road, Piarco was purchased for the construction of the new TTPost corporate headquarters. Construction began in January 2000 and is to be completed in November 2000.

2. Health and Safety

Owing to the lack of maintenance of Post Offices over the years, TTPost inherited a rundown portfolio of properties. These were appraised and health and safety repairs were implemented in those which were deemed critical. Such repairs included faulty electrical work, leaking roofs, rotten flooring and insecure doors. Repair work was also done at Arouca, Sangre Grande, Valencia, Guaico, Diego Martin, Morvant, San Juan, El Socorro, Caroni, Blundell, Marabella, Scarborough, Belmont and the General Post Office.

Pest control and eradication were implemented on a quarterly basis for all offices.

Additionally, Post Offices were appraised for the presence of asbestos. No asbestos-containing materials of the friable and thus harmful type were found.

3. Re-locating and Reimaging the Post Office Network

The key criterion which influences the success of a retail shop is location. Thus, five Post Offices were re-imaged and re-located to Excellent Stores in Port of Spain, Bankers' Building at Tragarete Road, Carlton Centre in San Fernando, Ishmael Khan Building in Chaguanas, and Trinpad Building in Marabella. Additionally, the existing offices at Valsayn and Tunapuna were refurbished in order to bring them in line with the new image. This image reflects Trinidad and Tobago Postal Corporation's corporate colours of red and black. Retail staff at these outlets are now working in modern shops which are more comfortable and attractive.

Three franchises were established by the Retail Division, at Guayaguayare, El Socorro, and Matelot. These were out-fitted in line with the current image, including signage, product displays and counters.

4. Vesting

Efforts were made to have selected properties vested in TTPost, within the first year of commencement. This did not materialise, however, a Vesting Committee was set up to fast track this within the second year.

Cash Flows from operating activities:

Net Loss for the period
Adjustment for:
Depreciation

Cash Flows from operating activities:

Net Loss for the period
Adjustment for:
Depreciation
Exceptional Item - VESP payments
Interest revenue
Reimbursements of Salaries
Revenue Generated from the sale of Assets

Exceptional Item from VESP payments

Interest revenue
Reimbursements of Salaries
Revenue Generated from the sale of Assets

Working Capital Changes:

Decrease/(Increase) in Inventory
Increase in Accrued Liabilities
Increase in Accounts Payable - International
Decrease/(Increase) in Accounts Receivable
Decrease/(Increase) in VAT Receivable
Increase in Prepaid
Increase in Deposits in advance
(Decrease)/ Increase in Deposits in advance

Working Capital Changes:

Decrease/(Increase) in Inventory
Increase in Accrued Liabilities
Increase in Accounts Payable
Increase in Accounts Payable - International
Decrease/(Increase) in Accounts Receivable
Decrease/(Increase) in VAT Receivable
Increase in Prepaid
(Decrease)/ Increase in Deposits in advance

FINANCIAL SUMMARY

(for the Year July 01, 1999-June 30, 2000)

Auditor's Report pages a1 - a3

Financial Statement pages f1 - f14

Net Cash used in operating activities:

Cash Flows from investing activities:

Interest Revenue
(Increase) Investments
Proceeds Sale of Assets
(Increase) in Project cost

Net Cash used in operating activities:

Cash Flows from investing activities:

Interest Revenue
(Increase) Investments
Proceeds Sale of Assets
(Increase) in Project cost



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE ACCOUNTS AND FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO POSTAL CORPORATION FOR THE YEAR ENDED 2000 JUNE 30

The accompanying Financial Statements of the Trinidad and Tobago Postal Corporation for the year ended 2000 June 30 have been audited. The statements as set out on pages one (1) to nine (9) comprise a Balance Sheet as at 2000 June 30, an Income Statement of Cash Flows for the year ended 2000 June 30 and Notes to the Financial Statements numbered 1 to 17.

2. These Financial Statements are the responsibility of the Management of the Trinidad and Tobago Postal Corporation. The Auditor General's responsibility is to audit the Financial Statements and to report thereon in accordance with Section 23 (1) of the Trinidad and Tobago Postal Corporation Act, 1999 (Act. No. 1 of 1999).

3. The examination was conducted in accordance with generally accepted Auditing Standards. These Standards require that the Audit be planned and performed in order to obtain reasonable assurance about whether the Financial Statements are free of material mis-statement.

4. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures used and significant estimates made by Management, as well as evaluating the overall presentation of information in the Financial Statements. It is my view that the Audit which was conducted provides a reasonable basis for the comments made at paragraphs 5 to 11 of this Report.

INCOME STATEMENT

Revenue

5. The statements of postage relating to the period prior to 1999, December were not produced for audit. The Corporation has indicated that the records were accidentally destroyed by Management.

BALANCE SHEET

Assets

Stamp Inventory - \$971,039

6. Stamps on hand at the year end date were valued at simple average cost instead of weighted average cost as stated in International Accounting Standard No. 2 (IAS 2). Note 6 to the Financial Statements is relevant.



Project Cost - \$16,853,470

7. This figure represents Management Operator Fees paid and Refund of Project Preparation Advance under the Postal Services Reform Project. Expenditure was incurred by the Project Implementation Unit of the then Ministry of Public Utilities under the Postal Sector Reform Project for which a loan obtained. The basis for reflecting this amount in the financial statements of the Corporation and as an intangible asset as “an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes”. Paragraph 8 of this report is relevant.

Liabilities

World Bank Loan - \$18,655,835

8. The agreement seen in respect of this loan for the Postal Services Reform Project was between the International Bank for Reconstruction and Development and the Government of the Republic of Trinidad and Tobago. The loan is reflected as part of the Public Debt of Trinidad and Tobago. The loan basis for including this loan as a liability of the Corporation was not determined.

Increase in Equity from Stamp Duty - \$7,976,703

9. This figure represents revenue from the sale of stamps attributable to Stamp Duty as determined by the Corporation. The authority to reflect this amount as part of the Government’s equity in the Corporation was not determined.

Transfer and Vesting of Real Property

10.1 Section 61 (1) of the Trinidad and Tobago Postal Corporation Act, 1999 states:

“The Minister shall, by Order, within twelve months of the commencement of this section, vest in Trinidad and Tobago Post such property which was under the direction and management of the Post Master General under the Post Office Act at the commencement of this section, as specified in the Order.”

Section 61 (1) of the Act became effective on 1999 July 01.

10.2 At the date of this Report, evidence of the transfer and vesting of real property in the Corporation was not seen. Note 12 to the Financial Statements is relevant.



OPINION

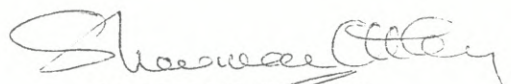
11. The Financial Statements as outlined at paragraph 1 above are in agreement with the records maintained by the Trinidad and Tobago Postal Corporation and present fairly, in all material respects, the financial position of the Corporation as at 2000 June 30 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles, subject to the comments at paragraphs 5 to 10 above.

SUBMISSION OF REPORT

12. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and to the Minister of Finance in accordance with the provisions of Section 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

2001 October 30




SHARMAN OTTLEY
ACTING AUDITOR GENERAL

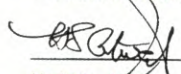
Financial Summary

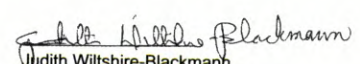
TRINIDAD AND TOBAGO POSTAL COMPANY BALANCE SHEET as at June 30, 2000

ASSETS		June 30, '00	Opening Balance July 1, '99
Current Assets		\$	\$
Cash on Hand	4	4,263,000	4,300,000
Cash at Bank	4	7,788,025	7,401,951
Cash in-Transit	5	-	4,820,373
Stamp - Inventory	6	971,039	638,036
Prepaid Insurance		58,347	-
Advances	7	95,295	-
Accounts Receivable	8	11,002,070	-
VAT Receivable	9	2,177,356	-
Total Current Assets		26,355,132	17,160,360
Investments	10	925,000	-
Project Cost	11	16,853,470	-
Fixed Assets	12	17,871,214	3,050,012
Total Assets		62,004,816	20,210,372
LIABILITIES & EQUITY			
Current Liabilities			
Deposits in Advance	13	146,090	212,877
Accrued Liabilities		146,400	-
Accounts Payable		2,009,078	-
Accounts Payable - Int'l		1,665,007	-
Total Current Liabilities		3,966,575	212,877
Long-Term Liabilities			
World Bank Loan	14	18,655,835	-
Mail Centre Loan	14	8,999,997	8,999,997
Long-Term Liabilities		27,655,832	-
Funds Employed			
Trinidad & Tobago Post Fund	15	19,997,495	19,997,495
Increase in Equity from Stamp Duty	16	7,976,703	-
Subsidy	19	6,761,645	-
Total Capital Funds & Subsidy		34,735,843	19,997,495
Loss for the Period		(4,353,434)	-
Total Funds Employed		30,382,409	19,997,495
Total Liabilities & Funds		62,004,816	20,210,372



The attached statement and notes form an integral part of these financial statements


 Harjinder Atwal
 Chairman


 Judith Wiltshire-Blackmann
 GM Finance & Administration

Financial Summary

TRINIDAD AND TOBAGO POSTAL COMPANY INCOME STATEMENT for the Year Ended June 30, 2000

	Schedule	\$	\$
Revenue	1	<u>60,736,665</u>	60,736,665
Operating Expenses			
Goods & Services	2	14,796,697	
Personal Emoluments	3	44,620,331	
Depreciation		821,018	
Total Operating Expenses		<u>60,238,046</u>	<u>60,238,046</u>
Net Operating Profit			498,619
Miscellaneous Revenue/Expenses			
Other Revenue			
Interest		697,616	
Sales of Vehicles		154,568	
Reimbursement of Salaries from Saving Bank		124,340	
Total Other Revenue		<u>976,524</u>	
Other Expenses			
Interest on Loans	4	851,874	
Total Other Expenses		<u>124,650</u>	<u>124,650</u>
Profit/(Loss) before exceptional Items			623,269
			460,962
			<u>3,000,000</u>
Add Deficit Subsidy			3,623,269
Profit for the Year Before Exceptional Items			<u>(7,976,703)</u>
Less Estimated Revenue Derived from Stamp Duty	5		<u>(4,353,434)</u>
Loss before Exceptional Items			
Exceptional Items			
Labour cost prior to 1/7/99		1,608,097	
Negotiation fee on VSEP loan		80,000	
Interest on VSEP Loan		913,000	
VSEP payments		7,550,258	
Total exceptional Items		<u>10,151,355</u>	
Less Government Subsidy (VSEP Loan)		<u>(10,151,355)</u>	-
Net/(Loss) Profit for the Period			<u><u>(4,353,434)</u></u>

The attached statement and notes form an integral part of these financial statements

Financial Summary

TRINIDAD AND TOBAGO POSTAL COMPANY STATEMENT OF CASH FLOWS For the period ending June 30, 2000

	2000 \$
Operating Activities:	
Net Loss for the Year	(4,353,434)
Adjustment for:	
Depreciation	821,018
Profit on Sale of Vehicles	(123,895)
Subsidy	(3,000,000)
Unrealized Exchange Loss	-
Interest Received	(697,616)
Reimbursement of Salaries	(124,340)
Interest on Loans	-
Operating Loss before Changes in Operating Assets and Liabilities	<u>(7,478,267)</u>
(Increase)/Decrease in Operating Assets	
Stamp - Inventory	(333,003)
Supplies - Inventory	-
Prepaid Insurance	(58,347)
Advances	(95,295)
Employee Computer Loans	-
Accounts Receivable	(11,002,070)
VAT Receivable	(2,177,356)
(Increase)/Decrease in Operating Liabilities	
Deposits in Advance	(66,787)
Accrued Liabilities	146,400
Accounts Payable	2,009,078
Accounts Payable Int'l	1,665,007
Cash Provided By (Used By) Operating Activities	<u>(17,390,640)</u>
Cash (Used) - Exceptional Items	(10,151,355)
Investing Activities	
Investments	(925,000)
Project Cost	(16,853,470)
Fixed Assets	(15,672,893)
Proceeds from the Sale of Assets	154,568
Interest Received	697,616
Cash (Used) in Investing Activities	<u>(32,599,179)</u>
Financing Activities:	
Interest	-
World Bank Loan	18,655,835
Mail Centre Loan	8,999,997
Increase in Equity from Stamp Duty	7,976,703
Deficit Subsidy	-
Government Subsidy	-
Decrease in Equity	19,913,000
Reimbursement of Salaries	124,340
Cash Provided by Financing Activities	<u>55,669,875</u>
Unrealized Exchange Gain/(Loss)	
Net Decrease in Cash Resources	5,680,056
Cash and Cash Equivalents at Beginning of Year	16,522,324
Cash and Cash Equivalents at End of Year	<u>22,202,380</u>
Represented By:	
Cash on Hand	4,263,000
Cash in Bank	<u>7,788,025</u>
	<u>12,051,025</u>

NOTES TO THE FINANCIAL STATEMENTS

Trinidad & Tobago Postal Corporation Notes to the Financial Statements For the Financial Year Ended June 30, 2000

1. Incorporation & Activities

The Trinidad and Tobago Postal Corporation (TTPOST) was established as a body corporate by an Act of Parliament on February 10, 1999. The Corporation took over the functions of the former Post Office Division of the then Ministry of Public Utilities. The financial year ended June 30, 2000 is the first year of the operation of TTPPOST.

2. Management of the Post Office by NZPIL

New Zealand Post International (NZPIL) was given a five-year contract to reform the postal services of Trinidad and Tobago. This agreement came into being February 25, 1999. The management fee to be paid for this service is US\$5.3m. This project is to be funded partly by the Postal Sector Institutional Reform Loan (US\$2.8m) and partly by Postal Revenues (US\$2.5m) on the terms shown below:

Year	% Paid by World Bank	% Paid from Postal Revenue
1	100	0
2	70	30
3	30	70
4	0	100
5	0	100

This contract ends February 2004.

3. Significant Account Policies

These Financial Statements are prepared under the historical cost convention, and no account has been taken on the effects of inflation.

The financial statement is stated in Trinidad and Tobago dollars and drawdowns on loans negotiated in United States dollars are translated into Trinidad and Tobago dollars at the composite exchange rate quoted by the Central Bank on June 30, 2000.

No corporation taxes are applicable, as TTPPOST is exempt from all taxes for a period of three (3) years as quoted in the Trinidad and Tobago Postal Corporation Act 1999 (Act No. 1 of 1999), Section 34 (1) from February 10, 1999.

NOTES TO THE FINANCIAL STATEMENTS

Trinidad & Tobago Postal Corporation Notes to the Financial Statements For the Financial Year Ended June 30, 2000

4. Cash on Hand and in Bank

The total Cash on hand on June 30, 2000 was \$12.1m. An amount of \$4.3m. was held at Post Offices mainly for the payment of Old Aged Pension cheques and to a lesser extent the encashment of Money Orders. Cash at Bank was \$7.8m.

5. Cash in Transit

The amount of \$4.8m as Cash in Transit represents the sum to be reimbursed by the Treasury for the encashment of Social Assistance and Old Aged Pension cheques, which were accumulated over time.

6. Stamp-Inventory

Stamp inventory is valued at Average Cost. This is a change in Accounting Policy for which Board approval was obtained on June 22, 2001.

7. Advances

Advances as at June 30, 2000 was \$95,295. This represents payments made in advance on rental properties during the period amounting to \$26,384 and payment of airfares to New Zealand for four (4) employees of TTPost amounting to \$68,911. The airfare is to be reimbursed by the management operator formerly NZPIL now renamed Transend International.

8. Accounts Receivable

Accounts Receivable shown on the Balance Sheet is a combination of International (TT \$9.1m) and Local (TT \$1.9m) Receivables. All receivables are considered collectable for the following reasons. International Receivables are collected approximately six months after the end of the calendar year. This translates into an approximate 18-month delay of payment after services are rendered. This 18-month period is enshrined in the international conventions of the Universal Postal Union (UPU). Local Receivables are also considered 100% collectable. Outside of amounts outstanding from Government agencies, receivables from other institutions are paid within 30-45 days after service was rendered.

NOTES TO THE FINANCIAL STATEMENTS

Trinidad & Tobago Postal Corporation Notes to the Financial Statements For the Financial Year Ended June 30, 2000

9. VAT Receivable

The Trinidad and Tobago Postal Corporation is VAT exempt for a period of three (3) years from February 10, 1999 according to Section 34 of the Trinidad and Tobago Postal Corporation Act, 1999 (Act No. 1 of 1999).

10. Investments

As at June 30, 2000 there was only one (1) investment, the information on which is shown below:

Type of Investment	With Whom Invested	Amount	Rate of Interest	Investment Placed on	Period
Participatory Investors Certificate (PIC)	Royal Bank Park St, POS	\$925,000	\$10.5%	30/6/00	31 days

11. Project Cost

This represents all drawdowns to June 30, 2000 on the World Bank Structural Adjustment Loan. The loan was originally negotiated for the sum of US\$14.9m. This amount was subsequently reduced to US\$11.5m. As at June 30, 2000 total drawdowns amounted to US\$2.7m (TT\$16.9m) or 23% of the loan.

The Finance Committee, at its meeting on 14th September, 2000, agreed to treat these payments as an intangible asset, to be amortized over the life of the loan. Amortization is to commence from the third year of the Delegated Management Arrangement (DMA).

12. Fixed Assets

Fixed Assets are recorded at cost and are depreciated on the straight-line basis at rates estimated to write-off the depreciable amounts of the assets over their estimated useful lives. Assets completely written-off are recorded at a nominal value of \$1.00. The rates shown below are applied only to assets purchased after July 1, 1999, as agreed by the Finance Committee at its meeting held on September 14, 2000. Assets owned prior to this date were depreciated based on the approximate value at July 1, 1999.

Trinidad & Tobago Postal Corporation
Notes to the Financial Statements
For the Financial Year Ended June 30, 2000

12. Fixed Assets (Cont'd)

	Useful Life	Salvage Rate	Depreciation Rate (per annum)
Land	N/A	N/A	0%
Building	40 Yrs	10%	2.5%
Vehicles	4 Yrs	nil	25%
Other Equipment	15 Yrs	nil	6.7%
Computer & Related Equipment	5 Yrs	nil	20%
Furniture, Fixtures & Equipment	10 Yrs	nil	10%
Motor Cycles	4 Yrs	nil	25%

	Land	Vehicles	Other Equip't	Refurbish-ment	Motor Cycles	Work-in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
<u>Cost</u>							
as at 1/7/99	-	679,066	2,370,946	-	-	-	3,050,012
<u>Disposal</u>							
As at 30/6/00	-	-30,671	-	-	-	-	-30,671
<u>Additions</u>							
As at 30/6/00	4,000,000	195,500	2,952,917	337,244	20,166	8,167,066	15,672,893
<u>Accumulated Depreciation</u>							
	-	-343,747	-462,055	-13,115	-2,101	-	-821,018
<u>Net Book Value</u>							
	4,000,000	500,148	4,861,808	324,129	18,065	8,167,066	17,871,216

During the period, thirty-one (31) Post Office vehicles were disposed. Of these, five (5) had a carrying value of \$30,671.36. The value of \$30,671 was based on depreciated cost when sold. Twenty-six vehicles had no value as at July 1, 1999.

NOTES TO THE FINANCIAL STATEMENTS

Trinidad & Tobago Postal Corporation Notes to the Financial Statements For the Financial Year Ended June 30, 2000

Land and Building

There are seventy-seven (77) Post Offices throughout Trinidad and Tobago which were under the direction and management of the Post Master General. Four (4) have lease agreements, which continue to be effective as stated in the Trinidad and Tobago Postal Corporation Act, 1999 assented to on February 10, 1999. Interest in some of Post Offices are to be vested in TTPost by Order of the Minister, within twelve (12) months of its commencement (Part VIII, Section 61 (1) of the Trinidad and Tobago Postal Corporation Act, 1999.

13. Deposits in Advance

The amount shown as Deposits in Advance represents revenue received for the purchase of Inland Money Orders (IMOs) which have not been tendered for payment by recipients. This amount is \$46,090. The remaining \$100,000 represents an allowance for the Post Box Deposits.

14. Loans

World Bank Loan

The World Bank Loan is for US\$11.5m. Interest is currently paid semi-annually on June 15 and December 15 at a rate of 5.72% on the amounts disbursed. A commitment charge is also paid semi-annually on the undisbursed balance at a rate of 0.75%.

Funds will be accessible for a period of four (4) years ending in December 2004. Principal and interest payments are then to be made in semi-annual installments for a period of 10 years commencing on December 15, 2004.

Mail Centre Loan

This loan was negotiated with the First Citizens Trust and Merchant Bank Limited. Access to the loan was made available in June 2000 at a rate of interest of 11.5%. Interest is to be capitalized during the construction period and added to the principal balance, upon completion of the building. The loan was negotiated for the construction of the National Mail Centre. The life of the loan is for ten (10) years and is not backed by a Government guarantee but the Bank has stipulated that as a condition of the loan, terminal dues would be held, should there be a default on loan installments. The property is also mortgaged to secure the loan repayment.

NOTES TO THE FINANCIAL STATEMENTS

Trinidad & Tobago Postal Corporation Notes to the Financial Statements For the Financial Year Ended June 30, 2000

15. Trinidad and Tobago Post Fund

As stated in the Trinidad and Tobago Postal Corporation Act 1999 (Act No. 1 of 1999) Part V, Section 25(1), those sums which stand to the credit of the Government at the commencement of operations would be shown as the "Trinidad and Tobago Post Fund".

In this regard, the sum \$19,997,495 represents the investment of the Government of Trinidad and Tobago in the Trinidad and Tobago Postal Corporation on July 1, 1999.

16. Stamp Duty

The Board has agreed at its meeting of September 7, 2000 that a portion of revenue earned should be allocated to Stamp Duty, commencing from the first year of the DMA. This amount is to be treated as equity on the Balance Sheet, and was estimated to be \$7.9m in the financial year under review.

The justification for the level of Revenue allocated to Stamp Duty was accepted by the Board at its Finance Committee Meeting held on June 26, 2001.

17. Subsidy

During this financial year TTPost received \$19,913,000 from the Ministry of Finance. Of this amount \$16,913,000 was given to repay the Royal Bank for a loan negotiated to pay VSEP employees a 25% enhancement on gratuity entitlements. This loan was held for a period of six months and principal and interest amounted to \$16.9m.

TTPost also received \$3m to be applied against the deficit in the first year of the DMA. Expenditure in connection with the VSEP amounted to \$10,151,355 resulting in a balance of \$6,761,645 on this account.

Schedule 1

Trinidad & Tobago Postal Corporation Revenue for the period ended July 1999 - June 2000

REVENUE				Total \$
*Stamps	22,918,748.00	1,377,695.10	891,436.30	25,187,879.40
Bulk Mail - Cash	6,092,671.44			6,092,671.44
Bulk Mail - Receivables	2,365,469.46		854,284.51	3,219,753.97
Franking Machines	12,954,463.97			12,954,463.97
Phone Cards	13,465.17		142,573.36	156,038.53
Business Reply	5,363.00		2,162.85	7,525.85
Miscellaneous/ Tenders	86,593.36			86,593.36
IRC Sales	10,049.00			10,049.00
Courier Service	353,725.12	10,402.00	89,877.24	454,004.36
Rental of Private Boxes - T'dad	307,053.13	57,418.67		364,471.80
Rental of Private Bags - T'dad	124,829.50	250.00		125,079.50
Examination Fee -T'dad	89,740.00	4,595.00		94,335.00
Void Money Orders - Trinidad	35,119.78	3,204.73		35,119.78
Commission on I.P.O's - Trinidad	747.00	4.00		751.00
Demurrage Fee - Trinidad	25,642.00	245.00		25,887.00
Redirection Fee	3,810.00			3,810.00
Returned Letter Office	784.00			784.00
Commission Western Union	12,538.26		3,749.70	16,287.96
Commission on F.M.O's	573.46			573.46
Commission on I.M.O's	26,163.00	3,851.00		30,014.00
Unaddressed Mail (Cash Book)	186,445.20		95,294.66	218,739.86
Commission on Consigned Goods	254,599.00			21,600.30
Time Magazine	21,600.30			94.00
Free Post	55.75		38.25	8,208.05
Poundage on B.P.O's	8,041.37	166.68		31,911.95
Allowances for B.P.O's	31,710.69	201.26		
Transit Charges	-			
Transit Airmail	-		7,904,611.61	7,904,611.61
EMS	1,558,215.25	54,888.50	705,304.00	2,318,407.75
Surplus from Exchange	836,078.79			836,078.79
Share of Postage on Parcels	-			
Fee For Encashment Of O.A.P.	63,000.00			63,000.00
Re Main	262.50		6,297.00	6,559.50
Courier Service Receivables	121,433.00			121,433.00
Franchise Revenue	22,327.95			22,327.95
TOTAL REVENUE	48,281,830.27	1,512,921.94	10,941,912.93	60,736,665.14

Schedule 2

Trinidad & Tobago Postal Corporation Expenses for the period July 1999 - June 2000

Goods & Services	\$
Satchels	29,970.45
Electricity	366,930.38
Telephone	691,864.53
Water & Sewerage Authority	229,580.22
Rent	338,788.17
Stationery	739,631.46
Insurance	295,518.70
Materials	805,064.95
Motor Vehicles - Oil & Gas	239,750.17
Motor Vehicle Repairs	283,008.33
Repairs & Maintenance	793,262.02
Contracted Guards	2,109,017.22
Other Contractors Car Rental	257,879.58
Other Contractors	37,640.14
Training	83,714.27
Other Expenses	1,178,808.29
Other Expenses-Courier	1,136,378.03
Other Expenses- Donations	55,384.81
Other Expenses- Compensation	20,461.24
2 % Commission to Stamp Vendors	69,647.53
Other Expenses - Tobago	45,320.63
Other Expenses- Mail Carriage	2,689,648.51
Directors' Fees and Expenses	194,047.69
Legal	160,110.43
Consultancy	480,479.42
Marketing	62,893.25
Marketing-Communications	898,287.51
Property Maintenance	124,492.59
Property Leasing	239,320.95
IT Support	139,795.61
Total	14,796,697.08

Schedule 3

Trinidad and Tobago Postal Corporation Personnel Emoluments

Particulars	Total
	36,754,440.62
Salary	621,610.60
COLA	376,401.34
Bicycle Allowance	508,707.58
Travelling Allowance	16,910.00
Subsistence Allowance	387,863.73
Shift Allowance	568,668.83
Uniform Allowance	6,956.66
Acting Allowance	469,138.94
Overtime	119,508.29
Bonus	5,405.50
Out of Pocket Allowance	1,445,642.00
Postal Agents	215,278.00
Rent	2,029,284.41
NIS	494,250.00
Gift	600,264.50
Casual/Salaries	<u>44,620,331.00</u>

Schedule 4

Trinidad and Tobago Postal Corporation
Interest Expense paid for the year ended June 2000

Schedule 4

Trinidad & Tobago Postal Corporation
Interest Expense Paid for the Year Ended June 30, 2001

Institution Paid	Payment Date	Amount Paid
World Bank	15-Dec-99	266,800.45
World Bank	15-Jun-00	585,073.45
Total Interest due this Period		\$ 851,873.90

Schedule 5

Trinidad & Tobago Postal Corporation
 Estimate of Stamps Sales
 Attributable to Stamp Duty
 for the period October - June 2000

Stamp Denominations	Actual Sales for the Period				
	\$5.00	\$10.00	\$20.00	\$60.00	Total
June 2000	144,495	200,340	208,440	386,900	844,825
July 2000	250,135	361,044	282,880	386,900	1,280,959
A Total Stamp Duty Sales	394,630	561,384	491,320	678,450	2,125,784
B Average Sales per Month	197,315	280,692	245,660	339,225	1,062,892
C Estimated % of Sales Attributable to Stamp Duty	60%	80%	90%	95%	
D Estimated Stamp Duty Sales (B x C)	118,389	224,554	287,159	322,264	886,300
E October - June 2000 (Total D x 9)					7,976,703
Average Stamp Duty Sales October - June 2000					7,976,703

CORPORATE INFORMATION

REGISTERED ADDRESS

Trinidad and Tobago Postal Corporation

National Mail Centre

P.O. Box 1

1 Golden Grove Road

Piarco

Trinidad and Tobago

West Indies

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TTPOST

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TTPost Global Express



Trinidad and Tobago
Postal Corporation