



**SECOND REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE CHAGUARAMAS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30<sup>th</sup> SEPTEMBER, 2007**

The First Report of the Auditor General of the Republic of Trinidad and Tobago on the non-receipt of the Financial Statements of the Chaguaramas Development Authority (the Authority) for the year ended 30 September, 2007 was signed by the Auditor General on 2009 November, 04 and forwarded to the Speaker and the President of the Senate to be laid before the House of Representatives and the Senate respectively and to the Minister of Finance.

2. Section 29(2) of the Chaguaramas Development Authority Act, Chapter 35:02 requires the Auditor General to audit the accounts of the Authority in accordance with the Exchequer and Audit Act. The accompanying Financial Statements comprise a Balance Sheet as at 30<sup>th</sup> September, 2007, an Income Statement, a Statement of changes in Equity, a Cash Flow Statement for the year ended 30<sup>th</sup> September, 2007 and Notes to the Financial Statements numbered 1 to 12.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

3. The management of the Chaguaramas Development Authority is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**AUDITOR'S RESPONSIBILITY**

4. The Auditor General's responsibility is to express an opinion on these Financial Statements based on conducting the audit in accordance with auditing standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, sufficient appropriate audit evidence was not obtained to provide a basis for an audit opinion.

**BASIS FOR DISCLAIMER OF OPINION**

5. Development Programme Documentation, stock records investment records and the other pertinent source documents were not provided for audit. As a result the figures shown for Fixed Assets, Depreciation and Amortization, Short Term Investments, Accounts Payable and Accruals, Accounts Receivable and Prepayments, Recurrent Funds Account, Accumulated Deficits, Salaries and Personnel Costs were not verified. Also, certain Journals presented did not have supporting documentation.



## **DISCLAIMER OF OPINION**

6. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the Financial Statements.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

7.1 The Chaguaramas Development Authority Act No. 37 of 1972 Section 10 states,

*“The Authority shall within a period of three years of its establishment, by rules confirmed by the Minister, provide for the establishment and maintenance of a Pension Scheme for the benefit of the officers and employees of the Authority and officers transferred to it or transferred on secondment.”*

7.2 Evidence was not seen that a pension scheme has been established by the Authority.

8. An approval from the Minister of Finance was not produced for the increase of the overdraft facility of \$1.5 Million in accordance with the Chaguaramas Development Authority Act No. 37 of 1972 Section 26(2) which states:

*“The Authority may from time to time borrow by way of overdraft or unsecured borrowings for periods not exceeding twelve months such sums as may be required for meeting its obligations and the discharge of its functions under this Act, provided that the Authority shall not exceed any limits of borrowing under this subsection that are imposed from time to time by the Minister of Finance.”*

## **SUBMISSION OF REPORT**

9. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance and the Economy in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago

23<sup>rd</sup> January 2015



**MAJEED ALI  
ACTING AUDITOR GENERAL**





## **Chaguaramas Development Authority**

### **Financial Statements**

**For the year ended 30<sup>th</sup> September, 2007**

# **Chaguaramas Development Authority**

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# Chaguaramas Development Authority

## Balance Sheet

		For the year ended September 30th	
		2007	2006
		\$' 000	\$' 000
	Notes		
<b>Assets</b>			
Property, plant and equipment	2	264,685	261,051
Investment properties	3	42,597	42,597
Development costs	4	11,956	12,140
Total non-current assets		319,238	315,788
Cash and cash equivalents	5	35,427	26,893
Trade and other receivables	6	10,418	12,725
Total current assets		45,845	39,618
Total assets		365,083	355,406
<b>Equity</b>			
Share capital	7	315,935	315,935
Accumulated deficit		(66,852)	(64,434)
Total equity		249,083	251,501
<b>Non- current liabilities</b>			
Government advances		92,739	79,138
Deferred lease rental income	8	16,955	15,678
Borrowings	9	-	3,240
Total non-current liabilities		109,694	98,056
<b>Current liabilities</b>			
Borrowings	9	3,240	3,240
Deferred lease rental income	8	472	627
Trade and other payables	10	2,594	1,982
Total current liabilities		6,306	5,849
Total liabilities		116,000	103,905
Total equity and liabilities		365,083	355,406



The accounting policies on pages 5 to 7 and the notes on pages 8 to 13 are an integral part of these financial statements.

Chairman

Secretary

# The Chaguaramas Development Authority

## Income Statement

		For the year ended September 30th	
		2007	2006
		\$' 000	\$' 000
	Notes		
Revenue		25,351	22,880
Cost of sales		(2,891)	(3,021)
Gross profit		22,460	19,859
Other income		(770)	791
Administrative expenses		(23,082)	(20,719)
Other operating expenses		(3,717)	(3,166)
Operating loss	11	(5,109)	(3,235)
Finance income		1,298	668
Finance costs		(384)	(628)
Finance costs (net)		914	40
Deficit for the year		(4,195)	(3,195)

The accounting policies on pages 5 to 7 and the notes on pages 8 to 13 are an integral part of these financial statements.

# Chaguaramas Development Authority

## Statement of changes in equity

	Share capital \$' 000	Accumulated deficit \$' 000	Total \$' 000
<b>Year ended 30 September 2007</b>			
Balance at 1 October 2006 as reported	315,935	(64,434)	251,501
Adjustments		1,777	1,777
Balance at 1 October 2006 as restated	315,935	(62,657)	253,278
Deficit for the year	-	(4,195)	(4,195)
Balance at 30 September 2007	315,935	(66,852)	249,083
<b>Year ended 30 September 2006</b>			
Balance at 1 October 2005 as reported	315,935	(88,322)	227,613
Adjustments		27,083	27,083
Balance at 1 October 2005 as restated	315,935	(61,239)	254,696
Deficit for the year	-	(3,195)	(3,195)
Balance at 30 September 2006	315,935	(64,434)	251,501

The accounting policies on pages 5 to 7 and the notes on pages 8 to 13 are an integral part of these financial statements.

# Chaguaramas Development Authority

## Cash Flow Statement

	Notes	For the year ended September 30th	
		2007 \$' 000	2006 \$' 000
<b>Cash flows from operating activities</b>			
Operating loss		(5,109)	(3,235)
Interest received		1,298	668
Interest paid		(384)	(628)
		<u>(4,195)</u>	<u>(3,195)</u>
Adjustments for:			
Depreciation		3,616	3,009
Trade and other receivables		2,307	(1,922)
Inventories		-	-
Trade and other payables		612	332
Deferred lease rental income		1,122	10,973
Prior year adjustments		1,778	27,083
		<u>5,240</u>	<u>36,280</u>
Net cash generated from operating activities		<u>5,240</u>	<u>36,280</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(5,971)	(3,785)
Increased development costs		(1,096)	-
		<u>(7,067)</u>	<u>(3,785)</u>
Net cash used in investing activities		<u>(7,067)</u>	<u>(3,785)</u>
<b>Cash flows from financing activities</b>			
Proceeds from/repayment of government advances		13,601	(16,087)
Repayment of borrowings		(3,240)	(3,240)
		<u>10,361</u>	<u>(19,327)</u>
Net cash generated from/used in financing activities		<u>10,361</u>	<u>(19,327)</u>
Net increase in cash and cash equivalents		8,534	13,168
Cash and cash equivalents at beginning of year		26,893	13,725
		<u>35,427</u>	<u>26,893</u>
Cash and cash equivalents at end of year		<u>35,427</u>	<u>26,893</u>

The accounting policies on pages 5 to 7 and the notes on pages 8 to 13 are an integral part of these financial statements.



# Chaguaramas Development Authority

## Accounting policies

For the year ended 30 September 2006

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The principal accounting policies adopted in the preparation of these financial statements are set out below:

**a Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

**b Financial instruments**

Financial instruments carried on the Balance Sheet include cash and bank balances, accounts receivable, and accounts payable are stated at their approximate fair values determined in accordance with the policy statements disclosed.

**c Property, plant and equipment**

Property, plant and equipment are stated at historical cost and are depreciated on the reducing balance basis, at rates estimated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Land improvements	-	10%
Buildings	-	2%
Plant and machinery	-	25%
Equipment	-	10% - 33.3%
Furniture and fittings	-	10%
Vehicles	-	25%
Computers and software	-	33.3 %

Profits or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

Land is not depreciated.

**d Investment properties**

Investment properties, principally comprising of freehold land, are held to earn rentals and long term capital appreciation and are not occupied by the Authority. Investment properties are treated as long term investments and are measured using the cost model in accordance with IAS 40.

# Chaguaramas Development Authority

## Accounting policies (continued)

For the year ended 30 September 2007

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**e Development costs**

Development costs related to the upkeep of facilities and infrastructure are capitalized and amortized over the period of its useful life as determined by the Authority. Development costs are amortized between 2% and 10%.

**f Cash and cash equivalents**

Cash and cash equivalents are carried in the Balance Sheet at cost and comprise cash in hand and cash at bank. Bank overdrafts are included within borrowings in current liabilities on the Balance Sheet. For the purposes of the Statement of Cash Flows, cash and cash equivalent also include the bank overdrafts.

**g Trade receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

**h Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings.

**i Government advances**

Government advances are used for the purchase of property, plant and equipment as well as development projects. Proceeds of the Government Advances are transferred to long term liabilities. These advances are interest free and have no fixed term of repayment.

# Chaguaramas Development Authority

## Accounting policies (continued)

For the year ended 30 September 2007

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### j Foreign currency translation

#### *i) Functional and presentational currency*

Items included in the company's financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars ("TT\$"), 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 rates prevailing at the dates of the transactions. 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 recognized in the Income Statement.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale equities are included in the fair value reserve in equity.

### k Revenue recognition

Sales are recognized upon delivery of products or on the performance of services. Sales are shown net of value added tax and discounts.

Other revenue earned by the company is recognized on the following bases:

Interest income – on an effective yield basis

### l Income from leases

The premiums received on leases are accounted for on a deferral basis. They are taken into income in equal annual amounts over the lives of the leases.

Commitment fees received on all leases are taken into income upon receipt.



# Chaguaramas Development Authority

## Notes to the Financial Statements For the year ended 30 September 2007

### 1 Incorporation and principal activity

The Authority is a Government Agency governed by the CDA Act No 37 of 1972. Its principal function the development of the North-West Peninsula in accordance with a development plan and development order. And, to ensure that such development is carried out in conformity with the requirements of the Town and Country Planning Act.

### 2 Property, plant and equipment

	Land, buildings and improvements \$'000	Plant and machinery \$'000	Furniture, fixtures and equipment \$'000	Motor vehicles \$'000	Computers and software \$'000	Total \$'000
<b>Year ended 30 September 2007</b>						
Opening net book value	257,628	206	2,266	646	305	261,051
Additions	2,777	19	1,710	1,465	-	5,971
Depreciation charge	(1,244)	(56)	(407)	(528)	(102)	(2,337)
Closing net book value	259,161	169	3,569	1,583	203	264,685
<b>At 30 September 2007</b>						
Cost	275,710	1,551	8,971	4,165	1,576	291,973
Accumulated depreciation	(16,549)	(1,382)	(5,402)	(2,582)	(1,373)	(27,288)
Closing net book value	259,161	169	3,569	1,583	203	264,685
<b>Year ended 30 September 2006</b>						
Opening net book value	255,777	250	1,947	796	290	259,060
Additions	2,944	24	584	66	167	3,785
Depreciation charge	(1,093)	(68)	(265)	(216)	(152)	(1,794)
	257,628	206	2,266	646	305	261,051
<b>At 30 September 2006</b>						
Cost	272,934	1,531	7,262	2,700	1,576	286,003
Accumulated depreciation	(15,306)	(1,325)	(4,996)	(2,054)	(1,271)	(24,952)
Closing net book value	257,628	206	2,266	646	305	261,051

# Chaguaramas Development Authority

## Notes to the Financial Statements (continued)

For the year ended 30 September 2007

	2007 \$'000	2006 \$'000
3 <b>Investment properties</b>		
Mainland properties	22,286	22,286
Offshore properties	20,311	20,311
	<u>42,597</u>	<u>42,597</u>

The following is a listing of the investment properties and the corresponding acreages held:

	Acreage	\$ \$'000
<b>Main land properties</b>		
Properties under long term lease arrangements 3 yrs pending 30 yrs and 30 yrs	32,330	14,130
Properties unoccupied with potential for lease arrangements	1,160	507
Occuied properties	17,501	7,649
	<u>50,991</u>	<u>22,286</u>
<b>Offshore properties</b>		
Monos Island	18,455	8,066
Gasparee Island	14,288	6,245
Huevos Island	11,390	4,978
Chacachacare Island	2,339	1,022
	<u>46,472</u>	<u>20,311</u>

4 <b>Development costs</b>	2007 \$'000	2006 \$'000
Cost at 30 September	27,623	26,527
Accumulated amortisation	(15,667)	(14,387)
Net book value at 30 September	<u>11,956</u>	<u>12,140</u>

Development costs are incurred in keeping with the Authority's approved development programme and include the improvement to existing buildings. These costs include costs incurred for plans, designs and other consultancy works and are amortised over the period of expected future benefit.

# Chaguaramas Development Authority

## Notes to the Financial Statements (continued) For the year ended 30 September 2006

### 4 Development costs (cont'd)

Expenditure for the acquisition and refurbishment of existing assets, which are funded under the development programme, are amortised in a manner consistent with the policy for fixed assets.

Description		Cost/Appraised Value b/f @ 1/10/2006	Additions	Cost/Appraised Value c/f @ 30/9/2007	B/f Amortisation	Amortisation Charge 2007	Acc. Amortisation c/f @ 30/9/2007	NBV c/f @ 30/9/2007
		'000	'000	'000	'000	'000	'000	'000
Development Project-								
Hotel/Conv Centre	2%	4,451	-	4,451	2,047	89	2,136	2,315
CDP Chag Hotel & Conv Centre	2%	12,550	-	12,550	5,745	251	5,996	6,554
CDP Chagville Beach Facilities	10%	1,536	-	1,536	1,375	154	1,529	7
CDP Improvements to Macq Beach	10%	371	-	371	323	37	360	11
CDP Improvements to National Park	10%	771	-	771	771	-	771	-
CDP Improvements to Chag. Golf Course	10%	1,699	-	1,699	1,069	170	1,239	460
CDP Human Resources Reorganisation	10%	405	102	507	181	50	231	276
CDP Information Technology Rat	10%	786	-	786	455	79	534	252
CDP Marketing & Public Relation Dev.	10%	231	-	231	160	23	183	48
CDP Williams Bay	10%	66	-	66	45	7	52	14
CDP Chag Forest Rehabilitation	10%	32	-	32	19	3	22	10
CDP Road Improv. Programme	10%	101	-	101	72	10	82	19
CDP Improv to Infrastructure	10%	374	-	374	270	37	307	67
CDP Water & Sewerage Infrastructure	10%	557	-	557	502	55	557	-
CDP Chag Development Plan	10%	131	809	940	91	94	185	755
CDP Tembladora Park Dev	10%	172	-	172	124	17	142	30
CDP Gaspre Caves Lodge	10%	32	-	31	22	3	25	6
CDP Tembladora Police Post Building	10%	640	-	640	602	38	640	-
Dev. Project W.I.P.	10%	1,623	-	1,623	514	162	676	947
Tucker Farm	0%		185	185				185
		<b>26,528</b>	<b>1,096</b>	<b>27,623</b>	<b>14,387</b>	<b>1,279</b>	<b>15,667</b>	<b>11,956</b>



# Chaguaramas Development Authority

## Notes to the Financial Statements (continued) For the year ended 30 September 2007

	2007 \$'000	2006 \$'000
<b>5 Cash and cash equivalents</b>		
Cash at bank and on hand	9,259	16,203
Short term deposits	26,168	10,690
	<u>35,427</u>	<u>26,893</u>

Short term deposits are deposits with maturities of three months or less and are represented as follows:

	2007		2006	
	Effective Rate		Effective Rate	
	\$'000	of Interest %	\$'000	of Interest %
Republic Bank Money Market Account	1,595	5.92%	1,510	5.50%
First Citizens Bank Money Market Account	1,726	5.67%	1,633	5.14%
Roytrin Mutual Fund Account	1,603	5.46%	1,520	5.45%
Republic Bank Caribbean Equity Account	392	5.03%	340	3.53%
RBTT Income & Growth Fund	454	5.83%	408	2.94%
Unit Trust Corporation 2nd Unit Scheme	5,598	5.91%	5,279	5.75%
Scotia Bank Fixed Deposit	800	2.00%	-	
Treasury Bills	14,000	7.12%	-	
	<u>26,168</u>		<u>10,690</u>	

	2007 \$'000	2006 \$'000
<b>6 Trade and other receivables</b>		
Trade receivables	8,227	6,292
Other receivables	2,098	6,360
Prepayments	93	73
	<u>10,418</u>	<u>12,725</u>

# Chaguaramas Development Authority

## Notes to the Financial Statements (continued) For the year ended 30 September 2007

	2007 \$'000	2006 \$'000
<b>7 Share capital</b>		
<b>Share capital as at September 30th, 2005 comprises of:</b>		
Capital vested as at December 31st, 1990	79,891	79,891
Capital acquired by transfer of the Gasparee Caves facility in 1991	1,015	1,015
Institute of Marine Affairs building vested on June 30th, 1993	469	469
Development projects sponsorship contributions	400	400
Surplus arising from the revaluations of assets in 1991	234,160	234,160
	<u>315,935</u>	<u>315,935</u>
<b>8 Deferred lease rental income</b>		
At beginning of year	16,305	5,332
Increased premiums	1,590	11,441
Amounts brought into income	(468)	(468)
At end of year	17,427	16,305
Less long term portion	(16,955)	(15,678)
Current portion	<u>472</u>	<u>627</u>
<b>9 Long term borrowings</b>		
First Citizens Bank	-	3,240
	<u>-</u>	<u>3,240</u>
<b>Short term borrowings</b>		
First Citizens Bank	3,240	3,240
	<u>3,240</u>	<u>3,240</u>

On 19<sup>th</sup> September 2002, Cabinet gave approval for the Authority to refinance all outstanding debt. A fixed rate amortized loan facility was secured with First Citizens Bank for a period of 5 years at a rate of 6.35% per annum.

# Chaguaramas Development Authority

## Notes to the Financial Statements (continued) For the year ended 30 September 2007

		2007 \$'000	2006 \$'000
10	<b>Trade and other payables</b>		
	Trade payables	1,044	948
	Refundable caution deposits	530	470
	VAT payable	354	402
	Other payables	666	162
		<u>2,594</u>	<u>1,982</u>
11	The company's operating loss included the following items:		
	Staff costs	17,675	14,098
	Depreciation	3,616	3,011
	Insurance	428	429
	Repairs and maintenance	5,082	3,838
	Telephone	365	410
	Utilities	<u>961</u>	<u>981</u>
12	<b>Related party transactions</b>		
	Directors' fees	<u>138</u>	<u>149</u>