



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 SEPTEMBER, 2009

The accompanying Financial Statements of the Chaguaramas Development Authority for the year ended 30th September 2009 have been audited. 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 September 30, 2009 a Statement of Income and Expenditure and Accumulated Deficit for the year ended September 30, 2009 and a Cash Flow Statement for the year ended September 30, 2009 and Notes to the Financial Statements numbered 1 to 17.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. 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

3. 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

4. Investment Properties were not treated in accordance with International Accounting Standards. Development Programme Documentation, stock records and other pertinent source documents were not provided for audit. As a result the figures shown for Property Plant and Equipment, Depreciation and Amortization, Investment Properties, Development Costs, Trade and Other Receivables, Trade and Other Payables, Revenue and Other Income were not verified.

DISCLAIMER OF OPINION

5. 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

6 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.”

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

7. 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

8. 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

23rd January, 2015



MAJEED ALI
ACTING AUDITOR GENERAL



Chaguaramas Development Authority

Financial Statements

For the year ended 30th September, 2009

Chaguaramas Development Authority


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Chaguaramas Development Authority

Balance Sheet

		As at September 30th	
	Notes	2009 \$' 000	2008 \$' 000
Assets			
Property, plant and equipment	2	286,795	279,255
Investment properties	3	42,597	42,597
Development costs	4	16,960	13,633
Total non-current assets		346,352	335,485
Cash and cash equivalents	5	17,943	20,480
Inventories		161	96
Trade and other receivables	6	12,981	10,916
Total current assets		31,085	31,492
Total assets		377,437	366,977
Equity			
Share capital	7	315,935	315,935
Retained earnings/ accumulated deficit		20,420	21,212
Total equity		336,355	337,147
Non- current liabilities			
Government grants deferred	11	14,161	7,848
Deferred lease rental income	8	20,267	17,799
Total non-current liabilities		34,428	25,647
Current liabilities			
Deferred lease rental income	8	503	474
Trade and other payables	9	5,548	3,709
Bank overdraft	5	603	-
Total current liabilities		6,654	4,183
Total liabilities		41,082	29,830
Total equity and liabilities		377,437	366,977



 Chairman

 Secretary

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

Income Statement

		For the year ended September 30th	
		2009 \$' 000	2008 \$' 000
Revenue	12	24,580	27,329
Cost of sales	13	(5,386)	(3,132)
Gross profit		19,194	24,197
Other income	14	9,723	2,677
Administrative expenses	15	(28,824)	(24,924)
Other operating expenses	16	(3,193)	(3,230)
Operating loss		(3,100)	(1,280)
Finance income	17	893	1,710
Finance costs		(27)	(178)
Finance costs (net)		866	1,532
Profit/ deficit for the year		(2,234)	252

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
Year ended 30 September 2009			
Balance at 1 October 2008 as reported	315,935	21,212	337,147
Adjustments		1,442	1,442
Balance at 1 October 2008 as restated	315,935	22,654	338,589
Profit/ deficit for the year	-	(2,234)	(2,234)
Balance at 30 September 2009	315,935	20,420	336,355

Year ended 30 September 2008

Balance at 1 October 2007 as reported	315,935	(66,852)	249,083
Adjustments		87,812	87,812
Balance at 1 October 2007 as restated	315,935	20,960	336,895
Deficit for the year	-	252	252
Balance at 30 September 2008	315,935	21,212	337,147

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	
		2009 \$' 000	2008 \$' 000
Cash flows from operating activities			
Operating loss		(3,100)	(1,280)
Interest received		893	1,710
Interest paid		(27)	(178)
		<u>(2,234)</u>	<u>252</u>
Adjustments for:			
Depreciation		5,337	4,116
Trade and other receivables		(2,065)	(498)
Inventories		(65)	(96)
Trade and other payables		1,839	1,115
Deferred lease rental income		2,498	847
Prior year adjustments		1,442	87,813
Net cash generated from operating activities		<u>6,752</u>	<u>93,549</u>
Cash flows from investing activities			
Purchases Disposal of property, plant and equipment		(11,084)	(17,571)
Increased development costs		(5,121)	(2,793)
Net cash used in investing activities		<u>(16,205)</u>	<u>(20,364)</u>
Cash flows from financing activities			
(Decrease)/ increase in government advances		6,313	(84,892)
Repayment of borrowings		-	(3,240)
Net cash generated from/used in financing activities		<u>6,313</u>	<u>(88,132)</u>
Net increase in cash and cash equivalents		(3,140)	(14,947)
Cash and cash equivalents at beginning of year		20,480	35,427
Cash and cash equivalents at end of year		<u>17,340</u>	<u>20,480</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 2009

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%
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 2009

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 grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions.

Government grants relating to expenses are deferred and are included in non-current liabilities. They are recognized in the income statement over the period necessary to match them with the net expenditure for the year, which they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to the income statement on a consistent basis over the expected useful lives of the related assets.

Chaguaramas Development Authority

Accounting Policies (continued)

For the year ended 30 September 2009

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 2009

1 Incorporation and principal activity

The Authority is a Government Agency governed by the CDA Act No 37 of 1972. Its principal function is 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
Year ended 30 September 2009						
Opening net book value	272,494	134	3,841	2,492	294	279,255
Additions	8,260	492	1,504	784	58	11,098
Disposals	0	0	(14)	0	0	(12)
Depreciation charge	(1,913)	(157)	(540)	(819)	(117)	(3,546)
Closing net book value	278,841	469	4,793	2,457	235	286,795
At 30 September 2009						
Cost	298,849	2,052	11,168	6,688	1,872	320,629
Accumulated depreciation	(20,008)	(1,583)	(6,375)	(4,231)	(1,637)	(33,834)
Closing net book value	278,841	469	4,793	2,457	235	286,795
Year ended 30 September 2008						
Opening net book value	259,161	169	3,569	1,583	203	264,685
Additions	14,879	9	706	1,739	238	17,571
Depreciation charge	(1,546)	(45)	(434)	(831)	(145)	(3,001)
	272,494	133	3,841	2,491	296	279,255
At 30 September 2008						
Cost	290,590	1,560	9,677	5,904	1,814	309,545
Accumulated depreciation	(18,096)	(1,426)	(5,836)	(3,412)	(1,520)	(30,290)
Closing net book value	272,494	134	3,841	2,492	294	279,255

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2009

	2009 \$'000	2008 \$'000
3 Investment properties		
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
Mainland properties		
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
Occupied properties	17,501	7,649
	<u>50,991</u>	<u>22,286</u>
Offshore properties		
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>

	2008 \$'000	2008 \$'000
4 Development costs		
Cost at 30 September	35,535	30,415
Accumulated amortisation	(18,575)	(16,782)
Net book value at 30 September	<u>16,960</u>	<u>13,633</u>

Development costs are incurred in keeping with the Authority's approved development programme and include the improvements 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 2009

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/Apprais ed Value b/f @ 1/10/2008	Additions/Tr ansfers	Cost/Appraise d Value c/f @ 30/9/2009	B/f Amortisation	Amortisation Charge 2009	Acc. Amortisation c/f @ 30/9/2009	NBV c/f @ 30/9/2009
		'000	'000	'000	'000	'000	'000	'000
Dev. Project- Hotel/CHACC	2%	4,451	0	4,451	2,225	89	2,314	2,137
CDP Chag Hotel & Conv Centre	2%	12,550	0	12,550	6,247	251	6,498	6,052
CDP Improvements to Macq Beach	10%	371	4,290	4,661	371	429	800	3,861
Electronic Surveillance System			1,116	1,116	0	112	112	1,004
CDP Improvements Golf Course	10%	1,699	0	1,699	1,409	170	1,579	120
CDP Human Resources Reorganisation	10%	1,525	1,672	3,197	384	319	703	2,494
CDP Information Technology Rat	10%	786	0	786	611	79	690	96
CDP Marketing & Public Relation Dev.	10%	231	0	231	206	23	229	2
CDP Williams Bay	10%	66	0	66	58	6	64	2
CDP Chag Forest Rehabilitation	10%	32	0	32	25	3	28	4
CDP Chag Development Plan	10%	940	0	940	279	94	373	567
Dev. Project W.I.P.	10%	1,623	0	1,623	839	162	1,002	621
Tucker Valley Farm		1,958	(1,958)	0		0		
		26,232	5,120	31,352	12,654	1,737	14,392	16,960

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2009

	2009 \$'000	2008 \$'000
5 Cash and cash equivalents		
Cash at bank and on hand	881	3,363
Bank overdraft	(603)	-
Short term deposits	17,062	17,117
	<u>17,340</u>	<u>20,480</u>

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

	2009 \$'000	Effective Rate of Interest %	2008 \$'000	Effective Rate of Interest %
Republic Bank Money Market Account	196	3.75%	185	5.92%
First Citizens Bank Money Market Account	119	3.40%	304	5.67%
Roytrin Mutual Fund Account	198	3.25%	189	5.46%
Unit Trust Corporation 2nd Unit Scheme	1,749	3.44%	1,639	5.91%
RBTT Bank Fixed Deposit	800	7.00%	800	2.00%
Treasury Bills	14,000	2.84%	14,000	7.12%
	<u>17,062</u>		<u>17,117</u>	

	2009 \$'000	2008 \$'000
6 Trade and other receivables		
Trade receivables	10,605	9,115
Other receivables	2,373	1,772
Prepayments	3	29
	<u>12,981</u>	<u>10,916</u>

Chaguaramas Development Authority

Notes to the Financial Statements (continued)

For the year ended 30 September 2009

	2009 \$'000	2008 \$'000
7 Share capital		
Share capital as at September 30th, 2005 comprises of:		
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>
8		
Deferred lease rental income		
At beginning of year	18,273	17,427
Increased premiums	3,000	1,320
Amounts brought into income	(503)	(474)
At end of year	20,770	18,273
Less long term portion	(20,267)	(17,799)
Current portion	<u>(503)</u>	<u>474</u>
9 Trade and other payables		
Trade payables	5,140	4,310
Refundable caution deposits	643	614
VAT (refundable)/payable	(235)	(1,391)
Other payables	-	176
	<u>5,548</u>	<u>3,709</u>

Chaguaramas Development Authority

Notes to the Financial Statements (continued)

For the year ended 30 September 2009

	2009 \$'000	2008 \$'000
10 Related party transactions		
Directors' fees	<u>115</u>	<u>187</u>
11 Government grants deferred		
Balance at beginning of year	7,848	92,739
Grants received in current year	14,200	12,879
Transfer to income statement re prior years	-	(96,133)
Transfer to income statement re current year	<u>(7,887)</u>	<u>(1,637)</u>
Capital grants deferred at end of year	<u>14,161</u>	<u>7,848</u>

The balance in this account represents the amount of government grants received in 2009 for development expenditure, reduced by an appropriate amount transferred to the income statement which represents the recognition of the Government grants on a systematic basis over the expected useful lives of assets funded.

A transfer has also been made in 2009 for amounts utilized from government advances transferred to the expenditure accounts during 2009.

	2009 \$'000	2008 \$'000
12 Revenue		
Tenancy income	19,081	
Hotel and conference fees	3,683	
Golf course fees	909	
Tours	347	
Sales - Tucker valley farm	560	
	<u>24,580</u>	

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2009

	2009 \$'000	2008 \$'000
13 Cost of Sales		
Salaries and wages	1,093	
Telephone	57	
Utilities	814	
Insurance	191	
Materials and materials	623	
Production cost-TVF	2,363	
Repairs and maintenance	224	
Other cost	21	
	<u>5,386</u>	
14 Other Revenue		
Government grants transferred	7,887	
Security fees	191	
Other income	45	
Donation	1,600	
	<u>9,723</u>	

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2009

	2009 \$'000	2008 \$'000
15 Administrative Cost		
Salaries and wages	17,774	
Salary related cost	539	
Promotions and Advertising	1,129	
Telephone	413	
Consulting and contracting services	798	
Utilities	273	
Foreign travel	350	
Insurance	443	
Legal fees	324	
Depreciation	5,337	
Directors remuneration	115	
Material and supplies	495	
Repairs and Maintenance	552	
Office stationery	155	
General expense	129	
	<hr/>	
	28,825	
	<hr/>	
16 Operating Expenses		
Salaries and wages	1,364	
Consulting and contracting services	126	
Material and supplies	799	
Mainland and sea tours expenses	48	
Upkeep of vehicles	436	
Maintenance of buildings and grounds	400	
Other cost	21	
	<hr/>	
	3,193	
	<hr/>	

Chaguaramas Development Authority

Notes to the Financial Statements (continued) For the year ended 30 September 2009

	2009 \$'000	2008 \$'000
17 Finance Income		
Bank Interest	34	
Investment interest	859	
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	893	