Trinidad and Tobago Postal Corporation

Financial Statements

30 September 2010

(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 2010, 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
1 December 2016

Managing Director
1 December 2016

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 2010, 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

We were appointed as auditor of the Company on 4 June 2012 and, for the reasons described below, were unable to obtain sufficient appropriate audit evidence in a number of areas. Our prior year's audit opinion was also modified in relation to these or related matters:

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.

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)

Revenue – Corporate Post Shops and Franchises and Other Operating Income

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 along with operating income amounting to $4,404,772. 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.

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 2010. We were also unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 September 2010 and 30 September 2009, which are measured in the statement of financial position at $1,349,616 and $731,220 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.

Accounts receivables and payables

Management was unable to provide detailed analyses and or supporting documentation for accounts receivable balances totalling $22,454,924 and accounts payables balances totalling $38,374,039. As we were not provided with all the evidence to validate these amounts and to assess the completeness of accounts payables, 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 we could perform to confirm or verify the accounts payable and accounts receivable balances included in the statement of financial position as at 30 September 2010. 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 2010 and the valuation of the non-current portion of trade receivables which have been discounted and amount to $7,883,084 to $17,766,635 respectively as at 30 September 2010.

Independent Auditor's Report (Continued)

Basis for disclaimer of opinion (continued)

Cost of sales, administrative and operating expenses and financial 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. Management was unable to provide the audit evidence to support financial expenses in the amount of $1,629,497.

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.

Cash and bank overdraft balances

A bank reconciliations were provided for two bank accounts in the general ledger amounting to $1,547,526 and an overdraft balance of $5,153,703. Bank reconciliations were not provided for other accounts included in the cash and bank overdraft amounts.

Included within the bank reconciliations provided were reconciling items which could not be traced to supporting documentation. As a result, we were unable to determine whether any adjustments may be necessary.

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 2010, 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.

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 2010. Management was unable to provide evidence to support the existence and completeness of assets recorded within the fixed assets register at year ended 30 September 2010. 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 as 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 is required to be classified as a financial liability unless there is evidence that the Government of the Republic of Trinidad and Tobago has formally communicated 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.

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

26 January 2017
Port of Spain
Trinidad, West Indies

Trinidad and Tobago Postal Corporation

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Note	As at 30 September 2010 $	2009 $
Assets			
Non-current assets			
Property, plant and equipment	5	49,914,292	46,810,877
Investment in associate	6	1,970,554	1,535,072
Deferred tax asset	15	258,891	432,014
Trade and other receivables	9	17,766,635	16,432,086
Total non-current assets		69,910,372	65,210,049
Current assets			
Inventories	8	1,349,616	731,220
Trade and other receivables	9	15,860,285	14,480,556
Short term investments	10	9,583,083	23,895,369
Cash and cash equivalents	11	2,168,185	5,277,093
Total current assets		28,961,169	44,384,238
Total assets		98,871,541	109,594,287
Equity and liabilities			
Equity			
Reserve fund	12	77,752,262	77,752,262
Revaluation reserve	13	15,678,722	13,178,722
Accumulated deficit		(51,229,616)	(37,241,159)
Total equity		42,201,368	53,689,825
Non-current liabilities			
Deferred revenue	14	8,737,646	8,465,969
Deferred tax liability	15	258,891	432,014
Interest-bearing loan	16	--	2,088,840
Total non-current liabilities		8,996,537	10,986,823
Current liabilities			
Interest-bearing loan	16	2,088,840	3,873,243
Trade and other payables	18	38,374,039	39,144,851
Bank overdraft	17	7,210,757	1,899,545
Total current liabilities		47,673,636	44,917,639
Total equity and liabilities		98,871,541	109,594,287

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)

	Note	As at 30 September 2010 $	2009 $
Revenue		80,268,585	86,788,207
Cost of sales	19	(18,263,485)	(20,426,158)
		62,005,100	66,362,049
Other operating income	20	10,732,832	2,458,125
Government subventions	23	46,800,000	47,000,000
		119,537,932	115,820,174
Administrative and operating expenses	21	(132,075,909)	(130,896,203)
Operating loss		(12,537,977)	(15,076,029)
Financial income		128,120	1,066,910
Financial expenses		(2,151,016)	(1,264,591)
Finance costs - net		(2,022,896)	(197,681)
Share of profit from associate	6	735,482	703,254
Loss before taxation		(13,825,391)	(14,570,456)
Taxation	24	(163,066)	(152,029)
Loss for the year		(13,988,457)	(14,722,485)
Other comprehensive income			
Revaluation gain on property, plant and equipment	13	2,500,000	3,678,722
Total comprehensive loss for the year		(11,488,457)	(11,043,763)

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 2010				
Balance at 1 October 2009	77,752,262	13,178,722	(37,241,159)	53,689,825
Other comprehensive income				
Valuation of land (Note 5)	--	2,500,000	--	2,500,000
Total comprehensive loss for the year	--	--	(13,988,457)	(13,988,457)
Balance at 30 September 2010	77,752,262	15,678,722	(51,229,616)	42,201,368
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

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)

	As at 30 September 2010 $	2009 $
Cash flows from operating activities		
Loss before provision for taxation	(13,825,391)	(14,570,456)
Adjustments to reconcile loss before taxation to net cash from operating activities:		
Depreciation	4,212,738	4,907,736
Finance income	(128,120)	(1,066,910)
Finance expense	2,151,016	1,264,591
Impairment and de-recognition of property plant and equipment	--	4,578,722
Share of profits	(735,482)	(703,254)
Operating loss before changes in working capital	(8,325,239)	(5,589,571)
Change in inventories	(618,396)	899,562
Change in trade and other receivables	(2,714,278)	(4,237,494)
Change in trade and other payables	(770,812)	12,265,071
Cash (used in)/generated from operations	(12,428,725)	3,337,568
Income taxes paid	(163,066)	(231,463)
Net cash flow (used in)/from operating activities	(12,591,791)	3,106,105
Cash flows from investing activities		
Dividends received	300,000	327,739
Interest received	128,120	1,066,910
Change in short-term investments	14,312,286	(2,991,727)
Capital work in progress	(2,563,424)	--
Purchase of property, plant and equipment	(2,252,729)	(5,710,098)
Net cash generated from/(used in) investing activities	9,924,253	(7,307,176)
Cash flows from financing activities		
Interest paid	(2,151,016)	(1,264,591)
Increase in funding	271,677	4,635,900
Repayment of borrowings	(3,873,243)	(3,500,054)
Net cash used in financing activities	(5,752,582)	(128,745)
Net decrease in cash and cash equivalents for the year	(8,420,120)	(4,329,816)
Cash and cash equivalents at the beginning of the year	3,377,548	7,707,364
Cash and cash equivalents at the end of the year	(5,042,572)	3,377,548
Cash and cash equivalents comprise:		
Cash at bank	2,168,185	5,277,093
Overdraft	(7,210,757)	(1,899,545)
	(5,042,572)	3,377,548

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 acts 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 Postal and its subsidiaries. The annual report for the year ended 30 September 2010 was due for filing on the 31 December 2010.

As a result, the Plan is in breach of this act as the requirement and the deadline for submission of audited accounts for the year ended 30 September 2010 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 and disclosures*

(a) *New and amended standards adopted by the Company*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009 but they have no impact on the Company's operations:

- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations;
- IFRS 7 'Financial instruments – Disclosures' (amendment) (effective 1 January 2009) ;
- IAS 1 (revised). 'Presentation of financial statements'. The revised standard prohibits 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 in a statement of comprehensive income;
- IAS 23 -In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009.
- IAS 16 (amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') – effective from 1 January 2009.

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

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

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

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 October 2010 or later periods, but the Company has not early adopted them and they are not expected to have a material impact on the financial statements:

- IFRIC 16, 'Hedges of a net investment in a foreign operations (effective on or after 1 July 2009);
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement' (effective on or after 1 July 2009);
- Amendments to IFRIC 14, Prepayments of a minimum funding requirement(effective 1 January 2011);
- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009);
- IFRIC 18, 'Transfers of assets from customers', (effective for transfer of assets received on or after 1 July 2009);
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July2010);
- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions' (effective on or after 1 January 2014);
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009;
- Amendments to IAS 7, this amendment requires disclosure of changes in liabilities arising from financing activities (effective 1 January 2016);
- IAS 19, 'Employee benefits' was revised in June 2011;
- Revised IAS 24 (revised), 'Related party disclosures', (effective on or after 1 January 2011);
- IAS 27 (revised), 'Consolidated and separate financial statements', (effective on or after 1July 2009);
- Amendment to IAS 32, Classification of rights issues'(effective on or after 1 February 2010) and amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities (effective on or after 1 January 2014);
- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets (effective on or after 1 January 2014);
- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009;
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting (effective on or after 1 January 2014).

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

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

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

- 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 11to address the classification of group arrangements that were not covered by that interpretation sale' (effective on or after 1 January 2010);
- IFRS 3 (revised), 'Business combinations' (effective on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes;
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' (effective on or after 1 January 2010);
- Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting (effective on or after 1 January 2013);
- IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets (effective 1 January 2018);
- IFRS 10, 'Consolidated financial statements' (effective on or after 1 January 2013);
- Amendments to IFRS 11, Accounting for acquisitions of interests in joint Operations (effective 1 January 2016);
- IFRS 12, 'Disclosures of interests in other entities' (effective on or after 1 January 2013);
- IFRS 13, 'Fair value measurement'(effective on or after 1 January 2013);
- IFRS 15 Revenue from Contracts with Customers. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts (effective 1 January 2018);
- IFRS 16 Leases, It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed (effective 1 January 2019).

2 **Significant accounting policies (continued)**

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.

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.

2 **Significant accounting policies (continued)**

e. *Financial assets (continued)*

(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 GORTT and the TTPOST that specific injections of funds will be treated as equity in the statement of financial position.

The Government of the Republic of Trinidad and Tobago 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 2010 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 $43,387 (2009: $11,620) 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 2010				
Trade and other payables	38,374,039	--	38,374,039	38,374,039
Interest bearing loan	2,718,899	--	2,718,899	2,088,840
Bank overdraft	7,210,757	--	7,210,757	7,210,757
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

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 $195,240 (2009: $52,290).

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 $238,626 (2009: $63,911).

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.

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 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
At 30 September 2010								
Cost/valuation	32,000,000	9,286,467	7,498,551	10,379,660	13,171,809	2,812,565	2,563,424	77,712,476
Accumulated depreciation		(5,089,363)	(6,811,168)	(9,281,509)	(4,063,648)	(2,552,496)		(27,798,184)
Net book amount	32,000,000	4,197,104	687,383	1,098,151	9,108,161	260,069	2,563,424	49,914,292
Year ended 30 September 2010								
Opening net book value	29,500,000	4,573,041	993,167	1,186,972	10,101,436	456,261	--	46,810,877
Revaluation reserve (Note 13)	2,500,000						--	2,500,000
Additions	--	452,865	621,954	384,139	477,699	316,072	2,563,424	4,816,153
Depreciation charge	--	(828,802)	(927,738)	(472,960)	(1,470,974)	(512,264)	--	(4,212,738)
Closing net book amount	32,000,000	4,197,104	687,383	1,098,151	9,108,161	260,069	2,563,424	49,914,292

5 Property, plant and equipment (continued)

The Company's land and buildings were revalued on 30 September 2010 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 $13,500,000 and $18,500,000 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.

	2010 $	2009 $
Balance at the start of the year	1,535,072	1,159,557
Share of profits	735,482	703,254
Less dividends received	(300,000)	(327,739)
Balance at the end of the year	1,970,554	1,535,072

The share of profits in associate is after tax and adjusting 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 is as follows. The assets and liabilities are the Company's share based on the associate's audited financial statements as at 31 December 2010 and 2009:

	2010 $	2009 $
Revenue	3,807,226	3,517,794
Assets	2,940,134	2,280,730
Liabilities	971,743	739,367
Profit	735,482	703,254

7 Financial instruments by category

As at 30 September 2010	Loans & receivables $	Held to maturity $	Total $
Assets as per statement of financial position			
Investments - short term	--	9,583,083	9,583,083
Trade and other receivables (excluding prepayment)	31,641,947	--	31,641,947
Cash and cash equivalents	2,168,185	--	2,168,185
Total	33,810,132	9,583,083	43,393,215

As at 30 September 2010	Financial liabilities at amortised cost $	Total $
Assets as per statement of financial position		
Borrowings	2,088,840	2,088,840
Bank overdraft	7,210,757	7,210,757
Trade and other payables (excluding statutory liability)	37,099,731	37,099,731
Total	46,399,328	46,399,328

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	5,995,445	--	5,995,445
Total	34,831,109	23,895,369	58,008,126

7 Financial instruments by category (continued)

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

8 Inventories

	2010 $	2009 $
Stamps	218,816	218,816
Supplies	1,130,800	512,404
	1,349,616	731,220

Inventories of $12,288,984 (2009: $12,385,971) were recognised in cost of sales.

9 Trade and other receivables

	2010 $	2009 $
Trade receivables	39,022,302	34,635,683
Provision for doubtful debts	(7,883,084)	(5,616,633)
Net trade receivables	31,139,218	29,019,050
Other receivables and prepayments	2,487,702	1,893,592
	33,626,920	30,912,642
Less non-current portion - trade receivables	(17,766,635)	(16,432,086)
Current portion - trade and other receivables	15,860,285	14,480,556

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.

9 Trade and other receivables (continued)

Non-current trade receivables have been discounted at a rate of 12% and the fair value shown below:

	2010 $	2009 $
Trade receivables	31,139,218	29,019,050
Other receivables and prepayments	2,487,702	1,893,592
	33,626,920	30,912,642

As at 30 September 2010 trade receivables of $18,833,238 (2009: $13,294,222) were fully performing.

As at 30 September 2010 trade receivables of $12,305,980 (2009: $15,724,828) 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
12 to 24 months	4,713,521	6,672,493
Over 24 months	7,592,459	7,419,582
	12,305,980	15,724,828

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 2010 trade receivables of $7,883,084 (2009: $5,616,633) 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 an increase in 2009 and an increase in 2010 amounting to $191,187 and $1,178,876 respectively.

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

	2010 $	2009 $
Trinidad and Tobago dollar	18,146,221	24,266,111
US dollar	13,472,754	5,621,393
Euro dollar	1,067,997	429,126
UK pound	939,948	596,012
	33,626,920	30,912,642

9 Trade and other receivables (continued)

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

	2010 $	2009 $
As at 1 October	5,616,633	1,514,100
Increase in provision	2,266,451	4,102,533
As at 30 September	7,883,084	5,616,633

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 $43,393,215 (2009: $58,008,126).

10 Short term investments

	2010 $	2009 $
Royal Bank of Canada – Call deposits	--	33,361
First Citizens Bank Limited – Paria Fund	41,089	684,991
CMMB Investment Fund	9,541,994	23,177,017
	9,583,083	23,895,369

11 Cash and cash equivalents

	2010 $	2009 $
Citibank of Trinidad and Tobago Limited	61,617	358,352
Republic Bank Limited	434,902	496,952
RBTT Bank Limited - Payroll	1,547,526	--
RBTT Bank Limited - Tobago	257	3,847,144
ScotiaBank of Trinidad and Tobago Limited	41,361	18
Billpay	--	569,627
Cash in hand	82,522	5,000
	2,168,185	5,277,093

Included in the various bank accounts are funds collected on behalf of other agencies under the Billpay facility which amounted to $569,627 in 2009. See note 17 for Billpay amount in respect of 2010 amounting to $1,147,958.There were no cash in transit at the end of year 2010.

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.

	2010 $	2009 $
As at 30 September	77,752,262	77,752,262

13 Revaluation reserve

In 2010 a valuation was done on the land and building owned by the Company at the National Mailing Centre.

	2010 $	2009 $
As at 1 October	13,178,722	9,500,000
Increase in revaluation reserve (Note 5)	2,500,000	3,678,722
As at 30 September	15,678,722	13,178,722

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.

	2010 $	2009 $
As at 1 October	8,465,969	3,830,069
Public Sector Investment Program (PSIP) receipts	6,000,000	6,000,000
Quality of Service Fund (QSF)	599,736	902,083
Amortisation – QSF	(233,323)	(236,191)
Amortisation – PSIP	(6,094,736)	(2,029,992)
As at 30 September	8,737,646	8,465,969

As at September 2010 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:

	2010 $	2009 $
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:

	2009 $	Change in the year $	2010 $
Deferred income tax liability			
Accelerated tax depreciation	432,014	(173,123)	258,891
Deferred income tax asset			
Tax losses	432,014	(173,123)	258,891

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

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 $258,891 (2009: $432,014) in respect of unused of tax losses amounting to $3,456,323 (2009:$3,642,614). The tax losses have not been agreed by the Board of Inland Revenue. The Company's tax losses not recognised is $73.3m (2009: $69.9m).

16 Interest-bearing loan

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

	2010 $	2009 $
Loan principal		
As at 1 October	5,962,083	9,462,137
Instalments paid	(3,873,243)	(3,500,054)
As at 30 September	2,088,840	5,962,083
Current portion	(2,088,840)	(3,873,243)
Non-current portion	--	2,088,840

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

Bank overdraft as at 30 September 2010 and 2009 were as follows:

	2010 $	2009 $
RBTT Limited	5,153,703	1,481,705
First Citizens Bank Limited	909,096	417,840
Billpay	1,147,958	--
	7,210,757	1,899,545

The Company has an overdraft authorised of $5,000,000 at a prime effective rate of 9%. 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

	2010 $	2009 $
Trade payables	14,050,961	9,122,689
Billpay	121,316	4,064,356
Other payables	13,494,052	15,876,756
Accrued liabilities	10,707,710	10,081,050
	38,374,039	39,144,851

Other payables include vacation payable to staff $9,211,628 (2009: $9,211,628).

19 Cost of sales

	2010 $	2009 $
Materials	12,288,984	12,385,971
Franchise expenses	1,870,910	2,302,361
Philatelic expenses	72,668	59,046
Courier expenses	4,030,923	5,678,780
	18,263,485	20,426,158

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

20 Other operating income

	2010 $	2009 $
Commissions	4,404,772	163,189
Gain on foreign exchange	--	28,754
Amortisation of capital grant	6,328,060	2,266,182
	10,732,832	2,458,125

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

	2010 $	2009 $
Salaries and employee costs	92,262,769	84,404,376
NIS contribution	5,423,663	4,476,826
Travel, meals and accommodation	670,160	395,896
Training	350,796	110,663
Subscriptions and memberships	200,226	405,000
Directors fees	244,854	--
Board of directors expenses	78,850	15,701
Legal and professional fees	994,705	1,712,002
Audit fees	230,000	240,000
Security	3,570,606	3,056,915
Rent/lease	3,833,573	3,339,860
Telephone	3,768,188	2,008,174
Advertising	1,711,419	724,983
Electricity	2,260,908	1,304,996
Utilities, rates and taxes	233,684	153,188
Duties & charges	1,191,561	509,761
Insurance	986,998	869,153
Repairs and maintenance	1,955,283	2,457,754
Motor vehicle	1,594,251	989,186
Stationery and supplies	1,989,718	3,686,699
IT support	261,942	359,029
Donations	229,082	47,775
Depreciation	4,212,738	4,907,736
Impairment expense (Note 5)	--	4,578,723
Fair value adjustment for non-current receivables	1,178,876	191,187
Provision for bad and doubtful debts (Note 9)	2,266,451	4,102,533
Other expenses	374,608	5,848,087
Administrative and operating expenses	132,075,909	130,896,203
Cost of sales	18,263,485	20,426,158
Total expenses by nature	150,468,214	151,322,361

22 Employee benefit expenditure

	2010 $	2009 $
Salaries and employee costs	92,262,769	84,404,376
NIS contribution	5,423,663	4,476,826
	97,686,432	88,881,202
Number of employees	1,276	1,373

23 Government subvention

	2010 $	2009 $
Government subvention received in the period is as follows:		
Recurrent expenditure support	46,800,000	47,000,000
Total subventions received	46,800,000	47,000,000

24 Income tax expense

	2010 $	2009 $
Business levy	(163,066)	(152,029)
	163,066	152,029

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

Loss before tax	(13,825,391)	(14,570,456)
Tax calculated at domestic tax rates applicable to profits	(3,456,348)	(3,642,614)
Tax effects of:		
- Associates results	735,482	703,254
- Income not subject to tax	(11,700,000)	(11,750,000)
- Expenses not deductible for tax purposes	--	285,694
- Unrecognised tax losses	14,420,866	14,802,862
- Business levy	163,066	152,029
Tax charge	163,066	152,029

25 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2010 $	2009 $
Less than one year	2,792,740	2,794,745
Between one and five years	1,626,045	1,428,827

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 2010, $3,833,573 (2009:$3,339,860) 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 capital commitments amounting to $1,053,374. At the end of the prior year, there were no capital commitments.

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.

The following transactions were carried out with related parties:

		2010 $	2009 $
a.	*Sale of goods and services*		
	Associate - Streamline Solutions	1,052,937	--
	Government and governmental agencies	35,895,845	37,187,975
b.	*Purchase of goods and services*		
	Government and governmental agencies	17,349,997	28,178,196
c.	*Year-end balances arising from sales/ purchases of goods/services*		
	Receivable from related parties		
	Associate - Streamline Solutions	487,836	--
	Government and governmental agencies	9,968,942	1,708,414
	Payable to related parties		
	First Citizen Bank Limited- Mortgage Loan	2,088,840	5,962,083
d.	*Key management compensation*		
	Directors fees	244,854	405,000
	Salaries and other short-term employee benefits	1,932,854	1,733,878
		2,177,708	2,138,878

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.