



TRINIDAD AND TOBAGO GAZETTE

(EXTRAORDINARY)

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852



**TO: THE BOARD OF DIRECTORS
TRINIDAD AND TOBAGO UNIT TRUST CORPORATION**

**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD
AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE TRINIDAD AND
TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 2003
DECEMBER 31**

The accompanying Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2003 December 31 have been audited. The Statements as set out on pages one (1) to thirty-four (34) comprise:

(a) IN RESPECT OF THE UNIT TRUST CORPORATION

- A Consolidated Balance Sheet as at 2003 December 31;
- A Consolidated Income and Expenditure Statement for the year ended 2003 December 31;
- An Income and Expenditure Statement for Management Operations for the year ended 2003 December 31; and
- A Consolidated Cash Flow Statement for the year ended 2003 December 31.

**(b) IN RESPECT OF THE FIRST UNIT SCHEME, SECOND UNIT SCHEME
AND THE US DOLLAR MONEY MARKET FUND, FOR EACH**

- A Balance Sheet as at 2003 December 31;
- A Statement of Operations for the year ended 2003 December 31; and
- An Income Distribution Statement for the year ended 2003 December 31.

(c) IN RESPECT OF THE UNIVERSAL RETIREMENT FUND

- A Balance Sheet as at 2003 December 31; and
- A Statement of Operations for the year ended 2003 December 31.



(d) Notes to the Financial Statements numbered one (1) to twenty-eight (28).

2. These Financial Statements are the responsibility of the management of the Trinidad and Tobago Unit Trust Corporation. The Auditor General's responsibility is to audit these Financial Statements in accordance with section 30(1) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03 and to report thereon in accordance with section 30(4) of the said Act.

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

4. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of information in the Financial Statements. The Auditor General is of the view that the audit which was conducted provides a reasonable basis for the comment made at paragraph 5 of this Report.

OPINION

5. The Financial Statements and Notes to the Financial Statements as outlined at paragraph 1 above are in agreement with the books of the Trinidad and Tobago Unit Trust Corporation and present fairly, in all material respects, the state of affairs of the Corporation as at 2003 December 31 and the results of its operations and its cash flows for the year ended 2003 December 31 in accordance with generally accepted accounting principles.

2004 APRIL 27



Joelyn Thompson
JOCELYN THOMPSON
AUDITOR GENERAL

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Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED BALANCE SHEET

As at December 31, 2003

<u>ASSETS</u>	Notes	2003 \$ '000	2002 \$ '000
Investment Funds	4	10,631,301	7,790,023
Cash & Short Term Investments		135,781	136,350
Receivables		64,484	48,984
Prepayments and Other Assets		3,006	10,756
Investments	5	8,321	7,024
Long Term Investments	5	348,039	350,017
Fixed Assets	6	149,146	112,309
TOTAL ASSETS		11,340,078	8,455,463
<u>LIABILITIES</u>			
CURRENT			
Accounts Payable and Short Term Liabilities		15,573	17,178
Other Liabilities		60,041	26,718
Short Term Certificates of Interest	7	122,245	124,200
Current Portion of Long Term Debt	9	3,528	3,122
TOTAL CURRENT LIABILITIES		201,387	171,218
LONG TERM			
Long Term Financial Instruments	8	100,842	97,938
Finance Lease	9	68,520	72,047
TOTAL LIABILITIES		370,749	341,203
<u>CAPITAL</u>			
Initial Capital	10	4,811	4,811
Unit Capital	11	10,626,490	7,785,212
		10,631,301	7,790,023
<u>RESERVES</u>			
Fund Reserves	12	45,826	25,624
Statutory Reserves	13	5,633	5,050
Capital Reserve	14	54,161	75,028
Retained Income		231,861	217,332
		337,481	323,034
Minority Interest		547	1,203
TOTAL LIABILITIES, CAPITAL AND RESERVES		11,340,078	8,455,463


Chairman




Director

Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT

For the year ended December 31, 2003

	Notes	2003 \$ '000	2002 \$ '000
INCOME			
Investment Income -			
Growth & Income Fund		151,785	136,181
Money Market Fund		326,797	341,043
Universal Retirement Fund		2,526	2,330
US\$ Money Market Fund		137,575	130,317
Net Investment Income - Group Operations	15	25,995	26,497
Initial Charge		49,911	11,291
Other Income		6,802	5,915
Rental Income		4,033	4,747
Undistributed Income at start of year		17,043	4,358
Total Income		722,467	662,679
EXPENSES			
Distribution	16	518,459	473,096
Commission		14,277	8,651
Administrative	17	79,179	68,166
Depreciation	6	5,366	6,018
Impairment Charges		-	1,994
Total Expenses		617,281	557,925
Net Income before Finance Charges		105,186	104,754
Finance Charges	9	(11,115)	(11,457)
Net Income after Finance Charges		94,071	93,297
Allocation to Reserves	12	(2,635)	(10,423)
Income Capitalized		(1,182)	(1,397)
Undistributed Income at end of year		(3,680)	(17,043)
Net Income before Minority Interest		86,574	64,434
Minority Interest		688	-
Net Income after Minority Interest		87,262	64,434
Retained Income at start of year		217,332	157,898
		304,594	222,332
Transfers to Fund Reserves	12	(16,150)	(5,000)
Transfer to Statutory Reserves	13	(583)	-
Bonus Distribution		(56,000)	-
Retained Income at end of year		231,861	217,332

Trinidad & Tobago Unit Trust Corporation
INCOME AND EXPENDITURE STATEMENT
FOR MANAGEMENT OPERATIONS
For the year ended December 31, 2003

	Notes	2003 \$ ' 000	2002 \$ '000
INCOME			
Management Charge	18	102,154	105,001
Initial Charge		49,911	11,291
Investment Income		25,808	26,929
Rental Income		4,033	4,747
Other		7,137	5,915
Total Income		<u>189,043</u>	<u>153,883</u>
EXPENSES			
Commission		6,661	1,814
Administrative	17	77,007	68,166
Depreciation		5,210	6,018
Impairment Charges		-	1,994
Total Expenses		<u>88,878</u>	<u>77,992</u>
Net Income before Finance Charges		100,165	75,891
Finance Charges	9	(11,115)	(11,457)
Net Income for the year		<u>89,050</u>	<u>64,434</u>
Retained Income at start of year		<u>217,332</u>	<u>157,898</u>
		306,382	222,332
Transfers to Fund Reserves	12	(16,150)	(5,000)
Bonus Distribution		(56,000)	-
		<u>234,232</u>	<u>217,332</u>

Trinidad & Tobago Unit Trust Corporation
CONSOLIDATED CASH FLOW STATEMENT
For the year ended December 31, 2003

	2003 \$ '000	2002 \$ '000
OPERATING ACTIVITIES		
Net Income before Minority Interest	86,574	64,434
<i>Adjustment to reconcile net income to net cash from operating activity:</i>		
Depreciation Expense	5,366	6,018
Loss on Fixed Asset Transfers	-	-
(Increase)/Decrease in Receivables	(15,500)	24,933
Decrease/(Increase) in Prepayments and Other Assets	7,750	(6,061)
Decrease in Accounts Payable	(1,605)	(1,532)
Increase in Other Liabilities	33,323	9,957
Income Reinvested in Mutual Funds	-	(88)
Unrealised Foreign Currency (Loss)/Gain	167	(54)
Capitalised Interest on Investments	-	(3,226)
Increase in Short Term Certificates of Interest	(1,955)	(50,922)
Decrease/(Increase) in Long Term Financial Instruments	2,904	(18,648)
Net Cash Inflow from Operating Activities	<u>117,024</u>	<u>24,811</u>
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(42,324)	(9,326)
(Increase)/Decrease in Investments	(20,220)	47,958
Proceeds from Disposal of Fixed Assets	121	118
Net Cash Inflow/(Outflow) from Investing Activities	<u>(62,423)</u>	<u>38,750</u>
FINANCING ACTIVITIES		
Finance Lease Repayments	(3,122)	(2,763)
Movement in Reserves	3,952	2,093
Bonus Distribution	(56,000)	0
Net Cash Inflow from Financing Activities	<u>(55,170)</u>	<u>(670)</u>
NET CASH INFLOW FOR THE YEAR	(569)	62,891
Cash & Cash Equivalents:		
Beginning of Year	<u>136,350</u>	<u>73,459</u>
End of Year	<u><u>135,781</u></u>	<u><u>136,350</u></u>

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Trinidad & Tobago Unit Trust Corporation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2003

	<i>Fund Reserves</i>	<i>Statutory Reserves</i>	<i>Capital Reserve</i>	<i>Retained Income</i>	<i>Total</i>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance brought forward at the January 1, 2002	20,239	5,050	(1,263)	157,898	181,924
Net Gain on "Available for sale" Financial Assets	-	-	77,411	-	77,411
Net Profit	-	-	-	64,434	64,434
Currency Translation Differences	(91)	-	(1,119)	-	(1,210)
Transfers to Fund Reserves	5,000	-	-	(5,000)	-
Transfers from Investment Funds	2,371	-	-	-	2,371
Guarantee Reserve Payments	(2,215)	-	-	-	(2,215)
Balance carried forward at December 31, 2002	25,624	5,050	75,028	217,332	323,034
Balance brought forward at the January 1, 2003	25,624	5,050	75,028	217,332	323,034
Net Gain on "Available for sale" Financial Assets	-	-	5,020	-	5,020
Amortisation of Capital Appreciation on reclassification of Investment from "Available for Sale" to "Held to Maturity"	-	-	(3,090)	-	(3,090)
Disposal of Investments classified as Available for Sale	-	-	(23,030)	-	(23,030)
Currency Translation Differences	(3)	-	233	-	230
Net Income after Minority Interest	-	-	-	87,262	87,262
Bonus Distribution	-	-	-	(56,000)	(56,000)
Transfers to Fund Reserves	16,150	-	-	(16,150)	-
Transfers to Statutory Reserves	-	583	-	(583)	-
Allocation from Investment Funds	2,635	-	-	-	2,635
Guarantee Reserve Payments	(12)	-	-	-	(12)
Interest on Reserve Assets	1,432	-	-	-	1,432
Balance carried forward at December 31, 2003	45,826	5,633	54,161	231,861	337,481

Trinidad & Tobago Unit Trust Corporation
GROWTH AND INCOME FUND (First Unit Scheme)
BALANCE SHEET
As at December 31, 2003

<u>ASSETS</u>	Notes	2003 \$' 000	2002 \$' 000
Investments	19	2,882,793	1,623,939
Cash and Short Term Investments		47,822	43,389
Interest Receivable		49,635	49,293
Total Assets		2,980,250	1,716,621
 <u>LIABILITIES</u>			
Distribution Payable		58,702	52,642
Amount Due Corporation		20,711	16,944
Other Liabilities		14,735	14,699
		94,148	84,285
 <u>RESERVES</u>			
Undistributed Income		3,309	8,397
Total Liabilities and Reserves		97,457	92,682
 NET ASSETS		2,882,793	1,623,939
 CAPITAL ACCOUNT		1,782,967	891,750
UNREALISED CAPITAL APPRECIATION	20	1,099,826	732,189
		2,882,793	1,623,939

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Trinidad & Tobago Unit Trust Corporation
GROWTH AND INCOME FUND (First Unit Scheme)
STATEMENT OF OPERATIONS
For the year ended December 31, 2003

	Notes	2003 \$ ' 000	2002 \$ ' 000
INVESTMENT INCOME			
Dividends		47,014	34,567
Interest		57,145	43,087
Realised Capital Gains		47,626	58,527
Total Investment Income		<u>151,785</u>	<u>136,181</u>
EXPENSES			
Management Charge	18	38,540	29,625
Total Expenses		<u>38,540</u>	<u>29,625</u>
NET INVESTMENT INCOME		<u>113,245</u>	<u>106,556</u>

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Trinidad & Tobago Unit Trust Corporation

GROWTH AND INCOME FUND (First Unit Scheme)
INCOME DISTRIBUTION ACCOUNT

For the year ended December 31, 2003

	Notes	2003 \$ ' 000	2002 \$ ' 000
NET INVESTMENT INCOME		113,245	106,556
Undistributed Income brought forward		8,397	3,130
		121,642	109,686
DISTRIBUTION PAYMENT:			
Distribution Paid to Initial Contributors 70c per unit (2002 - 80c per unit)	16	674	770
Distribution Paid to Unitholders 70c per unit (2002 - 80c per unit)	16	116,659	99,519
Total Distribution		117,333	100,289
UNDISTRIBUTED INCOME BEFORE RESERVES		4,309	9,397
Allocation to Guarantee Reserve Fund	12	1,000	1,000
UNDISTRIBUTED INCOME AS AT DECEMBER 31, 2003		3,309	8,397

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Trinidad & Tobago Unit Trust Corporation
MONEY MARKET FUND (Second Unit Scheme)
BALANCE SHEET
As at December 31, 2003

	Notes	2003 <u>\$' 000</u>	2002 <u>\$' 000</u>
<u>ASSETS</u>			
Investments	21	5,353,694	4,359,239
Cash		173,123	80,983
Interest Receivable		102,782	111,352
Total Assets		<u>5,629,599</u>	<u>4,551,574</u>
<u>LIABILITIES</u>			
Accruals for Distribution	16	14,531	18,524
Amount Due Corporation		14,973	3,728
Other Liabilities		236,500	160,182
		<u>266,004</u>	<u>182,434</u>
Reserves		9,901	9,901
Total Liabilities and Reserves		<u>275,905</u>	<u>192,335</u>
NET ASSETS		<u>5,353,694</u>	<u>4,359,239</u>
CAPITAL ACCOUNT		5,215,244	4,178,112
UNREALIZED CAPITAL APPRECIATION	20	138,450	181,127
		<u>5,353,694</u>	<u>4,359,239</u>

Trinidad & Tobago Unit Trust Corporation
MONEY MARKET FUND (Second Unit Scheme)
STATEMENT OF OPERATIONS
For the year ended December 31, 2003

	Note	2003 <u>\$' 000</u>	2002 <u>\$' 000</u>
INVESTMENT INCOME			
Interest Income		326,797	341,043
Investment Income		<u>326,797</u>	<u>341,043</u>
EXPENSES			
Management Charge	18	33,969	49,659
Interest		0	433
Commission		6,869	5,985
Total Expenses		<u>40,838</u>	<u>56,077</u>
NET INVESTMENT INCOME		<u><u>285,959</u></u>	<u><u>284,966</u></u>

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Trinidad & Tobago Unit Trust Corporation
MONEY MARKET FUND (Second Unit Scheme)
INCOME DISTRIBUTION ACCOUNT
For the year ended December 31, 2003

	Notes	2003 <u>\$' 000</u>	2002 <u>\$' 000</u>
NET INVESTMENT INCOME		<u>285,959</u>	<u>284,966</u>
DISTRIBUTION PAYMENT:			
Distribution Paid		271,029	257,992
Accruals for Distribution	16	14,530	18,523
Total Distribution		<u>285,559</u>	<u>276,515</u>
Allocation to Reserves	12c	400	8,451
		<u>285,959</u>	<u>284,966</u>

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Trinidad & Tobago Unit Trust Corporation

UNIVERSAL RETIREMENT FUND
BALANCE SHEET

As at December 31, 2003

	Notes	2003 \$' 000	2002 \$' 000
<u>ASSETS</u>			
Long Term Investments		69,069	47,304
Cash & Short Term Investments		5,713	1,942
Interest Receivable		1,626	3,548
Total Assets		76,408	52,794
<u>LIABILITIES</u>			
Amount Due Corporation		767	532
NET ASSETS OF THE FUND	22	75,641	52,262
 CAPITAL ACCOUNT			
UNREALISED CAPITAL APPRECIATION	20	20,237	9,082
		75,641	52,262

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Trinidad & Tobago Unit Trust Corporation

UNIVERSAL RETIREMENT FUND

STATEMENT OF OPERATIONS

For the year ended December 31, 2003

	Note	2003 \$' 000	2002 \$' 000
INVESTMENT INCOME			
Dividends		1,264	602
Interest		1,262	1,728
Total Investment Income		<u>2,526</u>	<u>2,330</u>
EXPENSES			
Management Charge	18	1,343	934
Total Expenses		<u>1,343</u>	<u>934</u>
NET INCOME FOR CAPITALIZATION		<u>1,183</u>	<u>1,396</u>

Trinidad & Tobago Unit Trust Corporation
U S DOLLAR MONEY MARKET FUND
BALANCE SHEET
As at December 31, 2003

	Notes	2003 <u>TT\$' 000</u>	2002 <u>TT\$' 000</u>
<u>ASSETS</u>			
Investments	23	2,319,173	1,754,583
Cash		55,568	135,494
Interest Receivable		45,543	21,510
Total Assets		<u>2,420,284</u>	<u>1,911,587</u>
<u>LIABILITIES</u>			
Amount Due Corporation		4,964	14,606
Distribution Payable		32,052	23,459
Other Liabilities		<u>63,724</u>	<u>110,293</u>
		100,740	148,358
<u>RESERVES</u>			
Undistributed Income		371	8,646
Total Liabilities and Reserves		<u>101,111</u>	<u>157,004</u>
NET ASSETS		<u>2,319,173</u>	<u>1,754,583</u>
CAPITAL ACCOUNT		2,345,772	1,754,600
UNREALIZED CAPITAL DEPRECIATION	20	(26,599)	(17)
		<u>2,319,173</u>	<u>1,754,583</u>

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Trinidad & Tobago Unit Trust Corporation
U S DOLLAR MONEY MARKET FUND
STATEMENT OF OPERATIONS
For the year ended December 31, 2003

	Notes	2003 <u>TTS' 000</u>	2002 <u>TTS' 000</u>
INVESTMENT INCOME			
Interest Income		137,575	130,317
Total Investment Income		<u>137,575</u>	<u>130,317</u>
EXPENSES			
Management Charge	18	28,303	24,783
Commissions		746	853
Total Expenses		<u>29,049</u>	<u>25,636</u>
NET INVESTMENT INCOME		<u>108,526</u>	<u>104,681</u>

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Trinidad & Tobago Unit Trust Corporation
U S DOLLAR MONEY MARKET FUND
INCOME DISTRIBUTION ACCOUNT
For the year ended December 31, 2003

	Notes	2003 <u>TT \$' 000</u>	2002 <u>TT \$' 000</u>
NET INVESTMENT INCOME		108,526	104,681
Undistributed Income at start of year		8,646	1,227
		<u>117,172</u>	<u>105,908</u>
Distribution Expense	16	115,566	96,291
		<u>1,606</u>	<u>9,617</u>
Allocation to Reserve	12b	1,235	971
UNDISTRIBUTED INCOME AS AT DECEMBER 31, 2003		<u><u>371</u></u>	<u><u>8,646</u></u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003****1) INCORPORATION AND PRINCIPAL ACTIVITIES**

The Trinidad and Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act ("the Act") Chapter 83:03 of the Laws of the Republic of Trinidad and Tobago, generally to provide facilities for participation by members of the public in investing in shares and securities approved by the Board. The Finance Act of 1997 permitted expansion of the Corporation's scope of activities to include other financial services, such as merchant banking, trustee services and card services. The Corporation's principal office is at the UTC Financial Centre, #82 Independence Square, Port of Spain.

In addition to the Trinidad & Tobago Unit Trust Corporation, the Group is comprised of six (6) subsidiary companies, one of which is a property development company as detailed in note 24.

2) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are stated below:

a) Basis of Preparation

These financial statements are expressed in Trinidad and Tobago Dollars and have been prepared under the historical cost convention except as modified in respect of security valuation (see (c) below). The accounting policies in all material respects conform with International Financial Reporting Standards. All material income and expenditure items are accounted for on an accrual basis.

b) Investments

Originated loans are securities originated by the Corporation's merchant banking department, in which financial resources are provided directly to the issuer. These securities are carried at amortised cost.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in exchange rates are classified as available-for-sale. Investments available-for-sale are carried at fair value.

Investments with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are carried at amortized cost, less any adjustment necessary for impairment.

Purchases and sales of equity investments are recognized at the trade date. Purchases and sales of all other security investments are recognized on the settlement date. Gains and losses from changes in fair value on investments classified as available-for-sale are recognized in equity. When the financial assets are disposed of or are impaired, the related fair value adjustments are included in the income statement.

c) *Security Valuation*

The fair value of publicly traded securities is determined by reference to the prevailing market prices on the last trading day before the Balance Sheet date, on the offer basis.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their nominal amounts.

d) *Fixed Assets*

The Corporation utilizes the straight-line method of depreciation for all its depreciable assets with the exception of motor vehicles, which are depreciated using a rate of 25% on the reducing balance basis.

Straight-line basis:

Estimated useful lives

Building	50 years
Office Improvements	5-15 years
Computer Equipment	3-10 years
Office Equipment	4-15 years
Furniture & Fixtures	7-15 years

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

The Fixed Assets of the subsidiary Belize Unit Trust Corporation Limited are depreciated on a reducing balance basis, at the rates estimated to write off the value of the assets over their useful lives. Rates used are:

Computer equipment	20%
Office equipment	20%
Furniture	10%
Motor vehicles	25%

e) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago Dollars at the rates of exchange prevailing on December 31, 2003.

Resulting translation differences and profits and losses from other transactions are recognized within the Income and Expenditure Statement except where the differences arise on consolidation of foreign entities. In such instances the translation difference is recognized in equity.

f) Leases

Assets held under finance leases are capitalized as fixed assets and duly depreciated. The liability net of finance charges is shown on the Balance Sheet and the interest element is charged to the Income Statement over the term of the lease.

g) Separate Funds Under Management

The assets and liabilities pertaining to pension and other funds which are managed in accordance with specific Investment Management Agreements are not included in the Balance Sheet of the Corporation. The market value of these portfolios as at December 31, 2003 is \$451.0 million (2002: \$375.6 million).

h) Presentation

Comparative Figures. Certain changes in presentation have been made during the year and the comparative figures have been restated accordingly. These changes have no effect on the net profit of the previous year.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

i) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries drawn up as at December 31, 2003 and include all the assets and liabilities and results of operations of the group. All material inter-company transactions and accounts have been eliminated in preparing the consolidated financial statements.

3) TAXATION

The Corporation is exempt from Corporation Tax. A 5% financial services tax is applied to interest income at the point of distribution to unit holders in accordance with the Finance Act of 1997.

4) INVESTMENT FUNDS

	Dec-03 \$'000	Dec-02 \$'000
Growth & Income Fund	2,882,793	1,623,939
Money Market Fund	5,353,694	4,359,239
Universal Retirement Fund	75,641	52,262
US\$ Money Market Fund	2,319,173	1,754,583
Investment Funds	10,631,301	7,790,023

5) (a) INVESTMENTS

	Dec-03 \$'000	Dec-02 \$'000
Chaconia Income & Growth Fund	8,166	6,551
Other Investments	155	473
	8,321	7,024

The Chaconia Income and Growth Fund - sponsored by the Trinidad and Tobago Unit Trust Corporation - is incorporated in the State of Maryland, United States of America and registered as an open-ended, non-diversified, no-load management investment company under the Investment Act of 1940 of the United States of America.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

(b) LONG TERM INVESTMENTS

The major portion of Long Term Investments represents the Corporation's holding in long term government bonds that will mature in fifteen (15) to twenty (20) years.

	2003 \$000	2002 \$'000
Held to Maturity	233,685	307,135
Available for Sale	112,196	39,490
Originated Loans	<u>2,158</u>	<u>3,392</u>
	<u>348,039</u>	<u>350,017</u>

6) FIXED ASSETS

	Land \$'000	Contract WIP \$'000	Freehold Building \$'000	Leasehold Improve- ments \$'000	Motor Vehicles \$'000	Equipment \$'000	Furniture \$'000	TOTAL \$'000
Period Ended								
Dec. 31, 2003								
Opening Net Book Value	14,475	-	68,125	12,987	2,030	8,803	5,889	112,309
Additions	-	31,814	5,485	547	739	3,372	367	42,324
Disposals	-	-	-	-	(121)	-	-	(121)
Depreciation Charge	-	-	(1,457)	(1,140)	(568)	(1,526)	(675)	(5,366)
Closing Net Book Value	14,475	31,814	72,153	12,394	2,080	10,649	5,582	149,146
As at December 31, 2002								
Cost	14,475	-	72,844	15,524	3,577	16,384	8,418	131,222
Accumulated Depreciation	-	-	(4,719)	(2,537)	(1,547)	(7,581)	(2,529)	(18,913)
Net Book Value	14,475	-	68,125	12,987	2,030	8,803	5,889	112,309
As at December 31, 2003								
Cost	14,475	31,814	77,999	16,071	3,934	19,756	8,786	172,835
Accumulated Depreciation	-	-	(5,846)	(3,677)	(1,854)	(9,107)	(3,205)	(23,689)
Net Book Value	14,475	31,814	72,153	12,394	2,080	10,649	5,581	149,146

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003****Land**

The amount shown as Land includes leasehold land of \$2.17 million and freehold land of \$12.305 million.

(a) Leasehold Land

This reflects the Corporation's interest in a ninety-nine (99) year lease granted by the Government of the Republic of Trinidad and Tobago to the Unit Trust Corporation with respect to land situated at the Corner of Richmond Street and Independence Square, Port of Spain for the construction of its Headquarters. On April 24, 2001 the Corporation entered into an arrangement with London Street Project Company Limited to transfer its interest for 20 years to facilitate the construction of its Headquarters Building through a Build, Own, Lease and Transfer arrangement described in Note 9 below.

(b) Freehold Land:

During the year freehold properties at Chaguanas, San Fernando and Tobago were transferred from the Corporation to the subsidiary company UTC Property Development Limited for non cash consideration of shares.

On August 15, 2003 UTC Property Development Limited acquired the freehold property at Arima.

Contract Work In Progress

Contract Work In Progress represents capital expenditure incurred on the construction of the Chaguanas and Tobago branch offices as at December 31, 2003. This includes capitalized borrowing costs of \$1.099 million (2002: nil).

7) SHORT TERM CERTIFICATES OF INTEREST

This represents Guaranteed Investment Certificates backed by the underlying asset of Government bonds. These instruments are due within one year.

8) LONG TERM FINANCIAL INSTRUMENTS

This represents zero coupon financial instruments that are derived from a portion of the Government long term bonds. These instruments are payable in fifteen (15) to twenty (20) years.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

9) FINANCE LEASES

- (a) The Corporation entered into a finance lease agreement with London Street Project Company Limited on April 24, 2001 through a buy, own, lease and transfer arrangement. This agreement is for a term of 20 years, with purchase options at the end of the tenth and fifteenth years.
- (b) The Corporation committed to a lease agreement with Republic Finance and Merchant Bank Limited (FINCOR) for the furniture, fittings and equipment at the UTC Financial Centre on December 1, 2002. This agreement is for a term of 5 years.

The current portion of the debt at December 31, 2003 was \$3.528 million (2002: \$3.122 million). The long term portion as at December 31, 2003 was \$68.520 million (2002: \$72.047 million).

Interest charges on the leases for year ended December 31, 2003 amounted to \$11.115 million (2002: \$11.457 million).

10) INITIAL CAPITAL

Initial Capital is capital subscribed by the Initial Capital Contributors to the Unit Trust Corporation in accordance with Section 17 of the Act and invested in the First Unit Scheme.

11) UNIT CAPITAL

Unit Capital represents the capital value of units issued by the four Investment Funds operated by the Corporation. In respect of the First Unit Scheme, this excludes the acquisition cost of the units issued in respect of Initial Capital.

	Dec-03 \$'000	Dec-02 \$'000
Growth & Income Fund	2,877,982	1,619,128
Money Market Fund	5,353,694	4,359,239
Universal Retirement Fund	75,641	52,262
US\$ Money Market Fund	2,319,173	1,754,583
Total Unit Capital	10,626,490	7,785,212

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

12) FUND RESERVES

	Dec-03	Dec-02
	\$'000	\$'000
Guarantee Reserve	11,240	9,846
US\$ Money Market Fund Reserve	26,599	9,469
Money Market Fund Reserve	7,987	6,309
Total Fund Reserves	45,826	25,624

a) Guarantee Reserve

In accordance with the provisions of Section 26(1) and (2) of the Act, the Board of Directors established a Guarantee Reserve Fund in respect of the First Unit Scheme to ensure adequate funding of the Guarantee Pricing Plan

In 2003 \$1.0 million was allocated to the Fund from the Income of the Growth and Income Fund.

b) US\$ Money Market Fund Reserve

In accordance with the provisions of Section 26(1) and (2) of the Act, the Board of Directors, established a Special Reserve Fund in respect of the US\$ Money Market Fund (US\$ MMF) to provide for maintenance of the capital value of the Fund.

In 2003 US\$0.2 million (TT\$1.235 million) was allocated to the Special Reserve Fund from the Investment Income of the US\$ MMF.

A further allocation of US\$2.487 million (TT\$15.149 million) was made from retained earnings of the Corporation to augment the Fund.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

c) Money Market Fund (SUS) Reserve

In accordance with the provisions of Section 13 of the Second Unit Scheme Regulations issued under the Act, the Board established a reserve to satisfy any shortfall that may arise from the liquidation of securities in the portfolio of the Scheme.

In 2003 \$0.4 million (2002 \$0.4 million) was allocated to the Second Unit Scheme Reserve Fund from the Investment Income of the Money Market Fund.

A further allocation of TT\$1.0 Million was also made from retained earnings of the Corporation to augment the Fund .

13) STATUTORY RESERVES

a) Local

In accordance with Section 59(3)(d)(ii) of the Securities Industries Act By-Laws 1997, a reserve of \$5.0 million was established to satisfy the capital requirements for registration as an Underwriter and \$50,000 as an Investment Adviser.

(b) Foreign

In compliance with section 21 of the Banks and Financial Institutions (Unit Trusts) Regulations, 2002 of Belize, the Belize Unit Trust Corporation maintains a reserve equal to 5% of the total mutual fund. As at 31st December 2003, the amount allocated was \$0.583 million.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

14) CAPITAL RESERVE

Included in the Capital Reserve as at December 31, 2002 was \$77 million in capital appreciation on revaluation of the long term bonds in accordance with IAS 39. During the year there was a recall of two bonds at par which resulted in a reversal of \$23 million.

Investments previously classified as "Available for Sale" were reclassified as "Held to Maturity". The capital appreciation previously recognized in the accounts is being amortized over the remaining life of these bonds. The unamortised capital appreciation as at December 31, 2003 amounted to \$46.227million (2002: \$49.317million).

15) NET INVESTMENT INCOME – GROUP OPERATIONS

Net Investment Income – Group Operations comprises the following:

	Dec-03	Dec-02
	\$'000	\$'000
Interest and Other Fee Income	50,846	55,699
Interest Expense & Other Charges	(24,851)	(29,202)
Total	25,995	26,497

16) DISTRIBUTIONS

Growth & Income Fund

The Corporation declared its forty first (41st) and forty second (42nd) distributions in respect of the Growth & Income Fund during the year 2003 totaling \$117.333 million (2002: \$100.289 million). The distribution to registered unit holders as at June 30, 2003 amounted to \$57.998 million (June 2002: \$47.642

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

million) and the December 31 2003 distribution amounted to \$58.661 million (December 2002: \$51.877 million). The total distribution to Initial Capital Contributors for the year amounted to \$0.674 million (2002: \$0.770 million).

Money Market Fund

Distributions in the Money Market Fund are made quarterly. Four (4) payments were made in 2003 and total distributions paid during the period January – November 2003 totaled \$271.029 million (2002: \$257.992 million). Income accrued as at December 31 2003 for distribution in the quarter ended February 2004 amounted to \$14.53 million (2003: \$18.523 million).

US\$ Money Market

Distributions in the US\$ Money Market Fund are paid by calendar quarters. Total distributions for the calendar year 2003 amounted to TT\$115.566 million or US\$18.717 million (2002: TT\$96.291 million or US\$15.863 million).

17) ADMINISTRATIVE EXPENSES

	Dec-03	Dec-02
	\$'000	\$'000
Administrative Expenses	<u>79,179</u>	<u>68,166</u>

Included in Administrative Expenses are:

- (a) Directors' Fees in the amount of \$0.864 million (2002: \$0.847 million) and
- (b) Auditors' Remuneration in the amount of \$0.197 million (2002: \$0.308 million).

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

18) MANAGEMENT CHARGE

	Dec-03	Dec-02
	\$'000	\$'000
Growth & Income Fund	38,540	29,625
Money Market Fund	33,968	49,659
Universal Retirement Fund	1,343	934
US\$ Money Market Fund	28,303	24,783
	102,154	105,001

- a) The Corporation, in accordance with the regulations governing the First and Second Unit Schemes, Universal Retirement Fund and the US\$ Money Market Fund, may charge a management fee of up to two percent (2%) on the value of the funds under management of the respective schemes and funds.
- b) In accordance with the regulations governing the Belize Money Market Fund which commenced operations in January 2003, the Belize UTC may charge a management fee not exceeding two percent (2%) of the funds under management

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

19) INVESTMENTS – GROWTH & INCOME FUND (FIRST UNIT SCHEME)

EQUITY	Shareholding (Stock Units)	Market Value \$
Financial Institutions		
Scotiabank Trinidad and Tobago Limited	7,079,152	196,446,468
Republic Bank Limited	4,693,166	251,788,356
RBTT Financial Holdings Limited	10,799,426	369,880,341
ANSA Finance and Merchant Bank Limited	1,797,471	20,581,043
First Caribbean International Bank	2,245,834	18,191,255
National Commercial Bank of Jamaica	15,000,000	24,150,000
Manufacturing		
Lever Brothers West Indies Limited	1,378,770	41,859,457
The West Indian Tobacco Company Limited	1,243,876	24,827,765
Trinidad Cement Limited	9,790,572	59,232,960
National Flour Mills Limited	6,584,794	22,388,300
Barbados Shipping & Trading	155,000	2,658,250
Conglomerates		
ANSA McAl Limited	5,413,064	125,095,909
Neal & Massy Holdings Limited	5,009,225	134,998,614
Non-Banking Financial Institutions		
American Life and General Insurance Company (Trinidad and Tobago) Limited	462,416	2,103,993
Guardian Holdings Limited	4,751,451	151,333,714
National Enterprises Limited	9,050,000	53,938,000
Property		
Point Lisas Industrial Port Development Corporation Limited	3,287,818	36,823,562
Trading		
Grace Kennedy & Company Limited	2,288,000	13,384,800
Total TT\$ Equity		1,549,682,788
Total US\$ Equity		71,913,154
Total B'dos \$ Equity		76,187,792
MARKET VALUE OF EQUITY		1,697,783,733
TOTAL DEBT SECURITIES		502,544,074
CASH & SHORT TERM INVESTMENTS		2,200,327,807
TOTAL VALUE OF PORTFOLIO		<u>2,882,793,141</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

The Portfolio of the Growth & Income Fund is represented by:

	\$
Held to Maturity Financial Assets	786,096,866
Available for Sale Financial Assets	<u>2,096,696,275</u>
TOTAL	<u>2,882,793,141</u>

20) UNREALISED CAPITAL APPRECIATION/(DEPRECIATION)

This represents the net unrealized gain/ (loss) on the valuation of the Investment Portfolio at the year's end.

21) INVESTMENTS – MONEY MARKET FUND (SECOND UNIT SCHEME)

Securities	Market Value
	\$
Government Securities	784,842,714
Government Guaranteed Securities	627,363,560
Corporate Securities	808,326,633
Cash and Short Term Investments	<u>3,133,161,154</u>
Total	<u>5,353,694,061</u>

The Portfolio of the Money Market Fund is represented by:

	\$
Held to Maturity Financial Assets	3,988,039,246
Available for Sale Financial Assets	<u>1,365,654,815</u>
TOTAL	<u>5,353,694,061</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

22) INVESTMENTS - UNIVERSAL RETIREMENT FUND

EQUITY	Shareholding (Stock Units)	Market Value \$
Banks		
Ansa Finance and Merchant Bank	368,372	4,199,441
RBTT Financial Holdings Limited	203,778	6,969,208
Republic Bank Limited	32,617	1,748,271
Scotiabank of Trinidad & Tobago Limited	2,000	55,400
National Commercial Bank of Jamaica	50,000	78,000
First Caribbean International Bank	91,788	738,893
Manufacturing		
Trinidad Cement Limited	350,960	2,105,760
West Indian Tobacco Company Limited	147,226	2,931,270
Lever Brothers West Indies Limited	30,975	938,852
National Flour Mills Limited	95,306	319,275
Readymix (W I) Limited	36,780	222,519
Conglomerates		
Neal & Massy Holdings Limited	204,745	5,507,641
Grace, Kennedy & Company Limited	360,020	2,088,116
ANSA McAl Limited	147,536	3,402,180
Non-Banking Financial Institutions		
Guardian Holdings Limited	197,042	6,265,936
National Enterprises Limited	441,000	2,606,310
Sagicor Financial Corporation	115,000	1,480,794
Property		
Point Lisas Industrial Port Development Corporation Limited	343,014	3,824,606
Trading		
LJ Williams 'B'	100,000	120,000
Prestige Holdings Limited	25,000	110,000
Chaconia Income & Growth Fund	<u>952</u>	<u>57,644</u>
MARKET VALUE OF EQUITY		45,770,116
DEBT SECURITIES		23,298,420
CASH AND SHORT TERM SECURITIES		<u>6,572,054</u>
TOTAL VALUE OF PORTFOLIO		<u>75,640,590</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

The Portfolio of the Universal Retirement Fund is represented by:

	\$
Held to Maturity Financial Assets	18,265,158
Available for Sale Financial Assets	<u>57,375,432</u>
TOTAL	<u>75,640,590</u>

23) US\$ MONEY MARKET FUND

Securities	Market Value
	\$
Government Securities	470,535,777
Corporate Securities	380,434,417
Cash and Short Term Investments	<u>1,468,202,660</u>
Total	<u>2,319,172,854</u>

The Portfolio of the US\$ Money market Fund is represented by:

	\$
Held to Maturity Financial Assets	407,569,802
Available for Sale Financial Assets	<u>1,911,603,052</u>
TOTAL	<u>2,319,172,854</u>

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

24) INVESTMENT IN SUBSIDIARIES

Company	% Shareholding	Country of Incorporation
Belize Unit Trust Corporation Limited	83%	Belize
Chaconia Financial Services Inc.	100%	USA
Chaconia Fund Services Inc.	100%	USA
UTC Financial Services Limited	100%	T&T
UTC Trust Services Limited	100%	T&T
UTC Property Development Limited	100%	T&T

Local Subsidiaries

The Corporation has three (3) wholly owned local subsidiary companies, UTC Financial Services Limited, UTC Trust Services Limited and UTC Property Development Limited which were incorporated under the Companies Act 1995 of Trinidad & Tobago on March 23, 1999, June 2, 1999 and June 18, 2002 respectively. These companies are capitalized as follows:

	2003 \$'000	2002 \$'000
UTC Financial Services Limited	20,000	20,000
UTC Trust Services Limited	15,000	15,000
UTC Property Development Limited	<u>19,301</u>	<u>1,000</u>
Total	<u>\$54,301</u>	<u>\$36,000</u>

The assets, liabilities and results of these subsidiaries have been fully incorporated in these Financial Statements.

Foreign Subsidiaries

The Corporation established a wholly owned subsidiary – Chaconia Fund Services, Inc. a Delaware corporation formed in 1997. In 1999 Chaconia Fund Services, Inc. acquired Chaconia Financial Services Inc. a Rhode Island corporation and registered broker-dealer. There were no transactions in Chaconia Fund Services, Inc.. The net assets in Chaconia Financial Services Inc. have been incorporated into these Financial Statements.

TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

As at December 31, 2003 the Corporation invested US\$1.0 million (2002: US\$0.5 million) in the Belize Unit Trust Corporation, a company incorporated under the Companies Act, Chapter 206, of the Laws of Belize on August 24, 2001 and having its registered office at 77 Central American Boulevard, Belize City. At December 31, 2003 the Corporation's share holding represented 83% (2002: 71%) of the issued shares of the Belize Unit Trust Corporation. The assets and liabilities and results of the Belize Unit Trust Corporation as at December 31, 2003 have been incorporated into these Financial Statements.

25) RETIREMENT BENEFIT PLAN ASSETS

Prior to January 1, 2001 the Unit Trust Corporation Pension Fund Plan (the Plan) had been a **defined benefit plan**. The Plan received formal approval during 2002 for conversion to a **defined contribution plan** with effect from January 1, 2001. During the year the Corporation contributed \$2.479 million (2002: \$2.23 million) to the Plan which has been charged against Income.

26) COMMITMENTS

As at December 31, 2003 the group had capital commitments of \$20.1 million for construction projects at Chaguanas, Tobago and at the Head Office.

27) POST BALANCE SHEET EVENTS

These financial statements were authorized for issue on March 26, 2004. There were no material post balance sheet events prior to authorization of the statements for issue which have a bearing on the understanding of the financial statements.

28) CONTINGENT LIABILITIES

- a) As at December 31, 2003 there was one legal proceeding outstanding against the Corporation. No provision has been made in these financial statements for the costs arising from this litigation.
- b) The company is presently the defendant in a lawsuit filed on January 13, 2004 for which the outcome remains uncertain. No provision has been made in these Financial Statements.