# SOARING TO NEW HEIGHTS

ANNUAL REPORT **2014**


DIC Deposit Insurance Corporation

DIC Deposit Insurance Corporation

# ABOUT THE DIC

The **Deposit Insurance Corporation** (DIC) was established by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 which amended the Central Bank Act Chapter 79:02.

The DIC insures depositors in all institutions licensed to operate under the Financial Institutions Act, 2008. Deposit insurance is payable only when an institution has been closed as a result of action taken by the Central Bank of Trinidad and Tobago.

Depositors in all licensed financial institutions are insured up to a maximum of TT $125,000. Only deposits held in Trinidad and Tobago and payable in Trinidad and Tobago dollars are insured.

The DIC is financed mainly by contributions and annual premiums levied on licensed member institutions. While the Corporation is empowered to borrow, special premiums can also be levied on all member institutions should the demand on the Fund exceed its resources.

As a member of the financial safety net, the **Deposit Insurance Corporation** has contributed to rebuilding confidence in Trinidad and Tobago's financial institutions and the financial system since the difficulties of 1986. The Financial Institutions Act, 2008, and other improvements in the system of inspection and supervision of licensed financial institutions have also contributed to the reduction in the risk of failure.

# OUR VISION

To become a pro-active and efficient deposit insurance system, evolving to meet the ever changing needs of a modern society.

# OUR MISSION

To contribute to the stability, safety and integrity of and public confidence in the financial system of Trinidad and Tobago by providing protection and support for eligible depositors and member institutions and by the prudent and profitable management of the Deposit Insurance Fund.

# CONTENTS

THE YEAR IN REVIEW 8

BOARD MEMBERS 10

CORPORATE PROFILE/ MEMBER INSTITUTIONS 14

THE DIC TEAM 16

FINANCIAL HIGHLIGHTS 18

PERFORMANCE REPORT 2014 24

FINANCIAL STATEMENTS 2014 27

| | |
|---|---|
| STATEMENT OF MANAGEMENT RESPONSIBILITIES | 29 |
| INDEPENDENT AUDITORS' REPORT | 30 |
| STATEMENT OF FINANCIAL POSITION | 31 |
| STATEMENT OF NET COMPREHENSIVE INCOME AND DEPOSIT INSURANCE FUND | 32 |
| STATEMENT OF CHANGES IN EQUITY | 33 |
| STATEMENT OF CASH FLOWS | 34 |
| NOTES TO THE FINANCIAL STATEMENTS | 35 - 57 |

# THE YEAR IN REVIEW

## THE YEAR IN REVIEW

The year 2014 saw muted economic activity around the globe and lower than expected growth in Trinidad and Tobago. Global economic activity continued to suffer the after-effects of the 2008 financial crisis, which have lingered longer than had been expected, with many countries still struggling with the painful legacies of the crisis, including extraordinarily high debt and soaring unemployment.

Here in Trinidad and Tobago, following an absence of growth in 2010 and in 2011, the national economy recovered by approximately 1.5 per cent in 2012 and grew by 1.7 per cent in 2013. Forecasts for 2014 were optimistic, with the expectation of continued recovery and growth projected at 2.5 per cent. However, a slowdown in the economy, caused by the dismal performance of the energy sector, led to the contraction of the economy, with growth standing at -0.6 per cent as at September 30, 2014, well below forecast.

Notwithstanding these economic pressures, the financial sector, for which the Deposit Insurance Corporation plays the critical role as one of the safety net players, continued to be stable. The Deposit Insurance Corporation itself performed creditably, registering a 10 per cent increase in the balance of the Deposit Insurance Fund, which now stands at $2,373.6 million.

On the operational front, the Corporation continued its activities as appointed liquidator of nine failed member institutions which were closed by the Central Bank. As of 2014, the DIC has completed three of these liquidations, while six institutions remain under the Corporation's purview. The Corporation is still in the process of liquidating the assets of Clico Investment Bank Limited (for which it was appointed liquidator in 2011); official winding up of the other five companies in liquidation awaits resolution of legal matters.

A high point of the Corporation's activities in 2014 focused on the hosting by the DIC of the 2014 Annual General Meeting and Annual Conference of the International Association of Deposit Insurers (IADI), the organization which sets international standards for effective deposit insurance systems. This was a singular honour, and Trinidad and Tobago was unique in that it is the smallest jurisdiction to host IADI's flagship event.

The Conference will take place over the period October 20-24, 2014 at the Hyatt Regency Trinidad Hotel in Port of Spain, with the theme: “Updated Core Principles to Strengthen the Financial Stability Architecture”. A total of 169 delegates are expected to attend including representatives of regional and international deposit insurance systems, the International Monetary Fund, the Financial Stability Board, bank regulators and other safety net institutions from around the globe. In a year of relative uncertainty, with complex changes in the economic environment both locally and internationally, the Corporation worked closely with stakeholders, held fast to its mandate and observed the highest standards of performance during a challenging year.

# BOARD MEMBERS

FOR THE FINANCIAL YEAR OCTOBER 1, 2013 TO SEPTEMBER 30, 2014

## Mr. Jwala Rambarran

CHAIRMAN

Mr. Rambarran was appointed to the position of Governor of the Central Bank of Trinidad and Tobago on July 17, 2012.

Mr. Rambarran is no stranger to the Central Bank having worked with the Bank for approximately fourteen (14) years. During his tenure at the Bank, he represented Trinidad and Tobago as Technical Assistant in the Office of the Executive Director of the International Monetary Fund (IMF) from April 1, 2001 to March 31, 2003. In the IMF, Trinidad and Tobago is part of a constituency that includes Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama and Suriname.

Mr. Rambarran left the Bank in March 2004 to assume the position of Chief Economist at Caribbean Money Market Brokers (CMMB) before he embarked on his own business, CAP-M Research. He was the Chairman of the Board of Governors of The National Institute of Higher Education, Research, Science and Technology (NIHERST) and a member of the National Commission for Higher Education. Mr. Rambarran is a former Fatima College student and a past Government Scholar having attained a scholarship in 1987.

He holds a Bachelor of Science (Upper Second Class Honours) Degree in Economics and Mathematics from the University of the West Indies, St. Augustine Campus and a Masters of Science (Honours) Degree in Financial Economics from the University of London. Mr. Rambarran is also a Graduate of executive economic and financial training programmes from Harvard Kennedy School of Government, the IMF Institute and the Federal Reserve Bank of New York.

In 2010, Mr. Rambarran was recognized by the University of the West Indies, St. Augustine Campus, as one of the 50 Distinguished Alumnus in celebration of the Campus' 50th anniversary celebrations.

## Michelle Durham-Kissoon

DIRECTOR

(Directorship ended June 9, 2014)

Ms. Durham-Kissoon was an Assistant Director in the Economic Management Division in the Ministry of Finance and the Economy. She headed a team of economists involved in the preparation of periodic Medium Term Economic Frameworks and continuous surveillance of the domestic economy. In overseeing this surveillance, Ms. Durham-Kissoon, worked closely with the Central Bank and the Central Statistical Office and engaged in frequent dialogue with the International Monetary Fund, World Bank and the major Credit Rating Agencies, Moodys, Standard & Poors and CariCRIS.

After graduating in 1989 with a degree in Social Sciences and History from the St. Augustine Campus of the University of the West Indies, Ms. Durham-Kissoon launched her professional career in the then Ministry of Planning and Mobilization. As a project analyst in that Ministry, she navigated Ministries and Departments for fifteen (15) years in securing financing from multilateral financing agencies, for their respective development programmes and the application of the relevant procurement guidelines. In that capacity, Ms. Durham-Kissoon developed a close relationship with the Inter-American Development Bank and the European Commission.

She spent three years in the Ministry of Public Utilities in which she was part of a team of professionals that steered the Postal Sector Reform Programme, Determination of the Rating Structure for Electricity Transmission and Distribution sector and preparation of an overall strategy for the management and operations of the water and sewerage sector.

Ms. Durham-Kissoon is currently pursuing a Masters in Public Financial Management under the Centre for Financial and Management Studies (CeFIMS) of the University of London.

# Dr. Earl Boodoo

DIRECTOR

(Directorship ended June 6, 2014)

Dr. Earl T. Boodoo was appointed Chief Economist and Director of Research at the Central Bank of Trinidad and Tobago on April 16, 2013. This followed his serving as General Manager of the Deposit Insurance Corporation (DIC). During the latter employment he was a member of the Executive Council of International Association of Deposit Insurers (IADI) as well as the Audit Committee, Membership Committee and Governance Committee of IADI. Dr. Boodoo was also the Chairman of the Caribbean Region Committee of Deposit Insurers during his tenure at DIC.

Prior to joining the Deposit Insurance Corporation, Dr. Boodoo held the post of Assistant Manager in the Research Department of the Central Bank. He also tutored and lectured both at the University of the West Indies and the University of Nottingham's (England) main campus and Business School. During his career as an economist Dr. Boodoo was a member of various research teams that contributed to a number of regional studies commissioned by the Caribbean Regional Negotiating Machinery, the Commonwealth Secretariat and the Tobago House of Assembly. Dr. Boodoo also functioned as a Public Utilities Analyst, with the Public Utilities Commission of Trinidad and Tobago.

He holds a Bachelor of Science Degree in Economics and a Masters in Economics from the University of the West Indies, and earned a PhD in Economics from the University of Nottingham.

## Ms. Saleema Nazia Hosein

DIRECTOR

(Directorship ended April 19, 2014)

Ms. Saleema Nazia Hosein, though coming from a business background at Holy Faith Convent, Couva, went on to obtain a Bachelors of Law (LL.B) graduating with Honours from the University of the West Indies in 2006.

As part of her training at the Hugh Wooding Law School, she worked at the Office of the Director of Public Prosecution (South) under the esteemed Mr. Roger Gaspard, DPP of Trinidad and Tobago. She also worked as a trainee at the Trinidad and Tobago Securities and Exchange Commission and was thereafter enrolled on the list of Attorneys at Law in 2008.

Ms. Hosein has been in private practice since becoming an Attorney at Law and has been managing her own practice. Her main areas of practice are Civil, Conveyancing, Family and Criminal Law.

## Mr. Vickram Joadsingh

DIRECTOR

Mr. Vickram Joadsingh is a Fellow member of the Association of Chartered Certified Accountants (FCCA), a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), a member of the Institute of Internal Auditors, a member of the Association of Certified Fraud Examiners and also a member of the Institute of Chartered Accountants of Trinidad and Tobago.

Mr. Joadsingh has over a decade of internal audit service experience at a Big 4 Audit firm, was a former Chief Financial Officer of a local bank and a former Chief Audit Executive at a special purpose state entity and is presently the Head Internal Auditor at a leading Twenty Billion dollar financial institution.

At the DIC, Mr. Joadsingh was appointed to the Board of Management in November 2011 and at present he is also a member of its Audit Committee.

# Corporate Profile

## Office

Level 11
Central Bank Building
Eric Williams Plaza
Independence Square
Port of Spain
Tel: 868 625-5020/1
Hotline: 800-4DIC
Fax: 868 623-5311
E-Mail: info@dictt.org
Website: www.dictt.org

## Banker

Central Bank of Trinidad and Tobago
Central Bank Building
Eric Williams Plaza
Independence Square
Port of Spain

## Auditor

PKF
Pannell Kerr Forster
Chartered Accountants & Business Advisors
245 Belmont Circular Road
Belmont
Port of Spain

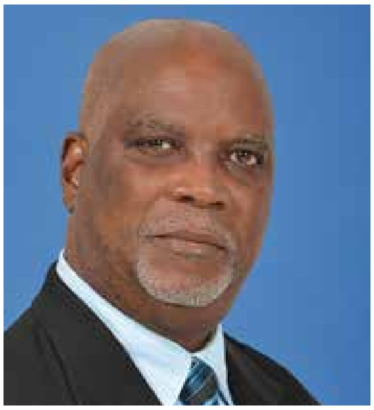
# Member Institutions

- ANSA Merchant Bank Limited
- Bank of Baroda (Trinidad and Tobago) Limited
- Caribbean Finance Company Limited
- Citibank (Trinidad and Tobago) Limited
- Citicorp Merchant Bank Limited
- Development Finance Limited
- Fidelity Finance and Leasing Company Limited
- First Caribbean International Bank (Trinidad and Tobago) Limited
- First Citizens Bank Limited
- First Citizens Asset Management Limited
- First Citizens Trustee Services Limited
- Guardian Asset Management Limited
- Intercommercial Bank Limited
- Intercommercial Trust and Merchant Bank Limited
- Island Finance Trinidad and Tobago Limited
- Massy Finance GFC Limited
- NCB Global Finance Limited
- RBC Royal Bank (Trinidad and Tobago) Limited
- RBC Investment Management (Caribbean) Limited
- RBC Merchant Bank (Caribbean) Limited
- RBC Trust (Trinidad and Tobago) Limited
- Republic Bank Limited
- Republic Finance and Merchant Bank Limited
- Scotiabank Trinidad and Tobago Limited
- Scotiatrust and Merchant Bank Trinidad and Tobago Limited

# THE DIC TEAM

**Arjoon Harripaul**
General Manager

**Jacqueline Fermin**
Head, Corporate Services and Finance



**Roland Yorke**
Assistant Manager, Surveillance & Early Intervention

**Gemma Henry**
Executive Secretary

**Maurice Duprey**
Office Assistant/Courier

**Onifa Olusegun-Murray**
Hospitality Attendant

**Noel Nunes**
Senior Insurance & Planning Officer

**Raisa Gomez**
Research Officer

**Riad Mohammed**
Research/Database Assistant

**Ingrid White-Wilson**
Legal Counsel/Corporate Secretary

**Dixie-Ann Thom**
Communications Technician

**Crystal-Ann Graham**
Liquidations Assistant

**Shivana Khan**
Finance, Research & Market Analyst

**Allison Field**
Assistant Accountant

**Jacqueline Davis-McKree**
Accounting Assistant

**Eon Crichlow**
Technical Analyst

**Nicholas Ramsey**
Business Analyst

**Jennifer Singh**
Administrative Assistant

Management Discussion and Analysis

# FINANCIAL HIGHLIGHTS

| BALANCE SHEET AS AT | SEPT 30, 2014 $M | SEPT 30, 2013 $M | SEPT 30, 2012 $M | SEPT 30, 2011 $M | SEPT 30, 2010 $M |
|---|---|---|---|---|---|
| TOTAL ASSETS AT THE END OF THE YEAR | 2,376.1 (10%) | 2,167.8 (10%) | 1,973.7 (11%) | 1,784.1 (12%) | 1,595.2 (13%) |
| FUND BALANCE AT THE END OF THE YEAR | 2,373.6 (10%) | 2,165.9 (10%) | 1,972.0 (11%) | 1,782.3 (12%) | 1,593.3 (13%) |
| INVESTMENT PORTFOLIO | 2,335.4 (10%) | 2,129.0 (10%) | 1,934.1 (11%) | 1,750.3 (12%) | 1,566.3 (13%) |
| **STATEMENT OF NET INCOME AND DEPOSIT INSURANCE FUND FOR THE YEAR ENDED** | **SEPT 30, 2014 $M** | **SEPT 30, 2013 $M** | **SEPT 30, 2012 $M** | **SEPT 30, 2011 $M** | **SEPT 30, 2010 $M** |
| NET INCOME FOR THE YEAR | 207.6 (7%) | 194.9 (3%) | 188.8 (-0.05%) | 188.9 (4%) | 181.0 (6%) |
| INTEREST EARNED | 86.4 (-0.4%) | 89.7 (0.1%) | 89.6 (-8.76%) | 98.2 (-5%) | 103.0 (0.20%) |
| PREMIUM INCOME | 139.6 (12%) | 125.2 (10%) | 114.2 (10%) | 103.0 (16%) | 89.0 (16%) |
| EXPENSES | 18.8 (-0.7%) | 20.3 (30%) | 15.6 (18%) | 13.2 (23%) | 10.7 (55%) |

*NOTE: The figures in parenthesis represent percentage changes from the previous year. All are increases except where shown with (-).*

*All dollar values in this section are in Trinidad and Tobago dollars.*

## DEPOSIT INSURANCE FUND

*Section 44K of the Central Bank Act Chapter 79:02 as amended by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 provides for the establishment of the Deposit Insurance Fund. The Deposit Insurance Corporation is responsible for the management of the Fund which is to be used for the payment of deposit insurance claims if a member institution fails. Membership in the Fund is compulsory for all institutions that are licensed by the Central Bank of Trinidad and Tobago, under the Financial Institutions Act, 2008.*

The balance on the ***Deposit Insurance Fund*** as at September 30, 2014 was $2,373.6 million, an increase of 10 per cent year-on-year. The main sources of growth in the Fund were premiums and interest income (after expenses). The growth of the Fund over the past five years is illustrated in Chart I.

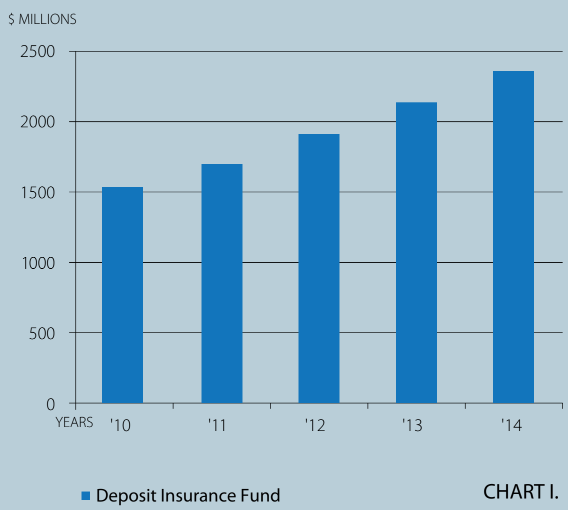



CHART I.

***Net Income, which represents total income less operating expenses,*** for the financial year ended September 30, 2014 amounted to $207.6 million compared to $194.9 million year-on-year. This represented an increase of $12.7 million or 7 per cent more than the amount recorded for the previous financial year.

***Total Income*** realized over the period amounted to $226.4 million, an increase of $11.2 million more than the amount recorded as at September 30, 2013. The ***Total Expenses*** used to manage the Fund amounted to $18.8 million; representing a decrease of $1.5 million when compared to the 2013 figure.

The two main contributors to income are ***Interest Earned*** and ***Annual Premiums***. The annual increases in these items provide the impetus to the growth of the Fund. These two areas are examined below in greater detail.

## INTEREST INCOME

Interest or investment income is generated by the Corporation's investment activity. During the fiscal year which ended September 30, 2014, the portfolio earned $86.4 million compared with $89.7 million for the previous financial year; representing a year-on-year decrease of 0.4 per cent. Over fiscal 2014, market rates remained very low when compared with previous years. The average yield on short-term securities stood at 0.35 per cent at the end of the fiscal period. On long-term securities, the average yield was 3.79 per cent down from 4.95 per cent, year-on-year. Overall, the average yield on the investment portfolio for the financial year ended September 30, 2014 was 3.61 per cent compared to 4.25 per cent as at the previous financial year end. Chart II below illustrates the interest earned over the past five years.

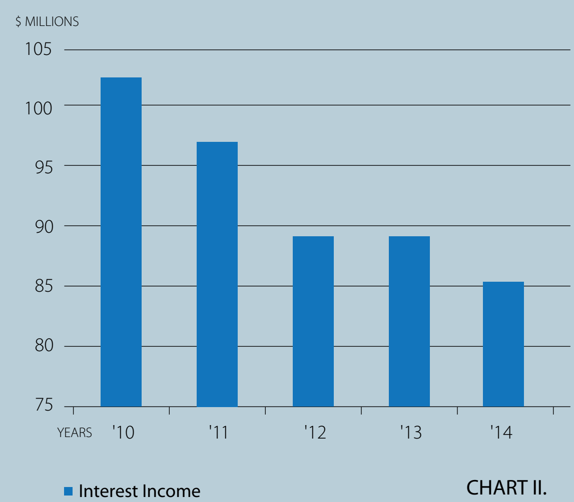



CHART II.

*All dollar values in this section are in Trinidad and Tobago dollars.*

## ANNUAL PREMIUMS

The Corporation is mandated by law to levy each member institution and record contributions to the Deposit Insurance Fund; the first contribution is made six months after the institution acquires membership status (***initial contribution***). Another levy follows twelve months after admittance (***first annual premium***) and thereafter levies are made on institutions once annually at the beginning of every calendar year (***annual premium***). Two Bye-Laws provide the basis on which the levy is to be made. The rate for the initial contribution which must be matched equally by a contribution from the Central Bank is fixed at 0.4 per centum of the aggregate of the deposit liabilities. However, for the first and subsequent annual premiums, a fixed rate of 0.2 per centum of the aggregate of the deposit liabilities applies. The dates used in the computation are specified in the Bye-Laws.

Annual Premiums that were levied and collected from the twenty five (25) member institutions for the financial year ended 30th September 30, 2014 amounted to $139.6 million; an increase of 12 per cent compared with $125.2 million collected in 2013. Chart III below illustrates the growth of annual premiums over the past five years.

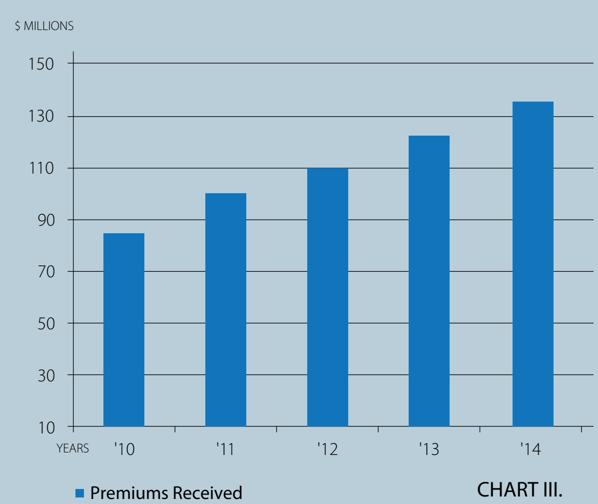



CHART III.

Annual premiums increased between 2013 and 2014 mainly due to the growth in deposit liabilities of member institutions between the calendar years 2012 and 2013. (Annual Premiums are computed for a calendar year by applying a fixed rate to the quarterly average of the prior calendar year's aggregate deposit liabilities of each member institution). In relation to the membership of the Fund, the total number stood at twenty five (25) member institutions as at September 30, 2014. There were neither additions nor revocations to the Fund's membership over the reporting period however; two financial institutions executed name changes. These changes were the result of rebranding initiatives. Consequently, effective July 1, 2014 General Finance Corporation was renamed to Massy Finance GFC Ltd and effective August 6, 2014 AIC Finance Limited was renamed NCB Global Finance Limited.

## INVESTMENTS

(a) <u>Primary Investment Objectives and Approved Investment Categories</u>

The Corporation has the power in the legislation under which it is governed, to "…accumulate, manage and invest funds collected". The Board of Management has approved an Investment Policy which guides the Corporation's investment activities through specified investment objectives and approved investment categories.

The ***primary investment objectives*** for managing the portfolio of the Fund are as follows:-

(i) Maintenance of Capital Value

This requires that all investments be of a very high quality, in terms of the ability of the investee to meet its obligations to the Corporation and the legal arrangements which are in place to protect the Corporation as an investor.

(ii) Provision of an Adequate Liquidity Profile

Investment choices and the periods for which the investments are placed should be informed by potential, anticipated or contingent deposit insurance payouts, as well as, conditions operating in the banking and financial sectors. At present all investments held by the Corporation are readily realisable and convertible into cash.

*All dollar values in this section are in Trinidad and Tobago dollars.*

(iii) Reasonable Growth of the Fund

Although the best efforts should be made to grow the Fund, this should only be undertaken subject to the other two (2) objectives described at (i) and (ii) above, being satisfied. A standard of what would be considered reasonable is based on a margin above the risk free interest rate. The growth rate of the Fund is significantly guided by the two objectives at (i) and (ii) above.

The ***approved investment categories*** are as follows:-

- Deposits in Member Institutions and fixed income mutual funds (0-50 per cent of the portfolio).
- Corporate Securities (0-20 per cent of the portfolio).
- Trinidad and Tobago Government Securities (20 -100 per cent of the portfolio).
- Foreign Investments (0-30 per cent of the portfolio).

(b) Status of the Investment Portfolio

The size of the investment portfolio as at September 30, 2014 was $2,335.4 million; an increase of $206.4 million or 10 per cent year-on-year. Chart IV below illustrates the growth of the investment portfolio over the past five years.

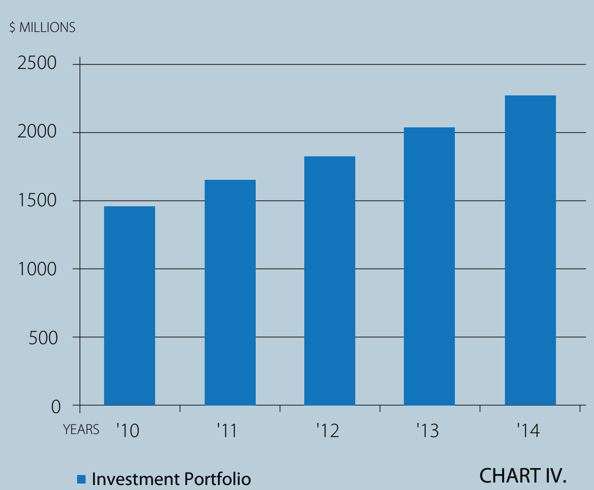



CHART IV.

The mix of the investment portfolio as at September 30, 2014 and 2013 respectively was as follows:

| INVESTMENT CATEGORY | % OF PORTFOLIO SEPTEMBER 30, 2014 | % OF PORTFOLIO SEPTEMBER 30, 2013 |
|---|---|---|
| Government Securities | 91 | 96 |
| Corporate Securities | 3 | 3 |
| [1]Deposits and MMFs | 6 | 1 |

As mentioned previously, the average yield on the portfolio fell during the financial year; 3.61 per cent as at September 30, 2014 compared to 4.25 per cent one year prior. This fall in yield was experienced across all categories of investments and was a reflection of the depressed market conditions which persisted into fiscal 2014.

## DEPOSITS

Within the financial year, deposit balances increased significantly; primarily due to the addition of a special interest bearing deposit account held with the Central Bank of Trinidad and Tobago. The balance of deposits as at September 30, 2014 was $142.3 million compared to $3.0 million as at September 30, 2013. Conversely, holdings of fixed income mutual funds were reduced to $4.2 million as at September 30, 2014; down from $7.8 million one year prior. Deposits represented 6 per cent of the investment portfolio as at September 30, 2014.

## CORPORATE SECURITIES

As at the end of the financial year 2014, corporate securities stood at $72.4 million compared to $77.8 million one year prior; representing a decrease by $5.4 million. Corporate securities represented 3 per cent of the investment portfolio as at 30th September, 2014.

## GOVERNMENT SECURITIES

Approved instruments with respect to Trinidad and Tobago Government Securities, include Treasury Bills, Treasury Notes and Government Bonds.

*[1] Deposits and MMFs represent deposits held in member institutions and money market investments held in the Trinidad and Tobago Unit Trust Corporation and the Home Mortgage Bank.*

*All dollar values in this section are in Trinidad and Tobago dollars.*

## TREASURY BILLS

There was no investment in Treasury Bills over fiscal 2014 due to the very low returns.

## TREASURY NOTES

As at September 30, 2014 holdings of Treasury Notes stood at $574.6 million; up from $544.2 million as at September 30, 2013. Treasury Notes represented 25 per cent of the portfolio as at the end of the financial year compared to 26 per cent one year prior. The average yield on Treasury Notes dropped to 2.12 per cent as at September 30, 2014 from 2.32 per cent one year prior.

## GOVERNMENT BONDS

Holdings of Government Bonds increased over the period to $1546.0 million as at September 30, 2014 from $1,473.4 million one year prior; an increase of $72.6 million. As at the end of the financial year 2014, Government Bonds represented 66 per cent of the portfolio compared to 70 per cent as at September 30, 2013. Consistent with the downward trend on yields experienced in the other investment categories, the average yield on Government Bonds also dropped to 4.41 per cent from 4.95 per cent year-on-year.

## LIQUIDATION

Since its establishment, the Corporation has paid insurance claims to the depositors of nine (9) institutions which were closed by the Central Bank and classified as failed institutions. For each of these failures, the Corporation was appointed the liquidator by the High Court of Trinidad and Tobago. The most recent appointment has been the Corporation's appointment as Liquidator of Clico Investment Bank Limited. This came into effect on October 17, 2011 when the High Court ruled that Clico Investment Bank Limited be wound up under the provisions of the Companies Act, Chapter 18:01 and the Deposit Insurance Corporation be appointed Liquidator of the company.

To date, three (3) of the liquidations have been completed, while six (6) institutions remain under the Corporation's purview. The Corporation is still in the process of liquidating the assets of Clico Investment Bank Limited with a view to settling claims due to its remaining creditors. The other five (5) companies in liquidation are awaiting resolution of legal matters before official winding up can be completed.

## RISK ASSESSMENT

During the 2014 financial year, risk assessment focused on the following critical areas:

- Identifying and reviewing the remedial actions to be taken to close the gaps identified by IADI Experts in March 2013 during the conduct of an IADI Self-Assessment Training Workshop related to DIC's compliance with the IADI Core Principles for an Effective Deposit Insurance System;
- Engaging in further research in a broad spectrum of deposit insurance issues;
- Addressing claims associated with Clico Investment Bank Limited which was placed into liquidation on October 17, 2011, by an Order of the High Court (Claim No. CV2010-01442) and the DIC appointed Liquidator;

- Hosting the IADI 2014 Annual General Meeting and Annual Conference. To date, Trinidad and Tobago remains the smallest jurisdiction to host IADI's flagship event. The theme for the conference will be **"Updated Core Principles to Strengthen the Financial Stability Architecture".** The rationale for the theme was based on acknowledging IADI's role as a standard-setter for effective deposit insurance systems. A total of 169 delegates are expected to attend and several speakers from various partner institutions including the International Monetary Fund and the Financial Stability Board. Many deposit insurance systems, bank regulators and other safety net institutions from around the globe will participate in the Conference.

## INTERNATIONAL OUTREACH

The DIC participated in a number of international events over the financial year 2014 including the IADI's 12th Annual General Meeting and Annual Conference held in Buenos Aires, Argentina in November 2013, the IADI's 41st Executive Council Meeting and Standing Committee Meetings held in Basel, Switzerland in February 2014, the IADI's 11th Annual Meeting of the Latin America Regional Committee and Conference held in Asunción, Paraguay in March, 2014 and the IADI's 42nd Executive Council Meeting and Seminar on "Enhancing Financial Stability; Challenges and Outreach" held in Warsaw, Poland in June 2014.

Participation in these events allowed the DIC to benefit in the following ways:

- Intense training in the application of IADI's core principles
- Networking and sharing of information resulting from strengthened relationships with Latin American counterparts
- Institutional strengthening through enhanced technical competencies from a better understanding of integrated protections systems and knowing how to deal with parties at fault in a failure.
- Recognition in the international arena having been selected to host the 13th Annual General Meeting and Annual Conference in Port of Spain, Trinidad in October 2014

## CHANGES IN THE BOARD OF MANAGEMENT

Over the financial year 2014, there were three departures from the Board of Management resulting from the expiration of the term of appointment for one director and two subsequent resignations as follows:

## DEPARTURES

| NAME | EXPIRATION OF APPOINTMENT / RESIGNATION | DATE |
|---|---|---|
| Ms. Saleema Hosein | Director | April 19, 2014 |
| Ms. Michelle Durham-Kissoon | Director | June 6, 2014 |
| Dr. Earl Boodoo | Director | June 9, 2014 |

New directors were not appointed by the Ministry of Finance until December 2014 and January 2015.

# PERFORMANCE REPORT 2014

Although the year 2014 was challenging in terms of economic growth for the Trinidad and Tobago economy, the financial system continued to be stable with excess reserves held by commercial banks at the Central Bank standing at approximately $6.7 billion during the first ten months of 2014. Capital adequacy ratios for the banking system reached 25 per cent as at September 2014, surpassing the minimum statutory requirement of 8 per cent.

Notwithstanding the stability of the local financial sector, the global financial crisis of 2007–09 brought to light significant policy lessons for deposit insurance systems. The DIC continued to take cognisance of these key learnings, including the importance of maintaining depositor confidence in the financial system and the expanding focus on the key role that deposit protection plays in maintaining that confidence.

This focus allowed the DIC to make an important contribution to the production of Trinidad and Tobago's draft National Financial Crisis Management Plan. This effort was spearheaded by the Central Bank, with the approval of the Minister of Finance and the Economy. Following the production of the draft plan, a Task Force, comprising the Ministry of Finance and the Economy, the Deposit Insurance Corporation and the Securities and Exchange Commission, was formed to finalise the Plan. The DIC's contribution is therefore ongoing and it is expected that an expanded, structured collaboration with other safety net participants will develop as this initiative unfolds.

Meanwhile the DIC continued its progress in the winding-up of Clico Investment Bank Limited – In Compulsory Liquidation (CIB-ICL), while treating with the many attendant complexities associated with this matter. The DIC is buttressed in this effort by training and interaction with overseas colleagues, and continues to build internal staff capacity in terms of alternative failure resolution, as part of the ongoing effort to expand the DIC's ability to deal with distressed financial institutions.

Other local developments saw discussions advanced regarding the possible introduction of a credit union protection fund for Trinidad and Tobago, as well as discussions regarding the expansion of the DIC's public awareness campaign and the introduction of new technology to enhance the DIC's Knowledge Management capacity and capability.

On the international front, deposit insurance systems continued to become more involved as participants in resolving banking crises through resolution arrangements incorporating Central Banks, Bank Regulators, and Special Resolution Agencies.

In an important development, 2014 saw significant focus on the revision of International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems by the IADI Executive Council. A revised set of Core Principles will be submitted to the Financial Stability Board (FSB) in October 2014, and subsequently included in the Compendium of 12 Key Standards for Sound Financial Systems.

The original Core Principles for Effective Deposit Insurance Systems were unveiled in June 2009 by IADI and the Basel Committee on Banking Supervision (BCBS) as a framework supporting effective deposit insurance practices.

Although the original Core Principles served their purpose well, lessons learnt from the recent financial global crisis and developments in the regulatory landscape led to the 2014 revision, to ensure that the Principles would continue to serve as a flexible, internationally applicable standard.

The planned revisions will strengthen deposit insurance standards in several areas, including reimbursement speed, coverage, funding and governance. They will also add guidance on the deposit insurer's role in crisis preparedness and management, and reflect the greater role played by many deposit insurers in resolution regimes while continuing to accommodate a diverse range of deposit insurance systems.

It is anticipated that, as a result of the review, the number of Core Principles will decrease from 18 to 16, encompassing 96 assessment criteria, with six additional criteria from the existing assessment methodology upgraded to essential criteria.

An assessment of compliance with the Core Principles is considered an important tool for a deposit insurance system. It is likely therefore that the DIC will review its operations to promote compliance with the revised IADI Core Principles for Effective Deposit Insurance Systems. A comprehensive, action-oriented assessment will identify strengths and weaknesses in Trinidad and Tobago's existing deposit insurance system, and form a basis for remedial measures where necessary.

There was one noteworthy development with regard to the DIC's ongoing engagement with IADI, which saw Trinidad and Tobago's selection as the host of the IADI 43rd Executive Council Meeting a first for Trinidad and Tobago. This event will take place on October 20-24, 2014 in Port of Spain.

In the Caribbean arena, the DIC held ongoing meetings with the Caribbean Regional Committee Members of IADI to share and discuss institutional objectives, challenges and accomplishments.

On the wider international front, the DIC made sterling contributions to IADI throughout the year, including:

- Participation in the Audit Committee's review of the IADI 2014 Annual Report;
- Participation in the Membership and Communications Committee, which approved applications for IADI Membership received from Fondo De Seguro De Depositos De Honduras and the Credit Union Deposit Insurance Corporation of British Columbia, and
- Ongoing participation in the Research and Guidance Committees, which included reviewing and commenting on Guidance Papers in response to FSB Thematic Review, Coverage Limit, Cross-Border issues, DI Fund Target Ratio, Recovery of Failed Banks' Assets, Resolution Issues for Financial Cooperatives, and Revision of Core Principles and Payout Process.
- The DIC also engaged in training and interaction with overseas colleagues as part of the ongoing effort to build internal staff capacity in terms of alternative failure resolution, and to improve the DIC's ability to deal with distressed banks.

# FINANCIAL STATEMENTS 2014

ANNUAL REPORT 2014
SOARING TO NEW HEIGHTS

Chartered Accounts
& Business Advisors

## INDEX


| | Page |
|---|---|
| Statement of Management Responsibilities | 33 |
| Independent Auditors' Report | 34 |
| Statement of Financial Position | 35 |
| Statement of Net Comprehensive Income and Deposit Insurance Fund | 36 |
| Statement of Changes in Equity | 37 |
| Statement of Cash Flows | 38 |
| Notes to the Financial Statements | 39 – 61 |


**DEPOSIT INSURANCE CORPORATION**
Level 11, Central Bank Building, Eric Williams Plaza
Independence Square, Port of Spain, Trinidad, West Indies
Tel: 625-5020/1, Fax No: 623-5311, E-mail: info@dictt.org

# STATEMENT OF MANAGEMENT RESPONSIBILITIES

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Deposit Insurance Corporation as at the end of the financial year and of the operating results of the Deposit Insurance Corporation for the year. It is also management's responsibility to ensure that the Deposit Insurance Corporation keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Deposit Insurance Corporation. They are also responsible for safeguarding the assets of the Deposit Insurance Corporation.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Deposit Insurance Corporation and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Deposit Insurance Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Arjoon Harripaul
Arjoon Harripaul
General Manager

Date: June 22, 2015

Jacqueline Fermin
Head, Corporate Services & Finance

Date: June 22, 2015

Chartered Accountants
& Business Advisors

# INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Deposit Insurance Corporation, which comprise the statement of financial position as at 30 September 2014, the statements of net comprehensive income and Deposit Insurance Fund, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## 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.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Deposit Insurance Corporation as of 30 September 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

**22 June 2015**
**Port-of-Spain**
**TRINIDAD AND TOBAGO**

Direct Tel: (868) 624-4569 | Direct fax (868) 624-4388
Email: pkf-trinidad@trinidad.net
PKF/90 Edward Street/Port of Spain/PO Bag 250 Belmont/Trinidad/WI
Directors: Reneé-Lisa Philip | Mark K. Superville

# STATEMENT OF FINANCIAL POSITION

**ASSETS**

| | Notes | 30 September 2014 $'000 | 30 September 2013 $'000 |
|---|---|---|---|
| **Current Assets:** | | | |
| Cash and cash equivalents | 6 | 143,864 | 33,587 |
| Held-to-maturity investments - Current | 7 (a) | 238,792 | 480,763 |
| Accounts receivable | 8 | 36,616 | 34,114 |
| Liquidation advances recoverable | | 813 | 1,774 |
| Total Current Assets | | 420,085 | 550,238 |
| **Non-Current Assets:** | | | |
| Held-to-maturity investments – Non-current | 7 (b) | 1,954,266 | 1,614,699 |
| Security deposit – Central Bank | 2 (e) | 53 | 53 |
| Intangible assets | 9 | 943 | 1,843 |
| Property, plant and equipment | 10 | 745 | 952 |
| Total Non-Current Assets | | 1,956,007 | 1,617,547 |
| **Total Assets** | | **2,376,092** | **2,167,785** |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities:** | | | |
| Current balance due to Central Bank | 14 (c) | 291 | 187 |
| Accounts payable | | 1,228 | 677 |
| Total Liabilities | | 1,519 | 864 |
| **Equity:** | | | |
| Capital (authorised and paid up) | 14 (a) | 1,000 | 1,000 |
| Deposit Insurance Fund | | 2,373,573 | 2,165,921 |
| Total Equity | | 2,374,573 | 2,166,921 |
| **Total Liabilities and Equity** | | **2,376,092** | **2,167,785** |

These audited financial statements have been approved by the Board of Management on 22 June 2015.

| | |
|---|---|
| **Mr. Jwala Rambarran** | **Michelle Durham-Kissoon** |
| Chairman | Director |

*(The accompanying notes form part of these financial statements)*

# STATEMENT OF NET COMPREHENSIVE INCOME AND DEPOSIT INSURANCE FUND

| | | 30 September | |
|---|---|---|---|
| | | **2014** | **2013** |
| | **Notes** | **$'000** | **$'000** |
| **Income:** | | | |
| Interest earned | | 86,458 | 89,686 |
| Initial contributions and annual premia | 2 (k) | 139,600 | 125,182 |
| Amortisation of discounts on investments | | 258 | 241 |
| Liquidation/receivership fees | | 100 | 54 |
| Gain on disposal of assets | | 2 | - |
| Gain on Foreign Exchange Transactions | | 1 | - |
| Other | | 23 | 11 |
| | | 226,442 | 215,174 |
| **Expenses:** | | | |
| Personnel | 11 | 6,430 | 6,834 |
| General and administrative | 12 | 2,705 | 3,363 |
| Amortisation of premiums on investments | | 8,495 | 8,624 |
| Loss on disposal of fixed assets | | - | 148 |
| Depreciation and amortisation | 2(h), 2(i), 9,10 | 1,160 | 1,311 |
| | | 18,790 | 20,280 |
| Net income for the year | | 207,652 | 194,894 |
| Fund balance at beginning of year | | 2,165,921 | 1,971,027 |
| Fund balance at end of year | | **2,373,573** | **2,165,921** |

*(The accompanying notes form part of these financial statements)*

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2014

| | Stated Capital $'000 | Deposit Insurance Fund $'000 | Total $'000 |
|---|---|---|---|
| Balance as at 1 October 2012 | 1,000 | 1,971,027 | 1,972,027 |
| Net income for the year | - | 194,894 | 194,894 |
| Balance as at 1 October 2013 | 1,000 | 2,165,921 | 2,166,921 |
| Net income for the year | - | 207,652 | 207,652 |
| Balance as at 30 September 2014 | **1,000** | **2,373,573** | **2,374,573** |

*(The accompanying notes form part of these financial statements)*

# STATEMENT OF CASH FLOWS

| | 30 September 2014 | 30 September 2013 |
|---|---|---|
| | **$'000** | **$'000** |
| **Cash Flows from Operating Activities:** | | |
| Net income for the year | 207,652 | 194,894 |
| Adjustments for: | | |
| Amortisation of premiums on investments | 8,495 | 8,624 |
| Depreciation and amortisation | 1,160 | 1,311 |
| (Gain)/ loss on disposal of fixed assets | (2) | 148 |
| Amortisation of discounts on investments | (258) | (241) |
| Operating surplus before working capital changes: | 217,047 | 204,736 |
| Net change in liquidation advances recoverable | 961 | (893) |
| Net change in accounts receivable | (2,502) | (3,414) |
| Net change in security deposit | - | (8) |
| Net change in current balance due to Central Bank | 104 | (293) |
| Net change in accounts payable | 551 | (567) |
| Cash provided by operating activities | 216,161 | 199,561 |
| **Cash Flows from Investing Activities:** | | |
| Proceeds from redemption of Government Treasury Bills - Local | - | 93,584 |
| Purchase of Government Treasury Notes | (240,400) | (289,967) |
| Proceeds from redemption of Government Treasury Notes | 207,332 | 115,500 |
| Purchase of Corporate Bonds | (18,187) | (4,212) |
| Proceeds from redemption of Corporate Bonds | 23,598 | 23,134 |
| Purchase of Government Bonds - Local | (368,997) | (739,018) |
| Proceeds from redemption of Government Bonds | 290,821 | 503,390 |
| Additions to property, plant and equipment and intangible assets | (55) | (515) |
| Proceeds from sale of property, plant and equipment | 4 | - |
| Cash used in investing activities | (105,884) | (298,104) |
| Net change in cash and cash equivalents | 110,277 | (98,543) |
| Cash and cash equivalents, beginning of year | 33,587 | 132,130 |
| Cash and cash equivalents, end of year | **143,864** | **33,587** |

*(The accompanying notes form part of these financial statements)*

## 1. Principal Activity:

The Deposit Insurance Corporation was established by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 (Act No. 2 of 1986), which amended the Central Bank Act Chapter 79:02. (All references made to legislation in the ensuing paragraphs unless specifically stated otherwise, relate to the Central Bank Act Chapter 79:02). The Corporation is a statutory body, the authorised capital of which is fixed by the Act in the amount of **$1,000,000**. However, an increase may be approved by the Minister to whom the responsibility for finance is assigned.

The Corporation's principal objective is to manage a Deposit Insurance Fund established by the Act to provide insurance coverage on deposits held with member institutions to a maximum of **$125,000** per depositor in each capacity and right in each institution. Membership of the Fund is compulsory for all institutions licensed under the Financial Institutions Act, 2008. It should be noted that in accordance with Legal Notice No. 10, effective 17 January 2012, the maximum coverage limit was increased to **$125,000** per depositor in each capacity and right in each institution.

Section 44W of the Act authorises the Corporation to take such action as it deems necessary to fulfill its mandate including levying premia and contributions from member institutions, hiring of staff, borrowing, lending, arranging for the restructuring of a failed member whether by merger with a financially sound member or otherwise and acquiring the undertaking of any member institution which is in financial difficulty. The Corporation may also act as receiver or liquidator of an insolvent member institution.

## 2. Summary of Significant Accounting Policies:

### (a) Basis of preparation

These financial statements are expressed in Trinidad and Tobago dollars, rounded to the nearest thousand and are prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS).

### (b) Use of estimates

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Corporation's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2. Summary of Significant Accounting Policies (Cont'd)

c) **New Accounting Standards and Interpretations -**

i) The Corporation has applied the following standards and amendments that became effective during the current year, as they do apply to the activities of the Corporation:

IFRS 7 Financial Instruments: Disclosure – Amendment on the disclosure of offsetting financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2013).

IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).

ii) The Corporation has not applied the following standards and amendments that became effective during the current year, as they do not apply to the activities of the Corporation:

IAS 16 Property, Plant and Equipment – Amendment re: classification of servicing equipment (effective for accounting periods beginning on or after 1 January 2013).

IAS 19 Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).

IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).

IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013).

IAS 34 Interim Financial Reporting – Amendment on the clarification of interim financial reporting on segment information (effective for accounting periods beginning on or after 1 January 2013).

IFRS 10 Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013).

IFRS 10 Consolidated Financial Statements – Amendment to the transition guidance on consolidated financial statements, joint arrangements and disclosures of interest in other entities (effective for accounting periods beginning on or after 1 January 2013).

IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).

IFRS 12 Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).

IFRIC 12 Stripping Cost in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013).

2. Summary of Significant Accounting Policies (Cont'd)
c) New Accounting Standards and Interpretations (cont'd)

iii) The Corporation has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Corporation or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

| | |
|---|---|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards – Amendment on borrowing costs relating to qualifying assets (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards –Government Loans (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 2 | Share-based payment – Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014). |
| IFRS 3 | Business Combinations – Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014). |
| IFRS 3 | Business Combinations – Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014). |
| IFRS 8 | Operating Segments – Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014). |
| IFRS 9 | Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 9 | Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 10 | Consolidated Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014). |
| IFRS 11 | Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 13 | Fair Value Measurement – Amendment re: clarification of portfolio exception (effective for periods beginning on or after 1 July 2014). |
| IFRS 14 | Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016). |
| IAS 1 | Presentation of Financial Statements – Amendment re: clarification of the requirement for comparative information (effective for accounting periods beginning on or after 1 July 2013). |
| IAS 16 | Property, Plant and Equipment – Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014). |

| | |
|---|---|
| IAS 24 | Related Party Disclosures – Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 27 | Separate Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 32 | Financial Instruments; Presentation – Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 36 | Impairment of Assets – Amendment re: disclosure of recoverable amount on non-financial assets (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 38 | Intangible Assets – Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 39 | Financial Instruments: Recognition and Measurement – Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 40 | Investment Property – Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014). |
| IFRIC 21 | Levies (effective for periods beginning on or after 1 January 2014). |

The adoption of IFRS 9 Financial Instruments may result in significant changes in the Corporation's classification and presentation of financial instruments.

**(d) Investments -**

The Corporation has classified all investments into the following categories:

Available-for-sale

These securities are intended to be held for an indefinite period of time but may be sold in response to the needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition, available-for-sale investments are measured at fair value with unrealised gains or losses recognised in the Investment Re-measurement Reserve.

For actively traded investments, fair value is determined by reference to the Stock Exchange quoted market prices at the Statement of Financial Position date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.

Held to maturity

These are securities which are held with the positive intention of holding them to maturity and are stated at amortised cost less provisions made for any permanent diminution in value.

**(e) Financial instruments -**

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Corporation's Statement of Financial Position when the Corporation becomes a party to the contractual provisions of the instrument.

**Financial assets**

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date on which the Corporation commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

**Impairment of financial assets**

The Corporation assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and 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 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.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Corporation about the following loss events:

**i)** Significant financial difficulty of the issuer or obligor.

**ii)** A breach of contract, such as default or delinquency in interest or principal payments.

**iii)** It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.

**iv)** The disappearance of an active market for that financial asset because of financial difficulties.

**v)** Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Corporation or national or economic conditions that correlate with defaults on assets in the Corporation.

The Corporation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

**i) Financial assets measured at amortised cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal in recognised in the Statement of Comprehensive Income.

**ii) Financial assets measured at cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed.

**Financial liabilities**

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

2. Summary of Significant Accounting Policies (Cont'd)
(e) Financial instruments (cont'd)

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of twelve months or less and are carried at cost, which approximates market value.

Accounts receivable

Accounts receivable are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Non-current assets

The security deposit attached to the rental agreement with Central Bank of Trinidad and Tobago has been presented as a non-current asset. The security deposit amounts to **$53,000**.

Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**(f) Provisions**

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**(g) Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at year end average rates. Exchange gains and losses are reflected in the Statement of Net Comprehensive Income and Deposit Insurance Fund.

**(h) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on a reducing balance basis at rates calculated to write off the cost of the assets over their estimated useful lives for all asset groups except computer equipment and software. The rates used are as follows:

| | | | |
|---|---|---|---|
| Motor vehicles | - | 25% | per annum |
| Furniture and fixtures | - | 10% | per annum |
| Office equipment | - | 15% | per annum |
| Leasehold improvements | - | 33 1/3% | per annum |

The method of depreciation on computer equipment and software is the straight-line method, however in fiscal 2011; the estimated useful life on computer equipment was changed from a period of five (5) years to four (4) years.

No depreciation is charged in the year of disposal. However, a full year's charge is made in the year of acquisition.

**(i) Intangible Assets -**

*Computer Software*

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Corporation are recognised as intangible assets in accordance with IAS 38 Intangible Assets. Costs associated with maintaining computer software programmes are recognised as expenses when incurred. Computer software costs recognised as assets are amortised over their estimated useful lives of five (5) years.

**(j) Comparative figures**

Certain comparative figures were restated to facilitate changes in presentation. These changes had no effect on the previously reported net income.

**(k) Levy of initial contributions and annual premia**

All institutions are required to pay an initial contribution on becoming members, and annual premia in subsequent years. Initial contributions paid by member institutions are matched by the Central Bank (Section 44M).

The payment of initial contributions is based on a rate of 0.4 per centum of the average deposit liabilities existing at the end of the first and second quarters of the first twelve (12) months of operation.

Annual premia in respect of a given year are paid on the basis of a rate of 0.2 per centum of the average deposit liabilities existing at the end of each of the quarters in the preceding calendar year, except that for a new institution the first year's levy is based on its average deposit liabilities existing in the first year of operation.

**(l) Exemption from the provisions of taxation and insurance legislation**

The Corporation is exempt from the provisions of any Act relating to income taxation or corporation taxation and from payment of stamp duty, and is also exempt from the provisions of the Insurance Act 1980, [Section 55 (1) and (2)].

## 3. Financial Risk Management:

Financial risk factors

The Corporation is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Corporation to manage these risks are discussed below:

(a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, customer deposits and other funding instruments. It should be noted that within fiscal 2014, notwithstanding the increase in the investment portfolio, Interest Earned decreased due to the continued fall in market interest rates.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

**3. Financial Risk Management (cont'd)**

(a) Interest rate risk (cont'd)

i) Bonds

The Corporation invests mainly in medium to long term bonds consisting of both floating rate and fixed rate instruments.

The market values of the floating rate bonds are not very sensitive to changes in interest rates. The market values of the fixed rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market values will not impact profit or loss.

The Corporation actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

ii) Interest rate sensitivity gap

The Corporation's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

| | 2014 | | | | | |
|---|---|---|---|---|---|---|
| | **Effective Rate** | **Up to 1 year** | **2 to 5 years** | **Over 5 years** | **Non-Interest Bearing** | **Total** |
| **Financial Assets** | | | | | | |
| Cash and cash equivalent | 0% to 1.95% | $ 140,090 | $ 3,000 | $ - | $ 774 | $ 143,864 |
| Held-to-maturity investment | 0.74% to12.25% | 238,792 | 1,155,894 | 798,372 | - | 2,193,058 |
| Other financial assets | 0% to 12.25% | 7,668 | 13,533 | 13,016 | 3,265 | 37,482 |
| | | 386,550 | 1,172,427 | 811,388 | 4,039 | 2,374,404 |
| **Financial Liabilities** | | | | | | |
| Other financial liabilities | | 155 | - | - | 1,364 | 1,519 |
| **Net Gap** | | **386,395** | **1,172,427** | **811,388** | **2,675** | **2,372,885** |
| **Cumulative Gap** | | **386,395** | **1,558,822** | **2,370,210** | **2,372,885** | |

3. Financial Risk Management (cont'd)

(a) Interest rate risk (cont'd)

| | 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Effective Rate | Up to 1 year | 2 to 5 years | Over 5 years | Non-Interest Bearing | Total |
| **Financial Assets** | | | | | | |
| Cash and cash equivalent | 0% to 2.5% | $ 7,835 | $ 3,000 | $ - | $ 22,752 | $ 33,587 |
| Held-to-maturity investment | 0.3% to 12.25% | 360,657 | 994,373 | 740,432 | - | 2,095,462 |
| Other financial assets | 0% to 12.25% | 6,010 | 13,835 | 13,891 | 2,205 | 35,941 |
| | | 374,502 | 1,011,208 | 754,323 | 24,957 | 2,164,990 |
| **Financial Liabilities** | | | | | | |
| Other financial liabilities | | 164 | - | - | 700 | 864 |
| **Net Gap** | | **374,338** | **1,011,208** | **754,323** | **24,257** | **2,164,126** |
| **Cumulative Gap** | | **374,338** | **1,385,546** | **2,139,869** | **2,164,126** | |

(b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Corporation relies heavily on its written Accounting Procedures document.

Cash balances are held with high credit quality financial institutions and the Corporation has policies to limit the amount of exposure to any single financial institution.

The Corporation also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Corporation has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3. Financial Risk Management (cont'd)

(c) Liquidity risk (cont'd)

The Corporation is able to make daily calls on its available cash resources to settle financial and other liabilities.

i) Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Corporation. The Corporation employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Corporation's assets.

To manage and reduce liquidity risk the Corporation's management actively seeks to match cash inflows with liability requirements.

ii) Liquidity gap

The Corporation's exposure to liquidity risk is summarised in the table below which analyses financial assets and liabilities by relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

| | 2014 | | | | |
|---|---|---|---|---|---|
| | **Up to 1 year** | **2 to 5 years** | **Over 5 years** | **Undated** | **Total** |
| **Financial Assets** | | | | | |
| Cash and cash equivalent | $ - | $ 3,000 | $ - | $ 140,864 | $ 143,864 |
| Held-to-maturity investment | 238,792 | 1,155,894 | 798,372 | - | 2,193,058 |
| Other financial assets | 9,840 | 13,533 | 13,016 | 1,093 | 37,482 |
| | 248,632 | 1,172,427 | 811,388 | 141,957 | 2,374,404 |
| **Financial Liabilities** | | | | | |
| Other financial liabilities | 155 | - | - | 1,364 | 1,519 |
| **Net Gap** | **248,477** | **1,172,427** | **811,388** | **140,593** | **2,372,885** |
| **Cumulative Gap** | **248,477** | **1,420,904** | **2,232,292** | **2,372,885** | |

3. Financial Risk Management (cont'd)

(c) Liquidity risk (cont'd)

| | 2013 | | | | |
|---|---|---|---|---|---|
| | Up to 1 year | 2 to 5 years | Over 5 years | Undated | Total |
| **Financial Assets** | | | | | |
| Cash and cash equivalent | $ - | $ 3,000 | $ - | $ 30,587 | $ 33,587 |
| Held-to-maturity investment | 360,657 | 994,373 | 740,432 | - | 2,095,462 |
| Other financial assets | 6,003 | 13,835 | 13,891 | 2,212 | 35,941 |
| | 366,660 | 1,011,208 | 754,323 | 32,799 | 2,164,990 |
| **Financial Liabilities** | | | | | |
| Other financial liabilities | 164 | - | - | 700 | 864 |
| **Net Gap** | **366,496** | **1,011,208** | **754,323** | **32,099** | **2,164,126** |
| **Cumulative Gap** | **366,496** | **1,377,704** | **2,132,027** | **2,164,126** | |

3. Financial Risk Management (cont'd)

(d) Currency risk -

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Corporation's measurement currency. The Corporation is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Corporation's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Corporation's net exposure to currency risk is as follows:

| | 30 September | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| United States Dollars | 762 | 25 |

(e) Operational risk -

Operational risk is the risk derived from deficiencies relating to the Corporation's information technology and control systems, as well as the risk of human error and natural disasters. The Corporation's systems are evaluated, maintained and upgraded continuously. Supervisory controls are also installed to minimise human error.

(f) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Central Bank of Trinidad and Tobago, as well as by the monitoring controls applied by the Corporation.

(g) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the Corporation's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Corporation. The Corporation engages in public social endeavours to engender trust and minimize this risk.

## 4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Corporation's accounting policies. See Note 2 (b).

Estimates and judgments 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. The Corporation makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as 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 discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

i) Whether investments are classified as held-to-maturity investments, available-for-sale or loans and receivables.

ii) Whether leases are classified as operating leases or finance leases.

iii) Which depreciation method for property, plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Property, Plant and Equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

## 5. Assets Under Administration:

There exist six (6) failed non-banking financial institutions for which the Corporation serves as liquidator. These companies and their year of liquidation are as follows:

| | |
|---|---|
| • Commercial Finance Company Limited (in liquidation) | 1986 |
| • Trade Confirmers Limited (in liquidation) | 1986 |
| • Swait Finance Limited (in liquidation) | 1986 |
| • Caribbean Mortgage and Funds Limited (in liquidation) | 1991 |
| • Principal Finance Company Limited (in liquidation) | 1993 |
| • CLICO Investment Bank Limited (in compulsory liquidation) | 2011 |

In its role as liquidator, the Corporation is engaged in liquidating the assets of these failed institutions in an attempt to settle the outstanding liabilities associated with these institutions.

The Corporation submits reports every six (6) months to The Official Receiver (High Court) providing details of receipts and payments for the period being reported. Lastly, these liquidations have not as yet been wound up due to legal matters before the Courts.

The Statement of Financial Position does not include the assets of these closed financial institutions under the administration of the Corporation. However, the table presented hereunder provides in summary, the balances as at 30 September 2014. In relation to the table, the following points should be noted:

- Column (A) – The assets at closure are reported at net realizable value representing a reasonable estimate of the amount for which the assets could have been sold.
- Column (B) – The liabilities at closure represent the total amount owing by the failed institutions, inclusive of deposit liabilities, as at the date of closure.
- Column (C) – Liabilities incurred represent liquidation expenses from the date of closure up to the end of the reporting period.
- Column (D) – Total realisations represent the amount received to date from the sale of liquidated assets.
- Column (E) – Total payments represent liquidation expenses paid and insurance payments recovered as at the reporting date.
- Column (B+C-E) – Remaining liabilities represent the balance due to unsecured creditors as at the reporting date.
- The legislation authorises the DIC to recover insurance paid from the sales proceeds of liquidated assets in priority to unsecured creditors.

| Total Value of Assets at Closure | Total Liabilities at Closure | Total Liabilities incurred as at 30 September 2014 | Total Realisations as at 30 September 2014 | Total Payments as at 30 September 2014 | Remaining Liabilities as at 30 September 2014 |
|---|---|---|---|---|---|
| (A) | (B) | (C) | (D) | (E) | (B+C-E) |
| $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| 6,148,206 | 12,072,221 | 207,009 | 1,496,496 | 1,111,179 | 11,168,051 |

## 6. Cash and Cash Equivalents:

| | 30 September | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Cash and bank balances | 136,710 | 22,777 |
| Term deposits | 3,000 | 3,000 |
| Money Market deposits | 4,154 | 7,810 |
| | **143,864** | **33,587** |

## 7. Held-to-Maturity Investments:

| | 30 September | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| a. Current | | |
| Corporate Bonds | 22,212 | 22,358 |
| Government Treasury Notes | - | 207,351 |
| Government Bonds | 216,580 | 251,054 |
| | 238,792 | 480,763 |
| b. Non-Current | | |
| Corporate Bonds | 50,217 | 55,482 |
| Government Treasury Notes | 574,614 | 336,864 |
| Government Bonds | 1,329,435 | 1,222,353 |
| | 1,954,266 | 1,614,699 |
| | **2,193,058** | **2,095,461** |

## 8. Accounts Receivable:

| | 30 September | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Interest receivable | 34,171 | 33,643 |
| Other receivable | 2,445 | 471 |
| | **36,616** | **34,114** |

## 9. Intangible Assets:

| | 30 September | |
|---|---|---|
| | **2014** | **2013** |
| | **$'000** | **$'000** |
| **Computer Software** | | |
| **Cost** | | |
| Balance at start of year | 5,480 | 5,480 |
| Balance at end of year | 5,480 | 5,480 |
| **Accumulated Amortisation** | | |
| Balance at start of year | 3,637 | 2,634 |
| Charge for the year | 900 | 1,003 |
| Balance at end of year | 4,537 | 3,637 |
| **Balance at end of year** | **943** | **1,843** |

## 10. Property, Plant and Equipment:

| | Leasehold Improvements $'000 | Motor Vehicles $'000 | Furniture and Fixtures $'000 | Office Equipment $'000 | Computer Equipment $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance as at 1 October 2013 | 391 | 639 | 629 | 412 | 909 | 2,980 |
| Additions | - | - | 7 | 16 | 32 | 55 |
| Disposals | - | - | (14) | (9) | (399) | (422) |
| Balance as at 30 September 2014 | 391 | 639 | 622 | 419 | 542 | 2,613 |
| **Accumulated Depreciation** | | | | | | |
| Balance as at 1 October 2013 | 375 | 245 | 434 | 234 | 740 | 2,028 |
| Charge for the year | 5 | 99 | 20 | 29 | 107 | 260 |
| Disposals | - | - | (12) | (9) | (399) | (420) |
| Balance as at 30 September 2014 | 380 | 344 | 442 | 254 | 448 | 1,868 |
| **Net Book Value** | | | | | | |
| Balance as at 30 September 2014 | **11** | **295** | **180** | **165** | **94** | **745** |
| Balance as at 30 September 2013 | **16** | **394** | **195** | **178** | **169** | **952** |

10. Property, Plant and Equipment (Cont'd):

| | Leasehold Improvements $'000 | Motor Vehicles $'000 | Furniture and Fixtures $'000 | Office Equipment $'000 | Computer Equipment $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance as at 1 October 2012 | 370 | 579 | 627 | 402 | 837 | 2,815 |
| Additions | 21 | 410 | 2 | 10 | 72 | 515 |
| Disposals | - | (350) | - | - | - | (350) |
| Balance as at 30 September 2013 | 391 | 639 | 629 | 412 | 909 | 2,980 |
| **Accumulated Depreciation** | | | | | | |
| Balance as at 1 October 2012 | 367 | 316 | 413 | 202 | 624 | 1,922 |
| Charge for the year | 8 | 131 | 21 | 32 | 116 | 308 |
| Disposals | - | (202) | - | - | - | (202) |
| Balance as at 30 September 2013 | 375 | 245 | 434 | 234 | 740 | 2,028 |
| **Net Book Value** | | | | | | |
| Balance as at 30 September 2013 | **16** | **394** | **195** | **178** | **169** | **952** |
| Balance as at 30 September 2012 | **3** | **263** | **214** | **200** | **213** | **893** |

## 11. Personnel Expenses:

| | 30 September | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Allowances | 1,055 | 1,341 |
| Salaries and Overtime | 4,130 | 4,291 |
| Staff Benefits | 490 | 431 |
| Directors' Fees | 266 | 310 |
| Pension Contributions | 217 | 221 |
| National Insurance Contributions | 188 | 161 |
| Medical and Workmen Compensation Insurance | 84 | 79 |
| | **6,430** | **6,834** |

## 12. General and Administrative Expenses:

| | 30 September | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Office Rental and Related Expenses | 927 | 951 |
| Repairs and Maintenance | 31 | 12 |
| Equipment Rental | 54 | 52 |
| Property Services | 11 | 11 |
| Motor Vehicle | 115 | 105 |
| Information Technology | 185 | 293 |
| Printing and Stationery | 70 | 79 |
| Public Relations and Advertising | 151 | 450 |
| Telecommunications | 180 | 182 |
| Professional Fees | 115 | 521 |
| Library Services | 8 | 6 |
| Archiving | 20 | 23 |
| Meetings | 11 | 18 |
| Training and Education | 33 | 83 |
| International Association of Deposit Insurers (IADI) Membership Fees | 81 | 82 |
| Management Contract (Administrative Services provided by the Central Bank of Trinidad and Tobago) | 50 | 50 |
| Conferences and Official Visits | 648 | 433 |
| Miscellaneous | 15 | 12 |
| | **2,705** | **3,363** |

## 13. Retirement Benefits:

The Corporation does not operate a pension plan but a non-compulsory arrangement exists whereby the Corporation contributes 150% of an employee's contribution to an approved individual annuity or the Individual Retirement Unit Account of the Trinidad and Tobago Unit Trust Corporation up to a maximum of 10% of an employee's base salary. Costs incurred for 2014 were **$217,000.00** (2013: $221,000.00)

## 14. Related Party Transactions:

Significant aspects of the relationship between the Corporation and the Central Bank of Trinidad and Tobago (the Central Bank) are as follows:

**(a) Capital contribution**

The paid-up capital has been contributed entirely by the Central Bank of Trinidad and Tobago.

**(b) Representation on the Board of Management (Section 44Q (1) (a))**

Two (2) members represent the Central Bank of Trinidad and Tobago on the Board of Management of the Corporation.

**(c) Current liabilities**

| | 30 September | |
|---|---|---|
| | **2014** | **2013** |
| | **$'000** | **$'000** |
| Personnel and administration expenses reimbursable to the Central Bank | 291 | 187 |
| | **291** | **187** |

In fiscal 2014, the increase in Personnel and Administrative Expenses reimbursable to the Central Bank represents increased personnel expenses resulting from adjustments to remuneration packages.

**(d) Operational arrangements between the Central Bank and the Corporation**

During the financial year, the Central Bank provided under contract, office accommodation and other administrative services to the Corporation. The costs incurred for the year ended 30 September 2014 under these arrangements were **$1,027,000.00** (2013: $1,001,000.00). Limited commercial banking type facilities are also provided by the Central Bank.

**(e) Key management personnel compensation**

| | 30 September 2014 $'000 | 30 September 2013 $'000 |
|---|---|---|
| Short-term employee benefits | 2,154 | 2,456 |
| Post-employment benefits | 107 | 105 |
| | **2,261** | **2,561** |

## 15. Employees:

At 30 September 2014 the Corporation had in its employ a staff of 22 persons (2013: 18).

www.dictt.org