Financial Statements of

DEPOSIT INSURANCE CORPORATION

September 30, 2017

DEPOSIT INSURANCE CORPORATION

Financial Statements for the year ended September 30, 2017

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DEPOSIT INSURANCE CORPORATION

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Statement of Management Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Deposit Insurance Corporation (the Corporation), which comprise the statement of financial position as at September 30, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;

- Ensuring that the Corporation keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Corporation's assets, detection/prevention of fraud, and the achievement of the Corporation's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986;

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Corporation will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Michelle Rolingson-Pierre
General Manager

Date: January 25, 2018

Jacqueline Fermin
Head, Corporate Services and Finance

Date: January 25, 2018

KPMG
Chartered Accountants
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Independent Auditors' Report to the Shareholders of Deposit Insurance Corporation

Opinion

We have audited the financial statements of Deposit Insurance Corporation ("the Corporation"), which comprise the statement of financial position as at September 30, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Corporation's annual report but does not include the financial statements and our auditors' report thereon. The Corporation's annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Corporation's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

KPMG

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Chartered Accountants
Port of Spain
Trinidad and Tobago
January 25, 2018

DEPOSIT INSURANCE CORPORATION

Statement of Financial Position

September 30, 2017

	Notes	2017	2016
		$'000	$'000
ASSETS			
Property and equipment	7	23,076	20,699
Intangible assets – Computer software	8	186	126
Investments	9	2,874,719	2,692,958
Liquidation advances recoverable		947	743
Accounts receivable	10	37,877	35,126
Cash and cash equivalents	11	118,754	66,649
Total assets		3,055,559	2,816,301
EQUITY AND LIABILITIES			
Equity			
Stated capital		1,000	1,000
Revaluation reserve		2,905	3,642
Deposit Insurance Fund		3,049,406	2,810,514
		3,053,311	2,815,156
Liabilities			
Balance due to Central Bank	12	1	10
Accounts payable		2,247	1,135
Total liabilities		2,248	1,145
Total equity and liabilities		3,055,559	2,816,301

The accompanying notes are an integral part of these financial statements.

These financial statements have been approved for issue by the Board of Management on January 25, 2018 and signed on its behalf by:

Dr. Alvin Hilaire
Chairman

Dexter Jaggernauth
Director

DEPOSIT INSURANCE CORPORATION

Statement of Profit or Loss and Other Comprehensive Income

Year ended September 30, 2017

	Notes	2017	2016
		$'000	$'000
INCOME			
Interest income		87,502	73,335
Initial contributions and annual premia		164,365	159,707
Dividends		1,875	2,107
Liquidation/receivership fees		124	132
Other		22	39
		253,888	235,320
EXPENSES			
Personnel	13	8,910	7,205
General and administrative	15	5,172	4,347
Depreciation and amortization		914	1,094
		14,996	12,646
Net income for the year		238,892	222,674
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Available-for-sale investments – change in fair value		(737)	3,642
Total comprehensive income		238,155	226,316

The accompanying notes are an integral part of these financial statements.

DEPOSIT INSURANCE CORPORATION

Statement of Changes in Equity

Year ended September 30, 2017

	Stated Capital $'000	Revaluation Reserve $'000	Deposit Insurance Fund $'000	Total Equity $'000
Year ended September 30, 2016				
Balance at October 1, 2015	1,000	-	2,587,840	2,588,840
Net income for the year	-	-	222,674	222,674
Other comprehensive income	-	3,642	-	3,642
Balance at September 30, 2016	1,000	3,642	2,810,514	2,815,156
Year ended September 30, 2017				
Balance at October 1, 2016	1,000	3,642	2,810,514	2,815,156
Net income for the year	-	-	238,892	238,892
Other comprehensive income	-	(737)	-	(737)
Balance at September 30, 2017	1,000	2,905	3,049,406	3,053,311

The accompanying notes are an integral part of these financial statements.

DEPOSIT INSURANCE CORPORATION

Statement of Cash Flows

Year ended September 30, 2017

	2017	2016
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	238,892	222,674
Adjustments for:		
Depreciation and amortisation	914	1,094
Loss on disposal of property and equipment	2	38
Interest income and dividends	(89,377)	(75,442)
Operating surplus before working capital changes	150,431	148,364
Changes in:		
- Security deposit	-	53
- Liquidation advances recoverable	(204)	129
- Accounts receivable	49	49,545
- Balance due to Central Bank	(9)	(264)
- Accounts payable	1,112	(1,266)
Net cash from operating activities	151,379	196,561
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	78,363	79,692
Purchase of deposits	(5,000)	(35,053)
Proceeds from redemption of deposits	24,053	16,000
Purchase of Government Treasury Bills	(205,066)	(460,314)
Proceeds from redemption of Government Treasury Bills	282,318	244,027
Purchase of Government Treasury Notes	(221,343)	(37,353)
Proceeds from redemption of Government Treasury Notes	266,126	85,000
Purchase of Corporate Bonds	-	(194,712)
Proceeds from redemption of Corporate Bonds	27,400	131,676
Purchase of Government Bonds – local	(492,744)	(143,458)
Proceeds from redemption of Government Bonds	149,972	149,896
Purchase of equity	-	(25,889)
Additions to property and equipment	(3,355)	(3,456)
Proceeds from disposal of property and equipment	2	164
Net cash used in investing activities	(99,274)	(193,780)
Increase in cash and cash equivalents	52,105	2,781
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	66,649	63,868
CASH AND CASH EQUIVALENTS AT END OF YEAR	118,754	66,649

The accompanying notes are an integral part of these financial statements.

1. General Information

The Deposit Insurance Corporation (the 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 (the Act). 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 and issued capital of which is fixed by the Act in the amount of $1,000,000.00. 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 $125,000.00 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.

Section 44W of the Act authorizes the Corporation to take such action as it deems necessary to fulfil 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. Basis of Preparation and Significant Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) Basis of preparation and functional currency

These financial statements are prepared under the historical cost convention, except for available-for-sale financial assets measured at fair value. The Corporation's functional currency is the Trinidad and Tobago dollar and these financial statements are presented in thousands of Trinidad and Tobago dollars, unless otherwise stated.

(c) Use of estimates

The preparation of financial statements in conformity with IFRS 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.

2. Basis of Preparation and Significant Accounting Policies (continued)

(c) Use of estimates (continued)

Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 5.

(d) New, revised and amended standards and interpretations not yet effective

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Corporation will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

  The Corporation is assessing the impact that this amendment will have on its 2019 financial statements.

2. Basis of Preparation and Significant Accounting Policies (continued)

(d) New, revised and amended standards and interpretations not yet effective (continued)

- IFRS 9, *Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

  IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

  The Corporation is assessing the impact that this amendment will have on its 2019 financial statements.

- IFRS 16, *Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

  The Corporation is assessing the impact that this amendment will have on its 2020 financial statements.

2. Basis of Preparation and Significant Accounting Policies (continued)

(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.

(i) Recognition and initial measurement

A financial asset or financial liability is measured at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for financial assets carried at fair value through profit or loss where transaction costs are expensed as incurred.

The Corporation initially recognises loans and receivables on the date when they are originated. All other financial assets and liabilities are initially recognised on the trade date i.e. the date at which the Corporation becomes a party to the contractual provisions of the instrument.

(ii) Classification

Financial assets

The Corporation classifies its financial assets into the following categories: held-to-maturity, available-for-sale, at fair value through profit or loss and loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the instruments were acquired.

For the purpose of the financial statements, financial assets have been determined to include cash and all cash equivalents, investments, accounts receivable and liquidation advances recoverable.

(a) Financial assets at fair value through profit or loss

A financial asset is classified into the 'financial assets at fair value through profit or loss' category if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management.

2. Basis of Preparation and Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Classification (continued)

Financial assets (continued)

(b) Loans and receivables

Loans and receivables include financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as available-for-sale. Accounts receivable and liquidation advances recoverable are classified as loans and receivables.

(c) Held-to-maturity financial assets

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Corporation's management has the positive intent and ability to hold to maturity. These include all debt investments.

Interest on held-to-maturity investments is included in net income and is reported as investment income.

(d) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Financial liabilities

A financial instrument is classified as a financial liability if it is a contractual obligation to deliver cash or another asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the reporting entity's own equity instruments under certain circumstances.

The Corporation classifies its financial liabilities as measured at amortised cost. Financial liabilities include accounts payable and balance due to Central Bank.

2. **Basis of Preparation and Significant Accounting Policies** (continued)

(e) ***Financial instruments*** (continued)

(iii) *Measurement*

After initial recognition available-for-sale financial assets and financial liabilities at fair value through profit or loss are measured at fair value with unrealised gains and losses recognised in OCI or profit or loss respectively. Held to maturity investment and loans and receivables are subsequently measured at cost or amortised cost using the effective interest method, less provisions made for any permanent diminution in value.

Financial liabilities are re-measured at amortised cost using the effective interest rate method.

(iv) *De-recognition*

Financial assets

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of:

(i) the consideration received (including any new asset obtained less any new liability assumed); and
(ii) any cumulative gain or loss that had been recognised in OCI.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Corporation is recognised as a consolidated asset or liability in the statement of financial position.

Financial liabilities

The Corporation derecognises a financial liability when its contractual obligations are discharged, or cancelled, or expired.

2. Basis of Preparation and Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Corporation's trading activity.

(vi) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vii) Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Corporation measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Corporation uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

2. Basis of Preparation and Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(vii) Determination of fair value (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Corporation determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in net income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Corporation recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. No transfers have occurred during the year.

(viii) Impairment of financial assets

The Corporation assesses at each reporting 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 reorganisation.

2. Basis of Preparation and Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(viii) Impairment of financial assets (continued)

(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 net 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 net income.

2. **Basis of Preparation and Significant Accounting Policies** (continued)

(e) ***Financial instruments*** (continued)

(viii) Impairment of financial assets (continued)

(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 net income. These losses are not reversed.

(f) ***Cash and cash equivalents***

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

(g) ***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 reporting 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.

(h) ***Pensions***

The Corporation maintains a voluntary contribution plan for its employees. This is a funded scheme and the Corporation's contributions are charged against net income for the year as incurred.

(i) ***Revenue recognition***

Revenue is recognised when it is probable that the economic benefit will flow to the Corporation and the amount of the revenue can be measured reliably.

(i) Premium income

Premium income is recognised on the accruals basis. 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.

2. Basis of Preparation and Significant Accounting Policies (continued)

(i) Revenue recognition (continued)

(ii) Investment income

Investment income is accrued on the time basis by reference to the principal outstanding and the interest rate applicate under the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability and is not revised subsequently. When calculating the effective interest rate, the Corporation estimates the future cash flows considering all contractual terms of the financial instrument, but not the future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

(j) Foreign currency translation

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing 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 net income for the year.

(k) Property and equipment

(i) Depreciation

Items of property 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 buildings, building improvements, computer equipment and software. The method of depreciation on buildings, buildings improvements, computer equipment and software is the straight-line method. Land is not depreciated.

The rates used are as follows:

Buildings	- 2% per annum – straight line
Buildings improvements	- 2% per annum – straight line
Leasehold improvements	- 33 1/3% per annum
Motor vehicles	- 25% per annum
Furniture and fixtures	- 10% per annum
Office equipment	- 15% per annum
Computer equipment	- 25% per annum – straight line

2. Basis of Preparation and Significant Accounting Policies (continued)

(k) Property and equipment (continued)

(i) Depreciation (continued)

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

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in net income for the year.

(iii) Disposal

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with their carrying amounts and are recognised in net income for the year.

(l) 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 four (4) years on a straight-line basis.

(m) Comparative figures

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

(n) Levy of initial contributions

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 (Central Bank Act, Section 44M).

2. Basis of Preparation and Significant Accounting Policies (continued)

(n) Levy of initial contributions (continued)

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.

(o) Exemption from the provisions for 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 and other funding instruments.

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

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Interest rate risk (continued)

(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 net income.

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 summarised in the table below, which analyses assets and liabilities at their carrying amounts categorised according to their maturity dates.

	2017					
	Effective Rate	Up to One Year	Two to Five Years	Over Five Years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	0 - 2.05	6,384	-	-	112,370	118,754
Investments	1.33 - 12.25	656,289	1,288,775	900,861	28,794	2,874,719
Other financial assets		5	403	-	38,416	38,824
		662,678	1,289,178	900,861	179,580	3,032,297
Financial liabilities						
Other financial liabilities		194	-	-	2,054	2,248
Net gap		662,484	1,289,178	900,861	177,526	3,030,049
Cumulative gap		662,484	1,951,662	2,852,523	3,030,049	-

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Interest rate risk (continued)

(ii) Interest rate sensitivity gap (continued)

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

	2016					
	Effective Rate	**Up to One Year**	**Two to Five Years**	**Over Five Years**	**Non-Interest Bearing**	**Total**
	%	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents	0 – 2.00	4,267	-	-	62,382	66,649
Investments	0.83 - 12.25	696,483	1,350,788	616,156	29,531	2,692,958
Other financial assets		-	-	-	35,869	35,869
		700,750	1,350,788	616,156	127,782	2,795,476
Financial liabilities						
Other financial liabilities		-	-	-	1,145	1,145
Net gap		700,750	1,350,788	616,156	126,637	2,794,331
Cumulative gap		700,750	2,051,538	2,667,694	2,794,331	-

The Corporation is not subject to significant interest rate changes as interest rates are fixed on held-to-maturity investments. Therefore changes in interest rates will not have a significant impact on the Corporation.

(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 reporting date.

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.

3. Financial Risk Management (continued)

Financial risk factors (continued)

(b) Credit risk

The Corporation's maximum exposure to credit risk is represented by amounts included for investments, liquidation advances recoverable, accounts receivables and cash and cash equivalents on the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence maybe the failure to meet obligations to fulfill claims and other liabilities incurred. 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.

The Corporation is able to make daily calls on its available cash resources to settle financial and other liabilities. The Corporation's liabilities at the reporting date is due within the next six months and is not considered material for disclosure purposes.

(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:

	2017 $'000	2016 $'000
United States Dollars	232	4

Sensitivity analysis

A 5% strengthening of the US dollar against the TT dollar at September 30, 2017 would not have a material effect on net income in the Corporation's financial statements. This analysis assumes that all other variables, in particular interest rates, remain constant.

3. Financial Risk Management (continued)

Financial risk factors (continued)

(e) Price risk

Price risk is the risk that the value of a financial investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all investments traded in the market. The Corporation has no significant exposure to other price risk.

(f) 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.

(g) 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.

(h) 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.

(i) Capital Management – Adequacy of the Deposit Insurance Fund

The Corporation's capital comprises share capital and the Deposit Insurance Fund (DIF). The Corporation is not subject to externally imposed capital requirements, and there were no changes in what the Corporation considers as capital, and management of capital was performed on a basis consistent with that of prior years. The key mechanisms used to manage the level of capital are premium assessments and borrowings, if necessary.

The Corporation's principal objective is to establish and manage a scheme for the insurance of deposits, or part thereof, held by Policyholders against the risk of loss of deposits up to a maximum of $125,000.00 per depositor, in each right and capacity, in each institution.

3. Financial Risk Management (continued)

Financial risk factors (continued)

(i) Capital Management – Adequacy of the Deposit Insurance Fund (continued)

As at September 30, 2017, there were 24 member institutions with total eligible deposits estimated at $82.5 billion (2016: $80.2 billion), of which the Corporation covered at a flat rate of 0.2% (2016: 0.2%). The adequacy of the DIF will be based primarily on the assessed risk posed by Policyholders. In relation to its insurance obligations, the Corporation's main exposure is to unexpected loss from the non-viability or insolvency of a Policyholder that is not readily estimated due to the unavailability of data on specific loss experience.

If a Policyholder's future viability or solvency is deemed to be at risk or the Policyholder becomes insolvent and the DIF is required to intervene by providing financial assistance or pay out depositors in accordance with its resolution powers under the Act, and if the DIF is insufficient to meet the obligation, the Corporation has the power to borrow, as well as, with the approval of the Minister of Finance, prescribe the levying of additional premiums payable by Policyholders.

4. Fair Value of Financial Instruments

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer quotations. For all other financial instruments, the Corporation determines fair values using other valuation techniques.

(a) Valuation models

The Corporation's accounting policy on fair value measurements is discussed in accounting policy 2(e)(vii)).

The Corporation measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

4. Fair Value of Financial Instruments (continued)

(a) *Valuation models* (continued)

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers of financial instruments between levels during the year, neither were there any changes in the categorisation from the prior year.

(b) *Financial instruments measured at fair value – fair value hierarchy*

At year end, the following financial instruments were measured at fair value.

	Level 1	Level 2	Level 3
	$'000	$'000	$'000
As at September 30, 2017			
Investments – equities	28,794	-	-
Accounts receivable	-	-	37,877
Short-term and Money Market deposits	-	-	4,284
As at September 30, 2016			
Investments – equities	29,531	-	-
Accounts receivable	-	-	35,126
Short-term and Money Market deposits	-	-	4,234

4. Fair Value of Financial Instruments (continued)

(c) Financial instruments not measured at fair value

	Level 1	Level 2	Level 3	Fair Value	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
As at September 30, 2017					
Held-to-maturity investments	-	2,549,157	-	2,549,157	2,845,925
As at September 30, 2016					
Held-to-maturity investments	-	2,405,795	-	2,405,795	2,663,427

As at the reporting date, the fair value of the held-to-maturity investments are below the carrying amount. However management has deemed that no further impairment is required as the issuers of these investments are meeting their obligations and continue to have a good credit rating with the market.

5. Critical Accounting Estimates and Judgements

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(c).

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 net 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.

5. Critical Accounting Estimates and Judgements (continued)

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 and in determining whether future economic benefits can be derived from expenditures to be capitalised.

(iv) Whether the Deposit Insurance Fund is adequate to meet unexpected loss from non-viability or insolvency of a policy holder.

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 reporting 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 and equipment

Management makes certain assumptions regarding the useful lives and residual values of capitalised assets.

(iii) Determining fair values using Valuation Techniques

The determination of fair values for financial assets for which there is no observable market price requires the use of valuation techniques which utilises various degrees of judgements affecting the specific investment.

6. 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 September 30, 2017. In relation to the table, the following points should be noted:

- Column (A) – The assets at closure are reported at net realisable 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.

6. **Assets under Administration** (continued)

- The legislation authorizes the DIC to recover insurance paid from the sales proceeds of liquidated assets in priority to unsecured creditors.

		2017			
(A) Total Value of Assets at Closure	(B) Total Liabilities at Closure	(C) Total Liabilities incurred	(D) Total Realisations	(E) Total Payments	(B+C-E) Remaining Liabilities
$'000	$'000	$'000	$'000	$'000	$'000
6,148,206	12,072,221	1,284,418	3,191,240	2,126,916	11,229,723

		2016			
(A) Total Value of Assets at Closure	(B) Total Liabilities at Closure	(C) Total Liabilities incurred	(D) Total Realisations	(E) Total Payments	(B+C-E) Remaining Liabilities
$'000	$'000	$'000	$'000	$'000	$'000
6,148,206	12,072,221	477,986	2,093,801	1,853,166	10,697,041

7. Property and Equipment

	Land and Buildings	Building Improvements	Motor Vehicle	Furniture and Fixtures	Office Equipment	Computer Equipment	W.I.P	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended September 30, 2017								
Cost								
Balance as at October 1, 2016	18,668	-	229	1,163	1,606	775	390	22,831
Additions	-	-	514	40	542	244	2,015	3,355
Transfers/reclassifications	(2,809)	2,809	-	-	276	-	(390)	(114)
Disposals	-	-	-	(12)	(8)	-	-	(20)
Balance as at September 30, 2017	15,859	2,809	743	1,191	2,416	1,019	2,015	26,052
Accumulated depreciation								
Balance as at October 1, 2016	404	-	196	464	477	591	-	2,132
Charge for the year	173	57	137	74	292	127	-	860
Reclassifications	(57)	57	-	-	-	-	-	-
Disposals	-	-	-	(9)	(7)	-	-	(16)
Balance as at September 30, 2017	520	114	333	529	762	718	-	2,976

7. Property and Equipment (continued)

	Land and Buildings $'000	Building Improvements $'000	Motor Vehicle $'000	Furniture and Fixtures $'000	Office Equipment $'000	Computer Equipment $'000	W.I.P $'000	Total $'000
Net book value								
Balance as at September 30, 2017	15,339	2,695	410	662	1,654	301	2,015	23,076
Balance as at September 30, 2016	18,264	-	33	699	1,129	184	390	20,699
Year ended September 30, 2016								
Cost								
Balance as at October 1, 2015	15,859	391	639	622	419	542	1,954	20,426
Additions	-	-	-	-	-	-	3,456	3,456
Transfers	2,809	-	-	634	1,187	233	(5,020)	(157)
Disposals	-	(391)	(410)	(93)	-	-	-	(894)
Balance as at September 30, 2016	18,668	-	229	1,163	1,606	775	390	22,831
Accumulated depreciation								
Balance as at October 1, 2015	173	384	418	460	278	508	-	2,221
Charge for the year	231	-	12	78	199	83	-	603
Disposals	-	(384)	(234)	(74)	-	-	-	(692)
Balance as at September 30, 2016	404	-	196	464	477	591	-	2,132
Net book value								
Balance as at September 30, 2016	18,264	-	33	699	1,129	184	390	20,699
Balance as at September 30, 2015	15,686	7	221	162	141	34	1,954	18,205

	2017 $'000	2016 $'000
8. Intangible Assets – Computer Software		
Cost		
Balance at start of year	5,637	5,480
Transfer from work-in progress	114	157
Balance at end of year	5,751	5,637
Accumulated amortisation		
Balance at start of year	5,511	5,020
Charge for the year	54	491
Balance at end of year	5,565	5,511
	186	126

	2017 $'000	2016 $'000
9. Investments		
(i) Held-to-Maturity		
(a) Current		
Deposits	-	7,053
Government Treasury Bills	21,218	77,994
Government Treasury Notes	82,838	52,200
Government Bonds	58,021	33,963
	162,077	171,210
(b) Non-current		
Deposits	5,000	17,000
Government Treasury Bills	183,848	204,324
Government Treasury Notes	721,274	799,286
Government Bonds	1,602,431	1,275,227
Corporate Bonds	171,295	196,380
	2,683,848	2,492,217
	2,845,925	2,663,427
(ii) Available-for-sale		
Equities	28,794	29,531
	2,874,719	2,692,958

The effective rate of interest is 1.15% to 12.25% (2016: 0.83% to 12.25%).

	2017 $'000	2016 $'000
10. Accounts Receivable		
Interest receivable	36,806	34,006
Other receivable	1,071	1,120
	37,877	35,126

	2017 $'000	2016 $'000
11. Cash and Cash Equivalents		
Cash and bank balances with Central Bank	114,470	62,415
Cash and bank balances with financial institutions	4,284	4,234
	118,754	66,649

12. Related Party Transactions

A party is related to the Corporation if:

(a) The party is an associate of the Corporation;

(b) The party is, directly or indirectly, either under common control with the Corporation or has significant or joint control over the Corporation;

(c) The party is a close family member of a person who is part of key management personnel or who controls the Corporation;

(d) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the Corporation;

(e) The party is a joint venture in which the Corporation is a venture partner;

(f) The party is a member of the Corporation's or its parent's key management personnel;

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.

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

Two members represent the Central Bank on the Board of Management of the Corporation.

		2017 $'000	2016 $'000
12.	**Related Party Transactions** (continued)		
	(c) Expenses		
	Personnel and administration expenses reimbursable to the Central Bank	1	10
	(d) Key management personnel compensation		
	Short-term employee benefits	1,843	1,788
	Post-employment benefits	97	81
		1,940	1,869
13.	**Personnel Expenses**		
	Allowances	1,523	1,091
	Salaries and overtime	5,698	4,569
	Gratuity	-	207
	Staff benefits	632	466
	Directors' fees	326	307
	Pension contributions (Note 16)	341	251
	National Insurance contributions	285	226
	Medical and Workmen Compensation Insurance	105	88
		8,910	7,205

14. Classification of Financial Assets and Financial Liabilities

The following table provides a reconciliation between line items in the statement of financial position and the categories of financial instruments

	FVOCI Equity $'000	FVTPL $'000	Amortised Cost $'000	Total $'000
2017				
Assets				
Cash and cash equivalents	-	-	118,754	118,754
Investments	28,794	4,284	2,841,641	2,874,719
Liquidation advances recoverable	-	947	-	947
Accounts receivable	-	37,877	-	37,877
Total financial assets	28,794	43,108	2,960,395	3,032,297
Liabilities				
Balance due to Central Bank	-	-	1	1
Accounts payable	-	-	2,247	2,247
Total financial liabilities	-	-	2,248	2,248
2016				
Assets				
Cash and cash equivalents	-	-	66,649	66,649
Investments	29,531	4,234	2,659,193	2,692,958
Liquidation advances recoverable	-	743	-	743
Accounts receivable	-	35,126	-	35,126
Total financial assets	29,531	40,103	2,725,842	2,795,476
Liabilities				
Balance due to Central Bank	-	-	10	10
Accounts payable	-	-	1,135	1,135
Total financial liabilities	-	-	1,145	1,145

	2017	2016
	$'000	$'000
15. General and Administrative Expenses		
Office rental and related expenses	27	154
Janitorial services	255	284
Security services	804	689
Utilities	130	149
Repairs and maintenance	790	463
Equipment rental	48	52
Property services	48	30
Motor vehicle	70	84
Information technology	659	361
Printing and stationery	90	94
Public relations and advertising	176	84
Telecommunications	141	161
Professional fees	1,244	1,165
Library services	26	15
Archiving	23	22
Meetings	14	19
Training and education	358	52
Loss on disposal of property and equipment	2	38
International Association of Deposit Insurers membership fees	119	90
Management contract (Administrative services provided by Central Bank)	-	8
Conferences and official visits	119	314
Miscellaneous	29	19
	5,172	4,347

16. 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 2017 were $341 thousand (2016: $251 thousand).

17. Employees

At September 30, 2017 the Corporation had in its employ a staff complement of 21 persons (2016: 20).

18. Capital Commitments

The Corporation had no capital commitments as at September 30, 2017 (2016: Nil).

19. Subsequent Events

There were no events occurring after the reporting date and before the date of approval of the financial statements by the Board of Management that require adjustment to or disclosure in these financial statements.