



ANNUAL REPORT & ACCOUNTS  
FOR THE YEAR ENDED  
DECEMBER 31, 1985

# 4<sup>TH</sup> ANNUAL REPORT



# Fourth Annual Report and Accounts 1985

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BUSINESS KNOWLEDGE AND  
INFORMATION CENTRE  
TRINIDAD & TOBAGO  
UNIT TRUST CORPORATION  
UTC FINANCIAL CENTRE  
#82 Independence Square  
PORT OF SPAIN





TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

## **notice of meeting**

In accordance with Section 31(2) of the Unit Trust Corporation of Trinidad and Tobago Act No. 26 of 1981, notice is hereby given that the Fourth Annual General Meeting of the Trinidad and Tobago Unit Trust Corporation will be held on Wednesday 28th May, 1986 at five o'clock in the afternoon, at the Festival Ballroom, Holiday Inn, Wrightson Road, Port-of-Spain (of which due notice was given by circular letter to unitholders dated March, 1986) to conduct the following business:

1. Receive the Trust's financial statements for the year ended December 31st, 1985 and the Report of the Auditor General thereon.

BY ORDER OF THE BOARD

Radica Maharaj  
Secretary

April 30, 1986

12th Floor  
Central Bank Building,  
Eric Williams Plaza  
PORT OF SPAIN



## board of directors

**John Hunt** (Chairman)  
**E. Henry Sealy** (Executive Director)  
**Denis Borde**  
**Frank Barsotti**  
**Michael Chambers**  
**Amoy Chang Fong** (Miss)  
**Peter Knaggs**  
**Dunbar Mc Intyre**  
**Rolston Nelson**  
**Carl Tull**  
**Sookh Mungal Supersad**

Secretary  
**Radica Maharaj** (Miss)

Changes in Board during the year.

Mr. John Hunt was reappointed Chairman of the Board with effect from June 12, 1985 in accordance with Section 7(1) (a) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. E. Henry Sealy was appointed Executive Director for one (1) year in the first instance in accordance with Section 7(1) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. Sealy replaced Mr. Jerry Hospedales who resigned to take up an assignment with the International Monetary Fund. Mr. Rolston Nelson was reappointed for one year in accordance with Section 7(2) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. Sookh Mungal Supersad was appointed to the Board in accordance with Section 7(2) of the Unit Trust Corporation of Trinidad and Tobago Act. Mr. Supersad replaced Mr. Chatoor who died on April 28, 1985.

### **Head Office**

12th Floor Central Bank Building  
Eric Williams Plaza  
PORT OF SPAIN

### **Branch Office**

140 Coffee Street, San Fernando



## **board of directors** (Continued)

### **Bankers**

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

The National Commercial Bank of Trinidad and Tobago  
60, Independence Square, Port of Spain

The Royal Bank of Trinidad and Tobago Limited  
55, Independence Square, Port of Spain

### **Auditors**

The Auditor General of the Republic of Trinidad and Tobago  
Finance Building, Eric Williams Plaza, Port of Spain

### **Solicitors**

Fitzwilliam, Stone, Furness-Smith & Morgan  
78, Independence Square, Port of Spain



*Standing from left are: Dunbar McIntyre, Carl Tull, Dennis Borde, Michael Chambers.*

*Seated from left are: Amoy Chan Fong, John Hunt, Chairman, E. Henry Sealey, Executive Director, S.M. Supersad.*

*Inset from left are: Peter Knaggs, Rolston Nelson, Frank Barsotti.*







## chairman's report

It is my privilege to present the Fourth Annual Report of the Trinidad and Tobago Unit Trust Corporation for the year ended December 31, 1985. I am happy to report a successful year of operations for the Corporation. The income from dividends earned by the First Unit Scheme increased from \$2,143,000 in 1984 to \$2,209,000 in 1985 while net income of the Scheme increased from \$2,117,000 to \$2,203,000. This is a remarkable achievement when viewed against the background of the slow down in the domestic economy in 1985 which saw many companies decreasing or unable to pay their dividends and a virtual stagnation of the transactions on the local Stock Exchange. Despite declining investor confidence in the country, our sales of units increased from \$650,000 in 1984 to \$3,940,000 in 1985. This reflects the measure of confidence which investors have in the Unit Trust Corporation and our ability to manage profitably the funds entrusted to us.

The slow down in the domestic economy and the resulting fall in the prices of securities quoted on the Stock Exchange brought about a reduction in the value of the portfolio held by the First Unit Scheme. The net assets attributable to each unit fell from \$7.08 on December 31, 1984 to \$5.96 on December 31, 1985. Because of our concern for the protection of our investors' capital we have set up a Guarantee Reserve Fund to enable us to guarantee the capital investment of any unitholder who holds his investment for a period of at least three (3) years from the implementation date of January 17, 1985 or the date of purchase whichever is later. The details of the funding of this reserve are set out in the notes to the financial statements accompanying this report.

The prospects for 1986 present a challenge for the Corporation. As a result of representations made by the Corporation the Minister of Finance in his 1986 Budget provided a tax incentive to unitholders. The purchase of units up to a maximum of \$2,500 per individual is deductible in computing income for tax purposes. We anticipate that this incentive will lead to a considerable increase in unitholders in the future. This will provide us with the opportunity to increase the ability of the Corporation to participate more effectively in the capital market. However this will test our skills to do so successfully in the current apparently depressed economic environment characterised as it is by falling company profits, reduction in dividends and in some cases non-payment of dividends. I am confident, however that we have the resources to confront this challenge successfully.

On behalf of the Board I should like to express our sincere appreciation for the efforts of our staff in achieving the successes which we have had in 1985, and for the continued high morale which they have maintained. I also wish to express my thanks to my fellow members of the Board for their support which they have given over the past year.

April 30, 1986

  
John Hunt.





## TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

### FOURTH ANNUAL REPORT

(for the year 1985)

### SUMMARY OF OPERATIONS

#### 1. Establishment of First Unit Scheme

At its launch on November 29, 1982, the Trinidad and Tobago Unit Trust Corporation established the First Unit Scheme in which the proceeds from sales of units are applied to eligible investments. In this way unitholders are able to pool their savings which are invested in stocks and shares. Accordingly, the unitholders receive over time, regular income distributions, the source of which is mainly dividends paid by listed public companies the securities of which are quoted on the Stock Exchange. The Corporation's administrative expenses are recouped through the five per cent initial charge on all sales and the one per cent annual charge computed on the market value of the investments of the First Unit Scheme.

#### 2. Performance of the First Unit Scheme

##### (i) Unit Price

In 1985 stock prices continued their decline for the third successive year. The composite stockmarket index (January 1983=100) measured 49.2 points in December 1985, a decline of 8.8 points or 17.9 per cent in the year.

The downward trend in prices was widespread among all the sectors which comprise the index, and although the index for the Manufacturing<sup>1</sup> sector at 120.8 points in December 1985 was below the year-earlier level of 123.5 points, the sector remained the only one to have shown some appreciation on its base date prices.

In the context of pervasive declines in stockmarket values and the direct link between the Unit Trust investments and the stockmarket, the prices of units could not have been insulated from such trends. At the end of December 1985 the prices of units were \$6.30 (offer) and \$5.95 (bid), down from prices of \$7.45 (offer) and \$7.05 (bid) at the end of 1984. However, the 15.4 per cent decline in unit prices was below the 17.9 per cent decline in the composite index.

##### (ii) Investment of Funds

The Corporation continued to employ a prudent investment strategy during 1985 in its effort to structure a balanced and efficient investment portfolio. The Corporation took advantage



of the low prices which prevailed in the stockmarket by acquiring high quality stocks in the open market where possible. Accordingly, the Corporation increased its holdings in the stocks of four (4) companies whilst acquisition in one (1) additional company was made. At the end of the year therefore the Corporation held equities in twenty-two (22) companies quoted on the Stock Exchange.

In addition the Corporation increased its investments in fixed income securities by adding to its portfolio considerable holdings of government bonds.

Overall the structure of the investment portfolio as reflected in Chart 1 Page 11 illustrates a conscious effort by the Corporation to strengthen its investments in key segments, in the context of observed and perceived disparities in performance of the various sectors which comprise the portfolio.

The enhanced cash position of the Corporation as reflected in Chart 1 places it in a strategic position to take advantage of any investment opportunities which may present themselves during the course of 1986. At the end of December 1985, the value of the First Unit Scheme amounted to \$19.5 million compared with \$20.0 million at the end of December 1984.

### (iii) Income Distribution

In the two distributions in respect of the financial year ended December 31, 1985, the Corporation paid a total of \$1,923,000 or \$0.73 per unit to unitholders. Although the level of distribution was below that of the previous year (\$2,073,146 or \$0.80 per unit) it was nevertheless a creditable performance in the context of generally reduced levels of dividend payments by companies and in several cases no dividend payments during the year. The distribution rate during the year provided an average yield to unitholders of 10.8 per cent compared with 10.1 per cent in 1984. Since the launch of the First Unit Scheme in November 1982 the Corporation has made altogether six (6) distributions to its unitholders totalling \$6.7 million.

### (3) Fiscal Incentives To Savings

In his 1986 Budget speech the Minister of Finance and Planning announced that unitholders will be eligible for a tax deduction on new units purchased with effect from January 1, 1986. The deduction is limited to the increase in units during a given year up to a value of \$2,500 per individual taxpayer. Units held in trust for minors as in the Children's Investment Starter Plan (CISP) and income reinvested in units can be included as part of an individual's tax deduction.



#### **(4) Reinvestment Plan**

Unitholders continued to demonstrate their interest in and support for the Reinvestment Plan so that by year-end a total of 4,846 unitholders representing some 65.5 per cent of the unitholding community and 41.4 per cent of the size of the distribution were participants in the Plan.

#### **(5) Monthly Investment Plan (MIP)**

The Monthly Investment Plan (MIP) which was launched in November 1983 continues to provide a proportionately small but consistent cash flow. However, it is projected that with the addition of the tax deduction to the benefits of the unit, this Plan will play an increasingly important role in the Corporation's sales effort.

#### **(6) Guarantee Plan**

In order to minimize the risk of loss and enhance the unit, the Corporation launched the Guarantee Plan on January 17, 1985. The Plan provides for a guaranteed resale price equalling the cost of the unit if units are held for at least three (3) years from the date of purchase. In the case of units purchased prior to the implementation date of January 17, 1985, the guarantee price is \$7.20. The units must be held for at least three (3) years from the implementation date to qualify for the guarantee price. The guarantee has impacted positively by stimulating sales and reducing repurchases during 1985.

#### **(7) Children's Investment Starter Plan (CISP)**

The Corporation launched its Children's Investment Starter Plan (CISP) in May 1985 at the Third Annual General Meeting. The Plan is designed to facilitate parents, relatives, guardians and friends of children who wish to provide a sound asset base for the child's future and hopefully to foster in the child a savings habit and an investment consciousness.

The CISP is started with ten (10) units. However, the purchaser is required to pay for five (5) units only. Over the first five (5) years of the account, the income distribution on the ten (10) units is expected to pay for the five (5) additional units.

A CISP account is similar to an MIP account in that additional units can be bought on a consistent basis by utilizing salary deductions, the free standing order mechanism with commercial banks, or the UTC voucher system. Unlike the MIP, the CISP requires no minimum payment of \$50.00.





The account must be held in an adult's name for the minor. Therefore, the adult holder can utilize the increase in units as part of his/her holdings for tax deduction purposes.

#### **(8) LUATT Agents**

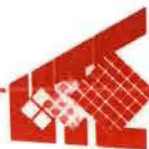
During 1985, the Corporation initiated a new element of cooperation between itself and the Life Underwriters Association of Trinidad and Tobago (LUATT). Twenty-five (25) life underwriters were licensed by the Unit Trust Corporation as agents to sell units on its behalf. The licensing was the culmination of an indepth eight session course sponsored jointly by the National Institute of Higher Education (Research, Science and Technology) (NIHERST) and the Trinidad and Tobago Unit Trust Corporation and covered every facet of the domestic financial sector. These Agents are fully prepared to offer sound and prudent advice in personal financial planning to the public and existing unitholders.

The sales generation capacity of this group is potentially high and in time will generate a considerable volume of sales.

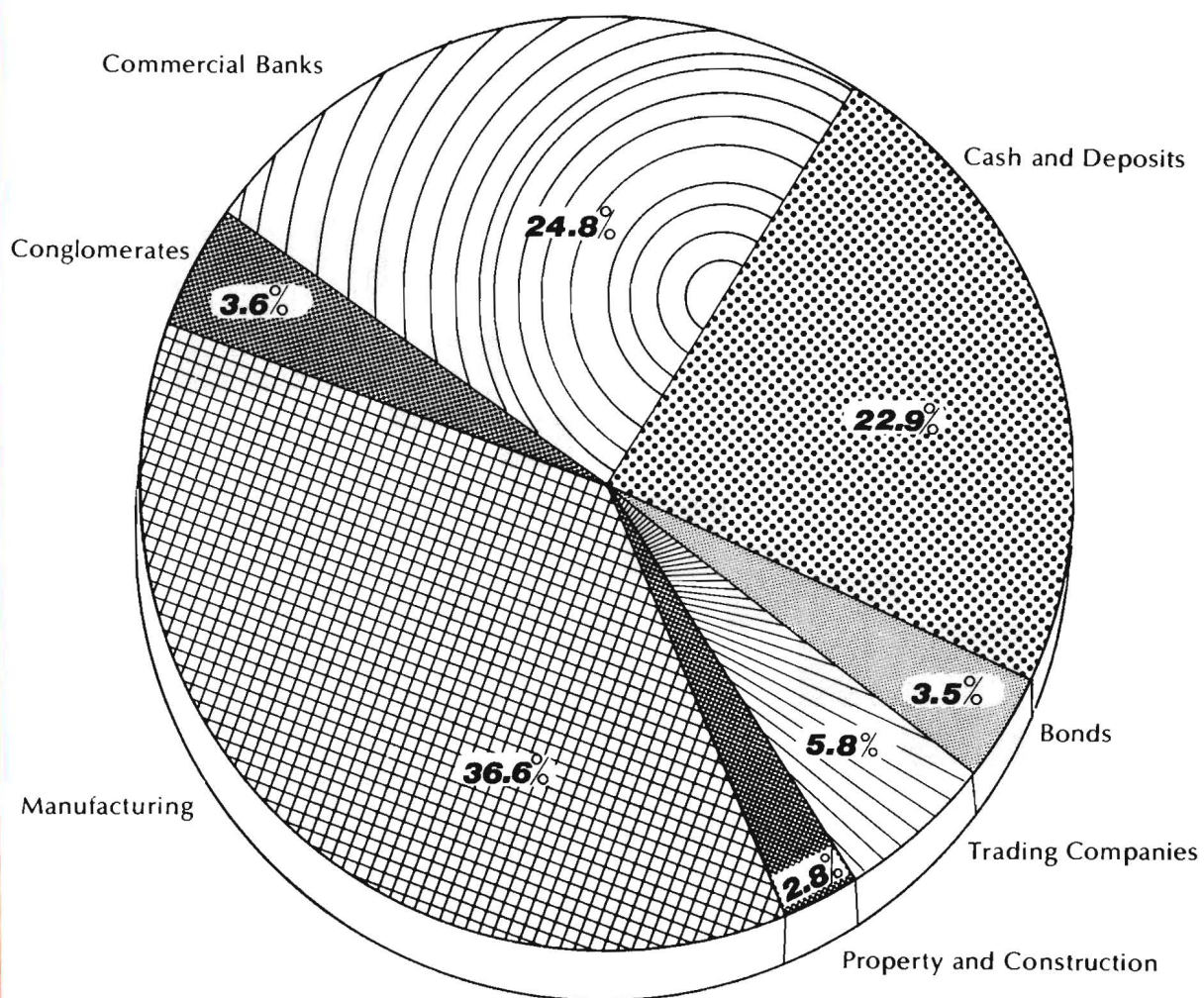
#### **(9) Sales Promotion and Publicity**

The Corporation embarked on a more intensive marketing strategy during 1985. Two (2) Marketing Assistants were recruited to assist in the increased sales effort. In addition, the need for individual sales persons was filled by the training and licensing of twenty-five (25) Life Underwriters of Trinidad and Tobago (LUATT) agents. Therefore, the need for a personalized sales approach has been partially filled through this source. A Sunday supplement highlighted the Graduation and Licensing of the LUATT agents and the role and function of the Unit Trust Corporation.

Advertising and promotion during 1985 was braodbased with the Corporation maintaining a high corporate business image in the electronic media and the press. Considerable use was made of the visual medium through the patronage of the Ministry of Information and a private television production company. The effect was a positive impact on sales during the year. The Corporation has also refined its targeting and marketing mix to reach potential investors in selected groups. The mix has worked well and its results are reflected in the increased sales for the year.



### STRUCTURE OF THE INVESTMENT PORTFOLIO OF THE FIRST UNIT SCHEME

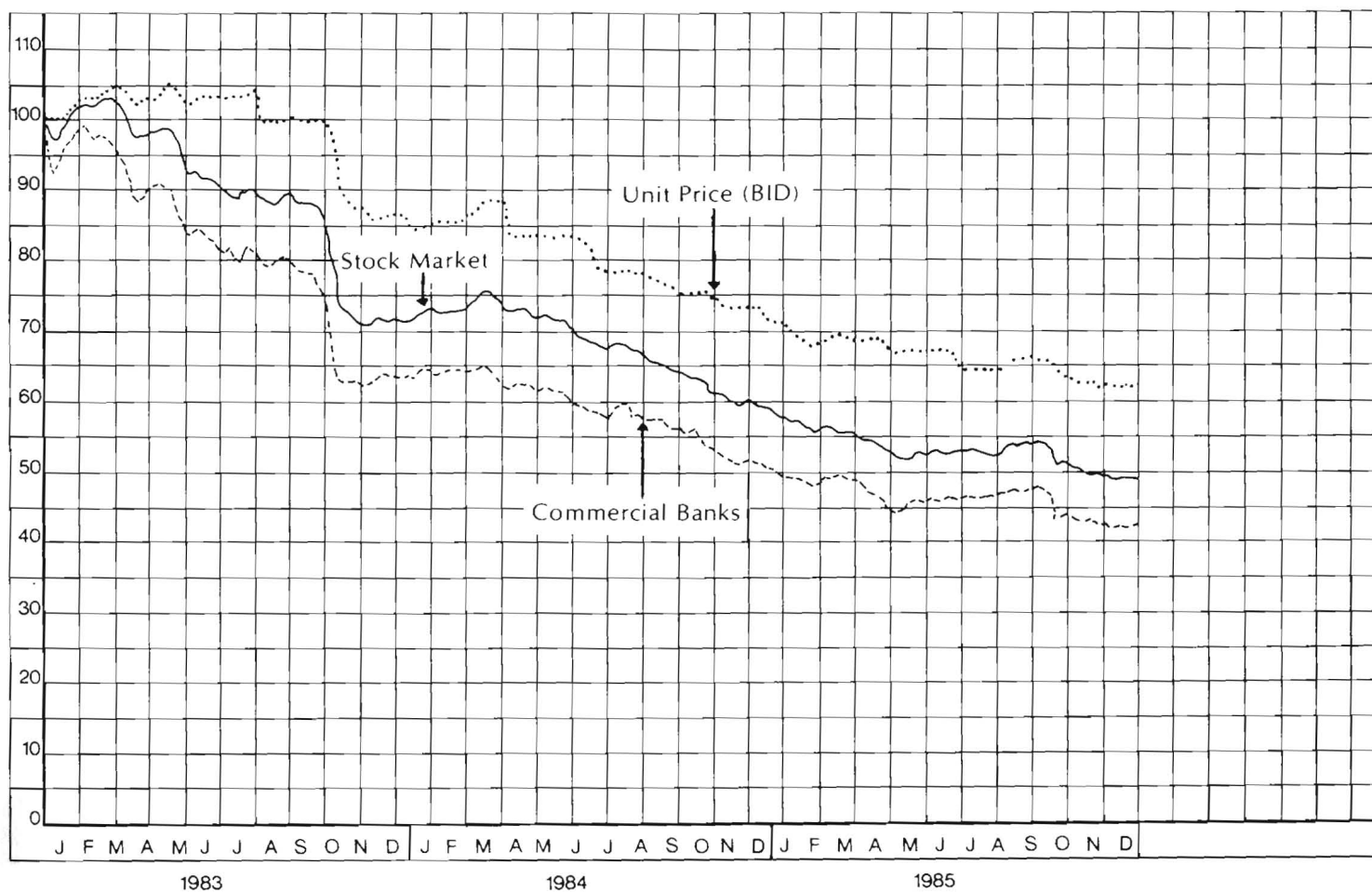


SOURCE: Trinidad and Tobago Unit Trust Corporation

DECEMBER 31, 1985



**COMPARATIVE PRICE INDICES OF THE UNIT,  
THE GENERAL STOCK MARKET AND COMMERCIAL BANKING SECTOR  
(JANUARY 1, 1983 = 100)**



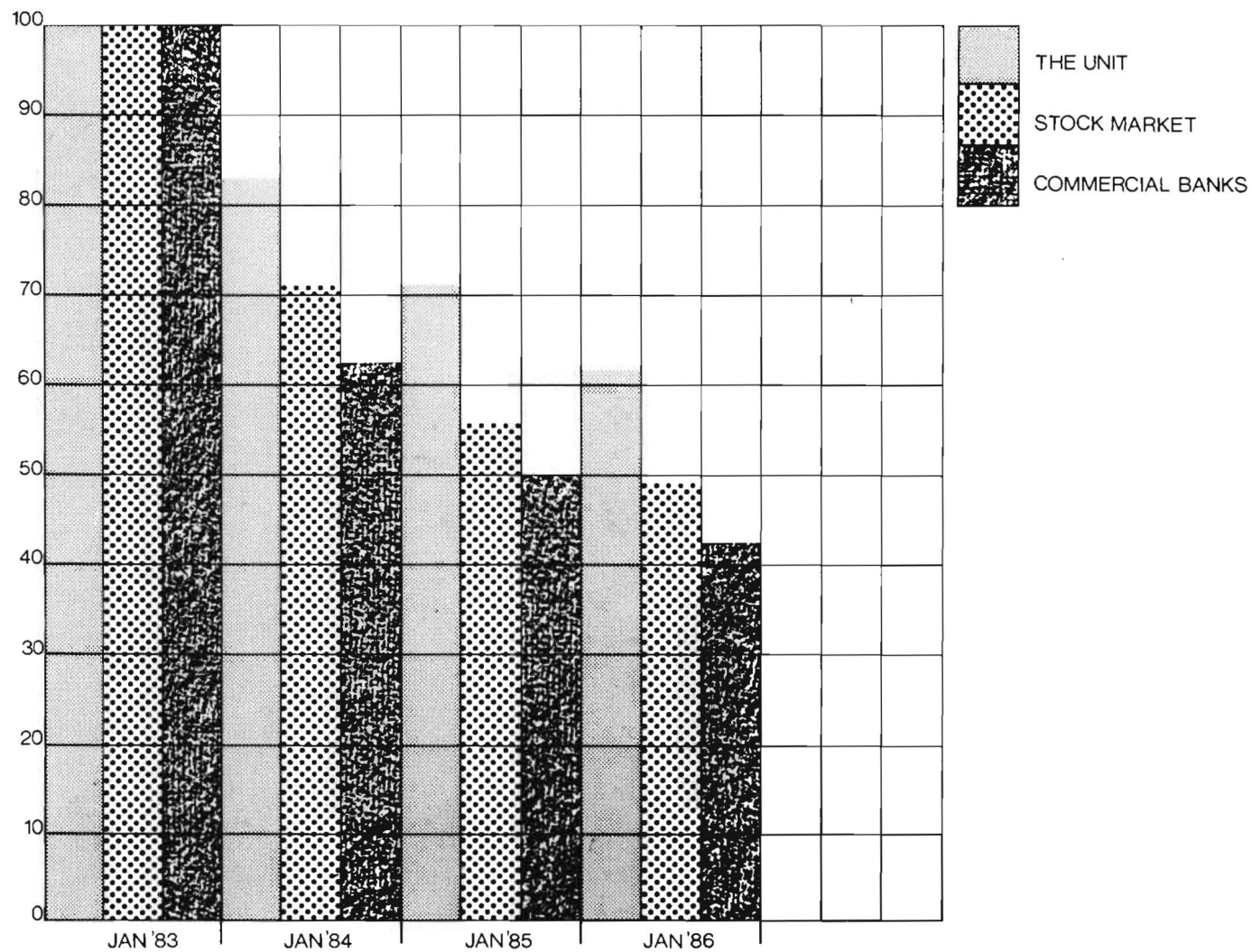
SOURCE: Trinidad and Tobago Unit Trust Corporation

DECEMBER 31, 1985

# TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

COMPARISON OF THE UNIT, STOCK MARKET AND COMMERCIAL BANK INDICES.

(JANUARY 1, 1983 = 100)



SOURCE: Trinidad and Tobago Unit Trust Corporation

JANUARY 1, 1986





TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

## **auditor's report**

**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF  
TRINIDAD AND TOBAGO ON THE ACCOUNTS OF THE  
TRINIDAD AND TOBAGO UNIT TRUST CORPORATION  
FOR THE YEAR ENDED 31ST DECEMBER, 1985**

The Accounts of the Trinidad and Tobago Unit Trust Corporation for the year ended 31st December, 1985 have been examined in accordance with the provisions of Section 30 (1) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981 and all the information and explanations which were requested have been obtained.

As a result of such audit it is certified that the accounts show a true and fair view of the state of affairs of the Trust at 31st December, 1985 and the results of its operations for the year then ended.


**A.A. Campbell  
AUDITOR GENERAL**

**30th April, 1986**



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION  
**BALANCE SHEET**  
(AS AT DECEMBER 31, 1985)

	<u>NOTES</u>	<u>1985</u> \$'000	<u>1984</u> \$'000
<b>ASSETS</b>			
Cash at Bank		821	255
Receivables		988	704
Managers' Holding of Units		—	450
First Unit Scheme		19,536	20,034
		<u>21,345</u>	<u>21,443</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued			
Liabilities	1	40	1
Provisions		1,000	1,000
<b>RESERVES</b>			
Guarantee Reserve Fund	8	400	
Children's Investment Starter Plan Reserve	5	46	—
<b>CAPITAL</b>			
Unit Capital	7	25,769	23,402
Initial Capital		5,000	5,000
Deduct			
Transfer to Provision	6	(1,000)	(1,000)
Unrealised Depreciation on Investment		(11,208)	(7,903)
		20,047	20,500
Net Gain Carried Forward		<u>1,298</u>	<u>943</u>
		<u>21,345</u>	<u>21,443</u>

  
E. Henry Sealy,  
Executive Director

  
John Hunt,  
Chairman





TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>NOTES</u>	<u>1985</u> \$'000	<u>1984</u> \$'000
INCOME			
Sales — Initial Charge on New Units		107	—
Management Charge	10	191	214
Investment Income		78	46
Managers' Holding Income		1	45
Income Equalization		—	69
Interest		85	—
		<u>462</u>	<u>374</u>
DEDUCT EXPENSES			
Realised Loss on Managers Holding		—	64
Agents' Commission		28	4
Income Equalization	2(b)	53	—
Interest Expense		26	—
		<u>107</u>	<u>68</u>
NET INCOME OF CORPORATION		355	306
NET INCOME BROUGHT FORWARD	12	<u>943</u>	<u>637</u>
NET INCOME CARRIED FORWARD		<u>1,298</u>	<u>943</u>





TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**FIRST UNIT SCHEME  
STATEMENT OF ASSETS AND LIABILITIES AS  
AT DECEMBER 31, 1985**

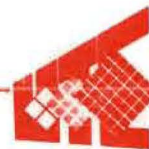
	<u>NOTES</u>	<u>1985</u> \$'000	<u>1984</u> \$'000
<b>ASSETS</b>			
Investments in Securities at Value (Cost \$26,267,339; 1984 — \$25,046,089)	9	15,059	17,143
Cash (Including time deposits \$3,300,000 1984 — \$2,500,000)	6	5,072	3,633
Receivables			
Refund of Dividend Income Allowance		1,004	974
		21,135	21,750
<b>LIABILITIES — FUNDS EMPLOYED</b>			
Distribution Payable		714	890
Unit Trust Corporation Loans & Advances		703	602
Management Charge Payable		98	100
Undistributed Income		4	23
Amount to be transferred to Guarantee Reserve Fund	8	80	101
		1,599	1,716
<b>NET ASSETS</b>			
Equivalent to \$5.96 (1984 — \$7.08) per unit based on 3,279,175 (1984 — 2,828,175) units in issue		19,536	20,034



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**FIRST UNIT SCHEME  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED 31ST DECEMBER, 1985**

	<u>NOTES</u>	<u>1985</u> \$'000	<u>1984</u> \$'000
INVESTMENT INCOME			
INCOME			
Dividend (including Dividend Income Allowance \$1,003,874 1984 — \$973,704)	3	2,209	2,143
Interest		270	257
		<u>2,479</u>	<u>2,400</u>
EXPENSES			
Management Charge	10	191	214
Equalisation	2(b)	—	69
Interest		85	—
		<u>276</u>	<u>283</u>
		<u>2,203</u>	<u>2,117</u>
UNREALISED APPRECIATION/DEPRECIATION OF INVESTMENTS			
Cost of Assets Acquired	9	26,267	25,046
Value of Assets at End of Period		<u>15,059</u>	<u>17,143</u>
Unrealised depreciation of Investments		<u>11,208</u>	<u>7,903</u>



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**FIRST UNIT SCHEME  
INCOME DISTRIBUTION ACCOUNT  
JANUARY – DECEMBER, 1985**

		<u>NOTES</u>	<u>1985</u> \$'000	<u>1984</u> \$'000
INCOME	Net Investment Income		2,203	2,117
	Income		<u>2,203</u>	<u>2,117</u>
DEDUCT	Distribution to Initial Contributors 30¢ per unit (1984: 35¢ per unit)	4	75	175
	Distribution to Unit Holders 73¢ per unit (1984: 80¢ per unit)	4	<u>1,848</u>	<u>1,898</u>
			280	44
ADD	Undistributed Income brought forward		<u>23</u>	<u>80</u>
			303	124
DEDUCT	Allocation to Guarantee Reserve Fund	8	299	101
	Undistributed Income Carried Forward		<u><u>4</u></u>	<u><u>23</u></u>



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**FIRST UNIT SCHEME**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR**  
**ENDED DECEMBER 31, 1985**

	<u>NOTES</u>	<u>1985</u> \$'000	<u>1984</u> \$'000
FROM INVESTMENT ACTIVITIES			
Net Investment Income		2,203	2,117
Distribution # 5 (1984 #3)	4	<u>1,208</u>	<u>1,183</u>
Undistributed Net Investment		995	934
Proposed Distribution #6 (1984 #4)	4	(714)	(890)
Allocation to Guarantee Reserve Fund in Unit Trust Corporation		<u>(299)</u>	<u>(101)</u>
Undistributed Income		(18)	(57)
Unrealised Depreciation of Investments		<u>(3301)</u>	<u>(2620)</u>
Decrease in Net Assets derived from Investment Activities		<u>(3319)</u>	<u>(2677)</u>
FROM CAPITAL TRANSACTIONS			
Sales of Units		3,940	646
Repurchase of Units		<u>1,119</u> <u>2,821</u>	<u>2,853</u> <u>(2,207)</u>
Changes from operations		(498)	(4884)
Net Assets brought forward		20,034	24,918
Net Assets as at 31 December.		<u>19,536</u>	<u>20,034</u>



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

FIRST UNIT SCHEME  
PORTFOLIO OF INVESTMENTS IN SECURITIES  
AS AT DECEMBER 31, 1985.

SECURITY	SHARE HOLDING	% COST	VALUE \$'000
<b>BANKS</b>		<b>36.0</b>	
Bank of Commerce T&T Ltd.	200,000		550
Bank of Nova Scotia T&T Ltd.	390,250		1,932
National Commercial Bank Ltd.	100,000		102
Republic Bank Limited	197,500		506
Royal Bank Limited	130,240		593
United Bank of T&T Ltd.	221,571		390
Worker's Bank of T&T	200,000		770
<b>MANUFACTURING</b>		<b>25.2</b>	
Angostura Holdings Ltd	281,970		1,142
Bata T&T Ltd	42,000		40
Berger Paints T'dad Ltd	150,000		215
Lever Brothers W.I. Ltd	313,185		1,707
Metal Box T'dad Limited	150,000		60
West Indian Tobacco Co. Ltd	640,678		3,979
<b>CONGLOMERATES</b>		<b>13.8</b>	
T. Geddes Grant Limited	118,366		98
Mc Eneaney Alstons Limited	700,000		329
Neal & Massy Holdings	233,000		284



**TRADING****17.0**

Agostini's Limited	237,000	232
Furness Trinidad Limited	262,000	286
Stephens & Ross Limited	300,000	129
L. J Williams Limited	160,000	488

**CONSTRUCTION****8.0**

Home Construction	64,062	253
Readymix (W.I.) Limited	720,000	288

**BONDS**

GOVERNMENT BONDS (Cost)		647
T&TEC Bonds (Cost)		40
TOTAL (COST = \$25,580)	100.0	15,060



TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

**FIRST UNIT SCHEME**  
**SCHEDULE OF DEPOSITS HELD AT FINANCIAL INSTITUTIONS**  
**AS AT DECEMBER 31, 1985**

INSTITUTIONS	MATURITY DATE	INTEREST RATE	AMOUNT
* International Trust Limited	21.3.84	14.00%	2.0m
Worker's Bank of Trinidad and Tobago	28.2.86	10.00%	.7m
Republic Bank of Trinidad and Tobago Limited	11.2.86	8.25%	.3m
Scotia Bank of Trinidad and Tobago Limited	12.1.86	8.50%	.3m
			3.3m

\* The original rate of interest on the deposit for the year 21.3.83 to 21.3.84 was 14%.

Following High Court Action #2646 dated July 9, 1984, the interest rate applicable for the period March 22, 1984 to July 9, 1984 was negotiated at 9.25% for this period. The statutory rate of 6% will apply thereafter.



## TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1985

#### 1. Activities

The Trinidad and Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act, 1981, generally to provide facilities for participation by members of the public in the income and capital of companies. To assist in attaining the viability of the Corporation, the Central Bank of Trinidad and Tobago has agreed to waive the annual management charge of two hundred and fifty thousand dollars (\$250,000) imposed on the Corporation and also agreed to continue providing all management and other services required by the Corporation up to the year 1989.

#### 2. Accounting Policies

The accounting policies of the Corporation are based on generally accepted accounting principles. The significant ones are stated below:—

- (a) Security valuation: Securities traded on the Trinidad and Tobago Stock Exchange are valued by the Corporation on an offer basis which results from mid-market quotations by the Stock Exchange on the last trading day of the year.
- (b) Equalisation: The Corporation follows the accounting practice known as equalisation by which a portion of the proceeds from sales and cost of repurchases of unit capital equivalent, on a per unit basis, to the amount of distributable investment income on the date of the transaction is credited or charged to net income.
- (c) Other: As is common in the industry, security transactions are accounted for on the date the securities are purchased or sold. Distributions to unitholders are recorded on the ex-distribution date.

#### 3. Taxes

Corporation Tax and Unemployment Levy: The Corporation is exempt from the corporation tax and unemployment levy under Section 35 of the Unit Trust Corporation of Trinidad and Tobago Act, 1981. The Acts Nos. 4 and 6 1984 provide for the corporation to be eligible to receive the Dividend Income Allowance on all dividends received from January 1984.



#### **4. Distribution**

Distribution during the year amounted to two million, ninety eight thousand four hundred and forty eight dollars (\$2,098,448). On March 16th, 1985 a total of eight hundred and fourteen thousand, eight hundred and sixty one dollars (\$814,861) was paid to unitholders on record as at December 31, 1984. On September 16th, 1985 one million two hundred and eighty three thousand five hundred and eighty seven dollars (\$1,283,587) was paid to unitholders on record as at June 30th, 1985.

#### **5. Children's Investment Starter Plan (CISP) Reserve**

Children's Investment Starter Plan (C.I.S.P.) is a plan established to provide long term investment in trust for a child and is restricted to the holding of ten (10) units.

On the purchase of five (5) units the investor is granted a loan for the acquisition of an additional five (5) units, which is repaid by the distributions generated from the ten (10) units over a period of approximately five (5) years.

In accordance with the provisions of Section 26 (1) and (2) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981, the Board of Directors established a Children's Investment Starter Plan Reserve Fund to provide for funding of the Children's Investment Starter Plan which was introduced on 29th May, 1985.

#### **6. Deposits**

Included in this account is an amount of \$2.0 million in a non-bank financial institution. Since the appointment of a receiver of this institution was made by the courts on February 29th, 1984 the Directors have taken a decision to set up a provision of \$1.0 million from the Initial Capital subscribed, against which any probable loss may be written off, thus ensuring that no loss will be borne by unitholders.

#### **7. At 31st December 1985 there were 2,779,175 units in issue. The Capital amounted to \$25,769,000.**

At 31st December, 1985 there were 500,000 units in issue to subscribers to the initial capital. There were no repurchases of capital by the contributors to the Initial Capital.

#### **8. Guarantee Reserve Fund**

In accordance with the provision of Section 26 (1) and (2) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981, the Board of Directors established a Guarantee Reserve Fund to ensure adequate funding of the Guaranteed Pricing Plan which was





introduced in January, 1985. The Guarantee Reserve Fund is funded from two (2) sources. In the first place ten percent of the income available for distribution is placed in the reserve fund and secondly the proceeds from the income allocated to the initial capital contributed by the Central Bank in accordance with the provision of Section 27 is transferred to the fund.

#### **9. Purchase of Securities**

Purchase of securities during the period amounted to \$1,221,000. There were no sales of securities during the period.

#### **10. Management Fee**

The Unit Trust Corporation received fees of one hundred and ninety one thousand dollars (\$191,000) for investment management and advisory services. The fee is based on 1% of the size of the fund on the ex-distribution dates.

#### **11. Selected Data**

Selected data per unit outstanding at 31st December:

(a) Investment Income	\$ .73
(b) Expenses	\$ .06
(c) Net Investment Income	\$ .67
(d) Distribution	\$ .58
(e) Undistributed Net Income	\$ .09

#### **12. Net Income Brought Forward**

The comparative 1984 figure for net income brought forward of \$637,000. appearing on the 1985 financial statement has been restated.



## TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

### **SCHEDULE I CONTRIBUTORS TO THE INITIAL CAPITAL OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION**

1. Central Bank of Trinidad and Tobago

2. The National Insurance Board

3. Commercial Banks:—

Bank of Commerce Trinidad and Tobago Limited  
Bank of Nova Scotia Trinidad and Tobago Limited  
National Commercial Bank of Trinidad and Tobago Limited  
Republic Bank Limited  
The Royal Bank of Trinidad and Tobago Limited  
Trinidad Co-operative Bank Limited  
United Bank of Trinidad and Tobago Limited  
Workers' Bank of Trinidad and Tobago

4. Non-Bank Financial Institutions:—

Amalgamated Finance Company Limited  
Bank of Commerce Trust Company (Trinidad and Tobago) Limited  
Bank of Nova Scotia Trust Company of the West Indies Limited  
Caribbean Finance Company Limited  
Commercial Finance Company Limited  
General Finance Corporation Limited  
International Trust Limited  
MAT Securities Limited  
National Commercial Bank Trust Company (Trinidad and Tobago) Limited  
Republic Finance Corporation Limited  
Royal Bank Trust Company (Trinidad) Limited  
Southern Finance Company Limited  
Summit Finance Corporation Trinidad and Tobago Limited  
The Royal Bank Mortgage and Finance Company Limited  
Trade Confirmers Limited  
Trinfinance Limited  
Trinidad Co-operative Bank Trust Company Limited



5. Life Insurance Companies:—

American Life and General Insurance Company (Trinidad) Limited  
Barbados Mutual Life Assurance Society  
British-American Insurance Company (Trinidad) Limited  
Caribbean Atlantic Life Insurance Company Trinidad and Tobago Limited  
Colonial Life Insurance Company (Trinidad) Limited  
Crown Life (Caribbean) Limited  
Cuna Mutual Life and General Insurance Company Limited  
GTM Life Insurance Company of Trinidad and Tobago Limited  
Guardian Life of the Caribbean Limited  
Life of Barbados Limited  
Maritime Life (Caribbean) Limited  
Nationwide Insurance Company Limited  
TATIL Life Assurance Limited  
The Demerara Life Assurance Company of Trinidad and Tobago Limited  
Winsure Life Insurance Company Limited  
United Security Life Insurance Company Limited