



TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION

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# ANNUAL REPORT

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ANNUAL REPORT & ACCOUNTS  
FOR THE YEAR ENDED  
DECEMBER 31, 1987

UNIT TRUST CORPORATION

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# ANNUAL REPORT

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FOR THE YEAR ENDED

DECEMBER 31, 1987

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**SIXTH ANNUAL REPORT  
AND ACCOUNTS 1987**

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**CORPORATE INFORMATION**


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Chairman	<b>Rolston Nelson</b>
Executive Director	<b>E. Henry Sealy</b>
Directors	Douglas Camacho Amoy Chang Fong (Miss) Winston Connell Oscar Edghill John Smith Sookh Mungal Supersad Carl Tull Ronald Wilson
Secretary	Radica Maharaj-Cowie (Mrs)

**Changes in Board  
during the year.**

Mr. John Hunt resigned as Chairman of the Board on March 17, 1987. Mr. Rolston Nelson was appointed Chairman for a period of five (5) years with effect from June 23, 1987 in accordance with Section 7(1)(a) of the Unit Trust Corporation of Trinidad and Tobago Act. In April 1987, four (4) directors, Messrs. Dunbar McIntyre, Michael Chambers, Peter Knaggs and Denis Borde, representing commercial banks, financial institutions and life insurance companies retired from the Board in accordance with Section 7(4) of the Act and were replaced by Messrs. Douglas Camacho, Oscar B. Edghill, John Smith and Ronald Wilson in accordance with Section 7(1)(f) and 7(4) of the Act each for a period of four (4) years with effect from April 15th, 1987. Mr. Sookh Mungal Supersad was reappointed for (1) year with effect from September 18, 1987 in accordance with Sections 7(2) and 5(a) of the Act.

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**CORPORATE INFORMATION**

(continued)

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**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  
Eric Williams Finance Building  
Eric Williams Plaza  
Port of Spain

**Solicitors**

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

**Head Office**

12th Floor, Central Bank Building  
Eric Williams Plaza  
Port of Spain  
Trinidad and Tobago  
Phone: 625-9046/7  
Fax: (809) 627-1522

**Branch Office**

140 Coffee Street  
San Fernando  
Trinidad and Tobago  
Phone: 652-4157



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## PROFILE OF OUR NEW CHAIRMAN

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Mr. Rolston Nelson was first appointed to the Board of the Corporation on November 11, 1982.

He is a past student of Queens Royal College where in 1960 he won an additional national scholarship in Modern Languages. He then proceeded to the University of Oxford and in 1964 graduated with Honours from the School of Modern Languages and in 1966 from the School of Jurisprudence. He pursued post graduate studies at the University of London where in 1971 he was awarded a Master of Law degree. He was called to the Bar at Lincoln's

Inn in 1970 and received his pupillage in Chancery Chambers in 1972 where he specialised in Taxation. Mr. Nelson was also a tutor at the Norman Manley Law School, Jamaica during the period 1973 to 1975 where he lectured in Taxation, Company Law and Evidence and from 1977 to present he has been an Associate Tutor at the High Wooding Law School, St. Augustine. He is presently in private practice and has been since 1976.

Mr. Nelson succeeds Mr. John Hunt.

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## CHAIRMAN'S REPORT

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This Sixth Annual Report of the Trinidad and Tobago Unit Trust Corporation affords me the first opportunity as Chairman of the Board of Directors of the Corporation to report to unitholders. You may recall that on June 23, 1987, I was appointed Chairman, by the President of the Republic of Trinidad and Tobago on the recommendation of the Central Bank for a five (5) year term. Prior to this however, I had served continuously on the Board of Directors of the Corporation for over four (4) years having been first appointed on November 10, 1982.

I am now happy to report that the Trinidad and Tobago Unit Trust Corporation recorded a successful year during the financial year ended December 31, 1987, as the institution continued its growth and expansion for the third consecutive year.

During the year, gross unit sales rose 83.1 per cent to \$22.7 million, from the level of \$12.4 million in 1986. We at the Unit Trust Corporation, are indeed heartened by this performance, particularly in the context of the economic environment within which we operated during the course of the year. The year 1987 therefore marked the third consecutive year of a net inflow into the First Unit Scheme, thereby brightening the prospects of the fund, the size of which rose from \$29.1 million at the end of 1986 to \$49.8 million as at December 31, 1987.

Notwithstanding an encouraging sales performance in 1987, the Corporation continues to be concerned with the performance of the domestic stockmarket, which during the year recorded low levels of transactions, with the sectoral indices continuing to be depressed. There was a slight rally on the market early in the final

quarter of the year but this was not sustained by year-end, which witnessed a market poised for a resumption of a continuous decline in values, which has made itself manifest in 1988.

The Corporation celebrated its fifth anniversary during the year, the highlight of which was a symposium entitled "Trinidad and Tobago Unit Trust Corporation - A Project in Economic Democracy, Five Years and Beyond", which attracted over two hundred (200) participants from a wide cross-section of the community. The opportunity was also taken to address a wide range of issues deemed to be critical to the domestic financial sector.

The tenth distribution paid out by the Corporation virtually coincided with its fifth anniversary. For the year 1987 as a whole, the First Unit Scheme managed by the Corporation realised net investment income of \$3.6 million compared with \$2.7 million in 1986. The two (2) distributions in the year totalled \$3.0 million or 47¢ per unit compared with \$2.2 million or 57¢ per unit in 1986. The pay-out in respect of earnings in 1987 brought the total pay-out by the Corporation since its inception to \$12.3 million.

The Corporation in its attempt to play a more fundamental role in the economic development of Trinidad and Tobago, embarked on several initiatives during the course of the year. Among these were the agreement by the Government of Trinidad and Tobago in its Investment Policy for Trinidad and Tobago for the Corporation to undertake investments in overseas markets, and the permission for the Corporation to place investment instruments overseas. Considerable work has already been done by



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**CHAIRMAN'S REPORT**

(continued)

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the Corporation with a view to taking advantage of these policy guidelines in 1988.

The Board of Directors has also agreed that the Unit Trust Corporation of Trinidad and Tobago Act and the accompanying Regulations should be amended to provide greater flexibility of operation by the Corporation, consistent with the achievement of the developmental objectives for which the institution had been established.

As the Corporation looks forward to 1988, I want to take the opportunity to express, on behalf of the Board of Directors, and indeed the management and staff of the Corporation its appreciation of the confidence in the Corporation displayed by unitholders, and I hope that this support and confidence will be sustained in 1988 and beyond. We at the Corporation have taken due note of the

likely impact of the 1988 budgetary measures on the consumption and savings pattern of the society as a whole, but we also maintain that the savings and investment functions are critical to the medium and long-term viability of the Trinidad and Tobago economy and the Unit Trust Corporation is poised to undertake prudent and efficient investment activity to assist in the process of economic development and growth.

I want to express my thanks and appreciation for the co-operation and support given to me by the other members of the Board, and to underscore the fact that the achievements recorded by the Corporation during the year could not have been possible without the dedication and commitment of the management and staff whose efforts I publicly acknowledge.



Rolston Nelson  
Chairman

April 26, 1988



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## SUMMARY OF OPERATIONS

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### (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 the 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. The First Unit Scheme is the first step in satisfying the Corporation's mandate to create a wider shareholding democracy with its attendant benefits. The unitholder benefits from the opportunity for growth and regular income distributions, the source of which is mainly dividends paid by listed public companies whose securities are quoted on the Stock Exchange and interest income from fixed income securities.

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) Sales and Repurchases

Net unit sales in 1987 reached a record high of \$20.6 million, an increase of 82.3 per cent from the 1986 level of \$11.3 million. Repurchases also rose during the year to \$0.9 million, compared with \$0.6 million in 1986. The Scheme therefore recorded a net inflow of \$19.7 million compared with one of \$10.7 million in 1986. This satisfactory performance by the Scheme reflects the continuous efforts being made by the management and staff to promote and encourage the acquisition of the unit as an investment instrument to satisfy the wide and varied needs of unitholders.

#### (ii) Unit Prices

Stock prices essentially held stable during 1987 with certain sectors showing some marginal advances in the year particularly during the latter half of the year. The composite stockmarket index (January 1, 1983=100) measured 39.8 points, up marginally from 38.3 points in December 1986. Of the six (6) sub-components within the index, four (4) recorded advances, with the largest gains being registered by the two (2) manufacturing sub-sectors. Manufacturing I sector gained 8.1 percentage points rising to an index of 138.3, while the Manufacturing II sub-sector gained 7.5 percentage points to close at 32.3.

Given the mild improvement in stock prices during the year, unit prices also registered some gain, rising from prices of \$5.70 (Offer) and \$5.40 (Bid) at the beginning of the year to \$6.35 (Offer) and \$6.05 (Bid) by year end. This was also reflected in the unit price index which rose from 56.7 points to 62.8 points.

#### (iii) Investment of Funds

Each of the three (3) segments of the Scheme's investment portfolio, (i.e. equities, bonds and deposits) was strengthened during 1987, as the Corporation sought to prudently strike an appropriate balance in its portfolio given an enhanced inflow of funds during the year. The inflow of funds however was not evenly distributed during the year, with the month of December alone accounting for approximately 61.0 per cent of the overall net inflow and this has resulted in a substantial build-up of cash and deposit holdings by year-end.



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## SUMMARY OF OPERATIONS

(continued)

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During the year, the Corporation increased investments in equity by \$7.8 million, distributed among nine (9) stocks, eight (8) of which reflected increases in holdings from the previous year. The Corporation acquired for the first time equity in one (1) private company. The Corporation also liquidated holdings in two (2) stocks, hence by year-end the Corporation held altogether equity in twenty-one (21) companies, as against twenty-two (22) in the previous year.

The government and government-guaranteed bond segment was increased during the year from \$2.6 million to \$4.3 million as the Corporation sought to take advantage of the relatively high-yielding gilt-edged securities, and simultaneously assist in the development process of Trinidad and Tobago.

As indicated earlier, the substantial increase in the cash and deposits segment of the portfolio, from \$11.9 million or 37.2 per cent of the portfolio in 1986 to \$23.6 million or 42.5 per cent in 1987 essentially underscores the bulging of the inflows in December 1987. The sizeable cash holdings in the First Unit Scheme however does place the institution in a position to take advantage of any investment opportunities which may arise in 1988.

### (iv) Income Distribution

In the two (2) distributions in respect of the financial year ended December 31, 1987 the Corporation paid on behalf of the First Unit Scheme a total of \$3,190,782 or 47¢ per unit, compared with \$2,389,755 or 57¢ per unit in 1986. Although the distribution rate (47¢ per unit) represented a decline from the previous year, this performance in the context of the failure by many public companies to declare a dividend during the year, is a creditable one.

Since the launch of the First Unit Scheme, the Corporation has paid out a total of \$12,266,696 in ten (10) distributions to its unitholders, with the distributions in 1987 of \$3.2 million being the highest in any one year.

The Corporation continues to explore new and creative ways in making units the foremost investment instrument in Trinidad and Tobago. Towards this end, approaches had been made for, and the government accepted, an enhanced role for the Unit Trust Corporation which has been outlined in the Trinidad and Tobago Investment Policy.

The new investment policy permits the Corporation to "place appropriate instruments in overseas markets with the intention of mobilising savings of both nationals and non-nationals abroad". The Corporation has already taken the initial steps towards the implementation of this policy, and metropolitan centres with a concentration of Trinidad and Tobago nationals will be the initial targeted areas.

Moreover, the Corporation has also been granted permission to strengthen its "portfolio of assets by investing in approved foreign securities". This measure adds a new dimension to the operations of the Corporation, geared towards the improvement of the benefits of unitholders. It is anticipated that this measure will be implemented during 1988.

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**SUMMARY OF OPERATIONS**

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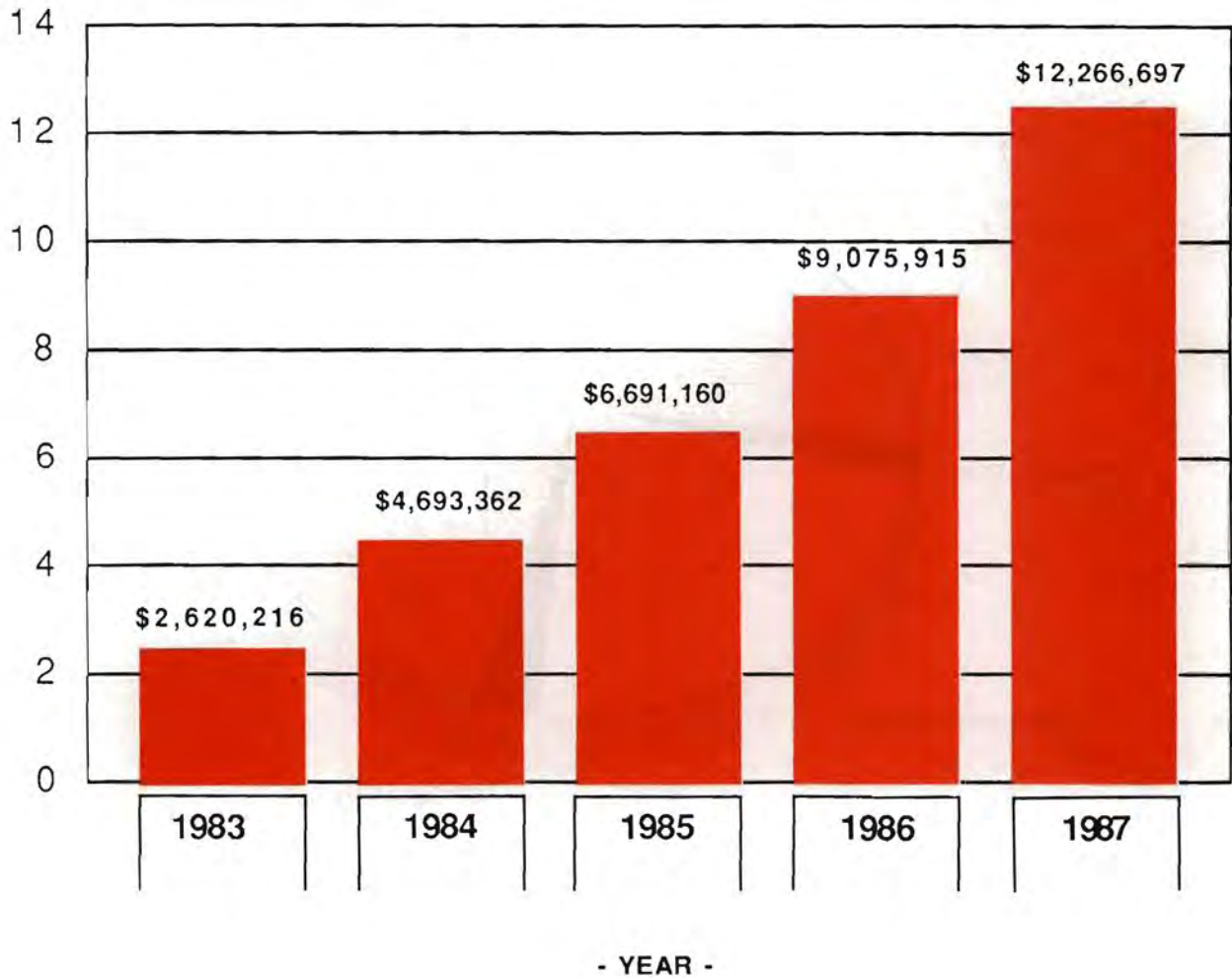
In addition to the above noted measures, the Board of Directors of the Corporation has agreed to amend the Unit Trust Corporation of Trinidad and Tobago Act and the related Regulations to permit greater flexibility in the operation of the Corporation which ultimately will lead to a better return to the unitholder. In this context, the maximum unitholding by an investor has been increased from forty thousand (40,000) units to two hundred thousand (200,000) units, thereby enabling large institutional investors to have a more meaningful participation in the fund.

The Corporation will continue with its efforts to inform the general public on financial matters, through its educational seminars on personal financial management. The clear intention of these seminars is to expose the whole population to the various benefits to be derived from the wide spectrum of available savings and investment instruments in Trinidad and Tobago.



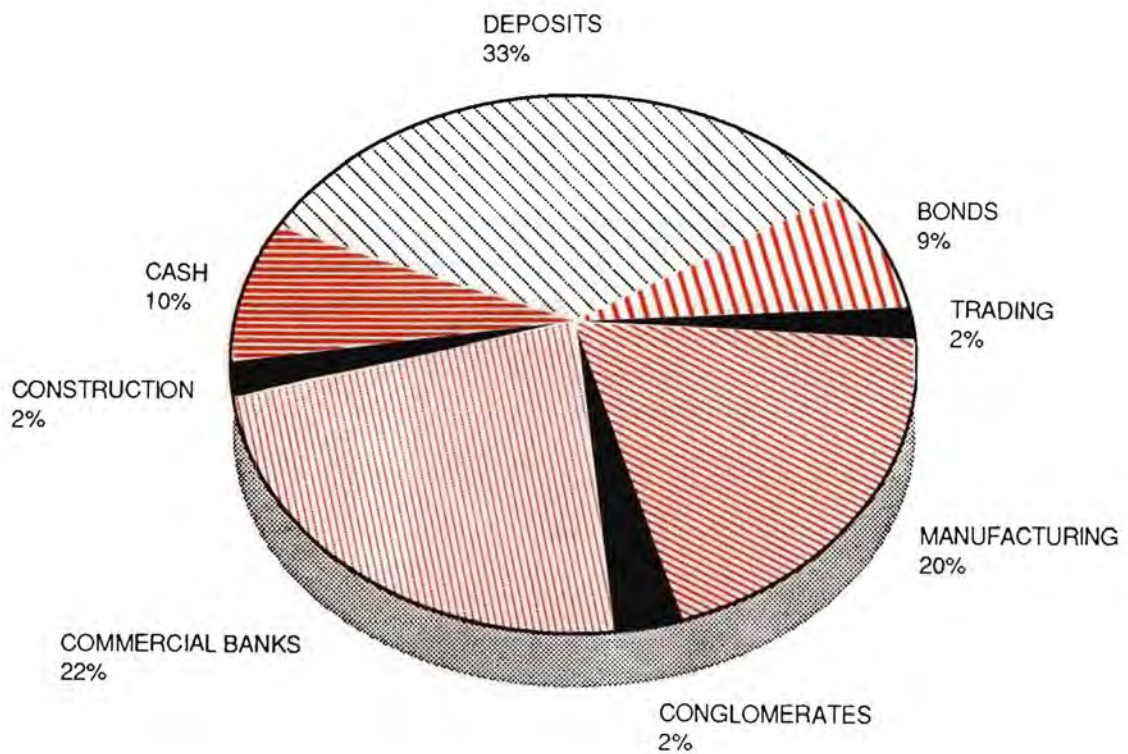
**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
DISTRIBUTION OF INCOME  
CUMULATIVE TOTAL 1983-1987**

\$ MILLIONS

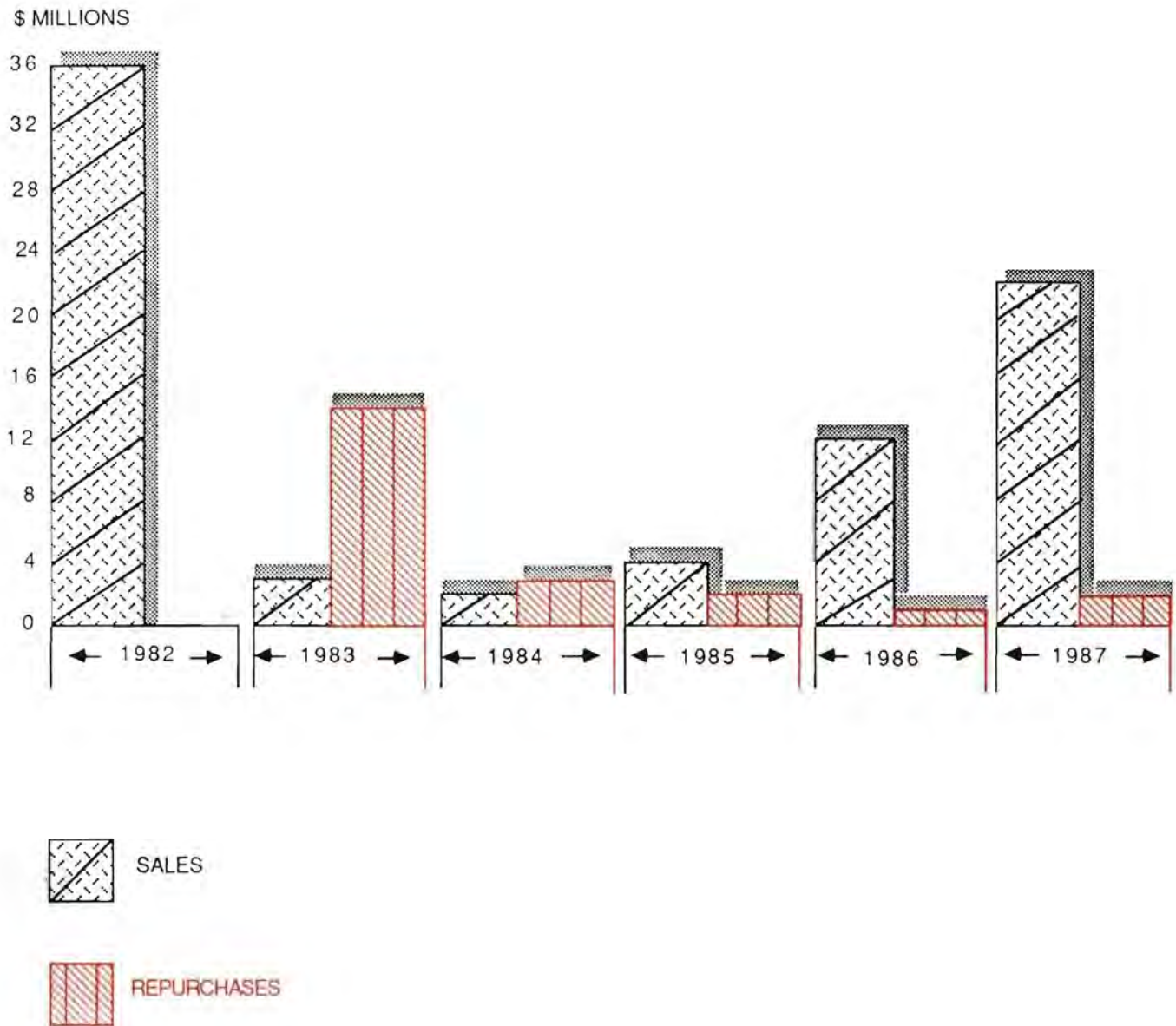


Source: Trinidad and Tobago Unit Trust Corporation

**STRUCTURE OF THE INVESTMENT PORTFOLIO  
OF THE FIRST UNIT SCHEME  
(AS AT DECEMBER 31, 1987)**



**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
UNIT SALES AND REPURCHASES  
(1982-1987)**





**AUDITOR'S REPORT**

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**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, 1987**

The Accounts of the Trinidad and Tobago Unit Trust Corporation for the year ended 31st December, 1987 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, 1987 and the results of its operations for the year then ended.

28th April, 1988

A. A. CAMPBELL  
AUDITOR GENERAL

**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
BALANCE SHEET  
AS AT DECEMBER 31ST, 1987**

		1987	1986
	NOTES	\$'000	\$'000
<b>ASSETS</b>			
Cash at Bank		4,159	2,107
Receivables		1,248	935
First Unit Scheme	1	49,775	29,131
		<u>55,182</u>	<u>32,173</u>
<b>LIABILITIES</b>			
Accounts Payable		287	90
Provisions	6	1,000	1,000
<b>RESERVES</b>			
Guarantee Reserve Fund	8	1,184	744
Children's Investment Starter Plan (CISP) Reserve	5	46	46
<b>CAPITAL</b>			
Unit Capital	7	56,464	36,873
Initial Capital		5,000	5,000
<b>DEDUCT</b>			
Transfer to Provision	6	(1,000)	(1,000)
Unrealised Depreciation on Investment		(10,157)	(12,326)
Loss on Sale of Investments	10	(1,320)	-
		<u>51,504</u>	<u>30,427</u>
Net Income Carried Forward	14	3,678	1,746
		<u>55,182</u>	<u>32,173</u>

*R.F. Nelson*

CHAIRMAN

*E. Henry Sealy*

E. HENRY SEALY  
EXECUTIVE DIRECTOR

**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
INCOME & EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31st, 1987**

		1987	1986
	NOTES	\$'000	\$'000
<b>INCOME</b>			
Sales-Initial charge on New Units		1,013	550
Management Charge	13	408	262
Investment Income		139	96
Managers' Holding Income		1	2
Interest		191	86
<b>TOTAL INCOME</b>		<b>1,752</b>	<b>996</b>
<b>DEDUCT TRADING EXPENSES</b>			
Agents' Commission		256	140
Income Equalization	11	-	408
Miscellaneous Expenses		1	-
		<b>257</b>	<b>548</b>
<b>NET INCOME OF CORPORATION</b>	1	<b>1,495</b>	<b>448</b>
<b>NET INCOME BROUGHT FORWARD</b>		<b>1,746</b>	<b>1,298</b>
<b>PRIOR YEAR ADJUSTMENT</b>	12	<b>437</b>	<b>-</b>
<b>NET INCOME CARRIED FORWARD</b>	14	<b>3,678</b>	<b>1,746</b>



**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
FIRST UNIT SCHEME  
STATEMENT OF ASSETS & LIABILITIES  
AS AT DECEMBER 31st, 1987**

		1987	1986
	NOTES	\$'000	\$'000
<b>ASSETS</b>			
Investments in Securities at Value (Cost \$38,735,725.46; 1986 \$30,609,926)	9	28,579	18,284
Cash and Deposits	6	23,626	11,853
<b>Receivables</b>			
Refund of Dividend Income Allowance		1,101	1,024
		<b>53,306</b>	<b>31,161</b>
<b>LIABILITIES - Funds Employed</b>			
Distribution Payable		1,652	1,072
Broker - Payable		731	-
Due to Unit Trust Corporation		668	666
Management Charge Payable		249	146
Undistributed Income		44	24
Allocation to Guarantee Reserve Fund	8	187	122
		<b>3,531</b>	<b>2,030</b>
<b>NET ASSETS</b>			
Equivalent to \$5.70 per unit (1986 - \$5.55) based on 8,736,070 (1986 - 5,247,675) units in issue		<b>\$ 49,775</b>	<b>\$ 29,131</b>

**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
FIRST UNIT SCHEME  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31st, 1987**

		1987	1986
	NOTES	\$'000	\$'000
<b>INVESTMENT INCOME</b>			
Dividend (including Dividend Income Allowance \$1,100,613 1986 - \$1,015,330)	3	2,421	2,234
Interest		1,658	788
		<b>4,079</b>	<b>3,022</b>
<b>EXPENSES</b>			
Management Charge	13	408	262
Interest		93	86
		<b>501</b>	<b>348</b>
<b>Net Investment Income</b>		<b>3,578</b>	<b>2,674</b>
<b>UNREALISED APPRECIATION/DEPRECIATION OF INVESTMENTS</b>			
Cost of Assets Acquired	9	38,736	30,610
Value of Assets at End of Period		28,579	18,284
Unrealised depreciation of Investments		<b>\$ 10,157</b>	<b>\$ 12,326</b>

**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
FIRST UNIT SCHEME  
INCOME DISTRIBUTION ACCOUNT  
JANUARY - DECEMBER 1987**

		1987	1986
	NOTES	\$'000	\$'000
<b>INCOME</b>			
Net Investment Income		3,578	2,674
		<b>3,578</b>	<b>2,674</b>
<b>DEDUCT</b>			
Distribution to Initial Contributors 30¢ per unit (1986: 30¢ per unit)	4	75	75
Distribution to Unitholders 47¢ per unit (1986 57¢ per unit)	4	3,043	2,234
		<b>460</b>	<b>365</b>
<b>ADD</b>			
Undistributed Income brought forward		24	4
		<b>484</b>	<b>369</b>
<b>DEDUCT</b>			
Allocation to Guarantee Reserve Fund	8	440	345
Undistributed Income Carried Forward		<b>44</b>	<b>24</b>



**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
FIRST UNIT SCHEME  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31st, 1987**

		1987	1986
	NOTES	\$'000	\$'000
<b>FROM INVESTMENT ACTIVITIES</b>			
Net Investment Income		3,578	2,674
Distribution #9 (1986 #7)	4	1,516	1,275
Undistributed Net Investment		2,062	1,399
Proposed Distribution #10 (1986 #8)	4	(1,602)	(1,034)
Allocation to Guarantee Reserve Fund in Unit Trust Corporation	8	(440)	(345)
Undistributed Income		20	20
Unrealised Appreciation / Depreciation of Investments		2,213	(1,094)
Loss on sales of investments	10	(1,320)	-
Increase/Decrease in Net Assets derived from Investment Activities		913	(1,074)
<b>FROM CAPITAL TRANSACTIONS</b>			
Sales of Units		20,601	11,266
Repurchases of Units		870	597
		19,731	10,669
Changes from operations		20,644	9,595
Net Assets brought forward		29,131	19,536
Net Assets as at 31st December		49,775	29,131

**TRINIDAD AND TOBAGO  
UNIT TRUST CORPORATION  
FIRST UNIT SCHEME  
PORTFOLIO OF INVESTMENT IN SECURITIES  
AS AT DECEMBER 31st, 1987**

SECURITY	SHARE HOLDING	VALUE \$'000
<b>BANKS</b>		
Bank of Commerce T&T Ltd.	1,156,571	1,955
Bank of Nova Scotia T&T Ltd.	593,360	2,225
National Commercial Bank T&T Ltd.	2,130,589	1,790
Republic Bank Ltd.	2,184,000	2,861
Royal Bank of T&T Ltd.	1,442,040	1,889
United Bank of T&T Ltd.	221,571	264
Workers Bank of T&T	200,000	360
<b>MANUFACTURING</b>		
Angostura Holdings Ltd.	950,205	2,898
Bata T&T Ltd.	42,000	37
Berger Paints T'dad Ltd.	150,000	134
Lever Brothers W.I. Ltd.	373,161	2,355
T'dad Food Products Ltd.	121,000	339
West Indian Tobacco Co. Ltd.	640,678	4,459
<b>CONGLOMERATES</b>		
Geddes Grant Ltd.	118,366	138
Mc Enearney Alstons Ltd.	700,000	735
Neal & Massy Holdings Ltd.	233,000	163
<b>TRADING</b>		
Agostini's Limited	237,000	249
Furness Trinidad Limited	262,000	458
L.J. Williams Limited	160,000	141
<b>CONSTRUCTION</b>		
Home Construction Limited	77,202	322
Readymix (W.I.) Limited	720,000	475
<b>BONDS</b>		
Government		3,387
Government Guaranteed		945
<b>TOTAL</b>		<b>28,579</b>

## NOTES TO FINANCIAL STATEMENTS

### 1. Incorporation and Principal 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 listed on the Trinidad and Tobago Stock Exchange. To this end the Corporation established a First Unit Scheme in accordance with Section 13 of the Unit Trust Corporation of Trinidad and Tobago Act.

### 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) 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 of 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 four hundred and seventy four thousand seven hundred and sixty one dollars (\$2,474,761). On March 16th, 1987 a total of nine hundred and ninety seven thousand and twelve dollars (\$997,012) was paid to unitholders on record as at December 31st, 1986. On September 16th, 1987 one million four hundred and seventy seven thousand seven hundred and forty nine dollars (\$1,477,749) was paid to unitholders on record as at June 30th, 1987.

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

Children's Investment Starter Plan (CISP) 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 May 29th, 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.



**NOTES TO FINANCIAL STATEMENTS**

(continued)

**7. Units In Issue**

At December 31st, 1987 there were 8,736,070 units in issue. The capital amounted to \$56,464,000. At December 31st, 1987 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 per cent 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.

**GUARANTEE RESERVE  
FUND SCHEDULE**

	\$
4th Distribution	138,897.00
5th Distribution	180,964.89
6th Distribution	117,347.68
7th Distribution	185,374.33
8th Distribution	159,304.16
9th Distribution	214,980.94
10th Distribution	187,167.15

**\$1,184,026.15**

**9. Purchase of Securities**

Purchase of securities during the period amounted to \$9,590,000.

**10. Sale of Securities**

The Corporation sold a total of 463,500 stock units of various equity held on its portfolio and registered a net loss on sale of \$1,319,733.

**11. Equalisation**

The Corporation follows the accounting practice known as equalisation, by which the accrued income included in the price of the unit is deducted when units are created in the Scheme and made available to unitholders at distribution time.

**12. Prior Year's Adjustment**

In 1986 the Corporation made twelve (12) appropriations to the First Unit Scheme. The total income content of these appropriations amounted to \$437,000 and this should have been appropriately charged to the Unit Capital Account. Adjustments to the Unit Capital Account and the Profit and Loss Account of the Corporation were made in 1987. This adjustment is reflected in the net income carried forward figure for 1987.

**13. Management Fee**

The Unit Trust Corporation earned fees of four hundred and eight thousand dollars (\$408,000) for investment management and advisory services. The fee is based on one per cent of the size of the fund on the ex-distribution dates.

**14. Net Income**

The net income of the Corporation does not include any charge for administrative and other expenses. The Central Bank of Trinidad and Tobago by virtue of a Technical Services Agreement provides all management and other support services including accommodation and other fixed assets required by the 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, T & T Limited  
Caribbean Finance Company Limited  
Commercial Finance Company Limited (DIC)  
General Finance Corporation Limited  
International Trust Limited (in receivership)  
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 (DIC)  
The Royal Bank Mortgage and Finance Company Limited  
Trade Confirers Limited (DIC)  
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 Ins. Co., (T'dad) Ltd.  
Crown Life (Caribbean) Limited  
Cuna Mutual Life Insurance Society  
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