Consolidated Financial Statements of

URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO LIMITED

December 31, 2009
(Presented in Trinidad and Tobago Dollars)

URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO LIMITED

Consolidated financial Statements

December 31, 2009

CONTENTS

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Independent Auditors' Report
To the shareholder of
Urban Development Corporation of Trinidad and Tobago Limited

We have audited the accompanying consolidated financial statements Urban Development Corporation of Trinidad and Tobago Limited (the "Corporation" or "UDeCOTT"), which comprise the consolidated statement of financial position as at December 31, 2009, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

Opening balances and their effect on statement of comprehensive income

On May 23, 2008, the Government of the Republic of Trinidad and Tobago appointed a Commission of Enquiry (the 'Commission') into the construction sector and the Corporation. While management has taken action to implement certain recommendations, as at the date of approval of these consolidated financial statements the investigations into the other findings of the Commission have not been concluded. We were unable to obtain sufficient appropriate audit evidence on opening balances for which a disclaimer of opinion was issued. While our procedures for the audit of the financial statements for the year ended December 31, 2009 enabled us to conclude on the completeness, existence and accuracy of balances at that date, we were unable to satisfy ourselves by alternative means concerning opening balances and their effect on amounts charged to the profit and loss account.

Valuation of Investment Property

As explained in Note 3(d) to the financial statements, investment properties include several properties that were not valued at the current year end in accordance with International Accounting Standard 40 – Investment Property. This constitutes non-compliance with the applicable accounting framework. At the year end the effect of this matter, which may be material to the financial statements, could not be quantified. Consequently we are unable to determine the impact of adjustments necessary to the carrying amounts and changes in fair values of investment properties.

Recoverable amounts of construction-in-progress and property, plant and equipment

As explained in Note 3(l) to the financial statements, assets that are subject to depreciation and/or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Management was unable to provide a valuation of the assets fair value and consequently the recoverable amount of these assets could not be determined. At the year end the effect of this matter, which may be material to the financial statements, could not be quantified. Consequently we are unable to determine the impact of adjustments necessary to the carrying amounts for construction-in- progress and property, plant and equipment and changes in accumulated deficits

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Urban Development Corporation of Trinidad and Tobago Limited as at December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Port of Spain
Trinidad and Tobago
March 25, 2019

URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO LIMITED

Consolidated Statement of Financial Position

December 31, 2009

	Notes	2009	Restated Unaudited 2008
		$	$
ASSETS			
Non-current assets			
Construction-in-progress	7	5,160,878,664	4,853,585,169
Investment properties	8	1,074,949,243	735,901,462
Property, plant and equipment	9	760,688,009	777,793,054
Value added tax recoverable	10	391,973,772	369,197,485
Restricted cash	11	4,439,033	1,287,238
		7,392,928,721	6,737,764,408
Current assets			
Project receivable	12	84,707,556	165,251,295
Accounts receivable and prepayments	13	736,386,823	607,543,979
Cash and cash equivalents	14	181,229,462	283,775,730
		1,002,323,841	1,056,571,004
Total Assets		8,395,252,562	7,794,335,412
EQUITY AND LIABILITIES			
Capital and reserve			
Share capital	16	999,602	999,602
Accumulated deficit		(554,351,236)	(211,156,725)
Revaluation reserve	17	7,796,567	3,048,443
Contributed capital	18	682,752,024	661,387,178
		137,196,957	454,278,498
Non-current liabilities			
Borrowings	19	7,340,606,976	6,364,234,842
Other liability	21	10,350,000	10,350,000
Deferred tax liability	22	40,879,641	38,257,023
		7,391,836,617	6,412,841,865
Current liabilities			
Accounts payable and accruals	23	605,978,856	622,281,896
Borrowings	19	154,250,363	196,304,255
Reserve development fund	24	103,619,852	106,805,139
Tax payable		1,229,203	495,882
Deposit on account	25	1,140,714	1,327,877
		866,218,988	927,215,049
Total Equity and Liabilities		8,395,252,562	7,794,335,412

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

Director

Director

URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED

Consolidated Statement of Comprehensive Income

Year ended December 31, 2009

	Notes	2009	Restated Unaudited 2008
		$	$
Income – Hotel Operations	26	217,093,703	168,606,703
Rental income	27	235,078,513	155,649,473
Project management fees		7,434,060	32,280,017
Other income	28	6,838,420	29,007,431
		466,444,696	385,543,624
Administrative expenses	29	(635,709,178)	(361,678,435)
Operating (loss) profit		(169,264,482)	23,865,189
Finance income	31	58,276,454	36,332,207
Finance costs	32	(228,808,961)	(110,993,651)
Finance costs - net		(170,532,507)	(74,661,444)
Loss before taxation		(339,796,989)	(50,796,255)
Taxation	33	(3,397,522)	(13,001,573)
Loss for the year being total comprehensive income for the year		(343,194,511)	(63,797,828)

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

URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED

Consolidated Statement of Changes in Equity

Year ended December 31, 2009

	Share Capital	Accumulated Deficit	Contributed Capital	Revaluation Reserve	Total Equity
	$	$	$	$	$
Year ended December 31, 2008					
Balance at January 1, 2008	999,602	(147,358,897)	660,957,023	-	514,597,728
Loss for the year	-	(63,797,828)	-	-	(63,797,828)
Revaluation surplus	-	-	-	3,048,443	3,048,443
Contributed capital for the year	-	-	430,155	-	430,155
Balance at December 31, 2008	999,602	(211,156,725)	661,387,178	3,048,443	454,278,498
Year ended December 31, 2009					
Balance at January 1, 2009	999,602	(211,156,725)	661,387,178	3,048,443	454,278,498
Profit for the year	-	(343,194,511)	-	-	(343,194,511)
Revaluation surplus	-	-	-	4,748,124	4,748,124
Contributed capital for the year	-	-	21,364,846	-	21,364,846
Balance at December 31, 2009	999,602	(554,351,236)	682,752,024	7,796,567	137,196,957

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

URBAN DEVELOPMENT CORPORATION
OF TRINIDAD AND TOBAGO LIMITED

Consolidated Statement of Cash Flows

Year ended December 31, 2009

	2009	2008
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(339,796,989)	(50,796,255)
Adjustments to reconcile loss to net cash from operating activities:		
Depreciation	50,726,854	43,579,659
Impairment provision and unwinding	-	(6,187,803)
Interest expenses	228,808,961	110,993,651
Interest income	(58,276,454)	(36,332,207)
	(118,537,628)	61,257,045
Changes in operating assets and liabilities:		
Value added tax recoverable	(22,776,287)	(369,197,485)
Accounts receivable and prepayments	(128,842,844)	370,870,117
Accounts payable and accruals	(16,303,040)	148,768,798
Project Receivables	80,543,739	65,018,111
Due from GORTT	-	7,554,819
Reserve development fund	(4,513,164)	101,242,952
Deposit on account	1,140,724	-
Interest paid	(228,808,961)	(110,993,651)
Taxation paid	(41,424)	(2,766,489)
Net cash (used in) from operating activities	(438,138,885)	271,754,217
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(33,621,809)	(808,937,648)
Purchase of Investment property	(339,047,781)	(150,693,521)
Purchase of Construction-in-progress	(302,545,540)	(730,830,630)
Interest received	58,276,454	36,332,207
Net cash used in investing activities	(616,938,676)	(1,654,129,592)

Consolidated Statement of Cash Flows (continued)

Year ended December 31, 2009

	2009	2008
	$	$
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings, net	934,318,242	1,484,394,728
Capital contributions	21,364,846	1,913,447
Net cash from financing activities	955,683,088	1,486,308,175
Net (decrease) increase in cash and cash equivalents	(99,394,473)	103,932,800
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	285,062,968	181,130,168
CASH AND CASH EQUIVALENTS AT END OF YEAR	185,668,495	285,062,968
Represented by		
Restricted cash	4,439,033	1,287,238
Cash	181,139,707	283,691,944
Short-term investments	89,755	83,786
	185,668,495	285,062,968

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

1. Incorporation and Principal Activities

Urban Development Corporation of Trinidad and Tobago Limited (the "Company" or "UDeCOTT") is incorporated in Trinidad and Tobago and is wholly owned by the Government of the Republic of Trinidad and Tobago (the "GORTT"). The Company commenced operations on January 13, 1995. The address of its registered office is 38-40 Sackville Street, Port of Spain. Details of the subsidiary companies are included in Note 15.

The consolidated financial statements of the Company as at and for the year ended December 31, 2009 comprise the Company and its Subsidiaries (together referred to as "the Group").

On March 25, 2019, the Board of Directors of Urban Development Corporation of Trinidad and Tobago Limited authorised these consolidated financial statements for issue.

The Group undertakes project development work on behalf of the GORTT. The work performed by the Group can be segregated into three principal categories:

(i) Project management activities

The Group provides full scale project development and management services which includes identification of appropriate site location, assisting in project design, selection of contractors, overseeing project execution and completion and procurement of funding. For these activities, the Group earns a project management fee.

(ii) Development of projects to be retained

The Group also undertakes project development work on assets that are expected to be retained on completion. These assets are expected to generate future returns in the form of rental income, or sale of the assets.

(iii) Hotel operations

The Company entered into a Multi-Party Agreement dated June 2, 2014 with Hyatt Trinidad Limited (the "Hyatt" or "hotel") and the Port of Spain Waterfront Development Limited ("POSWDL") wherein it was agreed that the Company is the sole "Owner" under the Hotel Management Agreement dated July 27, 2005. The Multi-Party Agreement specified that Hyatt shall manage and operate the hotel for the account and benefit of the Company in accordance with the Hotel Management Agreement. Accordingly, the operations of the Hyatt, which began operations on January 19, 2008, have been included in these financial statements.

The GORTT communicates development projects to be undertaken by the Group by way of letters, Cabinet Minutes or through Directives. The Group's Project Management activities are carried out in accordance with an agreement with the Ministry of Public Administration dated July 1, 1999.

2. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of preparation

The consolidated financial statements have been prepared using the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies in Note 3.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

(d) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be in operation in the foreseeable future.

The existence of the following factors as at the reporting date raises concerns about the use of the going concern assumption by the Group in the preparation of the financial statements for the year:

i. The Group experienced negative operating cash flows and incurred substantial operating losses for the year. The Group was in a net current liability position of at the end of the year.

ii. The gearing ratio of the Group is 98.16% (2008: 93.25%) which is comprised mainly of third party debt obligations guaranteed by the GORTT.

2. Basis of Preparation (continued)

(d) Going concern (continued)

iii. The Group is dependent on the GORTT to provide guarantees in order for the Group to restructure and/or repay existing loan facilities and to obtain new loan facilities. The Group is also dependent on capital contributions from the GORTT to support its primary operating activities.

However, these financial statements are prepared on the going concern basis, in accordance with IAS 1, since the Board of Directors and Management are of the view that the Group can continue to rely on the support of the Shareholder, the Government of the Republic of Trinidad and Tobago (GORTT), as required, in meeting its obligations as they fall due.

This support is evidenced by the fact that all of the Group's borrowings have been guaranteed by GORTT and are being serviced in full by GORTT. This debt service is accounted for as Capital Contributions in these financial statements.

Further evidence of support is in the active participation of GORTT in the activities of the Board of Directors of the Group along with assignment of various capital projects of GORTT to the Group.

The Group's strategic, corporate and business plans are noted by Cabinet. These plans were prepared by the Group's Management and are based on prudent assumptions which are considered realistic and achievable by the Board of Directors.

The ability of the Group to continue to trade and to meet its obligations is dependent on the continued support of the shareholder in the form of direct financing and or the provision of appropriate guarantees to third parties. There are no indications that such support will not be forthcoming.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. All subsidiaries were established by the Urban Development Corporation of Trinidad and Tobago Limited and are wholly-owned since incorporation. (See Note 15).

All inter-group transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated on consolidation.

Where necessary the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(b) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

3. Summary of Significant Accounting Policies (continued)

(c) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. Loans and receivables are recognised initially at fair value and subsequently measured at amortised less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. At the reporting date, the Group did not hold any available-for-sale financial assets.

The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the separate statement of comprehensive income. When an accounts receivable balance is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited in the separate statement of comprehensive income.

Dividends on available-for-sale equity instruments are recognised in the separate statement of comprehensive income as part of other income when the Group's right to receive payment is established.

3. Summary of Significant Accounting Policies (continued)

(d) Construction in progress

Construction in progress represents amounts expended on capital projects which the Group will retain in order to generate future revenue. Construction in progress are stated at historical cost less accumulated depreciation and impairment losses.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

(e) Managed developments in progress

The Group carries out project management activities on behalf of the GORTT based on an agreement with the GORTT on a project by project basis. Instructions are provided to the Group regarding the projects that are to be executed. The following functions are performed by the Group in its project management role: assisting in project design, selection of and entering into contracts with sub-contractors, certification of work performed by sub-contractors and settlement of amounts due to the sub-contractors. The Group is responsible for transferring the project to the GORTT on completion.

The Group accounts for this type of development work undertaken on behalf of the GORTT on a cost reimbursement basis as it is expected to be reimbursed for allowable or defined costs together with project management fees.

Contract costs are recognised when incurred. Variations in contract work are included in contract revenue to the extent that they are recoverable and are capable of being reliably measured. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion for the work performed.

The Group presents as an asset, the gross amount due from the GORTT for contract work for all work in progress in which the costs incurred plus project management fees recognised exceeds progress billings. Amounts billed and not yet paid are included within trade receivables.

The Group presents as a liability, the gross amount due to the GORTT for contract work for all contracts in progress for which the amounts paid by the GORTT exceeds the cost incurred plus the project management fees recognised.

Advances received from the GORTT where work has not yet been undertaken are reflected as liabilities in the separate financial statements.

3. Summary of Significant Accounting Policies (continued)

(f) Investment property

Investment properties are initially recognised at cost and subsequently recognised at market value. Market value is either determined by management or an independent valuator. The market value is reviewed every three years.

(g) Property, plant and equipment

Buildings held for the Group's own use are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in the separate statement of comprehensive income as incurred.

Depreciation is calculated on other assets using the straight line method to allocate their cost to their residual values over their estimate useful lives, as follows:

Building	-	5%
Furniture and fixtures	-	10%
Office equipment	-	20%
Motor vehicles	-	20%
Computer equipment	-	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

3. Summary of Significant Accounting Policies (continued)

(h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments and short-term investments with a maturity of three months or less, net of bank overdraft.

(i) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When an accounts receivable balance is uncollectible, it is written off against the allowance account for accounts receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(k) Trade payables

Trade payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

3. Summary of Significant Accounting Policies (continued)

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable for the provision of services rendered in the ordinary course of the Group's activities.

The following specific recognition criteria must also be met before revenue is recognised:

Construction contract revenue and project management fees

Revenue for contract work performed on behalf of GORTT is recognised based on the recoverable costs incurred by the Group during the period plus the project management fees earned for the period which are measured based on surveys of work performed. The project management fees are calculated as a percentage of the construction costs incurred for the period.

3. Summary of Significant Accounting Policies (continued)

(m) Revenue recognition (continued)

Interest income

Revenue is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Rental income

Rental income is recognised on the accruals basis using the straight line method.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Current and deferred income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts to be paid to the tax authorities.

3. Summary of Significant Accounting Policies (continued)

(o) Current and deferred income taxes (continued)

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability that at the time of the transaction affects neither accounting nor the taxable profit or loss. Currently enacted rates are used to determine deferred income tax.

A deferred tax asset relating to the carry forward of unused tax losses is recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(p) Employee benefits

The Group does not have a retirement benefit plan for its employees. The Group makes contributions to approved pension policies held by employees. The Group's contributions to these policies are expensed in the consolidated financial statements.

(q) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

(r) Impairment of non-financial assets

Assets that are subject to depreciation and/or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3. Summary of Significant Accounting Policies (continued)

(s) Related parties

A party is related to the Group, if:

(i) Directly, or indirectly through one or more intermediaries, the party:

(a) is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);

(b) has a direct or indirect interest in the Group that gives it significant influence; or

(c) has joint control over the Group;

(ii) the party is an associate of the Group;

(iii) the party is a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Group has a related party relationship with its Directors and key Management personnel, representing certain senior officers of the Group, its parent company and all their affiliates.

3. Summary of Significant Accounting Policies (continued)

(t) Change in accounting policies

(i) Overview

Effective January 1, 2009 the Group changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Disclosures relating to financial instruments
- Presentation of financial statements

(ii) Determination and presentation of operating segments

IFRS 8, Operating Segments became effective for annual periods beginning on or after January 1, 2009. This standard supersedes IAS 14 Segment Reporting. It requires the disclosure of quantitative information pertaining to the performance and management of business segments as internally identified and managed. The Group operates as two reporting segments, see Note 38 for details.

(iii) Disclosures relating to financial instruments

IFRS 7, Financial Instruments: Disclosures. Amendments to IFRS 7 were issued in March 2009 and became effective for annual periods beginning on or after January 1, 2009. These amendments sought to improve disclosures relating to financial instruments. The amendments require that fair value measurements use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require separate disclosure for any significant transfers between Level 1 and Level 2 of the fair value hierarchy, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including reasons therefore, are required to be disclosed for each class of financial instruments.

Further, the definition of liquidity risk has been amended and is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timing of cash flows. For issued financial guarantee contracts, the amendments require the maximum amount of the guarantee to be disclosed in the earliest period in which the guarantee can be called.

3. Summary of Significant Accounting Policies (continued)

(t) Change in accounting policies

(iii) Disclosures relating to financial instruments (continued)

These standards and amendments were applied in preparing these financial statements and affect mainly the disclosures and are reflected in Note 5.

IFRIC 9 and IAS 39, amendments issued in March 2009 became effective for annual periods beginning on or after June 30, 2009. These amendments relate to the treatment of embedded derivatives in host contracts. These amendments have not been applied in preparing these financial statements as they are not expected to have a significant effect on the financial statements.

IFRIC 18, Transfer of assets from customers – provides guidance relating to the accounting for dissimilar assets received from customers for the provision goods or services. This interpretation became affective for annual periods beginning on or after July 1, 2009. This interpretation has not been applied in preparing these financial statements as they are not expected to have a significant effect on the financial statements.

(iv) Presentation of financial statements

IAS 1, Presentation of Financial Statements – Revised became effective for annual periods beginning on or after January 1, 2009. The revised standard required all non-owner changes in equity to be presented in the statement of comprehensive income, whereas, all owner changes in equity be presented in the statement of changes in equity.

3. Summary of Significant Accounting Policies (continued)

(u) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements there were new standards, amendments to standards and interpretations which were in issue but were not yet effective for the year ended December 31, 2009. The Company did not early adopt as permitted, or applied the following standards, amendments and interpretation in preparing these financial statements:

IAS 1 Improvements to IAS 1 Presentation of Financial Statements – The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statements of changes in equity or in the notes

IFRS 9 Financial Instruments — First phase of the replacement of IAS 39 – Financial Instruments: Recognition and Measurement. The new standard would result in significant changes to the Group's classification and presentation of financial instruments. January 1, 2013.

IFRS 1 First Time Adoption of IFRS – Amendments introduced giving additional exemptions to first time adopters of IFRS. January 1, 2010.

IFRS 2 Share Based Payments — Amendments introduced pertaining to Group Cash-settled Share Based Payment Transactions. January 1, 2010.

IAS 24 Related Party Disclosures — Revised version introduces additional related party disclosures. January 1, 2011.

IAS 32 Financial Instruments: Presentation – Amendment introduced regarding the classification of Rights Issues. February 1, 2010.

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments relating to Prepayments of a Minimum Funding Requirement. July 1, 2010.

IFRIC 19 Extinguishing financial liabilities with equity Instruments. July 1, 2010.

3. Summary of Significant Accounting Policies (continued)

(v) Restatement of prior year balances

The Group restated its separate financial statements for the year ended 31 December 2008 as a result of the following:

(a) IAS 16 (Property, Plant and Equipment), IAS 38 (Intangible Assets) and IAS 40 (Investment Property)

In prior years, the corporation classified its non-current assets as leasehold properties, construction in progress, land and buildings, fixtures and fittings, computer equipment, office equipment and motor vehicles. Based on the use of the properties, the corporation has taken to re-classify leasehold properties, construction in progress (CIP) and land and buildings.

The reclassification is based on the use of the properties and the definition of an investment property under IAS 40. As a result of this leasehold properties and all completed properties within CIP were reclassified to investment properties. There were also computer software that would have been aggregated with the computer equipment balance.

(b) Due to the length of time outstanding, combined with a review of subsequent years, the corporation thought it prudent to amend the provision for bad debts in recognition of those amounts that may not be collectible

(c) The corporation undertook an enormous "clean up" exercise in the attempt to source documents which were unattainable for the prior year's audit. As a result of this, a number of reconciliations were undertaken which would have resulted in major changes to various balances.

(d) A software change which took place in 2008 also accounted for balances not being recorded properly, which was subsequently corrected.

4. Commission of Enquiry

On May 23, 2008, the Government of the Republic of Trinidad and Tobago appointed a Commission of Enquiry (the 'Commission') into the construction sector and the Parent Company. The mandate of the Commission was to enquire into particular aspects of the Construction Sector in Trinidad & Tobago, including the practices and methods of UDeCOTT, and to make recommendations and observations (in summary) to promote (a) value for money, (b) high standards of workmanship, (c) free and fair competition and (d) integrity and transparency.

The report of the Commissioners dated March 29, 2010 made several recommendations regarding the construction sector and in particular regarding the Company. The recommendations made expressed concern over the Company's board, its senior staff and also recommended investigations by law enforcement authority into projects existing as at December 31, 2007.

As noted in Paragraph 35 of the report, the Commissioners "have identified a small but significant number of instances concerning UDeCOTT Projects where potential corruption has been alleged and where we (the Commissioners) have not been able to conclude that the allegations are unfounded. It is not the function of this Commission to make specific findings or to reach conclusions on such matters; but we regard it of the highest importance that the activities of UDECOTT, its Directors and Managers and all other Government agencies and their staff should be able to justify public confidence in their activities as being beyond reproach.·

The recommendations of the Commissioners relating to the operations of the Company and also to projects existing in UDeCOTT's financial records as at December 31, 2007 are all under investigation by the office of the Attorney General and include the following:

a) For the Government Campus project, there should be an investigation into what steps were taken by UDeCOTT's managers to control and reduce delay. (Paragraph 58).

b) UDeCOTT must avoid any breach or abuse of procurement rules through excessive and unfair use of sole selective tendering, in breach of obligations as to free and fair competition and transparency. (Paragraph 64).

c) There should be a full investigation by an appropriate law Enforcement Authority into the award of the MLA (Ministry of Legal Affairs) contract to CH Development (subcontractor) including the role of Mr. Calder Hart (Chairman of the Board of Directors) and the conduct of the Board in not ensuring that an enforceable guarantee was given by the Parent Company of CH development. (Paragraph 67).

4. Commission of Enquiry (continued)

d) There should be a full investigation by an appropriate law Enforcement Authority into the award of Packages 3 and 5-8 for the Brian Lara project, particularly as to (a) why no formal terms were drawn up dealing with advance payments (b) the manner in which UDeCOTT interpreted the right to advance payments including advice sought and received (c) the accounting procedures employed by UDeCOTT for making advance payments and repayments and why no vouched accounts were drawn up. (Paragraph 68).

e) There should be a full forensic audit of all sums advanced against the value of work and materials provided by HKL (Hafeez Karamath Limited) and of repayments made on the Brian Lara Project. (Paragraph 69).

f) The roles of Chairman and Chief Executive Officer of UDeCOTT should be separated. (Paragraph 70).

g) There should be an audit of the conduct of all UDeCOTT's senior staff and directors in the period 2004 to 2009, as to their involvement in errors and omissions concerning the Brian Lara Stadium Project in respect of which no action was taken by senior staff or by the board. (Paragraph 72).

h) There should be an investigation into the circumstances in which 9 hectares (22 acres) of land at Valsayn, sold to the National Union of Government and Federated Workers (the Union), at a reduced price, was re-sold at a profit by the Union to include the reasons for re-sale and the whereabouts of the profit from the re-sale. (Paragraph 74).

Management's response to the above as at the reporting date are as follows:

a) The majority of the relevant UDeCOTT's managers and the Project Manager are no longer associated with UDeCOTT. Hence UDeCOTT is unable to effectively investigate this matter. However, the Attorney General's Office has undertaken to investigate this matter.

b) A new redesigned procurement process was implemented in 2013 and a Contract and Procurement Manager was employed to oversee that the Tender Rules and Procurement Policies are strictly adhered to.

c) A new Chief Executive Officer was appointed on October 3, 2011.

As at the date of approval of these consolidated financial statements the investigations into the other findings of the Commission have not been concluded.

5. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk) credit risk and liquidity risk. The Group's risk management policies and procedures which seeks to minimise the potential adverse effects of these financial risks on the Group's financial performance are as follows:

a) Market Risk

i) Currency risk

Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Management mitigates its exposure to currency risk by obtaining contracts in its functional currency where possible. In the event that the Group enters into a foreign currency contract, its exposure to currency risk is managed through the use of its foreign currency available cash resources and the sourcing of financing for its projects in the relevant foreign currency. The Group maintains foreign currency cash resources to meet its expected foreign currency liabilities in any given period.

The Group's foreign currency debt facility is secured by a lease agreement for which the lessee is the GORTT. The lease agreement is structured to ensure the rental income is obtained in the same currency as the debt facility and as a result, mitigates the Group's exposure to currency risk.

Sensitivity analysis
In the performance of the sensitivity analysis, a 1% movement in the United States Dollar exchange rates was assumed, however, all other variables, including interest rates remain the same.

		Effect on Income	
	As reported	1% Appreciation	1% Depreciation
	TT$	TT$	TT$
December 31, 2009			
US dollar denominated			
Cash and cash equivalents	4,738,906	47,389	(47,389)
Borrowings	(3,466,428,674)	(34,664,287)	34,664,287
Accounts payables and accruals	(128,410,528)	(1,284,105)	1,284,105
Total	(3,590,100,296)	(35,901,003)	35,901,003

5. Financial Risk Management (continued)

a) Market Risk (continued)

i) *Currency risk* (continued)

	As reported	Effect on Income 1% Appreciation	Effect on Income 1% Depreciation
	TT$	TT$	TT$
December 31, 2008			
US dollar denominated			
Cash and cash equivalents	40,298,757	402,988	(402,988)
Borrowings	(3,589,324,641)	(35,893,246)	35,893,246
Accounts payables and accruals	(28,360,101)	(283,601)	283,601
Total	(3,577,385,985)	(35,773,859)	35,773,859

There were no changes in the assumptions and method used in performing the sensitivity analysis as compared to prior years.

ii) *Fair value and cash flow interest rate risk*

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and future cash flows. Fair value interest rate risk is the risk that the fair values of a financial instrument will fluctuate because of changes in the market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from long-term debt obligations. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. As at the balance sheet date, fifty seven per cent of the Group's long-term borrowings are fixed rate instruments and forty three per cent are floating rate instruments. During 2006 and 2007 the Group's borrowings were denominated in the functional currency and the United States Dollar.

5. **Financial Risk Management** (continued)

a) **Market Risk** (continued)

ii) ***Fair value and cash flow interest rate risk*** (continued)

The Group manages its interest rate risk through the following mechanisms:

a) Repayment of certain loan obligations by the GORTT.

In some instances, the Group's floating rate instruments are repaid by the GORTT. This injection by the GORTT is treated as capital contributions in the Company in the period of payment.

b) Structuring of its security arrangements

The Group's floating rate facilities are secured in some instances by lease agreements with the GORTT. The debt facilities are structured to allow a moratorium period for the repayment of the facility. This moratorium period is utilised to ensure that lease income and the timing of repayments on the facilities are synchronised. The lease agreements are also structured to ensure that both the principal and interest payments on the debt facility will be fully settled by the rental income gained from the lease.

Some of the Group's financing arrangements are repriced regularly at current market interest rates. This assists the Group in ensuring that the fair value interest rate risk associated with these instruments are minimised.

The following shows the cash flow sensitivity of the variable-rate instruments to a change of 100 basis points in the interest rate at the reporting date. All other factors, particularly, the foreign currency rates, remain unchanged.

	Current Carrying Amount	Effect of 1% Increase in Interest Rates	Effect of 1% Decrease in Interest Rates
	$	$	$
Variable-rate instruments			
December 31, 2009	3,008,840,264	30,088,403	(30,088,403)
December 31, 2008	3,588,617,464	28,657,115	(28,657,115)

There were no changes in the assumptions and method used in performing the sensitivity analysis as compared to prior years.

5. Financial Risk Management (continued)

a) Market Risk (continued)

ii) Fair value and cash flow interest rate risk (continued)

The carrying amounts and fair values of the fixed rate interest borrowings are as follows:

	Carrying Amount		Fair Value	
	2009	2008	2009	2008
	$	$	$	$
Fixed rate instruments	4,486,017,075	2,971,921,633	4,486,017,075	2,971,921,633
Floating rate instruments	3,008,840,264	3,588,617,464	3,008,840,264	3,588,617,464
	7,494,857,339	6,560,539,097	7,494,857,339	6,560,539,097

The fair values for the floating rate instruments are deemed to be equal to the carrying amounts by virtue of the interest reset periods being six months or less and as a result of minimal changes in the credit risk profile of the Group.

The Group fixed rate financial liabilities are measured at amortised cost. There will be no impact on income due to fair value changes if there were interest movements on fixed rate financial instruments.

iii) Other price risk

The Group is not exposed to commodity price risk and does not possess any financial instruments that are affected by changes in commodity prices.

b) Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Liquidity risk management

The Group's main financial liabilities are its trade payables and borrowings. The Group monitors the expected repayment of these liabilities against its available cash resources and the expected timing of its cash inflows.

The Group's trade payables comprise mainly of project payables. The Group finances these projects mainly through debt facilities. The Group manages its exposure to liquidity risk arising as a result of its project payables by ensuring the timing of drawdowns on these facilities coincides with its settlement terms on its project payables.

5. Financial Risk Management (continued)

b) Liquidity Risk (continued)

The exposure to liquidity risk on its debt facilities is mitigated mainly through the following factors:

a) The GORTT makes repayments on certain debt facilities on behalf of the Group.

b) The Group enters into lease arrangements with the GORTT. These lease agreements are structured to ensure the lease income is sufficient to meet the principal and interest payments on the debt facility in the periods in which they arise.

The table below summarises the Group's exposure to liquidity risk based on the contracted undiscounted cash flows on the instruments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual Cash flow	Less than 1 year	More than 1 year but less than 5 years	More than 5 years
	$	$	$	$	$
As at December 31, 2009					
Borrowings	7,494,857,339	12,494,240,009	553,672,799	4,492,244,216	7,448,322,995
Accounts payable and accruals	605,978,856	605,978,856	605,978,856	-	-
Reserve development fund	103,619,852	103,619,852	103,619,852	-	-
Deposit on account	1,140,714	1,140,714	1,140,714	-	-
	8,205,596,761	13,204,979,431	1,264,412,221	4,492,244,216	7,448,322,995
As at December 31, 2008					
Borrowings	6,560,539,097	11,271,489,334	295,434,102	3,214,482,606	7,761,572,626
Accounts payable and accruals	622,281,896	622,281,896	622,281,896	-	-
Reserve development fund	106,805,139	106,805,139	106,805,139	-	-
Deposit on account	1,327,877	1,327,877	1,327,877	-	-
	7,290,954,009	12,001,904,246	1,025,849,014	3,214,482,606	7,761,572,626

5. Financial Risk Management (continued)

c) Credit risk

Credit risk is the potential for loss due to the failure of a counter-party to meets its financial obligations. The Group's credit risk arises from cash and cash equivalents, as well as credit exposures relating to outstanding receivables and committed transactions. For banks and financial institutions, only reputable commercial banks and financial institutions are accepted.

The Group undertakes project development work based on directives/instructions received from the GORTT. The Group currently does not execute project development work on behalf of third parties. Receivable balances for project development work included in the consolidated financial statements relate to amounts due to the Group by the GORTT and Government agencies.

The Group's major client is the Government of the Republic of Trinidad and Tobago (GORTT). The GORTT possesses an A+/A-1 (Standard and Poors) local currency credit rating and is considered to be creditworthy.

The Group also makes advance payments to contractors which are reflected as a receivable balance in the consolidated financial statements. Credit risk arises in the event that the contractor is unable to repay the advance in accordance with the terms of the contract. Contractors are evaluated during the tender evaluation process to ensure that they can demonstrate the requisite financial capacity. In addition, the Group requires contractors to provide an advance payment bond equivalent to the advance being provided which is issued by a reputable bonding agent.

5. Financial Risk Management (continued)

c) Credit risk (continued)

Analysis of financial assets that are exposed to credit risk:

	2009 $	2008 $
Project works billed to the GORTT	34,777,905	43,777,904
Contract Works not billed	310,752,071	151,917,797
Facilities Works not billed	118,344,298	84,200,395
Contract works billed to the GORTT	298,725,039	184,799,905
Advances to contractors	237,176,727	280,305,680
Other receivables	229,713,213	143,395,384
	1,229,489,253	888,397,065
Cash and cash equivalents	181,229,462	283,775,730
	1,410,718,715	1,172,172,795

The analysis of the project and accounts receivable is as follows:

	2009 $	2008 $
Project works billed to the GORTT	34,777,905	43,777,904
Contract works not billed	310,752,071	151,917,797
Facilities works not billed	118,344,298	84,200,395
Advances to contractors	237,176,727	280,305,680
Contract works billed to GORTT	298,725,039	184,799,905
Other receivables	229,713,213	143,395,384
Total accounts receivable – gross	1,229,489,253	888,397,065
Less: Provision for impairment	(408,394,874)	(115,601,791)
Total	821,094,379	772,795,274

5. Financial Risk Management (continued)

c) Credit risk (continued)

The fair values of balances using discount factor of 5.5% and 18 months period

	2009	2008
	$	$
Project works billed to the GORTT	32,094,065	40,399,527
Contract works billed to the GORTT	275,672,178	170,538,742
Contract works not billed	286,771,074	140,194,174
Advances to contractors	218,873,600	258,674,256
Other receivables excluding prepayments	211,079,730	235,200,086
Facilities works not billed	109,211,569	77,702,580

Analysis of receivable balances (recoverability):

	2009	2008
Fully performing	367,834,064	376,352,901
Past due but not impaired	258,702,660	137,028,709
Impaired	194,557,655	259,413,664
	821,094,379	772,795,274

The impairment provision can be analysed as follows:

	2009	2008
At beginning of year	(115,601,791)	(2,777,808)
Additional provision recognized	(292,793,083)	(112,823,983)
	(408,394,874)	(115,601,791)

Analysis of past due but not impaired:

	2009	2008
Additional provision recognized	56,111,989	49,079,859
Unwinding of discount	202,590,671	87,948,850
	258,702,660	137,028,709

Ageing analysis of impaired balances:

	2009	2008
12 to 18 months	2,860,352	167,475,355
Over 18 months	191,697,303	91,938,309
	194,557,655	259,413,664

5. Financial Risk Management (continued)

c) Credit risk (continued)

The Group does not hold any collateral as security for the impaired balances noted above. The Group's receivable balances are mainly denominated in the functional currency. The maximum exposure to credit risk at the reporting date is the carrying value of the receivable balances above and the value of its cash and cash equivalents.

d) Capital risk management

The objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise stakeholders' value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total borrowings (current and non-current borrowings) less cash and cash equivalents. Capital includes share capital, accumulated deficit and contributed capital.

Project development work undertaken by the Group is mainly funded by debt financing which significantly contributes to the high gearing ratio.

	2009 $	2008 $
Total borrowings	7,494,857,340	6,560,539,097
Less: Cash and cash equivalents	(181,229,462)	(283,775,730)
Net debt	7,313,627,878	6,276,763,367
Share capital	999,602	999,602
Accumulated deficit	(554,351,236)	(211,156,725)
Revaluation Reserve	7,796,567	3,048,443
Contributed capital	682,752,024	661,387,178
Total capital	137,196,957	454,278,498
Capital and net debt	7,450,824,835	6,731,041,865
Gearing ratio	98.16%	93.25%

The increase in the gearing ratio during the period is due to an increase in net debt from $6.2 billion to $7.3 billion and a reduction in the Capital from $454 Million to $137 Million.

6. Critical Accounting Estimates and Judgments

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.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the 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.

(i) Revenue recognition

The Group recognises revenue for work performed on behalf of GORTT by reference to recoverable costs incurred during the year plus the project management fees earned for the period which are measured based on surveys of work performed. If there was a 10% change in the amount of work surveyed by the Group compared to management's estimate, the amount of revenue and receivables recognised would change by approximately $41 million (2008: $38 million).

(ii) Income taxes

Significant estimates are required in determining the Group's provision for income taxes. There are some transactions for which the ultimate tax determination may be uncertain in the ordinary course of business. Management has made estimates of tax deductions based on current information available. If these deductions were to be different from management's estimate, such differences may impact the current and deferred income tax in the period in which such determination is made.

(iii) Valuation of properties

Leased properties included in the consolidated financial statements are recognised at revalued amounts at the year end. In applying this method, the Group utilises advice from independent valuators regarding changes in market prices and other external factors which would have an impact on property prices for the current year. If the estimate of fair values were to change by 10%, this would result in a change in leased property value and the capital contribution account of approximately $107,494,924 (2008: $73,590,146).

6. Critical Accounting Estimates and Judgments (continued)

(b) Critical judgements in applying the Group's accounting policies

(i) Revenue recognition

The Group's activities includes project development work carried out on behalf of the GORTT. The projects that are undertaken by the Group fall into two categories.

(a) Projects that the GORTT directs the Company to retain in the business in order to generate future revenue.

(b) Projects that will be transferred to the GORTT upon completion.

The GORTT via a letter from the Ministry of Planning, Housing and the Environment advised the Group of its intention regarding projects that are to be retained and projects that are to be transferred on completion.

Revenue from projects being transferred on completion include amounts for recoverable project costs incurred and the project management fees earned for the period. No revenue is recorded for assets being retained. These projects are capitalised and are included in construction in progress.

The Group has applied its accounting policies to projects included in the consolidated financial statements based on this directive.

If there is a change in the intention of the GORTT, this could materially affect the revenue earned in the consolidated statement of comprehensive income as well as the categorisation of assets on the consolidated balance sheet.

6. Critical Accounting Estimates and Judgments (continued)

(b) Critical judgements in applying the Group's accounting policies (continued)

(i) Revenue recognition (continued)

If the projects that the Group is capitalising are required to be transferred to the GORTT on completion, the impact is that the project costs included in construction in progress will have to be reflected in the consolidated statement of comprehensive income and the appropriate project management fees will be recorded on these costs.

(ii) Principal and interest payments being made by the GORTT on behalf of the Group

The GORTT has guaranteed certain loans on behalf of the Group and in some instances is meeting the principal and interest payments due on these loans on behalf of the Group. These loans are being utilised by the Group to fund the following projects:

- Projects being retained by the Group
- Projects being transferred to the GORTT on completion.

There is no formal agreement between the GORTT and the Group for the treatment of the loan repayments. However the practice is as follows:

(a) Where the principal and interest payments are being made towards loans that are being used to finance projects retained, the principal and interest payments are being treated as capital contributions into the Group by the GORTT. (See Note 16).

(b) Where the principal and interest payments are being made towards loans that are being used to finance projects being transferred on completion, the principal and interest payments are being set off against accounts receivable balances due from the GORTT in relation to these projects.

During the year principal and interest payments by the GORTT applied against receivable balances totalled $36,440,754 (2008: $38,213,006).

7. Construction-in-progress

	2009	2008
	$	$
Various projects	10,825,869	1,987,415,698
Sackville Street Head Office	-	1,934,761
Chancery Lane Complex	249,045,325	168,284,684
Canaan Road La Romaine	-	9,500
Ministry of Education office Tower	361,138,721	230,400,459
Purcell Street, San Fernando	-	7,500
Invaders' Bay	164,026	1,944,522
Memorial Park	700,262	375,617
Office of the Prime Minister	5,775,076	16,871,218
Government Campus Plaza	2,870,986,756	617,618,788
Real Springs	45,631,580	15,844,321
St. Vincent Place	12,733,824	12,733,824
Water Front Development	1,603,877,225	1,541,655,106
Tower C & D Fitout	-	258,489,171
	5,160,878,664	4,853,585,169

8. Investment Properties

	2009	2008
	$	$
The Corporation's investment properties include the following:		
Richmond Street	160,000,000	160,000,000
Scarborough, Tobago	102,000,000	102,000,000
Chancery Lane, San Fernando	29,500,000	29,500,000
Memorial Park	60,000,000	68,000,000
NAPA South	13,000,000	13,000,000
Invader's Bay	36,743,386	32,891,972
13-15 St. Clair Avenue	22,108,482	2,576,359
Real Springs, Valsayn	7,777,326	7,777,326
Salvatori Building	5,313,528	2,112,599
Tower C & D Fit Out	330,587,581	-
Other properties	14,210,999	24,335,265
POSDWL – Port Authority lands, Wrightson Road	224,000,000	224,000,000
RINCON – North Coast Road, Las Cuevas	69,707,941	69,707,941
	1,074,949,243	735,901,462

The movement in the account balance over the year can be analysed as follows:

	2009	2008
Opening net book amount	735,901,462	585,207,941
Additions	339,047,781	150,693,521
Closing net book amount	1,074,949,243	735,901,462

The Group has long-term leases for five properties which have lease terms ranging between 99-199 years. These properties have nominal rentals of $1.00 per annum. The Group has accounted for these leasehold properties at fair value since management is of the opinion that they have the risks and rewards associated with the properties for the current lease term and that the GORTT may renew the leases on the same terms and conditions. These properties are carried in the consolidated financial statements at fair value based on valuations performed by qualified independent valuators. When these properties were recognised as assets in the consolidated financial statements, the corresponding entry was made to a contributed capital account. (See Note 17).

9. Property, Plant and Equipment

	Land and Buildings	Other Equipment	Computer Equipment	Motor Vehicles	Total
	$	$	$	$	$
Year ended December 31, 2009					
Opening net book amount	731,343,140	40,920,655	3,308,931	2,220,328	777,793,054
Additions	171,079	32,758,382	692,348		33,621,809
Depreciation charge	(38,190,919)	(10,262,012)	(1,489,910)	(784,013)	(50,726,854)
Closing net book amount	693,323,300	63,417,025	2,511,369	1,436,315	760,688,009
At December 31, 2009					
Cost or valuation	768,764,475	79,467,765	5,887,646	4,035,064	858,154,948
Accumulated depreciation	(75,441,175)	(16,050,740)	(3,376,275)	(2,598,749)	(97,466,939)
Net book amount	693,323,300	63,417,025	2,511,371	1,436,315	760,688,009
Year ended December 31, 2008					
Opening net book amount	7,304,300	1,766,695	749,409	2,614,661	12,435,065
Additions	28,490,418	3,162,257	3,456,456	345,208	35,454,339
Adjustment	732,760,889	40,722,420	-	-	773,483,309
Depreciation charge	(37,212,468)	(4,730,720)	(896,930)	(739,541)	(43,579,659)
Closing net book amount	731,343,139	40,920,653	3,308,935	2,220,328	777,793,054
At December 31, 2008					
Cost or valuation	768,593,396	46,709,381	5,195,297	4,035,065	824,533,139
Accumulated depreciation	(37,250,256)	(5,788,728)	(1,886,364)	(1,814,737)	(46,740,085)
Net book amount	731,343,140	40,920,653	3,308,933	2,220,328	777,793,054

	2009	2008
	$	$

10. Value Added Tax (VAT) Recoverable

VAT recoverable	391,973,772	369,197,485

The Group is VAT registered and will generate future taxable supplies in the form of lease rentals which will be subject to output VAT, the VAT previously capitalised in development work in progress was reclassified to VAT recoverable. The Group has initiated communication with the VAT authorities to commence the recovery process on this balance.

11. Restricted Cash

This relates to the hotel operations of the Corporation and includes the cash account related to the fund for replacement of and additions to fixtures, furniture, furnishings and equipment and other qualifying expenditures. This restricted cash balance is not available for use in the daily hotel operations of the Corporation and has therefore been classified as a non-current asset.

12. Project Receivables

	2009 $	2008 $
Contract works billed to GORTT	34,777,905	43,777,905
Contract works not billed	310,752,071	151,917,797
Facilities work not billed	118,344,298	84,200,396
	463,874,274	279,896,098
Provision for doubtful debt	(379,166,718)	(114,644,803)
	84,707,556	165,251,295

The due from the Government of The Republic of Trinidad and Tobago balance can be analysed as follows:

	2009 $	2008 $
(i) Project expenditure on NHA Refurbishment Projects	50,798,932	50,798,932
(ii) Project expenditure on the Interchange Project	3,656,478	3,656,478
(iii) Interest receivable	36,216,244	36,216,244
(iv) Loan repayment made by the GORTT	(58,000,010)	(49,000,010)
(v) Other project costs	2,106,261	2,106,261
	34,777,905	43,777,905

13. Accounts Receivables and Prepayments

	2009	2008
	$	$
Amounts due from GORTT for contract works	298,725,039	184,799,905
Prepayments and other receivables	228,526,385	142,307,325
Advances to contractors (b)	237,176,727	280,305,680
Inventory – Hotel	1,186,828	1,088,059
Provision for doubtful debts	(29,228,156)	(956,990)
	736,386,823	607,543,979

The Corporation is responsible for executing projects on behalf of the GORTT. The Corporation's major source of funding for project development work is from debt financing. Some of the Corporation's debts are guaranteed by the GORTT with repayments being made by the Corporation or in some instances by the GORTT.

(a) These amounts represent contract costs that are recoverable from the GORTT for work performed. The GORTT is currently meeting the interest and principal payments associated with the loans that are funding these projects. The Group's accounting practice is to apply these payments made by the GORTT against the receivable balance due. However there is no formal agreement with the GORTT which supports this accounting treatment.

(b) These amounts represent payments made to contractors in advance of work being performed under the relevant construction contracts. The Group requires contractors to provide an advance payment bond issued by a reputable bonding agent for an amount equivalent to the amount of the advance being provided.

These amounts are reduced when advance payments are offset against progress billings from the contractor for construction work performed.

14. Cash and Cash Equivalents

	2009	2008
	$	$
Short- term investments	72,903	70,680
Bank accounts	26,770,818	102,238,906
Deposit accounts	154,368,889	181,453,038
Petty cash	16,854	13,106
	181,229,464	283,775,730

The following cash balances reported by Hyatt are also included in the Group's cash and cash equivalents:

House Bank	256,994	376,000
Demand deposits	110,315,651	53,893,651
	110,572,645	54,269,651

15. Subsidiary Companies

	% of Equity Capital Held	
	2009	2008
(i) Rincon Development Limited	100	100
(ii) Port of Spain Waterfront Development Limited	100	100
(iii) Oropune Development Limited	100	100
(iv) San Fernando Development Limited	100	100
(v) International Waterfront Resources Limited	-	-
	400	400

All subsidiary companies are incorporated in Trinidad and Tobago.

(i) Rincon Development Limited was incorporated on 12 October 1999 with its principal activity being the development and sale of property.

(ii) Port of Spain Waterfront Development Limited was incorporated on 12 October 1998 with its principal activity being the development of the Port of Spain Waterfront.

(iii) Oropune Development Limited began its operations on 13 January 1995 with its principal activity being the development of a property into a housing development.

(iv) San Fernando Development Limited was incorporated on 7 September 1998 with its principal activity being the development of the city of San Fernando. This Company is currently dormant.

(v) International Waterfront Resources Limited was incorporated on 18 April 2007 with its principal activity being the management and operation of the Hyatt Regency Hotel.

	2009	2008
	$	**$**
16. Share Capital		
Authorised		
1,000,000 ordinary shares of no par value		
Issued and fully paid		
999,602 ordinary shares of no par value	999,602	999,602

17. Revaluation Reserve

Revaluation Reserve	7,796,567	3,048,443

The revaluation reserve arises on the revaluation of land and buildings included in the other property, plant and equipment category of non-current assets. When revalued land or buildings are sold, the portion of the revaluation reserve that relates to that asset is transferred directly to equity.

18. Contributed Capital	2009	2008
	$	**$**
Leasehold properties	585,207,941	585,207,941
Loan and interest payments made by the GORTT on behalf of the Group	97,544,083	76,179,237
	682,752,024	661,387,178

The movement in each category of contributed capital is as follows:

Loan repayments made by the GORTT

Balance at beginning of year	76,179,237	75,749,082
Add loan payments made by the GORTT for the year	21,364,846	430,155
Balance at end of year	97,544,083	76,179,237

19. Borrowings

	2009	2008
	$	$
Maturity of borrowing:		
Not later than one year	154,250,363	196,304,255
More than one year	7,340,606,976	6,364,234,842
	7,494,857,339	6,560,539,097
a) RBTT Trust Limited - fixed rate bonds 2006-2018	135,999,990	152,000,000
b) Republic Finance & Merchant Bank Limited	341,709,588	-
c) Republic Bank Limited - fixed rate bonds 2002-2010	9,000,000	18,000,000
d) Home Mortgage Bank - fixed rate bonds 2003-2008	162,444,154	196,903,555
e) Republic Finance & Merchant Bank Limited - floating rate bond	2,076,802,872	1,896,486,927
f) Scotiabank Trinidad and Tobago Limited - interim facility	453,265,613	375,830,520
g) Home Mortgage Bank - fixed rate bond 2006-2009	152,095,615	140,620,960
h) Citibank N.A - interim facility	458,883,183	458,883,183
i) First Citizens Bank Limited - TTD facility	225,991,347	225,991,347
j) Home Mortgage Bank	31,714,587	33,900,000
k) First Citizens Bank Limited - USD facility	93,375,655	93,375,655
l) Scotia Trust Merchant Bank	(10)	(10)
m) First Citizens Bank Limited BLCA $497M Loan	334,057,296	-
n) Home Mortgage Bank $108M OPM	105,347,613	-
o) First Caribbean International Bank Limited	519,383,565	504,149,842
p) Wells Fargo US$375 Million	2,394,786,271	2,464,397,118
	7,494,857,339	6,560,539,097

19. **Borrowings** (continued)

	Loan Facility	Financial Institution	Original Facility Amount	Interest Rate	Tenure	Security of the Facility include the following:	Repayment Terms	Purpose
(a)	Fixed Rate Bonds 2006-2018	RBTT Trust Limited	TT$192,000,000	7%	12 years	Guaranteed by the GORTT	24 equal semi-annual installments of principal and Interest commencing July 18, 2006	To refinance previous bond to cover start-up costs for the Interchange project and the Housing Programme
(b)	Fixed Rate Bonds 2002-2013	Republic Finance and Merchant Bank Limited	TT$45,000,000	6.85%	11 years	Letter of comfort from the Ministry of finance	10 equal semi-annual installments commencing June 22, 2006	To finance the Siparia Administrative Complex
©	Fixed Rate Bonds 2003-2010	Home Mortgage Bank	TT$300,000,000	7.5% - 9.5%	7 years	Development Properties	By bullet at maturity	To finance various development projects
(d)	Fixed Rate Bonds 2005-2010	Home Mortgage Bank	TT$44,000,000	9.5%	5 years	Debenture and Colleteral Mortgage	By bullet at maturity	To finance the purchase of land Memorial Block
(e)	Floating Rate Bonds 2005 - 2013	Republic Finance & Merchant Bank Limited	TT$1,650,000,000	1.45% above the yield issue on the most recent GORTT Treasury bill. This is reset every six months. 31/12/2009: 8.88% (31/12/2009: 9.0625%)	8 years	a) Agreement to sub lease between UDeCOTT and the GORTT. b) 1st Mortgage over property situated at Queen, Edward and Richmond Streets stamped to cover TT$1,650,000,000 c) Assignment of Contractors All Risk Insurance	To be repaid via the issue of final bonds.	To finance the construction and fit out of the Government Campus Plaza

19. **Borrowings** (continued)

	Loan Facility	Financial Institution	Original Facility Amount	Interest Rate	Tenure	Security of the Facility include the following:	Repayment Terms	Purpose
(f)	Floating rate Demand Loan	Scotiabank Trinidad and Tobago Ltd	TT$248,471,522	1% above the rate issue on the most recent GORTT 181 day. Treasury bill. This is reset every six months. (31/12/09:8.25%)	15 Years	a. Mortgage over Chancery Lane Administrative Complex stamped to cover $500,000,000 b. Assignment of Performance Bond	To be repaid via the issue of final bonds.	To finance the construction and fit out of the Chancery Lane Administrative Complex
(g)	Fixed Rate Bond 2006 - 2009	Home Mortgage Bank	TT$170,000,000	8%	3 years	Mortgage over Property at Real Springs, Valsayn	By bullet payment at maturity.	To finance purchase of Property at Real Springs, Valsayn
(h)	Interim Facility	Citibank N.A.	TT$294,681,670	LIBOR plus 0.75% (31/12/09 :5.88%)	5 months	Letter of comfort from the Ministry of Finance	To be repaid via long term facility.	To finance Ministry of Education
(i)	Commercial Paper	First Citizens Bank Limited	TT$225,991,346	7.67%	13 years	Guaranteed by the GORTT	To be repaid semi annually	To finance various projects
(j)	Mortgage	Home Mortgage Bank	$33,900,000	8.75%	10 years	Mortgage of land and buildings and assignment of sub-lease rentals	Monthly installments	To finance the purchase of the HeadOffice building in Sackville Street, Port of Spain
(k)	Commercial Paper	First Citizens Bank Limited	TT$93,375,655	5.46%	13 years	Guaranteed by the GORTT	To be repaid semi-annually	To finance various projects.

19. **Borrowings** (continued)

	Loan Facility	**Financial Institution**	**Original Facility Amount**	**Interest Rate**	**Tenure**	**Security of the Facility include the following:**	**Repayment Terms**	**Purpose**
(l)	Short Term Bridge Loan	First Caribbean International Banking and Financial Corporation	TT$501,314,796	5.84%	3 years	Letter of Comfort	To be repaid via long term facility	To finance the fit out of the Port of Spain Waterfront
(m)	Short Term Loan	First Caribbean International Banking and Financial Corporation	TT$562,492,231	5.84%	12 months	Letter of comfort from the Ministry of Finance	To be repaid via long term facility	To finance the fit out of the Port of Spain International Waterfront Project
(n)	Mortgage	Home Mortgage Bank	TT$108,000,000	Floating – RPL Prime Lending Rate less 350bps with a floor rate of HMB's residential rate to be reset semi-annually. 7%	15 years	Mortgage over property 13-15 St. Clair Avenue, Port of Spain	Blended monthly payments of principal and interest which commenced April, 2009	To finance the cost of the Ministry of Public Administration Project
(o)	Syndicated Loan	First Citizens Bank Limited	TT$497,342,680	6.35%	10 years	Government Guarantee	Blended semi-annual payments of principal and interest which commenced April 6, 2010	To finance the completion of the Brian Lara Cricket Academy
(p)	U.S. Private Placement – Mortgage Debenture	Wells Fargo	US$ 375 Million	6.09%	16 years	i)The assignment of the rights of the Company under the agreement to sub-lease including the right to receive rental psyments. ii) A first mortgage lien comprising a leasehold interest in the property and fixed and floating charge over all other assets of the Company	Semi Annual Payments Principal & Interest starting July 2008	To finance the construction and outfitting of the Port of Spain Waterfront Centre located at King's Wharf, Wrightson Road, Port of Spain

20. Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2009	2008
	$	$
TT Dollar	4,028,428,665	3,039,733,299
US Dollar	3,466,428,674	3,520,805,798
	7,494,857,339	6,560,539,097

21. Other Liability

In accordance with Cabinet Minute No. 399 of 4 April 2001, the Subsidiary Company, Oropune, was required to acknowledge its indebtedness equivalent to the cost of construction of the houses incurred by the Ministry of Housing Settlement estimated at $10.35 million as a condition of vesting of the property to the Oropune.

The Minute also stated that an arrangement should be made for the replacement of the loan. As at the year end, the Ministry of Finance has not yet communicated the terms and conditions of settlement.

22. Deferred Tax Liability

The movement on the deferred income tax account is as follows:

	2009	2008
	$	$
At beginning of year	38,257,023	32,080,736
Charge (credit) to income statement	2,622,618	6,176,287
At end of year	40,879,641	38,257,023

23. Accounts Payable and Accruals

	2009	2008
	$	$
Project payables	219,902,276	251,857,436
Retentions payable	148,131,308	141,640,584
Other payables	66,382,907	47,317,539
Accrued interest on loans	162,986,817	172,890,789
Provisions	8,575,548	8,575,548
	605,978,856	622,281,896

24. Reserve Development Fund

National Road Enhancement Programme	-	1,028,198
Other development projects	103,619,852	105,776,941
	103,619,852	106,805,139

These balances represent the unused portion of funds received by the Group from the GORTT for the development of specific projects which have been completed or suspended.

25. Deposit on Account

	1,140,714	1,327,877

These represent monies from our subsidiaries Rincon and Oropune. Rincon's $753,672 represents deposits from their clients as consideration for the purchase of the land at Rincon. This amount is held on account until finalisation and issue of the deeds. Oropune's portion of $386,502 represents deposits for the housing project where the sales have not yet finalised.

26. Income from Hotel Operations

Income from Hotel Operations	217,093,703	168,606,703

This consists of fees charged in relation to the operations of the Hyatt Regency Hotel Trinidad Limited

27. Rental Income

Rental income	235,078,513	155,649,473

	2009 $	2008 $
28. Other Income		
Sale of tender	-	133,400
Car park revenue	6,423,047	2,795,794
Management fees	-	659,904
Other	415,373	25,418,333
	6,838,420	29,007,431
29. Administrative Expenses		
Employee benefit (Note 30)	23,926,524	18,408,931
Depreciation and amortisation	50,726,854	43,619,444
Office expenses	59,106,833	163,801,307
Rent and utilities	9,994,640	8,421,400
Advertising	4,284,772	1,354,346
Bad debt expense	298,613,108	112,823,983
Other expenses	189,056,447	13,249,024
	635,709,178	361,678,435
30. Employee Benefit Expense		
Wages and salaries	23,304,822	18,092,723
National Insurance costs	621,702	316,208
	23,926,524	18,408,931

Number of employees at year end 639 (2008: 668).

	2009 $	2008 $
31. Finance Income		
Interest Income	1,906,215	3,029,993
Government grants for interest income	56,370,239	33,302,214
	58,276,454	36,332,207
32. Finance Costs		
Interest expense on GORTT borrowings	56,370,239	33,302,214
Interest expense on bank borrowings	144,339,271	63,384,844
Foreign exchange loss on bank borrowings	28,015,736	12,861,299
Bank charges	83,715	1,445,294
	228,808,961	110,993,651

33. Taxation

	2009 $	2008 $
Deferred tax	2,622,618	10,235,084
Corporation tax	10,250	2,269,491
Green Fund levy	275,682	165,666
Business levy	488,972	331,332
Total taxation	3,397,522	13,001,573

The following is a reconciliation between tax and accounting profit multiplied by the applicable tax rate:

Loss before taxation	(339,797,158)	(50,796,255)
Tax calculated at 25%	(84,949,290)	(12,699,064)
Expense deductible for tax purposes	88,346,812	25,700,637
	3,397,522	13,001,573

34. Related Party Balances

	2009 $	2008 $
(a) Key management compensation		
Directors' fees	273,650	387,900
Senior management remuneration	7,069,064	7,740,599

The Group is controlled by the GORTT, which owns 100% of the parent company's shares.

(b) GORTT

The GORTT in its capacity as the sole shareholder of the Company has leased properties to the Group and is financing certain projects which the Group is retaining through the repayment of certain Government Guaranteed loans on behalf of the Group. The balances included in the consolidated financial statements in relation to these transactions are as follows:

Investment properties	1,074,949,243	735,901,462
Contributed capital	682,752,024	661,387,178
Construction in progress	5,160,878,664	4,853,585,169
Amounts due from the GORTT	34,777,904	43,777,904
Accounts receivable for contract work	310,752,071	151,917,797
Reserve development fund	103,619,852	106,805,139
Liability due to GORTT for property transferred to the Group	10,350,000	10,350,000
Development work in progress expenditure not yet billed to GORTT	463,874,274	279,896,098

(c) Other transactions with the GORTT

In addition to the balances in (b) above, the Group in the ordinary course of its business carries out project development work solely for the GORTT and state agencies. Transactions between the Group and these related parties are as follows:

	2009 $	2008 $
Project Management fees	7,434,060	32,280,017
Contract revenue	402,617,490	354,924,402
Contract costs incurred	402,617,490	354,924,402

	2009	2008
	$	**$**
35. Financial Instruments by Category		
(i) Loans and receivables		
Amounts due from GORTT	34,777,905	43,777,905
Receivables for contract work billed to GORTT	298,725,039	184,799,905
Advances to contractors	237,176,727	280,305,680
Cash and cash equivalent	181,229,462	283,775,730
Other receivables excluding prepayments	211,079,730	235,200,086
	962,988,863	1,027,859,306
(ii) Financial liabilities carried at amortised cost		
Borrowings	7,494,857,339	6,560,539,097
Accounts payables and accruals	605,978,856	622,281,896
Reserve development fund	103,619,852	106,805,139
	8,204,456,047	7,289,626,132

36. Contingent Liabilities

The Group companies are parties to various legal actions, the final outcome of which is uncertain. Based on appropriate legal advice, the directors have concluded that no significant unrecognised liability is expected to crystallise.

37. Subsequent Events

The following events were noted subsequent to the year-end:

a) The Group obtained an increase in the Republic Finance and Merchant Bank Limited Floating Rate Bond facility from $1.65 billion to $2.4 billion. An extension was also granted on this facility to December 10, 2010.

b) The Group has entered into several contracts amounting to approximately $160 million in the normal course of business.

37. Subsequent Events (continued)

c) In May 2010, the Group entered into a short term loan facility in the sum of $100 million to assist with the payment of the payables on several projects.

d) Design Collaborative Associates and Genivar TT Limited filed a claim for works done on the Port of Spain Waterfront Masterplan in the mount of TT$22,792,127.05. This matter was settled for TT$ 24,721,741 in May 2013. An accrual is included for this liability.

e) Turner Alpha Ltd & Mid-East Construction Services Inc. commenced an action against the Group in respect to works done by virtue of various written agreements. The works were allegedly performed for the period August 2009 to September 2010. The action was settled for US$ 6,471,445.38 and legal costs in the amount of TT$ 99,535.61 in May 2011. An accrual is included for this liability.

f) The Environmental Management Authority served notice of violation dated 24 February 2010 against the Group in contravention of several sections of the Environmental Management Act. The violations were allegedly with respect to unauthorized works being carried out at the National Academy for the Performing Arts, South Campus site without a Certificate of Environment Clearance being issued. The estimated payout is TT$1,613,891 should the action be successful. The final payment was made in April 2013. An accrual is included for this liability.

g) Communications Workers' Union - Kenneth Crichlow issued a pre-action protocol letter seeking damages for breach of contract due to dismissal. This matter is currently before the industrial court. It has been adjourned to October 05, 2017.

h) Banking Insurance and General Workers Union - Samantha Young engaged in action against the Group for wrongful dismissal for TT$450,000. The Group settled this matter for TT$245,000 in 2014.

i) Genivar TT and Genivar Inc filed a claim for payment for services rendered on a number of sites including Chancery Lane, Stollmeyer's Castle, Mille Fleurs, etc, in the amount of TT$102,000,000.00 inclusive of interest, damages and costs. The claim was finally settled for TT$71,000,000.00 in August 2013. An accrual is included for this liability.

37. Subsequent Events (continued)

j) Sunway issued a pre-action protocol letter with respect of claim for damages for breach of contract for the schematic Design and Fit out of the Ministry of Legal Affairs office tower for TT$55,006,143. This matter was last heard on April 04, 2017 in the High Court. On July 12, 2016 the parties considered settlement. The matter was adjourned pending settlement on April 04 2017. Judicial Settlement Conference (JSC) was held on November 8 2017. A settlement was forwarded on December 29 2017. The next JSC is on January 11 2018.

k) Dipcon Engineering filed claim against the Group relating to the Oropune Housing Project for outstanding amounts. The judgement is to be delivered in October 2017.

l) Atlas Engineering Ltd brought action against the Group relating to the Manzanilla, Matelot and Matura Police Stations in the amount of TT$25,928,870.96. The claim was settled for TT$2,000,000.00 in November 2016.

m) Carillion filed a claim for work done on the BIR Tower in the amount of TT$ 30,015,468.00 and interest in the amount of TT$4,580,300.64. In 2010 a settlement was reached for TT$4,580,300.64.

n) Salvus Security claimed TT$798,445.11 for outstanding security invoices which they claimed were not paid. On March 22nd 2010, the claim was dismissed, and the claimant was instructed to pay UDeCOTT's legal costs in the amount of TT$23,308.24.

o) CDAG Interiors filed a claim for outstanding work performed after they were instructed to cease all works on the BIR and MLA Buildings. After arbitration the claim was settled for TT$8,595,809.00 in 2011.

37. Subsequent Events (continued)

p) The Home Mortgage Bank

- The TTD 44M Bond for Memorial Park Block was extended to December 31, 2011.
- The TTD 170M re Real Spring Housing Development was extended to June 21, 2011 with a further extension of six (6) months subject to 90 days' notice, and the repayment amended to a phased repayment structure.
- The TTD 300M Bond was extended from December 30, 2009 to December 30, 2010.

q) The Banking, Insurance and General Workers' Union – A claim was filed for wrongful dismissal in the amount of TT$200,000.00. This claim was settled for TT$120,000.00 in July 2014.

r) Jasphal Bhogal Associates Limited submitted a claim for design works on the St. Vincent Place project in the amount of TT$7,892,678.51. This claim was settled for TT$7,615,000.00 on 6th November 2012.

s) Spancrete Ltd filed a claim for $7,000,000.00 on April 05 2017. Next hearing January 17 2018

t) Sherma Ramoutar Boodhoo filed a claim for wrongful dismissal in the amount of $771,427.00 plus exemplary damages in 2016.The matter will be heard on April 16 and 18 2018.

u) Orlando Forde accused the Group of wrongful dismissal. Certificate of Trade dispute filed on September 12 2017. First hearing date is January 9 2018.

v) GYM Ltd filed a claim against Group for breach of contract and monies owed for general maintenance services undertaken at the Government Campus Plaza Parkade in the amount of $672,736.48. The matter was settled by consent order on May 02 2017. The Group made an agreed payment of $493,182.63 on June 30th 2017.

38. Segment Information

	Construction works	Hotel operation	Total
	$	$	$
December 31, 2009			
Revenue	249,350,993	217,093,703	466,444,696
Operating profit (loss)	(223,090,096)	53,825,614	(169,264,482)
Assets	8,264,422,377	130,830,185	8,395,252,562
Liabilities	8,226,026,641	32,028,964	8,258,055,605

	Construction works	Hotel operation	Total
	$	$	$
December 31, 2008			
Revenue	216,936,921	168,606,703	385,543,624
Operating profit (loss)	(10,046,651)	33,911,840	23,865,189
Assets	7,718,729,008	75,606,404	7,794,335,412
Liabilities	7,313,863,357	26,193,557	7,340,056,914