



THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership



VISION STATEMENT

To be a strong, dynamic organization, providing easy access to home mortgage financing, and maintaining and enhancing our customer service, thereby ensuring customer loyalty.



2011
ANNUAL REPORT



MISSION STATEMENT

To enable you to own, renovate or improve your existing property, by providing easy access to mortgage financing

*“Quittez loyer ou payer pour cai ou”
(Let your rent pay for your home)*



THE TRINIDAD BUILDING & LOAN ASSOCIATION

BOARD OF DIRECTORS



TEASLEY TAITT
Vice President



AFRA RAYMOND
Director



JOHN B.C. MARTIN
Director



BLISS SEEPERSAD
Director



JOANNE PROSPER
Director



PERCY FARRELL
Director



KEITH ORTIZ
Director



TERENCE BOSWELL INNISS
President



JO-ANNE JULIEN
Director/Ex Officio Counsel



LESLIE NELSON
Secretary



THE TRINIDAD BUILDING & LOAN ASSOCIATION

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Thrift and Home Ownership

ANNUAL REPORT FOR THE YEAR ENDED 31ST DECEMBER 2011



CONTENTS

NOTICE OF MEETING	iv
CORPORATE INFORMATION	v
DIRECTORS' REPORT	vi
PRESIDENT'S REPORT	ix
AUDITED FINANCIAL STATEMENTS 2011	1-27

Notice of Meeting

121st ANNUAL MEETING

Notice is hereby given that the One Hundred and Twenty First Annual Meeting of The Trinidad Building and Loan Association will be held at The Crowne Plaza Hotel, Calypso Lounge, Wrightson Road, Port Of Spain on **Wednesday 28th March, 2012 at 5.00 p.m.** for the following purposes:-

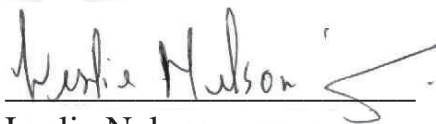
Namely:

1. To receive and consider the Financial Statements and the General Statement of the Affairs of the Association under the Building Societies Ordinance, Ch. 33:04 for the year ended 31 December 2011 and the reports of the Directors and Auditors thereon.
2. To elect Directors.
3. To elect a President and Vice-President.
4. To appoint auditors for the ensuing year at a fee to be fixed by the Board.
5. To transact such other ordinary business of the Association as may directly arise out of the consideration of the Annual Report.

Messrs. Terence Boswell Inniss and Keith Ortiz - Directors who retire by rotation under Rule 4.2, being eligible, offer themselves for re-election. In accordance with Rule 4.6, the Association also received notice from two (2) members of the Association nominating Ms. Michelle Wallace for Directorship. Ms Wallace has consented to such nomination.

A member entitled to attend and vote at the meeting is entitled, subject to Rule 9.8 of the Rules of the Association, to appoint a proxy to attend and vote in his stead. A proxy must also be a member of the Association.

BY ORDER OF THE BOARD



Leslie Nelson
SECRETARY



THE TRINIDAD BUILDING & LOAN ASSOCIATION
Housing Finance Institution Since 1891

Thrift and Home Ownership

2011 ANNUAL REPORT



Corporate Information

CORPORATE INFORMATION

<u>Directors</u>	<u>Yr. of Appt</u>	<u>Yr. of Election</u>
Mr. Terence Boswell Inniss - President	June 1992	2008
Mr. Teasley Taitt - Vice President	February 1997	2009
Mr. J. B.C. Martin C.A., F.C.A.	June 1974	2010
Ms Bliss Seepersad	September 2008	2009
Ms. Jo-Anne Julien - Counsel	July 2001	(Ex-Officio)
Mr. Keith Ortiz	January 1993	2008
Mr. Percy Farrell	February 1996	2010
Mr. Afra Raymond, BSc. MRICS	February 1999	2011
Ms. Joanne Prosper	April 2011	2011

ASSOCIATION SECRETARY/CEO

Mr. Leslie Nelson FCMA,CA,MBA,FLMI

REGISTERED OFFICE

The Trinidad Building and Loan Association
89 Queen Street
Port of Spain

Trinidad and Tobago, W.I
Phone: (868) 623-1501/4 Fax: (868) 627-0675
Website: tblamortgages.com
Email: info@tblamortgages.com
Website: www.tblamortgages.com

ATTORNEYS- AT-LAW

Lex Caribbean

1st Floor, 5-7 Sweet Briar Road
St Clair
Trinidad & Tobago, W.I
Phone (868) 628-9255

ATTORNEYS-AT-LAW

Wheeler & Co.

22-24 St Vincent Street
Port of Spain
Trinidad & Tobago, W.I
Phone: (868) 627-9014

Maurice Valere

2nd Floor, 37 Abercromby Street,
Port of Spain
Trinidad & Tobago, W.I
Phone: (868) 625-1339

BANKERS

RBTT Bank Limited

Independence Square
Port of Spain
Trinidad & Tobago W.I
Phone (868) 625-7288

AUDITORS

P KF

124 Belmont Circular Road
Belmont Trinidad & Tobago, W.I
Phone: (868) 624-4569



THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

2011

ANNUAL REPORT



DIRECTORS' REPORT

Your Directors have the honour to present their Annual Report as well as the Financial Statements and Report of the Auditors for the year 2011.

Revenue and Appropriation Account

	<u>2011</u> \$	<u>2010</u> \$
Revenue	4,474,981	4,955,293
Expenditure	3,622,610	<u>3,925,137</u>
Operating surplus for the year	852,371	1,030,156
Impairment of investment income	-	<u>(214,754)</u>
Net Surplus for the year	852,371	815,402
Appropriation to Dividend Reserve	(255,712)	(407,701)
The following dividends were declared:		
Interim dividends of 4.00% at 30th June (2010: 6%)	151,328	111,934
Final dividends of 6.00% at 31 st December (2010:6%)	<u>261,047</u>	<u>228,922</u>
	<u>412,375</u>	<u>(340,856)</u>
Balance After Appropriation and Dividends	184,284	66,845
To which was added the balance of Revenue Reserve brought forward	21,775,956	21,380,258
Transfer from Dividend Reserve	71,427	177,776
Borrowers' paid up share adjustment	-	151,077
	-	-
Retained Earnings carried forward	<u>22,031,667</u>	<u>21,775,956</u>



THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

2011

ANNUAL REPORT



DIRECTORS' REPORT - continued

Subscription Shares

In 2011, the Subscription Share portfolio increased from \$3,458,159 to \$4,795,485 or 39%. During 2011, 54 shares were sold when compared to 928 in 2010. Also in 2011, subscription shares to the value of \$51,367.74 matured. Total shares to the value of \$174,757.11 were repaid in 2011, of which the amount of \$122,961.14 was attributable to matured shares from the current and previous periods.

At the end of 2011, it was brought to the attention of the Board of Directors that in accordance with International Financial Reporting Interpretation (IFRIC) #2 subscription share holding is required to be reported as a liability.

Savings Portfolio

At the end of 2011, this portfolio amounted to \$5,507,613 compared with \$5,869,666 in 2010, a decrease of 6.16%.

Special (Fixed) Deposit

The trend from 2010 continued in 2011 with the resulting reduction of Special Deposits as at 31st December 2011 of \$1,534,711 from \$6,766,587 in 2010 to \$5,231,876, a decrease of 22.68%.

Mortgage Loan

The mortgage portfolio increased by \$3.8M or 14.84% from \$25.6M in 2010 to \$29.4M in 2011. New Loans disbursed in 2011 amounted to \$6.4M

Interest Income

There was a reduction in interest income from \$3.9M in 2010 to \$3.7M in 2011. This was mainly due to lower rates of returns in investments



THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

2011

ANNUAL REPORT



DIRECTORS' REPORT

Total Assets

Assets fell by marginally from \$62.4M in 2010 to an amount of \$62.2M as at the end of 31st December 2011.

Net Income

Notwithstanding the challenges of 2011 and consistent with the Association's Rules, an interim dividend of 4.0% was paid and credited to share accounts at 30th June 2011, while a final dividend of 6.00% was paid and credited on 31st December 2011. Total dividend paid for the year 2011 was therefore 10%.

Group Health and Accident Insurance Plan

This plan which was established in 1966 is operated on a 60% (company):40% (employee) contributory basis for the benefit of the staff and to which the sum of **\$32,482** was contributed by the Association during this year. (2010: **\$32,763**).

Auditors

Messrs. PKF, the Auditors of the Association, whose term of office has come to a close and being eligible, have offered themselves for re-appointment.



THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

2011 ANNUAL REPORT



PRESIDENT'S REPORT

Global Review & Outlook

In 2011, the global community continued to experience the effect of the financial crisis that the world endured since 2008. The economies of the world can best be described as uncertain. Major issues in 2011 include: the geopolitical tensions in the Middle East and North Africa; the waning of US dominance; the debt dilemma across the EURO zone highlighted by the Greek debt crisis and instability in Portugal, Spain and Italy.

In 2011, conditions in the United States continued to be difficult with challenges of growing debt, budget deficits and sustained unemployment.

These developments are among the main reasons for the view held by many, that in 2011, the global economy continued to deteriorate with the resulting loss of confidence. Unfortunately, the outlook for 2012 is not at variance from the results of 2011, as those issues remain at the forefront of the global economy.



TERENCE BOSWELL INNISS
President

National/Regional Review & Outlook

In 2011, Trinidad and Tobago recorded another year of negative growth at 1.4 percent in real GDP. This was as a direct result of the economic challenges in the US and Europe, both of which are major export and tourism markets for Trinidad and Tobago products. Together with these issues, Trinidad and Tobago had other affairs to deal with during 2011, such as a turbulent industrial relations climate, unacceptable levels of crime, and a state of emergency accompanied by a curfew that negatively impacted business activity. There was also the CLICO policyholders bailout issue and non-payment to contractors.

Also during 2011, it was highlighted that despite our natural gas being sold at contract prices, the world price dropped from a high of over \$10.00 per British thermal unit (btu) to under \$4.00 per btu with LNG plants in the Middle East coming on stream and the production of LNG for sale in the USA.

As if the above was not enough, in 2011, the local economy was also affected by an inactive construction sector and a continuing decline in crude oil and natural gas production. The projected deficit financing for 2012 is \$7.3 Billion of a \$54.6 Billion budget. However, the forecast for 2012 is a 1.5 percent growth in real GDP, which is based to a large part on a turn-around in the construction sector.



THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

2011 ANNUAL REPORT



PRESIDENT'S REPORT - continued

Industry Review and Outlook

In 2011, the mortgage market in Trinidad and Tobago became much more competitive as a result of the high liquidity in the economy. Most financial institutions provided mortgages as a major product to maintain lending, given the slow down in both consumer and business loans.

The Central Bank introduced the Residential Real Estate Mortgage Market Guideline in 2011 to provide improved transparency and disclosure to borrowers. This is applicable in the first instance to all commercial banks and the affiliated non-banking financial sector.

The Mortgage Market Reference Rate (MMRR) is an interest rate benchmark against which mortgages are to be priced and re-priced. The Central Bank will provide this rate on a quarterly basis. The MMRR is computed based on information on commercial banks' funding costs and yields on applicable treasury bonds. The mortgage rate is based on the MMRR plus a margin charged by the respective financial institution.

The outlook for the mortgages market in 2012 is optimistic from the standpoint that interest rates on new mortgages are at an all time low. This is very inviting to individuals to consider a new mortgage. Other positive signs are the reintroduction of the tax incentive up to \$18,000.00 for new homeowners; reduced stamp duty; reduced construction costs and the low Central Bank repo rate.

Financial Performance

The Association's net assets increased by 1.00% in 2011, from \$44.7M to \$45.1M. Notwithstanding the many challenges in the economy in 2011, the Association's mortgage portfolio increased by 15% or \$3.8M to \$29.4M. This was due to the marketing initiatives in 2011, with a call in radio programme being the main catalyst.

Profit before dividends for 2011 increased by 4.5% to \$852,371, as compared to 2010 of \$815,402. It should be noted that the impairment on the CLICO's investment was accounted for in 2010. The Association continued to realise low investment returns in 2011, which is a representation of falling investment returns in the economy. In spite of all its challenges, the Board declared a total dividend of 10% for the year 2011.

Continuing from 2010 to 2011, the Board of Directors maintained the difficult decision to suspend the sale of shares. This was necessary during this period as there were not many new mortgage loan applications in early 2011 and the return on money market funds was very low.

In 2011, the Board exercised the right to reduce the number of shares held by large corporate shareholders to avoid balloon maturities in 2019-2021. The Board of Directors has expressed the view that once the portfolio has been restructured, shares will again be offered for sale with the emphasis on prospective homeowners and not large investors.



THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

2011

ANNUAL REPORT



PRESIDENT'S REPORT

Achievements

The Association continues to show positive signs in a number of areas of its operations. Staff morale continues to improve as employees' feedback is making its way into policy decisions, and the overall Industrial Relations climate is calm.

The major achievement for 2011 is undoubtedly the success of the re-branding of the Association continuing from 2009, with the use of print, radio and television advertising. In particular, the bi-weekly radio programme has introduced a number of new customers to the Association. The radio programme has also raised public awareness of the Association in particular, and of the mortgage product in general.

In 2012, the Association will continue to manage its affairs in a professional manner and ensure that notwithstanding the turbulent economic environment, its mandate of providing affordable financing for home acquisition and improvement is met.

Acknowledgement

My sincere appreciation is extended to the Management and Staff of the Association for their continued commitment, loyalty and dedication to the Association. Special mention is made of Mr. Nigel Matthew, our former Chief Executive Officer/Secretary, for his contribution to the Association. Mr. Matthew resigned in August 2011, to continue in his position as President of a Credit Union.

I wish to acknowledge the twenty-four (24) years of sterling service given to the Association by Mr. Winston Padmore, who was replaced as a Director at the Annual General Meeting in March 2011 by Ms. Joanne Prosper. We welcome Ms. Prosper to the Board of Directors of the Association.

I also wish to thank the other members of the Board of the Association for their invaluable contributions at the Board and Sub-Committee Meetings.

T Boswell Inniss [Mr.]
President

FINANCIAL STATEMENTS

2011
ANNUAL REPORT



THE TRINIDAD BUILDING & LOAN ASSOCIATION
Housing Finance Institution Since 1891

Thrift and Home Ownership

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

I N D E X

	<u>Page</u>
Statement of Management Responsibilities	1
Independent Auditors' Report	2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Funds	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 27



Trinidad Building and Loan Association

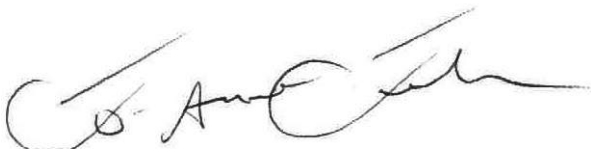
Statement of Management Responsibilities

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

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

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

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



Director

Date: 14/3/2012



Director

Date: 14/3/2012



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Members

The Trinidad Building and Loan Association

We have audited the accompanying financial statements of The Trinidad Building and Loan Association, which comprise the statement of financial position as at 31 December 2011, the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Trinidad Building and Loan Association as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port-of-Spain

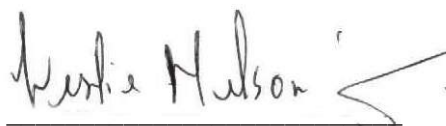
7 March 2012

THE TRINIDAD BUILDING AND LOAN ASSOCIATION
STATEMENT OF FINANCIAL POSITION

Assets:	Notes	31 December	
		<u>2011</u>	<u>2010</u>
Cash and cash equivalents	5	\$ 9,354,366	\$ 13,728,379
Accounts receivable and prepayments	6	747,667	660,934
Investments	7	<u>11,593,976</u>	<u>11,169,203</u>
		21,696,009	25,558,516
Mortgages	8	28,049,842	23,900,594
Land loans	9	1,480,600	1,743,099
Fixed assets	10	<u>11,058,352</u>	<u>11,226,274</u>
Total Assets		<u>62,284,803</u>	<u>62,428,483</u>
Liabilities:			
Accounts payable and accruals	11	1,092,744	1,054,922
Depositors	12	10,739,489	12,636,253
Unpaid matured shares	13	473,979	540,971
Members/Shareholders	14	<u>4,795,485</u>	<u>3,458,159</u>
Total Liabilities		<u>17,101,697</u>	<u>17,690,305</u>
Net Assets		<u>\$ 45,183,106</u>	<u>\$ 44,738,178</u>
Financed by:			
Dividend Reserve		\$ 941,445	\$ 757,160
Capital Reserve		8,570,752	8,570,752
Investment Remeasurement Reserve		5,284	352
Revenue Reserve		22,031,667	21,775,956
Special Reserve Fund		<u>13,633,958</u>	<u>13,633,958</u>
Total Funds		<u>\$ 45,183,106</u>	<u>\$ 44,738,178</u>



Terence Boswell Inniss: President



Leslie Nelson: Secretary

(The accompanying notes form part of these financial statements)

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

	<u>Schedules</u>	31 December	
		<u>2011</u>	<u>2010</u>
Interest earned	1	\$ 3,755,240	\$ 3,984,495
Other income	2	<u>719,741</u>	<u>970,798</u>
Total income		<u>4,474,981</u>	<u>4,955,293</u>
Interest paid	3	280,859	488,718
Loan loss expense		100,000	100,000
Other expenditure	4	<u>3,241,751</u>	<u>3,336,419</u>
Total expenditure		<u>3,622,610</u>	<u>3,925,137</u>
Operating surplus for the year		852,371	1,030,156
Impairment of investment income		<u>-</u>	<u>(214,754)</u>
Net surplus for the year		852,371	815,402
Other Comprehensive Income:			
Unrealised gain on available-for-sale financial assets		<u>4,932</u>	<u>352</u>
Total comprehensive income for the year		<u>\$ 857,303</u>	<u>\$ 815,754</u>

(The accompanying notes form part of these financial statements)

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2011

	<u>Dividend Reserve</u>	<u>Capital Reserve</u>	<u>Investment Remeasurment Reserve</u>	<u>Revenue Reserve</u>	<u>Special Reserve Fund</u>
Beginning balance as at 1 January 2010	\$ 527,235	\$ 8,570,752	\$ -	\$ 21,380,258	\$ 13,633,958
Net surplus for the year				815,402	
CBLA dividend adjustment				151,077	
Members' purchases net of withdrawals and transfers					
Investment Re-measurement Reserve Adjustment			352		
Dividend Reserve Addition	407,701			(407,701)	
Reduction	(177,776)			177,776	
Interim dividend June : 4.5%				(111,934)	
Final dividend December: 7.5%	-	-	-	(228,922)	-
Balance as at 1 January 2011	\$ 757,160	\$ 8,570,752	\$ 352	\$ 21,775,956	\$ 13,633,958
Net surplus for the year				852,371	
Members' purchases net of withdrawals and transfers					
Investment Re-measurement Reserve Adjustment			4,932		
Dividend Reserve Addition	255,712			(255,712)	
Reduction	(71,427)			71,427	
Interim dividend June : 4%				(151,328)	
Final dividend December: 6%	-	-	-	(261,047)	-
Balance as at 31 December 2011	<u>\$ 941,445</u>	<u>\$ 8,570,752</u>	<u>\$ 5,284</u>	<u>\$ 22,031,667</u>	<u>\$ 13,633,958</u>

(The accompanying notes form part of these financial statements)

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

STATEMENT OF CASH FLOWS

	31 December	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net surplus for the year	\$ 852,371	\$ 815,402
Impairment of investment income – accrued interest	-	214,754
Gain on disposal of fixed asset	-	(68,000)
Loan loss expense	100,000	100,000
Depreciation	<u>184,076</u>	<u>223,975</u>
Operating profit before changes in operating assets	1,136,447	1,286,131
Net change in accounts receivable and prepayments	(86,733)	(177,126)
Net change in accounts payable and accruals	<u>37,822</u>	<u>(633,613)</u>
Net cash provided by operating activities	<u>1,087,536</u>	<u>475,392</u>
Cash flows from investment activities:		
Net change in land loans	262,499	(8,310)
Net change in investments	(419,841)	(1,071,903)
Net change in mortgages from members	(4,249,248)	213,259
Proceeds from disposal of fixed assets	-	81,920
Fixed assets purchased	<u>(16,154)</u>	<u>(51,215)</u>
Net cash used in investing activities	<u>(4,422,744)</u>	<u>(836,249)</u>
Cash flows from financing activities:		
Net change in depositors	(1,896,764)	(633,576)
Net change in members' balances	(66,992)	(17,027)
Net change in amounts due to shareholders	1,337,326	1,254,977
Dividends paid	<u>(412,375)</u>	<u>(340,856)</u>
Net cash (used in)/provided by financing activities	<u>(1,038,805)</u>	<u>263,518</u>
Net change in cash and cash equivalents	(4,374,013)	(97,339)
Cash and cash equivalents at the beginning of the year	<u>13,728,379</u>	<u>13,825,718</u>
Cash and cash equivalents at the end of the year	<u>\$ 9,354,366</u>	<u>\$13,728,379</u>

(The accompanying notes form part of these financial statements)

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****1. Registration and Principal Activity:**

The Association is registered in the Republic of Trinidad and Tobago under the Building Societies Act Ch. 33:04 to make advances to members to acquire or to make improvements to freehold or leasehold estates, out of the funds of the Association by way of mortgage upon the security of such unencumbered estates.

2. Statement of Accounting Policies:**a) Basis of financial statements preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available-for-sale investments and certain other financial instruments.

b) Use of estimates -

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

c) New Accounting Standards and Interpretations -

i) The Association has not applied IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine, which became effective during the current year, as it does not apply to the activities of the Association.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Replacement of “fixed dates” for certain exceptions with “the date of transition to IFRSs” (effective for accounting periods beginning on or after 1 July 2011).

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****2. Significant Accounting Policies (Cont'd):****(c) New Accounting Standards and Interpretations (cont'd) -**

IFRS 1	First-time Adoption of International Financial Reporting Standards – Additional exemption for entities ceasing to suffer from hyperinflation (effective for accounting periods beginning on or after 1 July 2011).
IFRS 7	Financial Instruments: Disclosure – Amendments enhancing disclosure about transfers of financial assets (effective for accounting periods beginning on or after 1 July 2011).
IFRS 9	Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015).
IFRS 9	Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2015).
IFRS 10	Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
IFRS 11	Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).
IFRS 12	Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
IFRS 13	Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012).
IAS 12	Income Taxes – Limited scope amendment - recovery of underlying assets (effective for accounting periods beginning on or after 1 January 2012).
IAS 19	Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations (cont'd) -

IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013).
IAS 32	Financial Instruments; Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
IAS 34	Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).

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

d) Fixed assets -

Fixed assets are stated at historical cost, and except for freehold buildings, are depreciated on the straight-line basis at rates estimated to write off the assets over their respective useful lives.

The following rates are considered appropriate to write-off the assets over their estimated useful lives:

Office equipment and fittings	-	20%
Motor vehicles	-	25%
Computer equipment	-	20% - 33 1/3%
Machines	-	10%
Office furniture	-	5%

Increases in the carrying amount arising on revaluation of land and buildings are credited to Capital Revaluation Reserve in Members' Equity. Decreases that offset previous increases of the same asset are charged against reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from the Capital Revaluation Reserve to the Revenue Reserve. When revalued assets are sold, the amounts included in the Capital Revaluation Reserve are transferred to the Revenue Reserve.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****2. Statement of Accounting Policies (Cont'd):****d) Fixed assets (cont'd) -**

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the "Gain/Loss on Disposal" account in the Statement of Comprehensive Income.

e) Income and expenditure -

(i) Income items are dealt with as follows:

- (a) Mortgage interest, investments, bank deposits and savings revenues are dealt with on the accruals basis.
- (b) Other income is dealt with on the receipts basis.

(ii) Expenditure items are dealt with on the accruals basis.

f) Investments -

The Association has classified all investments into the following categories:

Available for sale

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

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

Held to maturity

These are securities which are held with the positive intention of holding them to maturity and are stated at amortized cost less provisions made for any permanent diminution in value. Amortised cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****2. Statement of Accounting Policies (Cont'd):****g) Financial instruments -**

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

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

Financial assets

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

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

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

Impairment of financial assets

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

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****2. Significant Accounting Policies (Cont'd):****g) Financial instruments (cont'd) -****Impairment of financial assets (cont'd)**

- i)** Significant financial difficulty of the issuer or obligor.
- ii)** A breach of contract, such as default or delinquency in interest or principal payments.
- iii)** It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv)** The disappearance of an active market for that financial asset because of financial difficulties.
- v)** Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Association or national or economic conditions that correlate with defaults on assets in the Association.

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

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

i) Financial assets measured at amortised cost

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

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

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****2. Significant Accounting Policies (Cont'd):****g) Financial instruments (cont'd) -****Impairment of financial assets (cont'd)****ii) Financial assets measured at cost**

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

Financial liabilities

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

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

Cash and cash equivalents

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

Trade receivables

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

Mortgage loans

Mortgage loans are stated at principal amounts outstanding net of allowances for loan losses. Specific provisions are made for potential losses on non-performing loans on the basis of net realisable value. Periodic portfolio reviews are conducted during the course of each year to determine the adequacy of the provision.

Loans are secured by various forms of collateral, including charges over tangible assets, certificates of deposit, and assignment of funds held with other financial institutions.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****2. Significant Accounting Policies (Cont'd):****g) Financial instruments (cont'd) -**Trade payables

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

Members' deposits

Members' deposits are stated at the principal amounts invested by members together with any capitalised interest. Members' deposits bear interest at rates that are not significantly different from current market rates.

Members' shares

Members' shares are classified as liabilities and stated at fair value.

h) Dividends payable to members -

Dividends are computed on the basis of the average value of shares held throughout the year, the average being determined on the basis of the value of shares held at the end of each month. Dividends that are proposed and declared after the Statement of Financial Position date are not shown as a liability in accordance with IAS 10 but are disclosed as a note to the financial statements.

i) Provisions -

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

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

j) Retirement benefit plan -

The Association operates a defined benefit plan covering substantially all eligible employees of the Association. The fund of this plan is administered by three trustees and is separate from the Association's assets. Contributions to the plan are based upon the triennial actuarial valuation and are charged against profits on the accruals basis. The last actuarial valuation of the Plan, which was carried out as at 31 December 2006, revealed that the value of the assets exceeded the liabilities by **\$10,930,000**.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****2. Significant Accounting Policies (Cont'd):****k) Taxation -**

The Association's net income and gross receipts are exempted from Corporation Tax and Business Levy under Sections 6(1)(J) and 3A(2)(c) of the Corporation Tax Act (Ch. 75:02 of the laws of Trinidad and Tobago).

l) Comparative information -

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

3. Financial Risk Management:**Financial risk factors**

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

a) Interest rate risk -

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

The Association is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, customer deposits and other funding instruments.

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

i) Bonds

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

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

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

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****3. Financial Risk Management (Cont'd):****Financial risk factors (cont'd)****a) Interest rate risk (cont'd) -****ii) Mortgage Loans**

The Association grants mortgage loans on an adjustable rate basis of a long term nature. These are funded mainly from members' deposits and shares.

b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Association relies heavily on its Rules, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Association's lending philosophy; provide policy guidelines to team members involve in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The Association's loan portfolio is managed and consistently monitored by the Credit Committee and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

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

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

c) Liquidity risk -

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

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

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****3. Financial Risk Management (Cont'd):****c) Liquidity risk (cont'd) -**Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Association. The Association employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Association's assets as well as generating sufficient cash from new and renewed members' deposits and shares.

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

d) Operational risk -

Operational risk is the risk derived from deficiencies relating to the Association's information technology and control systems, as well as the risk of human error and natural disasters. The Association's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

e) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Inspector of Financial Institutions at the Central Bank of Trinidad and Tobago, as well as by the monitoring controls applied by the Association. The Association has an Internal Audit Department which does routine reviews on compliance.

f) Reputation risk -

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

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Association's accounting policies.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****4. Critical Accounting Estimates and Judgments (Cont'd):**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Association makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

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

- i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- ii) Which depreciation method for fixed assets is used.

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

i) Impairment of assets

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

ii) Plant and equipment

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

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

5. Cash and Cash Equivalents:

	31 December	
	<u>2011</u>	<u>2010</u>
Cash and cash equivalents		
Cash on hand	\$ 41,329	\$ 38,995
RBTT Bank Limited	328,183	174,346
Trinidad and Tobago Unit Trust Corporation	<u>8,984,854</u>	<u>13,515,038</u>
	<u>\$ 9,354,366</u>	<u>\$ 13,728,379</u>

As at 31 December 2011, cash and cash equivalent comprise 15% (2010 - 22%) of total assets.

6. Accounts Receivable and Prepayments:

	31 December	
	<u>2011</u>	<u>2010</u>
Accrued commissions and interest on loans	\$ 292,036	\$ 196,449
Interest receivable	190,437	442,497
Staff loans	57,128	50,900
Prepayments	66,394	51,504
Other	<u>141,672</u>	<u>134,338</u>
	747,667	875,688
Less impairment of accrued interest	<u>-</u>	<u>(214,754)</u>
	<u>\$ 747,667</u>	<u>\$ 660,934</u>

On January 30, 2009 the Ministry of Finance (MOF) and the Central Bank of Trinidad and Tobago announced that the Government of the Republic of Trinidad and Tobago (GORTT) had reached an agreement with the CL Financial Limited Group for the provision of a package of financial support for the Group's financial services companies. These companies included Colonial Life Insurance Company Limited (CLICO), Caribbean Money Market Brokers Limited (CMMB) and British American Insurance Company (Trinidad) Limited (BAT).

Subsequent to this, the Minister of Finance stated that GORTT would repay local investors of Short Term Investment Products (STIPS) in CLICO and BAT, their principal balances, that is, the capital sum as at the issue date or last renewal date, minus any capital withdrawals or loans made prior to 8 September 2010. A similar guarantee was not made for interest accrued on the principal balances.

In light of the foregoing, The Trinidad Building and Loan Association has opted to impair all accrued interest on its CLICO investments.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

7. Investments:

	31 December	
	<u>2011</u>	<u>2010</u>
Held-to-maturity –		
CLICO – Executive Flexible Premium Annuity	\$ 1,411,582	\$ 1,411,582
Intercommercial Bank 3% - Maturity August 2011	-	1,000,000
T&TEC Redeemable Floating Rate Bonds 8.5% - Maturity 2011	-	26,657
Caroni Fixed Rate Redeemable Bond Issue 12% - Maturity 2012	197,245	372,794
Caribbean Finance Company Ltd 4% - Maturity 2012	105,000	84,600
Government of Trinidad and Tobago \$300M Floating Rate Bond 7.8% – Maturity 2014	1,000,000	1,000,000
Government of Trinidad and Tobago \$700M Floating Rate Bond 8% – Maturity 2014	2,000,000	2,000,000
WASA South Water Project:		
Guaranteed Redeemable Fixed Rate Bond 1 st Tranche 10.5% – Maturity 2019	1,891,112	2,127,502
Guaranteed Redeemable Fixed Rate Bond 2 nd Tranche 10.5% – Maturity 2019	938,545	1,055,863
Government of Trinidad and Tobago Redeemable Floating Rate Bond 10.87% - Maturity 2019	229,133	270,793
WASA – Government of Trinidad and Tobago \$330M Redeemable Floating Rate Bond 9.0% - 11.5% - Maturity 2021	699,487	779,412
Government of Trinidad and Tobago Fixed Bond 5.95% - Maturity April 2023	1,057,063	1,040,000
NIPDEC TT\$50M Fixed Rate Bond 6.55% - Maturity 2025	<u>2,064,809</u>	<u>-</u>
	<u>\$ 11,593,976</u>	<u>\$ 11,169,203</u>

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

8. Mortgages from Members:

Statement pursuant to section 45(1) of the Building Societies Act Ch. 33:04.

Mortgages on properties where the present debt does not exceed **\$100,000** and the repayments are not upwards of 12 months in arrears and the property has not been upwards of 12 months in possession of the Association Section 45(1) (a).

	31 December	
	<u>2011</u>	<u>2010</u>
On 64 Mortgages where the debt does not exceed \$10,000 (2010:61)	\$ 122,316	\$ 129,808
On 13 Mortgages where the debt exceeds \$10,000 and does not exceed \$25,000 (2010:14)	142,592	234,863
On 31 Mortgages where the debt exceeds \$25,000 and does not exceed \$50,000 (2010:31)	1,085,535	1,219,397
On 35 Mortgages where the debt exceeds \$50,000 and does not exceed \$100,000 (2010:31)	2,424,378	2,289,568
On 77 Mortgages where the debt exceeds \$100,000 Section 45(1) (b) (2010:68)	25,431,599	21,106,965
Mortgages on properties of which the repayments are upwards of 12 months in arrears and the property has been upwards of 12 months in possession of the Association Section 45(1) (b).		
On 6 Mortgages (2010:6)	<u>129,513</u>	<u>183,790</u>
Total Mortgages 226 (2010:211)	29,335,933	25,164,391
Less: Accrued interest on demand loans	(860,680)	(933,011)
Provision for doubtful loans – Principal	<u>(425,411)</u>	<u>(330,786)</u>
	<u>\$ 28,049,842</u>	<u>\$ 23,900,594</u>

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

9. Land Loans:

	31 December	
	<u>2011</u>	<u>2010</u>
Balance brought forward	\$ 1,743,099	\$ 1,734,789
New loans during the year	717,500	270,000
Repayments during the year	<u>(979,999)</u>	<u>(261,690)</u>
Balance carried forward	<u>\$ 1,480,600</u>	<u>\$ 1,743,099</u>

10. Fixed Assets:

Cost	<u>Freehold Properties</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
Balance as at 1 January 2011	\$ 10,498,436	\$ 337,413	\$ 1,468,833	\$ 12,304,682
Additions	<u>6,130</u>	<u>-</u>	<u>10,024</u>	<u>16,154</u>
Balance as at 31 December 2011	<u>10,504,566</u>	<u>337,413</u>	<u>1,478,857</u>	<u>12,320,836</u>
Accumulated Depreciation				
Balance as at 1 January 2011	-	118,105	960,303	1,078,408
Charge for the year	<u>-</u>	<u>73,103</u>	<u>110,973</u>	<u>184,076</u>
Balance as at 31 December 2011	<u>-</u>	<u>191,208</u>	<u>1,071,276</u>	<u>1,262,484</u>
Net book value				
Balance as at 31 December 2011	<u>\$ 10,504,566</u>	<u>\$ 146,205</u>	<u>\$ 407,581</u>	<u>\$ 11,058,352</u>
Balance as at 31 December 2010	<u>\$ 10,498,436</u>	<u>\$ 219,308</u>	<u>\$ 508,530</u>	<u>\$ 11,226,274</u>

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

11. Accounts Payable and Accruals :

	31 December	
	<u>2011</u>	<u>2010</u>
Trinidad and Tobago Housing Development Corporation	\$ 187,722	\$ 206,598
Other	<u>905,022</u>	<u>848,324</u>
	<u>\$ 1,092,744</u>	<u>\$ 1,054,922</u>

The Association acts as agent for the Trinidad and Tobago Housing Development Corporation (HDC) administering its mortgage loan portfolio, which amounts to approximately **\$6,186,328** (2010:\$6,966,671). The amount due to HDC represents receipts collected before deductions and charges.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

12. Depositors:

	31 December	
	<u>2011</u>	<u>2010</u>
Special deposits	\$ 5,231,876	\$ 6,766,587
Savings deposits	<u>5,507,613</u>	<u>5,869,666</u>
	<u>\$ 10,739,489</u>	<u>\$ 12,636,253</u>

- (i) As at 31 December 2011, total deposits to mortgage loans amount to 38% (2010: 53%).
- (ii) As at 31 December 2011, deposits maturing in 2012 will amount to **\$4,619,349** and deposits maturing after 31 December 2012 will amount to **\$225,146** (2010:\$175,400).

13. Unpaid Matured Shares:

	31 December	
	<u>2011</u>	<u>2010</u>
Amounts due for unpaid matured shares	<u>\$ 473,979</u>	<u>\$ 540,971</u>

14. Members/Shareholders:

	31 December	
	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 3,458,159	\$ 2,203,182
Share purchases less withdrawals and transfers	<u>924,951</u>	<u>914,121</u>
	4,383,110	3,117,303
Dividends paid		
- 30 June – 4.0% (2010:4.5%)	151,328	111,934
- 31 December – 6.0% (2010:7.5%)	<u>261,047</u>	<u>228,922</u>
	<u>412,375</u>	<u>340,856</u>
	<u>\$ 4,795,485</u>	<u>\$ 3,458,159</u>

Members'/Shareholders' share balances are represented by members' share purchases less withdrawals and transfers, and accumulated dividends. In accordance with International Financial Reporting Interpretation (IFRIC) Interpretation #2, these redeemable shares have been treated as liabilities.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****15. Employees:**

At 31 December 2011 the Association had in its employ a staff complement of 17 persons (2010:17).

16. Contingent Liabilities:

- (i) Under the provisions of the Retrenchment and Severance Benefits Act 1985, an amount of approximately **\$241,230** as at 31 December 2011 (2010: \$320,195) would have been payable if the services of the employees of the Association were terminated. No provision is made for this contingent liability in these financial statements.
- (ii) The Association has issued a 6.5% debenture with a face value of **\$850,000** to its bankers as security for bank borrowings. This debenture is secured by a floating charge on all of the property of the Association both current and future.

17. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Association.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transaction with related parties and key management personnel during the year were as follows:

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

17. Related Party Transactions (Cont'd):

	December 31	
	<u>2011</u>	<u>2010</u>
Assets		
Loans to key management personnel	<u>\$ 32,351</u>	<u>\$ 44,937</u>
Deposits and other liabilities		
Deposits held by directors and key management personnel	<u>\$ 37,105</u>	<u>\$ 251,056</u>
Shares held by directors and key management personnel	<u>291,962</u>	<u>194,835</u>
	<u>\$ 329,067</u>	<u>\$ 445,891</u>
Interest and other income		
Directors and key management personnel	<u>\$ 1,840</u>	<u>\$ 10,269</u>
Interest and other expenses		
Directors and key management personnel	<u>\$ 25,909</u>	<u>\$ 17,806</u>
Key management compensation		
Short-term benefits	<u>\$ 859,029</u>	<u>\$ 764,215</u>
Post employment benefits	<u>16,080</u>	<u>13,770</u>
	<u>\$ 875,109</u>	<u>\$ 777,985</u>

18. Fair Values:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

THE TRINIDAD BUILDING AND LOAN ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2011****18. Fair Values (Cont'd):**

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

a) Current assets and liabilities -

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

b) Members' Loans -

Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

c) Investments -

The fair values of investments are determined on the basis of market prices available at 31 December 2011.

d) Members' deposits -

Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

19. Capital Risk Management:

The Association manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members, whilst providing value to its members by offering loan and savings facilities. The Association's overall strategy remains unchanged from previous years.

The capital structure of the Association consists of equity attributable to members, which comprises issued members shares and reserves.