Chairman's report

The period ended 31 October, 2010 was indeed an eventful one for RBTT Trust Limited. On 17 July, 2009, the company celebrated fifty (50) years as one of the leading providers of trust and asset management services in the country. On the heels of this achievement and in keeping with global best practices in our corporate governance framework, the company set about to separate its trustee and asset management business lines. This was successfully completed on 2 November, 2009 with regulatory approval received for the commencement of operations of RBTT Asset Management Limited, a subsidiary of RBC Financial (Caribbean) Limited. RBTT Asset Management Limited assumed all asset management services previously conducted under the RBTT Trust umbrella. This move positions the entity very well for the future as we separate the roles of trustee and asset manager.

The company has changed its reporting period to 31 October from 31 March to align the year-end with that of its ultimate parent company, Royal Bank of Canada (RBC). As such, the results for the period ended 31 October, 2010 are for a 19-month period while the comparative is for 12 months. The company recorded a profit for the period of TT$67.3 million, a commendable performance in the wake of the separation of its asset management line of business for the last 12 months of the period.

Shareholders' equity was TT$132.4 million as at 31 October, 2010. Of note is the 3.5% growth in assets under administration which now stand at over TT$56 billion, demonstrating our clients' continued confidence in the company's performance and management capabilities.

In closing, I would like to thank the clients of RBTT Trust Limited for the continued confidence shown in us over the period. I would also like to thank our employees, who are without a doubt the driving force behind all our achievements. Their continued commitment to our values, to our clients and to one another has positioned us for long-term growth and success.

Suresh Sookoo
Chairman
19 January 2011

Statement of management responsibility

The Financial Institutions Act, 2008 (FIA 2008) requires management to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the operating results of the Company for the period. It also requires management to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

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 controls 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 accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the FIA 2008. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. Management further accept 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 Company will not remain a going concern for at least the next twelve months from the date of this statement.

Aliyah Jaggassar
Head Trust Services
19 January 2011

Sham Singh
Head Finance,
Wealth Management
19 January 2011

Independent auditor's report

To the shareholder of RBTT Trust Limited

Report on the financial statements
We have audited the accompanying financial statements of RBTT Trust Limited, which comprise the statement of financial position as of 31 October 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements
Management is responsible for the preparation and the 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.

Auditor's 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 auditor's 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 auditor considers 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 accompanying financial statements present fairly, in all material respects, the financial position of RBTT Trust Limited as of 31 October 2010, and its financial performance and cash flows for the nineteen months period then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Deloitte and Touche
Port of Spain, Trinidad, West Indies
19 January 2011

Statement of financial position

	Notes	At 31 October 2010 $	Restated at 31 March 2009 $
Assets			
Cash resources		44,511,870	365,230
Investment securities	4	27,093,706	201,554,953
Investment in subsidiary	5	--	50,000
Investment in associate	6	45,181,398	29,087,845
Loans to customers	7	8,055,914	53,470,678
Property and equipment	8	2,108,605	2,853,917
Intangible assets - software	9	3,989,273	13,967,731
Receivables and prepayments	10	4,108,026	20,911,949
Deferred tax asset	11	952,944	290,070
Taxation recoverable		5,420,660	5,121,317
Total assets		141,422,396	327,673,690
Liabilities			
Payables and accruals	12	1,852,852	1,657,318
Post-retirement benefit obligations	13	3,835,000	4,745,000
Provisions		450,000	1,083,168
Taxation payable		2,867,981	47,548,653
Total liabilities		9,005,833	55,034,139
Shareholder's equity			
Share capital	14	15,000,000	15,000,000
Statutory reserve	15	15,000,000	15,000,000
Investment revaluation reserve/(deficit)		5,510,824	(17,008,203)
Retained earnings		96,905,739	259,647,754
Total shareholders' equity		132,416,563	272,639,551
Total equity and liabilities		141,422,396	327,673,690

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

On 19 January 2011, the Board of Directors of RBTT Trust Limited authorised these financial statements for issue.

Director Director

Statement of comprehensive income

	Notes	19 Months Ended 31 October 2010 $	Restated Year Ended 31 March 2009 $
Continuing operations			
Interest income	16	17,599,548	14,462,804
Interest expense		(497,215)	--
Net interest income		17,102,333	14,462,804
Fee, commission and other income	17	33,444,426	32,985,445
Total income		50,546,759	47,448,249
Staff costs		(8,314,341)	(16,168,323)
Other operating expenses		(6,624,648)	(15,909,571)
Total operating expenses	18	(14,938,989)	(32,077,894)
Goodwill impairment on investment in associate	6.1	--	(14,223,759)
Share of (losses)/profits of associate	6.1	(1,386,500)	10,785,178
Profit before taxation from continuing operations		34,221,270	11,931,774
Taxation credit/(expense) from continuing operations	19	888,551	(9,329,671)
Profit after taxation from continuing operations		35,109,821	2,602,103
Discontinued operations			
Profit after taxation from discontinued operations	20	32,148,164	106,352,449
Profit for the period/year		67,257,985	108,954,552
Other comprehensive income			
Net value gain on available-for-sale financial assets		5,510,274	518,546
Total comprehensive income for the period/year		72,768,259	109,473,098

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

Statement of changes in equity

	Share capital $	Statutory reserve $	Investment revaluation deficit $	Retained earnings $	Total shareholders' equity $
Year ended 31 March 2009					
Balance at beginning of year	15,000,000	15,000,000	(1,143,183)	210,050,202	238,907,019
Profit for the year	--	--	--	108,954,552	108,954,552
Other comprehensive income	--	--	518,546	--	518,546
Total comprehensive income for the year	--	--	518,546	108,954,552	109,473,098
Share of reserves from associate	--	--	(16,383,566)	--	(16,383,566)
Dividends	--	--	--	(59,357,000)	(59,357,000)
Balance at end of year	15,000,000	15,000,000	(17,008,203)	259,647,754	272,639,551
Period ended 31 October 2010					
Balance at beginning of year as previously stated	15,000,000	15,000,000	(17,008,203)	264,392,754	277,384,551
Prior year adjustment:					
Post-retirement benefit obligations not previously recognised (Note13)	--	--	--	(4,745,000)	(4,745,000)
Opening balances restated	15,000,000	15,000,000	(17,008,203)	259,647,754	272,639,551
Profit for the period	--	--	--	67,257,985	67,257,985
Other comprehensive income	--	--	5,510,274	--	5,510,274
Total comprehensive income for the period	--	--	5,510,274	67,257,985	72,768,259
Share of reserves from associate	--	--	17,008,753	--	17,008,753
Dividends	--	--	--	(230,000,000)	(230,000,000)
Balance at end of period	15,000,000	15,000,000	5,510,824	96,905,739	132,416,563

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

Statement of cash flows

	19 Months Ended 31 October 2010 $	Restated Year Ended 31 March 2009 $
Operating activities		
Profit for the period/year	67,257,985	108,954,552
Adjustments for:		
Capitalised interest on investment securities	(341,167)	(826,225)
(Loss)/gain on disposal of investment securities	8,295,376	(228,997)
Share of losses/(profits) of associate	1,386,500	(10,785,178)
Goodwill impairment on investment in associate	--	14,223,759
Taxation expense	9,827,504	44,780,487
Amortisation and depreciation	2,107,728	2,215,036
Profit before changes in operating assets and liabilities	88,533,926	158,333,434
Decrease/(increase) in operating assets		
Receivables and prepayments	16,803,923	(8,734,543)
(Decrease)/increase in operating liabilities		
Payables and accruals and provisions	(1,347,634)	4,997,797
Corporation taxes paid	(56,267,899)	(27,218,000)
Cash provided by operating activities	47,722,316	127,378,688
Investing activities		
Purchase of investment securities	(603,821,461)	(305,126,305)
Disposal of investment in subsidiary	50,000	--
Proceeds from sale/redemptions of investment securities	784,781,021	241,017,357
Net decrease/(increase) in loans to customers	45,414,764	(230,659)
Additions to equipment	--	(3,614,995)
Cash provided by/(used in) investing activities	226,424,324	(67,954,602)
Financing activities		
Dividends paid	(230,000,000)	(59,357,000)
Cash used in financing activities	(230,000,000)	(59,357,000)
Net increase in cash resources	44,146,640	67,086
Cash resources at beginning of period/year	365,230	298,144
Cash resources at end of period/year	44,511,870	365,230

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

Notes to the financial statements

1 General information

The Company was incorporated in the Republic of Trinidad and Tobago on 17 July 1959.

The Company is a wholly owned subsidiary of RBC Financial (Caribbean) Limited which is incorporated in Trinidad and Tobago. Its ultimate parent is Royal Bank of Canada which is incorporated in Canada. The Company is a licensed financial institution under the Financial Institutions Act, 2008 of Trinidad and Tobago and authorised thereunder to conduct "business of a financial nature" falling within the class of "Trust Company". The Company provides a full range of services pertaining to asset management and administration, trusteeship, executorship and administratorship, and support services associated therewith, to corporate and individual clients. Its registered office is 55 Independence Square, Port of Spain, Trinidad and Tobago.

The associate company of RBTT Trust Limited is engaged in banking and financial intermediation services.

During fiscal 2010, the company changed its end of reporting period to 31 October 2010 to align the year-end with that of the ultimate parent company, Royal Bank of Canada. Consequently, the results for the period ended 31 October 2010 includes the results of operations for nineteen months from 1 April 2009 to 31 October 2010. The results for the comparative year ended 31 March 2009 include the results of operations for twelve months.

2 Significant accounting policies

a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards under the historical cost convention and are expressed in Trinidad and Tobago dollars.

The preparation of these financial statements in conformity with International Financial Reporting Standards requires the use of estimates and 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 revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

- IAS 1, Presentation of Financial Statements. Comprehensive revision requiring a statement of comprehensive income (effective 1 January 2009).
- IAS 1, Presentation of Financial Statements. Amendments resulting from May 2008 annual improvements to IFRSs (effective 1 January 2009).
- IAS 1 has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

Standards and Interpretations adopted with no effect on financial statements

- Improving Disclosures about Financial Instruments - Amendments to IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2009).
- IFRS 3, Business Combinations – Comprehensive revision on applying the acquisition method (effective for accounting periods beginning on or after 1 July 2009).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures regarding reclassification of financial assets (effective 1 July 2008).
- IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009).
- IAS 23, Borrowing Costs, Comprehensive revision to prohibit immediate expensing and amendments resulting from May 2008 improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2009).
- IFRIC 15, Agreements for the construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009).
- IFRS 1, First-Time Adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first-time adoption (effective for accounting periods beginning on or after 1 January 2009).
- IAS 32, Financial Instruments: Disclosure and Presentation: Amendments relating to puttable instruments and obligations arising on liquidation (effective for accounting periods beginning on or after 1 January 2009).
- IAS 16, Property, Plant and Equipment. Amendments resulting from May 2008 annual improvements to IFRSs (effective 1 January 2009).
- IAS 19, Employee Benefits. Amendments resulting from May 2008 annual improvements to IFRSs (effective 1 January 2009).
- IAS 36, Impairment of Assets. Amendments resulting from May 2008 annual improvements to IFRSs (effective 1 January 2009).
- IAS 38, Intangible Assets. Amendments resulting from May 2008 annual improvements to IFRSs (effective 1 January 2009).
- IAS 40, Investment Property. Amendments resulting from May 2008 annual improvements to IFRSs (effective 1 January 2009).

Standards and Interpretations in issue not yet adopted

- IFRIC 18, Transfer of assets to Customers (effective for transfers of assets from customers received beginning on or after 1 July 2009).
- IAS 27, Consolidated and Separate Financial Statements: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009).
- IAS 28, Investments in Associates: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009).
- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 July 2009).
- IAS 31, Interests in Joint Ventures: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009).
- IAS 39, Financial Instruments: Recognition and Measurement: Amendments for eligible hedged items (effective for accounting periods beginning on or after 1 July 2009).
- IFRS 5, Non-current assets held for sale and discontinued operations. Amendment resulting from May 2008 annual improvements to IFRSs (effective 1 July 2009).
- IFRS 5, Non-current assets held for sale and discontinued operations. Amendments resulting from April 2009 annual improvements to IFRS (effective 1 January 2010).
- IFRS 9, Financial Instruments. Classification and Measurement (effective for accounting periods beginning on or after 1 January 2013).
- IAS 1, Presentation of Financial Statements. Amendments resulting from April 2009 annual improvements to IFRSs (effective 1 January 2010).
- IAS 7, Statement of Cash Flows. Amendments resulting from April 2009 annual improvements to IFRSs (effective 1 January 2010).
- IAS 17, Leases. Amendments resulting from April 2009 annual improvements to IFRSs (effective 1 January 2010).
- IAS 24, Related party disclosures. Revised definition of related parties (effective 1 January 2010).
- IAS 32, Financial instruments. Amendment relating to classification of rights issues (effective 1 January 2010).
- IAS 36, Impairment of Assets. Amendments resulting from April 2009 annual improvements to IFRSs (effective 1 January 2010).
- IAS 38, Intangible Assets. Amendments resulting from April 2009 annual improvements to IFRSs (effective 1 January 2010).
- IFRIC 14, Requirements and their interaction. November 2009 amendment with respect to voluntary prepaid contributions (to be effected 1 January 2011).
  Management is unable to provide a reasonable estimate of the potential impact of the adoption of these amendments until a detailed review is completed.

b) Investment in associate

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The investment in associate is initially recognised at cost and is subsequently accounted for using the equity method of accounting. The Company's investment in associate includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Company's share of its associate's post acquisition profits or losses is recognised in the statement of comprehensive income and its share of post acquisition movements in reserves is recognised in reserves. The Company's investment in the associated company is carried on the statement of financial position at an amount that reflects its share of the net assets of the associate. The associate's accounting policies have been changed where necessary to ensure that they are consistent with the policies adopted by the Company.

c) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. The comparatives figures have also been adjusted to reflect the company's post-retirement benefit obligations which was previously carried in the books of the parent company, RBC Financial (Caribbean) Limited. Further details of the effect of this prior year adjustment are set out in Note 13.

d) Foreign currency transactions

Functional and presentation currency

The financial statements are presented in Trinidad and Tobago dollars which is the Company's functional and presentation currency.

Transactions and balances

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

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the statement of comprehensive income and other changes in the carrying amount are recognised in other comprehensive income.

Associate:

The results and financial position of the associate which has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

e) Cash resources

Cash resources comprise cash in hand and deposits with banks.

f) Financial assets

The Company classifies its financial assets into the following categories: financial assets available for sale and loans to customers. Management determines the classification of its financial assets at initial recognition.

Notes to the financial statements

2. Significant accounting policies (continued)

f) Financial assets (continued)

Financial assets available for sale

Financial assets available for sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Financial assets available for sale are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised directly in equity until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income. However, interest calculated using the effective interest method and foreign currency gains and losses on financial assets classified as available for sale are recognised in the statement of comprehensive income.

Purchases and sales of investment securities are recognised at the settlement date.

Loans to customers

Loans to customers are non-derivative financial assets with fixed determinable payments that are not quoted in an active market, other than: (a) those the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates at fair value through the profit or loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans to customers are recognised when cash is advanced to borrowers and are carried at amortised cost using the effective interest method.

g) Impairment of financial assets

i. Financial assets carried at amortised cost

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss 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.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

(i) Delinquency in contractual payments of principal or interest;
(ii) Cash flow difficulties experienced by the borrower (e.g. equity ratio and net income percentage of sales);
(iii) Breach of loan covenants or conditions;
(iv) Initiation of bankruptcy proceedings;
(v) Deterioration of the borrower's competitive position
(vi) Deterioration in the value of collateral; and
(vii) Downgrading of the investment.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, 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.

If there is objective evidence that an impairment loss on loans to customers carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

When a loan is uncollectible, it is written off against the related provision for impairment loss. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for impairment loss in the statement of comprehensive income.

If in the 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 an improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

ii Financial assets carried at fair value

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets carried at fair value is impaired if its carrying amount is greater than its estimated recoverable amount based on the present value of expected future cash flows discounted at the current market rate of interest. If there is objective evidence that an impairment loss has been incurred on an unquoted instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of future cash flows discounted at the current market rate of return for a similar financial asset. The loss is recognised in the statement of comprehensive income.

If in a subsequent period, the fair value of a financial asset classified as an investment security available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed thought the statement of comprehensive income.

h) Investment in subsidiary

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The investment in subsidiary is stated at cost.

i) Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed on the reducing balance basis with the exception of leasehold improvements which is calculated on a straight line basis. Rates in effect are designed to write off the depreciable amount of assets over their estimated useful lives. The following rates are used:

Leasehold improvements	- 10%
Furniture, fixtures and electrical equipment	- 15% to 20%
Computer equipment	- 25%

Capital work in progress is depreciated when the project is completed and the asset is available for intended use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

j) Deferred income tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on equipment and the revaluation of certain financial assets.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax related to fair value re-measurement of financial assets available for sale which are charged or credited directly to equity, is also credited or charged directly to equity and subsequently recognised in the statement of comprehensive income together with the deferred gain or loss.

k) Provisions

Provisions are recognised when the Company 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.

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.

l) Retirement benefits

The Company's employees are members of the ultimate parent company's retirement plan. The plan is a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The plan is funded by payments from the Company based on the recommendations of independent consultants who value the plan once every three years. The contributions are recognised as an employee benefit expense when they are due.

m) Other post-retirement benefits

The Company provides post-retirement benefits to their retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of the plan assets as at the end of the prior year are amortised over the expected remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested. A full valuation of these obligations is carried out by independent qualified actuaries.

n) Interest income

Interest income and interest expense are recognised in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method. Interest income includes coupons earned on fixed income investments, loans and advances and accrued discounts and premiums on treasury bills and other discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

Notes to the financial statements

2. Significant accounting policies (continued)

n) Interest income (continued)

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transactions costs and all other premiums or discounts.

Once a financial assets or a group of similar assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

o) Fees and commissions

Fees and commissions are generally recognised on an accrual basis as earned. Fees and commissions primarily include fees from investment management, loan commitments and administration, deposit accounts, custody and processing services, trust and asset management. Generally, commissions and fees arising from negotiation or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

p) Accounting for leases – where the Company is the lessee

Leases entered into by the Company are all operating leases. The total payments made under operating leases are charged to operating expenses on a straight-line basis over the period of the lease.

q) Dividends

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

Dividends that are proposed and declared after the statement of financial position date are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

r) Administered funds

The statement of financial position does not include assets under administration on behalf of clients. Assets under administration/trusteeship as at 31 October 2010 totaled $56.0 billion (31 March 2009 - $54.1 billion).

s) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net assets of the acquired subsidiary or associate company at the date of acquisition and is reported in the statement of financial position. Goodwill arising on investments in associate companies is included in investments in associate companies.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is carried at cost less accumulated impairment. The gain or loss realised on disposal of an entity includes the carrying amount of goodwill relating to the entity disposed of.

(ii) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- here is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed ten years.

t) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

u) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to 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's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

v) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

w) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

x) Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

3 Critical accounting estimates and judgments in applying accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results. The estimate and assumptions that have a significant risk of causing a material adjustment is the carrying amount of the assets and liabilities within the financial year as discussed below.

Income taxes

The company is subject to income taxes locally. There are several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxation assets

Deferred tax assets are recognised to the extent it is probable that the taxable income will be available in future against which they can be utilised. Future taxable profits are estimates based on business plans, which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

Useful lives and residual values of property and equipment

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment policy above. These rates and the residual lives of the assets are reviewed annually taking cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the industry.

Impairment of assets

An assessment of the recoverable amount of the business is done annually with the business being considered as a single cash-generating unit.

Contingent liabilities

Management applies its judgement to the facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. Such judgement is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 13.

4 Investment securities

	2010 $	2009 $
Amounts neither past due nor impaired		
Available for sale		
Government and state owned enterprise securities	21,446,025	45,725,057
Corporate securities	5,112,723	116,479,051
Money market instruments	31,269	36,961,764
	26,590,017	199,165,872
Interest receivable	503,689	2,389,081
	27,093,706	201,554,953

Notes to the financial statements

4 Investment securities (continued)

The movement in investment securities may be summarised as follows:

	2010 $	2009 $
Balance at beginning of period/year	199,165,872	132,968,655
Additions	603,821,461	305,126,305
Disposals/maturities	(779,258,643)	(240,135,285)
Principal repayments	(3,247,746)	(311,419)
Capitalised interest	341,167	826,225
Changes in fair value	5,767,906	691,391
Balance at end of period/year	26,590,017	199,165,872

5 Investment in subsidiary

	2010 $	2009 $
RBTT Asset Management Limited	--	50,000

On 27 July 2003, RBTT Asset Management Limited was incorporated as a wholly owned subsidiary of RBTT Trust Limited. The main activity of this company is to provide asset management and portfolio management services to other entities within the Group. During the current financial period this investment was transferred to the parent of RBTT Trust Limited, RBC Financial (Caribbean) Limited at its book value.

6 Investment in associate

	2010	2009
RBTT Securities (Jamaica) Limited	45,181,398	29,087,845

On February 22, 2008, RBTT Trust Limited acquired a 20% holding in RBTT Securities (Jamaica) Limited.

6.1 Movement in equity interest in associate

	2010	2009
Balance at beginning of period/year	29,087,845	52,228,971
Goodwill impairment	--	(14,223,759)
Share of current period's (losses)/ profits before tax	(1,386,500)	10,785,178
Share of current period's tax (Note 19)	471,302	(3,318,979)
Share of current period's reserves	17,008,751	(16,383,566)
Balance at end of period/year	45,181,398	29,087,845

The Company's interest in its principal associate, which is unlisted, is as follows:

	Country of Incorporation	Assets $'000	Liabilities $'000	Revenues $'000	(Loss)/ Profit $'000	% Interest Held
2010						
RBTT Securities (Jamaica) Ltd.	Jamaica	522,490	353,463	91,218	(7,405)	20%
2009						
RBTT Securities (Jamaica) Ltd.	Jamaica	1,476,716	1,393,695	220,232	48,631	20%

7 Loans to customers

	2010 $	2009 $
Amounts neither past due nor impaired		
Commercial/corporate	8,981,579	58,456,248
Unearned interest	(941,579)	(6,348,550)
	8,040,000	52,107,698
Interest receivable	15,914	1,362,980
	8,055,914	53,470,678

7.1 Sectoral analysis

	2010	2009
Corporate loans	8,040,000	52,107,698

As at 31 October 2010, there were no non-performing loans.

8 Property and equipment

	Leasehold improvements $	Furniture, fixtures and electrical equipment $	Computer equipment $	Capital work In progress $	Total $
Year ended 31 March 2009					
Opening net book value	590,746	615,069	2,370,811	--	3,576,626
Additions	--	--	--	126,112	126,112
Depreciation charge	(106,562)	(215,224)	(527,035)	--	(848,821)
Closing net book value	484,184	399,845	1,843,776	126,112	2,853,917
At 31 March 2009					
Cost	1,065,625	1,650,645	4,249,956	126,112	7,092,338
Accumulated depreciation	(581,441)	(1,250,800)	(2,406,180)	--	(4,238,421)
Net book value	484,184	399,845	1,843,776	126,112	2,853,917
Nineteen months ended 31 October 2010					
Opening net book value	484,184	399,845	1,843,776	126,112	2,853,917
Transfers	--	41,097	85,015	(126,112)	--
Disposals	--	--	(46,511)	--	(46,511)
Depreciation charge	(8,293)	(111,401)	(579,107)	--	(698,801)
Closing net book value	475,891	329,541	1,303,173	--	2,108,605
At 31 October 2010					
Cost	1,065,625	1,691,742	3,130,246	--	5,887,613
Accumulated depreciation	(589,734)	(1,362,201)	(1,827,073)	--	(3,779,008)
Net book value	475,891	329,541	1,303,173	--	2,108,605

9 Intangible assets – software

	2010 $	2009 $
Opening net book value	13,967,731	11,845,063
Disposals	(8,973,238)	--
Amortisation charge	(1,408,927)	(1,366,215)
	3,585,566	10,478,848
Capital work in progress	403,707	3,488,883
Closing net book value	3,989,273	13,967,731
Cost	6,394,039	21,428,237
Accumulated depreciation	(2,404,766)	(7,460,506)
Net book value	3,989,273	13,967,731

10 Receivables and prepayments

	2010	2009
Prepayments	362,505	1,191,896
Fees receivable	3,745,521	19,720,053
	4,108,026	20,911,949

11 Deferred tax asset

	2010	2009
Deferred tax asset	952,944	290,070

The movement in the deferred tax account is as follows:

	2010	2009
At beginning of period/year	290,070	(360,359)
Investment revaluation deficit	(311,948)	(172,848)
Post-retirement benefit obligations	959,000	--
Statement of comprehensive income credit	15,822	823,277
At end of period/year	952,944	290,070

Deferred tax asset/(liability) is attributable to the following items:

	2010	2009
Available for sale securities	(42,555)	269,393
Post-retirement benefits	959,000	--
Accelerated tax depreciation	36,499	20,677
	952,944	290,070

12 Payables and accruals

	2010	2009
Other payables and accruals	1,852,852	1,657,318

13 Post-retirement benefit obligations

The Company provides post-retirement benefits to their retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. These post-retirement benefits, which include medical, group life and pensions were previously carried by the parent company, RBC Financial (Caribbean) Limited and this is the first time that these post-retirement benefit obligations have been reflected in the company's financial statements. Details of the post-retirement benefits are not available prior to 31 March 2009, hence the company has not been able to restate its records prior to this date and no statement of financial position and associated noted as at 31 March 2008 has not been presented.

The amounts recognised on the statement of financial position for other post-retirement benefit plans are as follows

Period ended 31 October 2010	Medical $	Group Life $	Pension $	Total $
Post-retirement benefit obligation	1,160,000	165,000	2,182,000	3,507,000
Unrecognised actuarial gain/(loss)	337,000	(9,000)	--	328,000
Liability in the statement of financial position	1,497,000	156,000	2,182,000	3,835,000

The movements in the liability recognised in the statement of financial position are as follows:

	Medical	Group Life	Pension	Total
At the beginning of the period	2,289,000	233,000	2,223,000	4,745,000
Net benefit cost	(750,000)	(67,000)	44,000	(773,000)
Benefits paid by the company (net of retirees' premiums)	(42,000)	(10,000)	(85,000)	(137,000)
At the end of the period	1,497,000	156,000	2,182,000	3,835,000

Notes to the financial statements

13 Post-retirement benefit obligations (continued)

Period ended 31 October 2010

	Medical $	Group Life $	Pension $	Total $
Change in post-retirement benefit obligation:				
Defined benefit obligation at the beginning of the period	1,577,000	186,000	2,223,000	3,986,000
Current service cost	46,000	9,000	33,000	88,000
Interest cost	123,000	16,000	197,000	336,000
Actuarial gains	(544,000)	(36,000)	(186,000)	(766,000)
Benefits paid	(42,000)	(10,000)	(85,000)	(137,000)
Defined benefit obligation at the end of the period	1,160,000	165,000	2,182,000	3,507,000

The amount recognised in the statement of comprehensive income is as follows:

	Medical $	Group Life $	Pension $	Total $
Current service cost	46,000	9,000	33,000	88,000
Interest cost	123,000	16,000	197,000	336,000
Actuarial gains/(losses) amortised	(919,000)	(92,000)	(186,000)	(1,197,000)
Net benefit costs included in staff costs	(750,000)	(67,000)	44,000	(773,000)

The principal actuarial assumptions used were as follows:

Discount rate	6.00% - 6.25%
Medical costs trend rates	2.50% - 5.00%
Expected rate of salary increase	4.50% - 5.00%

Period ended 31 March 2009

	Medical $	Group Life $	Pension $	Total $
Post-retirement benefit obligation	1,630,000	186,000	2,223,000	4,039,000
Unrecognised actuarial gain/(loss)	659,000	47,000	--	706,000
Liability in the statement of financial position	2,289,000	233,000	2,223,000	4,745,000

The movements in the liability recognised in the statement of financial position are as follows:

	Medical $	Group Life $	Pension $	Total $
At the beginning of the year	--	--	--	--
Net benefit cost	2,336,000	238,000	2,223,000	4,797,000
Benefits paid by the company (net of retirees' premiums)	(47,000)	(5,000)	--	(52,000)
At the end of the year	2,289,000	233,000	2,223,000	4,745,000

Change in post-retirement benefit obligation:

	Medical $	Group Life $	Pension $	Total $
Defined benefit obligation at the beginning of the year	--	--	--	--
Current service cost	2,238,000	229,000	2,223,000	4,690,000
Interest cost	128,000	15,000	--	143,000
Actuarial gains	(689,000)	(53,000)	--	(742,000)
Benefits paid	(47,000)	(5,000)	--	(52,000)
Defined benefit obligation at the end of the year	1,630,000	186,000	2,223,000	4,039,000

13 Post-retirement benefit obligations (continued)

Period ended 31 March 2009

The amount recognised in the statement of comprehensive income is as follows:

	Medical $	Group Life $	Pension $	Total $
Current service cost	2,238,000	229,000	2,223,000	4,690,000
Interest cost	128,000	15,000	--	143,000
Actuarial gains/(losses) amortised	(30,000)	(6,000)	--	(36,000)
Net benefit costs included in staff costs	2,336,000	238,000	2,223,000	4,797,000

The principal actuarial assumptions used were as follows:

Discount rate	7.00% - 8.75%
Medical costs trend rates	3.50% - 7.00%
Expected rate of salary increase	5.50% - 7.50%

14 Share capital

	2010 $	2009 $
Authorised		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
15,000,000 ordinary shares of no par value	15,000,000	15,000,00

15 Statutory reserve

The Financial Institutions Act, 2008 requires financial institutions in Trinidad and Tobago to transfer annually a minimum of 10% of its profit after taxation to a reserve fund until the balance on this reserve is not less than the paid up capital of the institution.

16 Interest income

	2010 $	2009 $
Investment securities	10,145,088	10,636,719
Loans to customers	7,265,466	3,817,945
Deposits with banks	188,994	8,140
	17,599,548	14,462,804

17 Fees, commissions and other income

	2010 $	2009 $
Fee income	32,588,330	29,375,244
Commission income	793,004	3,341,025
Gain on disposal of securities	--	228,997
Miscellaneous income	63,092	40,179
	33,444,426	32,985,445

18 Operating expenses

	2010 $	2009 $
Staff costs	8,314,341	16,168,323
Advertising	663,273	1,295,494
Amortisation and depreciation	1,053,864	1,107,518
Operating lease rentals	97,333	1,455,225
Directors' remuneration	44,250	54,000
Auditors' remuneration	84,169	113,424
Foreign exchange losses	--	64,484
Other operating expenses	4,681,759	11,819,426
	14,938,989	32,077,894

Staff costs include:

	2010 $	2009 $
Salaries and wages	9,087,341	11,371,323
Post-retirement benefits	(773,000)	4,797,000
	8,314,341	16,168,323

19 Taxation expense

	2010 $	2009 $
Current tax charge from continuing operations	3,517,957	6,648,466
Deferred tax (credit)/charge (Note 11)	(15,822)	(823,277)
Green fund levy	145,715	217,000
Share of tax (credit)/charge of associate (Note 6.1)	(1,443,716)	3,318,979
Prior years	(3,092,685)	(31,497)
	(888,551)	9,329,671
Current tax charge from discontinued operations (Note 20)	10,716,055	35,450,816
Taxation expense for the period/year	9,827,504	44,780,487

The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate as follows:

	2010 $	2009 $
Profit before tax from continuing operations	34,221,270	11,931,774
Profit before tax from discontinued operations (Note 20)	42,864,219	141,803,265
Profit before tax for the period/year	77,085,489	153,735,039
Prima facie tax at the rate of 25%	19,271,372	38,433,780
Income exempt from tax	(1,970,783)	(1,076,441)
Non allowable expenses	7,443	2,992,625
Prior years	(3,092,685)	(31,497)
Green fund levy	145,715	217,000
Share of tax losses of associate	1,083,042	--
Share of tax charge of associate (Note 6.1)	(471,302)	3,318,979
Other timing differences	(5,145,298)	926,041
Taxation expense for the period/year	9,827,504	44,780,487

20 Discontinued operations

Separation of asset management business line

During the current financial period, the company separated its asset management and trustee business lines into two separate legal entities in anticipation of pending regulatory amendments. As of November 2, 2009, the asset management business line is conducted under RBTT Asset Management Limited whilst the trustee business line remained with RBTT Trust Limited. The results of the asset management business line included in the statement of comprehensive income are set out below:

Profit for the period/year from discontinued operations	2010 $	2009 $
Income		
Fees, commissions and other income	110,539,817	169,136,161
Expenses		
Staff costs	5,702,328	11,423,324
Losses on disposal of investment securities	11,180,355	--
Losses on agency fee arrangements	40,901,006	--
Other operating expenses	9,891,909	15,909,572
Total expenses	67,675,598	27,332,896
Profit before tax	42,864,219	141,803,265
Attributable income tax expense	(10,716,055)	(35,450,816)
Profit for the period/year from discontinued operations	32,148,164	106,352,449

Cash flows from discontinued operations

	2010 $	2009 $
Net cash inflows from operating activities	22,810,449	124,336,571
Net cash inflows/(outflows) from investing activities	108,226,946	(66,331,679)
Net cash outflows from financing activities	(109,936,058)	(57,939,409)
Net cash inflows	21,101,337	65,483

Notes to the financial statements

21 Dividends

	2010 $	2009 $
Dividends accounted for as an appropriation of earnings are as follows:		
Final dividend for 2009 - Nil (2008- $2.76 per share)	--	41,357,000
Interim dividend for 2010 - $15.33 per share (2009: $1.20 per share)	230,000,000	18,000,000
	230,000,000	59,357,000

22 Contingent liabilities

Legal proceedings

As at 31 October 2010, there were certain legal proceedings outstanding against the Company. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

23 Lease commitments

There are no operating lease commitments as at 31 October 2010 (31 March 2009 – Nil).

24 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 or operational decisions. The parent company is RBC Financial (Caribbean) Limited which owns 100% of the Company. The ultimate parent is Royal Bank of Canada.

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

(i) Outstanding balances at year-end arising from related party transactions and related income and expense for the year ended are as follows:

	2010 $	2009 $
Cash		
Affiliated companies	44,511,870	365,230
Investment securities		
Affiliated companies	--	61,461,764
Investment in associate	45,181,398	29,087,845
Receivables and prepayments		
Affiliated companies	--	13,022,044
Property and equipment		
Transfer to affiliated entity	2,190,687	--
Intangible asset		
Transfer to affiliated entity	6,915,798	--
Payables and accruals		
Directors and key management personnel	--	12,000
Interest income		
Affiliated entities	3,329,903	3,141,918
Fees and commission income		
Affiliated entities	49,252,935	147,664,263
Other operating expenses		
Directors and key management personnel	--	365
Affiliated companies	12,041,822	10,703,838
	12,041,822	10,704,203

(ii) Key management compensation

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

	2010	2009
Salaries and other short term benefits	1,090,722	1,742,009
Termination payments	986,200	6,708,698
Share based payments	--	58,524
Post- retirement benefits	135,525	92,768
	2,212,447	8,601,999

25 Financial risk management

25.1 Risk management

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and is accountable for the risk exposures relating to its responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to operating risks.

The risk control process does not include business risks such as changes in the environment, technology and industry.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks. As a subsidiary of the RBC Financial (Caribbean) Limited, there are several Committees which have been set up at a Group level to address risk management throughout the Group and the Company's activities are reported at regular intervals to these bodies.

Board of directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Audit committee

This Committee is comprised of one (1) Non-Executive Director and two (2) Executive Directors of the parent. The Committee is responsible for managing and monitoring risks and reports to the Board of Directors on a quarterly basis.

Risk management unit

A centralised Risk Management Unit provides oversight of the implementation and maintenance of risk related procedures to ensure an independent control process. The unit which is subdivided into three departments (Group Market Risk, Group Credit Risk and Group Compliance and Operational Risk), is also responsible for monitoring compliance with risk policies and limits across the Group in the three key areas of credit risk, market risk and operational risk. Each business group has decentralised units which are responsible for the independent control of risks, including monitoring the risk or exposures against limits and the assessment of risks of new products and structured transactions. These decentralised units also ensure the complete capture of the risks in the risk measurement and reporting systems.

Mark to market committee

The Group has established a Mark to Market Committee which is responsible for the review and validation of the policies and procedures applied in the valuation of financial assets and liabilities. The Committee also approves the mark to market valuation of financial assets and liabilities on a quarterly basis.

Internal audit

Risk management processes throughout the Group are audited annually by the internal audit function that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

Risk measurement and reporting systems

The Company's risks are measured using methods which reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Company also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact occur.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries and geographies. In addition, the Company monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled is examined and processed in order to analyse, control and identify early risks. This information which consists of several reports is presented and explained to the Board of Directors, the Audit Committee and the Asset/Liability Committees. The reports include but are not limited to aggregate credit exposure, open currency positions, liquidity ratios and risk profile changes. On a quarterly basis senior management assesses the appropriateness of the allowance for credit losses.

25.2 Categorisation

	Financial assets or liabilities carried at fair value $	Financial assets or liabilities carried at amortised costs $	Non-financial assets or liabilities $	Equity instruments $	Total $
As at 31 October 2010					
Assets					
Cash resources	--	44,511,870	--	--	44,511,870
Investment securities	27,093,706	--	--	--	27,093,706
Investment in associate	--	--	45,181,398	--	45,181,398
Loans to customers	--	8,055,914	--	--	8,055,914
Property and equipment	--	--	2,108,605	--	2,108,605
Intangible assets - software	--	--	3,989,273	--	3,989,273
Receivables and prepayments	--	3,745,521	362,505	--	4,108,026
Deferred tax asset	--	--	952,944	--	952,944
Taxation recoverable	--	--	5,420,660	--	5,420,660
Total assets	27,093,706	56,313,305	58,015,385	--	141,422,396
Equities and liabilities					
Liabilities					
Payables and accruals	--	1,852,852	--	--	1,852,852
Post-retirement benefit obligations	--	--	3,835,000	--	3,835,000
Provisions	--	--	450,000	--	450,000
Taxation payable	--	--	2,867,981	--	2,867,981
Shareholders' equity					
Share capital	--	--	--	15,000,000	15,000,000
Capital reserve	--	--	--	15,000,000	15,000,000
Investment revaluation reserve	--	--	--	5,510,824	5,510,824
Retained earnings	--	--	--	96,905,739	96,905,739
Total equity and liabilities	--	1,852,852	7,152,981	132,416,563	141,422,396

Notes to the financial statements

25 Financial risk management (continued)

25.2 Categorisation (continued)

	Financial assets or liabilities carried at fair value	Financial assets or liabilities carried at amortised costs	Non-financial assets or liabilities	Equity instruments	Total
	$	$	$	$	$
As at 31 March 2009					
Assets					
Cash resources	--	365,230	--	--	365,230
Investment securities	201,554,953	--	--	--	201,554,953
Investment in subsidiary	--	--	50,000	--	50,000
Investment in associate	--	--	29,087,845	--	29,087,845
Loans to customers	--	53,470,678	--	--	53,470,678
Property and equipment	--	--	2,853,917	--	2,853,917
Intangible assets - software	--	--	13,967,731	--	13,967,731
Receivables and prepayments	--	19,720,053	1,191,896	--	20,911,949
Deferred tax asset	--	--	290,070	--	290,070
Taxation recoverable	--	--	5,121,317	--	5,121,317
Total assets	201,554,953	73,555,961	52,562,776	--	327,673,690
Equities and liabilities					
Liabilities					
Payables and accruals	--	1,657,318	--	--	1,657,318
Post-retirement benefit obligations	--	--	4,745,000	--	4,745,000
Provisions	--	--	1,083,168	--	1,083,168
Taxation payable	--	--	47,548,653	--	47,548,653
Shareholders' equity					
Share capital	--	--	--	15,000,000	15,000,000
Capital reserve	--	--	--	15,000,000	15,000,000
Investment revaluation deficit	--	--	--	(17,008,203)	(17,008,203)
Retained earnings	--	--	--	259,647,754	259,647,754
Total equity and liabilities	--	1,657,318	53,376,821	272,639,551	327,673,690

25.4 Market risk (continued)

25.4.3 Interest sensitivity of assets and liabilities to repricing risk

The table below summarises the Company's exposure to interest rate repricing risk. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at 31 October 2010	Up to one year $'000	One to five years $'000	Over five years $'000	Non-interest bearing $'000	Total $'000
Financial assets					
Cash resources	44,512	--	--	--	44,512
Investment securities	13,196	8,281	5,113	504	27,094
Loans to customers	8,040	--	--	16	8,056
Receivables and prepayments	3,745	--	--	--	3,745
Total financial assets	69,493	8,281	5,113	520	83,407
Total financial liabilities	1,853	--	--	--	1,853
Interest sensitivity gap	67,640	8,281	5,113		
As at 31 March 2009					
Financial assets					
Cash resources	365	--	--	--	365
Investment securities	148,877	39,934	10,355	2,389	201,555
Loans to customers	52,108	--	--	1,363	53,471
Receivables and prepayments	19,720	--	--	--	19,720
Total financial assets	221,070	39,934	10,355	3,752	275,111
Total financial liabilities	1,657	--	--	--	1,657
Interest sensitivity gap	219,413	39,934	10,355		

As at 31 October 2010, had the interest rates increased or decreased by 100 basis points with all other variables held constant, the increase or decrease in profit would amount to $796,620 (31 March 2009: $2,553,910), arising substantially from the increase/decrease in market values of debt securities.

25.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company's liquidity management process is carried out by the Treasury department and monitored by Group Treasury. The Company's liquidity management framework is designed to ensure that there are adequate reserves of cash and other liquid securities to satisfy current and prospective commitments arising from either on-statement of financial position or off-statement of financial position liabilities.

25.3.1 Non-derivative cash flows

The table below presents the cash flows payable by the company under non-derivative financial liabilities by remaining contractual maturities at the statement of financial position date.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at 31 October 2010				
Liabilities				
Other liabilities	1,853	--	--	1,853
Total liabilities (contractual maturity dates)	1,853	--	--	1,853
As at 31 March 2009				
Liabilities				
Other liabilities	1,657	--	--	1,657
Total liabilities (contractual maturity dates)	1,657	--	--	1,657

25.4 Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, both of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates.

The market risks arising from non-trading activities are measured separately by the Group Market Risk department who submits reports to the Group Asset/Liability Committee on a regular basis. On a quarterly basis, the Mark to Market Committee reviews and approves the valuation of all investment securities. Additionally, reports are submitted to the Group Market Risk on a monthly basis.

25.4.1 Market risk measurement techniques

The major measurement technique used to measure and control market risk is stress testing.

The Company applies stress tests to provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out include changes in the general level of interest rates and the depreciation of foreign currency rates. The statement of financial position impact of the changes in interest rates is measured to calculate the impact on net interest income as a result of the changes in interest rates.

25.4.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the interest rate gaps for stipulated periods. Positions are monitored on a daily basis to ensure that they are maintained within the established limits.

25.4 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored on a monthly basis so as to ensure that they are maintained within established limits.

25.5.1 Concentrations of currency risk

The functional currency of the Company is Trinidad and Tobago dollars. Foreign currency transactions do not require the use of interest rate swaps and foreign currency options or other derivative instruments which all carry inherent risks. The table below summarises the Company's exposure to foreign currency exchange rate risk as at 31 October 2010 and 31 March 2009.

As at 31 October 2010	TT $'000	US $'000	Total $'000
Financial assets			
Cash resources	44,512	--	44,512
Investment securities	1,262	25,832	27,094
Loans to customers	8,056	--	8,056
Receivables and prepayments	3,745	--	3,745
Total financial assets	57,575	25,832	83,407
Total financial liabilities	1,853	--	1,853
Net Statement of financial position	55,722	25,832	81,554
As at 31 March 2009			
Total financial assets	243,001	32,110	275,111
Total financial liabilities	1,657	--	1,657
Net Statement of financial position	241,344	32,110	273,454

25.5.2 Foreign currency exchange risk

As at 31 October 2010, had the exchange rate between the TT dollar and US dollar increased or decreased by 0.50% with all other variables held constant, the increase or decrease in profit would amount to $129,160 (31 March 2009: $160,550).

Notes to the financial statements

25 Financial risk management (continued)

25.6 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral reviews. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

25.6.1 Credit risk management

a) Loans and advances

In measuring credit risk of loan and advances to customers at a counterparty level, the Company reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Company derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations.

The Company assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the Company are segmented into seven rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Group's Internal ratings scale and mapping of external ratings

Group's rating	Description of the grade	Credit quality	External Standard & Poor's equivalent
1	Excellent	High grade	BB+
2	Very Good	High grade	BB, BB-
3	Good	Standard grade	B+, B
4	Special Mention	Substandard grade	B-, CCC+
5	Unacceptable	Past due or impaired	CCC, CCC-
6	Bad and Doubtful	Past due or impaired	CC+, CC
7	Virtual Certain Loss	Past due or impaired	CC-

The ratings of the major rating agency shown in the table above are mapped to Group's rating classes based on the long-term average default rates of each external grade. The Group uses the external ratings where available to benchmark the internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

25.6.2 Risk limit control and mitigation policies

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

Collateral

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its periodic review of loan accounts.

25.6.3 Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment (see Note 2.7). Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

The Company's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at statement of financial position date on a case-by-case basis, and are applied to all individually significant accounts.

The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for portfolios of homogenous assets that are individually below the materiality threshold.

25.6.4 Maximum exposure to credit risk

	Gross maximum exposure 2010 $'000	Gross maximum exposure 2009 $'000
Cash resources	44,512	365
Investment securities	27,094	201,555
Loans to customers	8,056	53,471
Receivables and prepayments	3,745	19,720
Total	83,407	275,111

The above table represents a worse case scenario of credit risk exposure to the Company without taking account of any collateral held or other credit enhancement attached.

25.6.5 Concentration of risk of financial assets with credit risk exposure by industry sectors

The following table breaks down the Company's main credit exposure of their carrying amounts, as categorised by industry sectors of counterparties.

	Gross maximum exposure 2010 $'000	Gross maximum exposure 2009 $'000
Financial services	52,181	228,296
Transport	13,406	2,352
Utilities	--	6,518
Distribution	8,056	--
Petroleum	5,188	--
Government	4,576	37,945
Total	83,407	275,111

25.6.6 Credit quality by class of financial assets

All of the Company's financial assets are neither past due nor impaired.

25.6.7 Credit risk exposure on debt securities and other bills based on the Group's internal corporate rating system

The table below presents an analysis of debt securities, treasury bills and other eligible bills by internal and equivalent rating agency designation.

	Government debt securities $'000	Corporate debt securities $'000	Short term investments $'000	Total $'000
As at 31 October 2010				
1. Excellent (BB+)	290	5,189	--	5,479
2. Very good (BB, BB-)	--	31	--	31
3. Good (B+, B)	4,285	3,893	--	8,178
4. Special mention (B-, CCC+)	13,406	--	--	13,406
Total	17,981	9,113	--	27,094
As at 31 March 2009				
1. Excellent (BB+)	40,766	113,347	37,124	191,237
2. Very good (BB, BB-)	--	25	--	25
3. Good (B+, B)	5,702	4,591	--	10,293
Total	46,468	117,963	37,124	201,555

25.7 Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial positions, are:

- To comply with the capital requirements set by the regulators;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for its shareholder and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored on a monthly basis by the Company's management, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the Central Bank of Trinidad and Tobago. The required information is filed with the Authority on a monthly basis.

The table below summarises the composition of regulatory capital and the ratio of the Company at the statement of financial position date. During those two years, the Company complied with all of the externally imposed capital requirements to which it is subject.

Notes to the financial statements

25 Financial risk management (continued)

25.7 Capital management (continued)

	2010 $	2009 $
Tier 1 capital		
Share capital	15,000,000	15,000,000
Statutory reserve	15,000,000	15,000,000
Retained earnings	96,905,739	260,557,754
Total qualifying Tier 1 capital	126,905,739	290,557,754
Tier 2 capital		
Revaluation reserve – available-for-sale investments	5,510,824	(17,008,203)
Total qualifying Tier 2 capital	5,510,824	(17,008,203)
Less: investments in subsidiary	--	(50,000)
Total regulatory capital	132,416,563	273,499,551
Risk-weighted assets:		
On-statement of financial position	128,845,000	406,790,000
Total risk-weighted assets	128,845,000	406,790,000
Total regulatory capital to risk weighted assets	102.77%	67.23%

26 Fair value of financial assets and liabilities

Financial assets and liabilities not carried at fair value mainly comprise loans to customers. The following comments are relevant to their fair value.

Assets

Cash resources

Since these assets are short-term in nature, the values are taken as indicative of realisable value.

Loans to customers

Loans to customers are net of specific provision for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The portfolio constitutes assets with floating rates of interest that approximate market conditions and yield discounted cash flows which are substantially in accordance with financial statement amounts.

	Carrying value ($'000)	Fair value ($'000)
Balance at 31 October 2010	8,056	8,056
Balance at 31 March 2009	53,471	53,471

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
Securities available-for-sale at fair value				
Government and state-owned enterprises debt securities	--	--	21,446	21,446
Corporate debt securities	--	--	5,113	5,113
Money market instruments	--	--	31	31
	--	--	26,590	26,590
Total Investments	--	--	26,590	26,590

There were no transfers between Level 1 and 2 in the period.

Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale ($'000)
As at April 1, 2009	199,166
Additions	603,821
Disposal (sale and redemption)	(779,259)
Principal repayments	(3,247)
Capitalised interest	341
Gains from changes in fair value	5,768
As at October 31, 2010	26,590

27 Restatements and re-classifications

Adjustments and re-classifications to prior year figures have been made to correct errors and to represent balances in conformity with the current year's reporting.

The effect of these changes to the 2009 statement of financial position and statement of comprehensive is summarised in the table below:

As at 31 March 2009	Notes	As previously stated ($'000)	Re-classification ($'000)	Adjustments ($'000)	Revised balance ($'000)
Statement of financial position					
Assets					
Cash resources		365	--	--	365
Investment securities	4	201,555	--	--	201,555
Investment in subsidiary	5	50	--	--	50
Investment in associate	6	29,088	--	--	29,088
Loans to customers	7	53,471	--	--	53,471
Property and equipment	8	2,854	--	--	2,854
Intangible assets - software	9	13,968	--	--	13,968
Receivables and prepayments	10	20,912	--	--	20,912
Deferred tax assets	11	290	--	--	290
Taxation recoverable		5,121	--	--	5,121
Total assets		327,674	--	--	327,674
Liabilities					
Payables and accruals	12	1,657	--	--	1,657
Post-retirement benefit obligations	13	--	--	4,745	4,745
Provisions		1,083	--	--	1,083
Taxation payable		47,549	--	--	47,549
Total liabilities		50,289	--	4,745	55,034
Shareholders' equity					
Share capital	14	15,000	--	--	15,000
Statutory reserves	15	15,000	--	--	15,000
Investment revaluation deficit		(17,008)	--	--	(17,008)
Retained earnings		264,393	--	(4,745)	259,648
Total shareholders' equity		277,385	--	(4,745)	272,640
Total equity and liabilities		327,674	--	--	327,674
Statement of comprehensive income					
Interest income	16	14,463	--	--	14,463
Fee, commission and other income	17	202,122	(169,137)	--	32,985
Total income		216,585	(169,137)	--	47,448
Staff costs		(22,846)	11,423	(4,745)	(16,168)
Other operating expenses	18	(31,820)	15,910	--	(15,910)
Total operating expenses		(54,666)	27,333	(4,745)	32,078
Goodwill impairment on investment in associate	6.1	(14,224)	--	--	(14,224)
Share of profits of associate	6.1	10,785	--	--	10,785
Profit before taxation		158,480	(141,804)	(4,745)	11,931
Taxation	19	(44,780)	35,451	--	(9,329)
Profit after taxation		113,700	(106,353)	(4,745)	2,602

Reconciliation of prior year adjustments to the statement of changes in shareholders' equity

	Retained earnings ($'000)	Total shareholders' equity ($'000)
Adjustments during the year ended 31 March 2009	(4,745)	(4,745)
Total charge to equity	(4,745)	(4,745)