Chairman's report

The financial year ending 31 October, 2010 marks the first completed reporting period of RBTT Asset Management Limited. The company received regulatory approval to become operational on 2 November, 2009. At that time, the asset management business, previously conducted under RBTT Trust Limited, was transferred to this entity and ownership of the company was transferred to RBC Financial (Caribbean) Limited. This change has improved our corporate governance framework and prepares us for pending regulatory changes locally as they relate to the separation of the roles of trustee and asset manager; it also positions the company very well for the future as we continue to align our operations with global best practices.

In November 2009, the RBTT Financial Group announced its intention to change the method of selling and redeeming of units in its two Roytrin Income Funds from a fixed price ($25) to a floating Net Asset Value (NAV), computed on a daily basis, in step with international practices and to allow for greater transparency to investors. The company also announced that up to 31 December, 2009, it would provide a client guarantee to investors in these products for any shortfall in the NAV of the funds in the event it fell below $25.

The company made good on its commitment and recorded a payment of TT$239 million towards satisfying this obligation up to 31 December 2009. This decision has contributed significantly to the company returning a loss for the period of TT$71.1 million.

At the reporting date, the asset base stood at TT$73.9 million, with Shareholder's Equity of TT$68.9 million. The company's assets under management stood at over TT$16 billion, a testament to investors showing continued confidence in the company's management capabilities.

In closing, I would like to thank the investors of RBTT Asset Management Limited for their continued confidence 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
20 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.

Natalie Mansoor
Head Asset Management
20 January 2011

Sham Singh
Head Finance,
Wealth Management
20 January 2011

Independent auditor's report

To the shareholder of RBTT Asset Management Limited

Report on the financial statements
We have audited the accompanying financial statements of RBTT Asset Management 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 Asset Management 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
20 January 2011

Statement of financial position

	Notes	At 31 October 2010 $	At 31 March 2009 $
Assets			
Cash resources		38,272,000	50,000
Property and equipment	4	208,563	--
Intangible assets - software	5	8,467,845	--
Receivables and prepayments	6	3,465,278	--
Deferred tax asset	7	23,515,249	--
Total assets		73,928,935	50,000
Liabilities			
Payables and accruals	8	2,597,680	--
Post-retirement benefit obligations	9	2,466,000	--
Total liabilities		5,063,680	--
Total shareholders' equity	10	68,865,255	50,000
Total equity and liabilities		73,928,935	50,000

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

On 20 January 2011, the Board of Directors of RBTT Asset Management Limited authorised these financial statements for issue.

Director Director

Statement of comprehensive income

	Notes	19 Months Ended 31 October 2010 $	Year Ended 31 March 2009 $
Interest income	11	85,470	--
Fee, commission and other income	12	173,732,758	--
Total income		173,818,228	--
Staff costs		(12,143,342)	--
Other operating expenses		(17,340,532)	--
Total operating expenses	13	(29,483,874)	--
Client guarantee payment	14	(238,886,447)	--
Loss before taxation		(94,552,093)	--
Taxation credit	15	23,398,248	--
Total comprehensive loss for the period		(71,153,845)	--

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

Statement of cash flows

	19 Months Ended 31 October 2010 $	Year Ended 31 March 2009 $
Operating activities		
Loss for the period	(71,153,845)	--
Adjustments for:		
Post-retirement benefit expense	2,466,000	--
Taxation credit	(23,398,248)	--
Amortisation and depreciation	430,075	--
Loss before changes in operating assets and liabilities	(91,656,018)	--
Increase in operating assets		
Receivables and prepayments	(3,465,278)	--
Increase in operating liabilities		
Payables and accruals and provisions	2,597,680	--
Corporation taxes paid	(117,000)	--
Cash used in operating activities	(92,640,616)	--
Investing activities		
Additions to intangible assets	(8,871,267)	--
Additions to equipment	(235,217)	--
Cash used in investing activities	(9,106,484)	--
Financing activities		
Issue of share capital	224,969,100	--
Dividends paid	(85,000,000)	--
Cash provided by financing activities	139,969,100	--
Net increase in cash resources	38,222,000	--
Cash resources at beginning of period/year	50,000	50,000
Cash resources at end of period/year	38,272,000	50,000

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

Statement of changes in equity

	Total Share Capital $	Retained Deficit $	Shareholders' Equity $
Year ended 31 March 2009			
Balance at beginning of year	50,000	--	50,000
Total comprehensive income	--	--	--
Balance at end of year	50,000	--	50,000
Period ended 31 October 2010			
Balance at beginning of period	50,000	--	50,000
Total comprehensive loss	--	(71,153,845)	(71,153,845)
Issue of share capital	224,969,100	--	224,969,100
Dividend	--	(85,000,000)	(85,000,000)
Balance at end of period	225,019,100	(156,153,845)	68,865,255

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 27 July 2003.

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 has been set up to provide a full range of services pertaining to asset management and support services associated therewith, to corporate and individual clients. Its registered office is St. Clair Place, 7-9 St. Clair Avenue, Port of Spain, Trinidad and Tobago.

Ownership of the Company was transferred on 2 November, 2009 from RBTT Trust Limited, its former 100% owner to its current parent, RBC Financial (Caribbean) Limited, and commenced operations as of that date.

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.

Notes to the financial statements

2 Significant accounting policies (continued)

a) Basis of preparation (continued)

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
- 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) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. These changes have no effect on the operating results or profits after tax of the company for the previous year.

c) 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.

d) Cash resources

Cash resources comprise cash in hand and deposits with banks.

e) Financial assets

The Company classifies its financial assets into the following categories: loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment.

f) 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 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.

g) 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:

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.

h) 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.

Notes to the financial statements

2 Significant accounting policies (continued)

h) Deferred income tax (continued)

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

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.

i) 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.

j) Retirement benefits

The Company's employees are members of the 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.

k) 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.

l) Interest income

Interest income is recognised in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method.

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. 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.

m) Fees and commissions

Fees and commissions are generally recognised on an accrual basis as earned.

n) 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.

o) 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.

p) Managed funds

The statement of financial position does not include assets under management on behalf of clients. Assets under management as at 31 October 2010 totaled $16.3 billion (31 March 2009 - Nil).

q) Intangible assets - 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;
- there 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.

r) 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.

s) 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.

t) 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.

u) 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.

v) 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 period 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 cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the industry.

Notes to the financial statements

3 Critical accounting estimates and judgments in applying accounting policies (continued)

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 9.

4 Property and equipment

	Computer equipment $	Capital work in progress $	Total $
At 31 March 2009			
Cost	--	--	--
Accumulated depreciation	--	--	--
Net book value	--	--	--
Nineteen months ended 31 October 2010			
Opening net book value	--	--	--
Additions	228,467	6,750	235,217
Depreciation charge	(26,654)	--	(26,654)
Closing net book value	201,813	6,750	208,563
At 31 October 2010			
Cost	228,467	6,750	235,217
Accumulated depreciation	(26,654)	--	(26,654)
Net book value	201,813	6,750	208,563

5 Intangible assets – software

	2010 $	2009 $
Opening net book value	--	--
Additions	6,915,798	--
Amortisation charge	(403,422)	--
	6,512,376	--
Work in progress	1,955,469	--
Closing net book value	8,467,845	--
Cost	8,871,267	--
Accumulated depreciation	(403,422)	--
Net book value	8,467,845	--

6 Receivables and prepayments

	2010 $	2009 $
Prepayments	1,026,432	--
Fees receivable	2,438,846	--
Net book value	3,465,278	--

7 Deferred tax asset

	2010	2009
Deferred tax asset	23,515,249	--

The movement in the deferred tax account is as follows:

	2010	2009
At beginning of period	--	--
Statement of comprehensive income charge	23,515,249	--
At end of period	23,515,249	--

Deferred tax asset is attributable to the following items:

	2010	2009
Tax losses	23,061,036	--
Post-retirement benefits	616,000	--
Accelerated tax depreciation	(161,787)	--
	23,515,249	--

8 Payables and accruals

	2010	2009
Other payables and accruals	2,597,680	--

9 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.

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	746,000	106,000	1,403,000	2,255,000
Unrecognised actuarial gain/(loss)	217,000	(6,000)	--	211,000
Liability in the statement of financial position	963,000	100,000	1,403,000	2,466,000

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	--	--	--	--
Net benefit cost	990,000	106,000	1,458,000	2,554,000
Benefits paid by the company (net of retirees' premiums)	(27,000)	(6,000)	(55,000)	(88,000)
At the end of the period	963,000	100,000	1,403,000	2,466,000

Change in post-retirement benefit obligation:

	Medical $	Group Life $	Pension $	Total $
Defined benefit obligation at the beginning of the period	--	--	--	--
Current service cost	30,000	5,000	22,000	57,000
Interest cost	79,000	10,000	127,000	216,000
Actuarial gains	664,000	97,000	1,309,000	2,070,000
Benefits paid	(27,000)	(6,000)	(55,000)	(88,000)
Defined benefit obligation at the end of the period	746,000	106,000	1,403,000	2,255,000

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

	Medical $	Group Life $	Pension $	Total $
Current service cost	30,000	5,000	22,000	57,000
Interest cost	79,000	10,000	127,000	216,000
Actuarial gains/ (losses) amortised	881,000	91,000	1,309,000	2,281,000
Net benefit costs included in staff costs	990,000	106,000	1,458,000	2,554,000

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%

10 Shareholders' equity

	2010 $	2009 $
Share capital		
Authorised		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
225,019,100 (March 31, 2009: 50,000) ordinary shares of no par value	225,019,100	50,000
Retained Deficit	(156,153,845)	--
Shareholders' equity	68,865,255	50,000

11 Interest income

	2010	2009
Deposits with banks	85,470	--

12 Fees, commissions and other income

	2010	2009
Fee income	173,399,903	--
Commission income	326,914	--
Miscellaneous income	5,941	--
	173,732,758	--

13 Operating expenses

	2010	2009
Staff costs	12,143,342	--
Advertising	2,538,555	--
Amortisation and depreciation	430,076	--
Operating lease rentals	194,106	--
Directors' remuneration	58,250	--
Auditors' remuneration	99,055	--
Foreign exchange losses	1,099,905	--
Other operating expenses	12,920,585	--
	29,483,874	--

Staff costs include:

	2010	2009
Salaries and wages	11,749,308	--
Post-retirement benefits	394,034	--
	12,143,342	--

14 Client guarantee payment

On 19 November 2009, RBTT as sponsor of the Roytrin Mutual Fund products announced its intention to move from a fixed net asset value (NAV) to a floating NAV for its TTD and USD Income Funds. The change was effective 1 January 2010, so unitholders of those Funds were given a six week period to re-evaluate their portfolios and determine the best investment mix to meet their investment objectives. RBTT stated their intention to commence the floating with a NAV of $25 and make up any shortfall on the NAV as of 31 December 2009. This payment reflects the total amounts paid into the Funds to satisfy this client guarantee.

Notes to the financial statements

15 Taxation credit

	2010 $	2009 $
Deferred tax credit	23,515,248	--
Green fund levy	(117,000)	--
	23,398,248	--

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

	2010	2009
Loss before tax	94,552,093	--
Corporation tax credit at the rate of 25%	23,638,023	--
Non allowable expenses	(122,775)	--
Green fund levy	(117,000)	--
Tax credit	23,398,248	--

16 Dividends

Dividends accounted for as an appropriation of earnings are as follows:	2010 $	2009 $
Interim dividend for 2010 - $0.378 per share (2009: Nil)	85,000,000	--

17 Contingent liabilities

Legal proceedings

There are no contingent liabilities in respect of any legal proceedings against the Company as at 31 October 2010 (31 March 2009 – Nil).

18 Lease commitments

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

19 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 period-end arising from related party transactions and related income and expense for the period ended are as follows:

	2010 $	2009 $
Cash		
Affiliated entities	38,272,000	--
Property and equipment		
Transfer from affiliated entity	2,190,687	--
Intangible asset		
Transfer from affiliated entity	6,915,798	--
Interest income		
Affiliated entities	85,470	--
Fees and commission income		
Affiliated entities	153,736,469	--
Other operating expenses		
Affiliated entities	8,370,282	--
Client guarantee payment		
Affiliated entities	238,886,447	--

(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	693,803	--
Post- retirement benefits	44,056	--
	737,859	--

20 Financial risk management

20.1 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 two (2) Non-Executive Directors. The Committee is responsible for managing and monitoring risks and reports to the Board of Directors on a quarterly basis.

Board credit and investment committee

This Committee is comprised of two (2) Non-Executive Directors of the parent together with the Group CEO. The Committee is responsible for the review and approval of all credits over limits delegated to management throughout the Group. The Committee also reviews the amount, nature, risk characteristics and concentration of the Group's credit portfolio and ensures appropriate responses to changing conditions.

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 sub-divided 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.

Investment policy committee

The Investment Policy Committee is comprised of two (2) Non-Executive Directors and one Operating Committee member. The Committee is responsible for approving all Statements of Investments Policy (SIP) and reviewing compliance with same. The SIPs shall be drafted in accordance with the stated objectives of each Fund with close reference to the assets permissible by law or deed. The SIPs shall be reviewed annually to ensure compliance with any statutory changes or amendments to relevant deeds. The Committee meets on a quarterly basis.

Investment strategy committee

This Committee is engaged in providing guidance to the Company relative to economic and capital markets. The Committee prepares an investment outlook that is submitted to the Investment Policy Committee and provides guidance to the Company's Portfolio Managers as it relates to mix of investments, geographical allocations, duration and currency exposure.

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.

Notes to the financial statements

20 Financial risk management

20.2 Categorisation

	Financial assets or liabilities carried at amortised costs $	Non-financial assets or liabilities $	Equity instruments $	Total $
As at 31 October 2010				
Assets				
Cash resources	38,272,000	--	--	38,272,000
Property and equipment	--	208,563	--	208,563
Software	--	8,467,845	--	8,467,845
Receivables and prepayments	2,438,846	1,026,432	--	3,465,278
Deferred tax asset	--	23,515,249	--	23,515,249
Total assets	40,710,846	33,218,089	--	73,928,935
Equities and liabilities				
Liabilities				
Payables and accruals	2,597,680	--	--	2,597,680
Post-retirement benefit obligations	--	2,466,000	--	2,466,000
Shareholders' equity	--	--	68,865,255	68,865,255
Total equity and liabilities	2,597,680	2,466,000	68,865,255	73,928,935
As at 31 March 2009				
Assets				
Cash resources	50,000	--	--	50,000
Total assets	50,000	--	--	50,000
Equity				
Shareholders' equity	--	--	50,000	50,000
Total equity	--	--	50,000	50,000

20.3 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.

20.3.1 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	2,597	--	--	2,597
Total liabilities (contractual maturity dates)	2,597	--	--	2,597
As at 31 March 2009				
Liabilities				
Other liabilities	--	--	--	--
Total liabilities (contractual maturity dates)	--	--	--	--

20.4 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.

20.4.1 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.

20.4.2 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.

20.4.3 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	38,272	--	--	--	38,272
Receivables and prepayments	2,439	--	--	--	2,439
Total financial assets	40,711	--	--	--	40,711
Total financial liabilities	--	--	--	2,597	2,597
Interest sensitivity gap	40,711	--	--		

As at 31 March 2009	Up to one year $'000	One to five years $'000	Over five years $'000	Non-interest bearing $'000	Total $'000
Financial assets					
Cash resources	50	--	--	--	50
Total financial assets	50	--	--	--	50
Total financial liabilities	--	--	--	--	--
Interest sensitivity gap	50	--	--		

There is no interest rate risk to the entity arising from its holding in cash resources.

20.5 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.

20.5.1 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.

	TT $'000	US $'000	Total $'000
As at 31 October 2010			
Financial assets			
Cash resources	22,013	16,259	38,272
Receivables and prepayments	2,439	--	2,439
Total financial assets	24,452	16,259	40,711
Total financial liabilities	2,597	--	2,597
Net statement of financial position	21,855	16,259	38,114

	TT $'000	US $'000	Total $'000
As at 31 March 2009			
Total financial assets	50	--	50
Total financial liabilities	--	--	--
Net Statement of financial position	50	--	50

20.5.2 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 $81,295 (31 March 2009: Nil).

20.6 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.

20.6.1 Maximum exposure to credit risk

	Gross Maximum exposure 2010 $'000	Gross maximum exposure 2009 $'000
Cash resources	38,272	50
Receivables and prepayments	2,439	--
Total	40,711	50

Notes to the financial statements

20 Financial risk management (continued)

20.7 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 periods, the Company complied with all of the externally imposed capital requirements to which it is subject.

	2010 $	2009 $
Tier 1 capital		
Share capital	225,019,100	50,000
Retained deficit	(156,153,845)	--
Total qualifying Tier 1 capital	68,865,255	50,000
Total regulatory capital	68,865,255	50,000
Risk-weighted assets:		
On-statement of financial position	32,467,000	--
Total risk-weighted assets	32,467,000	--
Total regulatory capital to risk weighted assets	212.11%	--

21 Fair value of financial assets and liabilities

Financial assets and liabilities not carried at fair value include cash resources and 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.

22 Statutory reserves

In accordance with Section 56 (1) (a) of the Financial Institutions Act 2008, the company shall hold and maintain a reserve fund into which no less than ten percent of the net profit after taxes is transferred on an annual basis until the amount standing to the credit of the fund is not less than the stated capital of the company. There has been no such transfer this period as the company made a net loss.