



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE COLLEGE OF SCIENCE, TECHNOLOGY AND APPLIED ARTS OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED 2005 SEPTEMBER 30

The accompanying Financial Statements of the College of Science, Technology and Applied Arts of Trinidad and Tobago for the year ended 2005 September 30 have been audited. The Statements comprise a Balance Sheet as at 2005 September 30, a Statement of Income and Expenditure, a Statement of Changes in Reserves and a Statement of Cash Flows for the year ended 2005 September 30 and Notes to the Financial Statements numbered 1 to 16.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT) is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit. The audit was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 24 (4) and (5) of the College of Science, Technology and Applied Arts of Trinidad and Tobago Act, Chapter 39:56 (the Act). The audit was conducted in accordance with auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the comments made at paragraphs 5 to 9 of this Report.



BASIS FOR QUALIFICATION

Prior Year Adjustments

5.1 The Statement of Changes in Reserves reflected prior year adjustments of \$23,595,162.00 related to the year ended 2003 September 30 and \$16,436,112.00 related to the year ended 2004 September 30. Of these adjustments, amounts totalling \$1,705,690.03 were not verified.

5.2 Prior year adjustments totalling \$236,644.00 (Net) reflected at Note 7 to the Financial Statements in respect of Property and Equipment were also not verified.

5.3 The presentation of prior year adjustments in the financial statements did not comply fully with paragraph 49 (b) (i) and (c) of International Accounting Standard 8 (IAS 8) in that the following information was not presented:

- for each prior period presented, the amount of correction for each financial statement line item affected, and
- the amount of the correction at the beginning of the earliest prior period presented.

ERRORS IN / OMISSIONS FROM THE FINANCIAL STATEMENTS

6. Errors in and omissions from the Financial Statements have been drawn to the attention of the Management of the COSTAATT.

OPINION

7. In my opinion, except for the effect of the matters described at paragraphs 5 and 6 above, the Financial Statements present fairly, in all material respects, the financial position of the College of Science, Technology and Applied Arts of Trinidad and Tobago as at 2005 September 30 and its financial performance and its cash flows for the year ended 2005 September 30 in accordance with International Financial Reporting Standards.

OTHER MATTERS

Bank Overdraft

8.1 The Operating Account reflected overdrawn balances during the financial year. Section 36 (1) of the Exchequer and Audit Act, Chapter 69:01 states:

“No statutory body shall borrow temporarily by way of bank overdraft or otherwise without the sanction of the Minister”.

The approval of the Minister of Finance for overdraft facilities was not seen.



8.2 Further, penalty interest of \$16,161.77 was incurred as a result of insufficient funds in the account.

Pension Plan

9.1 Section 32 (1) of the Act states:

“The Board shall within two years of the date of assent of this Act, establish a pension fund plan.”

9.2 The date of assent of the Act was 2000 November 06. Evidence was not seen that a pension fund plan was established at the Balance Sheet date of 2005 September 30. However, it was seen that COSTAATT has made certain arrangements with respect to pension matters.

SUBMISSION OF REPORT

10. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

2012 August 14



Sharman Ottley
SHARMAN OTTLEY
AUDITOR GENERAL

COLLEGE OF SCIENCE TECHNOLOGY
AND APPLIED ARTS OF TRINIDAD AND
TOBAGO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2005

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

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COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

BALANCE SHEET AT 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

	Notes	2005	2004
Current assets			
Cash and cash equivalents	4	30,377,217	41,461,060
Accounts receivable and prepayments	5	<u>58,519,333</u>	<u>53,022,272</u>
		<u>88,896,550</u>	<u>94,483,332</u>
Non- current assets			
Property and equipment	7	32,229,052	10,838,283
Capital projects in progress		<u>40,029,443</u>	<u>11,553,737</u>
		<u>72,258,495</u>	<u>22,392,020</u>
TOTAL ASSETS		<u>161,155,045</u>	<u>116,875,352</u>
LIABILITIES AND RESERVES			
Current liabilities			
Trade and other payables	6	<u>6,785,000</u>	<u>5,838,106</u>
		<u>6,785,000</u>	<u>5,838,106</u>
Non-current liabilities			
Deferred capital grants	8	<u>87,159,258</u>	<u>56,735,322</u>
		<u>87,159,258</u>	<u>56,735,322</u>
Reserves		<u>67,210,787</u>	<u>54,301,924</u>
		<u>67,210,787</u>	<u>54,814,843</u>
TOTAL LIABILITIES AND RESERVES		<u>161,155,045</u>	<u>116,875,352</u>



The notes on pages 9 to 25 form part of these financial statements.

These financial statements were approved on March 08, 2012 and signed by:

 : President

 : Vice President Finance and Administration

At its meeting on April 13, 2012, the Board of Trustees at COSTAATT delegated authority to the President and Vice President Finance and Administration to sign these financial statements. As with the Board, these two officials were not employed with the College in 2005.

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

	Notes	2005 \$	2004 \$
Income			
Government contributions:			
Recurrent grants		57,047,544	30,180,429
Capital grants released	8	18,156,064	7,632,017
Tuition and other related fees		17,632,692	15,802,120
Interest income	9	1,594,506	321,276
Miscellaneous income		636,770	-
Other income	10	<u>529,700</u>	<u>588,384</u>
		<u>95,597,276</u>	<u>54,524,226</u>
Expenses			
Depreciation	7	(6,144,501)	(3,456,557)
Staff costs	11	(34,252,923)	(21,980,095)
General and administrative expenses	12	(7,207,165)	(7,942,400)
Other operating expenses	13	<u>(35,083,824)</u>	<u>(16,302,251)</u>
		<u>(82,688,413)</u>	<u>(49,681,303)</u>
Excess of income over expenditure for the year		<u>12,908,863</u>	<u>4,842,923</u>

The notes on pages 8 to 25 form part of these financial statements

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

Total

\$

Year ended 30 September, 2004

Balance as at 30 September, 2003 as originally reported	9,427,727
Prior year adjustments	<u>23,595,162</u>
Balance as at 30 September, 2003 as adjusted	<u>33,022,889</u>
Balance as at 1 October, 2003 as adjusted	33,022,889
Prior year adjustments	16,436,112
Excess of income over expenditure for the year	<u>4,842,923</u>
Balance at 30 September, 2004 as adjusted	<u>54,301,924</u>

Year ended 30 September, 2005

Balance at 1 October 2004 as adjusted	54,301,924
Excess of income over expenditure for the year	<u>12,908,863</u>
Balance at 30 September, 2005	<u>67,210,787</u>

The accompanying notes on pages 8 to 25 form part of these financial statements.

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

	2005	2004
Cash flows from operating activities		
	\$	\$
Excess of income over expenditure for the year	12,908,863	4,842,923
Adjustments to reconcile excess of income over expenditure to net cash from operating activities:		
Depreciation	6,144,501	3,456,557
Capital grants released to the statement of income and expenditure	<u>(18,156,064)</u>	<u>(7,632,017)</u>
Operating income before working capital changes	897,300	667,463
Increase in accounts receivable and prepayments	(5,497,061)	(380,786)
Increase in trade and other payables	<u>946,894</u>	<u>4,547,830</u>
Net cash (outflow)/ inflow from operating activities	<u>(3,652,867)</u>	<u>4,834,507</u>
Cash flows from investing activities		
Purchase of property and equipment	(27,535,270)	(1,503,321)
Payments toward capital projects in progress	<u>(28,475,706)</u>	<u>(3,414,305)</u>
Net cash outflow from investing activities	<u>(56,010,976)</u>	<u>(4,917,626)</u>
Cash flows from financing activities		
Proceeds from capital grants	<u>48,580,000</u>	<u>33,891,349</u>
Net cash inflow from financing activities	<u>48,580,000</u>	<u>33,891,349</u>
Net (decrease)/increase in cash and cash equivalents	(11,083,843)	33,486,954
Cash and cash equivalents at the beginning of year	<u>41,461,060</u>	<u>7,974,106</u>
Cash and cash equivalents at the end of year	<u><u>30,377,217</u></u>	<u><u>41,461,060</u></u>

The accompanying notes on pages 8 to 25 form part of these financial statements.

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

(Continued)

	2005	2004
	\$	\$
Represented by:		
Cash at bank and in hand	12,968,465	41,448,753
Money market mutual funds	<u>17,408,752</u>	<u>12,307</u>
	<u>30,377,217</u>	<u>41,461,060</u>

The accompanying notes on pages 8 to 25 form part of these financial statements.

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005
(Expressed in Trinidad and Tobago dollars)

1. Incorporation and principal activity

The College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT) was established by an Act of Parliament, #77 of 2000 of the laws of the Republic of Trinidad and Tobago.

The College operates out of multi-campus facilities throughout Trinidad and Tobago. Its registered office is located at No. 5-7 Melville Lane, Port of Spain.

The management of the College is vested in a Board of Trustees appointed by the President of the Republic of Trinidad and Tobago.

The College is an institution of higher education and research. It provides training and educational services at the undergraduate and graduate levels.

2. Significant accounting policies

a) Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements have been prepared on a historical cost basis.

The following is a summary of the significant accounting and reporting policies used in preparing the financial statements.

b) Standards in issue not yet effective

The College has not applied the following IFRS and IFRIC Interpretations that have been issued but are not yet effective. These standards/interpretations may not apply to the activities of the College or have no material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005
(Expressed in Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

(c) Adoption of new and revised International Financial Reporting Standards

In the current year, the College has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2004. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the College's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 6 *Exploration for and Evaluation of Mineral Resources*

IFRIC 3 *Emission Rights*

IFRIC 4 *Determining whether an Arrangement contains a Lease*

IFRIC 5 *Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the College.

d) Financial instruments

Financial instruments carried in the balance sheet include cash and bank balances, accounts receivable and prepayments and trade payables, and are stated at fair values.

The College's financial assets and liabilities are recognised in the balance sheet when it becomes party to the contractual obligations of the instrument. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005
(Expressed in Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

d) Financial instruments (cont'd)

The College derecognizes its financial assets when the rights to receive cash flows from the assets have expired or where the College has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised only when the obligation under the liability is discharged, cancelled or expires. All “regular way” purchases and sales are recognized on the trade date, which is the date that the College commits to purchase or sell the instrument.

e) Impairment of financial assets

Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Provision for impairment is assessed for all loans where there is objective evidence that the full amount due to the College would not be repaid. The allowance recognized is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the asset original effective interest rate.

f) Property and equipment

Property and equipment are stated in the balance sheet at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the College and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005
(Expressed in Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

f) Property and equipment (continued)

All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

With the exception of capital works in progress, depreciation is charged on all other assets on the reducing balance basis at annual rates estimated to write off these assets over their useful lives as follows:

Motor vehicles	-	25%
Furniture and equipment	-	20%
Computer equipment	-	33 1/3%

The costs of buildings under construction are classified as 'capital works in progress'. Depreciation is charged when the construction is substantially completed and the assets are ready for use.

Section No. 39 of Act 77 of 2000 by which the College was established states that 'Upon commencement of this Act all property belonging to the scheduled Tertiary Level Institutions' are respectively transferred to and vested in the College.' As such, property and equipment transferred by the Government of the Republic of Trinidad and Tobago and/or donated by other sources to the College are recognized at their estimated fair values, with a corresponding credit to the deferred capital grant account.

Property and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into the Statement of income and expenditure.

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

(Continued)

g) Cash and cash equivalents

Cash and cash equivalents are defined as cash at bank and in hand and short term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value. These amounts are carried at cost which approximates their fair value.

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)
(Continued)

h) Capital grants and government contributions

Capital grants

Capital grants are received from the GORTT for the specific purpose of construction and/or purchase of property and equipment. These grants are recognized where there is reasonable assurance that the grant funds will be received and utilized in accordance with all stipulated conditions. An amount equivalent to the depreciation charge on the relevant property and equipment is released to income over the expected useful life of the asset.

Government subventions

Subventions received from GORTT to meet operating deficits are recognized in the respective year to which the Government's annual budget allocation applies.

The College adopts the deferral method of accounting for grants when they are restricted in use by the donor.

i) Trade payable

Trade payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the College.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005
(Expressed in Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

j) Provisions

Provisions are recognised when the College has a present (legal or constructive) obligation as a result of past events from which, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

k) Employee benefits

Pension obligations

The College has no pension plan in existence presently.

The College has three (3) categories of staff namely:

- (i) Employees transferred from the National Institute of Higher Education, Research, Science and Technology (NIHERST).
- (ii) Seconded officers. These are officers transferred from Government Ministries for specified periods.
- (iii) Contract staff.

Employees transferred from NIHERST to COSTAATT continue to contribute to the NIHERST pension plan. The rate of contribution for employees of NIHERST is 6% of their base salary, while the rate of contribution paid by COSTAATT for NIHERST employees is 10.4% of their base salary plus 4% pension adjustment granted to members to assist in meeting their pension payment.

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005
(Expressed in Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

k) Employee benefits (continued)

Pension obligations (continued)

COSTAATT's monthly pension contributions for NIHERST employees stand at \$32,000.

Seconded officers' pensionable status is preserved by COSTAATT paying 25% of their substantive salary to the Comptroller of Accounts, while contracted officers receive a gratuity upon completion of service to the organization.

The College's obligation for contributions to the defined-contribution scheme is recognized as an expense in the statement of income as incurred.

l) Financial liabilities

Financial liabilities are recognized initially at fair value net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

m) Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the College and the revenue can be reliably measured. Revenue is measured at their fair value of the consideration received, excluding discounts and rebates. The following specific recognition criteria apply to the relevant category of revenue:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005
(Expressed in Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

n) Revenue recognition

- (i) Grants relating to operating activities
Grants relating to operating activities are recognized as income on a systematic basis over the periods in which the related expenses are incurred.
- (ii) Tuition and other related fees
Tuition fees are recognized on the accrual basis over the period of instruction.
- (iii) Interest income
Interest income is accounted for on an accrual basis.
- (iv) Other income
Income is received from a range of sources including cafeteria sales, sale of produce and other services rendered. Income is recognized on the accrual basis to match with the relevant services.

o) Comparative information

Certain changes in presentation of comparative information have been made in these financial statements. These changes primarily relate to the reclassification of balances previously presented as subventions from Government. In addition, there were changes to the classification of certain prior year expenses to ensure consistency with current year presentation. These changes had no effect on net assets or operating results for the previous year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

(Continued)

3. Critical accounting judgments and key sources of estimation uncertainty

Key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles 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 ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgments

The following are the critical judgments, apart from those involving estimations that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognized in financial statements.

a) *Impairment of financial assets*

Management makes judgments at each balance sheet date to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

(Continued)

	2005	2004
4. Cash and cash equivalents		
	\$	\$
Cash and cash equivalents for the purposes of the statement of cash flows include the following:		
Cash at bank and in hand	12,968,465	41,448,753
Money market mutual funds	<u>17,408,752</u>	<u>12,307</u>
	<u>30,377,217</u>	<u>41,461,060</u>
5. Accounts receivable and prepayments		
	\$	\$
Accounts receivable	45,998,143	47,637,695
Prepayments	980,430	-
Staff debtors	11,700	14,700
VAT receivable	11,524,867	3,057,709
Other receivables	<u>4,193</u>	<u>2,312,168</u>
	<u>58,519,333</u>	<u>53,022,272</u>
6. Trade and other payables		
	\$	\$
Trade payables and accruals	3,849,571	4,803,165
Provision for staff bonus and unpaid leave	2,414,494	-
Stale-dated cheques	487,083	572,200
Other payables	<u>33,852</u>	<u>462,741</u>
	<u>6,785,000</u>	<u>5,838,106</u>

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

(Continued)

7) Property and equipment

	Computer Equipment \$	Motor Vehicles \$	Furniture and Furnishings \$	Equipment \$	Total \$
Year ended 30th September 2005					
Opening net book value	5,806,807	124,174	1,867,660	3,039,642	10,838,283
Additions	6,631,990	510,185	11,092,099	9,300,996	27,535,270
Depreciation charge	(3,230,297)	(147,444)	(1,586,188)	(1,180,572)	(6,144,501)
Closing net book value	<u>9,208,500</u>	<u>486,915</u>	<u>11,373,571</u>	<u>11,160,066</u>	<u>32,229,052</u>
At 30th September 2005					
Cost	23,672,939	699,185	14,714,567	16,268,027	55,354,718
Accumulated depreciation	(14,464,439)	(212,270)	(3,340,996)	(5,107,961)	(23,125,666)
Net book value	<u>9,208,500</u>	<u>486,915</u>	<u>11,373,571</u>	<u>11,160,066</u>	<u>32,229,052</u>
Year ended 30th September 2004					
Opening net book value	6,611,715	22,852	1,642,430	4,277,878	12,554,875
Additions	913,391	284,000	154,352	151,578	1,503,321
Prior year adjustments	530,867	(161,236)	392,442	(525,429)	236,644
Depreciation charge	(2,249,166)	(21,442)	(321,564)	(864,385)	(3,456,557)
Closing net book value	<u>5,806,807</u>	<u>124,174</u>	<u>1,867,660</u>	<u>3,039,642</u>	<u>10,838,283</u>
At 30th September 2004					
Cost	16,056,424	362,000	3,127,364	7,582,000	27,127,788
Prior year adjustments	530,867	(161,236)	392,442	(525,429)	236,644
Accumulated depreciation	(10,780,484)	(76,590)	(1,652,146)	(4,016,929)	(16,526,149)
Net book value	<u>5,806,807</u>	<u>124,174</u>	<u>1,867,660</u>	<u>3,039,642</u>	<u>10,838,283</u>

COLLEGE OF SCIENCE, TECHNOLOGY & APPLIED ARTS OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

(Continued)

8. Deferred capital grants

The College receives monetary grants on an annual basis. These are released to the Income and Expenditure Account over the life of the related asset in the same way that depreciation of assets is charged to the Income and Expenditure Account. Grants to be released in future years are held on the Balance Sheet as deferred capital grants.

	2005	2004
	\$	\$
Grant balance as at 30 September	56,735,322	27,777,472
Grants received during the year	34,813,000	52,990,712
Grants due for the year, but not received	13,767,000	-
Adjustments	-	(16,400,845)
Amounts released to the Statement of of income and expenditure	<u>(18,156,064)</u>	<u>(7,632,017)</u>
	<u>87,159,258</u>	<u>56,735,322</u>

The original closing balance disclosed in the 2004 financial statements under Deferred capital grants was \$48,892,257. The revised closing balance of \$56,735,322 occurred as a result of accounting for Deferred capital grants in accordance with IAS 20 – Government Grants and Disclosure of Government Assistance.

9. Interest income

	2005	2004
	\$	\$
Interest on bank accounts	<u>1,594,506</u>	<u>321,276</u>
	<u>1,594,506</u>	<u>321,276</u>

10. Other income

	2005	2004
	\$	\$
Application fees	46,173	-
Donations	10,395	-
Library fees	79,072	-
Miscellaneous receipts	-	370,806
Student guild fees	1,460	-
Tender fees	1,550	-
Other receipts	<u>391,050</u>	<u>217,578</u>
	<u>529,700</u>	<u>588,384</u>

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(Continued)

11. Staff costs	2005	2004
	\$	\$
Salaries, gratuities, allowances and other benefits	33,067,599	20,440,428
National insurance	1,033,829	906,353
Pension costs – defined benefit plan	<u>151,495</u>	<u>633,314</u>
	<u>34,252,923</u>	<u>21,980,095</u>

Staff costs were originally disclosed in the 2004 financial statements as \$ 21,211,773. The revised figure of \$21,980,095 reflects accounting for staff costs under the accrual method of accounting.

12. General and administrative expenses	2005	2004
	\$	\$
Included therein are the following items:		
Audit fees	31,709	252,450
Bank charges and interest	34,102	16,227
Board fees	191,000	273,000
Books and periodicals	1,676,279	1,085,177
Hosting of conferences, seminars and other functions	118,632	123,278
Overseas travel	193,905	564,182
Office stationery and supplies	1,078,004	540,253
Professional consulting and other fees	2,295,967	4,519,380
Other	<u>1,587,567</u>	<u>568,453</u>
	<u>7,226,265</u>	<u>7,942,400</u>

13. Other operating expenses	2005	2004
	\$	\$
Included therein are the following items:		
Advertising and promotions	1,967,557	986,297
Local travel	173,991	55,102
Materials and supplies	2,272,614	1,449,292
Other contracted services	10,035,578	-
Utilities and telecommunications	4,500,216	5,381,043
Rent	11,720,386	5,276,783
Repairs and maintenance	1,983,615	697,324
Security	1,082,341	1,595,109
Insurance	279,990	250,889
Other	<u>1,067,536</u>	<u>610,412</u>
	<u>35,083,824</u>	<u>16,302,251</u>

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

14. Related party transactions

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

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

	2005	2004
Key management compensation		
	\$	\$
Directors' remuneration	191,000	273,000

15. Capital management

The College's objectives when managing capital, which is a broader concept than equity on the face of the balance sheet, are:

- To safeguard the College's ability to continue as a going concern so that it can continue to provide returns and benefits for stakeholders; and
- To maintain a strong capital base to support the development of its business.

The College reviews its capital adequacy annually at the Finance Committee and Board Level. The College maintains healthy capital ratios in order to support its business and to maximize value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

(Continued)

16. Risk management

The College's risk management policies are designed to identify and analyze these risks, set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems, together with robust corporate governance. The College regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practice. The most important types of risk that the College is exposed to are credit risk, liquidity risk, market risk and other operational risk.

Risk management structure

The Board of Trustees is ultimately responsible for identifying and controlling risks however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Trustees

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

Internal audit

Risk management processes throughout the College are audited periodically by the internal audit function, which examines both the adequacy of the procedures and the College's compliance with the procedures. In addition, internal audit is responsible for the independent review of risk management and the control environment. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Trinidad and Tobago dollars)
(Continued)

16. Risk management (continued)

Foreign currency risk

The College incurs foreign currency exposure on transactions that are denominated in a currency other than the Trinidad and Tobago dollar. The College ensures that the net exposure is kept to a minimum and is managed by monitoring and, where necessary adjusting the exposure.

Interest rate risk

Interest rate risk is further mitigated by the subsidies received from the Government in support of operational activities.

Liquidity risk

Liquidity risk is financial risk due to uncertain liquidity. It is the risk that the College will encounter difficulty in raising funds to meet commitments. The College might lose liquidity if it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with the College. The consequence may be the failure to meet obligations. Prudent liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed resources. The Management of the College mitigates this risk by keeping a substantial portion of its financial assets in liquid form.

Liquidity risk management process

The College's liquidity management process includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Keeping a significant portion of its financial assets in liquid form.
- Monitoring balance sheet liquidity ratios against internal requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

(Expressed in Trinidad and Tobago dollars)

(Continued)

16. Risk management (continued)

Liquidity risk (continued)

Fair value of financial assets and liabilities

The College computes the estimated fair value of all financial instruments held at the balance sheet date and separately discloses information where the fair values are different from the carrying values. At 30th September 2005, carrying values approximated their fair values for all classes of financial instruments as follows:

Financial instruments where the carrying values are assumed to approximate to their fair values, due to their short term to maturity include: Cash and cash equivalents, accounts receivable and prepayments, and trade payables and accruals.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The College cannot expect to eliminate all operational risks, but through a controlled framework and by monitoring and responding to potential risks, the College is able to manage the risks. Controls include a periodically reviewed disaster recovery plan and business continuity plan, effective segregation of duties, access, authorization and reconciliation procedures, staff training and development and assessment processes.