



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO CIVIL AVIATION AUTHORITY FOR THE YEAR ENDED 30th SEPTEMBER 2006

Sections 21 (4) and 5 of the Civil Aviation Act, Chapter 49:03 require the Auditor General to audit the accounts of the Trinidad and Tobago Civil Aviation Authority (the Authority). The accompanying Financial Statements comprise a Statement of Financial Position as at 30th September 2006, a Statement of Comprehensive Income, a Statement of Changes in Surplus/(Deficit), a Statement of Cash Flows for the year ended 30th September 2006, Notes to the Financial Statements numbered 1 to 14, and Corporate Information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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 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.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the adverse opinion made at paragraph seven.

BASIS FOR ADVERSE OPINION

6. As explained in Note 14, the Authority registered Caribbean Air Navigation and Advisory Services (CANAS), in January 2005 as a fully owned subsidiary. The Authority has not consolidated the Financial Statements of its subsidiary, which is a departure from International Financial Reporting Standards. Under International Financial Reporting Standards, the subsidiary should have been consolidated because it is controlled by the Authority. As a result, sufficient audit evidence was not provided to determine the full financial effect of the failure to consolidate the Financial Statements of its subsidiary.

ADVERSE OPINION

7. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the Financial Statements do not present fairly, the financial position of the Authority as at 30th September 2006 and its financial performance and cash flows for the year ended 30th September 2006 in accordance with International Financial Reporting Standards.

EMPHASIS OF MATTER

8. Note 14 to the Financial Statements explains that the Authority registered a subsidiary company, CANAS, in January 2005. The registration of a subsidiary company by the Authority is ultra vires the Civil Aviation Act. The audit opinion is not qualified in respect of this matter.

SUBMISSION OF REPORT

9. 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.

**13TH APRIL, 2017
PORT OF SPAIN**




**MAJEED ALI
AUDITOR GENERAL**

SS
20170413



TRINIDAD & TOBAGO CIVIL AVIATION AUTHORITY

Financial Statements

30th September 2006



**Trinidad and Tobago Civil Aviation Authority
Financial Statements - 30th September 2006**

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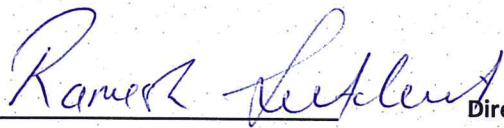


Trinidad and Tobago Civil Aviation Authority
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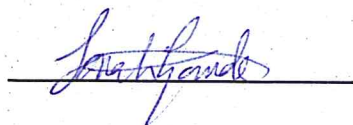
Statement of Financial Position

		Year ended 30 th September	
	Notes	2006 TT\$	2005 TT\$
Assets			
Non - Current Assets			
Property, plant and equipment	3	15,550,228	20,527,071
Deposit on equipment	4	4,254,429	4,071,897
		<u>19,804,657</u>	<u>24,598,968</u>
Current Assets			
Inventory		356,183	356,183
Vat Recoverable		150,338	359,411
Accounts Receivables	5	178,705,285	37,312,456
Cash	6	8,824,729	1,691,937
		<u>188,036,535</u>	<u>39,719,987</u>
Other Assets			
Work - in - progress		17,273,949	8,433,076
Total Assets		<u>225,115,140</u>	<u>72,752,031</u>
Equity and Liabilities			
Capital and Reserves			
Accumulated Surplus		<u>188,117,422</u>	<u>39,384,960</u>
Non - Current Liabilities			
Government's subvention – equipment	7	31,657,380	30,628,753
		<u>31,657,380</u>	<u>30,628,753</u>
Current Liabilities			
Accrued expenses and other payables	8	<u>5,340,338</u>	<u>2,738,318</u>
Total Equity and Liabilities		<u>225,115,140</u>	<u>72,752,031</u>

The accounting policies and notes on pages 7-18 form an integral part of these Consolidated Financial Statements.



Director General



Manager Finance and Procurement





Trinidad and Tobago Civil Aviation Authority
Financial Statements - 30th September 2006

Statement of Comprehensive Income

		Year ended 30 th September	
		2006	2005
	Notes	TT\$	TT\$
Revenue	9	206,879,477	69,519,853
Government Grants		5,035,376	737,059
		<u>211,914,853</u>	<u>70,256,912</u>
Less Expenses	10	(62,811,967)	(36,057,222)
Operating Surplus/(Deficit)		149,102,886	34,199,690
Less Finance Costs		(6,811)	(5,967)
Net Surplus/(Deficit) for the year		<u>149,096,075</u>	<u>34,193,723</u>

Statement of Other Comprehensive Income

		Year ended 30 th September	
		2006	2005
	Notes	TT\$	TT\$
Net Surplus/(Deficit) for the year		149,096,075	34,193,723
Prior Period Adjustment to Net Surplus	11	(363,613)	182,562
Total Surplus/(Deficit) for the year		<u>148,732,462</u>	<u>34,376,285</u>

The accounting policies and notes on pages 7-18 form an integral part of these Financial Statements.



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Statement of Changes in Surplus/ (Deficit)

	Year ended 30 th September	
	2006 TT\$	2005 TT\$
Balance at 1st October	39,384,960	5,008,674
Net Surplus/(Deficit) for the year	148,732,462	34,376,286
Balance at 30th September	<u>188,117,422</u>	<u>39,384,960</u>

The accounting policies and notes on pages 7-18 form an integral part of these Financial Statements.



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Statement of Cash Flows

		Year ended 30 th September	
	Notes	2006 TT\$	2005 TT\$
Operating Activities			
Net Surplus/ (Deficit) for the year		<u>149,096,075</u>	<u>34,193,723</u>
Adjustment to reconcile net surplus to net cash from Operating Activities			
Adjustment to retained earnings		(363,613)	182,562
Obsolescence		-	175,433
Amortization of Government Funds related to Asset		(5,035,376)	(883,092)
Adjustment to Fixed Asset Register Opening Balance		-	6,400
Depreciation		5,659,656	1,216,076
Net change in operating assets and liabilities	13	<u>(138,581,736)</u>	<u>(36,347,336)</u>
Net Cash Inflow/ (Outflow) from Operating Activities		10,775,006	(1,456,234)
Investing Activities			
Increase in equipment advances		(182,532)	18,761,089
Purchase of Property, plant and equipment		(682,813)	(16,195,768)
Work – in – progress		<u>(8,840,873)</u>	<u>(8,433,076)</u>
Net change in Investing Activities		(9,706,218)	(5,867,754)
Financing Activities			
Government subvention, equipment replacement		6,064,004	4,031,078
Net change in Financing Activities		<u>6,064,004</u>	<u>4,031,078</u>
Increase/ (Decrease) in Cash and Cash Equivalents		<u>7,132,792</u>	<u>(3,292,911)</u>
Cash and Cash Equivalents			
At beginning of the year		1,691,937	4,984,848
Increase/(Decrease) for the year		<u>7,132,792</u>	<u>(3,292,911)</u>
At end of the year		<u>8,824,729</u>	<u>1,691,937</u>
Represented by			
Cash on hand and in bank		<u>8,824,729</u>	<u>1,691,937</u>

The accounting policies and notes on pages 7-18 form an integral part of these Financial Statements.



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

1. General Information

The Trinidad and Tobago Civil Aviation Authority ("the Authority") was established by Trinidad and Tobago Civil Aviation Authority Act No. 33 of 2000. This Act was replaced by the Civil Aviation Act No. 11 of 2001 ("the Act") which came into effect on 1st November 2001.

The primary functions of the Authority are:

- a) To maintain a standard of safety and efficiency in the civil aviation system that is at least equal to the standard of safety prescribed by the Chicago Convention and any other aviation convention, agreement or understanding to which Trinidad and Tobago is a party;
- b) To regulate in accordance with the Act or other written law:
 - i. Civil Aviation operators in Trinidad and Tobago;
 - ii. The operators of Trinidad and Tobago aircraft;
 - iii. The operations of maintenance organizations in respect of aircraft on the Trinidad and Tobago register;
 - iv. To provide an adequate system of Air Traffic Services in the Piarco Flight Information Region (FIR) and any other such airspace as may be the subject of a treaty or an agreement between Trinidad and Tobago and any other State or organization;
 - v. To carry out investigations of any aircraft accidents occurring in or over Trinidad and Tobago in relation to any Trinidad and Tobago aircraft;
 - vi. The development of civil aviation and the maintenance of a civil aviation system that is consistent with national security policy.



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

2. Significant Accounting Policies

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

a. Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in separate notes pertaining to those specific items.

b. Changes in accounting policy and disclosures

Amendment to IAS 1, 'Financial statement presentation' regarding Other Comprehensive Income (effective from periods beginning on or after July 01, 2012). The main change resulting from these amendments is a requirement for entities to Authority items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in the Statement of Other Comprehensive Income.



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

Significant Accounting Policies (Continued)

c. Foreign Currency Translation

Functional and presentation currency

Items included in the Financial Statements of the Authority are measured using the currency of the primary economic environment in which the Authority operates ('the functional currency'). These financial statements are presented in Trinidad and Tobago dollars which is the Authority's functional and presentation currency.

Transaction 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 are recognised in the Statement of Comprehensive Income.



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

Significant Accounting Policies (Continued)

d. Property, plant and equipment

Buildings comprise mainly offices and strategic geographically placed sites for air navigations aides, valued at cost less accumulated depreciation, unless fully depreciated and shown at estimated salvage values. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they incurred.

Depreciation is calculated on the reducing balance basis at the rates estimated to allocate the cost of each asset to their residual value over the estimated useful lives as follows:

Air Navigation Equipment	33%
Machinery and Equipment (Computers)	33%
Computer Software	25%
Furniture & Fixtures	25%
Motor Vehicles	25%
Office Equipment	25%
Buildings (Transferred/New Construction)	10%

Where the carrying amount of an asset is recognised to be greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts and are recognised in the Statement of Comprehensive Income.



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

Significant Accounting Policies (Continued)

e. Financial Assets

The Authority classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets. The Authority's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

f. Trade and Other Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in normal operating cycle of the business if longer), they are classified as current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. A provision for impairment of trade receivables is established where there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired.

g. Cash and Cash equivalents

Cash and cash equivalents include cash at bank and on hand.

h. Provisions

Provisions are recognized when the Authority has a present legal or constructive obligation as a result of past events, is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to passage of time is recognized in the Statement of Comprehensive Income.

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



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

Significant Accounting Policies (Continued)

i. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Authority's activities. Revenue is shown net of value added tax, rebates and discounts.

The Authority recognizes revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met.

j. Government Grants

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grants. The deferred capital grants are amortised and charged to the Statement of Comprehensive Income over the period necessary to match the annual depreciation charge of these assets or when the assets are disposed or written off.

Where the grants relate to an expense item, it is recognised in the Statement of Comprehensive Income over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate.

k. Taxation

The Authority is exempt from all taxes, including Value Added Tax, Corporation Tax, Insurance Tax, levies including Green Fund and Business Levy, and customs and excise duties; in accordance with The Civil Aviation Act No. 11 of 2001 and The Civil Aviation (Amendment) Act No. 17 of 2003.

l. Trade Payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payments are due within one year or less.



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Significant Accounting Policies (Continued)

m. Employee Benefits

The plan was established with effect from January 1, 2007 and is governed by a Trust Deed to provide benefits by way of pensions on retirement from service and other ancillary benefits for those of its present and future employees who are eligible for membership and who participate in the Plan. All former employees, transferred or otherwise, immediately prior to the establishment of the plan have been transitioned to the plan.

3. Property, Plant and Equipment

	Air Navigation Equipment	Office Equipment	Machinery and Equipment	Motor Vehicles	Buildings	Total
Year ended 30 September 2006						
Opening net book amount	13,777,442	687,968	694,633	533,327	4,833,701	20,527,071
Additions	125,673	408,288	148,851	-	-	682,813
Disposals	-	-	-	-	-	-
Depreciation charge	(4,563,819)	(217,536)	(261,598)	(133,332)	(483,370)	(5,659,656)
Closing Net Book Value	9,339,295	878,720	581,886	399,995	4,350,331	15,550,228
At 30 September 2006						
Cost	14,227,058	1,422,327	1,417,624	705,030	5,472,000	23,244,039
Accumulated Depreciation	(4,887,763)	(543,607)	(835,737)	(305,034)	(1,121,669)	(7,693,810)
Closing Net Book Value	9,339,295	878,720	581,886	399,995	4,350,331	15,550,228
At 30 September 2005						
Cost	14,101,385	1,014,039	1,268,773	705,030	5,472,000	22,561,225
Accumulated Depreciation	(323,944)	(326,071)	(574,139)	(171,702)	(638,299)	(2,034,154)
Closing Net Book Value	13,777,442	687,968	694,633	533,327	4,833,701	20,527,071



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

4. Deposit on Equipment

This represents the released funds from the Ministry of Finance to the Ministry of Works and Transport on behalf of the Trinidad and Tobago Civil Aviation Authority, for the advance payment to the International Civil Aviation Organization (ICAO) for the design, engineering and construction of major Air Navigation Fixed Telecommunication Network (AFTN), a High Frequency Single Side Band Radio (HFSSB), a Non Directional Beacon (NDB) and a Localizer / Distance Measuring equipment (DME).

The balance of the Deposit plus accrued interest as at September 30, 2006 was at the exchange rate of TT\$6.2999=\$1 US.

5. Accounts Receivables

Accounts Receivables include Trade Receivables and other receivables.

	Year ended 30 th September	
	2006 TT\$	2005 TT\$
Receivables – Subsidiary	87,998,536	34,666,667
Receivables – Trade	90,706,749	2,645,789
Trade Receivables	<u>178,705,285</u>	<u>37,312,456</u>

6. Cash and Cash equivalents

Cash and cash equivalents include cash at bank and on hand.



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

7. Government's subvention – equipment

Government's subvention – equipment represents Government grants received for the purchase or the construction of depreciable assets. Amortization has commenced based on the depreciation rates and estimated useful lives applicable to the respective assets.

8. Accruals

The Authority has accrued gratuity at the rate of twenty percent (20%) of the salary and wages for 9 contracted employees of the Authority in accordance with Section 28 of the Civil Aviation Act No. 11 of 2001 as amended by No. 17 of 2003.

9. Revenue

Revenue shown in the Statement of Comprehensive Income is comprised as follows:

	Year ended 30 th September	
	2006 TT\$	2005 TT\$
Government Subventions	48,191,330	27,877,000
Management Fee - Subsidiary	87,998,536	34,666,667
Operating Income	208,050	6,787,550
Other Operating Income	70,481,561	188,636
Total Revenue	<u>206,879,477</u>	<u>69,519,853</u>



Trinidad and Tobago Civil Aviation Authority
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10. Expenses

	Year ended 30 th September	
	2006	2005
	TT\$	TT\$
Advertising	74,942	92,949
Audit Fees	26,450	60,000
Bad Debt Expense	23,248	-
Board meeting expenses	11,094	18,579
Books and Periodicals	49,899	106,510
Business Meetings Expenses	81,176	116,389
Communication	847,975	530,788
Computer software and ancillary	75,685	148,927
Conferences and seminars	194,804	64,114
Consulting and Contracting	1,434,816	-
Contract Employment	1,589,082	1,444,841
Depreciation	5,659,656	1,216,075
Obsolescence	-	175,433
Donations	43,500	117,408
Electricity Charges	602,970	287,584
Employee Assistance Programme	84,000	77,000
Gain/Loss on sale of assets	-	(1,162)
Insurance	1,682,677	1,382,738
Janitorial and Cleaning	253,864	64,630
Legal & Professional Fees	262,029	478,864
Line Station Audit	116,482	116,410
Maintenance and Repairs - Building	564,621	549,569
Maintenance and Repairs - Equipment	216,003	278,440
Materials and Supplies	327,257	278,334
Medical/group health and life	521,614	494,526
NIS Contributions	581,384	533,270
Office Stationery and Supplies	346,432	373,634
Pension and annuity/gratuity	20,732,270	695,443
Postage/Courier Service	21,484	30,499
Promotion and Publicity	319,055	11,506
Rent/Lease - Vehicles and Equipment	51,741	221,747
Safety and Security	926,786	614,969
Salaries and Allowances	21,373,772	22,638,801
Board Allowance	311,949	308,400
Telephone Maintenance	-	6395
Training	1,337,526	449,828
Transfer – RASOS	448,669	385,187
Travel Local	708,282	736,569
Travel Overseas	802,733	896,821
Vehicle Repairs and Upkeep	97,357	52,744
Miscellaneous	8,683	2,460
	<u>62,811,967</u>	<u>36,057,222</u>



Trinidad and Tobago Civil Aviation Authority
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11. Prior Year Adjustments

An adjustment of \$363,613 was made to correct Property, Plant and Equipment.

12. Staff Costs

	Year ended 30 th September	
	2006 TT\$	2005 TT\$
Wages and Salaries	21,373,772	22,638,801
National Insurance	581,384	533,270
Pension and Annuity Costs	20,732,270	695,443
	<u>42,687,426</u>	<u>23,867,514</u>
Number of Employees	183	183

13. Net Change in Operating Assets and Liabilities

	Year ended 30 th September	
	2006 TT\$	2005 TT\$
(Increase) / Decrease in Inventory	-	(531,616)
(Increase) / Decrease in VAT Recoverable	209,073	(348,850)
(Increase) / Decrease in Accounts Receivables and Prepayments	(53,394,293)	(1,618,197)
Increase / (Decrease) in Accrued Expenses, Trade and Other Payables	2,602,020	817,994
Increase / (Decrease) in Intercompany Transaction	(87,998,536)	(34,666,667)
	<u>(138,581,736)</u>	<u>(36,347,336)</u>



Trinidad and Tobago Civil Aviation Authority Financial Statements - 30th September 2006

14. Caribbean Air Navigation and Advisory Services (CANAS)

A fully owned subsidiary was registered in January 2005 and became operational on February 1, 2005. The responsibility of CANAS is to set the rates for en-route charges in the Piarco Flight Information Region, collect the revenue by billing the users directly or through the International Air Transport Association (IATA) and reimburse all the providers of services and equipment in the provision of the en-route service. The funds realized through CANAS are therefore to be used through the Eastern Caribbean including the French Antilles. The first financial year for CANAS ends on January 31, 2006.



Trinidad and Tobago Civil Aviation Authority
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CORPORATE INFORMATION

REGISTERED OFFICE

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