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 30 SEPTEMBER 2006

Section 24 of the College of Science, Technology and Applied Arts of Trinidad and Tobago Act, Chapter 39:56 requires the Auditor General to audit the accounts of the College of Science, Technology and Applied Arts of Trinidad and Tobago. The accompanying financial statements of the College of Science, Technology and Applied Arts of Trinidad and Tobago for the year ended 30 September 2006 have been audited. The Statements comprise a Balance Sheet as at 30 September 2006, an Income and Expenditure Account, a Statement of Changes in Reserves and a Statement of Cash Flows for the year ended 30 September 2006 and Notes to the financial statements numbered 1 to 18.

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 (IFRS) 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 these 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 comments made at paragraphs 6.1 to 10.2

BASIS FOR QUALIFIED OPINION

CIVILWORKS - $19,061,745.00

6.1 Section 39 of the College of Science, Technology and Applied Arts of Trinidad and Tobago Act, Chapter 39:56 (the Act) states:

"Upon the commencement of this Act, all property belonging to the scheduled TLIs are respectively transferred to and vested in the College."

6.2 By Legal Notice No. 179 dated 14 August 2006, the schedule to the Act was amended by the deletion of the respective Tertiary Level Institutions (TLIs).

6.3 These properties belonging to the TLIs were not brought to account in the records of the College and hence not included in the financial statements.

6.4 The figure of $19,061,745.00 represented the costs of refurbishment works done on the various Tertiary Level Institutions initially vested in the College but subsequently removed by the above amendment to the Act.

6.5 This expenditure was incorrectly capitalized and shown as a Non-Current Asset on the Balance Sheet since such refurbishment works do not meet the recognition principle of the cost of an item of property, plant and equipment under International Accounting Standard 16. The Assets of the College are therefore overstated by the sum of $19,061,745.00.

ACCOUNTS RECEIVABLE AND PREPAYMENTS - $31,999,417.00

Debtors & Other Accounts Receivable - $42,153,289.49

7.1 The figure of $42,153,289.49 could not be adequately verified as the following documents were not provided for examination:

- A Detailed Schedule showing the composition of the sum of $42,153,289.49.
- Supporting source documents to verify adjustments to the account of $7,779,060.38 (credit) and $1,532,743.70 (debit).
- An Aged Debtors listing.

Provision for Bad Debts - Student Accounts A/R - $12,913,999.01

7.2 Board approval for the Provision for Doubtful Debts estimate of $12,913,999.01 was not provided for audit examination.

7.3 Further, the above provision was not included in the Notes to the financial statements as required by the International Financial Reporting Standards.

INCOME

Tuition and other related fees - $12,950,396.00

8.1 Included in the above figure is Course Fees in the amount of $12,986,616.00. Supporting source documents to verify adjustments of $7,779,060.38 (debit) and $1,532,743.70 (credit) to the Course Fees account were not provided for examination.

QUALIFIED OPINION

9.1 In my opinion, except for the matters described at paragraphs 6.1 to 8.1 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 30 September 2006 and its financial performance and its cash flows for the year ended 30 September 2006 in accordance with International Financial Reporting Standards.

LEGAL AND OTHER REGULATORY REQUIREMENTS

Pension Plan

10.1 Section 32 of Act No. 77 of 2000 states:

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

10.2 The date of assent of the Act was 6th November 2000. Evidence was not seen that a pension fund plan was established at the Balance Sheet date of 30 September 2006.

SUBMISSION OF REPORT

11.1 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.

18TH JULY, 2017
PORT OF SPAIN

MAJEED ALI
AUDITOR GENERAL

Financial Statements of

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

September 30, 2006

INDEPENDENT AUDITORS' REPORT
College of Science, Technology & Applied Arts of Trinidad and Tobago

We have examined the balance sheet of The College of Science, Technology and Applied Arts of Trinidad and Tobago ("the College") as at September 30, 2006 and the related statement of income and expenditure, statement of changes in reserves and statement of cash flows for the year then ended as set out on pages 2 to 20. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the College as at September 30, 2005 were audited by other auditors whose report dated August 14, 2012 expressed a modified opinion on those statements.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our examination indicated that several transactions have been recorded for which adequate supporting documents were not available for verification and, analyses were not available for review. We were not provided with appropriate documents to support the existence and accuracy of property, plant and equipment with a net book value of $3,202,570, civil works with a book value $1,836,329, capital projects in progress with a book value of $2,987,675, and expenses with a value of $3,611,592. In addition, we were not provided with appropriate analyses to support the existence, accuracy or valuation of accounts receivable with a net book value of $12,913,999. Accordingly, we were not able to determine whether any adjustments may be necessary to these amounts shown in the financial statements had we obtained the appropriate documents and analyses.

Opinion

In our opinion, except for the possible effects of the matter described above these financial statements present fairly, in all material respects, the financial position of the College as at September 30, 2006 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
August 30, 2012

College Of Science Technology & Applied Arts of Trinidad and Tobago
Balance Sheet as at 30th September 2006

	Notes	2006 TT$	2005 TT$
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	53756,932	30377,217
Accounts Receivables and Prepayments	5	31999,417	58519,333
		85756,349	88896,550
Non-Current Assets			
Property, Plant and Equipment	7	41563,264	32229,052
Civil Works	8	19061,745	-
Capital Projects In Progress	9	18471,737	40029,442
		79096,746	72258,494
Total Assets		**TT$ 164853,095**	**TT$ 161155,044**
LIABILITIES AND RESERVES			
Current Liabilities			
Trade and other payables	6	13150,358	6785,000
Non-Current Liabilities			
Deferred Capital Grants	10	90032,176	87159,258
Reserves		61670,561	67210,786
Total Liabilities and Reserves		**TT$ 164853,095**	**TT$ 161155,044**

REPUBLIC OF TRINIDAD AND TOBAGO
2017 07 18
AUDITOR GENERAL

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

These financial statements were approved on and signed by:

________________ Trustee

________________ Trustee

College Of Science Technology & Applied Arts of Trinidad and Tobago
Statement of Income and Expenditure for Year Ended 30th September 2006

	Notes	2006 TT$	2005 TT$
INCOME			
Government Contributions:			
Recurrent grants		66569,561	57047,544
Capital grants released	10	15598,678	18156,064
Tuition and other related fees		12950,396	17632,692
Interest income	11	2089,867	1594,506
Miscellaneous income		1622,046	636,770
Other income	12	611,561	529,700
		99442,109	**95597,276**
EXPENSES			
Depreciation	7	(12055,611)	(6144,501)
Staff Costs	13	(41379,302)	(34252,923)
General and administrative expenses	14	(9416,061)	(7207,165)
Other operating expenses	15	(42131,360)	(35083,825)
		(104982,334)	**(82688,414)**
(Deficit)/Excess of Income over expenditure for the year		**TT$ (5540,225)**	**TT$ 12908,862**

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

College Of Science Technology & Applied Arts of Trinidad and Tobago
Statement of Changes in Reserves for Year Ended 30th September 2006

	TOTAL TT$
Opening Balance as at September 30, 2003 as originally presented	33022,889
Prior year adjustment	16436,112
Excess of income over expenditure as adjusted	4842,923
Closing Balance as at September 30, 2004 as adjusted	**54301,924**
Excess of income over expenditure for the year	12908,862
Closing Balance as at September 30, 2005 as adjusted	**67210,786**
Deficit of income over expenditure for the year	(5540,225)
Closing Balance as at September 30, 2006	**TT$61670,561**

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

College Of Science Technology & Applied Arts of Trinidad and Tobago
Statement Of Cash Flows for Year Ended 30th September 2006

	Note	2006 TT$	2005 TT$
Cash Flows from Operating Activities			
(Deficit)/excess of income over expenditure for the year		(5540,225)	12908,862
Adjustments to reconcile excess of income over expenditure to net cash from operating activities:			
Depreciation		12055,611	6144,501
Capital grants released to the statement of income and expenditure		(15598,678)	(18156,064)
Operating (loss)/income before working capital changes		(9083,292)	897,299
Decrease/(increase) in accounts receivables and prepayments	9	26519,916	(5497,061)
Increase in accounts payables and accruals		6365,358	946,894
Net cash from (used in) operating activities		23801,982	(3652,868)
Cash Flows From Investing Activities			
Purchase of non-current assets		(21389,823)	(27535,270)
Transfers from/(Payments toward) capital projects in progress		2495,960	(28475,705)
Net cash used in investing activities		(18893,863)	(56010,975)
Cash flows From Financing Activities			
Proceeds from capital grants		18471,596	48580,000
Net cash from financing activities		**18471,596**	**48580,000**
Net increase/ decrease in cash and cash equivalents		23379,715	(11083,843)
Cash and Cash Equivalents at Beginning of Year		30377,217	41461,060
Cash and Cash Equivalents at End of Year	5	**53756,932**	**30377,217**
Represented by:			
Cash at bank and in hand		51789,374	12968,465
Money market mutual funds		1967,558	17408,752
		53756,932	**30377,217**

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

1 Incorporation and Principal Activity

The College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT or the College) was established by an Act of Parliament, Act Number 77 of 2000, and assented to on October 27, 2000, as a teaching, research and examining body.

The College operates out of multi-campus facilities throughout Trinidad and Tobago. Its registered office is located at No. 9-11 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 Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements 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) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2006, and have not been applied in peparing these financial statements. None of these will have an effect on the financial statements of the College.

2 **Significant Accounting Policies** (continued)

c) Financial instruments

Financial instruments carried in the balance sheet include cash and bank balances, accounts receivables and prepayments and accounts 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.

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 ownerhip. Financial liabilities are derecognized 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..

d) 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's original effective interest rate.

e) Property and equipment

Property, plant 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the the item will flow to the College and the cost of the item can be measured reliably.

2 **Significant Accounting Policies** (continued)

e) 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 rates estimated to write off these assets over their useful lives as follows:

Furniture and equipment	20%
Computer equipment	33.33%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and are adjusted if appropriate, at each balance sheet date.

Section No. 39 of Act 77 of 2000 by which the College was established states that all property belonging to the scheduled TLI's be respectively transferred to and vested in the College. As such property, plant and equipment transferred by GORTT 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 disposals of property and equipment are determined by reference to their carrying amounts and are taken into the Statement of Income and Expenditure.

f) Capital projects in progress

Capital projects in progress represent the cost of buildings under construction. When the assets are ready for their intended use, they are transferred to property, plant and equipment and depreciated.

2 **Significant Accounting Policies** (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 redily convertible to known amounts of cash with original maturities of three months or less and subject to insignifciant risks of change in value. These amounts are carried at cost which approximates their fair value.

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, plant 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, plant 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 and other payables

Accounts 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.

2 **Significant Accounting Policies** (continued)

j) Provisions

Provisions are recognized 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 recognized 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 rendedered 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. Employees transferred from NIHERST to COSTAATT continue to contibute to the NIHERST pension plan.

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

(i) Employees transferred from the National Institute of Higher Education and Research Institute (NIHERST).

(ii) Seconded officers. These are officer transferred from Government Ministries for specific periods.

(iii) Contract staff.

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% adjustment granted to members to assist in meeting their pension payment.

2 **Significant Accounting Policies** (continued)

k) Employee Benefits (continued)

Pension obligations (continued)

COSTAATT's monthly pension contributions for NIHERST employees stand at $32,000.00

Seconded officers' pensionable status are 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 and expenditure 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 the fair value of the consideration received, excluding discounts and rebates. The following specific recognition criteria apply to the relevant category of revenue:

(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 and other services rendered. Income is recognized on the accrual basis.

2 Significant Accounting Policies (continued)

n) Comparative information

Certain changes in presentation of comparative information have been made in these financial statements. These changes primarily relate to reclassification of balances previously presented as other operating income and staff costs. 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.

3 Critical Accounting Judgements 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 judgements

The following are the critical judgements, 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 the financial statements.

a) *Impairment of financial assets*

Management makes judgements 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 expected future cash flows.

4 Cash and Cash Equivalents

	2006	2005
	$	$
Cash at bank and in hand	51789,374	12968,465
Money market mutual funds	1967,558.00	17408,752
	53756,932	30377,217

5 Accounts Receivables and Prepayments

	$	$
Accounts receivables	43046,663	45998,143
Provision for doubtful debts	(12913,999)	-
Net Receivables	30132,664	45998,143
Prepayments	184,452	980,430
Staff debtors	129,907	11,700
VAT receivables	1533,471	11524,867
Other receivables	18,923	4,193
	31999,417	58519,333

6 Trade and Other Payables

	$	$
Accounts payables and accruals	7216,307	3849,571
Provision for staff costs	5286,598	2414,494
Stale-dated cheques	647,453	487,083
Other payables	-	33,852
	13150,358	6785,000

7 Property, Plant and Equipment

	Computer Equipment	Motor Vehicles	Furniture and Furnishings	Equipment	Total
	TT$	TT$	TT$	TT$	TT$
Year ended 30th September, 2006					
Opening net book value	9208,500	486,915	11373,571	11160,066	32229,052
Additions	8695,992	367,100	1892,983	6023,464	16979,539
Transfers	8,000	-	2,100	4400,184	4410,284
Depreciation charge	(5509,212)	(183,574)	(2510,441)	(3852,384)	(12055,611)
Closing net book value	**12403,280**	**670,441**	**10758,213**	**17731,330**	**41563,264**
					-
At 30th September, 2006					-
Cost	32376,930	1066,285	16609,650	26691,674	76744,539
Accumulated depreciation	(19973,650)	(395,844)	(5851,437)	(8960,344)	(35181,275)
Net book value	**12403,280**	**670,441**	**10758,213**	**17731,330**	**41563,264**
Year ended 30th September, 2005					
Opening net book value	5806,807	124,174	1867,660	3039,642	10838,283
Additions	6631,990	510,185	11092,099	9300,996	27535,270
Depreciation charge	(3230,297)	(147,444)	(1586,188)	(1180,572)	(6144,501)
Closing net book value	**9208,500**	**486,915**	**11373,571**	**11160,066**	**32229,052**
At 30 September, 2005					
Cost	23672,939	699,185	14714,567	16268,026	55354,717
Accumulated depreciation	(14464,439)	(212,270)	(3340,996)	(5107,960)	(23125,665)
Net book value	**9208,500**	**486,915**	**11373,571**	**11160,066**	**32229,052**

8 Civil Works

	2006	2005
	$	$
Opening balance	-	-
Additions	1626,638	-
Transfers from capital projects in progress	17473,327	-
Reclassifications	(38,220)	-
Closing balance	19061,745	-

9 Capital Projects in Progress

	$	$
Opening balance	40029,442	-
Additions	3295,326	51727,670
Transfers to civil works	-17473,327	-
Transfers to property, plant and equipment	(4410,285)	-10636,221
Transfers to income and expenses	-398,467	-
Reclassifications/adjustments	-2570,952	-1062,007
Closing balance	18471,737	40029,442

10 Deferred Capital Grants

The College receives monetary grants on an annual basis. Those related to the acquisition of properety, plant and equipment 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 the future years are held on the Balance Sheet as deferred capital grants.

	$	$
Grant balance as at 30 september	87159,258	56735,322
Grants received during the yeat	13745,596	34813,000
Grants due for the yeat, but not received	4726,000	13767,000
Amounts released to the Statement of income and expenditure	(15598,678)	(18156,064)
	90032,176	87159,258

11 Interest Income

	2006	2005
	$	$
Interest on bank accounts	1920,189	1594,506
Interest on money market accounts	169,678	-
	2089,867	1594,506

12 Other Income

	2006	2005
Application fees	113,329	46,173
Donations	-	10,395
Library fees	138,944	79,072
Student guild fees	35,780	1,460
Tender fees	5,000	1,550
Other receipts	318,508	391,050
	611,561	529,700

13 Staff Costs

	2006	2005
Salaries, gratuities, allowances and other benefits	40331,440	33067,599
National insurance	798,472	1033,829
Pension costs - defined contribution plan	249,390	151,495
	41379,302	34252,923

14 General and Administration Expenses

	2006	2005
Included therein are the following items:	$	$
Bank charges and interest	36,018	34,102
Board fees	236,350	191,000
Books and periodicals	1951,645	1676,279
Hosting of conferences, seminars and other functions	276,503	118,632
Overseas travel	257,891	193,905
Office stationery and supplies	1503,316	1078,004
Professional consulting and other fees	3531,920	2327,676
Other	1622,418	1587,567
	9416,061	7207,165

15 Other Operating Expenses

Included therein are the following items:

	2006	2005
Advertising and promotions	1122,255	1967,558
Local travel	172,787	173,991
Materials and supplies	2319,454	2272,614
Other contracted services	2774,298	10035,578
Utilities and telecommunications	5077,716	4500,216
Rent	11990,048	11720,386
Repairs and maintenance	3222,145	1983,615
Security	862,291	1082,341
Insurance	747,686	279,990
Bad debt expense	12913,999	-
Other	928,681	1067,536
	42131,360	35083,825

16 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.

16 Related Party Transactions (continued)

Key management compensation

	2006	2005
	$	$
Board of Trustees' Remuneration	236,350	191,000

17 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 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 shareholder value.

18 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 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.

18 Risk Management (continued)

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.

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.

18 **Risk Management** (continued)

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.

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 September 30, 2006, 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 receivables and prepayments, and sundry creditors and accruals.

Operational Risk

Operational risk is the risk of loss arising from system 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.