



## **REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE INSTITUTE OF MARINE AFFAIRS FOR THE YEAR ENDED SEPTEMBER 30, 2006**

The accompanying Financial Statements of the Institute of Marine Affairs for the year ended September 30, 2006 have been audited. The Statements as set out on pages 1 to 11 comprise a Balance Sheet as at September 30, 2006 an Income and Expenditure Account for the year ended September 30, 2006, a Statement of Accumulated Surplus for the year ended September 30, 2006, a Cash Flow statement and Notes to the Financial Statements numbered 1 to 9.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The management of the Institute of Marine Affairs 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 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 carried out in accordance with section 116 (3) and (4) of the Constitution of the Republic of Trinidad and Tobago and section 19 of the Institute of Marine Affairs Act, Chapter 37:01 and was conducted in accordance with International Standards on Auditing 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 comments expressed at paragraphs 6 to 7 of this Report.

## OPINION

6. In my opinion, the Financial Statements as outlined at paragraph one above, present fairly, in all material respects the financial position of the Institute of Marine Affairs as at September 30, 2006 and its financial performance and its cash flows for the year ended September 30, 2006 in accordance with International Financial Reporting Standards.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Assets held as collateral**

7. International Accounting Standard (IAS) 32 (Financial Instruments) was not complied with as there was no disclosure of assets held as collateral in the Notes to the financial statements.

### **Interest on Investments**

7.1. There was no disclosure of the interest earned during the year ended September 30<sup>th</sup>, 2006 in accordance with IAS 32 Financial Instruments.

## SUBMISSION OF REPORT

8. 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.

**5<sup>TH</sup> OCTOBER, 2015**  
**PORT-OF-SPAIN**



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**MAJEED ALI**  
**AUDITOR GENERAL**

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20151005

# INSTITUTE OF MARINE AFFAIRS

INSTITUTE OF MARINE AFFAIRS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2006

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*A Statutory body established by Act of Parliament, No. 15 of 1976*

**INSTITUTE OF MARINE AFFAIRS**  
**Balance Sheet as at September 30, 2006**  
**(With comparative figures as at September**  
**30, 2005)**

	Notes	2006 TTS	2005 TTS
<b>CURRENT ASSETS</b>			
Cash and bank		21,155,053	5,249,117
Investments		26,055,437	25,494,306
Accounts receivable		1,640,322	603,925
VAT recoverable		136,520	156,450
Goods in transit		-	5,130
Prepayments and other assets		<u>5,298,751</u>	<u>4,298,366</u>
		<u>54,286,083</u>	<u>35,807,294</u>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors		749,860	1,141,585
Accruals and other liabilities		<u>1,077,659</u>	<u>1,016,303</u>
		<u>1,827,519</u>	<u>2,157,888</u>
<b>NET CURRENT ASSETS</b>		<u>52,458,564</u>	<u>33,649,406</u>
<b>NON CURRENT ASSETS</b>			
Pension plan asset	4	3,299,458	3,552,547
Fixed assets	5	<u>24,981,359</u>	<u>21,722,424</u>
		<u>28,280,817</u>	<u>25,274,971</u>
<b>NON CURRENT LIABILITIES</b>			
Contract retentions		516,222	409,454
Deferred Income		<u>46,064,668</u>	<u>35,345,577</u>
		<u>46,580,890</u>	<u>35,755,031</u>
<b>NET ASSETS</b>		<u>34,158,491</u>	<u>23,169,346</u>
<b>REPRESENTED BY</b>			
Accumulated Surplus		<u>34,158,491</u>	<u>23,169,346</u>



The accompanying notes from 1 to 9 form an integral part of these financial statements

Chairman  
Board of Governors:

*New 2010 -> 2011*

*J.R. ... 2015.09.04*

Director:

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**INSTITUTE OF MARINE AFFAIRS**

## INSTITUTE OF MARINE AFFAIRS

### Income and Expenditure Account

For the year ended September 30, 2006

(With comparative figures for the year ended September 30, 2005)

	Note	2006 TT\$	2005 TT\$
<b>INCOME</b>			
Government Grants		26,262,447	19,994,054
Non-Government Income		1,517,020	740,551
Project Income		1,219,890	1,234,013
Sale of Publication		26,550	21,039
Gain on disposal of fixed assets		-	1,229
Increase in provision for bad debts		-	<u>32,845</u>
		<u>29,025,907</u>	<u>22,023,731</u>
<b>EXPENDITURE</b>			
Administration	6	3,661,646	2,429,197
Technical and support services		745,680	535,776
Fish and aquaculture research		58,919	104,958
Legal		784	7,529
Environmental research		655,257	399,021
Information centre		728,012	818,730
Technical advisory services		307,417	350,373
Depreciation		1,777,699	2,031,978
Audit fees		87,900	62,049
Board remuneration		105,950	196,300
Board expenses		21,736	27,133
Payroll Expenses		9,811,908	10,808,848
Bad debts written off		-	-
Increase in provision for bad debts		54,547	-
Loss on foreign exchange		<u>19,307</u>	<u>1,338</u>
		<u>18,036,762</u>	<u>17,773,230</u>
Surplus for the period		<u>10,989,145</u>	<u>4,250,501</u>

The accompanying notes from 1 to 9 form an integral part of these financial statements.



INSTITUTE OF MARINE AFFAIRS

## INSTITUTE OF MARINE AFFAIRS

### Statement of Accumulated Surplus as at September 30, 2006 (With comparative figures as at September 30, 2005)

	2006 TTS	2005 TTS
Accumulated surplus brought forward	23,169,346	18,918,845
Surplus for the period	<u>10,989,145</u>	<u>4,250,501</u>
Accumulated surplus carried forward	<u>34,158,491</u>	<u>23,169,346</u>

The accompanying notes from 1 to 9 form an integral part of these financial statements.



INSTITUTE OF MARINE AFFAIRS

## INSTITUTE OF MARINE AFFAIRS

### Cash Flow Statement for the year ended September 30, 2006 (With comparative figures for the year ended September 30, 2005)

	Note	2006 TTS	2005 TTS
OPERATING ACTIVITIES			
Surplus for the period		10,989,145	4,250,501
Adjustments:			
Depreciation		1,777,699	2,031,978
Gain on disposal of fixed assets		-	(1,229)
Deferred income		(1,668,447)	(1,945,054)
Decrease in pension plan asset		253,089	554,681
Changes in operating assets and liabilities	7	<u>(2,342,091)</u>	<u>(2,494,307)</u>
Net cash provided by operating activities		<u>9,009,395</u>	<u>2,396,570</u>
INVESTING ACTIVITIES			
Capital grants received		12,387,518	15,959,510
Purchase of fixed assets		(4,929,866)	(9,526,668)
Proceeds from disposal of assets		<u>-</u>	<u>10,579</u>
Net cash flow from investing activities		<u>7,457,672</u>	<u>6,443,421</u>
Increase in cash and cash equivalents		16,467,067	8,839,991
Cash and cash equivalents at beginning of year		<u>30,743,423</u>	<u>21,903,432</u>
Cash and cash equivalents at end of year		<u>47,210,490</u>	<u>30,743,423</u>
Represented by:			
Cash and bank		21,155,053	5,249,117
Investments		<u>26,055,437</u>	<u>25,494,306</u>
		<u>47,210,490</u>	<u>30,743,423</u>

The accompanying notes from 1 to 9 form an integral part of these financial statements.



INSTITUTE OF MARINE AFFAIRS

**INSTITUTE OF MARINE AFFAIRS**  
**Notes to Financial Statements for the year ended September 30, 2006**

**1. INCORPORATION AND ACTIVITIES**

The Institute was established by an Act of Parliament of Trinidad and Tobago on 10<sup>th</sup> May 1976, Chapter 37:01 of the Laws of the Republic of Trinidad and Tobago refers. This Act was amended by Act #13 of 1990.

The principal activities are:

- a) to develop and implement programmes and projects that translate the marine and related policies of the Government into activities that contribute to national development;
- b) to develop and execute programmes and projects that foster and encourage regional and international collaboration in the exploitation of the marine and other related areas of the environment;
- c) to promote a public understanding of and appreciation for all aspects of the marine and related environment;
- d) to stimulate and advance the conduct of marine scientific research in Trinidad and Tobago;
- e) to promote the utilisation and conservation of the marine resources for the economic and social benefit of Trinidad and Tobago and to enhance the national capabilities ;
- f) to do all such things as are incidental or conducive to the attainment of the above objectives.

**2. REPORTING CURRENCY**

The Financial Statements are expressed in Trinidad and Tobago dollars.

**3. SIGNIFICANT ACCOUNTING POLICIES**

- a) Accounting Convention

The Financial Statements are prepared under the historical cost convention and in accordance with approved accounting standards. No account is taken of the effects of inflation.



**INSTITUTE OF MARINE AFFAIRS**



# INSTITUTE OF MARINE AFFAIRS

## Notes to Financial Statements for the year ended September 30, 2006

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Accounts Receivable

Accounts receivable are stated net of provision for bad and doubtful debts. The Institute has made a provision for doubtful debts of approximately 5% of debtors in 2004.

#### c) Fixed Assets

Fixed assets are depreciated at rates estimated to write off the depreciable amounts of the fixed assets over their useful lives.

The annual depreciation rates used are: -

Category	Method	Rate
Buildings and improvement works	Straight line	2%
Plant and machinery	Reducing balance	10-25%
Computer Equipment	Reducing balance	33%
Furniture and fittings	Reducing balance	10%
Marine vessels	Reducing balance	25%
Motor vehicles	Reducing balance	25%
Reference and resource materials	Reducing balance	10%

#### d) Income

The Government of Trinidad and Tobago funds most of the operations of the Institute by means of monthly subventions. These are recognized on a cash basis and credited to income.

#### e) Deferred Income

Grants from Government, related to the purchase of fixed assets, are deferred and credited to revenue over the useful life of the assets concerned.

#### f) Taxation

The Institute may be exempted from payment of, or the Government shall bear the cost of any taxes, customs duties, fees or levies which may be imposed on the Institute in respect of any equipment, materials and supplies imported into Trinidad and Tobago by the Institute which are essential for its operations.



INSTITUTE OF MARINE AFFAIRS

**INSTITUTE OF MARINE AFFAIRS**  
**Notes to Financial Statements for the year ended September 30, 2006**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

g) Foreign currency

Transactions involving foreign currencies are converted at the rates prevailing on the dates of such transactions. Monetary assets and liabilities are translated at the rate prevailing at the Balance Sheet date. Exchange gains and losses are taken directly to the Income and Expenditure Account.

h) Actuarial Gains and Losses

Actuarial Gains and Losses are recognised at the rate of 20% of the brought forward balance.

**4. PENSION PLAN ASSET**

The Institute's pension plan is a defined benefit plan. The plan is operated by virtue of a Trust Deed made on 8th June 1990 between the Institute of Marine Affairs and the Trustees of the Plan. The assets supporting the Plan are invested through a Deposit Administration Policy with an insurance company.

Effective October 1<sup>st</sup> 1999, the Institute adopted the provisions of International Accounting Standard 19 Employee Benefits (IAS 19) (Revised). It treated with the transitional asset as an adjustment to the opening retained earnings of that period because it was impracticable to restate the comparative information of prior periods.

	<b>2006</b>	<b>2005</b>
	\$	\$
a) <u>Amounts recognized in the Balance Sheet</u>		
Present value of funded obligation	(20,584,215)	(20,144,821)
Fair Value of plan assets	<u>24,031,482</u>	<u>22,433,413</u>
	3,447,267	2,288,592
Unrecognised actuarial losses	<u>(147,809)</u>	<u>1,263,955</u>
Net asset in the Balance Sheet	<u>3,299,458</u>	<u>3,552,547</u>



**INSTITUTE OF MARINE AFFAIRS**

**Notes to Financial Statements for the year ended September 30, 2006**

**4 PENSION PLAN ASSET (continued)**

	2006	2005
	\$	\$
b) <u>Amounts recognised in the Income Statement</u>		
Current service cost	913,783	886,626
Interest on obligation	1,423,744	1,223,471
Expected return on plan assets	(1,578,518)	(1,365,112)
Adjustment to eliminate surplus of no economic value		
Net Actuarial losses (gains) recognised during the year	- 252,791	- (351,104)
Past service cost	-	-
Total included in Payroll Expenses	<u>1,011,800</u>	<u>1,096,089</u>
Actual Return on Plan Assets	<u>1,364,386</u>	<u>1,304,271</u>
c) <u>Movements in the net asset recognised in the Balance Sheet</u>		
Net asset at start of year	3,552,548	4,107,228
Net expense recognised in the income statement	(1,011,800)	(1,096,089)
Contributions	758,710	541,408
Net asset at end of year	<u>3,299,458</u>	<u>3,552,547</u>
d) <u>Principal Actuarial Assumptions at the Balance Sheet date</u>		
Discount rate at end of year	7.50%	7.00%
Expected return on plan assets at end of year	7.00%	7.00%
Future promotional salary increases	3.25%	3.00%
Future inflationary salary increases	3.25%	3.00%
Future COLA increases to pensions	2.00%	1.50%



**INSTITUTE OF MARINE AFFAIRS**  
**Notes to Financial Statements for the year ended September 30, 2006**

**5. FIXED ASSETS**

COST	2005	Additions	Disposals	2006
	\$	\$	\$	\$
Buildings and Improvement				
Works	16,537,971	3,115,018	-	19,652,989
Plant and Machinery	17,076,781	1,003,759	-	18,080,540
Furniture and Fittings	804,332	200,889	-	1,005,221
Motor Vehicles	1,194,104	716,968	-	1,911,072
Reference and Resource				
Materials	<u>1,037,568</u>	<u>                    </u>	<u>                    </u>	<u>1,037,568</u>
	<u>36,650,756</u>	<u>5,036,634</u>	<u>                    </u>	<u>41,687,390</u>
DEPRECIATION	2005	Current	On	2006
	\$	Charge	Disposals	\$
		\$	\$	
Buildings and Improvement				
Works	1,874,454	99,379	-	1,973,833
Plant and Machinery	10,824,647	1,483,966	-	12,308,613
Furniture and Fittings	575,147	26,853	-	602,000
Motor Vehicles	881,955	140,868	-	1,022,823
Reference and Resource				
Materials	772,129	26,633	<u>-</u>	798,762
	<u>14,928,332</u>	<u>1,777,699</u>	<u>-</u>	<u>16,706,031</u>
NET BOOK VALUE	<u>21,722,424</u>			<u>24,981,359</u>



**INSTITUTE OF MARINE AFFAIRS**

# INSTITUTE OF MARINE AFFAIRS

## Notes to Financial Statements for the year ended September 30, 2006

### 6 ADMINISTRATION

Included in Administration expenditure is the cost attributable to a 30 year lease agreement between the Chaguaramas Development Authority (CDA) and the IMA. This lease is an operating lease effective from September 1<sup>st</sup>, 2003 and provides for a premium of \$7,200,000 to be paid during the first 5 years, as well as an annual rent of \$12,000 over the total period of the lease.

	<b>2006</b>	<b>2005</b>
	\$	\$
Minimum lease payments recognized as an expense in the year	<u>252,000</u>	<u>252,000</u>

As at the balance sheet date, the IMA has outstanding commitments under the operating lease as follows:

	<b>2006</b>	<b>2005</b>
	\$	\$
Within one year	1,452,000	1,452,000
In the second to fifth years inclusive	1,368,000	4,247,000
After five years	<u>263,000</u>	<u>299,000</u>
	<u>3,083,000</u>	<u>5,998,000</u>

### 7 CHANGES IN OPERATING ASSETS AND LIABILITIES

	<b>2006</b>	<b>2005</b>
	\$	\$
Accounts receivable	(1,036,397)	624,049
VAT recoverable	19,930	142,342
Goods in transit	5,130	312,502
Prepayments and other assets	(1,000,385)	(2,473,966)
Sundry creditors	(391,725)	(699,390)
Accruals and other liabilities	<u>61,356</u>	<u>(399,844)</u>
	<u>(2,342,091)</u>	<u>(2,494,307)</u>



INSTITUTE OF MARINE AFFAIRS

**8 SEVERANCE BENEFITS**

Under the provisions of the Retrenchment and Severance Benefits Act 1985, the Institute is required to pay severance benefits to workers who are retrenched. The Institute has adopted a 'pay-as-you-go' approach in dealing with these payments. With this approach provision is not made for obligations until employees are actually retrenched.

**9 CAPITAL COMMITMENTS**

In 2004 the Ministry of Finance approved and IMA entered into a contract for the construction of a new research building at a cost of \$22,532,839 plus Value Added Tax.

