



**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, 2007**

The accompanying Financial Statements of the Institute of Marine Affairs for the year ended September 30, 2007 have been audited. The Statements as set out on pages 1 to 12 comprise a Balance Sheet as at September 30, 2007, an Income and Expenditure Account, a Statement of Accumulated Surplus, a Cash Flows Statement and for the year ended September 30, 2007 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 the preparation of consolidated 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 comment expressed at paragraph 6 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, 2007 and its financial performance and its cash flows for the year ended September 30, 2007 in accordance with International Financial Reporting Standards.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Assets held as collateral**

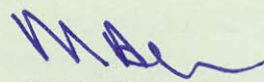
7. International Accounting Standard (IAS) 32 (Financial Instruments) was not complied with as there was no disclosure of assets held as collateral in the Notes to the financial statements.

## 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



  
MAJEED ALI  
AUDITOR GENERAL

SS  
20151005

# INSTITUTE OF MARINE AFFAIRS

## INSTITUTE OF MARINE AFFAIRS FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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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, 2007**

(With comparative figures as at September 30, 2006)

	Notes	2007 TTS	2006 TTS
<b>CURRENT ASSETS</b>			
Cash and bank		33,181,597	21,155,053
Investments		27,578,238	26,055,437
Accounts receivable		2,271,708	1,640,322
VAT recoverable		437,297	136,520
Goods in transit		-	-
Prepayments and other assets		<u>6,491,593</u>	<u>5,298,751</u>
		<u>69,960,433</u>	<u>54,286,083</u>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors		1,415,100	749,860
Accruals and other liabilities		<u>2,072,400</u>	<u>1,077,659</u>
		<u>3,487,500</u>	<u>1,827,519</u>
<b>NET CURRENT ASSETS</b>		<u>66,472,933</u>	<u>52,458,564</u>
<b>NON CURRENT ASSETS</b>			
Pension plan asset	4	3,510,509	3,299,458
Fixed assets	5	<u>33,794,852</u>	<u>24,981,359</u>
		<u>37,305,361</u>	<u>28,280,817</u>
<b>NON CURRENT LIABILITIES</b>			
Contract retentions		790,729	516,222
Deferred Income		<u>59,314,039</u>	<u>46,064,668</u>
		<u>60,104,768</u>	<u>46,580,890</u>
<b>NET ASSETS</b>		<u>43,673,526</u>	<u>34,158,491</u>
<b>REPRESENTED BY</b>			
Accumulated Surplus		<u>43,673,526</u>	<u>34,158,491</u>



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

Chairman

Board of Governors:

*[Signature]*  
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2015.09.04

Director:

*[Signature]*



**INSTITUTE OF MARINE AFFAIRS**

# INSTITUTE OF MARINE AFFAIRS

## Income and Expenditure Account

For the year ended September 30, 2007

(With comparative figures for the year ended September 30, 2006)

	Note	2007 TTS	2006 TTS
<b>INCOME</b>			
Government Grants		26,986,030	26,262,447
Non-Government Income		1,823,310	1,517,020
Project Income		442,851	1,219,890
Sale of Publication		<u>960</u>	<u>26,550</u>
		<u>29,253,151</u>	<u>29,025,907</u>
<b>EXPENDITURE</b>			
Administration	6	2,720,973	3,661,646
Technical and support services		955,190	745,680
Fish and aquaculture research		146,968	58,919
Legal		-	784
Environmental research		689,415	655,257
Information centre		822,767	728,012
Technical advisory services		36,442	307,417
Depreciation		1,848,785	1,777,699
Audit fees		44,226	87,900
Board remuneration		164,650	105,950
Board expenses		-	21,736
Payroll Expenses		12,301,297	9,811,908
Increase in provision for bad debts		33,231	54,547
(Gain)/Loss on foreign exchange		<u>(25,828)</u>	<u>19,307</u>
		<u>19,738,116</u>	<u>18,036,762</u>
Surplus for the period		<u>9,515,035</u>	<u>10,989,145</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, 2007 (With comparative figures as at September 30, 2006)

	2007 TTS	2006 TTS
Accumulated surplus brought forward	34,158,491	23,169,346
Surplus for the period	<u>9,515,035</u>	<u>10,989,145</u>
Accumulated surplus carried forward	<u>43,673,526</u>	<u>34,158,491</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, 2007 (With comparative figures for the year ended September 30, 2006)

	Note	2007 TTS	2006 TTS
OPERATING ACTIVITIES			
Surplus for the period		9,515,035	10,989,145
Adjustments:			
Depreciation		1,848,785	1,777,699
Deferred income		(1,737,039)	(1,668,447)
(Increase)Decrease in pension plan asset		(211,051)	253,089
Changes in operating assets and liabilities	7	<u>(464,994)</u>	<u>(2342,091)</u>
Net cash provided by (used in) operating activities		<u>8,950,736</u>	<u>9,009,395</u>
INVESTING ACTIVITIES			
Capital grants received		14,986,400	12,387,518
Purchase of fixed assets		<u>(10,387,791)</u>	<u>(4,929,866)</u>
Net cash flow from investing activities		<u>4,598,609</u>	<u>7,457,672</u>
Increase in cash and cash equivalents		13,549,345	16,467,067
Cash and cash equivalents at beginning of year		<u>47,210,490</u>	<u>30,743,423</u>
Cash and cash equivalents at end of year		<u>60,759,835</u>	<u>47,210,490</u>
Represented by:			
Cash and bank		33,181,597	21,155,053
Investments		<u>27,578,238</u>	<u>26,055,437</u>
		<u>60,759,835</u>	<u>47,210,490</u>

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



# **INSTITUTE OF MARINE AFFAIRS**

## **Notes to the Financial Statements for the year ended September 30, 2007**

### **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 statement is 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

## Notes to the Financial Statements for the year ended September 30, 2007

### 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

Notes to the Financial Statements for the year ended September 30, 2007

### 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.

	<u>2007</u> \$	<u>2006</u> \$
a) <u>Amounts recognised in the Balance Sheet</u>		
Present value of funded obligation	(24,518,459)	(20,584,215)
Fair Value of plan assets	<u>26,216,488</u>	<u>24,031,482</u>
	1,698,029	3,447,267
Unrecognised actuarial losses (gains)	<u>1,812,480</u>	<u>(147,809)</u>
Net asset in the Balance Sheet	<u>3,510,509</u>	<u>3,299,458</u>



INSTITUTE OF MARINE AFFAIRS

# INSTITUTE OF MARINE AFFAIRS

Notes to the Financial Statements for the year ended September 30, 2007

## 4. PENSION PLAN ASSET (continued)

	<u>2007</u>	<u>2006</u>
	\$	\$
b) <u>Amounts recognised in the Income Statement</u>		
Current service cost	807,445	913,783
Interest on obligation	1,567,090	1,423,744
Expected return on plan assets	(1,705,436)	(1,578,518)
Net Actuarial (gains) losses recognised during the year	<u>(29,562)</u>	<u>252,791</u>
Total included in Payroll Expenses	<u>639,537</u>	<u>1,011,800</u>
Actual Return on Plan Assets	<u>1,521,220</u>	<u>1,364,386</u>
c) <u>Movements in the net asset recognised in the Balance Sheet</u>		
Net asset at start of year	3,299,458	3,552,548
Net expense recognised in the income statement	(639,537)	(1,011,800)
Contributions	<u>850,588</u>	<u>758,710</u>
Net asset at end of year	<u>3,510,509</u>	<u>3,299,458</u>
d) <u>Principal Actuarial Assumptions at the Balance Sheet date</u>		
Discount rate at end of year	7.50%	7.50%
Expected return on plan assets at end of year	7.00%	7.00%
Future salary increases	6.50%	6.50%
Future COLA increases to pensions	2.00%	2.00%



INSTITUTE OF MARINE AFFAIRS

# INSTITUTE OF MARINE AFFAIRS

Notes to the Financial Statements for the year ended September 30, 2007

## 5. FIXED ASSETS

COST	2006 \$	Additions \$	Disposals \$	2007 \$
Buildings and Improvement Works	19,652,989	8,326,477	-	27,979,466
Plant and Machinery	18,080,540	2,091,738	-	20,172,278
Furniture and Fittings	1,005,221	244,064	-	1,249,285
Motor Vehicles	1,911,072	-	-	1,911,072
Reference and Resource Materials	1,037,568	-	-	1,037,568
	<u>41,687,390</u>	<u>10,662,279</u>		<u>52,349,669</u>
DEPRECIATION	2006 \$	Current Charge \$	On Disposals \$	2007 \$
Buildings and Improvement Works	1,973,833	99,386	-	2,087,318
Plant and Machinery	12,308,613	1,454,493	-	13,763,106
Furniture and Fittings	602,000	48,965	-	650,965
Motor Vehicles	1,022,823	222,061	-	1,244,884
Reference and Resource Materials	798,762	23,881	-	822,643
	<u>16,706,031</u>	<u>1,848,785</u>	<u>-</u>	<u>18,554,816</u>
NET BOOK VALUE	<u>24,981,359</u>			<u>33,794,852</u>



INSTITUTE OF MARINE AFFAIRS

## INSTITUTE OF MARINE AFFAIRS

### Notes to the Financial Statements for the year ended September 30, 2007

#### 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.

	<u>2007</u>	<u>2006</u>
	\$	\$
Minimum lease payments recognised as an expense in the year	252,000	252,000

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

	<u>2007</u>	<u>2006</u>
	\$	\$
Within one year	1,332,000	1,452,000
In the second to fifth years inclusive	48,000	1,368,000
After five years	<u>251,000</u>	<u>263,000</u>
	<u>1,631,000</u>	<u>3,083,000</u>

#### 7 CHANGES IN OPERATING ASSETS AND LIABILITIES

	<u>2007</u>	<u>2006</u>
	\$	\$
Accounts receivable	(631,386)	(1,036,397)
VAT recoverable	(300,777)	19,930
Goods in transit	-	5,130
Prepayments and other assets	(1,192,842)	(1,000,385)
Sundry creditors	665,240	(391,725)
Accruals and other liabilities	<u>994,771</u>	<u>61,356</u>
	<u>(464,994)</u>	<u>(2,342,091)</u>



## **INSTITUTE OF MARINE AFFAIRS**

**Notes to the Financial Statements for the year ended September 30, 2007**

### **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.



**INSTITUTE OF MARINE AFFAIRS**