



**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, 2008**

The accompanying Financial Statements of the Institute of Marine Affairs for the year ended September 30, 2008 have been audited. The Statements as set out on pages 1 to 12 comprise a Balance Sheet as at September 30, 2008, an Income and Expenditure Account, a Statement of Accumulated Surplus, a Statement of Cash Flows for the year ended September 30, 2008 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. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, sufficient appropriate audit evidence was not obtained to provide a basis for an audit opinion.

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 made at paragraphs 6 to 15 of the Report.



**BASIS FOR DISCLAIMER OF OPINION**

**BALANCE SHEET**

**CURRENT ASSETS**

**CASH AND BANK BALANCE** **\$22,731,333**

6. The Cash and Bank balance of \$22,731,333 could not be verified. There was a difference of \$913,797 with the General Ledger balance of \$23,645,130.

**RECEIVABLES** **\$3,875,836**

7. The Receivables account balance was found to be overstated by an amount of \$3,394,962 which represents VAT refunds due on operational expenses. This is not allowable under Section 34 (3) of the Value Added Tax Act, 1989.

**PREPAYMENTS AND OTHER ASSETS** **\$7,628,565**

8. The Prepayments and other assets account balance was understated by \$150,526.

**NON CURRENT ASSETS**

**FIXED ASSETS** **\$49,063,719**

9. The Net Book Value figure of \$49,063,719 differed from Note 5 to the Financial Statements by an amount of \$660,377.00.

**DEFERRED INCOME** **\$63,339,755**

10. There were differences of \$514,727 and \$125,757, respectively, between the amount of Deferred Income amortised to Government Grant and the depreciation charge reflected in Note 5 to the Income and Expenditure Statement.

**CURRENT LIABILITIES**

**SUNDRY CREDITORS** **\$3,190,404**

11. The reported figure of \$3,190,404 for Sundry Creditors was not accepted as fairly stated as the closing balance on this account was overstated by \$772,443.

**ACCRUALS AND OTHER LIABILITIES** **\$1,261,388**

12. The reported figure of \$1,261,388 was not accepted as fairly stated. The opening balances did not agree with the 2007 closing balances by an amount of \$428,483.



**ACCUMULATED SURPLUS**

**\$46,741,568**

13. The figure of \$47,741,568 cannot be accepted as fairly stated for the following reasons:

(i) There was an incorrect figure reflected in the "Statement of Accumulated Surplus". The audited figure for the year ended 2007 was \$43,713,523. The current year surplus was \$4,006,963, which resulted in a new balance of \$47,720,486. However the "Statement of Accumulated Surplus" reflected the figure of \$49,809,550. Additionally, the amount in the Balance Sheet was \$46,741,568.

(ii) The amount of \$3,394,962 representing the VAT refund due is not recoverable and therefore is not an asset. The figure apportioned for the 2008 financial year should be treated as an expense. Paragraph 7 above refers.

**DISCLAIMER OF OPINION**

14. Because of the significance of the matters described at paragraphs 6 to 13 above, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the Financial Statements.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

15. International Accounting Standard (IAS) 32 (Financial Instruments) was not complied with. There was no disclosure of interest earned or assets held as collateral in the Notes to the Financial Statements.

**SUBMISSION OF REPORT**

16. 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.

**10<sup>TH</sup> MARCH, 2016  
PORT-OF-SPAIN**



A handwritten signature in blue ink, appearing to read "MA", is written over the printed name of the Auditor General.

**MAJEED ALI  
AUDITOR GENERAL**

# INSTITUTE OF MARINE AFFAIRS

## INSTITUTE OF MARINE AFFAIRS FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

| CONTENTS                          | PAGE   |
|-----------------------------------|--------|
| Balance Sheet                     | 2      |
| Income and Expenditure Account    | 3      |
| Statement of Accumulated Surplus  | 4      |
| Cash Flow Statement               | 5      |
| Notes to the Financial Statements | 6 – 12 |



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# INSTITUTE OF MARINE AFFAIRS

## Balance Sheet as at September 30, 2008 (With comparative figures as at September 30, 2007)

|                                | Note | 2008<br>TTS       | 2007<br>TTS       |
|--------------------------------|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>          |      |                   |                   |
| Cash and bank                  |      | 22,731,333        | 33,221,594        |
| Investments                    |      | 29,232,402        | 27,727,578        |
| Accounts receivable            |      | 3,875,836         | 2,271,708         |
| VAT recoverable                |      | 267,597           | 437,295           |
| Prepayments and other assets   |      | <u>7,628,565</u>  | <u>6,491,593</u>  |
|                                |      | <u>63,735,733</u> | <u>70,000,430</u> |
| <b>CURRENT LIABILITIES</b>     |      |                   |                   |
| Sundry Creditors               |      | 3,190,404         | 1,415,100         |
| Accruals and other liabilities |      | <u>1,261,388</u>  | <u>2,072,400</u>  |
|                                |      | <u>4,451,792</u>  | <u>3,487,500</u>  |
| <b>NET CURRENT ASSETS</b>      |      | <u>59,283,941</u> | <u>66,512,930</u> |
| <b>NON CURRENT ASSETS</b>      |      |                   |                   |
| Pension plan asset             | 4    | 2,922,110         | 3,510,509         |
| Fixed assets                   | 5    | <u>49,063,719</u> | <u>33,794,852</u> |
|                                |      | <u>51,985,829</u> | <u>37,305,361</u> |
| <b>NON CURRENT LIABILITIES</b> |      |                   |                   |
| Contract retentions            |      | 1,188,447         | 790,729           |
| Deferred Income                |      | <u>63,339,755</u> | <u>59,314,039</u> |
|                                |      | <u>64,528,202</u> | <u>60,104,768</u> |
| <b>NET ASSETS</b>              |      | <u>46,741,568</u> | <u>43,713,523</u> |
| <b>REPRESENTED BY</b>          |      |                   |                   |
| Accumulated Surplus            |      | <u>46,741,568</u> | <u>43,713,523</u> |



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

Chairman

Board of Governors: 

Director: 

23.2.16



INSTITUTE OF MARINE AFFAIRS

## INSTITUTE OF MARINE AFFAIRS

### Income and Expenditure Account

For the year ended September 30, 2008

(With comparative figures for the year ended September 30, 2007)

|                                     | Note | 2008<br>TTS       | 2007<br>TTS       |
|-------------------------------------|------|-------------------|-------------------|
| <b>INCOME</b>                       |      |                   |                   |
| Government Grants                   |      | 22,857,283        | 26,986,030        |
| Non-Government Income               |      | 2,792,542         | 1,823,310         |
| Project Income                      |      | 388,220           | 442,851           |
| Sale of Publication                 |      | 5,909             | 960               |
| Gain on disposal of fixed assets    |      | <u>170,457</u>    | <u>-</u>          |
|                                     |      | <u>26,214,411</u> | <u>29,253,151</u> |
| <b>EXPENDITURE</b>                  |      |                   |                   |
| Administration                      | 6    | 3,560,737         | 2,720,973         |
| Technical and support services      |      | 797,942           | 955,190           |
| Fish and aquaculture research       |      | 246,781           | 146,968           |
| Environmental research              |      | 496,277           | 689,415           |
| Information centre                  |      | 1,160,469         | 822,767           |
| Technical advisory services         |      | 134,674           | 36,442            |
| Depreciation                        |      | 2,395,041         | 1,848,785         |
| Audit fees                          |      | 81,401            | 44,226            |
| Board remuneration                  |      | 268,400           | 164,650           |
| Payroll Expenses                    |      | 12,975,004        | 12,301,297        |
| Increase in provision for bad debts |      | 89,048            | 33,231            |
| Loss/(Gain) on foreign exchange     |      | <u>1,674</u>      | <u>(25,829)</u>   |
|                                     |      | <u>22,207,448</u> | <u>19,738,116</u> |
| Surplus for the period              |      | <u>4,006,963</u>  | <u>9,515,035</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, 2008 (With comparative figures as at September 30, 2007)

|                                     | 2008<br>TTS       | 2007<br>TTS       |
|-------------------------------------|-------------------|-------------------|
| Accumulated surplus brought forward | 44,814,677        | 34,197,481        |
| Surplus for the period              | <u>4,994,873</u>  | <u>9,575,032</u>  |
| Accumulated surplus carried forward | <u>49,809,550</u> | <u>43,715,523</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, 2008 (With comparative figures for the year ended September 30, 2007)

|                                                | Note | 2008<br>TTS         | 2007<br>TTS         |
|------------------------------------------------|------|---------------------|---------------------|
| OPERATING ACTIVITIES                           |      |                     |                     |
| Surplus for the period                         |      | 4,994,873           | 9,515,032           |
| Adjustments:                                   |      |                     |                     |
| Depreciation                                   |      | 1,754,556           | 1,848,785           |
| Deferred income                                |      | (2,409,066)         | (1,737,029)         |
| Decrease/ (Increase) in pension plan asset     |      | 588,399             | (211,051)           |
| Changes in operating assets and liabilities    | 7    | <u>(2,273,841)</u>  | <u>(465,024)</u>    |
| Net cash provided by operating activities      |      | <u>2,654,921</u>    | <u>8,950,713</u>    |
| INVESTING ACTIVITIES                           |      |                     |                     |
| Capital grants received                        |      | 5,800,000           | 14,986,400          |
| Purchase of fixed assets                       |      | <u>(16,527,738)</u> | <u>(10,387,771)</u> |
| Net cash flow from investing activities        |      | <u>(10,727,738)</u> | <u>4,598,629</u>    |
| Increase in cash and cash equivalents          |      | (8,072,817)         | 13,549,342          |
| Cash and cash equivalents at beginning of year |      | <u>61,843,522</u>   | <u>47,250,490</u>   |
| Cash and cash equivalents at end of year       |      | <u>53,770,705</u>   | <u>60,799,832</u>   |
| Represented by:                                |      |                     |                     |
| Cash and bank                                  |      | 24,423,907          | 33,221,594          |
| Investments                                    |      | <u>29,346,798</u>   | <u>27,727,578</u>   |
|                                                |      | <u>53,770,705</u>   | <u>60,799,832</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 the Financial Statements for the year ended September 30, 2008**

### **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 objects.

### **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 the Financial Statements for the year ended September 30, 2008

### 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 the Financial Statements for the year ended September 30, 2008

### 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>2008</u>       | <u>2007</u>       |
|---------------------------------------------------|-------------------|-------------------|
|                                                   | \$                | \$                |
| a) <u>Amounts recognised in the Balance Sheet</u> |                   |                   |
| Present value of funded obligation                | (26,107,175)      | (24,518,459)      |
| Fair Value of plan assets                         | <u>28,017,088</u> | <u>26,216,488</u> |
|                                                   | 1,909,913         | 1,698,029         |
| Unrecognised actuarial losses                     | 1,012,197         | 1,812,480         |
| Net asset in the Balance Sheet                    | <u>2,922,110</u>  | <u>3,510,509</u>  |



# INSTITUTE OF MARINE AFFAIRS

## Notes to the Financial Statements for the year ended September 30, 2008

### 4 PENSION PLAN ASSET (continued)

|                                                                      | <u>2008</u>      | <u>2007</u>      |
|----------------------------------------------------------------------|------------------|------------------|
|                                                                      | \$               | \$               |
| b) <u>Amounts recognised in the Income Statement</u>                 |                  |                  |
| Current service cost                                                 | 1,012,511        | 807,445          |
| Interest on obligation                                               | 1,916,028        | 1,567,090        |
| Expected return on plan assets                                       | (1,854,690)      | (1,705,436)      |
| Net Actuarial losses/ (gains) recognised during the year             | 362,496          | (29,562)         |
|                                                                      | <u>1,436,345</u> | <u>639,537</u>   |
| Total included in Payroll Expenses                                   | 1,436,345        | 639,537          |
|                                                                      | <u>1,242,428</u> | <u>1,521,220</u> |
| Actual Return on Plan Assets                                         | 1,242,428        | 1,521,220        |
|                                                                      | <u>2,992,110</u> | <u>3,510,509</u> |
| c) <u>Movements in the net asset recognised in the Balance Sheet</u> |                  |                  |
| Net asset at start of year                                           | 3,510,509        | 3,299,458        |
| Net expense recognised in the income statement                       | (1,436,345)      | (639,537)        |
| Contributions                                                        | 847,946          | 850,588          |
|                                                                      | <u>2,992,110</u> | <u>3,510,509</u> |
| Net asset at end of year                                             | 2,992,110        | 3,510,509        |
| 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

## Notes to the Financial Statements for the year ended September 30, 2008

### 5. FIXED ASSETS

| COST                                | 2007<br>\$        | Additions<br>\$         | Disposals<br>\$       | 2008<br>\$        |
|-------------------------------------|-------------------|-------------------------|-----------------------|-------------------|
| Buildings and Improvement           |                   |                         |                       |                   |
| Works                               | 28,751,909        | 12,741,636              | -                     | 41,493,545        |
| Plant and Machinery                 | 20,172,278        | 3,735,845               | -                     | 23,908,123        |
| Furniture and Fittings              | 1,249,285         | 131,802                 | -                     | 1,381,087         |
| Motor Vehicles                      | 1,911,072         | 269,510                 | -                     | 2,180,582         |
| Reference and Resource<br>Materials | <u>1,037,568</u>  | <u>46,663</u>           | <u>-</u>              | <u>1,084,231</u>  |
|                                     | <u>53,122,112</u> | <u>16,925,457</u>       | <u>-</u>              | <u>70,047,568</u> |
| DEPRECIATION                        | 2007<br>\$        | Current<br>Charge<br>\$ | On<br>Disposals<br>\$ | 2008<br>\$        |
| Buildings and Improvement           |                   |                         |                       |                   |
| Works                               | 2,087,318         | 99,384                  | -                     | 2,186,702         |
| Plant and Machinery                 | 13,763,106        | 1,455,912               | -                     | 15,219,018        |
| Furniture and Fittings              | 650,965           | 26,856                  | -                     | 677,821           |
| Motor Vehicles                      | 1,244,884         | 145,776                 | -                     | 1,390,660         |
| Reference and Resource<br>Materials | <u>822,643</u>    | <u>26,628</u>           | <u>-</u>              | <u>849,271</u>    |
|                                     | <u>18,568,916</u> | <u>1,754,556</u>        | <u>-</u>              | <u>20,323,472</u> |
| NET BOOK VALUE                      | <u>34,553,196</u> |                         |                       | <u>49,724,096</u> |



# INSTITUTE OF MARINE AFFAIRS

## Notes to the Financial Statements for the year ended September 30, 2008

### 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>2008</u> | <u>2007</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>2008</u>    | <u>2007</u>      |
|----------------------------------------|----------------|------------------|
|                                        | \$             | \$               |
| Within one year                        | 12,000         | 1,332,000        |
| In the second to fifth years inclusive | 48,000         | 48,000           |
| After five years                       | 263,000        | 251,000          |
|                                        | <u>323,000</u> | <u>1,631,000</u> |
|                                        | =====          | =====            |

### 7 CHANGES IN OPERATING ASSETS AND LIABILITIES

|                                | <u>2008</u>        | <u>2007</u>      |
|--------------------------------|--------------------|------------------|
|                                | \$                 | \$               |
| Accounts receivable            | (1,691,906)        | (361,836)        |
| VAT recoverable                | (336,473)          | 300,777          |
| Prepayments and other assets   | (1,175,770)        | (1,192,842)      |
| Sundry creditors               | 1,004,126          | 665,240          |
| Accruals and other liabilities | (746,764)          | 994,771          |
|                                | <u>(2,273,841)</u> | <u>(465,024)</u> |
|                                | =====              | =====            |





## **INSTITUTE OF MARINE AFFAIRS**

### **Notes to the Financial Statements for the year ended September 30, 2008**

#### **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.

