



**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, 2009**

The accompanying Financial Statements of the Institute of Marine Affairs for the year ended September 30, 2009 have been audited. The Statements as set out on pages 1 to 12 comprise a Balance Sheet as at September 30, 2009, an Income and Expenditure Statement, a Statement of Accumulated Surplus, a Statement of Cash Flows for the year ended September 30, 2009 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 comments made at paragraphs 6 to 13 of this report.

## **BASIS FOR DISCLAIMER OF OPINION**

### **BALANCE SHEET**

#### **CURRENT ASSETS**

**CASH AND BANK BALANCE** **\$16,802,116**

6. The reported Cash and Bank balance of \$16,802,116 was not accepted as fairly stated as an amount of \$1,999,065 could not be verified.

**RECEIVABLES** **\$5,313,758**

7. The Receivables account balance was found to be overstated by an amount of \$5,104,811 which represents VAT refunds due on operational expenses. This is not allowable under Section 34 (3) of the Value Added Tax Act, 1989.

#### **NON CURRENT ASSETS**

**DEFERRED INCOME** **\$59,824,275**

8. The Deferred Income balance of \$59,824,275 could not be verified. There was a difference of \$9,162,657 between the Deferred Income Schedule and the amount reflected in the financial statements.

8.1 The total depreciation charge for the year was reflected as \$2,395,041 in the Income Statement. However, the amortised amount of deferred income was \$2,180,483 representing a difference of \$214,558.

8.2 The additions figure for the Deferred Income reflected in the Schedule and the additions to the Fixed Assets Schedule did not agree with the figure reflected in Note 5 to the Financial Statements and the Cash Flow Statement.

#### **CURRENT LIABILITIES**

**SUNDRY CREDITORS** **\$2,619,926**

9. The figure of \$2,619,926 reflected as Sundry Creditors was not accepted since the closing balance on this account was overstated by \$772,443.

**ACCRUALS AND OTHER LIABILITIES** **\$2,151,554**

10. The figure of \$2,151,554 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**

**\$48,192,085**

11. The figure of \$48,192,085 cannot be accepted as fairly stated since the audited figure for the year ended 2007 was \$43,713,523. This amount together with the surplus for the financial year 2008 of \$4,006,963 resulted in a balance of \$47,720,486 and not \$49,809,550 as revealed in the "Statement of Accumulated Surplus".

11.1 The amount of \$5,313,758 and \$498,871 representing the VAT refund due as indicated in paragraph 7 above is not recoverable and therefore is not an asset. These amounts should be treated as expenses and should not be reflected in the accumulated surplus.

11.2 The closing figure for the year ended 2008 and the opening balance for the year ended 2009 in respect of the Accumulated Surplus differed by \$900,441.00.

**DISCLAIMER OF OPINION**

12. Because of the significance of the matters described at paragraphs 6 to 11 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**

13. The Financial Statement was not presented in accordance with the requirements of the International Accounting Standard 1 (IAS 1 – Presentation of Financial Statements).

13.1 Letters of Representation and Litigation were not produced.

**SUBMISSION OF REPORT**

14. 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**



**MAJEED ALI  
AUDITOR GENERAL**

# INSTITUTE OF MARINE AFFAIRS

INSTITUTE OF MARINE AFFAIRS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2009

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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, 2009 (With comparative figures as at September 30, 2008)

	Note	2009 TTS	2008 TTS
<b>CURRENT ASSETS</b>			
Cash and bank		16,802,116	24,423,907
Investments		27,345,402	29,346,798
Accounts receivable		5,313,758	3,963,614
VAT recoverable		498,871	267,761
Prepayments and other assets		<u>7,652,533</u>	<u>7,764,255</u>
		<u>57,612,680</u>	<u>65,766,335</u>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors		2,619,926	3,191,669
Accruals and other liabilities		<u>2,151,554</u>	<u>2,051,178</u>
		<u>4,771,480</u>	<u>5,242,847</u>
<b>NET CURRENT ASSETS</b>		<u>52,841,200</u>	<u>60,523,488</u>
<b>NON CURRENT ASSETS</b>			
Pension plan asset	4	2,441,835	2,922,110
Fixed assets	5	<u>53,921,772</u>	<u>48,913,586</u>
		<u>56,363,607</u>	<u>51,835,696</u>
<b>NON CURRENT LIABILITIES</b>			
Contract retentions		1,188,447	1,188,447
Deferred Income		<u>59,824,275</u>	<u>62,004,758</u>
		<u>61,012,722</u>	<u>63,193,205</u>
<b>NET ASSETS</b>		<u>48,192,085</u>	<u>49,165,979</u>
<b>REPRESENTED BY</b>			
Accumulated Surplus		<u>48,192,085</u>	<u>49,165,979</u>



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

Chairman

Board of Governors:

*[Handwritten signature]*

Director:

*[Handwritten signature]*  
23.2.16



INSTITUTE OF MARINE AFFAIRS

**INSTITUTE OF MARINE AFFAIRS**  
**Income and Expenditure Statement**  
**For the year ended September 30, 2009**  
**(With comparative figures for the year ended September 30, 2008)**

	Note	2009 TTS	2008 TTS
<b>INCOME</b>			
Government Grants		19,424,483	23,492,067
Non-Government Income		2,495,275	2,957,685
Project Income		241,997	388,220
Sale of Publication		<u>11,098</u>	<u>5,909</u>
		<u>22,172,853</u>	<u>26,843,881</u>
<b>EXPENDITURE</b>			
Administration	6	3,428,121	3,688,919
Technical and support services		908,162	801,924
Fish and aquaculture research		440,288	252,335
Environmental research		591,534	576,034
Information centre		1,099,680	1,217,203
Technical advisory services		240,173	134,674
Depreciation		2,325,968	1,754,556
Audit fees		33,400	50,450
Board remuneration		420,100	231,300
Board expenses		4,343	-
Payroll Expenses		12,763,234	13,050,891
Increase in provision for bad debts		-	89,048
(Gain)/ Loss on foreign exchange		<u>(8,856)</u>	<u>1,674</u>
		<u>22,246,306</u>	<u>21,849,008</u>
(Deficit)/ Surplus for the period		<u>(73,453)</u>	<u>4,994,873</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, 2009 (With comparative figures as at September 30, 2008)

	2009 TTS	2008 TTS
Accumulated surplus brought forward	48,265,538	44,171,106
(Deficit)/ Surplus for the period	<u>(73,453)</u>	<u>4,994,873</u>
Accumulated surplus carried forward	<u>48,192,085</u>	<u>49,165,979</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 Cash Flow for the year ended September 30, 2009 (With comparative figures for the year ended September 30, 2008)

	Note	2009 TTS	2008 TTS
OPERATING ACTIVITIES			
(Deficit)/ Surplus for the period		(73,453)	4,994,873
Adjustments:			
Depreciation		2,325,968	1,754,556
Deferred income		(2,180,482)	(2,409,066)
Decrease in pension plan asset		480,275	588,399
Changes in operating assets and liabilities	7	<u>(1,940,899)</u>	<u>(2,273,841)</u>
Net cash (used in)/ provided by operating activities		<u>(1,388,591)</u>	<u>2,654,921</u>
INVESTING ACTIVITIES			
Capital grants received		-	5,800,000
Purchase of fixed assets		<u>(7,289,338)</u>	<u>(16,527,738)</u>
Net cash flow from investing activities		<u>(7,289,338)</u>	<u>(10,727,738)</u>
Decrease in cash and cash equivalents		(8,677,929)	(8,072,817)
Cash and cash equivalents at beginning of year		<u>52,825,447</u>	<u>61,843,522</u>
Cash and cash equivalents at end of year		<u>44,147,518</u>	<u>53,770,705</u>
Represented by:			
Cash and bank		16,802,116	24,423,907
Investments		<u>27,345,402</u>	<u>29,346,798</u>
		<u>44,147,518</u>	<u>53,770,705</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, 2009**

### **1. INCORPORATION 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 standards approved by the Institute of Chartered Accountants of Trinidad and Tobago (I.C.A.T.T.). No account has been taken for the effects of inflation.



**INSTITUTE OF MARINE AFFAIRS**

# INSTITUTE OF MARINE AFFAIRS

## Notes to the Financial Statements for the year ended September 30, 2009

### 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 the year ended 2009.

#### c) Fixed Assets

Fixed assets are depreciated at rates estimated to write off the assets over their estimated 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 the 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, 2009

### 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 Statement.

#### 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.

	2009	2008
	\$	\$
<u>Amounts recognised in the Balance Sheet</u>		
Present value of funded obligation	(27,918,991)	(26,107,175)
Fair Value of plan assets	<u>31,175,167</u>	<u>28,017,088</u>
	3,256,176	1,909,913
Unrecognised actuarial losses (gains)	(814,341)	1,012,197
Net asset in the Balance Sheet	<u>2,441,835</u>	<u>2,922,110</u>



# INSTITUTE OF MARINE AFFAIRS

## Notes to the Financial Statements for the year ended September 30, 2009

### 4. PENSION PLAN ASSET (continued)

	2009	2008
	\$	\$
a) <u>Amounts recognised in the Income and Expenditure Statement</u>		
Current service cost	1,078,048	1,012,511
Interest on obligation	1,966,902	1,916,028
Expected return on plan assets	(1,959,987)	(1,854,690)
Net Actuarial losses recognised during the year	202,439	362,496
Past service cost	-	-
	<u>1,287,408</u>	<u>1,436,345</u>
	<u>3,192,627</u>	<u>1,242,428</u>
b) <u>Movements in the net asset recognised in the Balance Sheet</u>		
Net asset at start of year	2,922,100	3,510,509
Net expense recognised in the income statement	(1,284,703)	(1,436,345)
Contributions	807,128	847,946
	<u>2,441,835</u>	<u>2,922,110</u>
c) <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 promotional salary increases	6.50%	6.50%
Future inflationary salary increases	2.00%	2.00%
Future C.O.L.A. increases to pensions	1.50%	0.50%



# INSTITUTE OF MARINE AFFAIRS

## Notes to the Financial Statements for the year ended September 30, 2009

### 5. FIXED ASSETS

COST	2008	Additions	Disposals	2009
	\$	\$	\$	\$
Buildings and Improvement				
Works	41,326,606	6,721,718	-	48,048,324
Plant and Machinery	23,908,124	745,705	-	24,653,829
Furniture and Fittings	1,381,087	39,691	-	1,420,778
Motor Vehicles	1,734,115	-	-	1,734,115
Reference and Resource				
Materials	<u>1,084,231</u>	<u>-</u>	<u>-</u>	<u>1,084,231</u>
	<u>69,434,163</u>	<u>7,507,114</u>	<u>-</u>	<u>76,941,277</u>
DEPRECIATION	2008	Current	On	2009
	\$	Charge	Disposals	\$
		\$	\$	
Buildings and Improvement				
Works	2,200,804	99,384	-	2,300,188
Plant and Machinery	15,967,070	989,228	-	16,683,298
Furniture and Fittings	719,892	18,247	-	738,139
Motor Vehicles	1,061,594	99,048	-	1,160,642
Reference and Resource				
Materials	<u>844,217</u>	<u>18,093</u>	<u>-</u>	<u>862,310</u>
	<u>20,520,577</u>	<u>1,224,000</u>	<u>-</u>	<u>21,744,577</u>
NET BOOK VALUE	<u>48,913,586</u>			<u>55,196,700</u>



# INSTITUTE OF MARINE AFFAIRS

## Notes to the Financial Statements for the year ended September 30, 2009

### 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.

	2009	2008
	\$	\$
Minimum lease payments recognised as an expense in the year	252,000	252,000
	<u>=====</u>	<u>=====</u>

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

	2009	2008
	\$	\$
Within one year	12,000	12,000
In the second to fifth years inclusive	48,000	48,000
After five years	251,000	263,000
	<u>311,000</u>	<u>323,000</u>
	<u>=====</u>	<u>=====</u>

### 7 CHANGES IN OPERATING ASSETS AND LIABILITIES

	2009	2008
	\$	\$
Accounts receivable	(1,350,144)	(1,691,906)
VAT recoverable	(64,171)	336,473
Prepayments and other assets	111,722	(1,175,770)
Sundry creditors	(569,065)	1,004,126
Accruals and other liabilities	(205,874)	(746,764)
	<u>(2,077,532)</u>	<u>(2,273,841)</u>
	<u>=====</u>	<u>=====</u>



INSTITUTE OF MARINE AFFAIRS

## **INSTITUTE OF MARINE AFFAIRS**

### **Notes to the Financial Statements for the year ended September 30, 2009**

#### **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 the year ended 2004 the Ministry of Finance approved and the 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**