



Chartered Accountants
& Business Advisors

MIC INSTITUTE OF TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2015



Chartered Accountants
& Business Advisors

MIC INSTITUTE OF TECHNOLOGY LIMITED

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Statement of Management Responsibilities

MIC Institute of Technology Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of MIC Institute of Technology Limited, which comprise the statement of financial position as at 30 September 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Director

Date 5/8/16

Director

Date 5/8/16



Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

The Shareholders MIC Institute of Technology Limited

We have audited the accompanying financial statements of MIC Institute of Technology Limited, which comprise the statement of financial position as at 30 September 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

Basis for Qualified Opinion

International Accounting Standard 20 – Accounting for Government Grants and Disclosure of Government Assistance requires grants relating to depreciable assets to be recognised in the Statement of Comprehensive Income over the period and in direct proportion to the depreciation of the asset purchased with the grant. Notwithstanding the fore-going, management had opted to treat capital grants received from the Government of the Republic of Trinidad and Tobago as revenue grants for periods prior to the year ended 30 September 2014 and recognised them immediately in the Statement of Comprehensive Income, contrary to the requirements of International Accounting Standard (IAS) 20. The capital grants received during the years ended 30 September 2014 and 2015, however, have been properly accounted for in accordance with IAS 20. The company has not made any adjustments in the financial statements to correctly record capital grants received in the periods prior to 30 September 2014.

The company did not maintain proper records in relation to its transactions with the National Skills Development Programme (NSDP) and the Helping You Prepare for Employment (HYPE) programmes as at 30 September 2015. We were therefore unable to satisfy ourselves as to the accuracy and completeness of the Due to Related Parties balance.

The company did not prepare proper schedules and reconciliations for various receivable and payable accounts as at 30 September 2015. We were therefore unable to satisfy ourselves as to the accuracy and completeness of balances included in Accounts Receivable and Prepayments and Accounts Payable and Accruals.

Qualified Opinion

In our opinion, except for the effects on the financial statements of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of MIC Institute of Technology Limited as of 30 September 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 2 (l) in the financial statements which discloses that as at 30 September 2015, the company's current liabilities exceeded its current assets by **\$22,035,469**. In the absence of continued support from the Government of the Republic of Trinidad and Tobago, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our opinion was not qualified in respect of this matter.


Port of Spain
5 August 2016

MIC INSTITUTE OF TECHNOLOGY LIMITED

STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>		30 September		
	<u>Notes</u>	<u>2015</u>	<u>2014</u> (Restated)	<u>2013</u> (Restated)
Current Assets:				
Cash in hand and at bank	5	\$ 6,492,153	\$ 11,246,868	\$ 208,839
Cash at bank - restricted	6	30,252,994	45,019,423	89,350,788
Short-term investments	7	33,964,293	33,702,416	33,432,201
Short-term investments - restricted	8	69,500,000	69,500,000	9,500,000
Accounts receivable and prepayments	9	5,856,925	2,222,032	3,578,012
Inventories	10	<u>3,424,813</u>	<u>6,415,369</u>	<u>5,325,507</u>
Total Current Assets		<u>149,491,178</u>	<u>168,106,108</u>	<u>141,395,347</u>
Non-Current Assets:				
Deferred taxation asset	11	-	-	525,094
Property, plant and equipment	12	<u>38,264,352</u>	<u>36,064,310</u>	<u>39,547,056</u>
Total Non-Current Assets		<u>38,264,352</u>	<u>36,064,310</u>	<u>40,072,150</u>
Total Assets		<u>\$ 187,755,530</u>	<u>\$ 204,170,418</u>	<u>\$ 181,467,497</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Current Liabilities:				
Accounts payable and accruals	13	\$ 12,928,843	\$ 14,578,008	\$ 12,900,693
Deferred income	14	4,015,154	5,863,000	4,865,606
Due to related parties (net)	15	153,044,750	168,356,610	151,454,123
Taxation payable		<u>1,537,900</u>	<u>1,412,992</u>	<u>1,282,224</u>
Total Current Liabilities		<u>171,526,647</u>	<u>190,210,610</u>	<u>170,502,646</u>
Non-Current Liabilities:				
Capital grants	16	460,383	474,023	487,663
Deferred taxation liability		<u>978,912</u>	<u>379,438</u>	<u>-</u>
Total Non-Current Liabilities		<u>1,439,295</u>	<u>853,461</u>	<u>487,663</u>
Total Liabilities		<u>172,965,942</u>	<u>191,064,071</u>	<u>170,990,309</u>
Shareholders' Equity:				
Stated capital	17	2,072,200	2,072,200	2,072,200
Revaluation Reserve	2m	4,265,842	4,265,842	4,265,842
Retained earnings		<u>8,451,546</u>	<u>6,768,305</u>	<u>4,139,146</u>
Total Shareholders' Equity		<u>14,789,588</u>	<u>13,106,347</u>	<u>10,477,188</u>
Total Liabilities and Shareholders' Equity		<u>\$ 187,755,530</u>	<u>\$ 204,170,418</u>	<u>\$ 181,467,497</u>

These financial statements were approved by the Board of Directors and authorised for issue on 5 August 2016 and signed on their behalf by:

Director: 

Director: 

(The accompanying notes are an integral part of these financial statements)

MIC INSTITUTE OF TECHNOLOGY LIMITED
STATEMENT OF COMPREHENSIVE INCOME

		For the year ended	
		30 September	
	<u>Notes</u>	<u>2015</u>	<u>2014</u>
			(Restated)
Revenue:			
Operating revenue		\$ 9,548,373	\$ 7,561,835
Management fees		42,006,000	40,361,426
Subventions		6,395,046	4,182,606
Amortisation of capital grant		13,640	13,640
Other Income	21	<u>2,570,960</u>	<u>-</u>
		<u>60,534,019</u>	<u>52,119,507</u>
Operating Expenses:			
Production costs	22	13,477,712	9,196,370
Depreciation		2,665,693	5,424,893
Operating costs	23	<u>43,020,953</u>	<u>34,195,996</u>
		<u>59,164,358</u>	<u>48,817,259</u>
Operating profit		<u>1,369,661</u>	<u>3,302,248</u>
Other Income:			
Gain on disposal of fixed assets		(8,678)	2,695
Interest income		904,041	378,740
Interest expense		-	(459)
Gain/(loss) on foreign exchange		<u>174,575</u>	<u>(5,107)</u>
		<u>1,069,938</u>	<u>375,869</u>
Net profit before taxation		2,439,599	3,678,117
Taxation	24	<u>(756,358)</u>	<u>(1,048,958)</u>
Net profit for the year		<u>\$ 1,683,241</u>	<u>\$ 2,629,159</u>

(The accompany notes are an integral part of these financial statements)

MIC INSTITUTE OF TECHNOLOGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Stated Capital (\$'000)	Revaluation Reserve (\$'000)	Retained Earnings (\$'000)	Total (\$'000)
Balance as at 1 October 2013	\$ 2,072,200	\$ -	\$ 5,856,432	\$ 7,928,632
Restatement (Note 2m)	<u>-</u>	<u>4,265,842</u>	<u>(1,717,286)</u>	<u>2,548,556</u>
Balance as at 1 October 2013 (Restated)	2,072,200	4,265,842	4,139,146	10,477,188
Net profit for the year (Restated)	<u>-</u>	<u>-</u>	<u>2,629,159</u>	<u>2,629,159</u>
Balance as at 1 October 2014 (Restated)	2,072,200	4,265,842	6,768,305	13,106,347
Net profit for the year	<u>-</u>	<u>-</u>	<u>1,683,241</u>	<u>1,683,241</u>
Balance as at 30 September 2015	<u>\$ 2,072,200</u>	<u>\$ 4,265,842</u>	<u>\$ 8,451,546</u>	<u>\$ 14,789,588</u>

(The accompany notes are an integral part of these financial statements)

MIC INSTITUTE OF TECHNOLOGY LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2015</u>	<u>2014</u> (Restated)
Operating Activities:		
Net profit before taxation	\$ 2,439,599	\$ 3,678,117
Adjustments:		
Depreciation	2,665,693	5,424,893
Amortisation of capital grant	(13,640)	(13,640)
Subvention utilised	(6,395,046)	(4,182,606)
Loss/(profit) on disposal of fixed asset	8,678	(2,695)
Bad debts provision	<u>1,162,578</u>	<u>291,829</u>
	(132,138)	5,195,898
Net change in accounts receivable and prepayments	(4,797,471)	1,064,151
Net change in inventories	2,990,556	(1,089,862)
Net change in accounts payable and accrued liabilities	(1,649,165)	1,677,315
Net change in amount due to related parties	<u>(15,311,860)</u>	<u>16,902,487</u>
	(18,900,078)	23,749,989
Taxation paid	<u>(31,976)</u>	<u>(13,658)</u>
	<u>(18,932,054)</u>	<u>23,736,331</u>
Investing Activities:		
Net additions to property, plant and equipment	(4,868,313)	(1,949,278)
Expenses incurred for disposal of assets	(6,100)	-
Proceeds from disposal of assets	<u>-</u>	<u>9,826</u>
	<u>(4,874,413)</u>	<u>(1,939,452)</u>
Financing Activities:		
Subventions received	<u>4,547,200</u>	<u>5,180,000</u>
	<u>4,547,200</u>	<u>5,180,000</u>
Net change in cash and cash equivalents	(19,259,267)	26,976,879
Cash and cash equivalents:		
- at beginning of year	<u>159,468,707</u>	<u>132,491,828</u>
- at end of year	<u>\$ 140,209,440</u>	<u>\$ 159,468,707</u>
Represented by:		
Cash in hand and at bank	\$ 6,492,153	\$ 11,246,868
Cash at bank - restricted	30,252,994	45,019,423
Short-term investment	33,964,293	33,702,416
Short-term investment - restricted	<u>69,500,000</u>	<u>69,500,000</u>
	<u>\$ 140,209,440</u>	<u>\$ 159,468,707</u>

(The accompany notes are an integral part of these financial statements)

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. Incorporation and Principal Business Activities:

Metal Industries Company Limited (the Company) was incorporated in the Republic of Trinidad and Tobago on 11 December 1974. The Company's registered office is situated at Century Drive, Trincity. Its principal activities are the training of personnel in the manufacturing of tools, dyes, moulds and precision parts and the provision of product design, manufacturing and industrial engineering services.

On the 30 September 2013, the Board of Directors passed a special resolution to change the name of the Company to MIC Institute of Technology Limited. The name change was made effective 14 October 2013.

2. Significant Accounting Policies:

(a) Basis of financial statements preparation -

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued and adopted by the International Accounting Standards Board. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available-for-sale investments and certain other financial instruments. No account has been taken for the effects of inflation. The financial statements are stated in Trinidad and Tobago dollars which is the Company's functional currency.

(b) Use of estimates -

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also required the use of 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 income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Notes 2(d) and 9	-	Property, plant and equipment
Notes 2(e) and 10	-	Inventories
Notes 2(e) and 8	-	Accounts receivable and prepayments
Note 16	-	Capital grants

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations -

- i) The Company has not applied the following standard that became effective during the current year, as it does not apply to the activities of the Company or have a material impact on its financial statements:

Effective for accounting periods beginning on or after 1 January 2015

IFRS 7 Financial Instruments: Disclosures - Mandatory effective date and transition disclosures

- ii) The Company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

Effective for accounting periods beginning on or after 1 January 2016

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception

IFRS 14 Regulatory Deferral Accounts

IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative

IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation

IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations (cont'd) -

- IAS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements
- IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture
- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception
- IAS 34 Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report"
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16

Effective for accounting periods beginning on or after 1 January 2017

- IFRS 15 Revenue from Contracts with Customers
- IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses

Effective for accounting periods beginning on or after 1 January 2018

- IFRS 9 Financial Instruments

Effective for accounting periods beginning on or after 1 January 2019.

- IFRS 16 Leases

The adoption of IFRS 9 Financial Instruments may result in significant changes in the Company's classification and presentation of financial instruments.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(d) Property, plant and equipment -

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, except for certain granted assets which are stated at values provided by the United Nations Industrial Development Organisation (UNIDO). The Company recognises in the carrying amount of an item of PPE, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably.

All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

When parts of an item of fixed assets have different useful lives, those compartments are accounted for as separate items of PPE.

Depreciation is calculated using the straight-line basis over the estimated useful lives of each item of PPE at the following rates:

Leasehold land and building	over the term of the lease
Buildings and improvements	1.75%
Computer equipment	25%
Machinery and equipment	25%
Office furniture and equipment	10%
Furniture and fittings	10%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the "Gain/Loss on Disposal" account in the Statement of Comprehensive Income.

(e) Financial instruments -

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(e) Financial instruments (cont'd) -

Financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

The Company assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- i)** Significant financial difficulty of the issuer or obligor.
- ii)** A breach of contract, such as default or delinquency in interest or principal payments.
- iii)** It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv)** The disappearance of an active market for that financial asset because of financial difficulties.
- v)** Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Company or national or economic conditions that correlate with defaults on assets in the Company.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(e) Financial instruments (cont'd) -

Financial assets (cont'd)

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i) Financial assets measured at amortised cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

ii) Financial assets measured at cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed.

Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(e) Financial instruments (cont'd) -

Financial liabilities (cont'd)

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Trade receivables

Trade receivables are measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Bank loans

Bank loans are recognised initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the loan using the effective interest method.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in first-out basis for raw materials and on estimated standard cost for finished goods and work-in-progress. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

(f) Revenue recognition -

Workshop sales

Revenue from the sale of goods is recognised in the Statement of Comprehensive Income when the significant risk and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Sales are recognised net of Value Added Tax and discounts.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(g) Foreign currency -

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the Statement of Financial Position date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Comprehensive Income.

(h) Government grants -

Government grants related to fixed assets are deferred in the Statement of Financial Position and amortised over the estimated useful lives of the assets to which it relates.

Government grants related to income is included in the Statement of Comprehensive Income in the period received.

Government grants designated for specific projects is deferred in the Statement of Financial Position and matched with the related project expenditure in the Statement of Comprehensive Income over the life of the project.

(i) Provisions -

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments at the time value of money and, where appropriate, the risks specific to the liability.

(j) Taxation -

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or subsequently enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(j) Taxation (cont'd) -

Deferred tax is recognised using the Statement of Financial Position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or subsequently enacted at the Statement of Financial Position date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each Statement of Financial Position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) NSDP, HYPE and MuST -

The Company administers and operates the National Skills Development Programme (NSDP), the Helping You Prepare for Employment (HYPE) Programme and the Multi-sector Skills Training (MuST) Programme on behalf of the Government of the Republic of Trinidad and Tobago (GORTT).

The amounts advanced by the GORTT are accounted for as a deferral and recorded under Due to Related Parties in the Statement of Financial Position. When the money is spent on the programme, it becomes earned and an equivalent amount is transferred to the programme's income and expenditure account.

The effect of this is that the balance on the account shown on the Statement of Financial Position as Due to Related Parties represents the unexpended programme funds which are subsequently spent on the programmes.

(l) Going Concern -

These financial statements have been prepared on the going concern basis despite the excess of current liabilities over current assets of **\$22,035,469** as at 30 September 2015. The Company is dependent on the Government of the Republic of Trinidad and Tobago (GORTT) to fund its operating and capital expenditures since inadequate resources are generated from its operating activities. Management is of the opinion that given the strategic importance of the Company to the country's development, that the GORTT will continue to provide subventions to the Company on an annual basis into the foreseeable future. The main source of funding from the GORTT is through Management Fees for the three programmes the Company operates and administers on behalf of the GORTT.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(l) Going Concern (cont'd) -

At the date of the approval of these financial statements, the GORTT has continued to grant financial support to the Company, which is consistent with management's opinion as described above.

(m) Restatement -

A physical verification exercise of all PPE owed by the Company was conducted in February 2011 by a firm of independent accountants and a comprehensive Fixed Assets Register was prepared as at 18 February 2011. In addition to the physical check on the PPE, the firm was also required to verify the value of the assets included in the Fixed Asset Register. The consultants provided fair value estimates for selected material plant and equipment and all other PPE were valued at cost or \$1, where the cost value could not have been determined.

A decision was made by the Management to amend the Company's financial statements to reflect balances on the Fixed Assets Register prepared by the firm of accountants. The cost and related accumulated depreciation balances were restated as at 1 October 2013 to reflect the amendment and the Deferred Taxation asset was also restated as at 1 October 2013.

A Revaluation Reserve was created in the Statement of Financial Position as at 1 September 2013 to account for net fair value adjustment which totalled **\$4,265,842**.

The financial statements for the year ended 30 September 2014 was also restated to accurately record the depreciation and related tax effect in the Statement of Comprehensive Income.

The effects of the amendment on the financial statements are as follows:

Statement of Financial Position

	As previously reported	Effects of adjustment	As restated
As at 1 October 2013			
Fixed Assets	36,159,988	3,387,068	39,547,056
Deferred Taxation asset	1,363,606	(838,512)	525,094
Revaluation Reserve	-	4,265,842	4,265,842
Retained Earnings	5,856,432	(1,717,286)	4,139,146
As at 30 September 2014			
Fixed Assets	35,857,098	207,212	36,064,310
Deferred Taxation (liability)/asset	(335,217)	(44,221)	(379,438)
Revaluation Reserve	-	4,265,842	4,265,842
Retained Earnings	10,871,156	(4,102,851)	6,768,305

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. Significant Accounting Policies (Cont'd):

(m) Restatement (cont'd) -

Statement of Comprehensive Income

	As previously reported	Effect of adjustment	As restated
As at 30 September 2014			
Depreciation	2,245,037	3,179,856	5,424,893
Taxation	1,843,249	(794,291)	1,048,958
Net profit for the year	5,014,724	(2,385,565)	2,629,159

3. Financial Risk Management:

Financial risk factors

The Company's activities are primarily related to the use of financial instruments.

The following table summarizes the carrying amounts and fair value of the Company's financial assets and liabilities:

	2015	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets		
Cash in hand and at bank	\$ 6,492,153	\$ 6,492,153
Cash at bank - restricted	30,252,994	30,252,994
Short-term investment	33,964,293	33,964,293
Short-term investment - restricted	69,500,000	69,500,000
Accounts receivable and prepayments	5,856,925	5,856,925
Inventories	3,424,813	3,424,813
Financial Liabilities		
Accounts payable and accruals	\$ 12,928,843	\$ 12,928,843
Deferred Income	4,015,154	4,015,154
Due to related parties	153,044,750	153,044,750
Capital Grants	460,383	460,383

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd) -

	2014	
	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>
Financial Assets		
Cash in hand and at bank	\$ 11,246,868	\$ 11,246,868
Restricted cash	45,019,423	45,019,423
Short-term investment	33,702,416	33,702,416
Short-term investment - restricted	69,500,000	69,500,000
Accounts receivable and prepayments	2,222,032	2,222,032
Inventories	6,415,369	6,415,369
Financial Liabilities		
Accounts payable and accruals	\$ 14,578,008	\$ 14,578,008
Deferred Income	5,863,000	5,863,000
Due to related parties	168,356,610	168,356,610
Capital Grants	474,023	474,023

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets.

(b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Company relies heavily on its Accounting Policies and Procedures which sets out in detail the current policies governing the granting of credit function and provides a comprehensive framework for prudent risk management of the credit function.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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3. Financial Risk Management (Cont'd):

(b) Credit risk (cont'd) -

The Company's debtors' portfolio is managed and consistently monitored by the Company's management. The Company has identified in its strategic objectives the need for the effective management of its trade receivables and has moved to establish better communication with its major customers.

Cash balances are held with high credit quality financial institutions and the Company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Company is able to make daily calls on its available cash resources to settle financial and other liabilities.

(d) Currency risk -

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) Operational risk -

Operational risk is the risk derived from deficiencies relating to the Company's information technology and control systems, as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

(f) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Company's line ministry, the Ministry of Science Technology and Tertiary Education, as well as by the monitoring controls applied by the Company.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

3. Financial Risk Management (Cont'd):

(g) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company engages in public social endeavours to engender trust and minimize this risk.

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies. See Note 2 (b).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- ii) Whether leases are classified as operating leases or finance leases.
- iii) Which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

4. Critical Accounting Estimates and Judgments (Cont'd):

i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Plant and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

5. Cash in Hand and at Bank:

	30 September	
	<u>2015</u>	<u>2014</u>
Petty cash	\$ 8,200	\$ 8,000
Scotiabank (Trinidad and Tobago) Limited	<u>6,483,953</u>	<u>11,238,868</u>
	<u>\$ 6,492,153</u>	<u>\$ 11,246,868</u>

6. Cash at Bank – Restricted:

	30 September	
	<u>2015</u>	<u>2014</u>
First Citizens Bank Limited - MuST	\$ 10,531,824	\$ 7,906,042
Scotiabank (Trinidad and Tobago) Limited -NSDP	13,200,562	29,321,875
Scotiabank (Trinidad and Tobago) Limited -HYPE	<u>6,520,608</u>	<u>7,791,506</u>
	<u>\$ 30,252,994</u>	<u>\$ 45,019,423</u>

These balances represent funds held in the name of the Multi-Sector Skills Training Programme (MuST), National Skills Development Programme (NSDP) and Helping Youth Prepare for Employment (HYPE) programme.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7. Short-Term Investments:

	30 September	
	<u>2015</u>	<u>2014</u>
Scotiabank (Trinidad and Tobago) Limited	\$ 6,870,393	\$ 6,854,530
Trinidad and Tobago Unit Trust Corporation	<u>27,093,900</u>	<u>26,847,886</u>
	<u>\$ 33,964,293</u>	<u>\$ 33,702,416</u>

8. Short-Term Investments - Restricted:

	30 September	
	<u>2015</u>	<u>2014</u>
First Citizens Bank Limited - NSDP and HYPE	\$ 60,000,000	\$ 60,000,000
Scotiabank (Trinidad and Tobago) Limited - NSDP	3,500,000	3,500,000
Scotiabank (Trinidad and Tobago) Limited - HYPE	<u>6,000,000</u>	<u>6,000,000</u>
	<u>\$ 69,500,000</u>	<u>\$ 69,500,000</u>

These balances represent term deposits held in the name of the National Skills Development Programme (NSDP) and Helping Youth Prepare for Employment (HYPE) Programme.

9. Accounts Receivable and Prepayments:

	30 September	
	<u>2015</u>	<u>2014</u>
Trade accounts receivables	\$ 6,524,074	\$ 4,787,177
Interest receivable	57,115	45,239
Value Added Tax recoverable (net)	2,246,049	1,617,688
Staff advances	132,436	68,434
Prepayments	573,963	-
Other	164,468	(4,593)
National Training Agency (NTA) - Stipend reimbursement	<u>1,613,311</u>	<u>-</u>
	11,311,416	6,513,945
Less: Provision for bad and doubtful debts	<u>(5,454,491)</u>	<u>(4,291,913)</u>
	<u>\$ 5,856,925</u>	<u>\$ 2,222,032</u>
<u>Provision for doubtful debts</u>		
Balance, beginning of the year	\$ 4,291,913	\$ 4,000,084
Charge for the year (net)	<u>1,162,578</u>	<u>291,829</u>
Balance, end of the year	<u>\$ 5,454,491</u>	<u>\$ 4,291,913</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

10. Inventories:

	30 September	
	<u>2015</u>	<u>2014</u>
Raw materials	\$ 2,543,179	\$ 2,615,289
Work in progress	350,790	1,330,425
Finished goods	530,844	1,660,716
Goods in Transit	<u>-</u>	<u>808,939</u>
	<u>\$ 3,424,813</u>	<u>\$ 6,415,369</u>

11. Deferred Taxation:

	30 September	
	<u>2015</u>	<u>2014</u> (Restated)
Balance as at beginning of the year	\$ (379,438)	\$ 525,094
Effect on Statement of Comprehensive Income	<u>(599,474)</u>	<u>(904,532)</u>
Balance as at end of the year	<u>\$ (978,912)</u>	<u>\$ (379,438)</u>

Deferred taxation is attributable to:

	30 September	
	<u>2015</u>	<u>2014</u> (Restated)
Excess of net book value over written down value	\$ (2,890,049)	\$ (2,610,673)
Taxable losses	547,514	1,158,257
Provisions	<u>1,363,623</u>	<u>1,072,978</u>
	<u>\$ (978,912)</u>	<u>\$ (379,438)</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
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12. Fixed Assets:

	<u>Leasehold Land (\$'000)</u>	<u>Capital Work in Progress (\$'000)</u>	<u>Building (\$'000)</u>	<u>Building Improvements (\$'000)</u>	<u>Computer & Accessories (\$'000)</u>	<u>Fixtures and Furniture (\$'000)</u>	<u>Motor vehicles (\$'000)</u>	<u>Machinery Tools & Equipment (\$'000)</u>	<u>Office Furniture and Equipment (\$'000)</u>	<u>Building (\$'000)</u>	<u>Machinery and Equipment (\$'000)</u>	<u>Total (\$'000)</u>
Cost/Valuation												
At 1 October 2014 (<i>Restated</i>)	\$ 80,618	\$ -	\$ 33,320,758	\$ 509,303	\$ 8,768,170	\$ 3,294,212	\$ 1,442,892	\$ 9,782,233	\$ 2,987,572	\$ 765,179	\$ 8,152,665	\$ 69,103,602
Additions	-	2,139,990	-	1,377,464	219,400	83,132	-	313,264	735,063	-	-	4,868,313
Disposals	-	-	-	-	-	-	-	-	(7,434)	-	-	(7,434)
At 30 September 2015	<u>80,618</u>	<u>2,139,990</u>	<u>33,320,758</u>	<u>1,886,767</u>	<u>8,987,570</u>	<u>3,377,344</u>	<u>1,442,892</u>	<u>10,095,497</u>	<u>3,715,201</u>	<u>765,179</u>	<u>8,152,665</u>	<u>73,964,481</u>
Accumulated Depreciation												
At 1 October 2014 (<i>Restated</i>)	-	-	4,039,304	7,903	7,038,818	2,406,846	793,621	8,962,077	1,489,751	148,307	8,152,665	33,039,292
Charge for the year	-	-	583,113	13,491	689,206	440,086	198,750	423,879	303,777	13,391	-	2,665,693
Disposals	-	-	-	-	-	-	-	-	(4,856)	-	-	(4,856)
At 30 September 2015	-	-	<u>4,622,417</u>	<u>21,394</u>	<u>7,728,024</u>	<u>2,846,932</u>	<u>992,371</u>	<u>9,385,956</u>	<u>1,788,672</u>	<u>161,698</u>	<u>8,152,665</u>	<u>35,700,129</u>
Net Book Value												
At 30 September 2015	<u>\$ 80,618</u>	<u>\$ 2,139,990</u>	<u>\$ 28,698,341</u>	<u>\$ 1,865,373</u>	<u>\$ 1,259,546</u>	<u>\$ 530,412</u>	<u>\$ 450,521</u>	<u>\$ 709,541</u>	<u>\$ 1,926,529</u>	<u>\$ 603,481</u>	<u>\$ -</u>	<u>\$ 38,264,352</u>
At 30 September 2014 (<i>Restated</i>)	<u>\$ 80,618</u>	<u>\$ -</u>	<u>\$ 29,281,454</u>	<u>\$ 501,400</u>	<u>\$ 1,729,352</u>	<u>\$ 887,366</u>	<u>\$ 649,271</u>	<u>\$ 820,156</u>	<u>\$ 1,497,821</u>	<u>\$ 616,872</u>	<u>\$ -</u>	<u>\$ 36,064,310</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12. Fixed Assets (Cont'd):

(Restated)

Cost/Valuation	Leasehold Land (\$'000)	Building (\$'000)	Building Improvements (\$'000)	Computer and Accessories (\$'000)	Fixtures and Furniture (\$'000)	Motor vehicles (\$'000)	Machinery Tools and Equipment (\$'000)	Office Furniture and Equipment (\$'000)	Building (\$'000)	Machinery and Equipment (\$'000)	Total (\$'000)
At 1 October 2013	\$ 80,618	\$ 33,320,758	\$ 110,304	\$ 8,672,862	\$ 3,281,631	\$ 647,892	\$ 9,673,646	\$ 2,459,142	\$ 765,179	\$ 8,152,665	\$ 67,164,697
Additions	-	-	398,999	105,681	12,581	795,000	108,587	528,430	-	-	1,949,278
Disposals	-	-	-	(10,373)	-	-	-	-	-	-	(10,373)
At 30 September 2014	<u>80,618</u>	<u>33,320,758</u>	<u>509,303</u>	<u>8,768,170</u>	<u>3,294,212</u>	<u>1,442,892</u>	<u>9,782,233</u>	<u>2,987,572</u>	<u>765,179</u>	<u>8,152,665</u>	<u>69,103,602</u>
Accumulated Depreciation											
At 1 October 2013	-	3,456,191	1,226	6,060,118	1,926,856	647,892	6,049,344	1,188,433	134,916	8,152,665	27,617,641
Charge for the year	-	583,113	6,677	981,942	479,990	145,729	2,912,733	301,318	13,391	-	5,424,893
Disposals	-	-	-	(3,242)	-	-	-	-	-	-	(3,242)
At 30 September 2014	<u>-</u>	<u>4,039,304</u>	<u>7,903</u>	<u>7,038,818</u>	<u>2,406,846</u>	<u>793,621</u>	<u>8,962,077</u>	<u>1,489,751</u>	<u>148,307</u>	<u>8,152,665</u>	<u>33,039,292</u>
Net Book Value											
At 30 September 2014	<u>\$ 80,618</u>	<u>\$ 29,281,454</u>	<u>\$ 501,400</u>	<u>\$ 1,729,352</u>	<u>\$ 887,366</u>	<u>\$ 649,271</u>	<u>\$ 820,156</u>	<u>\$ 1,497,821</u>	<u>\$ 616,872</u>	<u>\$ -</u>	<u>\$ 36,064,310</u>
At 30 September 2013	<u>\$ 80,618</u>	<u>\$ 29,864,567</u>	<u>\$ 109,078</u>	<u>\$ 2,612,744</u>	<u>\$ 1,354,775</u>	<u>\$ -</u>	<u>\$ 3,624,302</u>	<u>\$ 1,270,709</u>	<u>\$ 630,263</u>	<u>\$ -</u>	<u>\$ 39,547,056</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

13. Accounts Payable and Accrued Liabilities:

	30 September	
	<u>2015</u>	<u>2014</u>
Trade accounts payables	\$ 2,386,310	\$ 3,064,271
Accruals	5,601,866	8,019,483
Accrued vacation leave	2,618,851	2,426,600
Suspense accounts	(857,284)	(733,514)
Statutory deductions and salaries payable	3,414,532	1,709,620
Advance receipt on sales	(10,430)	(15,848)
Other payables	<u>(225,002)</u>	<u>107,396</u>
	<u>\$ 12,928,843</u>	<u>\$ 14,578,008</u>

14. Deferred Income:

	30 September	
	<u>2015</u>	<u>2014</u>
Balance at the beginning of the year	\$ 5,863,000	\$ 4,865,606
Subventions received (Recurrent and PSIP)	4,547,200	5,180,000
Subventions utilised (Recurrent and PSIP)	<u>(6,395,046)</u>	<u>(4,182,606)</u>
	<u>\$ 4,015,154</u>	<u>\$ 5,863,000</u>

Deferred income relates to the portion of government subventions received from the Ministry of Science, Technology and Tertiary Education, for which the related expenditure has not yet been incurred. The portion of subventions utilised during the year is recognised in the Statement of Comprehensive Income.

During the year, the Company received **\$2,000,000** (2014: **\$2,000,000**) for PSIP expenditure and **\$2,000,000** (2014: **\$1,500,000**) for recurrent expenditure (salaries and wages). Additionally, MIC Institute of Technology Limited received **\$547,200** (2014: **\$1,680,000**) for the training of tool makers and local instructors in the Master Craftsman Photovoltaic Solar Energy Programme.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

15. Due to Related Parties (net):

	30 September	
	<u>2015</u>	<u>2014</u>
MuST	\$ (6,694,227)	\$ (2,747,377)
NSDP	113,678,107	119,058,895
HYPE	46,080,215	52,064,437
Workforce Assessment Centre	<u>(19,345)</u>	<u>(19,345)</u>
	<u>\$153,044,750</u>	<u>\$168,356,610</u>

Amounts Due to Related Parties represent the balances due to/(from) the GORTT on behalf of the National Skills Development Programme (NSDP), Helping You Prepare for Employment (HYPE) Programme, Multi-sector Skills Training (MuST) Programme and the Workforce Assessment Centre.

16. Capital Grants:

	30 September	
	<u>2015</u>	<u>2014</u>
Balance as at beginning of the year	\$ 474,023	\$ 487,663
Effect on Statement of Comprehensive Income	<u>(13,640)</u>	<u>(13,640)</u>
Balance as at end of the year	<u>\$ 460,383</u>	<u>\$ 474,023</u>

Capital grants comprise either cash grants for capital projects or the capitalised value of machinery, equipment and supplies provided by the United Nations Industrial Development Organisation (UNIDO) and the Trinidad Industrial Development Corporation and the Canadian Industrial Development Agency (Government Agencies).

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16. Capital Grants (Cont'd):

Details of capital grants are as follows:

(i) *UNIDO*

Whereas the title of UNIDCO – provided Phase I machinery and equipment has been transferred to the Government of the Republic of Trinidad and Tobago and Phase II machinery and equipment remains the property of UNIDO, it is understood that this machinery and equipment will remain in the possession of the Company so long as it continues to be used solely for the purpose and in the manner and place for which it was provided. The value of this machinery and equipment has, therefore, been capitalised on the commercial substance of the situation.

	30 September	
	<u>2015</u>	<u>2014</u>
Equipment provided for training purposes:		
Phase I	\$ 525,917	\$ 525,917
Phase II	1,410,636	1,410,636
Phase III	1,260,574	1,260,574
Phase IV	1,152,783	1,152,783
Phase V	1,855,912	1,855,912
Supplies	<u>106,399</u>	<u>106,399</u>
	6,312,221	6,312,221
Less: accumulated transfers to revenue	<u>(6,210,301)</u>	<u>(6,210,301)</u>
	<u>101,920</u>	<u>101,920</u>
(ii) <i>Government agencies:</i>		
Equipment provided	\$ 1,030,117	\$ 1,030,117
Cash grant for factory expansion	682,000	682,000
Cash grant for equipment purchases	121,704	121,704
Supplies	<u>2,028</u>	<u>2,028</u>
	1,835,849	1,835,849
Less: accumulated transfers to revenue	<u>(1,477,386)</u>	<u>(1,463,746)</u>
	<u>358,463</u>	<u>372,103</u>
	<u>\$ 460,383</u>	<u>\$ 474,023</u>

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17. Stated Capital:

	30 September	
	<u>2015</u>	<u>2014</u>
Authorised:		
80,000 ordinary shares		
20,000 6% cumulative preference shares		
Issued and fully paid:		
Ordinary – 20,097 shares	\$ 2,009,700	\$ 2,009,700
Preference – 625 shares	<u>62,500</u>	<u>62,500</u>
	<u>\$ 2,072,200</u>	<u>\$ 2,072,200</u>

No dividends have been paid to the holders of the 6% cumulative preference shares since the date of issue in January 1975. Should dividends be declared, the amounts payable on these preference shares would be **\$151,813** (2014: **\$148,063**).

18. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transactions with related parties and key management personnel during the year were as follows:

	<u>2015</u>	<u>2014</u>
Expenses		
Directors' fees	\$ 554,770	\$ 567,300
Key management compensation		
Short-term benefits	\$ 4,451,122	\$ 3,918,827

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19. Fair Values:

Fair value is the amount for which an asset can be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

20. Capital Commitment:

Contracts approved and committed amounted to **\$2,136,409** as at 30 September 2015.

21. Other Income:

Write off of 2009 Accrued Balances - \$2,570,960

Management has decided to write off accrued balances totalling **\$2,570,960** which originated during the financial year 2009. The decision to write off these amounts was on the basis that the balances, after investigation, do not appear to be legitimate debts owned by the Company as at the year end. Additionally, the balances are over six (6) years old and thus statute barred. Due to the age of these balances, it was difficult for the Company to allocate the amounts to the initial expense accounts and the total was recorded under Other Income in the Statement of Comprehensive Income.

22. Production Costs:

	30 September	
	<u>2015</u>	<u>2014</u>
Opening stock	\$ 6,415,368	\$ 5,325,507
Purchases	1,009,289	3,260,702
Salaries, wages and other staff expenses	8,819,231	7,025,530
Overheads	<u>658,637</u>	<u>-</u>
	16,902,525	15,611,739
Less: Closing stock	<u>(3,424,813)</u>	<u>(6,415,369)</u>
	<u>\$ 13,477,712</u>	<u>\$ 9,196,370</u>

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FOR THE YEAR ENDED 30 SEPTEMBER 2015

23. Other Operating Costs:

	30 September	
	<u>2015</u>	<u>2014</u>
Advertising and promotions	\$ 552,077	\$ 220,967
Annual vacation leave	192,252	48,782
Audit fees	248,525	256,000
Bad debts provision	1,162,578	291,829
Bank charges	27,933	29,554
Books, journals and publications	15,823	22,307
Building and repairs maintenance	311,079	318,522
Business travel	139,749	141,304
Contractors fees	143,293	75,141
Director's fees	554,770	567,300
Donations	108,798	93,535
Electricity	606,507	1,140,422
Employees benefit expense	1,396,930	852,762
Employer's NIS contribution	1,997,795	1,747,507
Employer's pension contribution	1,403,044	953,003
Equipment rentals	1,283	3,180
Group health	409,213	683,834
Group life insurance	532,462	295,809
Insurance	384,151	244,918
Janitorial supplies	708,707	802,471
Lease rent	93,865	52,391
Legal and professional fees	282,297	717,600
Materials and supplies	324,770	904,708
Meals and entertainment	382,043	344,231
Miscellaneous expenses	(16,807)	2,149
Office equipment repairs and maintenance	442,349	522,781
Penalties and interest	9	-
Photocopier	192,032	176,810
Purchasing expenses	246,743	216,286
Rent rates and taxes	11,241	28,686
Salaries	26,754,323	20,012,801
Security	280,217	222,865
Staff development	154,064	154,217
Stationery and postage	711,678	722,200
Telephone cables	865,481	713,372
Transport services	4,400	30,659
Technical Vocational Education Training expenses	699,494	20,730
Vehicle expenses	695,785	564,363
	<u>\$ 43,020,953</u>	<u>\$ 34,195,996</u>

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24. Taxation:

	30 September	
	<u>2015</u>	<u>2014</u> (Restated)
Business Levy	\$ (104,425)	\$ (96,124)
Green Fund Levy	(52,459)	(48,302)
Deferred taxation	<u>(599,474)</u>	<u>(902,532)</u>
	<u>\$ (756,358)</u>	<u>\$ (1,048,958)</u>
Reconciliation arising from using the basic rate of tax as follows:		
Net profit before taxation	<u>\$ 2,439,599</u>	<u>\$ 3,678,117</u>
Tax rate 25%	(609,900)	(919,529)
Tax effect of expenses not deductible for tax purposes	(51,078)	(44,898)
Exempt income	61,504	59,895
Green Fund Levy	(104,425)	(48,302)
Business Levy	<u>(52,459)</u>	<u>(96,124)</u>
	<u>\$ (756,358)</u>	<u>\$ (1,048,958)</u>