



Chartered Accountants
& Business Advisors

MIC INSTITUTE OF TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2017



Chartered Accountants
& Business Advisors

MIC INSTITUTE OF TECHNOLOGY LIMITED

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MIC Institute of Technology Limited

Statement of Management Responsibilities

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 2017, 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; 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

Director

Date: November 21st 2018

Date: November 21st 2018



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholders
MIC Institute of Technology Limited

Qualified Opinion

We have audited the accompanying financial statements of MIC Institute of Technology Limited, which comprise the statement of financial position as at 30 September 2017, 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

In our opinion, except for the effects on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of MIC Institute of Technology Limited as of 30 September 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

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 2017. We were therefore unable to satisfy ourselves as to the accuracy and completeness of the Due to Related Parties balance.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of MIC Institute of Technology Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (m) in the financial statements which discloses that as at 30 September 2017, the Company's current liabilities exceeded its current assets by **\$67,058,360**. 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.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

PKF Chartered Accountants and Business Advisors (Trinidad) is a member of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

21 November 2018
Barataria

MIC INSTITUTE OF TECHNOLOGY LIMITED

STATEMENT OF FINANCIAL POSITION

		<u>ASSETS</u>	
		30 September	
	<u>Notes</u>	<u>2017</u> (\$)	<u>2016</u> (\$)
Current Assets:			
Cash in hand and at bank	5	5,325,013	5,265,187
Cash at bank - restricted	6	17,323,248	39,696,958
Short-term investments	7	18,226,873	26,357,406
Short-term investments – restricted	8	30,072,649	69,500,000
Accounts receivables and prepayments	9	9,236,296	4,936,157
Inventories	10	<u>4,144,942</u>	<u>4,731,038</u>
Total Current Assets		<u>84,329,021</u>	<u>150,486,746</u>
Non-Current Assets:			
Deferred taxation asset	11	9,949,520	304,560
Property, plant and equipment	12	<u>37,030,966</u>	<u>40,249,689</u>
Total Non-Current Assets		<u>46,980,486</u>	<u>40,554,249</u>
Total Assets		<u>131,309,507</u>	<u>191,040,995</u>
<u>LIABILITIES AND DEFICIT IN SHAREHOLDERS' EQUITY</u>			
Current Liabilities:			
Accounts payable and accruals	13	9,925,167	5,520,341
Deferred income	14	14,759,360	15,138,673
Due to related parties (net)	15	126,535,376	165,264,867
Taxation payable		<u>167,478</u>	<u>111,242</u>
Total Current Liabilities		<u>151,387,381</u>	<u>186,035,123</u>
Non-Current Liabilities:			
Capital grants	16	<u>433,103</u>	<u>446,743</u>
Total Non-Current Liabilities		<u>433,103</u>	<u>446,743</u>
Total Liabilities		<u>151,820,484</u>	<u>186,481,866</u>
Shareholders' Equity:			
Stated capital		2,072,200	2,072,200
Revaluation reserve		4,265,842	4,265,842
Accumulated deficit		<u>(26,849,019)</u>	<u>(1,778,913)</u>
Total Deficit in Shareholders' Equity		<u>(20,510,977)</u>	<u>4,559,129</u>
Total Liabilities and Deficit in Shareholders' Equity		<u>131,309,507</u>	<u>191,040,995</u>

These financial statements were approved by the Board of Directors and authorised for issue on 21 November 2018 and signed on their behalf by:



Director



Director

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

MIC INSTITUTE OF TECHNOLOGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	<u>Notes</u>	For the year ended 30 September	
		<u>2017</u> (\$)	<u>2016</u> (\$)
Revenue:			
Operating revenue		13,462,142	7,759,678
Management fees		19,138,830	40,897,132
Subventions		2,696,788	2,807,571
Amortisation of capital grant		13,640	13,640
Tender deposits		29,000	-
Rental income		123,556	-
Other income	21	-	944,208
		<u>35,463,956</u>	<u>52,422,229</u>
Operating Expenses:			
Production costs	22	16,012,337	9,925,629
Depreciation		2,579,508	2,524,759
Operating costs	23	49,836,567	40,925,030
Loss on revaluation of properties	21	<u>2,225,571</u>	<u>-</u>
		<u>70,653,983</u>	<u>53,375,418</u>
Operating loss		<u>(35,190,027)</u>	<u>(953,189)</u>
Other Income:			
Loss on disposal of fixed assets		(860)	(578)
Interest income		799,518	791,327
(Loss)/gain on foreign exchange		<u>(22,899)</u>	<u>264,369</u>
		<u>775,759</u>	<u>1,055,118</u>
Net (loss)/profit before taxation		(34,414,268)	101,929
Taxation	24	<u>9,344,162</u>	<u>(2,107,120)</u>
Net loss for the year		<u>(25,070,106)</u>	<u>(2,005,191)</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 2017

	Stated Capital (\$)	Revaluation Reserve (\$)	Accumulated Deficit (\$)	Total (\$)
Balance as at 1 October 2015	2,072,200	4,265,842	226,278	6,564,320
Total Comprehensive Loss for the year	<u>-</u>	<u>-</u>	<u>(2,005,191)</u>	<u>(2,005,191)</u>
Balance as at 1 October 2016	2,072,200	4,265,842	(1,778,913)	4,559,129
Total Comprehensive Loss for the year	<u>-</u>	<u>-</u>	<u>(25,070,106)</u>	<u>(25,070,106)</u>
Balance as at 30 September 2017	<u><u>2,072,200</u></u>	<u><u>4,265,842</u></u>	<u><u>(26,849,019)</u></u>	<u><u>(20,510,977)</u></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>2017</u> (\$)	<u>2016</u> (\$)
Operating Activities:		
Net (loss)/profit before taxation	(34,414,268)	101,929
Adjustments:		
Depreciation	2,579,508	2,524,759
Amortisation of capital grant	(13,640)	(13,640)
Subvention utilised	(2,696,788)	(2,807,571)
Loss on disposal of fixed asset	860	578
Bad debts provision (net)	308,156	124,320
Loss on revaluation of properties	<u>2,225,571</u>	<u>-</u>
	(32,010,601)	(69,625)
Net change in accounts receivable and prepayments	(4,608,295)	796,448
Net change in inventories	586,096	(1,306,225)
Net change in accounts payable and accrued liabilities	4,404,826	(7,408,502)
Net change in amount due to related parties	<u>(38,729,491)</u>	<u>12,220,117</u>
	(70,357,465)	4,232,213
Taxation paid	<u>(244,563)</u>	<u>(1,571,828)</u>
	<u>(70,602,028)</u>	<u>2,660,385</u>
Investing Activities:		
Net additions to property, plant and equipment	(1,587,215)	(4,510,183)
Expenses incurred for disposal of assets	-	(5,991)
Proceeds from disposal of assets	<u>-</u>	<u>5,500</u>
	<u>(1,587,215)</u>	<u>(4,510,674)</u>
Financing Activities:		
Subventions received	<u>2,317,475</u>	<u>2,460,400</u>
	<u>2,317,475</u>	<u>2,460,400</u>
Net change in cash and cash equivalents	(69,871,768)	610,111
Cash and cash equivalents:		
- at beginning of year	<u>140,819,551</u>	<u>140,209,440</u>
- at end of year	<u><u>70,947,783</u></u>	<u><u>140,819,551</u></u>
Represented by:		
Cash in hand and at bank	5,325,013	5,265,187
Cash at bank - restricted	17,323,248	39,696,958
Short-term investment	18,226,873	26,357,406
Short-term investment - restricted	<u>30,072,649</u>	<u>69,500,000</u>
	<u><u>70,947,783</u></u>	<u><u>140,819,551</u></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 2017

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 2017

2. Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations -

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:

- | | |
|---------|--|
| IFRS 1 | First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 2 | Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 4 | Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (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 2018). |
| IFRS 9 | Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 9 | Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 12 | Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017). |
| IFRS 15 | Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 16 | Leases (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 17 | Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021). |
| IAS 7 | Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017). |

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Significant Accounting Policies (Cont'd):

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

- 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 2017).
- IAS 28 Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
- IAS 40 Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

(d) Property, plant and equipment -

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, with the exception of real estate which is recognised using the revaluation model and certain granted assets which are stated at values provided by the United Nations Industrial Development Organisation (UNIDO). The fair values used in the revaluation model would be based on independent professional open market valuations to be conducted at least once every three to five years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the property and the net amount is restated to the revalued amount.

Increases in carrying amounts arising from revaluations are recognised in Other Comprehensive Income and Statement of Changes in Equity under the category of Revaluation Reserve. Decreases in carrying amounts arising from revaluations are recognised in Other Comprehensive Income to the extent of any credit balance existing in revaluation surplus in respect of that asset. All other decreases are recognised in profit or loss.

Revaluation surpluses are transferred directly to retained earnings/accumulated deficit upon derecognition of the respective assets.

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.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Significant Accounting Policies (Cont'd):

(d) Property, plant and equipment (cont'd) -

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.

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.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Significant Accounting Policies (Cont'd):

(e) Financial instruments (cont'd) -

Financial assets (cont'd)

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.

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.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Significant Accounting Policies (Cont'd):

(e) Financial instruments (cont'd) -

Financial assets (cont'd)

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 2017

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 cost 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 2017

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 2017

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) Revaluation Reserve -

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 Revaluation Reserve was therefore created to account for net fair value adjustment which totalled **\$4,265,842**.

On 17 July 2017, Linden Scott conducted a valuation on the property at the Company's Head Office in Trincity which resulted in a decrease in the property value of **\$2,225,571**. The decrease was recognised directly in the Statement of Comprehensive Income in accordance with the requirements of IAS 16 Property, Plant and Equipment.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. Significant Accounting Policies (Cont'd):

(m) Going Concern -

These financial statements have been prepared on the going concern basis despite the excess of current liabilities over current assets of **\$67,058,360** as at 30 September 2017. 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.

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.

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:

	2017	
	<u>Carrying Value</u> (\$)	<u>Fair Value</u> (\$)
Financial Assets		
Cash in hand and at bank	5,325,013	5,325,013
Cash at bank - restricted	17,323,248	17,323,248
Short-term investment	18,226,873	18,226,873
Short-term investment - restricted	30,072,649	30,072,649
Accounts receivable and prepayments	9,236,296	9,236,296
Inventories	4,144,942	4,144,942
Financial Liabilities		
Accounts payable and accruals	9,925,167	9,925,167
Deferred Income	14,759,360	14,759,360
Due to related parties	126,535,376	126,535,376
Capital Grants	433,103	433,103

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd) -

	2016	
	<u>Carrying</u> <u>Value</u> (\$)	<u>Fair</u> <u>Value</u> (\$)
Financial Assets		
Cash in hand and at bank	5,265,187	5,265,187
Cash at bank - restricted	39,696,958	39,696,958
Short-term investment	26,357,406	26,357,406
Short-term investment - restricted	69,500,000	69,500,000
Accounts receivable and prepayments	4,936,157	4,936,157
Inventories	4,731,038	4,731,038
Financial Liabilities		
Accounts payable and accruals	5,520,341	5,520,341
Deferred Income	15,138,673	15,138,673
Due to related parties	165,264,867	165,264,867
Capital Grants	446,743	446,743

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
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 2017

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 2017

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>2017</u> (\$)	<u>2016</u> (\$)
Petty cash	12,200	8,200
Scotiabank (Trinidad and Tobago) Limited	<u>5,312,813</u>	<u>5,256,987</u>
	<u>5,325,013</u>	<u>5,265,187</u>

6. Cash at Bank – Restricted:

	30 September	
	<u>2017</u> (\$)	<u>2016</u> (\$)
First Citizens Bank Limited - MuST	4,476,736	5,464,974
Scotiabank (Trinidad and Tobago) Limited -NSDP	6,888,798	26,321,546
Scotiabank (Trinidad and Tobago) Limited -HYPE	<u>5,957,714</u>	<u>7,910,438</u>
	<u>17,323,248</u>	<u>39,696,958</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
FOR THE YEAR ENDED 30 SEPTEMBER 2017

7. Short-Term Investments:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Scotiabank (Trinidad and Tobago) Limited	4,214,516	7,041,618
Trinidad and Tobago Unit Trust Corporation	<u>14,012,357</u>	<u>19,315,788</u>
	<u>18,226,873</u>	<u>26,357,406</u>

8. Short-Term Investments - Restricted:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
First Citizens Bank Limited - NSDP and HYPE	18,600,000	58,100,000
Scotiabank (Trinidad and Tobago) Limited - NSDP	3,500,000	3,500,000
Scotiabank (Trinidad and Tobago) Limited - HYPE	6,000,000	6,000,000
KCL Capital Market Brokers Limited	<u>1,972,649</u>	<u>1,900,000</u>
	<u>30,072,649</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>2017</u>	<u>2016</u>
	(\$)	(\$)
Trade accounts receivables	5,288,162	2,454,488
Interest receivable	79,729	32,109
Value Added Tax recoverable (net)	2,242,165	2,882,529
Staff advances	26,278	48,956
Prepayments	473,391	173,671
Technical-Vocational Instructor/Teacher Training (TVITT)	2,585,323	495,000
Other	<u>30,000</u>	<u>30,000</u>
	10,725,048	6,116,753
Less: Provision for bad and doubtful debts	<u>(1,488,752)</u>	<u>(1,180,596)</u>
	<u>9,236,296</u>	<u>4,936,157</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

9. Accounts Receivable and Prepayments (Cont'd):

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
<u>Provision for doubtful debts</u>		
Balance, beginning of the year	1,180,596	5,454,491
Charge for the year	308,156	151,919
Write offs	-	(4,425,814)
	<u>1,488,752</u>	<u>1,180,596</u>
Balance, end of the year		

10. Inventories:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Goods in Transit	467,792	-
Raw materials	2,341,807	3,599,122
Work in progress	315,404	554,429
Finished goods	<u>1,019,939</u>	<u>577,487</u>
	<u><u>4,144,942</u></u>	<u><u>4,731,038</u></u>

11. Deferred Taxation:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Balance as at beginning of the year	304,560	2,266,510
Effect on Statement of Comprehensive Income	<u>9,644,960</u>	<u>(1,961,950)</u>
Balance as at end of the year	<u><u>9,949,520</u></u>	<u><u>304,560</u></u>

Deferred taxation is attributable to:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Excess of net book value over written down value	(4,439,391)	(4,267,496)
Taxable losses	13,942,285	4,217,877
Provisions	<u>446,626</u>	<u>354,179</u>
	<u><u>9,949,520</u></u>	<u><u>304,560</u></u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

12. Property, Plant and Equipment:

	<u>Leasehold Land (\$'000)</u>	<u>Capital Work in Progress (\$'000)</u>	<u>Building (\$'000)</u>	<u>Building Improvements (\$'000)</u>	<u>Computer and Accessories (\$'000)</u>	<u>Fixtures and Furniture (\$'000)</u>	<u>Motor Vehicles (\$'000)</u>	<u>Machinery Tools and 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 2016	80,618	3,883,772	33,320,758	3,746,576	9,319,362	3,439,923	1,442,892	10,202,418	4,118,976	765,179	8,152,665	78,473,139
Additions	-	120,251	-	327,062	471,382	164,684	255,000	136,164	112,672	-	-	1,587,215
Revaluations	(80,618)	-	(3,320,758)	(4,073,638)	-	-	-	-	-	(765,179)	-	(8,240,193)
Transfers	-	(1,879,955)	-	-	-	-	-	1,879,955	-	-	-	-
Disposals	-	-	-	-	-	(891)	-	-	(1,012)	-	-	(1,903)
At 30 September 2017	-	<u>2,124,068</u>	<u>30,000,000</u>	-	<u>9,790,744</u>	<u>3,603,716</u>	<u>1,697,892</u>	<u>12,218,537</u>	<u>4,230,636</u>	-	<u>8,152,665</u>	<u>71,818,258</u>
Accumulated Depreciation												
At 1 October 2016	-	-	5,205,530	79,625	8,415,333	3,122,693	1,191,121	9,795,990	2,085,404	175,089	8,152,665	38,223,450
Charge for the year	-	-	550,094	57,293	677,711	149,895	225,313	589,022	319,021	11,159	-	2,579,508
Revaluations	-	-	(5,691,456)	(136,918)	-	-	-	-	-	(186,248)	-	(6,014,622)
Adjustments	-	-	-	-	-	152	-	-	(230)	-	-	(78)
Disposals	-	-	-	-	-	(152)	-	-	(814)	-	-	(966)
At 30 September 2017	-	-	<u>64,168</u>	-	<u>9,093,044</u>	<u>3,272,588</u>	<u>1,416,434</u>	<u>10,385,012</u>	<u>2,403,381</u>	-	<u>8,152,665</u>	<u>34,787,292</u>
Net Book Value												
At 30 September 2017	-	<u>2,124,068</u>	<u>29,935,832</u>	-	<u>697,700</u>	<u>331,128</u>	<u>281,458</u>	<u>1,833,525</u>	<u>1,827,255</u>	-	-	<u>37,030,966</u>
At 30 September 2016	<u>80,618</u>	<u>3,883,772</u>	<u>28,115,228</u>	<u>3,666,951</u>	<u>904,029</u>	<u>317,230</u>	<u>251,771</u>	<u>406,428</u>	<u>2,033,572</u>	<u>590,090</u>	-	<u>40,249,689</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

12. Property, Plant and Equipment (Cont'd):

Cost/Valuation	Leasehold Land (\$'000)	Capital Work in Progress (\$'000)	Building (\$'000)	Building Improvements (\$'000)	Computer and Accessories (\$'000)	Fixtures and Furniture (\$'000)	Motor Vehicles (\$'000)	Machinery Tools & Equipment (\$'000)	Office Furniture and Equipment (\$'000)	Building (\$'000)	Machinery and Equipment (\$'000)	Total (\$'000)
At 1 October 2015	80,618	2,139,990	33,320,758	1,886,767	8,987,570	3,377,344	1,442,892	10,095,497	3,715,201	765,179	8,152,665	73,964,481
Additions	-	3,348,502	-	255,089	331,792	62,579	-	106,921	405,300	-	-	4,510,183
Transfers	-	(1,604,720)	-	1,604,720	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(1,525)	-	-	(1,525)
At 30 September 2016	<u>80,618</u>	<u>3,883,772</u>	<u>33,320,758</u>	<u>3,746,576</u>	<u>9,319,362</u>	<u>3,439,923</u>	<u>1,442,892</u>	<u>10,202,418</u>	<u>4,118,976</u>	<u>765,179</u>	<u>8,152,665</u>	<u>78,473,139</u>
Accumulated Depreciation												
At 1 October 2015	-	-	4,622,417	21,394	7,728,024	2,846,932	992,371	9,385,956	1,788,672	161,698	8,152,665	35,700,129
Charge for the year	-	-	583,113	58,231	687,309	275,761	198,750	410,034	298,170	13,391	-	2,524,759
Disposals	-	-	-	-	-	-	-	-	(1,438)	-	-	(1,438)
At 30 September 2016	<u>-</u>	<u>-</u>	<u>5,205,530</u>	<u>79,625</u>	<u>8,415,333</u>	<u>3,122,693</u>	<u>1,191,121</u>	<u>9,795,990</u>	<u>2,085,404</u>	<u>175,089</u>	<u>8,152,665</u>	<u>38,223,450</u>
Net Book Value												
At 30 September 2016	<u>80,618</u>	<u>3,883,772</u>	<u>28,115,228</u>	<u>3,666,951</u>	<u>904,029</u>	<u>317,230</u>	<u>251,771</u>	<u>406,428</u>	<u>2,033,572</u>	<u>590,090</u>	<u>-</u>	<u>40,249,689</u>
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>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

13. Accounts Payable and Accrued Liabilities:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Trade accounts payables	900,138	472,642
Accruals	3,154,905	1,269,615
Accrued vacation leave	4,017,712	3,086,862
Suspense accounts	296,692	(66,459)
Statutory deductions and salaries payable	1,530,560	743,785
Other payables	<u>25,160</u>	<u>13,896</u>
	<u>9,925,167</u>	<u>5,520,341</u>

14. Deferred Income:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Recurrent and EDF -		
Balance at the beginning of the year	2,993,458	2,526,939
Subventions received	2,267,475	2,460,400
Subventions utilised	<u>(1,681,286)</u>	<u>(1,993,881)</u>
<i>Balance at the end of the year - Recurrent and EDF</i>	<u>3,579,647</u>	<u>2,993,458</u>
PSIP -		
PSIP subventions received (cumulative)	14,550,000	14,500,000
PSIP subventions used fixed assets (cumulative)	<u>(7,292,739)</u>	<u>(7,292,739)</u>
PSIP subventions unutilised (cumulative)	<u>7,257,261</u>	<u>7,207,261</u>
Deferred Income - PSIP subvention used for fixed assets at beginning of year	4,937,954	4,096,044
Subventions received and utilised for fixed assets	-	1,655,600
PSIP subvention allocated to Statement of Comprehensive Income based on related depreciation expense	<u>(1,015,502)</u>	<u>(813,690)</u>
Deferred Income - PSIP subvention used for fixed assets at end of year	<u>3,922,452</u>	<u>4,937,954</u>
<i>Balance at the end of the year- PSIP</i>	<u>11,179,713</u>	<u>12,145,215</u>
Deferred Income at end of year	<u>14,759,360</u>	<u>15,138,673</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

14. Deferred Income (Cont'd):

Deferred income relates to the portion of government subventions received from the Ministry of Education – Tertiary Education Division, 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 \$50,000 (2016: Nil) for PSIP expenditure and \$900,000 (2016: \$1,500,000) for recurrent expenditure (salaries and wages). Additionally, MIC Institute of Technology Limited received \$1,367,475 (2016: \$960,400) for the training of tool makers and local instructors in the Master Craftsman Photovoltaic Solar Energy Programme under the European Development Fund (EDF).

15. Due to Related Parties (net):

	30 September	
	<u>2017</u> (\$)	<u>2016</u> (\$)
MuST	(23,511,430)	(11,098,940)
NSDP	113,467,082	128,316,799
HYPE	36,599,069	48,066,353
Workforce Assessment Centre	<u>(19,345)</u>	<u>(19,345)</u>
	<u>126,535,376</u>	<u>165,264,867</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>2017</u> (\$)	<u>2016</u> (\$)
Balance as at beginning of the year	446,743	460,383
Effect on Statement of Comprehensive Income	<u>(13,640)</u>	<u>(13,640)</u>
Balance as at end of the year	<u>433,103</u>	<u>446,743</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).

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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>2017</u>	<u>2016</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>(1,504,666)</u>	<u>(1,491,026)</u>
	<u>331,183</u>	<u>344,823</u>
	<u>433,103</u>	<u>446,743</u>

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17. Stated Capital:

	30 September	
	<u>2017</u>	<u>2016</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 **\$159,313** (2016: \$155,563).

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:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Expenses		
Directors' fees	380,875	441,370
Key management compensation		
Short-term benefits	4,031,100	4,782,986

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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 **NIL** as at 30 September 2017.

21. Other Income:

Write off Accrued Balances

In the prior period the Company conducted a thorough clean up exercise of the accounts receivables and prepayments and the accruals balances. After investigations management made a decision to write off all balances that did not appear to be legitimate as at year end and unknown differences between the Subsidiary Ledgers and General Ledgers. 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>2017</u>	<u>2016</u>
	(\$)	(\$)
Opening stock	4,731,038	3,424,813
Purchases	3,200,913	1,694,280
Salaries, wages and other staff expenses	11,627,703	8,870,808
Overheads	<u>597,625</u>	<u>666,766</u>
	20,157,279	14,656,667
Less: Closing stock	<u>(4,144,942)</u>	<u>(4,731,038)</u>
	<u>16,012,337</u>	<u>9,925,629</u>

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23. Other Operating Costs:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Advertising and promotions	654,957	137,151
Annual vacation leave	930,850	468,011
Audit fees	264,582	257,875
Bad debts provision	308,156	124,320
Bank charges	49,851	28,439
Books, journals and publications	75,061	49,587
Building and repairs maintenance	560,442	239,592
Building tax	-	7,041
Business travel	227,363	47,629
Contractors fees	248,830	72,012
Director's fees	380,875	411,369
Donations	126,842	64,694
Electricity	732,689	581,582
Employees benefit expense	1,204,179	1,001,397
Employer's NIS contribution	2,759,908	2,254,575
Employer's pension contribution	2,120,092	1,374,054
Equipment rentals	77,897	37,884
Group health	308,322	170,811
Group life insurance	749,020	660,022
Insurance	419,308	162,452
IVETA	-	5,040
Janitorial supplies	815,218	831,642
Lease rent	464,515	204,014
Legal and professional fees	2,831,087	588,525
Materials and supplies	236,564	(115,891)
Meals and entertainment	434,237	385,083
Miscellaneous expenses	17,147	1,259
Office equipment repairs and maintenance	504,657	237,267
Penalties and interest	-	693
Photocopier	250,389	228,620
Purchasing expenses	201,643	12,106
Rent rates and taxes	(26,877)	18,527
Salaries	29,245,053	27,765,007
Security	23,150	45,404
Staff development	96,945	74,693
Stationery and postage	411,401	453,439
Steelpan tuning expenses	5,279	42,150
Telephone cables	1,077,060	1,119,631
Transport services	136,085	(4,821)
Technical-Vocational Instructor/Teacher		
Training expenses	273,622	453,416
Vehicle expenses	640,168	428,729
	<u>49,836,567</u>	<u>40,925,030</u>

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24. Taxation:

	30 September	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Business Levy	(200,139)	88,274
Green Fund Levy	(100,659)	(233,444)
Deferred taxation	<u>9,644,960</u>	<u>(1,961,950)</u>
	<u>9,344,162</u>	<u>(2,107,120)</u>
Reconciliation arising from using the basic rate of tax as follows:		
Net (loss)/profit before taxation	<u>(34,414,268)</u>	<u>101,929</u>
Tax rate 25%	8,603,567	(25,482)
Tax effect of expenses not deductible for tax purposes	(615,242)	(33,513)
Exempt income	49,142	54,931
Business Levy	(200,139)	(301,036)
Green Fund Levy	(100,659)	(148,344)
Write off of bad debts previously expensed	-	(1,106,454)
Tax impact of change in deferred taxation rate from 25% to 30%	1,607,493	(326,993)
Prior period adjustment	<u>-</u>	<u>(220,229)</u>
	<u>9,344,162</u>	<u>(2,107,120)</u>