



SECOND REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE NATIONAL CARNIVAL COMMISSION OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED SEPTEMBER 30, 2007

The First Report of the Auditor General on the non-receipt of financial statements of the National Carnival Commission (the Commission) for the year ended 30th September, 2007 was signed by the Auditor General on 4th November, 2009 and forwarded to the Speaker and the President of the Senate, to be laid in the House of Representatives and the Senate respectively and to the Minister of Finance.

2. Section 24 (4) of the National Carnival Commission of Trinidad and Tobago Act, Chapter 42:01 requires the Auditor General to audit the accounts of the Commission. The accompanying Financial Statements of the National Carnival Commission of Trinidad and Tobago for the year ended September 30, 2007 have been audited. The financial statements comprise a Statement of Financial Position as at September 30, 2007, and the Statement of Comprehensive Income and Retained Earnings, and a Statement of Cash Flows for the year then ended and Notes to the Financial Statements numbered 1 to 11.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

3. The management of the National Carnival Commission of Trinidad and Tobago 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.

AUDITOR'S RESPONSIBILITY

4. The Auditor General's responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with accepted auditing standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, sufficient appropriate audit evidence was not obtained to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

5. Several records and documents were not produced for audit. These included a fixed asset register, a schedule of fixed assets, a remittance register, cash book, bank statements, bank reconciliation statements, a schedule of prepayments, V.A.T. returns, an aged payable listing, a schedule of accruals, releases file, a schedule of gate receipts, duplicate receipt books, pre-printed ticket listings, records of tickets printed and records of ticket sales. As a result, the undermentioned balances appearing in the financial statements were not verified.

(i) Statement of Financial Position - Assets

- Non-Current Assets - \$4,554,106.00
- Cash and Cash Equivalents - \$88,573.00
- Prepayments - \$486,099.00
- V.A.T. Recoverable - \$1,808,998.00

Statement of Financial Position - Liabilities

- Bank Overdraft - \$55,669.00
- Caution Fees - \$85,338.00
- Accounts Payable and Accruals - \$8,419,619.00

(ii) Statement of Comprehensive Income and Retained Earnings

- Total Revenue - \$80,439,281.00
- Total Expenses - \$93,575,842.00

DISCLAIMER OF OPINION


6. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

SUBMISSION OF REPORT

7. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

**8TH MARCH, 2019
PORT-OF-SPAIN**




**MAJEED ALI
AUDITOR GENERAL**

**National Carnival Commission
of Trinidad and Tobago**

**Financial Statements
September 30, 2007**

National Carnival Commission of Trinidad and Tobago

Financial Statements September 30, 2007

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National Carnival Commission of Trinidad and Tobago (NCC)

Financial Statements September 30, 2007

Statement of management responsibilities

It is the responsibility of management to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the NCC as at the end of the financial year and of the operating results of the NCC for the year. It also requires management to ensure that the NCC keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the NCC. They are also responsible for safeguarding the assets of the NCC.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared based on available records using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the IFRS. Management are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the NCC and of its operating results based on available records. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the NCC will not remain a going concern as the Government of Trinidad and Tobago will continue to provide funding, thus ensuring its viability as mandated by Act 9 of 1991.



Chairman

December 31, 2014.



Chief Executive Officer

December 31, 2014.



National Carnival Commission of Trinidad and Tobago

Statement of financial position

(Trinidad and Tobago Dollars)

ASSETS	Notes	as at 30 September,	
		2007	2006
Non-current assets:			
Property, plant and equipment	4	4,554,106	5,964,403
Total non-current assets		4,554,106	5,964,403
Current assets:			
Cash and cash equivalents		88,573	5,589,527
Prepayments	5	486,099	1,241,393
VAT Recoverable	6	1,808,998	1,722,532
Total current assets		2,383,670	8,553,452
Total assets		\$ 6,937,776	\$ 14,517,855
LIABILITIES AND EQUITY			
Capital and reserves:			
Retained earnings		(1,622,850)	11,513,711
Total equity		(1,622,850)	11,513,711
Current liabilities:			
Bank overdraft		55,669	550,168
Caution Fees		85,338	82,738
Accounts Payable and Accruals	7	8,419,619	2,371,238
Total current liabilities		8,560,626	3,004,144
Total liabilities		8,560,626	3,004,144
Total liabilities and equity		\$ 6,937,776	\$ 14,517,855



The notes on pages 5 to 15 form an integral part of these financial statements.

Louise Powell

Commissioner

Michael Frydman

Chief Executive Officer

National Carnival Commission of Trinidad and Tobago

Statement of comprehensive income and retained earnings

(Trinidad and Tobago Dollars)

	Notes	Year ended 30 September	
		2007	2006
Revenue			
Government Subventions		\$ 78,698,303	\$ 68,125,714
Advertising and Sponsorship			5,835,918
Concession Fees			378,600
Interest Income		75,191	
Gate Receipts		734,326	1,305,508
Rental Income		96,311	415,736
Miscellaneous Income		835,150	7,128,175
Total Revenue		80,439,281	83,189,651
Expenses			
Advertising and Promotions		2,778,659	8,005,443
Outstanding VAT Claims Disallowed	6	3,523,153	1,798,400
Consulting and Contracted Services		28,802,839	18,070,261
Depreciation		1,410,297	1,410,297
Materials and Supplies		90,918	154,947
Other Expenses		2,151,256	671,063
Professional Fees		250,295	1,469,595
Remuneration – Board Members		351,184	313,268
Rent	10	3,507,585	1,308,091
Repairs and Maintenance		175,258	366,270
Salaries and Wages		5,650,462	5,258,394
Transfer to Carnival Bodies	9	8,893,348	8,635,870
Special Interest Groups	8	35,365,535	30,206,952
Training		50,829	29,190
Utilities		574,225	475,429
Interest Expense			
Total Expenses		93,575,842	78,173,470
Net (deficit) surplus of revenue over expenses		(13,136,561)	5,016,181
Retained earnings at beginning of the year		11,513,711	6,497,530
Retained earnings at end of the year		\$ (1,622,850)	\$ 11,513,711

The notes on pages 5 to15 form an integral part of these financial statements.

National Carnival Commission of Trinidad and Tobago

Statement of cash flows

(Trinidad and Tobago Dollars)

	Year ended 30 September,	
	2007	2006
Cash flows from operating activities:		
Net (deficit) surplus of revenue over expenses	\$ (13,136,561)	\$ 5,016,181
Adjustments to reconcile net to net cash generated from operating activities:		
Depreciation	1,410,297	1,410,297
Operating Cash before working capital changes	(11,726,264)	6,426,478
Changes in working capital		
Prepayments	755,294	
VAT Recoverable	(86,466)	(632,063)
Caution Fees	2,600	
Accounts payable and Accruals	6,048,381	(1,074,638)
Cash generated (used in) from operating activities	6,719,809	(1,706,701)
Net cash (used in) generated by operating activities	(5,006,455)	4,719,777
Net decrease / (increase) in cash and cash equivalents	(5,006,455)	4,719,777
Cash and cash equivalents - beginning of year	5,039,359	319,582
Cash and cash equivalents - end of year	\$ 32,904	\$ 5,039,359
REPRESENTED BY		
Bank overdraft	\$ (55,669)	(550,168)
Cash and Cash Equivalents	88,573	5,589,527
	\$ 32,904	5,039,359

The notes on pages 5 to 15 form an integral part of these financial statements.

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

1. Incorporation and Principal Activity

The National Carnival Commission of Trinidad and Tobago (NCC) was created by Act 9 of 1991. The NCC is under the purview of the Ministry of Community Development and Culture and Gender Affairs. The NCC succeeded the Carnival Development Community (CDC) which was established in 1957. The mission of NCC includes the following:

- a) To make Carnival a viable, national, cultural and commercial enterprise
- b) To provide the necessary managerial and organisational infrastructure for the efficient and effective presentation and marketing of the cultural products of Carnival.
- c) To establish arrangements for ongoing research, to preserve national permanent display of the annual accumulation of Carnival products created each year by the craftsmen, musicians, composers and designers of Carnival.

2. Summary of significant accounting policies

This set of financial statements is prepared by NCC in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of National Carnival Commission of Trinidad and Tobago have been prepared in accordance with the 'International Financial Reporting Standard (IFRS). They have been prepared under the historical cost convention,

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the NCC's accounting policies. Areas involving a higher degree of judgment of complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in note 3.

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

2. Summary of Significant Accounting Policies (Continued)

a) Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less at the time of purchase, which are subject to an insignificant risk of changes in value.

b) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the basis of the lower of costs and net realisable value on a first in first out basis.

c) Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation at rates which are expected to apportion the cost of the assets on a systematic basis over their estimated useful lives.

Property, plant and equipment are depreciated on the straight line basis over the estimated useful lives of the assets as follows:

Leasehold Improvements	10%
Furniture and Fittings	10%
Carnival Booths	25%
Computer Equipment	25%
Air Condition Units	25 %

Property, plant and equipment under construction are recorded as construction in progress until ready for their intended use; thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives.

Repairs and renovations are normally expensed as they are incurred. Expenses are reported as assets only if the amounts involved are substantial and one or more of the following conditions is satisfied: the original useful life is prolonged, the production capacity is increased, the quality of the products is enhanced materially or production costs are reduced considerably

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

2. Summary of Significant Accounting Policies (Continued)

c) Property, Plant and Equipment (continued)

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income..

The carrying amount of property, plant and equipment is reviewed whenever events or changes in circumstances indicate that impairment may have occurred.

d) Investment Property

The NCC has rights to properties that housed certain buildings that are held to earn long-term rental income.

e) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products in the ordinary course of the NCC's activities.

The NCC recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, there is a transfer of ownership, which generally coincides with specific criteria that have been met for each of the NCC's activities.

Rental Income

Rental Income is recognised in the statement of comprehensive income on a straight line basis over the terms of the lease. Lease incentives granted are recognised as an integral part of total rental income.

Other Income

Other income from operations is recognised in the statement of comprehensive income on the accrual basis.

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

2. Summary of Significant Accounting Policies (Continued)

f) Foreign Currency Transactions

Items included in the financial statements of the commission are measured using the currency that best reflects the economic substance of the underlying events and the circumstances relevant to the NCC ("the functional currency"). These financial statements are presented in Trinidad and Tobago dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings.

g) Borrowings

Borrowings are initially measured at transaction price (that is the present value of cash payable to the lender, including transactions costs). Interest expense is recognized on the basis of the effective interest rate method and is included in finance costs.

h) Financial assets

The NCC classifies its investment as either fair value through the statement of comprehensive income for equities with a quoted market price or at cost less impairment for other equity investments that are not publicly traded or whose fair value cannot be measured reliably. All other financial assets are measured at amortised cost. Management determines the classification of its financial assets at initial recognition.

Financial assets – at fair value through statement of comprehensive income

Financial assets at fair value through profit and loss are those equity investments that are publicly traded or whose fair value can be measured reliably. These financial assets are initially recognised at the transaction price excluding transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in the statement of comprehensive income.

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

2. Summary of Significant Accounting Policies (Continued)

h) Financial assets (Continued)

The fair values of quoted financial assets in active markets are based on current bid prices. Purchase and sale of financial assets are recognised at the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the NCC has transferred substantially all risks and rewards of ownership.

Financial assets – amortised cost

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income, if applicable, is recognised by applying the effective interest rate. Trade receivable are carried at original invoice amount less provision made for impairment of these receivables.

l) Impairment of tangible and intangible assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

j) Taxation

In accordance with Act 9 of 1991, the NCC is exempt from the liability to corporation tax and business levy. The NCC is liable to green fund levy calculated on its gross sales or receipts.,

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

2. Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognised when the NCC has a present obligation (legal or constructive) as a result of a past event, it is probable that the NCC will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

l) Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

m) Other financial liabilities

Other financial liabilities are initially measured at transaction price, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

2. Summary of Significant Accounting Policies (Continued)

n) Comparatives

When necessary, comparative figures are adjusted to conform with changes in presentation in the current year.

3. Critical Judgments and the Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make critical judgments and use estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from the estimates and assumptions used.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revisions affects only that year, or in the year of revision and future years if the revision affects both current and future years. Key sources of uncertainty, which requires the use of estimates, include:

Useful lives and residual values of property, plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment policy above. These rates and the residual lives of the assets are reviewed annually taking cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the industry.

Fair value of investment property

The fair value of investment property is derived from the current market prices of comparable real estate. The fair value is based on valuations made by independent appraisers who hold a recognised qualification.

Contingent liabilities

Management applies its judgement to the facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. Such judgement is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

4 Property plant and equipment						
	Leasehold Improvement	Carnival Booths	Furniture and Fixtures	Computer Equipment	Air Condition Units	TOTAL
Cost						
Balance as at October 1, 2006	7,559,935	1,062,000	5,796,470	200,096	98,530	14,717,031
Additions						
Disposals						
Balance as at September 30, 2007	7,559,935	1,062,000	5,796,470	200,096	98,530	14,717,031
Accumulated Depreciation						
Balance as at October 1, 2006	4,275,413	1,062,000	3,286,942	83,822	44,451	8,752,628
Depreciation Charge	755,993	0	579,647	50,024	24,633	1,410,297
Balance as at September 30, 2007	5,031,406	1,062,000	3,866,589	133,846	69,084	10,162,925
Net Book Value						
Balance as at September 2007	2,528,529	0	1,929,881	66,250	29,446	4,554,106
Balance as at September 2006	3,284,522	0	2,509,528	116,274	54,079	5,964,403

5. Prepayments

	<u>2007</u>	<u>2006</u>
Prepayments	\$ 486,099	1,241,393
Total	\$ 486,099	1,241,393

6(a). VAT Recoverable

	<u>2007</u>	<u>2006</u>
Value Added Tax Recoverable	\$ 5,332,051	3,520,932
VAT Claim Disallowed	(3,523,153)	(1,798,400)
Total	\$ 1,808,998	1,722,532

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

(b) VAT Claims disallowed by Board of Inland Revenue

An audit was conducted by the Board of Inland Revenue for the years of income 2003 to 2007 which resulted in the VAT claimed by NCC being disallowed under Section 34(3) of the Value Tax Act of 1989 which states that Government funding is not commercial supplies within the meaning of the VAT Act and therefore no input tax is allowable. It further states that where the only revenue of a registrant is not generated by making commercial supplies, no input tax can be granted, however where some supplies made are commercial supplies and government funding is received, input tax would be apportioned in accordance with Section 34(3) b of the VAT Act.

7. Accounts payable and Accrued Expenses

These comprise the following major items:

	<u>2007</u>	<u>2006</u>
Sundry Creditors	\$ 5,873,284	39,297
Staledated Cheques	1,785,574	1,619,055
Pay As You Earn Payable (PAYE)	609,385	586,230
National Insurance Scheme Payable(NIS)	34,880	25,344
Health Surcharge Payable(HS)	102,285	101,311
Total	\$ <u>8,419,619</u>	<u>2,371,238</u>

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

8. Special Interest Groups

These comprise the following major items:

	<u>2007</u>	<u>2006</u>
a) Pan Trinbago	\$ 20,175,849	14,731,260
b) Trinidad Unified Calypsonians Organisation (TUCO)	8,852,975	8,701,390
c) National Carnival Bands Association (NCBA)	6,278,751	6,415,982
d) NCDF	57,960	358,952
Total	\$ <u>35,365,535</u>	<u>30,206,952</u>

a) Pan Trinbago

Pan Trinbago is recognised as the parent body for the steelbands and serve their interest in the development and promotion of the steelband. It is not only a national organisation representing the largest cultural group in the country, but an international organisation which is active in the promotion of a new and vibrant musical form that is fast achieving universal recognition and acceptance.

b) Trinidad Unified Calypsonian Organisation (TUCO)

TUCO is the official bargaining body for calypsonians receiving Government's disbursements to support calypso and administrating a range of competitions and tents during Carnival season and throughout the year.

c) National Carnival Bands Association (NCBA)

This organisation was formed to ensure the constant development of members while collaborating with the local stakeholders and international bodies in showcasing and promoting Carnival as an industry for the benefit of all.

National Carnival Commission of Trinidad and Tobago

Notes to financial statements

(Expressed in Trinidad and Tobago Dollars)

For the year ended 30th September, 2007

9. Transfer to Carnival Bodies

	<u>2007</u>	<u>2006</u>
Subventions	\$ 4,527,280	2,961,850
Carnival Groups	515,000	410,282
Carnival Individuals	18,700	44,138
Other Related Groups	788,430	451,159
Other Related Individuals	81,748	68,730
Grants to Regional Bodies	2,962,190	4,699,711
Total	<u>\$ 8,893,348</u>	<u>8,635,870</u>

10. Rent Expense

The NCC rents office space and warehouse space located in Trinidad and Tobago, under lease agreements. Annual lease payments under these agreements are as follows:

	<u>2007</u>	<u>2006</u>
Warehouse Accommodation	\$ 1,800,000	1,080,000
Office Accommodation	1,447,711	0
Vehicle Rental	131,674	107,199
Equipment Rentals	88,962	51,247
Garbage and Sanitary	39,238	69,645
Total	<u>\$ 3,507,585</u>	<u>1,308,091</u>

11. Events after the reporting date

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.