



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE NATIONAL INSTITUTE OF HIGHER EDUCATION (RESEARCH, SCIENCE AND TECHNOLOGY) FOR THE YEAR ENDED DECEMBER 31, 2010

The accompanying Financial Statements of the National Institute of Higher Education (Research, Science and Technology) for the year ended December 31, 2010 have been audited. The Statements as set out on pages 1 to 5 comprise a Balance Sheet as at December 31, 2010, an Income and Expenditure Account and a Statement of Cash Flows for the year ended December 31, 2010 and Notes to the Financial Statements numbered 1 to 6.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the National Institute of Higher Education (Research, Science and Technology) (NIHERST) is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards (IFRS) 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

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit which was carried out in accordance with section 19(2) of the National Institute of Higher Education (Research, Science and Technology) Act, Chapter 39:58 was conducted in accordance with accepted auditing standards. Those standards require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the adverse audit opinion.

BASIS FOR ADVERSE OPINION

Fixed Assets \$5,177,411.00

6. Assets totalling \$1,241,124.07 purchased during the period under review were not capitalized and brought to account under Fixed Assets. As a result, the figure of \$5,177,411.00 is understated by \$1,241,124.07.

Deferred Income \$14,407,017.00

7.1 The accounting treatment for Deferred Income was not in accordance with the requirements of International Accounting Standard 20 – Accounting for Government Grants and Disclosure of Government Assistance (IAS 20).

7.2 There was no evidence that a distinction was made between government grants related to income and government grants related to assets when bringing transactions to account as required by IAS 20. As a result, all government grants were recognised in the Deferred Income account, without taking into account the purpose of the grant and the requisite accounting treatment to be applied.

7.3 Assets totalling \$1,241,124.07 purchased using government grant funding, were not capitalised and amortised over their useful lives in accordance with IAS 20 but were erroneously deducted from Deferred Income.

7.4 In addition, with the exception of assets donated in the year 2006, the requisite amounts were not being released to the Income Statement from Deferred Income to match the related depreciation and other expenditure as required by IAS 20. As a result of this, the Deferred Income Account is materially overstated.

Debtors - \$2,543,068.00

8.1 PSIP Grants receivable totalling \$525,000.00 were incorrectly omitted from the Debtors account. As a result the figure of \$2,543,068.00 is understated by \$525,000.00.

8.2. Supporting documents to verify a journal adjustment of \$385,390.40 (credit) to the Debtors account was not provided for audit examination.

8.3 Sundry Debtors totalling \$340,253.00 could not be verified as the relevant supporting documents were not provided for examination.

Accrued Expenses - \$1,043,932.00

9. The figure of \$1,043,932.00 is overstated by \$323,767.47 due to the inclusion of accruals which related to the year 2011.

INCOME - \$24,842,142.00

Miscellaneous Receipts \$788,807.00

10. Supporting documents to adequately verify account balances totalling \$398,950.59 were not provided for examination.

ADVERSE OPINION

11. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion at paragraphs 6 to 10 above, the financial statements do not present fairly, the financial position of the National Institute of Higher Education (Research, Science and Technology) as at December 31, 2010 and its financial performance and its cash flows for the year ended December 31, 2010 in accordance with International Financial Reporting Standards.

LEGAL AND OTHER REGULATORY REQUIREMENTS

Personnel Expenditure \$5,204,427.00


12. Ministerial approval for employees who received an annual salary in excess of \$50,000.00 in accordance with section 13(2) of the NIHERST Act, Chapter 39:58 was not provided for audit examination.

SUBMISSION OF REPORT

13. 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.

**1ST FEBRUARY, 2018
PORT-OF-SPAIN**




**MAJEED ALI
AUDITOR GENERAL**

NATIONAL INSTITUTE OF HIGHER EDUCATION
(RESEARCH, SCIENCE & TECHNOLOGY)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)
BALANCE SHEET AS AT DECEMBER 31, 2010

	NOTES	2010 \$	2009 \$
<u>FIXED ASSETS</u>	5	5177,411	7540,324
<u>CURRENT ASSETS</u>			
Fixed Deposit		2385,981	2332,889
Interest Receivable		24,359	37,096
Vat Receivable		962,642	1423,603
Debtors		2543,068	2770,745
Prepayments		338,214	256,248
Suspense			0
Cash at Bank		12097,397	11803,460
Cash in Hand		8,000	8,000
Pension Plan Assets		3025,000	2859,000
		-----	-----
		21384,661	21491,041
<u>LESS</u>			
<u>CURRENT LIABILITIES</u>			
Accrued Expenses		1043,932	722,681
Suspense		59,538	59,538
Creditors		442,095	380,531
Deferred Income	6	14407,017	15471,586
		-----	-----
		15952,582	16634,336
		-----	-----
		5432,079	4856,705
		-----	-----
<u>TOTAL ASSETS LESS TOTAL LIABILITIES</u>		10609,490	12397,029
		=====	=====
<u>FINA</u>			
Reserve balance at beginning of year		12397,029	14361,245
Surplus/Deficit for year		(1787,539)	(1964,216)
Prior Year Adjustments			0
		-----	-----
		10609,490	12397,029
		=====	=====



A. Saunderson
President

M. Dennis
Accountant

The accompanying notes on pages 4 to 5 form an integral part of these Financial Statements.

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
<u>INCOME</u>		
Government Grants	23764,476	23146,200
Interest Income	122,859	235,169
Miscellaneous Receipts	788,807	737,942
Pension Income	166,000	348,000
	24842,142	24467,311
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EXPENDITURE

Personnel Expenditure	5204,427	5268,749
Goods and Services	16459,581	15143,502
Audit Fees	75,797	61,667
Pension & Gratuities	1141,209	1118,299
Health Plan Contributions	97,537	93,375
Board Fees	105,292	712,250
Loss on Disposal	0	0
Minor Equipment Purchases	15,687	83,921
Depreciation Charge:		
Equipment and Machinery	1622,963	1844,285
Furniture and Fittings	65,437	70,666
Motor Vehicles	80,092	100,250
Exhibits	1761,659	1934,563
	26629,681	26431,527
	26629,681	26431,527
Surplus (Deficit) for year	(1787,539)	(1964,216)

The accompanying notes on pages 4 to 5 form an integral part of these Financial Statements.

NATIONAL INSTITUTE OF HIGHER EDUCATION
(RESEARCH, SCIENCE AND TECHNOLOGY)
STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31,2010

	2010 \$	2009 \$
OPERATING ACTIVITIES		
Net Profit / (Loss)	(1787,539)	(1964,226)
Adjustment:		
Disposal of Assets	0	1,473
Depreciation	3530,151	3949,764
Decrease in Deferred income	(1064,569)	1392,826
<u>Increase/Decrease in Current Liabilities</u>		
Increase in Accrued Expenses	321,251	(163,062)
Increase in Creditors	61,564	(55,000)
<u>Increase / Decrease in Working Capital</u>		
Increase in Vat Receivable	460,961	(767,868)
Increase in Receivables - Interest	12,737	26,461
Decrease in Debtors	227,677	(162,676)
Decrease in Prepayments	(81,966)	16,180
Decrease in Suspense	0	184,395
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	1680,267	2458,267
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1167,238)	(552,685)
Increase in Fixed Deposit	(53,092)	(90,346)
CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	(1220,330)	(643,031)
FINANCING ACTIVITIES		
Loans	0	0
Repayment of loans for year	0	0
CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES	0	0
Net Increase/(Decrease) in Cash/Cash Equivalents	459,937	1815,236
Prior Year Adjustments	0	0
Pension Plan Assets	(166,000)	(348,000)
Cash and Cash Equivalents at the beginning of the year	<u>11811,460</u>	<u>10344,224</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>12105,397</u>	<u>11811,460</u>
CASH AND CASH EQUIVALENTS, REPRESENTED BY		
Cash at Bank	12097,397	11803,460
Cash in Hand	8,000	8,000
	<u>12105,397</u>	<u>11811,460</u>

NATIONAL INSTITUTE OF HIGHER EDUCATION
(Research, Science & Technology)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010.

1. INCORPORATION AND ACTIVITIES

The National Institute of Higher Education (Research, Science and Technology) (NIHERST) is a Statutory Authority incorporated by Act of Parliament No. 20 which was assented to on June 28, 1984. The principal objectives of the Institute at the present time are to promote science and technology in society through non-functional and formal science education programmes, to encourage innovation and invention, to compile science and technology indicators and to carry out studies which inform policy in science and technology.

2. REPORTING CURRENCY

These financial statements are expressed in Trinidad and Tobago currency.

3. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Convention

The financial statements of the Institute have been prepared under the historical cost convention. The Institute's accounting policies conform with International Financial Reporting Standards.

B. The Institute's year end is December 31st.

C. Government Grants, Contributions and Donations

The Institute's operations are funded in the main by Government Grants on the basis of an annual budget approved by the Government of Trinidad and Tobago. Contribution/Donations are received from Companies/Organisation to assist with the expenses for a particular event/activity undertaken by the Institute.

D. Fixed Assets and Depreciation

All Fixed Assets are recorded at cost. Depreciation is provided at rates estimated to write off fixed assets over their expected useful lives. For each category of fixed asset the rates per annum used are as follows:

Furniture and Fittings	-	10 years	10%
Equipment and Machinery	-	3 years	33 1/3%
Motor Vehicles	-	4 years	25%
Exhibits	-	4 years	25%

4. EMPLOYEE RETIREMENT BENEFITS

Certain employees of the Institute are members of the NIHERST Pension Fund Plan. The Plan is a defined plan, the assets of which are held separately from those of the Institute, in an independently trustee-administered fund.

NATIONAL INSTITUTE OF HIGHER EDUCATION
(Research, Science & Technology)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

5. FIXED ASSETS SCHEDULE 2010

	Equipment	Furniture & Fittings	Motor Vehicles	Exhibits	TOTAL
COST:	\$	\$	\$	\$	\$
B/F 2010 At beginning of year	10580,960	1001,375	486,471	11679,348	23748,154
Acquisitions 2010	333,284	44,996	0	788,958	1167,238
Disposals/Adjustments	0	0	(78,000)	0	(78,000)
	<u>10914,244</u>	<u>1046,371</u>	<u>408,471</u>	<u>12468,306</u>	<u>24837,392</u>
Accumulated Depreciation:					
B/F 2010 At beginning of year	7934,566	628,558	279,731	7364,975	16207,830
Disposals/Adjustments	0	0	(78,000)	0	(78,000)
2010 Charge	1622,963	65,437	80,092	1761,659	3530,151
	<u>9557,529</u>	<u>693,995</u>	<u>281,823</u>	<u>9126,634</u>	<u>19659,981</u>
NET BOOK VALUE AT 2010 DECEMBER 31	<u>1356,715</u>	<u>352,376</u>	<u>126,648</u>	<u>3341,672</u>	<u>5177,411</u>
NET BOOK VALUE AT 2009 DECEMBER 31	<u>2646,394</u>	<u>372,817</u>	<u>206,740</u>	<u>4314,373</u>	<u>7540,324</u>

6. DEFERRED INCOME

	2010	2009
I) Cash Donations	\$	\$
Balance as at January 1, 2010	15379,723	13967,548
Increases for the year 2010*	2219,211	4326,535
Decreases for the year 2010**	(3264,431)	(2914,360)
Sub-Total	<u>14334,503</u>	<u>15379,723</u>
II) Non Cash Donations		
Balance as at January 1, 2010	91,863	111,212
Less Decreases for the year 2010	0	0
Increases for the year 2010*	0	0
Less Depreciation for the year 2010	(19,349)	(19,349)
Sub-Total	<u>72,514</u>	<u>91,863</u>
Total Deferred Income	<u>14407,017</u>	<u>15471,586</u>

* Included in the Increases is Public Sector Investment Programme (PSIP) funding totalling \$2,144,000. Funding was provided in the main for the following activities: (a) Sci-Techknofest (b) Development of a Innovation System (Young Innovators and Inventors Award) and c) President's awards for Excellence in Science and Technology.

** Included in the Decreases is Public Sector Investment Programme (PSIP) expenses totalling \$3,048,398.

Other funds shown in the deferred income account were received from various Organisations to sponsor specific projects. Expenses incurred on these projects are applied directly to the sponsored funds.