



**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, 2006**

The accompanying financial statements of the National Institute of Higher Education (Research, Science and Technology) for the year ended December 31, 2006 have been audited. The Statements as set out on pages one to five comprise a Balance Sheet as at December 31, 2006, an Income and Expenditure Account and a Statement of Cash Flows for the year ended December 31, 2006 and Notes to the financial statements numbered 1 to 7.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The management of the National Institute of Higher Education (Research, Science and Technology) 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**

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit was carried out in accordance with section 116 (2) of the Constitution of the Republic of Trinidad and Tobago and section 19(2) of the National Institute of Higher Education (Research, Science and Technology) Act, Chapter 39:58. The audit was conducted in accordance with auditing standards which 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 those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the comments made at paragraphs six to ten of this Report.

### **BASIS FOR QUALIFIED OPINION**

#### **BALANCE SHEET**

#### **DEBTORS - \$1,795,528.00**

6. Included in the above amount are balances that have been coming forward from previous years. The most significant debts are an amount of \$294,800.00 due from a Ministry from 1999, the sum of \$578,627.72 from a statutory body from 2003 and \$271,403.45 from a former head of department from 2002.

#### **CREDITORS - \$1,073,676.00**

7.1 Included in the above amount are balances that have been coming forward from previous years totalling \$517,956.36.

7.2 Note 5 to the financial statements which relates to Creditors was omitted.

#### **PRIOR YEAR ADJUSTMENT - \$587,890.00**

8. There was non-compliance with International Accounting Standard 1 and International Accounting Standard 8, in the treatment of the prior year adjustment.

#### **DEFINED BENEFIT PENSION PLAN**

9. The Institute maintains a defined benefit pension plan for certain employees. International Accounting Standard (IAS) 19 - Employee Benefits requires that the Institute recognizes the net defined benefit liability (assets) of the pension plan in its Balance Sheet together with extensive disclosures of the plan's assets and liabilities and actuarial assumptions. The Institute has not recognized the value of its net defined liability (assets) in the Balance Sheet nor has it made the necessary disclosures. An actuarial valuation assessment under the IAS was not produced for audit. Therefore the effects of the non-compliance with the IAS on the Balance Sheet have not been determined. Note 4 to the financial statements is relevant.

### **QUALIFIED OPINION**

10. In my opinion, except for the comments at paragraphs six to nine above, the financial statements as outlined in paragraph one above present fairly, in all material respects, the financial position of the National Institute of Higher Education (Research, Science and Technology) as at December 31, 2006 and its financial performance and its



cash flows for the year ended December 31, 2006 in accordance with International Financial Reporting Standards.

**SUBMISSION OF REPORT**

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

**17<sup>th</sup> June, 2015  
PORT OF SPAIN**



*M. Ali*  
**MAJEED ALI  
AUDITOR GENERAL**

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20150617

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

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2006

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)  
BALANCE SHEET AS AT DECEMBER 31, 2006

	NOTES	2006 \$	2005 \$
<u>FIXED ASSETS</u>	6	4049,331	4237,355
<u>CURRENT ASSETS</u>			
Fixed Deposit		2116,432	2065,381
Interest Receivable		38,410	36,371
Vat Receivable		491,825	275,533
Debtors		1795,528	1356,026
Prepayments		197,621	126,985
Suspense		0	3,342
Cash at Bank		12675,485	11330,155
Cash in Hand		3,000	1,800
		-----	-----
		17318,301	15195,593
<u>LESS</u>			
<u>CURRENT LIABILITIES</u>			
Accrued Expenses		391,949	400,716
Suspense		16,721	0
Creditors	5	1073,676	1303,233
Deferred Income	7	6494,280	5288,190
		-----	-----
		7976,626	6992,139
<u>NET CURRENT ASSETS</u>		9341,675	8203,454
<u>TOTAL ASSETS LESS TOTAL LIABILITIES</u>			
		-----	-----
		13391,006	12440,809
		=====	=====
<u>FINANCED BY:</u>			
Reserve Balance at Beginning of year		12440,809	12113,985
Surplus/Deficit for year		362,307	290,005
Prior Year Adjustments		587,890	36,819
		-----	-----
		13391,006	12440,809
		=====	=====



*Prakash Persad*

Chairman

*Omnia Trent*

Board Member

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, 2006

	2006	2005
	\$	\$
<u>INCOME</u>		
Government Grants	18608,077	13364,455
Interest Income	206,867	193,359
Miscellaneous Receipts	898,622	510,399
	19713,566	14068,213
	19713,566	14068,213
 <u>EXPENDITURE</u>		
Personnel Expenditure	5021,530	4663,647
Goods and Services	11314,236	7225,723
Audit Fees	56,310	20,000
Pension & Gratuities	572,333	413,748
Health Plan Contributions	52,723	49,727
Board Fees	0	0
Loss on Disposal	23,324	0
Minor Equipment Purchases	615,004	158,223
Depreciation Charge:		
Equipment and Machinery	533,305	431,718
Furniture and Fittings	57,935	46,727
Motor Vehicles	18,150	0
Exhibits	1086,409	768,695
	19351,259	13778,208
	19351,259	13778,208
Surplus (Deficit) for year	362,307	290,005

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 31,2006

	2006	2005
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net Profit / (Loss)	362,307	290,005
Adjustment:		
Disposal of Assets	23,325	0
Depreciation	1695,799	1247,140
Decrease in Deferred income	1206,090	2053,417
<u>Increase/Decrease in Current Liabilities</u>		
Increase in Accrued Expenses	(8,767)	250,120
Increase in Creditors	(229,557)	7,386
<u>Increase / Decrease in Working Capital</u>		
Decrease in Vat Receivable	(216,292)	159,378
Increase in Receivables - Interest	(2,039)	4,126
Increase in Debtors	(439,502)	430,791
Decrease in Prepayments	(70,636)	(33,561)
Decrease in Suspense	20,063	(6,542)
<b>CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>	<b>2340,791</b>	<b>4402,260</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1531,100)	(1974,866)
Increase in Fixed Deposit	(51,051)	(32,629)
<b>CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>	<b>(1582,151)</b>	<b>(2007,495)</b>
<b>FINANCING ACTIVITIES</b>		
Loans	0	0
Repayment of loans for year	0	0
<b>CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>
Net Increase/(Decrease) in Cash/Cash Equivalents	758,640	2394,765
Prior Year Adjustments	587,890	36,819
Cash and Cash Equivalents at the beginning of the year	11331,955	8900,371
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>12678,485</b>	<b>11331,955</b>
<b>CASH AND CASH EQUIVALENTS, REPRESENTED BY</b>		
Cash at Bank	12675,485	11330,155
Cash in Hand	3,000	1,800
	<b>12678,485</b>	<b>11331,955</b>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

**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, 2006

**6. FIXED ASSETS SCHEDULE 2006**

	Equipment	Furniture & Fittings	Motor Vehicles	Exhibits	TOTAL	
COST:	\$	\$	\$	\$	\$	
B/F 2006 At beginning of year	4333,007	601,499	302,719	4887,114	10124,339	
Acquisitions 2006	1055,789	130,166	99,000	246,145	1531,100	
Disposals/Adjustments	(23,991)	0	0	0	(23,991)	
	<u>5364,805</u>	<u>731,665</u>	<u>401,719</u>	<u>5133,259</u>	<u>11631,448</u>	
Accumulated Depreciation:						
B/F 2006 At beginning of year	3405,963	392,419	302,715	1785,887	5886,984	
Disposals/Adjustments	(666)	0	0	0	(666)	
2006 Charge	533,305	57,935	18,150	1086,409	1695,799	
	<u>3938,602</u>	<u>450,354</u>	<u>320,865</u>	<u>2872,296</u>	<u>7582,117</u>	
NET BOOK VALUE AT 2006 DECEMBER 31	<u>1426,203</u>	<u>281,311</u>	<u>80,854</u>	<u>2260,963</u>	<u>4049,331</u>	
NET BOOK VALUE AT 2005 DECEMBER 31	<u>927,044</u>	<u>209,080</u>	<u>4</u>	<u>3101,227</u>	<u>0</u>	<u>4237,355</u>

7. DEFERRED INCOME	2006	2005
I) Cash Donations	\$	\$
Balance as at January 1, 2006	5288,147	3143,533
Increases for the year 2006*	10709,140	5748,866
Decreases for the year 2006**	<u>(9652,917)</u>	<u>(3695,469)</u>
Sub-Total	6344,370	5196,930
II) Non Cash Donations		
Balance as at January 1, 2006	41	41
Less Decreases for the year 2006	0	0
Increases for the year 2006*	169,218	0
Less Depreciation for the year 2006	(19,349)	0
Sub-Total	149,910	41
Total Deferred Income	<u>6494,280</u>	<u>5196,971</u>

\* Included in the Increases is Public Sector Investment Programme (PSIP) funding totalling 8,644,150. 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 \$8,659,712. 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.