



**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, 2007**

The accompanying financial statements of the National Institute of Higher Education (Research, Science and Technology) for the year ended December 31, 2007 have been audited. The Statements as set on pages one to five comprise a Balance Sheet as at December 31, 2007, an Income and Expenditure Account and a Statement of Cash Flows for the year ended December 31, 2007 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 generally accepted 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 - \$2,307,244.00**

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- \$829,351.00**

7. The above amount includes balances that have been coming forward from previous years. The most significant liabilities are an amount of \$402,768.00 due to an investment company from 2005, the sum of \$153,119.00 due to an international organization from 2006 and stale-dated cheques totalling \$104,851.91 from 2004.

#### **PRIOR YEAR ADJUSTMENT - \$465,982.00**

8. There was non-compliance with International Accounting Standard 1 and International Accounting Standard 8, relating to 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 at 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, 2007 and its financial performance and its cash flows for the year ended December 31, 2007 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**



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AUDITOR GENERAL**

*SS  
20150617.*

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

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2007

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)  
BALANCE SHEET AS AT DECEMBER 31, 2007

	NOTES	2007	2006
		\$	\$
<u>FIXED ASSETS</u>	6	3,668,830	4,133,448
 <u>CURRENT ASSETS</u>			
Fixed Deposit		2,170,634	2,116,432
Interest Receivable		51,557	38,410
Vat Receivable		381,194	491,825
Debtors		2,307,244	1,795,528
Prepayments		243,280	197,621
Suspense		0	0
Cash at Bank		15,408,555	12,675,485
Cash in Hand		5,500	3,000
		-----	-----
		20,567,964	17,318,301
 <u>LESS</u>			
<u>CURRENT LIABILITIES</u>			
Accrued Expenses		4,830,146	391,949
Suspense		63	16,721
Creditors	5	829,351	1,075,918
Deferred Income	7	5,506,856	6,403,063
		-----	-----
		11,166,416	7,887,651
 <u>NET CURRENT ASSETS</u>		 9,401,548	 9,430,650
		-----	-----
<u>TOTAL ASSETS LESS TOTAL LIABILITIES</u>		13,070,378	13,564,098
		=====	=====
 <u>FINANCED BY:</u>			
Reserve Balance at Beginning of year		13,564,098	12,532,029
Surplus/Deficit for year		(959,702)	444,178
Prior Year Adjustments		465,982	587,891
		-----	-----
		13,070,378	13,564,098
		=====	=====



*[Signature]*  
President

*[Signature]*  
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, 2007

	2007	2006
	\$	\$
<u>INCOME</u>		
Government Grants	20,035,692	18,608,077
Interest Income	281,214	206,867
Miscellaneous Receipts	767,822	898,622
	-----	-----
	21,084,728	19,713,566
	=====	=====
 <u>EXPENDITURE</u>		
Personnel Expenditure	6,155,744	5,021,530
Goods and Services	12,655,796	11,304,512
Audit Fees	42,269	56,310
Pension & Gratuities	834,431	572,333
Health Plan Contributions	55,224	52,723
Board Fees	308,295	0
Loss on Disposal	1,558	23,324
Minor Equipment Purchases	113,023	524,648
Depreciation Charge:		
Equipment and Machinery	775,865	547,847
Furniture and Fittings	68,479	57,794
Motor Vehicles	19,800	18,150
Exhibits	1,013,946	1,090,217
	-----	-----
	22,044,430	19,269,388
	=====	=====
 Surplus (Deficit) for year	 (959,702)	 444,178

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 31,2007

	2007	2006
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net Profit / (Loss)	(959,702)	444,178
Adjustment:		
Disposal of Assets	1,559	23,326
Depreciation	1,878,090	1,714,008
Decrease in Deferred income	(896,207)	1,206,092
<u>Increase/Decrease in Current Liabilities</u>		
Increase in Accrued Expenses	4,438,197	(6,521)
Increase in Creditors	(246,567)	(229,561)
<u>Increase / Decrease in Working Capital</u>		
Decrease in Vat Receivable	110,631	(216,292)
Increase in Receivables - Interest	(13,147)	(2,039)
Increase in Debtors	(511,716)	(439,502)
Decrease in Prepayments	(45,659)	(70,636)
Decrease in Suspense	(16,658)	20,063
<b>CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>	<b>3,738,821</b>	<b>2,443,116</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,415,031)	(1,633,426)
Increase in Fixed Deposit	(54,202)	(51,051)
<b>CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>	<b>(1,469,233)</b>	<b>(1,684,477)</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	2,269,588	758,639
Prior Year Adjustments	465,982	587,891
Cash and Cash Equivalents at the beginning of the year	12,678,485	11,331,955
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>15,414,055</b>	<b>12,678,485</b>
<b>CASH AND CASH EQUIVALENTS, REPRESENTED BY</b>		
Cash at Bank	15,408,555	12,675,485
Cash in Hand	5,500	3,000
	<b>15,414,055</b>	<b>12,678,485</b>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

**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. Contributions/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 Machir	-	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, 2007

**6. FIXED ASSETS SCHEDULE 2007**

	Equipment	Furniture & Fittings	Motor Vehicles	Exhibits	TOTAL
COST:	\$	\$	\$	\$	\$
B/F 2007 At beginning of y	5,588,469	720,745	401,718	5,022,842	11,733,774
Acquisitions 2007	1,258,950	155,473	0	608	1,415,031
Disposals/Adjustments	(86,214)	(16,647)	(224,717)	0	(327,578)
	6,761,205	859,571	177,001	5,023,450	12,821,227
Accumulated Depreciation:					
B/F 2007 At beginning of ye	3,953,144	450,213	320,865	2,876,104	7,600,326
Disposals/Adjustments	(86,204)	(15,100)	(224,715)	0	(326,019)
2007 Charge	775,865	68,479	19,800	1,013,946	1,878,090
	4,642,805	503,592	115,950	3,890,050	9,152,397
NET BOOK VALUE AT 2007 DECEMBER 31	2,118,400	355,979	61,051	1,133,400	3,668,830
NET BOOK VALUE AT 2006 DECEMBER 31	1,635,325	270,532	80,853	2,146,738	0 4,133,448

7. DEFERRED INCOME	2007	2006
I) Cash Donations	\$	\$
Balance as at January 1, 2007	6,253,153	5,196,930
Increases for the year 2007*	12,271,544	10,709,140
Decreases for the year 2007**	(13,148,402)	(9,652,917)
Sub-Total	5,376,295	6,253,153
II) Non Cash Donations		
Balance as at January 1, 2007	149,910	41
Less Decreases for the year 2007	0	0
Increases for the year 2007*	0	169,218
Less Depreciation for the year 2007	(19,349)	(19,349)
Sub-Total	130,561	149,910
Total Deferred Income	5,506,856	6,403,063

\* Included in the Increases is Public Sector Investment Programme (PSIP) funding totalling \$11,839,000 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 \$12,829,458.

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.