



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, 2008

The accompanying Financial Statements of the National Institute of Higher Education (Research, Science and Technology) for the year ended December 31, 2008 have been audited. The Statements as set on pages one to five comprise a Balance Sheet as at December 31, 2008, an Income and Expenditure Account and a Statement of Cash Flows for the year ended December 31, 2008 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) 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 6 to 13 of this Report.

BASIS FOR QUALIFIED OPINION

Balance Sheet

Fixed Assets-\$10,938,875

6. Fixed Assets amounting to \$10,938,875.00 is understated by \$411,456.00 due to assets posted to the Minor Equipment Purchases and not transferred to the relevant fixed asset accounts.

Debtors - \$1,411,676.00

7. Included in the above amount is a balance of \$578,627.72 which has been coming forward from previous years. This balance relates to expenses incurred on behalf of a statutory body and were incurred during the period September 2001 to December 2002.

Accrued Expenses - \$885,743.00

8. Included in the above amount is an amount of \$224,605.00 which relate to the purchase of two vehicles. The invoices for these vehicles were dated 13th February 2009 and do not relate to the period under review.

Defined Benefit asset-\$2,511,000.00

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 produced for audit. The actuarial valuation revealed that a defined benefit asset of \$2,511,000.00 was omitted from the Balance Sheet. Also, Note 4 does not provide the extensive disclosures of the plan's assets and liabilities and actuarial assumptions.

INCOME AND EXPENDITURE ACCOUNT

Government Grants - \$23,569,067.00

10. A grant amounting to \$162,000.00 which related to December 2007 was incorrectly posted to this account. Also, a grant amounting to \$1,338,000.00 which related to December 2008 was excluded from this account.

Pension And Gratuities - \$956,255.00

11. Pension cost was recorded as \$644,009.00. However, the report from the actuary stated that the pension cost is \$228,000.00.

Loss On Disposal Of Assets - \$66,975.00

12. The above balance of \$66,975.00 does not include the insurance proceeds of \$70,470.00 recovered on the stolen televisions.

QUALIFIED OPINION

13. In my opinion, except for the comments at paragraphs six to twelve 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, 2008 and its financial performance and its cash flows for the year ended December 31, 2008 in accordance with International Financial Reporting Standards.

SUBMISSION OF REPORT

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

21ST JULY, 2016
PORT-OF-SPAIN



MAJ
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AUDITOR GENERAL

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20160721

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

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2008

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)
BALANCE SHEET AS AT DECEMBER 31, 2008

	NOTES	2008	2007
		\$	\$
<u>FIXED ASSETS</u>	5	10,938,875	3,668,830
 <u>CURRENT ASSETS</u>			
Fixed Deposit		2,242,543	2,170,634
Interest Receivable		63,557	51,557
Vat Receivable		655,735	381,194
Debtors		1,411,676	2,307,244
Prepayments		272,428	243,280
Suspense		124,857	0
Cash at Bank		10,338,724	15,408,555
Cash in Hand		5,500	5,500
		-----	-----
		15,115,020	20,567,964
 <u>LESS</u>			
<u>CURRENT LIABILITIES</u>			
Accrued Expenses		885,743	4,830,146
Suspense		0	63
Creditors		991,495	829,351
Deferred Income	6	14,212,947	5,506,856
		-----	-----
		16,090,185	11,166,416
 <u>NET CURRENT ASSETS</u>		 (975,165)	 9,401,548
		-----	-----
<u>TOTAL ASSETS LESS TOTAL LIABILITIES</u>		9,963,710	13,070,378
		=====	=====
 <u>FINANCED BY:</u>			
Reserve Balance at Beginning of year		13,070,378	13,564,098
Surplus/Deficit for year		(3,106,668)	(959,702)
Prior Year Adjustments		0	465,982
		-----	-----
		9,963,710	13,070,378
		=====	=====



President

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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, 2008

	2008	2007
	\$	\$
<u>INCOME</u>		
Government Grants	23,569,067	20,035,692
Interest Income	286,057	281,214
Miscellaneous Receipts	903,032	767,822
	24,758,156	21,084,728
	24,758,156	21,084,728
 <u>EXPENDITURE</u>		
Personnel Expenditure	5,713,350	6,155,744
Goods and Services	17,106,544	12,655,796
Audit Fees	20,000	42,269
Pension & Gratuities	956,255	834,431
Health Plan Contributions	66,202	55,224
Board Fees	241,450	308,295
Loss on Disposal	66,975	1,558
Minor Equipment Purchases	411,456	113,023
Depreciation Charge:		
Equipment and Machinery	1,590,702	775,865
Furniture and Fittings	69,839	68,479
Motor Vehicles	63,531	19,800
Exhibits	1,558,520	1,013,946
	27,864,824	22,044,430
	27,864,824	22,044,430
Surplus (Deficit) for year	(3,106,668)	(959,702)

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 31,2008

	2008	2007
	\$	\$
OPERATING ACTIVITIES		
Net Profit / (Loss)	(3,106,668)	(959,702)
Adjustment:		
Disposal of Assets	66,976	1,559
Depreciation	3,282,592	1,878,090
Decrease in Deferred income	8,706,091	(896,207)
<u>Increase/Decrease in Current Liabilities</u>		
Increase in Accrued Expenses	(3,944,403)	4,438,197
Increase in Creditors	162,144	(246,567)
<u>Increase / Decrease in Working Capital</u>		
Decrease in Vat Receivable	(274,541)	110,631
Increase in Receivables - Interest	(12,000)	(13,147)
Increase in Debtors	895,568	(511,716)
Decrease in Prepayments	(29,148)	(45,659)
Decrease in Suspense	(124,920)	(16,658)
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	5,621,691	3,738,821
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(10,619,613)	(1,415,031)
Increase in Fixed Deposit	(71,909)	(54,202)
CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	(10,691,522)	(1,469,233)
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	(5,069,831)	2,269,588
Prior Year Adjustments	0	465,982
Cash and Cash Equivalents at the beginning of the year	15,414,055	12,678,485
CASH AND CASH EQUIVALENTS AT END OF YEAR	10,344,224	15,414,055
CASH AND CASH EQUIVALENTS, REPRESENTED BY		
Cash at Bank	10,338,724	15,408,555
Cash in Hand	5,500	5,500
	<u>10,344,224</u>	<u>15,414,055</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008

5. FIXED ASSETS SCHEDULE 2008

	Equipment	Furniture & Fittings	Motor Vehicles	Exhibits	TOTAL	
COST:	\$	\$	\$	\$	\$	
B/F 2008 At beginning of year	6,765,065	855,711	177,001	5,023,450	12,821,227	
Acquisitions 2008	3,974,687	164,053	154,471	6,326,402	10,619,613	
Disposals/Adjustments	(78,929)	0	0	0	(78,929)	
	<u>10,660,823</u>	<u>1,019,764</u>	<u>331,472</u>	<u>11,349,852</u>	<u>23,361,911</u>	
Accumulated Depreciation:						
B/F 2008 At beginning of year	4,665,844	498,711	115,950	3,871,892	9,152,397	
Disposals/Adjustments	(11,953)	0	0	0	(11,953)	
2008 Charge	1,590,702	69,839	63,531	1,558,520	3,282,592	
	<u>6,244,593</u>	<u>568,550</u>	<u>179,481</u>	<u>5,430,412</u>	<u>12,423,036</u>	
NET BOOK VALUE AT 2008 DECEMBER 31	<u>4,416,230</u>	<u>451,214</u>	<u>151,991</u>	<u>5,919,440</u>	<u>10,938,875</u>	
NET BOOK VALUE AT 2007 DECEMBER 31	<u>2,099,221</u>	<u>357,000</u>	<u>61,051</u>	<u>1,151,558</u>	<u>0</u>	<u>3,668,830</u>

6. DEFERRED INCOME

	2008	2007
I) Cash Donations	\$	\$
Balance as at January 1, 2008	5,376,295	6,253,153
Increases for the year 2008*	9,476,900	12,271,544
Decreases for the year 2008**	<u>(751,460)</u>	<u>(13,148,402)</u>
Sub-Total	14,101,735	5,376,295
II) Non Cash Donations		
Balance as at January 1, 2008	130,561	149,910
Less Decreases for the year 2008	0	0
Increases for the year 2008*	0	0
Less Depreciation for the year 2008	(19,349)	(19,349)
Sub-Total	111,212	130,561
Total Deferred Income	<u>14,212,947</u>	<u>5,506,856</u>

* 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-Technofest (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.