



**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, 2009**

Section 19(2) the National Institute of Higher Education (Research, Science and Technology) Act, Chapter 39:58 requires the Auditor General to audit the accounts of the National Institute of Higher Education (Research, Science and Technology). The accompanying Financial Statements of the National Institute of Higher Education (Research, Science and Technology) for the year ended December 31 2009 have been audited. The Statements comprise a Balance Sheet as at December 31, 2009, an Income and Expenditure Account and a Statement of Cash Flows for the year ended December 31, 2009 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 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 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 comments made at paragraphs 6.1 to 9.1.

## **BASIS FOR QUALIFIED OPINION**

### **DEFINED BENEFIT PENSION ASSET \$2,859,000**

6.1 A Defined Benefit Pension Plan has been implemented for certain employees of NIHERST. In accordance with International Accounting Standard (IAS) 19 - Employee Benefits, a Net Defined Benefit Pension asset/liability should be recognized on the Balance Sheet of NIHERST at the end of the reporting period.

6.2 An actuarial valuation conducted for NIHERST revealed that a Net Defined Pension Asset totaling \$2,859,000 existed as at 31 December 2009. However, this asset was not recognized on the Balance Sheet resulting in Total Assets being understated by \$2,859,000.

### **DEBTORS \$1,414,966**

7.1 The figure of \$1,414,966 includes long outstanding balances totalling \$873,427.00 which have remained unchanged since 2001. These balances were subsequently written off resulting in the balance of \$1,414,966 being overstated by \$873,427.00.

7.2 A Debtors Aged listing was not maintained by the Institute.

### **CREDITORS \$904,818**

8.1 The figure of \$904,818 includes long outstanding balances totalling \$607,751.24 of which \$559,484.00 was subsequently written off. As a result, the figure of \$904,818 is overstated by \$559,484.00.

### **RESERVES \$7,776,129**

9.1 The figure of \$7,776,129 is understated by \$2,181,806 and should instead be \$9,957,935 due to the net effect of uncorrected misstatements in the financial statements.

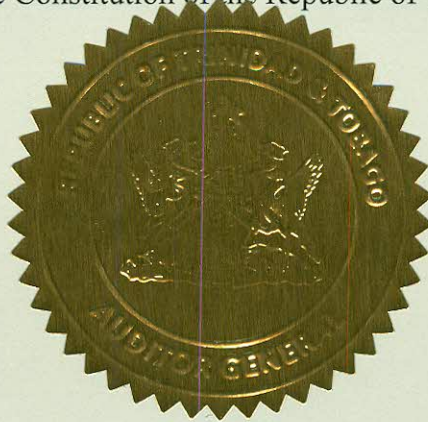
## **QUALIFIED OPINION**

10. In my opinion, except for the comments at paragraphs 6.1 to 9.1 above, the Financial Statements present fairly, in all material respects, the financial position of the National Institute of Higher Education (Research, Science and Technology) as at 31 December 2009 and its financial performance and its cash flows for the year ended 31 December 2009 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 in accordance with the provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

**21<sup>ST</sup> JUNE 2017  
PORT-OF-SPAIN**



*MAJ*  
**MAJEED ALI  
AUDITOR GENERAL**

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2017.06.21*

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

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2009

NATIONAL INSTITUTE OF HIGHER EDUCATION (Research, Science & Technology)  
BALANCE SHEET AS AT DECEMBER 31, 2009

	NOTES	2009	2008
		\$	\$
<u>FIXED ASSETS</u>	5	7,540,324	10,938,875
 <u>CURRENT ASSETS</u>			
Fixed Deposit		2,332,890	2,242,543
Interest Receivable		37,096	63,557
Vat Receivable		1,423,603	655,735
Debtors		1,414,966	1,411,676
Prepayments		256,248	272,428
Suspense		0	124,857
Cash at Bank		11,803,460	10,338,724
Cash in Hand		8,000	5,500
		-----	-----
		17,276,263	15,115,020
 <u>LESS</u>			
<u>CURRENT LIABILITIES</u>			
Accrued Expenses		470,329	885,743
Suspense		59,538	0
Creditors		904,818	991,495
Deferred Income	6	15,605,773	14,212,947
		-----	-----
		17,040,458	16,090,185
 <u>NET CURRENT ASSETS</u>			
		235,805	(975,165)
 <u>TOTAL ASSETS LESS TOTAL LIABILITIES</u>			
		-----	-----
		7,776,129	9,963,710
 <u>FINANCED BY:</u>			
Reserve Balance at Beginning of year		9,963,710	13,070,378
Surplus/Deficit for year		(2,386,366)	(3,106,668)
Prior Year Adjustments		198,785	0
		-----	-----
		7,776,129	9,963,710
		=====	=====



President

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Accountant

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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, 2009

	2009	2008
	\$	\$
<u>INCOME</u>		
Government Grants	22,788,030	23,569,067
Interest Income	235,169	286,057
Miscellaneous Receipts	737,942	903,032
	23,761,141	24,758,156
	23,761,141	24,758,156
 <u>EXPENDITURE</u>		
Personnel Expenditure	5,268,749	5,713,350
Goods and Services	14,891,150	17,106,544
Audit Fees	30,000	20,000
Pension & Gratuities	1,118,299	956,255
Health Plan Contributions	93,375	66,202
Board Fees	712,250	241,450
Loss on Disposal	0	66,975
Minor Equipment Purchases	83,921	411,456
Depreciation Charge:		
Equipment and Machinery	1,844,285	1,590,702
Furniture and Fittings	70,665	69,839
Motor Vehicles	100,250	63,531
Exhibits	1,934,563	1,558,520
	26,147,507	27,864,824
	26,147,507	27,864,824
 Surplus (Deficit) for year	(2,386,366)	(3,106,668)

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 31,2009

	2009	2008
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net Profit / (Loss)	(2,386,366)	(3,106,668)
Adjustment:		
Disposal of Assets	1,473	66,976
Depreciation	3,949,763	3,282,592
Decrease in Deferred income	1,392,826	8,706,091
<u>Increase/Decrease in Current Liabilities</u>		
Increase in Accrued Expenses	(415,414)	(3,944,403)
Increase in Creditors	(86,677)	162,144
<u>Increase / Decrease in Working Capital</u>		
Decrease in Vat Receivable	(767,868)	(274,541)
Increase in Receivables - Interest	26,461	(12,000)
Increase in Debtors	(3,290)	895,568
Decrease in Prepayments	16,180	(29,148)
Decrease in Suspense	184,395	(124,920)
<b>CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>	<b>1,911,483</b>	<b>5,621,691</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(552,685)	#####
Increase in Fixed Deposit	(90,347)	(71,909)
<b>CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>	<b>(643,032)</b>	<b>#####</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	1,268,451	(5,069,831)
Prior Year Adjustments	198,785	0
Cash and Cash Equivalents at the beginning of the year	10,344,224	15,414,055
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>11,811,460</b>	<b>10,344,224</b>
<b>CASH AND CASH EQUIVALENTS, REPRESENTED BY</b>		
Cash at Bank	11,803,460	10,338,724
Cash in Hand	8,000	5,500
	<b>11,811,460</b>	<b>10,344,224</b>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

**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, 2009

**5. FIXED ASSETS SCHEDULE 2009**

	Equipment	Furniture & Fittings	Motor Vehicles	Exhibits	TOTAL
<b>COST:</b>	\$	\$	\$	\$	\$
B/F 2009 At beginning of yea	10,660,823	1,019,764	331,472	11,349,852	23,361,911
Acquisitions 2009	376,268	0	165,900	10,517	552,685
Disposals/Adjustments	(155,526)	(10,916)	0	0	(166,442)
	10,881,565	1,008,848	497,372	11,360,369	23,748,154
<b>Accumulated Depreciation:</b>					
B/F 2009 At beginning of year	6,244,593	568,550	179,481	5,430,412	12,423,036
Disposals/Adjustments	(154,312)	(10,657)	0	0	(164,969)
2009 Charge	1,844,285	70,665	100,250	1,934,563	3,949,763
	7,934,566	628,558	279,731	7,364,975	16,207,830
<b>NET BOOK VALUE AT 2009 DECEMBER 31</b>	2,946,999	380,290	217,641	3,995,394	7,540,324
<b>NET BOOK VALUE AT 2008 DECEMBER 31</b>	4,416,230	451,214	151,991	5,919,440	10,938,875
<b>6. DEFERRED INCOME</b>		2009		2008	
I) Cash Donations		\$		\$	
Balance as at January 1, 2009		14,101,735		5,376,295	
Increases for the year 2009*		4,326,535		9,476,900	
Decreases for the year 2009**		<u>(2,914,360)</u>		<u>(751,460)</u>	
Sub-Total		15,513,910		14,101,735	
II) Non Cash Donations					
Balance as at January 1, 2009		111,212		130,561	
Less Decreases for the year 2009		0		0	
Increases for the year 2009*		0		0	
Less Depreciation for the year 2009		(19,349)		(19,349)	
Sub-Total		91,863		111,212	
Total Deferred Income		<u>15,605,773</u>		<u>14,212,947</u>	

\* Included in the Increases is Public Sector Investment Programme (PSIP) funding totalling \$3,686,000. 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 \$2,494,325.

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.