

THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2017

Ernst & Young



THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

C O N T E N T S	Page
Independent Auditor's Report	2 – 4
Statement of Financial Position	5 – 6
Statement of Income and Expenditure and Other Comprehensive Income	7
Statement of Changes in Reserves	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 55

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE UNIVERSITY OF TRINIDAD AND TOBAGO

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The University of Trinidad and Tobago ('the University') which comprise the statement of financial position as at 30 September 2017 and the statements of income and expenditure and other comprehensive income, changes in reserves and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at 30 September 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the University's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE UNIVERSITY OF TRINIDAD AND TOBAGO

Report on the Audit of the Financial Statements

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE UNIVERSITY OF TRINIDAD AND TOBAGO

Report on the Audit of the Financial Statements

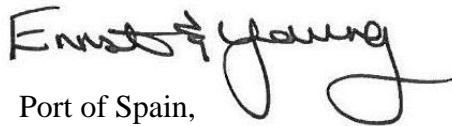
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Auditor's Responsibilities for the Audit of the Financial Statements

(Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Port of Spain,
TRINIDAD:
5 October 2021

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Notes	2017 \$'000	2016 \$'000
Current assets			
Inventory		105	106
Accounts receivable	3a	175,519	149,399
Prepayments	3b	8,795	14,743
Cash and short-term deposits	4	<u>194,509</u>	<u>518,235</u>
		<u>378,928</u>	<u>682,483</u>
Current liabilities			
Accounts payable and accruals	5	241,722	200,503
Deferred tuition fees	6	75,295	79,329
Deferred capital grants	10	69,752	37,816
Deferred contributions	11	<u>1,298</u>	<u>11,019</u>
		<u>388,067</u>	<u>328,667</u>
Net current (liabilities)/assets		<u>(9,139)</u>	<u>353,816</u>
Non-current assets			
Property, plant and equipment	7	2,537,623	2,396,719
Intangible assets	8	1,237	1,602
Prepayments	3b	35,000	35,000
Other assets	9	<u>14,383</u>	<u>14,564</u>
		<u>2,588,243</u>	<u>2,447,885</u>
		<u>2,579,104</u>	<u>2,801,701</u>

The accompanying notes form an integral part of these financial statements.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

(Continued)

	Notes	2017 \$'000	2016 \$'000
Non-current liabilities			
Accounts payable and accruals	5	76,916	80,432
Deferred capital grants	10	2,131,804	2,225,301
Deferred contributions	11	<u>7,132</u>	<u>4,002</u>
		<u>2,215,852</u>	<u>2,309,735</u>
Reserves			
General		356,918	480,323
Professional Education Unit (PEU)		<u>6,334</u>	<u>11,643</u>
		<u>363,252</u>	<u>491,966</u>
		<u>2,579,104</u>	<u>2,801,701</u>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Governors on 5 October 2021 and signed on its behalf by:


Member of the Board of Governors


Member of the Board of Governors

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF INCOME AND EXPENDITURE AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 \$'000	2016 \$'000
Income			
Government contributions:			
Recurrent grants		207,485	362,772
Capital grants released	10	75,298	41,325
Other grants released	11	998	1,024
Non-Government contributions	11	12,053	22,427
Tuition and other related fees		96,573	88,409
Professional Education Unit (PEU)		3,003	3,594
Other income	12	<u>9,259</u>	<u>20,499</u>
		<u>404,669</u>	<u>540,050</u>
Expenses			
Staff costs	13	327,090	325,689
Facilities costs	14a	61,637	68,936
General and administrative costs	14b	36,884	41,675
Academic programmes and related costs	14c	17,735	23,731
Professional Education Unit (PEU)	14d	8,312	8,777
Depreciation	7	<u>81,725</u>	<u>48,308</u>
		<u>533,383</u>	<u>517,116</u>
(Deficit)/Surplus for the year		(128,714)	22,934
Other comprehensive income for the year		<u>—</u>	<u>—</u>
Total comprehensive (loss)/income for the year		<u>(128,714)</u>	<u>22,934</u>

The accompanying notes form an integral part of these financial statements.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	General \$'000	Reserves PEU \$'000	Total \$'000
Year ended 30 September 2017			
Balance as at 30 September 2016	480,323	11,643	491,966
Total comprehensive loss for the year	<u>(123,405)</u>	<u>(5,309)</u>	<u>(128,714)</u>
Balance as at 30 September 2017	<u>356,918</u>	<u>6,334</u>	<u>363,252</u>
Year ended 30 September 2016			
Balance as at 30 September 2015	452,206	16,826	469,032
Total comprehensive income/(loss) for the year	<u>28,117</u>	<u>(5,183)</u>	<u>22,934</u>
Balance as at 30 September 2016	<u>480,323</u>	<u>11,643</u>	<u>491,966</u>

The accompanying notes form an integral part of these financial statements.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 \$'000	2016 \$'000
Cash flows from operating activities			
(Deficit)/surplus for the year		(128,714)	22,934
Adjustments to reconcile surplus to net cash from operating activities:			
Depreciation	7	81,725	48,308
Capital grants released	10	(75,298)	(41,325)
Deferred contributions released	11	(12,053)	(22,427)
Other grants released (GORTT)	11	(998)	(1,024)
Amortisation of intangible assets	8	690	670
Loss on disposal of property, plant and equipment	7	28	152
Amortisation of leasehold premiums	9	<u>181</u>	<u>181</u>
Net cash (outflow)/inflow before working capital adjustments		(134,439)	7,469
Working capital adjustments:			
Decrease in inventory		1	30
Increase in accounts receivable and prepayments		(30,171)	(2,617)
Decrease in accounts payable, accruals and deferred tuition fees		<u>(75,348)</u>	<u>(108,607)</u>
Net cash outflow from operating activities		<u>(239,957)</u>	<u>(103,725)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(112,515)	(85,628)
Purchase of intangible assets	8	(325)	(366)
Maturity of term deposits over 90 days		<u>165,000</u>	<u>99,800</u>
Net cash inflow from investing activities		<u>52,160</u>	<u>13,806</u>
Cash flows from financing activities			
Proceeds from capital grants	10	19,799	48,319
Proceeds from deferred contributions	11	9,272	2,043
Payments issued from deferred contributions	11	<u>—</u>	<u>(293)</u>
Net cash inflow from financing activities		<u>29,071</u>	<u>50,069</u>
Net decrease in cash and cash equivalents		(158,726)	(39,850)
Cash and cash equivalents at beginning of year		<u>353,235</u>	<u>393,085</u>
Cash and cash equivalents at end of year	4(i)	<u>194,509</u>	<u>353,235</u>

The accompanying notes form an integral part of these financial statements.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Continued)

1. Corporate information

The University of Trinidad and Tobago (“the University”) was incorporated on 14 September 2004 as a non-profit company under the Companies Act, Chapter 81:01 of the laws of Republic of Trinidad and Tobago.

The University operates out of multi-campus facilities throughout Trinidad and Tobago. Its registered office is at Lots 74-98 O’Meara Industrial Estate, O’Meara, Arima, Trinidad.

The Government of the Republic of Trinidad and Tobago (GORTT), through the Corporation Sole, is the Founder Member of the University. With effect from June 2010, the Corporation Sole is the only Member of the University. As at 30 September 2017, the Board of Governors comprises 11 members (As at September 2021: 9 members).

The University is an institution of higher education and research. It provides training and educational services primarily at the undergraduate, graduate and post-doctoral levels, and performs research and other services through contributions from GORTT, corporate donors and sponsoring organisations and under contracts with various clients. The University has fostered partnerships with the private sector and entered into strategic alliances with internationally reputable universities. The private sector advises on industry-relevant course content to enable the University to produce industry-ready graduates.

The University has a ‘Professional Education Unit’ (PEU) which provides short courses and professional programmes mainly to meet the technical training needs of the oil and gas industry. The income and expenditure of the PEU are tracked and reported separately in the statement of income and expenditure and other comprehensive income with the accumulated surplus also presented separately within the statement of financial position and the statement of changes in reserves.

(i) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

These financial statements are expressed in thousands of Trinidad and Tobago dollars except where otherwise stated, and have been prepared on a historical cost basis.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(ii) Changes in accounting policies and disclosures

New and amended standards and interpretations

The University has adopted, for the first time, certain standards and amendments that are applicable for the year ended 30 September 2017. However, there is no impact on the amounts reported and/or disclosures in these financial statements.

Amendments to IAS 7 - IAS 7 Disclosure Initiative

The amendments to IAS 7 ‘Statement of Cash Flows’ are part of the IASB’s Disclosure Initiative and help users of financial statements better understand changes in an entity’s debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The amendments are intended to provide information to help investors better understand changes in an entity’s debt.

On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted.

The adoption of these amendments has no impact on these financial statements.

Annual improvements to IFRS standards 2014-2016 cycle, resulting in amendments to IFRS 12 ‘Disclosure of Interests in Other Entities’

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

These improvements did not have an effect on the financial statements.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 12 - IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The IASB issued the amendments to IAS 12 'Income Taxes' to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

Early application is permitted. If an entity applies the amendments for an earlier period, it must disclose that fact.

The adoption of these amendments has no impact on these financial statements.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(ii) Changes in accounting policies and disclosures (continued)

Standards in issue but not yet effective

The University has not adopted the following new and amended IFRSs and IFRIC (International Financial Reporting Interpretations Committee) interpretations that have been issued but are not yet effective:

- IFRS 9: Financial Instruments: Classification and Measurement - Effective 1 January 2018
- IFRS 15: Revenue from Contracts with Customers - Effective 1 January 2018
- Amendments to IAS 40: Transfers of Investment Property - Effective 1 January 2018
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions - Effective 1 January 2018
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Effective 1 January 2018
- IFRIC 22: Foreign Currency Transactions and Advance Consideration - Effective 1 January 2018
- Annual improvements to IFRS standards 2014-2016 cycle, resulting in amendments to IFRS 1 and IAS 28 - Effective 1 January 2018
- IFRS 16: Leases - Effective 1 January 2019
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement - Effective 1 January 2019
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures - Effective 1 January 2019
- Amendments to IFRS 9: Prepayment Features with Negative Compensation - Effective 1 January 2019
- IFRIC 23: Uncertainty over Income Tax Treatments - Effective 1 January 2019

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(ii) Changes in accounting policies and disclosures (continued)

Standards in issue but not yet effective (continued)

- Annual improvements to IFRS standards 2015–2017 cycle, resulting in amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 - Effective 1 January 2019
- Amendments to References in the Conceptual Framework in IFRS Standards - Effective 1 January 2020
- Amendments to IAS 1 and IAS 38: Definition of Material - Effective 1 January 2020
- Amendments to IFRS 3: Definition of a Business - Effective 1 January 2020
- IFRS 17: Insurance Contracts - Effective 1 January 2023
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The effective date has been postponed by the IASB

Management is currently assessing the impact of these new and revised standards on the financial statements.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(iii) Significant accounting estimates, assumptions and judgements

The preparation of these financial statements in conformity with IFRSs necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect the reported amounts of assets and liabilities and accompanying disclosures of contingent liabilities at the year-end date as well as the reported income and expenses for the year. Although the estimates are based on management's best knowledge and judgement of current facts as at the year-end date, the actual outcome may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation at the year-end date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment

Management exercises judgement in determining whether costs incurred can accrue significant future economic benefits to the University to enable the value to be treated as capital expenditure. Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation determined thereon.

Provision for doubtful debts

The University has made provision for doubtful debts at a level considered adequate to provide for potential uncollectable receivables. The level of this provision is evaluated by the University on the basis of factors that affect the collectability of the debts. These factors include, but are not limited to, the length of the University's relationship with its customers, their pattern of payments and known market factors. The amount and timing of recorded expenses for any period would differ if the University utilised different judgements or estimates in relation to the collectability of these debts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(iv) Current versus non-current classification

The University presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The University classifies all other assets and liabilities as non-current.

(v) Impairment of assets

Various assets of the University are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(vi) Taxation

As explained in Note 17, taxation has not been accounted for in these financial statements in accordance with IAS 12: "Income Taxes".

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(vii) Foreign currency translation

These financial statements are presented in Trinidad and Tobago dollars (amounts expressed in thousands, except where otherwise stated) which is the University's functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the prevailing rate of exchange at the year-end date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are recognised in the statement of income and expenditure and other comprehensive income.

(viii) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (where applicable).

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, only when it is probable that future economic benefits will accrue to the University and the cost can be measured reliably. All repairs and maintenance are charged to the statement of income and expenditure and other comprehensive income when incurred. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

With the exception of land and capital works in progress, depreciation is charged on all other assets on the straight-line basis at rates estimated to write off these assets over their expected useful lives as follows:

Buildings and improvements	-	2.5% - 5%
Motor vehicles	-	25%
Machinery and equipment	-	5% - 33 ⅓%
Office equipment, furniture and fixtures	-	4% - 33 ⅓%

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(viii) Property, plant and equipment (continued)

The costs of buildings under construction are classified under 'capital works in progress'. Depreciation commences and is charged when the construction is substantially completed and the asset is ready for use in its current state. Property, plant and equipment transferred by GORTT and/or donated by other sources to the University are recognised at estimated fair values, with a corresponding credit to the deferred capital grants account or deferred contributions account.

Gains or losses arising from the derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of income and expenditure and other comprehensive income when the asset is derecognised.

(ix) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

All of the University's intangible assets are assessed as having a finite life. They are therefore amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period for an intangible asset is reviewed annually.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the expense category consistent with the function of intangible assets.

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Expenditure which enhances and extends the benefits of computer software programs beyond their original specifications and lives is capitalised. These costs are amortised on a straight-line basis over periods of three to seven years.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(x) Leases

Operating leases – University as Lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income and expenditure and other comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of liquidated damages is recognised as an expense in the period in which termination takes place.

(xi) Inventory

Inventory representing the cost of books for resale, is valued at the lower of cost and net realisable value. Cost is determined using the “first-in first-out” (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(xii) Financial assets

Initial recognition and measurement

The University’s financial assets include cash and short-term deposits, accounts receivable and accounts payable. The University determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and short-term deposits

Cash and short-term deposits are measured at cost and include cash at bank and in hand and funds held in short-term deposits. For the purpose of the statement of cash flows, cash and cash equivalents include cash and deposits or funds held with original maturity of three months or less, and which are subject to an insignificant risk of changes in value.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(xii) Financial assets (continued)

Subsequent measurement (continued)

Accounts receivable

Accounts receivable is recognised and carried at original full amounts less provision for doubtful debts. Specific provisions for doubtful debts are made where the recovery of the full amount is considered doubtful. Bad debts are generally written off against the provision when identified.

De-recognition

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

(xiii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The University's financial liabilities include accounts payable and are recognised initially at fair value.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Accounts payable

Accounts payable is carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the University.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(xiii) Financial liabilities (continued)

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(xiv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the University.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Where applicable, the University uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(xv) Capital grants and contributions

Capital grants

Capital grants are received from GORTT and private sources for the specific purpose of construction and/or purchase of property, plant and equipment. These grants are recognised where there is reasonable assurance that the grant funds will be received and utilised in accordance with all stipulated conditions. The University follows the deferral method of accounting for capital grants and funds received are recorded in the statement of financial position as ‘Deferred Capital Grants’. An amount equivalent to the depreciation charge on the relevant property, plant and equipment is released to income over the expected useful life of the asset. Non-monetary capital grants are recorded at fair value and are released to income over the expected useful life of the asset.

Government contributions

The University submits requests to GORTT annually for funding of its budgeted operating deficits prior to GORTT’s preparation of the National Budget for a respective fiscal year which runs from October to September.

Contributions received from GORTT for recurrent expenditures are recognised as income in the year to which the GORTT’s annual budget allocation is applicable. The University therefore accrues for these contributions as income in the corresponding year for which funds have been allocated in the National Budget.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(xv) Capital grants and contributions (continued)

Non-Government contributions

The University receives funding from donors for research projects, bursaries, scholarships, capital and other purposes. The University follows the deferral method of accounting for grants and donations when they are restricted in use by the donor.

Donations that are governed by donor-imposed stipulations, which must be complied with to the satisfaction of the donor for the expenditure to be approved, are generally for research projects and are referred to as 'Deferred Contributions' (Note 11). Such donations are accounted for as follows:

(i) Donations received in advance of expenditure:

Donations received in advance of expenditure are deferred and shown in the statement of financial position as 'Deferred Contributions'. When funds are disbursed, the amount is charged as an expense in the statement of income and expenditure and other comprehensive income or, if applicable, included on the statement of financial position as property, plant and equipment or intangible assets. An equivalent amount is then released as income from 'Deferred Contributions' to the statement of income and expenditure and other comprehensive income.

(ii) Expenditure in advance of receipt of donations pledged:

Expenditure, made in accordance with donor's stipulations in advance of receipt of donations pledged, is included in the statement of financial position as 'Accounts Receivables'. The amount is also reflected in the statement of income and expenditure and other comprehensive income as relevant expenses or if applicable, in the statement of financial position as property, plant and equipment with an equivalent amount reflected as 'Non-Government Contributions' in the statement of income and expenditure and other comprehensive income or if applicable, 'Deferred Capital Grants'.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

2. Significant accounting policies (continued)

(xvi) Provisions

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the University can reliably measure the outflow of economic benefits in relation to a specific matter and considers such outflows to be probable, the University recognizes a provision against the matter. Given the subjectivity and uncertainty of determining the probability of losses, the University takes into account a number of factors including legal advice, the stage of the matter and historical evidence.

(xvii) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the University and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates.

The applicable recognition criteria are set out below:

(i) *Government contributions: Recurrent grants*

Contributions received from GORTT for recurrent expenditures are recognised as income in the year to which GORTT's annual budget allocation is applicable. The University therefore accrues for these contributions as income in the corresponding year for which funds have been allocated in the National Budget.

(ii) *Government contributions: Capital grants released*

An amount equivalent to the depreciation charged on the related property, plant and equipment is released to income over the expected useful life of the asset.

(iii) *Tuition and other related fees*

Tuition and other related fees are recognised on the accrual basis over the period of instruction.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

(Continued)

2. Significant accounting policies (continued)

(xvii) Revenue recognition (continued)

(iv) *Interest income*

Interest income is accounted for on the accrual basis.

(v) *Other income*

Other income is derived from a range of activities including project management services and rental of facilities and is recognized on the accrual basis.

(vi) *Professional Education Unit (PEU)*

Income is recognised on the accrual basis and is reported separately in the statement of income and expenditure and other comprehensive income and statement of changes in reserves.

(vii) *Non-government contributions*

Contributions received from third parties (excluding GORTT) are deferred and recognised in income when the related expenses are incurred as applicable.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

3. a. Accounts receivable	2017	2016
	\$'000	\$'000
Amounts due from GORTT (see below)	200,774	170,963
Corporate receivables	6,607	7,359
Other receivables	<u>19,500</u>	<u>18,229</u>
	226,881	196,551
Less: provision for doubtful debts	<u>(51,362)</u>	<u>(47,152)</u>
	<u>175,519</u>	<u>149,399</u>
Amounts due from GORTT comprise:		
Government Assistance for Tuition Expenses (GATE) (Note 15 (f))	128,107	104,381
GORTT funds for capital projects – Aviation Campus	21,836	31,836
GORTT Ministries	38,659	31,970
Ministry of Education (scholarship students)	1,572	2,776
Recurrent/capital contributions (cash in transit)	<u>10,600</u>	<u>–</u>
	<u>200,774</u>	<u>170,963</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

3. a. Accounts receivable (continued)

An aged analysis of accounts receivable (net of provision) as at 30 September, is presented below:

	Total \$'000	Neither past due nor impaired \$'000	Past due but not impaired	
			30 to 90 days \$'000	Over 90 days \$'000
2017				
Amounts due from GORTT	163,491	76,048	126	87,317
Corporate receivables	2,900	414	306	2,180
Other receivables	<u>9,128</u>	<u>6,974</u>	<u>—</u>	<u>2,154</u>
	<u>175,519</u>	<u>83,436</u>	<u>432</u>	<u>91,651</u>
	Total \$'000	Neither past due nor impaired \$'000	Past due but not impaired	
			30 to 90 days \$'000	Over 90 days \$'000
2016				
Amounts due from GORTT	138,539	73,540	111	64,888
Corporate receivables	2,071	1,526	47	498
Other receivables	<u>8,789</u>	<u>6,747</u>	<u>—</u>	<u>2,042</u>
	<u>149,399</u>	<u>81,813</u>	<u>158</u>	<u>67,428</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

3. a. Accounts receivable (continued)

As at 30 September, receivables at a value of \$51.4 million (2016: \$47.2 million) are impaired and fully provided for. Movement in the provision for impairment of receivables is as follows:

	Amounts due from GORTT \$'000	Corporate receivables \$'000	Other receivables \$'000	Total \$'000
2017				
Opening balance	32,424	5,288	9,440	47,152
Provision for the year	4,859	–	932	5,791
Provision reversed	—	(1,581)	—	(1,581)
Closing balance	<u>37,283</u>	<u>3,707</u>	<u>10,372</u>	<u>51,362</u>
2016				
Opening balance	27,787	4,214	9,347	41,348
Provision for the year	4,637	1,076	93	5,806
Provision written off	—	(2)	—	(2)
Closing balance	<u>32,424</u>	<u>5,288</u>	<u>9,440</u>	<u>47,152</u>

The University offsets its financial assets and financial liabilities and reports the net amount in the statement of financial position. Offsetting takes place if there is an intention and agreement between the two parties to settle on a net basis, thereby realising the assets and settling the liabilities simultaneously.

As at 30 September 2017, there is an amount of \$5 million (2016: \$5 million) payable to the Ministry of Education in respect of settled prior year GATE claims which should be repaid to the Ministry of Education. It is the University's expectation that this payable, which has been agreed as recoverable by the Ministry of Education, will be settled against future remittances for valid GATE claims. As a result, all amounts owed to the Ministry of Education, with respect to the prior overpayment of GATE claims, have been offset against the gross amount receivable for valid claims as at 30 September 2017.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

3. a. Accounts receivable (continued)

The table below summarises the financial assets subject to offsetting:

	Gross assets before offset \$'000	Offsetting \$'000	Net assets recognised on the statement of financial position \$'000
2017			
Government Assistance for Tuition Expenses (GATE)	133,125	(5,018)	128,107
2016			
Government Assistance for Tuition Expenses (GATE)	109,399	(5,018)	104,381

3. b. Prepayments

	2017 \$'000	2016 \$'000
Presented in the statement of financial position as follows:		
Current portion	8,795	14,743
Non-current portion	<u>35,000</u>	<u>35,000</u>
	<u>43,795</u>	<u>49,743</u>

Current portion represents prepayments for insurance and other expenses which are expected to be realized within the next financial year.

Non-current portion represents a payment of \$35 million to the Chaguaramas Development Authority (CDA) for a 30-acre parcel of land adjacent to the Chaguaramas Campus at a premium of \$60 million, in anticipation of the finalization of a Deed of Lease (Note 15 (a)).

Subsequent to the year-end, in January 2018, the University made a request to the CDA for 12.5 acres of the 30-acre parcel of land to be excised, thereby modifying the proposed lease to a 17.5-acre parcel of land at a premium of \$35 million, commensurate with the \$35 million payment. By letter dated 24 October 2019, the CDA advised of its decision to lease 17.5 acres of the 30-acre parcel of land to the University under a new lease, and that the \$35 million will be applied to the premium under the new lease.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

4. Cash and short-term deposits	2017	2016
	\$'000	\$'000
(i) Cash at bank and in hand	25,424	124,890
Money market mutual funds	<u>169,085</u>	<u>228,345</u>
Total cash and cash equivalents	194,509	353,235
Term deposits over 90 days	<u>—</u>	<u>165,000</u>
Total cash and short-term deposits	<u>194,509</u>	<u>518,235</u>

The applicable interest rate at the year-end date on the TT\$ money market mutual funds is 0.9% per annum (2016: 0.9% per annum) and the interest rates on the US\$ money market mutual funds are 0.8% to 0.9% per annum (2016: 0.8% to 0.9% per annum).

- (ii) Cash and short-term deposits include the following unspent balances received for specific purposes as outlined in relevant agreements and are not available for general use by the University:

	2017	2016
	\$'000	\$'000
GORTT funds for capital projects	57,372	25,930
Trinidad and Tobago Health Sciences Initiative (TTHSI)	12,403	12,403
Donated/sponsored funds	65,290	85,454
Funds approved by GORTT for Main Campus at Tamana ((iii) below)	301	197,858
Staff Health Plan funds	<u>10,429</u>	<u>8,523</u>
	<u>145,795</u>	<u>330,168</u>

These funds are held in assets which are readily convertible into cash and cash equivalents.

- (iii) On 26 September 2016, GORTT approved the utilisation of unspent funds in the sum of \$323 million to facilitate payment of claims in respect of the Establishment of the Main Campus of the University at Tamana Intech Park, Wallerfield. As at 30 September 2017, \$322.8 million was utilized (as at 30 September 2016: \$125 million).

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

5. Accounts payable and accruals	2017	2016
	\$'000	\$'000
Trade creditors	134,171	88,660
Retentions payable	73,237	78,814
Accruals	60,247	67,572
Amounts due to GORTT	12,403	12,403
Other payables	23,598	20,193
Gratuity payable	<u>14,982</u>	<u>13,293</u>
	<u>318,638</u>	<u>280,935</u>
Presented in the statement of financial position as follows:		
Current portion	241,722	200,503
Non-current portion	<u>76,916</u>	<u>80,432</u>
	<u>318,638</u>	<u>280,935</u>

The non-current portion of accounts payable and accruals includes retention payable of \$71.4 million (2016: \$73 million) and gratuity payable of \$5.5 million (2016: \$7.4 million).

6. Deferred tuition fees	2017	2016
	\$'000	\$'000
Opening balance	79,329	71,936
Fees deferred	75,721	79,366
Released to tuition and other related fees income	<u>(79,755)</u>	<u>(71,973)</u>
Closing balance	<u>75,295</u>	<u>79,329</u>

The University's academic year runs from September to August. Accordingly, charges for annual tuition fees are processed at the start of the academic year (i.e. September). As a result, a portion of annual tuition fees is deferred at the end of the financial year.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

7. Property, plant and equipment

At 30 September 2017	Freehold land \$'000	Buildings and improvements \$'000	Machinery and equipment \$'000	Motor vehicles \$'000	Office equipment and fixtures \$'000	Capital works in progress \$'000	Total \$'000
Cost	12,626	665,704	214,425	7,826	248,942	1,962,579	3,112,102
Accumulated depreciation	—	(201,186)	(164,251)	(5,341)	(203,701)	—	(574,479)
Net book amount	<u>12,626</u>	<u>464,518</u>	<u>50,174</u>	<u>2,485</u>	<u>45,241</u>	<u>1,962,579</u>	<u>2,537,623</u>
Net book amount 1 October 2016	12,626	510,338	54,976	3,060	47,865	1,767,854	2,396,719
Additions	—	1,211	2,520	407	12,421	206,098	222,657
Disposals	—	—	(5)	(17)	(6)	—	(28)
Transfers from WIP	—	7,880	2,763	—	730	(11,373)	—
Depreciation charge	—	(54,911)	(10,080)	(965)	(15,769)	—	(81,725)
30 September 2017	<u>12,626</u>	<u>464,518</u>	<u>50,174</u>	<u>2,485</u>	<u>45,241</u>	<u>1,962,579</u>	<u>2,537,623</u>
At 30 September 2016							
Cost	12,626	656,613	209,147	9,467	235,843	1,767,854	2,891,550
Accumulated depreciation	—	(146,275)	(154,171)	(6,407)	(187,978)	—	(494,831)
Net book amount	<u>12,626</u>	<u>510,338</u>	<u>54,976</u>	<u>3,060</u>	<u>47,865</u>	<u>1,767,854</u>	<u>2,396,719</u>
Net book amount 1 October 2015	12,626	527,166	62,261	257	56,555	1,637,308	2,296,173
Additions	—	232	4,065	3,317	7,887	133,505	149,006
Disposals	—	(110)	—	—	(42)	—	(152)
Transfers from WIP	—	2,527	—	—	432	(2,959)	—
Depreciation charge	—	(19,477)	(11,350)	(514)	(16,967)	—	(48,308)
30 September 2016	<u>12,626</u>	<u>510,338</u>	<u>54,976</u>	<u>3,060</u>	<u>47,865</u>	<u>1,767,854</u>	<u>2,396,719</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

7. Property, plant and equipment (continued)	2017	2016
	\$'000	\$'000
<i>Capital Works in Progress comprise:</i>		
Signature Building Complex	1,883,515	1,683,855
Camden Campus	77,838	76,911
Corinth Campus	-	3,818
Point Lisas Campus	-	1,923
ECIAF Campus	1,092	1,092
Other works	<u>134</u>	<u>255</u>
	<u>1,962,579</u>	<u>1,767,854</u>

(a) *Signature Building Complex, Tamana InTech Park:*

Construction of the Signature Building Complex, which includes fully functional, custom-designed laboratories, learning spaces, offices, state-of-the-art auditorium and ancillary services, began in January 2008. As at 30 September 2017, the percentage of the works completed is 85% (2016: 77%). As at September 2021, the percentage of the works completed is approximately 90%.

As at August 2021, the East Block and the Central Plaza were completed and the University is pursuing Cabinet Approval for the revised project cost of \$2.296 billion. The staff from the O'Meara and Valsayn Campuses were relocated to the East Block during the year 2020. The University has received accreditation from the Accreditation Council of Trinidad and Tobago (ACTT) for the East Block at the Tamana Campus.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

7. Property, plant and equipment (continued)

(b) *Campuses:*

Information on the major campuses is as follows:

Point Lisas Campus:

In September 2004, the University recorded the building and equipment of Trinidad and Tobago Institute of Technology (TTIT) at fair values (at the recognition date) with corresponding credits to 'Deferred Capital Grants' (Note 10).

The Point Lisas Campus is situated on 4.3723 hectares of land acquired by way of a State Grant issued on 17 August 2010.

O'Meara Campus:

The O'Meara Campus is situated on land acquired under an agreement for a lease for 30 years effective 1 January 2005 (Note 9). This campus comprises: Academic Building, Graduation Pavilion, Administration Building, and Outdoor Cricket/Football Field.

During the year 2020 the Administrative Offices were relocated to the Tamana Campus, a decision on the use of this facility is to be determined by GORTT.

Chaguaramas Campus:

The Chaguaramas Campus comprises: Administration and Teaching Building, Workshop, Swimming Pool and the Marine Sciences & Engineering Building.

This Campus is situated on 8 acres of land acquired in two separate parcels:

- 5 acres under an agreement for a lease for 99 years effective 1 August 2005 (Note 9)
- 3 acres under an agreement for a lease for 99 years effective 1 July 2007 (Note 9)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

7. Property, plant and equipment (continued)

(b) *Campuses:* (continued)

John S Donaldson and San Fernando Campuses:

By letter dated 13 February 2007, the Ministry of Science, Technology and Tertiary Education granted permission to the University to occupy and utilise the premises of John S. Donaldson Technical Institute (JSDTI) and San Fernando Technical Institute (SFTI) with immediate effect. The University has not recognised these properties in its statement of financial position. However, the University has recorded the cost of upgrade works undertaken within the 'Buildings and Improvements' category of Property, Plant and Equipment.

Valsayn and Corinth Campuses:

By letter dated 13 September 2006, the Ministry of Education granted permission to the University to occupy and utilise Valsayn and Corinth Teachers' Training Colleges with immediate effect. The University has not recognised these properties in its statement of financial position. However, the University has recorded the cost of upgrade works undertaken within the 'Buildings and Improvements' category of Property, Plant and Equipment.

During the year 2020 and currently the Valsayn campus is being used by the Ministry of Health for COVID-19 patients. The staff at this campus have been relocated to the Tamana Campus. As at 28 February 2021 the Corinth Campus was handed over to the Trinidad and Tobago Air Guard and the programmes conducted at this campus have been transferred to SFTI and the Point Lisas Campus.

ECIAF Campus:

By letter dated 30 April 2008, the Ministry of Science, Technology and Tertiary Education granted permission to the University to occupy and utilise the properties of Eastern Caribbean Institute of Agriculture and Forestry (ECIAF). The University has not recognised these properties in its statement of financial position. However, the University has recorded the cost of upgrade works undertaken within the 'Buildings and Improvements' category of Property, Plant and Equipment.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

7. Property, plant and equipment (continued)

(b) *Campuses:* (continued)

Waterloo Research Centre:

In October 2006, GORTT decided to transfer the Sugarcane Research, Extension and Support Services Unit (RESS) at Waterloo, from Caroni (1975) Limited to the University. The University has not secured legal title to the land and buildings thereon at year-end and therefore has not recognised these properties in its statement of financial position. However, the University has recorded the cost of upgrade works undertaken within the 'Buildings and Improvements' category of Property, Plant and Equipment.

As at the 30 September 2019, this facility was handed over to the Ministry of Education.

Agora Campus:

In November 2008, the University acquired freehold interest in a property located at Lot #1 Road Reserve, Off Munroe Road, Uriah Butler Highway, Charlieville to accommodate the Professional Education Unit. Costs relating to renovation works were capitalised in May 2011.

Aviation Campus (Camden):

On 31 July 2014, GORTT approved the establishment of the University's Aviation Campus on 10 acres of state land at Camden, Couva. By letter dated 24 December 2014, the University submitted an application to the Commissioner of State Lands for the acquisition of the said parcel of land which was determined to be approximately 10.49 acres. As at September 2021, formal title has not been obtained from the Commissioner of State Lands. The land has not been recognised as an asset in these financial statements.

Construction of the Aviation Campus started in October 2014. Phase 1 of the project is the construction of a Hangar Building Facility which comprises a hangar, laboratories, workshops, classrooms, offices and a library. The project costs incurred are charged to Capital Works in Progress. Works have been estimated at 89% completion as at 30 September 2017. As at September 2018, the project was completed, and the project costs were capitalised.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

8. Intangible assets

	Computer software \$'000	Licence \$'000	Book rights \$'000	Total \$'000
At 30 September 2017				
Cost	12,459	215	38	12,712
Accumulated amortisation	<u>(11,429)</u>	<u>(28)</u>	<u>(18)</u>	<u>(11,475)</u>
Net book amount	<u>1,030</u>	<u>187</u>	<u>20</u>	<u>1,237</u>
Balance as at 30 September 2016	1,390	190	22	1,602
Additions	325	–	–	325
Amortisation during the year	<u>(685)</u>	<u>(3)</u>	<u>(2)</u>	<u>(690)</u>
Balance as at 30 September 2017	<u>1,030</u>	<u>187</u>	<u>20</u>	<u>1,237</u>
At 30 September 2016				
Cost	12,136	215	38	12,389
Accumulated amortisation	<u>(10,746)</u>	<u>(25)</u>	<u>(16)</u>	<u>(10,787)</u>
Net book amount	<u>1,390</u>	<u>190</u>	<u>22</u>	<u>1,602</u>
Balance as at 30 September 2015	1,690	192	24	1,906
Additions	366	–	–	366
Amortisation during the year	<u>(666)</u>	<u>(2)</u>	<u>(2)</u>	<u>(670)</u>
Balance as at 30 September 2016	<u>1,390</u>	<u>190</u>	<u>22</u>	<u>1,602</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

8. Intangible assets (continued)

Computer software

This includes the costs of acquired computer software which are amortised on a straight-line basis over a period of 3 to 7 years.

Licence

This represents costs incurred by the University for exclusive use of photographs under a licence agreement. The licence fee is amortised on a straight-line basis over a finite period of 75 years commencing 30 November 2007.

Book rights

This represents costs incurred by the University to acquire the rights to two publications in relation to the herbal research project established under TTHSI.

9. Other assets	2017 \$'000	2016 \$'000
Lease premiums	<u>14,383</u>	<u>14,564</u>
Lease premiums:		
Opening balance	14,745	14,926
Amortisation during the year	<u>(181)</u>	<u>(181)</u>
	14,564	14,745
Current portion included in other receivables	<u>(181)</u>	<u>(181)</u>
	<u>14,383</u>	<u>14,564</u>

Lease premiums comprise amounts paid in respect of the parcels of lands on which the Chaguaramas and the O'Meara Campuses are situated. These payments are stated at cost and are amortised over the periods of the respective leases which are 99 years for the two parcels of land at Chaguaramas and 30 years for the parcel of land at O'Meara.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

10. Deferred capital grants	2017	2016
	\$'000	\$'000
GORTT	2,116,959	2,162,528
Other	<u>23,054</u>	<u>37,365</u>
	2,140,013	2,199,893
Non-monetary grants	<u>61,543</u>	<u>63,224</u>
	<u>2,201,556</u>	<u>2,263,117</u>
Balance brought forward	2,263,117	2,274,275
Movement during the year:		
Received during the year (monetary)	19,799	48,319
Received during the year (non-monetary)	1,126	–
Reimbursement - Aviation Campus Funding	(10,000)	(18,473)
Transferred from 'Deferred Contributions' (Note 11)	2,812	321
Released to the statement of income and expenditure and other comprehensive income	<u>(75,298)</u>	<u>(41,325)</u>
Balance carried forward	<u>2,201,556</u>	<u>2,263,117</u>
Current portion	69,752	37,816
Non-current portion	<u>2,131,804</u>	<u>2,225,301</u>
	<u>2,201,556</u>	<u>2,263,117</u>

For each reporting period, the University transfers to income an amount equivalent to the depreciation charge of related property, plant and equipment.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

11. Deferred contributions	2017	2016
	\$'000	\$'000
Balance brought forward	15,021	37,130
Movement during the year:		
Received during the year	9,272	2,043
Released to the statement of income and expenditure and other comprehensive income	(12,053)	(22,427)
Released to the statement of income and expenditure and other comprehensive income (GORTT)	(998)	(1,024)
Payments issued	–	(293)
Reclassified to 'Accounts Payable'	–	(87)
Transferred to 'Deferred Capital Grants' (Note 10)	<u>(2,812)</u>	<u>(321)</u>
Balance carried forward	<u>8,430</u>	<u>15,021</u>
Current portion	1,298	11,019
Non-current portion	<u>7,132</u>	<u>4,002</u>
	<u>8,430</u>	<u>15,021</u>

As explained in Note 2 (xv), these funds represent receipts from donors with specified conditions and restrictions relating to its use. When these funds are spent in accordance with the donors' stipulations, the amount is released to the statement of income and expenditure and other comprehensive income.

12. Other income	2017	2016
	\$'000	\$'000
Interest income	4,910	9,332
Project management fees (below)	794	1,089
Sundry income	931	2,013
Facilities rental	525	96
Foreign exchange gain (net)	2,084	7,930
Sale of books	<u>15</u>	<u>39</u>
	<u>9,259</u>	<u>20,499</u>
Project management fees comprise:		
NAPA (Note 15 (e))	794	1,012
T&T Research and Education Network (TTRENT)	<u>–</u>	<u>77</u>
	<u>794</u>	<u>1,089</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

13. Staff costs	2017	2016
	\$'000	\$'000
Salaries, gratuities, allowances and other benefits (below)	329,036	326,601
Recruitment costs	680	682
Independent contractors	237	534
Staff training	22	480
Staff costs recharged to PEU (Note 14 (d))	<u>(2,885)</u>	<u>(2,608)</u>
	<u>327,090</u>	<u>325,689</u>

Salaries, gratuities, allowances and other benefits can be further analysed into three categories, as follows:

	2017	2016
	\$'000	\$'000
Academic	215,131	206,886
Academic support	32,239	32,732
Corporate	<u>81,666</u>	<u>86,983</u>
	<u>329,036</u>	<u>326,601</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

	2017	2016
	\$'000	\$'000
Salaries, gratuities, allowances and other benefits include:		
Compensation of key management personnel	<u>8,852</u>	<u>9,052</u>

	# of persons	
	2017	2016
Staff headcount as at 30 September	<u>1,338</u>	<u>1,416</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

14. Analysis of expenses	2017	2016
	\$'000	\$'000
<i>(a) Facilities costs</i>		
Repairs and maintenance	13,538	12,968
Janitorial and sanitation	12,623	12,628
Security	11,541	16,670
Utilities (electricity and water)	10,172	10,549
Telecommunications	5,199	7,330
Insurance (property)	2,582	2,952
Rental of offices	2,462	2,389
Rental of office equipment	2,238	2,409
Other	1,646	1,937
Lease of land (below)	1,140	1,136
Facility costs recharged to PEU (Note 14 (d))	<u>(1,504)</u>	<u>(2,032)</u>
	<u>61,637</u>	<u>68,936</u>
 Lease of land comprises:		
Chaguaramas (Note 15 (a))	186	186
O'Meara Industrial Estate (Note 15 (c))	<u>954</u>	<u>950</u>
	<u>1,140</u>	<u>1,136</u>

Facilities costs classified as "Other" above includes postage, safety costs and local transportation.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

14. Analysis of expenses (continued)	2017	2016
	\$'000	\$'000
<i>(b) General and administrative costs</i>		
Annual software renewal and maintenance costs	7,175	7,520
Provision for doubtful debts (Non-PEU)	4,216	5,731
Legal and professional fees	3,280	4,369
Stationery and office supplies	2,106	3,576
Marketing and public relations costs	1,989	3,509
Insurance (non-property)	1,178	1,078
Board fees and travelling allowances	712	610
Amortisation of computer software	685	666
Travelling costs	389	783
Subscriptions	90	359
Other	<u>15,064</u>	<u>13,474</u>
	<u>36,884</u>	<u>41,675</u>

General and administrative costs classified as “Other” above includes repairs and maintenance, late payment interest charges, meals and refreshments and motor vehicle expenses.

<i>(c) Academic programmes and related costs</i>	2017	2016
	\$'000	\$'000
Student functions, transport and related costs	4,790	7,353
Student stipends	3,106	3,246
Laboratory supplies	2,395	3,553
Advertising of programmes	1,272	1,320
External instructors' fees	92	284
Amortisation of licences (Note 8)	2	2
Other	<u>6,078</u>	<u>7,973</u>
	<u>17,735</u>	<u>23,731</u>

Academic programmes and related costs classified as “Other” above includes invigilators' fees, stationery and printing, books and periodicals.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

14. Analysis of expenses (continued)	2017	2016
	\$'000	\$'000
<i>(d) Professional Education Unit (PEU)</i>		
Staff costs (Note 13)	2,885	2,608
Direct staff costs	2,728	2,414
Facility costs (Note 14 (a))	1,504	2,032
External facilitators' fees	595	566
Catering	333	299
Provision for doubtful debts	–	77
Other	<u>267</u>	<u>781</u>
	<u>8,312</u>	<u>8,777</u>

PEU costs classified as “Other” above includes advertising, stationery and printing.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

15. Related party disclosures

The Corporation Sole, on behalf of the Government of the Republic of Trinidad and Tobago (GORTT), is the only Member of The University of Trinidad and Tobago. The Corporation Sole appoints the Board of Governors of the University.

In the conduct of its business, the University has entered into significant transactions with GORTT-related entities that are required to be disclosed in accordance with IAS 24: Related Party Disclosures. These transactions are set out below:

(a) Lease of land at Chaguaramas:

In 2005, the University entered into an agreement with the Chaguaramas Development Authority (CDA) for the lease of a five-acre parcel of land at Granwood, Chaguaramas for a period of 99 years commencing 1 August 2005 at a premium of \$10 million. The Chaguaramas Campus of the University (Phases 1 and 2) was constructed on this parcel of land. The lease expense recorded for the year amounted to \$0.101 million (2016: \$0.101 million) and is presented within facilities cost (Note 14 (a)).

In 2007, the University entered into an agreement with CDA for the lease of a contiguous three-acre parcel of land for a period of 99 years commencing on 1 July 2007 at a premium of \$6 million. The Marine Sciences and Engineering building (Phase 3) was constructed on this parcel of land. The lease expense recorded for the year amounted to \$0.06 million (2016: \$0.06 million) and is presented within facilities cost (Note 14 (a)).

In November 2013, the University entered into negotiations with CDA for the lease of an additional contiguous thirty-acre parcel of land at a premium of \$60 million. In anticipation of the finalization of a Deed of Lease, the University made a prepayment to CDA in the amount \$35 million. In January 2018, the University made a request to the CDA to have 12.5 acres of the 30-acres parcel of land excised, which will result in a 17.5-acre parcel of land being leased at a premium of \$35 million. As explained in Note 3(b), by letter dated 24 October 2019, the CDA advised of its decision to lease 17.5 acres of the 30-acre parcel of land to the University under a new lease.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

15. Related party disclosures (continued)

(b) Lease of Land at Tamana InTech Park:

In 2007, GORTT agreed to the establishment of the Main Campus of the University at Tamana InTech Park, on a parcel of land comprising approximately 147 acres of state land leased to the Evolving TecKnologies and Enterprise Development Company Limited (e TecK), which is a wholly-owned State Enterprise. Details of the construction of the Signature Building Complex at Tamana Intech Park (“the Main Campus”) are provided in Note 7.

By letter dated 19 March 2021 the University accepted the offer submitted from e TecK for a Thirty-Year Lease of 110 acres commencing 1 March 2020.

(c) Lease of land at O’Meara Industrial Estate:

By an Agreement for a Lease made in writing on 6 March 2007 between e TecK and the University, the University agreed to lease from e TecK a parcel of land situated at O’Meara Industrial Estate comprising 30.69 hectares for a period of 30 years commencing 1 January 2005 at a premium of \$0.52 million VAT exclusive and an annual rent of \$0.48 million VAT exclusive, subject to rent reviews at the end of every five-year period. Due to the fact that the University is engaged in educational development activities, the rent charged by e TecK, as a matter of its Board-approved policy, was based on fifty percent (50%) of the market rental value.

By letter dated 23 November 2010, e TecK sought to invoke the rent review provision and informed the University that the revised annual rent would be \$0.78 million VAT exclusive for the period 1 January 2010 to 31 December 2014. The University and e TecK have not concluded negotiations with respect to the revised rent and the University continues to pay rent at the original rate. However, as at 30 September 2017, the University has accrued the sum of \$2.35 million representing the difference between original rent and the proposed revised rent for the second five-year period. The lease expense recorded for the year amounted to \$0.954 million (2016: \$0.950 million) and is presented within facilities cost (Note 14 (a)).

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

15. Related party disclosures (continued)

(d) *Use of Trinidad and Tobago Electricity Commission (T&TEC) dark fibre optic cable:*

From 2007, the Wide Area Network (WAN) of the University has been supported through the provision by the Trinidad and Tobago Electricity Commission (T&TEC), of dark fibre optic cable connections among several campuses and operating locations of the University. Among the campuses which benefit from the dark fibre optic cable connections are the O’Meara and Point Lisas campuses; these are the primary and secondary core sites respectively of the University’s WAN. From October 2013 the University commenced monthly payments for this service in the amount of \$72,000 VAT exclusive, up to termination of service effective 31 January 2017.

(e) *Property Management Services re: NAPA:*

In 2008, GORTT decided that the University should be assigned the responsibility for the management, maintenance, security and operation of the National Academy for the Performing Arts – North Campus (NAPA). Although no Property Management Contract had been concluded between GORTT and the University, the University assumed responsibility for the management, maintenance, security and operation of NAPA upon its completion in November 2009 and has invoiced GORTT for the recovery of security, utilities, grounds and equipment maintenance costs and the payment of property management fees.

The receivable from GORTT amounts to \$35.8 million (2016: \$32 million), this amount has been included within Provision for doubtful debts (Note 3a).

On 26 July 2017 The University signed a Memorandum of Understanding with the Ministry of Community Development, Culture and the Arts (MCDCA) in which MCDCA has overall responsibility for the management, security, use, operation and maintenance of NAPA as of that date. The University has to reimburse MCDCA for 25% of common costs and is responsible for costs directly related to its designated area, i.e. the academic wing of NAPA. This area is occupied by the University’s Academy of Performing Arts.

	2017	2016
	\$’000	\$’000
Project management fees income re: NAPA	<u>794</u>	<u>1,012</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

15. Related party disclosures (continued)

(f) *Government Assistance for Tuition Expenses (GATE)*

The Government Assistance for Tuition Expenses (GATE) is a form of tertiary education funding granted to nationals of Trinidad and Tobago by GORTT. The GATE receivable recorded by the University comprises individual unpaid student claims which have met the requirements for funding set forth by the Ministry of Education. As at 30 September 2017 the amount of \$128.1 million (2016: \$104.4 million) represent the total unpaid student claims at that date (Note 3a).

16. Commitments

Future minimum rentals payable under operating leases in respect of land, office equipment, facilities and staff accommodation entered with various companies are as follows:

	2017	2016
	\$'000	\$'000
Due within one year	3,236	1,059
Due after one year but not more than five years	6,543	2,213
Due after five years	<u>984</u>	<u>8,031</u>
	<u>10,763</u>	<u>11,303</u>

Operating lease expenses amounting to \$5.8 million (2016: \$3.3 million) have been incurred during the year and are expensed within facilities costs.

The University has capital commitments amounting to \$269 million (2016: \$341 million) relating primarily to the construction of the Signature Building Complex at Tamana InTech Park and the Chaguaramas Campus. These capital commitments at 30 September 2017 are fully funded by government grants.

17. Taxation

The University has not accounted for taxation in these financial statements as required by International Accounting Standards 12: "Income Taxes", notwithstanding the fact that the University's application for Charitable Organisation Status under the Corporation Tax Act, with retroactive effect from 14 September 2004 has not yet been granted by the Board of Inland Revenue. The University continues to pursue a resolution of this matter with the Minister of Finance and The Economy.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Continued)

17. Taxation (continued)

Accordingly, deferred tax liabilities and deferred tax assets of \$60.7 million have not been recorded. There is no impact on the reported net assets or total comprehensive income/loss as at year end 30 September 2017 and for the year then ended.

18. Financial risk management

Introduction

The University's activities expose it to a variety of financial risks including credit risk, liquidity risk and foreign currency risk. The overall risk management practices are focused on minimising the potential adverse effects of these risk factors on the financial performance and viability of the University.

Risk management structure

The Board of Governors is ultimately responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by Management in compliance with the policies approved by the Board of Governors. Additionally, the Board has established sub-committees led by designated members of the Board to formulate and recommend policies and procedures for its consideration and approval.

Credit risk

Credit risk is the risk that a debtor or counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The University is exposed to credit risks from its operating activities, including deposits with banks and financial institutions and accounts receivable balances.

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the University's portfolio, could result in losses that are different from those provided at the year-end date. Management therefore manages its exposure to credit risk.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

18. Financial risk management (continued)

The maximum exposure to credit risk for the components of the statement of financial position, without taking account of any other credit enhancement is as follows:

	Gross maximum exposure 2017 \$'000	Gross maximum exposure 2016 \$'000
Cash and short-term deposits	194,509	518,235
Amounts due from GORTT	163,491	138,539
Corporate receivables	2,900	2,071
Other receivables	<u>9,128</u>	<u>8,789</u>
	<u>370,028</u>	<u>667,634</u>

Credit risk related to receivables

Customer credit risk is managed in accordance with the University's established policies, procedures and controls relating to customer credit risk management. The requirement for a provision for doubtful debts is assessed at each reporting date on an individual basis for major customers/clients. Adequate provisions have been established in these financial statements in respect of those balances for which collectability is considered doubtful. A significant portion of receivables is due from GORTT.

Credit risk related to cash and short-term deposits

Cash and short-term deposits are placed with highly rated and reputable financial institutions in Trinidad and Tobago.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

18. Financial risk management (continued)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The University incurs foreign currency exposure on transactions that are denominated in a currency other than the Trinidad and Tobago dollar. The University ensures that the net exposure is kept within reasonable limits by monitoring and, where necessary, adjusting its exposure.

The aggregate value of financial assets and liabilities by currency denominations is as follows:

Year ended 30 September 2017

	EURO (TT equivalent) \$'000	USD (TT equivalent) \$'000	TTD \$'000	Total \$'000
ASSETS				
Cash and short-term deposits	2,535	95,610	96,364	194,509
Accounts receivable	—	109	175,410	175,519
	<u>2,535</u>	<u>95,719</u>	<u>271,774</u>	<u>370,028</u>
LIABILITIES				
Retentions	—	—	73,237	73,237
Trade creditors	—	126	134,045	134,171
Other payables	—	—	23,598	23,598
Gratuity payable	—	—	14,982	14,982
Amount due to GORTT	—	—	12,403	12,403
	<u>—</u>	<u>126</u>	<u>258,265</u>	<u>258,391</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

18. Financial risk management (continued)

Foreign currency risk (continued)

Year ended 30 September 2016

	USD (TT equivalent) \$'000	TTD \$'000	Total \$'000
ASSETS			
Cash and short-term deposits	148,574	369,661	518,235
Accounts receivable	<u>—</u>	<u>149,399</u>	<u>149,399</u>
	<u>148,574</u>	<u>519,060</u>	<u>667,634</u>
LIABILITIES			
Retentions	—	78,814	78,814
Trade creditors	—	88,660	88,660
Other payables	—	20,193	20,193
Gratuity payable	—	13,293	13,293
Amount due to GORTT	<u>—</u>	<u>12,403</u>	<u>12,403</u>
	<u>—</u>	<u>213,363</u>	<u>213,363</u>

The sensitivity to a possible change in the US dollar exchange rate, with all other variables held constant, of the University's excess of income over expenditure is as follows:

	Change in US dollar rates	Effect on net income \$'000	Effect on equity \$'000
2017	1% increase	958	958
	1% decrease	(958)	(958)
2016	1% increase	1,486	1,486
	1% decrease	(1,486)	(1,486)

The effect on net income is shown net of US dollar financial assets (2017: \$95.6 million; 2016: \$148.6 million) and liabilities (2017: \$0.13 million; 2016: Nil).

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

18. Financial risk management (continued)

Foreign currency risk (continued)

The sensitivity to a possible change in the EURO dollar exchange rate, with all other variables held constant, of the University's excess of income over expenditure is as follows:

	Change in EURO dollar rates	Effect on net income \$'000	Effect on equity \$'000
2017	1% increase	25	25
	1% decrease	(25)	(25)
2016	1% increase	–	–
	1% decrease	–	–

The effect on net income is shown net of EURO dollar financial assets (2017: \$2.5 million; 2016: Nil) and liabilities (2017: Nil; 2016: Nil).

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the University will encounter in meeting its payment obligations when they fall due under normal and extenuating circumstances. Prudent liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed facilities. The University manages this risk by keeping a substantial portion of its financial assets in liquid form.

The maturity profile of the University's financial liabilities at 30 September is as follows:

Year ended 30 September 2017	< 1 year \$'000	> 1 year \$'000	Total \$'000
Retentions	1,831	71,406	73,237
Trade creditors	134,171	–	134,171
Other payables	23,598	–	23,598
Gratuity payable	9,472	5,510	14,982
Amounts due to GORTT	<u>12,403</u>	<u>–</u>	<u>12,403</u>
	<u>181,475</u>	<u>76,916</u>	<u>258,391</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
(Continued)

18. Financial risk management (continued)

Liquidity risk (continued)

Year ended 30 September 2016	< 1 year \$'000	> 1 year \$'000	Total \$'000
Retentions	5,834	72,980	78,814
Trade creditors	88,660	–	88,660
Other payables	20,193	–	20,193
Gratuity payable	5,841	7,452	13,293
Amounts due to GORTT	<u>12,403</u>	<u>–</u>	<u>12,403</u>
	<u>132,931</u>	<u>80,432</u>	<u>213,363</u>

Capital management

The objective of the University's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business activities and safeguard the University's ability to continue as a going concern.

At year-end, the University does not carry any long-term borrowings obligations and is not subject to any externally imposed capital requirements.

19. Fair values

The carrying amounts of short-term financial assets and liabilities comprising cash and short-term deposits, accounts receivable and accounts payable approximate to their fair value because of the short-term maturities of these instruments.

20. Contingent liabilities

The University is party to certain litigation, claims and other legal proceedings in respect of matters which occurred prior to 30 September 2017. There exist unrecorded contingent liabilities of approximately \$48.6 million (2016: \$40.8 million). The potential outflow of resources is considered to be improbable. In relation to one of the litigation matters, a provision of \$13.1 million was recorded as at 30 September 2017 (2016: \$9.3 million) based on professional advice received.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

(Continued)

21. Subsequent events

In 2018, the University began a restructuring exercise based on the directive of GORTT to reduce expenditure. This exercise involved a review of the programmes offered, and the Organisational Structure of the University. These reviews resulted in the retrenchment of fifty-nine (59) academic staff in 2018 and one hundred and seventy six (176) non-academic staff in 2019.