

# THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2013

Ernst & Young



**Building a better  
working world**

THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE UNIVERSITY OF TRINIDAD AND TOBAGO

We have audited the accompanying financial statements of The University of Trinidad and Tobago ('the University') which comprise the statement of financial position as at 30 September 2013 and the statements of income and expenditure, comprehensive income, changes in reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



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## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE UNIVERSITY OF TRINIDAD AND TOBAGO

(Continued)

### **Basis for Qualified Opinion**

As explained in Note 18 to the financial statements, the University has not accounted for taxation in these financial statements as required by IAS 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 to date not been granted by the Board of Inland Revenue. The University continues to pursue a resolution of the matter, and is therefore subject to taxation. If the University were to account for taxation there would be no corporation tax liability and expense to be recorded as at 30 September 2013 and for the year then ended, as the University is in a tax loss position. There would also be no net deferred tax expense to be recorded in the statement of income and expenditure for the year ended 30 September 2013, as the deferred tax asset equates the deferred tax liability. However, non-current assets and non-current liabilities as reflected on the statement of financial position as at 30 September 2013 are understated by \$52 million (2012: \$49 million) in respect of the unrecorded gross deferred tax asset and liability. There is no impact on accumulated reserves as at 30 September 2013.

### **Qualified Opinion**

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University as at 30 September 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port of Spain  
TRINIDAD:

27 January 2017

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013  
(Expressed in Trinidad and Tobago dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Current assets</b>			
Inventory	2 i	118	129
Accounts receivable and prepayments	3	130,052	152,656
Cash and short-term deposits	4	<u>578,734</u>	<u>431,904</u>
		<u>708,904</u>	<u>584,689</u>
<b>Current liabilities</b>			
Accounts payable and accruals	5	182,425	346,531
Deferred tuition fees	6	79,165	78,175
Current portion of deferred capital grants	10	50,428	48,298
Current portion of deferred contributions	11	<u>2,155</u>	<u>3,442</u>
		<u>314,173</u>	<u>476,446</u>
<b>Net current assets</b>		<u>394,731</u>	<u>108,243</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,938,944	1,898,104
Intangible assets	8	2,588	2,707
Other assets	9	<u>15,107</u>	<u>15,288</u>
		<u>1,956,639</u>	<u>1,916,099</u>
		<u>2,351,370</u>	<u>2,024,342</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 2013

(Expressed in Trinidad and Tobago dollars)

(Continued)

	Notes	2013 \$'000	2012 \$'000
<b>Non-current liabilities</b>			
Accounts payable and accruals	5	65,796	64,420
Deferred capital grants	10	1,926,374	1,730,032
Deferred contributions	11	<u>62,535</u>	<u>56,549</u>
		<u>2,054,705</u>	<u>1,851,001</u>
<b>Reserves</b>			
General		284,435	165,632
Professional Education Unit (PEU)		<u>12,230</u>	<u>7,709</u>
		<u>296,665</u>	<u>173,341</u>
		<u>2,351,370</u>	<u>2,024,342</u>

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

These financial statements were approved by the Board of Governors on 27 January 2017 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  
FOR THE YEAR ENDED 30 SEPTEMBER 2013

(Expressed in Trinidad and Tobago dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Income</b>			
Government contributions:			
Recurrent grants	10	424,897	418,456
Capital grants released	10	48,794	52,625
Tuition and other related fees		90,969	89,806
Professional Education Unit (PEU)		16,311	6,455
Other income	13	13,122	7,246
Non-Government contributions	11	3,643	4,200
Interest income		<u>1,989</u>	<u>4,035</u>
		<u>599,725</u>	<u>582,823</u>
<b>Expenses</b>			
Staff costs	14	283,847	305,014
Facilities costs	15 a	73,862	68,231
General and administrative expenses	15 b	38,678	43,159
Academic programmes and related costs	15 c	19,430	20,695
Professional Education Unit (PEU)	15 d	11,790	10,209
Depreciation	7	<u>48,794</u>	<u>52,001</u>
		<u>476,401</u>	<u>499,309</u>
Surplus for the year		<u>123,324</u>	<u>83,514</u>

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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2013  
(Expressed in Trinidad and Tobago dollars)

	<b>General \$'000</b>	<b>PEU \$'000</b>	<b>Total \$'000</b>
<b>Surplus for the year ended 30 September 2013</b>	118,803	4,521	123,324
Other comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year ended 30 September 2013</b>	<u>118,803</u>	<u>4,521</u>	<u>123,324</u>
<b>Surplus/(loss) for the year ended 30 September 2012</b>	87,268	(3,754)	83,514
Other comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total comprehensive income/(loss) for the year ended 30 September 2012</b>	<u>87,268</u>	<u>(3,754)</u>	<u>83,514</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 2013

(Expressed in Trinidad and Tobago dollars)

	<b>General \$'000</b>	<b>Reserves PEU \$'000</b>	<b>Total \$'000</b>
<b>Year ended 30 September 2013</b>			
Balances as at 30 September 2012	165,632	7,709	173,341
Total comprehensive income for the year	<u>118,803</u>	<u>4,521</u>	<u>123,324</u>
<b>Balances as at 30 September 2013</b>	<u>284,435</u>	<u>12,230</u>	<u>296,665</u>
<b>Year ended 30 September 2012</b>			
Balances as at 30 September 2011	78,364	11,463	89,827
Total comprehensive income/(loss) for the year	<u>87,268</u>	<u>(3,754)</u>	<u>83,514</u>
<b>Balances as at 30 September 2012</b>	<u>165,632</u>	<u>7,709</u>	<u>173,341</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 2013  
(Expressed in Trinidad and Tobago dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Surplus for the year		123,324	83,514
Adjustments to reconcile surplus to net cash from operating activities:			
Depreciation	7	48,794	52,001
Capital grants released	10	(48,794)	(52,625)
Deferred contributions released	11	(3,643)	(4,200)
Amortisation of intangible assets	8	1,678	4,601
Loss on disposal of property, plant and equipment		126	370
Other movements		644	—
Amortisation of leasehold premiums	9	<u>181</u>	<u>181</u>
Net cash inflow before working capital adjustments		122,310	83,842
Working capital adjustments:			
Decrease in inventory		11	—
Decrease in accounts receivable and prepayments		22,604	11,279
Decrease in accounts payable, accruals and deferred tuition fees		<u>(171,133)</u>	<u>(31,621)</u>
Net cash (outflow)/inflow from operating activities		<u>(26,208)</u>	<u>63,500</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		77	215
Purchase of property, plant and equipment		(83,001)	(67,465)
Purchase of intangible assets	8	(530)	(1,761)
Term deposits over 90 days maturity		<u>(50,000)</u>	<u>(114,116)</u>
Net cash outflow from investing activities		<u>(133,454)</u>	<u>(183,127)</u>
<b>Cash flows from financing activities</b>			
Payment of interest on short-term borrowings	12	—	(3,616)
Repayment of principal on short-term borrowings	12	—	(150,000)
Proceeds from capital grants	10	247,218	263,498
Proceeds from deferred contributions	11	10,054	9,864
Payments issued from deferred contributions	11	<u>(780)</u>	<u>—</u>
Net cash inflow from financing activities		<u>256,492</u>	<u>119,746</u>
<b>Net increase in cash and cash equivalents</b>		96,830	119
<b>Cash and cash equivalents at beginning of year</b>		<u>317,788</u>	<u>317,669</u>
<b>Cash and cash equivalents at end of year</b>	4 (i)	<u>414,618</u>	<u>317,788</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 2013 (Expressed in Trinidad and Tobago dollars)

### 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 27 January 2017, the Board of Governors comprises 8 members (As at 30 September 2013: 11 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 brings industry-relevant course content with the view of producing 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.

In March 2007, the University established two companies as follows:

- (i) ‘URECO Ltd’ – to manage the University’s real estate portfolio;
- (ii) ‘(UTT) Caribbean Industrial and Technological Services Ltd’ – to provide scientific and technological services.

In March 2011 a decision was made to wind up these companies which had never conducted business but whose incorporation and start-up expenses had been absorbed by the University. As at 27 January 2017, the process to wind up these companies is ongoing.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013  
(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**a. Basis of preparation**

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.

These financial statements do not include the results or net assets of 'URECO Ltd.' and '(UTT) Caribbean Industrial and Technological Services Ltd.' for the year ended 30 September 2013 as these companies have not commenced operations and do not have any net assets to be reported herein.

*Statement of compliance*

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

*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:

- IAS 19 – Consolidated Financial statements (effective 1 July 2014)
- IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – (effective 1 January 2016)
- IAS 27 – Equity Method in Separate Financial Statements (effective 1 January 2016)
- IAS 32 – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
- IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)
- IFRS 9 – Financial Instruments: Classification and Measurement (effective 1 January 2018)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013

(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies (continued)**

**a. Basis of preparation (continued)**

*Standards in issue but not yet effective (continued)*

- IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2016)
- IFRS 11 – Accounting for Acquisition of Interests in Joint Operations – (effective 1 January 2016)
- IFRS 14 – Regulatory Deferred Accounts (effective 1 January 2016)
- IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2017)
- IFRS 16 – Leases (effective 1 January 2019)
- IFRIC 21 – Levies (effective 1 January 2014)
- Improvements to IFRSs (2010-2012): In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards. These amendments are effective from 1 July 2014.
- Improvements to IFRSs (2011-2013): The 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards. These amendments are effective from 1 July 2014.
- Improvements to IFRSs (2012-2014): The IASB issued improvements to four standards which are effective from 1 January 2016.

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

**b. 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 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 UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013

(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies (continued)**

**b. Significant accounting estimates, assumptions and judgements (continued)**

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.

**c. 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013  
(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies (continued)**

**c. Current versus non-current classification (continued)**

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.

**d. 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).

**e. Taxation**

As explained in Note 18, taxation has not been accounted for in these financial statements in accordance with IAS 12: "Income Taxes".

**f. Foreign currency translation**

These financial statements are presented in Trinidad and Tobago dollars (amounts expressed in thousands subject to Note 2 a) 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 rate of exchange ruling 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013

(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies (continued)**

**g. 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 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	–	10% - 33 ⅓%
Office equipment, furniture and fixtures	–	4% - 33 ⅓%

The costs of buildings under construction are classified under ‘capital works in progress’. Depreciation is charged when the construction is substantially completed and the asset is ready for use.

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 when the asset is derecognised.



THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013  
(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies (continued)**

**h. 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 their useful lives not exceeding three years.

**i. 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 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013  
(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies (continued)**

**j. 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.

**k. 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.

**l. Financial instruments**

Financial instruments include cash and short-term deposits, receivables and payables, and short-term borrowings. The applicable recognition methods adopted are described in the relevant accounting policy statements herein.

**m. Cash and cash equivalents**

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

**n. 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013  
(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies (continued)**

**n. Capital grants and contributions (continued)**

*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 however re-allocates from these funds an amount used for the purchase of Minor Equipment to 'Deferred Capital Grants'. Accordingly, recurrent grant income is stated net of the amount transferred to 'Deferred Capital Grants'.

*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 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013

(Expressed in Trinidad and Tobago dollars)

**2. Significant accounting policies (continued)**

**n. Capital grants and contributions (continued)**

*Non-Government contributions (continued)*

(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 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 or if applicable, 'Deferred Capital Grants'.

**o. 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.

**p. 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.

**q. 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 UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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2. **Significant accounting policies** (continued)

q. **Revenue recognition** (continued)

The applicable recognition criteria are set out below:

(i) *Government contributions: Recurrent grants*

As explained in Note 2 n, 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. However, GORTT's recurrent budget allocation includes funds for the purchase of Minor Equipment (motor vehicles, furniture and equipment). The University therefore re-allocates the funds relating to these purchases to 'Deferred Capital Grants' (Note 10).

(ii) *Government contributions: Capital grants released*

As explained in Note 2 n, 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.

(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 income statement and statement of changes in reserves.

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**2. Significant accounting policies (continued)**

**q. Revenue recognition (continued)**

vii) *Non-government contributions*

As explained in Note 2 n, contributions received from third parties (excluding GORTT) are deferred and recognised in income when the related expenses are incurred as applicable.

**r. Interest-bearing borrowings**

All loans and borrowings are recognized at cost (plus capitalised interest where applicable), being the fair value of the consideration received, net of transaction costs. After initial recognition, these borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and discount or premium on settlement. Gains and losses are recognised in the statement of income and expenditure when the liability is derecognised or impaired.

**s. Borrowing costs**

Borrowing costs consist of interest and other costs that the University incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the costs of those assets until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the cost of those assets. All other borrowing costs are recognised in the statement of income and expenditure in the period in which they are incurred.

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**3. Accounts receivable and prepayments**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts due from GORTT (see below)	124,660	146,177
Corporate receivables	14,946	9,280
Other receivables	<u>12,557</u>	<u>8,503</u>
	152,163	163,960
Less: provision for doubtful debts	<u>(30,919)</u>	<u>(18,740)</u>
	121,244	145,220
Prepayments	<u>8,808</u>	<u>7,436</u>
	<u>130,052</u>	<u>152,656</u>
Amounts due from GORTT comprise:		
Government Assistance for Tuition Expenses (GATE)	87,392	104,405
GORTT Ministries	25,451	15,468
Ministry of Public Administration (scholarship students)	10,892	5,270
Recurrent/capital contributions (cash in transit)	<u>925</u>	<u>21,034</u>
	<u>124,660</u>	<u>146,177</u>

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**3. Accounts receivable and prepayments (continued)**

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

	<b>Total</b>	<b>Neither past</b>	<b>Past due but not impaired</b>	
		<b>due nor</b>	<b>30 to 90</b>	<b>Over 90</b>
		<b>impaired</b>	<b>days</b>	<b>days</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2013</b>				
Amounts due from GORTT	103,698	90,266	–	13,432
Corporate receivables	11,197	3,542	6,052	1,603
Other receivables	<u>6,349</u>	<u>747</u>	<u>166</u>	<u>5,436</u>
	<u>121,244</u>	<u>94,555</u>	<u>6,218</u>	<u>20,471</u>
<b>2012</b>				
Amounts due from GORTT	135,067	105,900	–	29,167
Corporate receivables	6,268	5,501	213	554
Other receivables	<u>3,885</u>	<u>3,603</u>	<u>64</u>	<u>218</u>
	<u>145,220</u>	<u>115,004</u>	<u>277</u>	<u>29,939</u>



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3. **Accounts receivable and prepayments** (continued)

As at 30 September, receivables at a value of \$30.9 million (2012: \$18.74 million) are impaired and fully provided for. Movement in the provision for impairment of receivables is as follows:

	<b>Amounts due from GORTT \$'000</b>	<b>Corporate receivables \$'000</b>	<b>Other receivables \$'000</b>	<b>Total \$'000</b>
<b>2013</b>				
Opening balance	11,256	2,866	4,618	18,740
Provision for the year	9,706	1,005	1,590	12,301
Provision reversed	<u>—</u>	<u>(122)</u>	<u>—</u>	<u>(122)</u>
Closing balance	<u>20,962</u>	<u>3,749</u>	<u>6,208</u>	<u>30,919</u>
<b>2012</b>				
Opening balance	2,681	2,208	2,207	7,096
Provision for the year	8,575	2,628	2,411	13,614
Provision reversed	<u>—</u>	<u>(1,970)</u>	<u>—</u>	<u>(1,970)</u>
Closing balance	<u>11,256</u>	<u>2,866</u>	<u>4,618</u>	<u>18,740</u>

4. **Cash and short-term deposits**

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
(i) Cash at bank and in hand	191,757	140,183
Money market mutual funds	142,861	148,605
Term deposits - 90 days maturity	<u>80,000</u>	<u>29,000</u>
<b>Total cash and cash equivalents</b>	414,618	317,788
Term deposits over 90 days maturity	<u>164,116</u>	<u>114,116</u>
	<u>578,734</u>	<u>431,904</u>

The applicable interest rates at the year-end date on the money market mutual funds (TT\$) range from 1% to 1.3% per annum (2012: 1.3% to 2.9% per annum). The term deposits are for an average 180 days maturity period and earn interest at rates ranging from 0.20% to 0.80% per annum (2012: 0.40% to 1.0% per annum).

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**4. Cash and short-term deposits (continued)**

(ii) Cash and short-term deposits include the following funds received for specific purposes as outlined in relevant agreements:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
GORTT funds for capital projects	50,819	93,879
Trinidad and Tobago Health Sciences Initiative (TTHSI)	50,035	21,346
Donated/sponsored funds	81,454	20,951
Staff Health Plan funds	<u>2,544</u>	<u>2,517</u>
	<u>184,852</u>	<u>138,693</u>

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

**5. Accounts payable and accruals**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors	70,174	250,103
Retentions payable	65,202	65,848
Accruals	60,715	60,640
Other payables	47,444	28,487
Gratuity payable	4,280	1,665
Johns Hopkins Medicine International LLC	<u>406</u>	<u>4,208</u>
	<u>248,221</u>	<u>410,951</u>
Presented in the statement of financial position as follows:		
Current portion	182,425	346,531
Non-current portion	<u>65,796</u>	<u>64,420</u>
	<u>248,221</u>	<u>410,951</u>

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**5. Accounts payable and accruals (continued)**

The non-current portion of accounts payable and accruals includes retention payable of \$63.2 million (2012: \$63.8 million) and gratuity payable of \$2.58 million (2012: \$0.6 million).

**6. Deferred tuition fees**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	78,175	76,929
Fees deferred	79,105	78,123
Released to income	<u>(78,115)</u>	<u>(76,877)</u>
Closing balance	<u>79,165</u>	<u>78,175</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.

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**7. Property, plant and equipment**

At 30 September  
2013

	Freehold land \$'000	Buildings \$'000	Machinery and equipment \$'000	Motor vehicles \$'000	Office equipment and fixtures \$'000	Capital works in progress \$'000	Total \$'000
Cost	12,626	638,669	190,783	5,894	201,275	1,239,824	2,289,071
Accumulated depreciation	—	(88,602)	(115,905)	(5,800)	(139,820)	—	(350,127)
<b>Net book amount</b>	<u>12,626</u>	<u>550,067</u>	<u>74,878</u>	<u>94</u>	<u>61,455</u>	<u>1,239,824</u>	<u>1,938,944</u>
Net book amount 1 October 2012	12,626	512,558	85,076	168	53,585	1,234,091	1,898,104
Additions	—	23,695	4,419	—	21,593	44,448	94,155
Disposals	—	(76)	(85)	—	(42)	—	(203)
Transfers from WIP	—	32,000	—	—	2,397	(34,397)	—
Transfers from WIP to Intangible Assets	—	—	—	—	—	(1,029)	(1,029)
Other movements	—	—	—	—	—	(3,289)	(3,289)
Depreciation charge	—	(18,110)	(14,532)	(74)	(16,078)	—	(48,794)
30 September 2013	<u>12,626</u>	<u>550,067</u>	<u>74,878</u>	<u>94</u>	<u>61,455</u>	<u>1,239,824</u>	<u>1,938,944</u>

At 30 September  
2012

	Freehold land \$'000	Buildings \$'000	Machinery and equipment \$'000	Motor vehicles \$'000	Office equipment and fixtures \$'000	Capital works in progress \$'000	Total \$'000
Cost	12,626	583,050	186,449	5,894	177,327	1,234,091	2,199,437
Accumulated depreciation	—	(70,492)	(101,373)	(5,726)	(123,742)	—	(301,333)
<b>Net book amount</b>	<u>12,626</u>	<u>512,558</u>	<u>85,076</u>	<u>168</u>	<u>53,585</u>	<u>1,234,091</u>	<u>1,898,104</u>
Net book amount 1 October 2011	12,626	493,365	64,649	385	63,260	1,197,844	1,832,129
Additions	—	7,728	3,992	124	9,676	97,041	118,561
Disposals	—	(573)	—	—	(12)	—	(585)
Transfers from WIP	—	28,090	32,097	—	607	(60,794)	—
Depreciation charge	—	(16,052)	(15,662)	(341)	(19,946)	—	(52,001)
30 September 2012	<u>12,626</u>	<u>512,558</u>	<u>85,076</u>	<u>168</u>	<u>53,585</u>	<u>1,234,091</u>	<u>1,898,104</u>

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**7. Property, plant and equipment (continued)**

Other movements out of Capital Works in Progress comprise the following:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Reduction of accrued estimate	2,645	—
Amounts transferred to expenses	<u>644</u>	<u>—</u>
	<u><u>3,289</u></u>	<u><u>—</u></u>

It is the University's policy to capitalise interest on borrowings specific to capital projects during the period of construction. In 2013, the total capitalised interest is nil (2012: \$1.6 million).

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Capital Works in Progress comprise:</i>		
Signature Building Complex	1,231,334	1,200,731
Point Lisas Campus	1,439	4,717
Chaguaramas Campus – Phase III	596	20,410
Valsayn Campus	982	67
Corinth Campus	3,560	3,612
ECIAF Campus	1,431	—
John S Donaldson Campus	—	2,008
Other works	<u>482</u>	<u>2,546</u>
	<u><u>1,239,824</u></u>	<u><u>1,234,091</u></u>

(i) *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 2013, the percentage of the works completed is 59% (2012: 59%). As at 27 January 2017, the percentage of the works completed is approximately 79%.

By letter dated 3 June 2013, the University and the Main Contractor documented their agreement in relation to certain outstanding claims for contract variations. This agreement has resulted in an increase of \$525.6 million VAT Exclusive to the maximum guaranteed price of \$975.5 million VAT Exclusive. Accordingly, the revised maximum guaranteed price has increased to \$1.501 billion VAT Exclusive.

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**7. Property, plant and equipment (continued)**

(ii) *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.

*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 August 2007 (Note 9)

*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.

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7. **Property, plant and equipment (continued)**

(ii) *Campuses: (continued)*

*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.

*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.

*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.

*Agora Campus:*

In November 2008, the University acquired freehold interest in 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.

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8. Intangible assets

	<b>Computer software \$'000</b>	<b>Licence \$'000</b>	<b>Book rights \$'000</b>	<b>Total \$'000</b>
<b>At 30 September 2013</b>				
Cost	32,222	215	38	32,475
Accumulated amortisation	<u>(29,860)</u>	<u>(17)</u>	<u>(10)</u>	<u>(29,887)</u>
<b>Net book amount</b>	<u>2,362</u>	<u>198</u>	<u>28</u>	<u>2,588</u>
Balance as at 30 September 2012	2,476	201	30	2,707
Additions	530	-	-	530
Transfer from Property, Plant and Equipment (Note 7)	1,029	-	-	1,029
Amortisation during the year	<u>(1,673)</u>	<u>(3)</u>	<u>(2)</u>	<u>(1,678)</u>
Balance as at 30 September 2013	<u>2,362</u>	<u>198</u>	<u>28</u>	<u>2,588</u>
	<b>Computer software \$'000</b>	<b>Licence \$'000</b>	<b>Book rights \$'000</b>	<b>Total \$'000</b>
<b>At 30 September 2012</b>				
Cost	30,663	215	38	30,916
Accumulated amortisation	<u>(28,187)</u>	<u>(14)</u>	<u>(8)</u>	<u>(28,209)</u>
<b>Net book amount</b>	<u>2,476</u>	<u>201</u>	<u>30</u>	<u>2,707</u>
Balance as at 30 September 2011	5,311	204	32	5,547
Additions	1,761	-	-	1,761
Amortisation during the year	<u>(4,596)</u>	<u>(3)</u>	<u>(2)</u>	<u>(4,601)</u>
Balance as at 30 September 2012	<u>2,476</u>	<u>201</u>	<u>30</u>	<u>2,707</u>



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**8. Intangible assets (continued)**

*Computer software*

This includes the costs of acquired computer software and is amortised on a straight-line basis over a period of 3 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**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease premiums	<u>15,107</u>	<u>15,288</u>
<b>Lease premiums:</b>		
Opening balance	15,469	15,650
Amortisation during the year	<u>(181)</u>	<u>(181)</u>
	15,288	15,469
Current portion included in other receivables	<u>(181)</u>	<u>(181)</u>
	<u>15,107</u>	<u>15,288</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.

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**10. Deferred capital grants**

	<b>2013</b> <b>\$'000</b>	<b>2012</b> <b>\$'000</b>
GORTT	1,889,944	1,688,432
Other	<u>16,630</u>	<u>16,799</u>
Non-monetary grants	1,906,574	1,705,231
	<u>70,228</u>	<u>73,099</u>
	<u>1,976,802</u>	<u>1,778,330</u>
Balance brought forward	1,778,330	1,564,111
Received during the year (monetary)	247,218	263,498
Transferred from 'Deferred Contributions' (Note 11)	48	3,346
Released to the statement of income and expenditure	<u>(48,794)</u>	<u>(52,625)</u>
Balance carried forward	<u>1,976,802</u>	<u>1,778,330</u>
Current portion	50,428	48,298
Non-current portion	<u>1,926,374</u>	<u>1,730,032</u>
	<u>1,976,802</u>	<u>1,778,330</u>

Included in the \$247.2 million received during the year is an amount of \$4.1 million re-allocated from the recurrent grants of \$429.0 million received.

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

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**11. Deferred contributions**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance brought forward	59,991	57,673
Received during the year	10,054	9,864
Released to the statement of income and expenditure	(3,643)	(4,200)
Payments issued	(780)	–
Reclassified to 'Accounts Payable'	(884)	–
Transferred to 'Deferred Capital Grants' (Note 10)	<u>(48)</u>	<u>(3,346)</u>
Balance carried forward	<u>64,690</u>	<u>59,991</u>
Current portion	2,155	3,442
Non-current portion	<u>62,535</u>	<u>56,549</u>
	<u>64,690</u>	<u>59,991</u>

As explained in Note 2 n, 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.

**12. Short-term borrowings**

On 30 April 2010, the University arranged short-term financing of \$150 million by issuing Commercial Paper Notes, guaranteed by the Government of Trinidad and Tobago, to settle liabilities to the main contractor and others for the construction of the Signature Building Complex at Tamana Intech Park. This facility was fully settled on 30 January 2012, as reported in the Statement of Cash Flows (2012: interest \$3.6 million and principal \$150 million).

**13. Other income**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Project management fees (Note 16)	6,438	3,427
Sundry income	5,286	2,126
Facilities rental	1,027	498
Foreign exchange gain (net)	289	879
Sale of books	<u>82</u>	<u>316</u>
	<u>13,122</u>	<u>7,246</u>

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**14. Staff costs**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries, gratuities, allowances and other benefits	283,855	304,608
Staff training	828	1,211
Independent contractors	652	934
Recruitment costs	863	633
Staff costs recharged to PEU (Note 15 d)	<u>(2,351)</u>	<u>(2,372)</u>
	<u>283,847</u>	<u>305,014</u>

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

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Academic	181,667	201,840
Academic support	25,547	22,109
Corporate	<u>76,641</u>	<u>80,659</u>
	<u>283,855</u>	<u>304,608</u>

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

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries, gratuities, allowances and other benefits include:		
Compensation of key management personnel	<u>6,817</u>	<u>5,433</u>

	<b>2013</b>	<b>2012</b>
Staff headcount as at 30 September	<u>1,292</u>	<u>1,247</u>

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**15. Analysis of expenses**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>a. Facilities costs</i>		
Repairs and maintenance	18,793	16,786
Security	15,419	11,878
Janitorial and sanitation	13,243	12,562
Utilities (electricity and water)	11,748	10,834
Telecommunications	5,104	6,366
Lease of land	2,958	3,004
Insurance (property)	2,589	2,692
Rental of office equipment	2,272	2,935
Rental of offices	1,834	1,388
Other	1,722	1,959
Facility costs recharged to PEU (Note 15 d)	<u>(1,820)</u>	<u>(2,173)</u>
	<u>73,862</u>	<u>68,231</u>

Other expenses comprise postage, safety costs and local transportation.

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>b. General and administrative expenses</i>		
Provision for doubtful debts (Non-PEU)	10,941	10,775
Marketing and public relations costs	6,939	7,426
Annual software renewal and maintenance costs	6,852	5,359
Stationery and office supplies	3,222	3,102
Subscriptions	1,767	608
Amortisation of computer software	1,499	4,388
Travelling costs	1,183	1,129
Insurance (non-property)	904	1,114
Board fees and travelling allowances	811	734
Legal and professional fees	716	1,749
Other	<u>3,844</u>	<u>6,775</u>
	<u>38,678</u>	<u>43,159</u>

Other expenses comprise statutory audit fees, refreshments and motor vehicle maintenance.

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15. Analysis of expenses (continued)

	2013 \$'000	2012 \$'000
<i>c. Academic programmes and related costs</i>		
Student functions, transport and related costs	4,852	3,365
Laboratory supplies	2,884	2,373
Student stipends	2,730	5,979
Advertising of programmes	1,515	1,753
External instructors' fees	449	998
Amortisation of licences (Note 8)	3	3
Collaborative agreements with foreign universities	–	1,119
Other	<u>6,997</u>	<u>5,105</u>
	<u>19,430</u>	<u>20,695</u>

Other expenses comprise invigilators' fees, stationery and printing, books and periodicals.

	2013 \$'000	2012 \$'000
<i>d. Professional Education Unit (PEU)</i>		
External facilitators' fees	2,652	1,349
Staff costs (Note 14)	2,351	2,372
Direct staff costs	1,854	2,035
Facility costs (Note 15 a)	1,820	2,173
Catering	1,331	689
Provision for doubtful debts	1,238	869
Other	<u>544</u>	<u>722</u>
	<u>11,790</u>	<u>10,209</u>

Other expenses comprise advertising, stationery and printing.

## THE UNIVERSITY OF TRINIDAD AND TOBAGO

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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#### **16. 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:

##### *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.

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. As at 30 September 2013, there is an outstanding balance of \$3 million due to CDA in respect of the premium.

##### *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 153 acres. The land is leased from 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.

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**16. Related party disclosures (continued)**

*Lease of Land at Tamana InTech Park: (continued)*

By letter dated 26 July 2010, e TecK submitted an Offer for a Thirty-Year Lease commencing 1 January 2007, proposing the payment of a premium of \$1.8 million plus 15% VAT and an annual rent of \$1.6 million plus 15% VAT, subject to rent reviews at the end of every five years. Negotiations between the University and e TecK for securing a lease of the land have not yet been concluded. As at 30 September 2013, the University has accrued the sum of \$11.205 million plus 15% VAT representing amortised premium in the amount of \$0.405 million plus 15% VAT and annual rent in the amount of \$10.8 million plus 15% VAT.

*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 situate 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 plus 15% VAT and an annual rent of \$0.48 million plus 15% VAT, 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 plus 15% VAT 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 2013, the University has accrued the sum of \$1.125 million plus 15% VAT, representing the difference between original rent and the proposed revised rent for the second five-year period.



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**16. Related party disclosures (continued)**

*Government Guarantee:*

In 2010, the University issued Commercial Paper in the sum of \$150 Million as a means of raising funds to settle liabilities to the main contractor and others in respect of work done on the Signature Building Complex construction project at Tamana InTech Park. The transaction was initially secured by a Letter of Comfort from the Minister of Finance which was eventually converted to an Extension Letter of Guarantee. The details of this transaction are more particularly set out in Note 12.

*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), essentially free of charge, 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.

*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). Upon the completion of NAPA, the University assumed responsibility for its management, maintenance, security and operation from November 2009, though no Property Management Contract had been concluded between GORTT and the University.

The University has incurred costs for Utilities, Security, Ground and Equipment Maintenance which are recoverable from GORTT. The University has also submitted property management fees to GORTT. As at 30 September 2013, the receivable from GORTT amounts to \$15.9 million, this amount has been included within Provision for doubtful debts (Note 3).

	2013 \$'000	2012 \$'000
Project management fees income re: NAPA	<u>1,370</u>	<u>1,566</u>

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**16. Related party disclosures (continued)**

*Project Management Services re: TTHSI:*

In 2006, as part of the Trinidad and Tobago Health Sciences Initiative (TTHSI), the University, on behalf of GORTT, entered into a Collaboration and Services Agreement with Johns Hopkins Medicine International LLC. The Agreement was expressed to be for a period of six years to conclude in February 2012, but contained a provision for extension. The activities contemplated by the Agreement continued beyond the six-year period of the Agreement which was formally extended in the 2012-2013 financial year. Accordingly, the University recorded project management fees for the period of five months up to February 2012 in prior year 2012, with the fees for the remaining seven months for 2012 being recorded in 2013.

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Project management fees income re: TTHSI	<u>5,068</u>	<u>1,861</u>

**17. 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:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Due within one year	1,945	760
Due after one year but not more than five years	3,640	2,261
Due after five years	<u>9,882</u>	<u>10,448</u>
	<u>15,467</u>	<u>13,469</u>

Operating lease expenses amounting to \$2.2 million (2012: \$4.5 million) have been incurred during the year and are expensed within facilities costs.

The University has approved capital commitments amounting to \$764.5 million (2012: \$ 1.128 billion) relating primarily to the construction of the Signature Building Complex at Tamana InTech Park and the Chaguaramas Campus. These capital commitments at 30 September 2013 are fully funded by government grants.

## THE UNIVERSITY OF TRINIDAD AND TOBAGO

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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#### **18. Taxation**

The University has not accounted for taxation in these financial statements as required by IAS 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. Accordingly, deferred taxes have not been recorded.

By letter dated 22 April 2008, the Minister of Finance granted Interim Charitable Organisation Status to the University pending the final recommendation by the Board of Inland Revenue. The Board of Inland Revenue by letter dated 12 January 2009 advised the University that it was unable to recommend the grant of Charitable Organisation Status.

In July 2015, the University submitted a proposal to the Minister of Finance and The Economy for a resolution of this matter.

#### **19. 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.

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19. **Financial risk management** (continued)

**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 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:

	<b>Gross maximum exposure 2013 \$'000</b>	<b>Gross maximum exposure 2012 \$'000</b>
Cash and short-term deposits	578,734	431,904
Amount due from GORTT	103,698	135,067
Corporate receivables	11,197	6,268
Other receivables	<u>6,349</u>	<u>3,885</u>
	<u>699,978</u>	<u>577,124</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.

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19. **Financial risk management** (continued)

*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.

**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 2013**

	USD (TT equivalent) \$'000	TTD \$'000	TOTAL \$'000
<b>ASSETS</b>			
Cash and short-term deposits	122,583	456,151	578,734
Accounts receivable	<u>349</u>	<u>120,895</u>	<u>121,244</u>
	<u>122,932</u>	<u>577,046</u>	<u>699,978</u>
<b>LIABILITIES</b>			
Retentions	–	65,202	65,202
Johns Hopkins Medicine International LLC	406	–	406
Trade creditors	1,402	68,772	70,174
Other payables	–	47,444	47,444
Gratuity payable	<u>–</u>	<u>4,280</u>	<u>4,280</u>
	<u>1,808</u>	<u>185,698</u>	<u>187,506</u>

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19. **Financial risk management** (continued)

**Year ended 30 September 2012**

	<b>USD (TT equivalent) \$'000</b>	<b>TTD \$'000</b>	<b>TOTAL \$'000</b>
<b>ASSETS</b>			
Cash and short-term deposits	112,654	319,250	431,904
Accounts receivable	<u>467</u>	<u>144,753</u>	<u>145,220</u>
	<u>113,121</u>	<u>464,003</u>	<u>577,124</u>
<b>LIABILITIES</b>			
Retentions	–	65,848	65,848
Johns Hopkins Medicine International LLC	4,208	–	4,208
Trade creditors	1,145	248,958	250,103
Other payables	–	28,487	28,487
Gratuity payable	<u>–</u>	<u>1,665</u>	<u>1,665</u>
	<u>5,353</u>	<u>344,958</u>	<u>350,311</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:

	<b>Change in US dollar rates</b>	<b>Effect on net income \$'000</b>	<b>Effect on equity \$'000</b>
<b>2013</b>	1% increase	1,211	1,208
	1% decrease	(1,211)	(1,208)
<b>2012</b>	1% increase	1,078	1,078
	1% decrease	(1,078)	(1,078)

The effect on net income is shown net of US dollar financial assets (2013: \$122.9 million; 2012: \$113.1 million) and liabilities (2013: \$1.8 million; 2012: \$5.4 million).

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19. **Financial risk management** (continued)

**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 2013**

	<b>&lt; 1 year \$'000</b>	<b>&gt; 1 year \$'000</b>	<b>Total \$'000</b>
Retentions	1,986	63,216	65,202
Johns Hopkins			
Medicine International LLC	406	–	406
Trade creditors	70,174	–	70,174
Other payables	47,444	–	47,444
Gratuity payable	<u>1,700</u>	<u>2,580</u>	<u>4,280</u>
	<u>121,710</u>	<u>65,796</u>	<u>187,506</u>

**Year ended**

**30 September 2012**

	<b>&lt; 1 year \$'000</b>	<b>&gt; 1 year \$'000</b>	<b>Total \$'000</b>
Retentions	2,058	63,790	65,848
Johns Hopkins			
Medicine International LLC	4,208	–	4,208
Trade creditors	250,103	–	250,103
Other payables	28,487	–	28,487
Gratuity payable	<u>1,035</u>	<u>630</u>	<u>1,665</u>
	<u>285,891</u>	<u>64,420</u>	<u>350,311</u>

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**19. Financial risk management (continued)**

**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.

**20. Fair values**

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

**21. Contingent liabilities**

The University is party to certain litigation, claims and other legal proceedings in respect of matters which occurred prior to 30 September 2013. There exist contingent liabilities of approximately \$13.4 million (2012: \$17.58 million). No provision has been made in these financial statements as the outflow of resources is considered to be improbable.

**22. Forensic investigation**

The University was advised by a letter dated 8 September 2010 from the Office of the Attorney General of a decision by the Government of the Republic of Trinidad and Tobago authorising the Attorney General to conduct a legal and financial audit into the University. A team of attorneys and forensic accountants was engaged by the Attorney General to undertake a review and evaluation of the legal, financial and management practices from incorporation in September 2004 to the date of the investigation.

Based on the Final Report dated 31 July 2012, legal proceedings were initiated in January 2013 and discontinued in July 2015. The initiation of further legal proceedings is not anticipated at this time. Accordingly, Management has determined that the forensic investigation has no impact on the financial statements for the year ended 30 September 2013.



## THE UNIVERSITY OF TRINIDAD AND TOBAGO

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013 (Expressed in Trinidad and Tobago dollars)

#### **23. Special audits**

- (i) By letter dated 4 January 2016, the University engaged a firm of chartered accountants to conduct a special audit of (a) Procurement and Award of Contracts and (b) Expenditure incurred on the Aviation Campus Project. A Final Report dated 16 September 2016 has been issued to the Board and the Office of the Attorney General.

The University has determined that there is no impact on the financial statements for the year ended 30 September 2013.

- (ii) By letter dated 4 January 2016 the University engaged a firm of chartered accountants to conduct a special audit of the Signature Building Complex, Wallerfield Campus Project. A Final Report dated 5 May 2016 has been issued to the Board and the Office of the Attorney General.

The University has determined that there is no impact on the financial statements for the year ended 30 September 2013.

#### **24. Subsequent events**

- (i) **National Academy for the Performing Arts (NAPA)**

In December 2009, the University assumed responsibility for property management of the NAPA, which is owned by GORTT. The property management and operating costs incurred by the University (mainly security, utilities, grounds and equipment maintenance) in assuming this responsibility are recoverable from GORTT.

With effect from 30 April 2013, GORTT assigned responsibility for the management, security, operation and maintenance of NAPA to the Ministry of the Arts and Multiculturalism (now the Ministry of Community Development, Culture and the Arts).

However, the University has continued to incur security, utilities, grounds and equipment maintenance costs of NAPA which are recoverable from GORTT.

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**24. Subsequent events (continued)**

**(ii) Settlement of Judgment Debt**

In February 2014, the University settled a Judgment Debt in the amount of \$17.3 million inclusive of interest and cost, incurred in relation to a 2011 High Court Order. As at 30 September 2013, the University has made a provision of \$16.9 million in accounts payable and accruals in respect of the High Court Order which was then under appeal.

**(iii) Litigation matters**

In respect of matters which have arisen subsequent to 30 September 2013:

- (a) Legal proceedings have been initiated against the University for which the University has estimated potential liabilities in the amount of \$1.5 million.
- (b) In November 2016, the University settled a Judgment Debt as awarded by the High Court in October 2016 in the amount of \$7.2 million plus costs of \$141,000.