

**THE UNIVERSITY OF TRINIDAD AND  
TOBAGO**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2008

Ernst & Young

 **ERNST & YOUNG**

THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

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## INDEPENDENT AUDITORS' 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 balance sheet as at 30 September 2008 and the statements of income and expenditure, 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.

#### **Auditors' 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 auditors' 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.

## INDEPENDENT AUDITORS' 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 2008 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 2008, as the deferred tax asset equates the deferred tax liability. However, non-current assets and non-current liabilities as reflected on the balance sheet as at 30 September 2008 is understated by \$31 million (2007: \$12.7 million) in respect of the unrecorded gross deferred tax asset and liability. There is no impact on accumulated reserves as at 30 September 2008.

**Qualified Opinion**

In our opinion, except for the matters explained in the preceding paragraph, the financial statements give a true and fair view of the financial position of the University as at 30 September 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

As described in Note 21 (i) a team of attorneys and forensic accountants was engaged by the Government of the Republic of Trinidad and Tobago to undertake a review and evaluation of the legal, financial and management practices of the University. Based on the information which has been made available to the University, management is of the opinion that there is no impact on the financial statements for the year ended 30 September 2008. Our audit report is not qualified in respect of this matter.



Port of Spain  
TRINIDAD:  
12 July 2013

THE UNIVERSITY OF TRINIDAD AND TOBAGO

BALANCE SHEET AS AT 30 SEPTEMBER 2008  
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2008 \$	2007 \$ Restated
<b>Current assets</b>			
Inventory	2 j	316	743
Accounts receivable and prepayments	3	265,821	150,145
Cash and short-term deposits	4	<u>272,091</u>	<u>118,502</u>
		<u>538,228</u>	<u>269,390</u>
<b>Current liabilities</b>			
Bank overdraft	4	—	5,271
Accounts payable and accruals	5	225,590	118,117
Deferred fees	6	65,357	22,611
Current portion of deferred capital grants	10	52,547	40,694
Current portion of deferred contributions	11	<u>4,355</u>	<u>2,105</u>
		<u>347,849</u>	<u>188,798</u>
<b>Net current assets</b>		<u>190,379</u>	<u>80,592</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	761,733	481,215
Intangible assets	8	6,057	7,149
Other assets	9	<u>16,013</u>	<u>10,204</u>
		<u>783,803</u>	<u>498,568</u>
		<u>974,182</u>	<u>579,160</u>

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

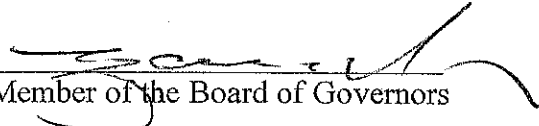
THE UNIVERSITY OF TRINIDAD AND TOBAGO

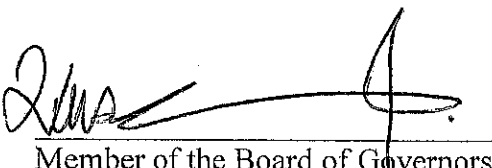
BALANCE SHEET AS AT 30 SEPTEMBER 2008  
 (Expressed in thousands of Trinidad and Tobago dollars)  
 (Continued)

	Notes	2008 \$	2007 \$ Restated
<b>Non-current liabilities</b>			
Deferred capital grants	10	877,336	530,607
Deferred contributions	11	19,948	8,310
Amount due to National Energy Skills Center (NESC)	15	—	2,400
		<u>897,284</u>	<u>541,317</u>
<b>Reserves</b>			
General		58,958	23,511
Professional Education Unit (PEU)		<u>17,940</u>	<u>14,332</u>
		<u>76,898</u>	<u>37,843</u>
		<u>974,182</u>	<u>579,160</u>

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

These financial statements were approved by the Board of Governors on 12 July 2013 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 2008  
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2008 \$	2007 \$ <b>Restated</b>
<b>Income</b>			
Government contributions:			
Recurrent grants		344,000	197,320
Capital grants released	10	40,695	26,182
Tuition and other related fees		51,798	42,908
Professional Education Unit (PEU)		31,218	35,625
Non-Government contributions	11	2,196	970
Interest income		7,049	6,248
Other income	12	<u>4,126</u>	<u>4,496</u>
		<u>481,082</u>	<u>313,749</u>
<b>Expenditure</b>			
Staff costs	13	260,791	150,298
General and administrative expenses	14	33,059	22,695
Academic programs and related costs	14	32,580	35,686
Professional Education Unit (PEU)	14	27,610	27,002
Facilities costs	14	47,137	29,180
Depreciation	7	<u>40,850</u>	<u>26,391</u>
		<u>442,027</u>	<u>291,252</u>
Excess of income over expenditure for the year		<u>39,055</u>	<u>22,497</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 2008  
(Expressed in thousands of Trinidad and Tobago dollars)

	General \$	Reserves PEU \$	Total \$
<b>Year ended 30 September 2008</b>			
Balance as at 30 September 2007	23,511	14,332	37,843
Excess of income over expenditure for the year	<u>35,447</u>	<u>3,608</u>	<u>39,055</u>
<b>Balance as at 30 September 2008</b>	<u><b>58,958</b></u>	<u><b>17,940</b></u>	<u><b>76,898</b></u>
<b>Year ended 30 September 2007</b>			
Balance as at 1 October 2006 (as previously stated)	7,800	5,709	13,509
Effect of restatement – Accounting for management fee (Note 2b)	<u>1,837</u>	<u>–</u>	<u>1,837</u>
Balance as at 1 October 2006 (restated)	9,637	5,709	15,346
Excess of income over expenditure for the year (as previously stated)	10,448	8,623	19,071
Effect of restatement – Accounting for management fee (Note 2b)	<u>3,426</u>	<u>–</u>	<u>3,426</u>
Excess of income over expenditure for the year (restated)	<u>13,874</u>	<u>8,623</u>	<u>22,497</u>
<b>Balance as at 30 September 2007 (restated)</b>	<u><b>23,511</b></u>	<u><b>14,332</b></u>	<u><b>37,843</b></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 2008  
(Expressed in thousands of Trinidad and Tobago dollars)

	2008 \$	2007 \$ <b>Restated</b>
<b>Cash flows from operating activities</b>		
Excess of income over expenditure for the year	39,055	22,497
Adjustments to reconcile excess of income over expenditure to net cash from operating activities:		
Depreciation	40,850	26,391
Capital grants released to the statement of income and expenditure	(40,695)	(26,182)
Deferred contributions released to the statement of income and expenditure	(2,196)	(970)
Amortisation of intangibles	3,872	2,397
Loss/(gain) on disposal of property, plant and equipment	1,316	(95)
Other receivable provision	812	-
Amortisation of leasehold premiums	<u>131</u>	<u>121</u>
Net cash inflow before working capital changes	43,145	24,159
Decrease/(increase) in inventory	427	(743)
Increase in accounts receivable and prepayments	(115,616)	(14,562)
Increase in accounts payable and accruals and deferred fees	150,219	53,297
Decrease in amount due to NESC	(2,400)	(1,200)
(Increase)/decrease in other assets	<u>(6,000)</u>	<u>131</u>
Net cash inflow from operating activities	<u>69,775</u>	<u>61,082</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(323,496)	(154,117)
Purchase of intangible assets	<u>(2,780)</u>	<u>(6,252)</u>
Net cash outflow from investing activities	<u>(326,276)</u>	<u>(160,369)</u>
<b>Cash flows from financing activities</b>		
Proceeds from capital grants	399,133	134,000
Proceeds from deferred contributions	<u>16,228</u>	<u>4,145</u>
Net cash inflow from financing activities	<u>415,361</u>	<u>138,145</u>
<b>Net increase in cash and cash equivalents</b>	158,860	38,858
<b>Cash and cash equivalents at beginning of year</b>	<u>113,231</u>	<u>74,373</u>
<b>Cash and cash equivalents at end of year (Note 4)</b>	<u>272,091</u>	<u>113,231</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 2008 (Expressed in thousands of 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. This was deemed to be an interim measure until the enactment of appropriate legislation to govern the conduct of its business and affairs.

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 12 July 2013, the Board of Governors comprises eleven (11) members (As at 30 September 2008: 10 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 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 result of a graduate being industry-ready.

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.

As at 30 September 2008, these companies have not issued any shares. In March 2011 a decision was made to wind up these companies (refer to Note 21 (iii)).

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

**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 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 2008 as these companies have not commenced operations and do not have any net assets to be reported herein.

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

*Statement of Compliance*

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

*New accounting policies and disclosures adopted*

IAS 1 Amendment – Capital disclosures (effective 1 January 2007)

The University adopted the amendment to IAS 1 on 1 October 2007. This amendment requires the University to make new disclosures to evaluate the University's objectives, policies and processes for managing capital. The adoption of this amendment has no quantitative impact on the financial statements for the years ended 30 September 2007 and 2008.

IFRS 7 – Financial Instruments: Disclosures (effective 1 January 2007)

The University adopted IFRS 7 on 1 October 2007. This standard requires disclosures that enable users to evaluate the significance of the University's financial instruments and the nature and extent of risks arising from these financial instruments. It replaces the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation'. The adoption of this standard has no quantitative impact on these financial statements but has impacted disclosure requirements in these financial statements for the years ending 30 September 2007 and 2008.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

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

*New accounting policies and disclosures adopted* (continued)

IFRIC 10 – Interim Financial Reporting and Impairment (effective 1 January 2007)

This interpretation requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset earned at cost. The adoption of this interpretation has no effect on the financial position or performance of the University.

IFRIC 11 IFRS 2 – Treasury Share Transactions (effective 1 January 2007)

This interpretation requires that when an employee is granted rights to an entity's equity instruments it is to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party or the shareholders provide the equity instruments needed. The adoption of this interpretation has no effect on the financial position or performance of the University.

*Standards in issue not yet effective*

The University has not early adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

- IAS 1R - Presentation of Financial Statements (effective 1 January 2009)
- IAS 23 - Borrowing Costs – Revised (effective 1 January 2009)
- IAS 27 - Consolidated and Separate Financial Statements – Revised (effective 1 January 2009)
- IAS 32 - Financial Instrument: Presentation – Revised (effective 1 January 2009)
- IFRS 2 - Share Based Payment – Revised (effective 1 January 2009)
- IFRS 3 - Business Contributions – Revised (effective 1 July 2009)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

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

*Standards in issue not yet effective*

- IFRS 8 - Operating Segments (effective 1 January 2009)
- IFRIC 12 - Service Concession Arrangements (effective 1 January 2008)
- IFRIC 13 - Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)
- IFRIC 15 - Agreements for the Construction of Real Estate (effective 1 January 2009)
- IFRIC 17 - Distributions of Non-Cash Assets to Owners (effective 1 July 2009)
- IFRIC 18 - Transfers of Assets from Customers (effective 1 July 2009)
- IAS 32 and IAS 1 - Amendment – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 1 - Presentation of Items of Other Comprehensive Income – Amendment to IAS 1 (effective 1 July 2012)
- IFRS 1 and IAS 27 - Amendment – Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
- IFRS 7 - Amendment – Improving disclosures about Financial Instruments (effective 1 January 2009)
- IFRS 1R - Structural Amendment (effective 1 July 2009)
- IFRS 1 - First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (Amendments) (effective 1 January 2010)
- IFRS 1 - First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters (effective 1 July 2010)
- IFRS 2 - Group Cash-settled Share-based Payment Arrangements (effective 1 January 2010)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

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

*Standards in issue not yet effective (continued)*

- IAS 32 - Financial Instruments: Presentation – Classification of Rights Issues (Amendment) (effective 1 February 2010)
- IAS 28 - Investments in Associates and Joint Ventures (as revised in 2011) (effective 1 January 2013)
- IAS 32 - Offsetting Financial Assets and Financial Liabilities – Amendment to IAS 32 (effective 1 January 2012)
- IFRS 1 - Government Loans – Amendments to IFRS 1 (effective 1 January 2013)
- IFRS 7 - Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013)
- IFRS 9 - Financial Instruments: Classification and Measurement (effective 1 January 2015)
- IFRS 10 - Consolidated Financial statements (effective 1 January 2013)
- IFRS 11 - Joint Arrangements (effective 1 January 2013)
- IFRS 12 - Disclosure of Interest in Other Entities (effective 1 January 2013)
- IFRS 13 - Fair Value Measurement (effective 1 January 2013)

**b. Restatement of comparative figures**

The comparative information has been restated to record project management fee income relating to the Trinidad and Tobago Health Sciences Initiative (TTHSI) for the previous years ended 30 September 2006 and 30 September 2007. The restatement has resulted in the recognition of project management fee income of \$1.837 million for the year ended 30 September 2006 and \$3.426 million for the year ended 30 September 2007, with a corresponding increase in the excess of income over expenditure for the respective years. Accordingly, net assets (total reserves) and amounts due from GORTT (within accounts receivable) increased by \$5.263 million as at 30 September 2007.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

**c. Significant accounting estimates, assumptions and judgements**

The preparation of these financial statements in conformity with IFRS 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 balance sheet 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 balance sheet date, the actual outcome may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 uncollectible receivables. The level of this provision is evaluated by the University on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the University's relationship with its customers, their payment behavior 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 balances.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

**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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**e. Taxation**

As described 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) 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 balance sheet 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.

**g. Property, plant and equipment**

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.



THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

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

Subsequent costs are included in the asset's carrying amount 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 other 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%
Reference library materials	-	20%
Machinery and equipment	-	10% - 33 ⅓%
Office equipment, furniture and fixtures	-	10% - 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 assets are 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 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 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

**h. Intangible assets**

Intangible assets acquired 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 future 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 is accounted for by changing the amortisation period, as appropriate, and is 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.

Acquired 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 2008  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

**j. Inventory**

Inventory representing the cost of laptop computers and related software for resale to students, 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 carried in the balance sheet include cash and short-term deposits, receivables and payables, and are stated at cost.

**m. Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand and funds held in short-term deposits with original maturity of three months or less and are carried at cost which approximates their fair value.

**n. Capital grants and contributions**

*Capital grants*

Capital grants are received from both 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. 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  
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**2. Significant accounting policies (continued)**

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

*Government contributions*

Contributions received from GORTT to meet operating deficits are recognised in the respective year to which the Government's annual budget allocation applies.

*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 balance sheet 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 balance sheet 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.

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 balance sheet as 'Accounts Receivables'. The amount is also reflected in the statement of income and expenditure as relevant expenses or if applicable, in the balance sheet 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'.

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

**o. Accounts payable**

Accounts payable are 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 following specific recognition criteria apply to the relevant category of revenue:

- i) *Grants relating to operating activities*  
Grants relating to operating activities are recognised as income on a systematic and rational basis over the periods in which the related expenses are incurred.
- ii) *Tuition fees*  
Tuition fees are recognised on the accruals basis over the period of instruction.
- iii) *Interest income*  
Interest income is accounted for on the accruals basis.

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2. Significant accounting policies (continued)

q. Revenue recognition (continued)

iv) *Other income*

Income is received from a range of activities including rental of facilities. Income is recognised on the accruals basis commensurate with the exchange of relevant services.

v) *Professional Education Unit (PEU)*

Income is recognised on the accruals basis commensurate with the exchange of relevant services and is reported separately to segregate its revenue and expenses for future activities relating to this Unit.

3. Accounts receivable and prepayments	2008 \$	2007 \$ Restated
Amount due from GORTT (see below)	172,593	79,534
Corporate receivables	31,222	22,708
Other receivables	<u>18,950</u>	<u>11,248</u>
	222,765	113,490
Less: provision for doubtful debts	<u>(3,718)</u>	<u>(2,902)</u>
	219,047	110,588
Prepayments	<u>46,774</u>	<u>39,557</u>
	<u>265,821</u>	<u>150,145</u>
Amount due from GORTT comprises:		
Recurrent/capital contributions (cash in transit)	89,728	28,238
Government Assistance for Tuition Expenses (GATE)	74,277	36,122
Trinidad and Tobago Health Sciences Initiative (TTHSI)	<u>8,588</u>	<u>15,174</u>
	<u>172,593</u>	<u>79,534</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:

2008	Total \$	Neither past due nor impaired \$	Past due but not impaired	
			30 to 90 days \$	Over 90 days \$
Amount due from GORTT	172,460	163,872	8,588	—
Corporate receivables	28,589	21,677	2,224	4,688
Other receivables	<u>17,998</u>	<u>—</u>	<u>1,002</u>	<u>16,996</u>
	<u>219,047</u>	<u>185,549</u>	<u>11,814</u>	<u>21,684</u>
<b>2007</b>				
Amount due from GORTT	79,401	64,227	15,174	—
Corporate receivables	20,079	18,402	1,053	624
Other receivables	<u>11,108</u>	<u>—</u>	<u>2,279</u>	<u>8,829</u>
	<u>110,588</u>	<u>82,629</u>	<u>18,506</u>	<u>9,453</u>

As at 30 September, receivables at a value of \$3.7 million (2007: \$2.9 million) were impaired and fully provided for. Movement in the provision for impairment of receivables was as follows:

2008	Amounts due from GORTT \$	Corporate receivables \$	Other receivables \$	Total \$
Opening balance	133	2,629	140	2,902
Provision for the year	—	720	812	1,532
Unused provisions reversed	<u>—</u>	<u>(716)</u>	<u>—</u>	<u>(716)</u>
Closing balance	<u>133</u>	<u>2,633</u>	<u>952</u>	<u>3,718</u>

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3. Accounts receivable and prepayments (continued)

2007	Amounts due from GORTT	Corporate receivables	Other receivables	Total
	\$	\$	\$	\$
Opening balance	347	1,072	726	2,145
Provision for the year	—	1,735	—	1,735
Unused provisions reversed	<u>(214)</u>	<u>(178)</u>	<u>(586)</u>	<u>(978)</u>
Closing balance	<u>133</u>	<u>2,629</u>	<u>140</u>	<u>2,902</u>

4. Cash and short-term deposits	2008	2007
	\$	\$
Cash at bank and in hand	180,066	45,950
Money market mutual funds	92,025	52,137
Term deposits	<u>—</u>	<u>20,415</u>
	<u>272,091</u>	<u>118,502</u>

The applicable interest rates at the balance sheet date on the money market mutual funds (TT\$) range from 5.75% to 5.95% per annum. The term deposits are for a 90-day maturity period and earn interest at a rate of 7.25% per annum.

Cash and cash equivalents for the purpose of the statement of cash flows include the following:

	2008	2007
	\$	\$
Cash and short-term deposits	272,091	118,502
Bank overdraft	<u>—</u>	<u>(5,271)</u>
	<u>272,091</u>	<u>113,231</u>



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5. Accounts payable and accruals	2008 \$	2007 \$
Accruals	134,332	49,179
Other payables	31,899	17,656
Trade creditors	33,989	41,280
Retentions payable	10,903	5,939
Amount due to Johns Hopkins Medicine International	12,067	850
Amount due to National Energy Skills Center (NESC) (Note 15)	<u>2,400</u>	<u>3,213</u>
	<u>225,590</u>	<u>118,117</u>

6. Deferred fees

This represents the portion of tuition fees that is deferred, as the services will be provided in the subsequent period. When the services are performed, the amount is released to the statement of income and expenditure and included within tuition and other related fees income.

7. Property, plant and equipment

At 30 September 2008	Buildings \$	Machinery and equipment \$	Motor vehicles \$	Office equipment and fixtures \$	Capital works in progress \$	Total \$
Cost	327,032	110,897	5,934	103,216	302,510	849,589
Accumulated depreciation	<u>(18,741)</u>	<u>(29,653)</u>	<u>(4,215)</u>	<u>(35,247)</u>	—	<u>(87,856)</u>
<b>Net book amount</b>	<u>308,291</u>	<u>81,244</u>	<u>1,719</u>	<u>67,969</u>	<u>302,510</u>	<u>761,733</u>
Net book amount 1 October 2007	233,172	49,651	2,367	54,650	141,375	481,215
Additions	4,620	41,818	696	19,668	256,694	323,496
Disposals	—	(1,015)	—	(301)	—	(1,316)
Transfers from WIP	78,000	4,610	—	12,137	(94,747)	—
Other movements	—	—	—	—	(812)	(812)
Depreciation charge	<u>(7,501)</u>	<u>(13,820)</u>	<u>(1,344)</u>	<u>(18,185)</u>	—	<u>(40,850)</u>
30 September 2008	<u>308,291</u>	<u>81,244</u>	<u>1,719</u>	<u>67,969</u>	<u>302,510</u>	<u>761,733</u>

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7. Property, plant and equipment (continued)

At		Machinery and equipment	Motor vehicles	Office equipment and fixtures	Capital works in progress	Total
30 September 2007	Buildings \$	\$	\$	\$	\$	\$
Cost	244,413	65,491	5,238	71,749	141,375	528,266
Accumulated depreciation	(11,241)	(15,840)	(2,871)	(17,099)	—	(47,051)
<b>Net book amount</b>	<u>233,172</u>	<u>49,651</u>	<u>2,367</u>	<u>54,650</u>	<u>141,375</u>	<u>481,215</u>
Net book amount 1 October 2006	210,212	29,545	3,043	28,334	82,260	353,394
Additions	9,812	3,959	593	25,626	114,127	154,117
Disposals	—	151	(53)	(5)	2	95
Transfers from WIP	19,759	23,601	—	11,654	(55,014)	—
Depreciation charge	(6,611)	(7,605)	(1,216)	(10,959)	—	(26,391)
30 September 2007	<u>233,172</u>	<u>49,651</u>	<u>2,367</u>	<u>54,650</u>	<u>141,375</u>	<u>481,215</u>

*Capital Works in Progress comprise:*

	2008 \$	2007 \$
Signature Building, Tamana InTech Park	234,592	71,700
Chaguaramas Campus – Phase II	—	41,800
Chaguaramas Campus – Phase III	3,600	—
O'Meara Campus – Administration Building	—	13,300
O'Meara Campus – outdoor cricket and football field	9,790	—
Valsayn Campus	23,845	—
John S Donaldson Campus	4,195	—
Corinth Campus	3,414	4,382
ECIAF Campus	4,713	1,086
Other works	<u>18,361</u>	<u>9,107</u>
	<u>302,510</u>	<u>141,375</u>

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

*Signature Building Complex, Tamana InTech Park:*

In December 2007 the University entered into a contract for the construction of its Signature Building Complex at Tamana InTech Park, Wallerfield. The Tamana InTech Park, managed by a state entity named 'eTecK', was conceptualized as the home of 21st century, innovative, cutting edge industries. The decision to construct the Signature Building Complex as the Main Campus of the University at that location was based upon the synergy to be achieved between industry and academia.

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.

*Point Lisas Campus:*

In May 2004, GORTT approved the integration of the 'Trinidad and Tobago Institute of Technology' (TTIT), a division of the National Energy Skills Center (NESC), into the University. In September 2004, the University recorded the building and equipment of TTIT ("the Point Lisas Campus") at fair values of \$56.0 million and \$26.4 million respectively and with corresponding credits to "Deferred capital grants" (Note 10).

In July 2005, GORTT approved the transfer to the University of the land on which the Point Lisas Campus is situated. However, the transfer of the land (4.3723 hectares) was effected by way of a State Grant issued on 17 August 2010 (Note 21(ii)). Accordingly, as at 30 September 2008, the University has not recognised the land on its balance sheet.

*O'Meara Campus:*

The O'Meara Campus was constructed on land acquired under an agreement for a lease for 30 years effective 1 January 2005 (Note 9). Phase I - Academic Building was completed in May 2006, Phase II - Graduation Pavilion was completed in November 2006, Phase III - Administration Building was completed in January 2008 and Phase IV - an outdoor cricket/football field was completed in December 2009.

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

*Chaguaramas Campus:*

The Chaguaramas Campus was constructed on land acquired under an agreement for a lease for 99 years effective 1 August 2005 (Note 9). Phase I - Workshop, Classrooms and Swimming Pool was completed in August 2006, Phase II - Administration & Teaching Building was completed in May 2008 and Phase III - Marine Sciences & Engineering Building is under construction (as noted under "Capital Works in Progress").

*John S Donaldson and San Fernando Campuses:*

In June 2005, GORTT agreed to assign responsibility for the John S. Donaldson Technical Institute (JSDTI) and the San Fernando Technical Institute (SFTI) to the University. 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 JSDTI and SFTI with immediate effect, pending the vesting of these properties in the University. As at 12 July 2013, the properties of JSDTI and SFTI have not been vested in the University.

The University has not recognised these properties on its balance sheet. However, the University has recorded the cost of upgrade works undertaken.

*Valsayn and Corinth Campuses:*

In December 2005, GORTT agreed to the transfer of Valsayn and Corinth Teachers' Training Colleges to the University. These two properties are currently vested with GORTT, with the Ministry of Education being the previous occupier. By letter dated 13 September 2006, the Ministry of Education granted permission to the University to occupy and utilise these premises with immediate effect, pending the formalisation of lease arrangements. However, no lease arrangements have been formalised.

The University has not recognised these properties on its balance sheet. However, the University has recorded the cost of upgrade works undertaken.

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

*ECIAF Campus:*

In September 2006, GORTT agreed to the integration of the Eastern Caribbean Institute of Agriculture and Forestry (ECIAF) into the University. As part of the decision, GORTT agreed to the vesting of the properties of ECIAF. The formal transfer of the properties of ECIAF has not been effected as at the balance sheet date. By letter dated 2008 April 30, the Ministry of Science, Technology and Tertiary Education granted permission to the University to occupy and utilise the properties of ECIAF.

The University has not recognised these properties on its balance sheet. 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 centre includes laboratories for crop sciences, herbal medicine, renewable energy and bio-energy.

The University has not secured legal title to the land and buildings thereon at the balance sheet date and therefore has not recognised these properties on its balance sheet at that date. However, the University has recorded the cost of upgrade works undertaken.

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8. Intangible assets

	Computer software	Licences	Book Rights	Total
	\$	\$	\$	\$
<b>At 30 September 2008</b>				
Cost	12,898	1,514	38	14,450
Accumulated amortisation and impairment	(7,092)	(1,299)	(2)	(8,393)
<b>Net book amount</b>	<u>5,806</u>	<u>215</u>	<u>36</u>	<u>6,057</u>
Opening balance	7,106	5	38	7,149
Additions	2,565	215	—	2,780
Amortisation during the period	(3,865)	(5)	(2)	(3,872)
Balance as at 30 September 2008	<u>5,806</u>	<u>215</u>	<u>36</u>	<u>6,057</u>
<b>At 30 September 2007</b>				
Cost	10,333	1,299	38	11,670
Accumulated amortisation and impairment	(3,227)	(1,294)	—	(4,521)
<b>Net book amount</b>	<u>7,106</u>	<u>5</u>	<u>38</u>	<u>7,149</u>
Opening balance	3,227	67	—	3,294
Additions	6,214	—	38	6,252
Amortisation during the period	(2,335)	(62)	—	(2,397)
Balance as at 30 September 2007	<u>7,106</u>	<u>5</u>	<u>38</u>	<u>7,149</u>

*Computer software*

This includes the costs of acquired computer software and is being amortised on a straight-line basis over a finite period of three (3) years.

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8. **Intangible assets (continued)**

*Licences*

This represents the costs incurred by the University to acquire the licences granted by a foreign university in respect of the delivery of the University's educational program. The licence fee is being amortised on a straight-line basis over a finite period of three (3) years, which is the applicable period of the licence.

*Book rights*

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

9. <b>Other assets</b>	<b>2008</b>	<b>2007</b>
	\$	\$
Lease premiums (see below)	<u>16,013</u>	<u>10,204</u>
<b>Lease premiums:</b>		
Opening balance	10,325	10,446
Addition	6,000	-
Amortisation during the period	<u>(131)</u>	<u>(121)</u>
	16,194	10,325
Current portion included in other receivables	<u>(181)</u>	<u>(121)</u>
	<u>16,013</u>	<u>10,204</u>

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9. Other assets (continued)

Lease premiums comprise amounts paid to acquire the leases of parcels of lands on which the O'Meara Campus, Arima and the Chaguaramas Campus are situated. The addition relates to a 3-acre parcel of land at Chaguaramas occupied by the University from August 2008. These payments are stated at cost and are amortised over the periods of the respective leases which are ninety-nine (99) years for the 2 parcels of land at Chaguaramas and thirty (30) years for the parcel of land at Arima.

10. Deferred capital grants	2008 \$	2007 \$
GORTT	858,444	504,319
Other	<u>9,099</u>	<u>—</u>
	<u>867,543</u>	<u>504,319</u>
Monetary grants	867,543	504,319
Non-monetary grants	<u>62,340</u>	<u>66,982</u>
	<u>929,883</u>	<u>571,301</u>
Balance brought forward	571,301	463,392
Received during the period	399,133	134,000
Transfer from 'Deferred contributions' (Note 11)	144	91
Released to the statement of income and expenditure	<u>(40,695)</u>	<u>(26,182)</u>
Balance carried forward	<u>929,883</u>	<u>571,301</u>
Current	52,547	40,694
Non-current	<u>877,336</u>	<u>530,607</u>
	<u>929,883</u>	<u>571,301</u>

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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<b>11. Deferred contributions</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Balance brought forward	10,415	7,331
Received during the year	16,228	4,145
Released to the statement of income and expenditure	(2,196)	(970)
Transfer to 'Deferred capital grants' (Note 10)	<u>(144)</u>	<u>(91)</u>
Balance carried forward	<u>24,303</u>	<u>10,415</u>
Current	4,355	2,105
Non-current	<u>19,948</u>	<u>8,310</u>
	<u>24,303</u>	<u>10,415</u>

These funds represent receipts from donors with specified conditions and restrictions relating to its use. When these funds are spent in accordance with the donor's stipulations, the amount is released to the statement of income and expenditure.

<b>12. Other income</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Project management fees	3,587	3,744
Facilities rental	412	389
Foreign exchange gain	97	82
Sundry income	49	276
Sale of laptops (net)	<u>(19)</u>	<u>5</u>
	<u>4,126</u>	<u>4,496</u>

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13. Staff costs	2008 \$	2007 \$
Salaries, gratuities, allowances and other benefits	248,816	141,013
Independent contractors	13,611	7,668
Recruitment costs	2,185	3,540
Staff costs recharged to PEU (Note 14 c)	<u>(3,821)</u>	<u>(1,923)</u>
	<u>260,791</u>	<u>150,298</u>

Compensation of key management personnel included above:

Salaries, gratuities, allowances and other benefits	<u>6,135</u>	<u>4,708</u>
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Staff headcount as at 30 September 2008 is 1,223 employees (2007: 827 employees).

Staff costs can be further analysed into three categories, as follows:

	2008 \$	2007 \$
Academic	156,370	77,039
Academic support	22,035	25,264
Corporate	<u>70,411</u>	<u>38,710</u>
	<u>248,816</u>	<u>141,013</u>

14. Analysis of expenses

a) *General and administrative expenses*

Marketing and public relations costs	5,670	5,554
Travelling costs	5,094	3,512
Stationery and office supplies	4,042	3,267
Legal and professional fees	4,260	3,515
Amortisation of computer software	3,865	2,335
Insurance (non-property)	788	430
Other	<u>9,340</u>	<u>4,082</u>
	<u>33,059</u>	<u>22,695</u>

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14. Analysis of expenses (continued)

a) *General and administrative expenses (continued)*

Other expenses comprise annual software renewal and maintenance, statutory audit fees, subscriptions, refreshments, foreign exchange losses and motor vehicle maintenance costs.

	2008	2007
	\$	\$
b) <i>Academic programs and related costs</i>		
Collaborative agreements with foreign universities	6,911	10,354
Medical transcription training costs (Note 15)	(9,194)	5,612
Student stipends	6,790	4,120
Student functions, transport and related costs	11,691	3,424
External instructors' fees	3,796	3,350
Advertising courses	2,937	2,925
Laboratory supplies	3,219	1,256
Amortisation of licence	7	62
Other	<u>6,423</u>	<u>4,583</u>
	<u>32,580</u>	<u>35,686</u>

Other expenses comprise student testing costs, stationery and printing costs, books and periodicals.

	2008	2007
	\$	\$
c) <i>Professional Educational Unit (PEU)</i>		
Independent contractors	5,401	6,463
Direct staff costs	6,449	6,243
External facilitators	7,109	5,076
Staff costs (Note 13)	3,821	1,923
Facility costs (Note 14 d)	1,520	1,311
Catering	1,877	1,830
Other	<u>1,433</u>	<u>4,156</u>
	<u>27,610</u>	<u>27,002</u>

Other expenses comprise advertising costs, stationery costs and printing costs.

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14. Analysis of expenses (continued)	2008 \$	2007 \$
<i>d) Facilities costs</i>		
Telecommunications	7,417	4,903
Utilities (electricity and water)	7,647	4,427
Security	7,358	3,810
Repairs and maintenance	8,222	3,877
Rental of offices	4,084	2,886
Lease of land	1,895	2,827
Janitorial and sanitation	4,523	2,710
Aripo facility costs (see below)	1,910	1,866
Rental of office equipment	2,315	1,313
Insurance (property)	1,695	1,122
Other	1,591	750
Facility costs recharged to PEU (Note 14 c)	<u>(1,520)</u>	<u>(1,311)</u>
	<u>47,137</u>	<u>29,180</u>

Aripo facility costs of \$1.91 million include staff costs of \$0.54 million (2007: \$0.53 million).

Other expenses comprise postage costs, safety costs, local transportation and sundry expenses.

15. Related party disclosures

During the year, the University had the following transactions with related parties as follows:

	2008 \$	2007 \$
Medical transcription training costs incurred by Evolving Tecknologies and Enterprise Development Company Ltd (e-Teck) and invoiced to the University	(9,194)	5,612
Rent paid to Evolving Tecknologies and Enterprise Development Company Limited (e-Teck) for the land at the O'Meara Campus	553	553

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15. Related party disclosures (continued)	2008 \$	2007 \$
Rent accrued to Evolving Tecknologies and Enterprises Development Company Limited (e-Teck) for the land at Tamana	1,909	1,432
Contracts awarded to Hype Construction Services Limited for upgrade works to buildings	1,456	-
Rent paid to Kenesjay Systems Limited for office and other support services at Orange Grove Road, Tacarigua	322	244

Medical transcription training costs relate to previous years' invoices to the University which were foregone by e-Teck and these costs have been reversed in 2008.

Management is of the view that these related party transactions were entered into on terms no less favourable than those that could have been obtained from other parties providing these services.

Related party balances at year-end include:	2008 \$	2007 \$
Amount due to NESC (current) – Note 5	2,400	3,213
Amount due to NESC (non-current)	-	2,400

The original amount due to NESC of \$3.6 million is based on an agreement dated 29 May 2008. This \$3.6 million is repayable in equal monthly instalments of three hundred thousand dollars (\$300,000), the first such instalment was due on 2 June 2008 and subsequent instalments due monthly thereafter, with the last such instalment due in May 2009.

	2008 \$	2007 \$
Amount due to e-Teck re: Medical transcription training costs	-	19,024

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**16. Contributed services**

Certain industry partners have seconded professional staff to assist the University in the start up of its operations at no cost to the University. The value of these services is therefore not included in these financial statements.

**17. Commitments**

Future minimum rentals payable under non-cancellable operating leases entered with various companies are as follows:

	2008	2007
	\$	\$
Due within one year	11,786	5,316
Due after one year but not more than five years	5,623	5,244
Due after five years	<u>12,708</u>	<u>13,273</u>
	<u>30,117</u>	<u>23,833</u>

The University has approved capital commitments amounting to \$1.185 billion (2007: \$140.5 million) mainly relating to obligations in connection with the construction of the Chaguaramas Campus, the Signature Building Complex at Tamana InTech Park and the pre-fabricated buildings at Valsayn and Corinth Campuses. These capital commitments at 30 September 2008 are fully funded by government grants.

The University entered into various agreements with foreign universities for delivery of its educational programmes. As at 30 September 2008 the contractual commitments for these foreign universities amounted to \$4.3 million (2007: \$9.2 million).

**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. Accordingly, deferred taxes have not been recorded.

In April 2008, the Minister of Finance granted Interim Charitable Organisation Status to the University pending the final recommendation by the Board of Inland Revenue. In January 2009, the Board of Inland Revenue advised the University that it was unable to recommend the grant of Charitable Organisation Status. The University continues to pursue a resolution of the matter.

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**19. Financial risk management**

**Introduction**

The University's activities expose it to a variety of 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 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 several 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 balance sheet date. Management therefore manages its exposure to credit risk.

The following table shows the maximum exposure to credit risk for the components of the balance sheet, without taking account of any other credit enhancement:

	<b>Gross maximum exposure 2008 \$</b>	<b>Gross maximum exposure 2007 \$</b>
Cash and short-term deposits	272,091	118,502
Amount due from GORTT	172,460	79,401
Corporate receivables	<u>28,589</u>	<u>20,079</u>
	<u>473,140</u>	<u>217,982</u>

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

*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.

**Foreign currency risk**

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 denominated in a currency other than Trinidad and Tobago dollars are as follows:

<b>Year ended 30 September 2008</b>	<b>USD</b>	<b>GBP</b>	<b>TTD</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>				
Cash and short-term deposits	39,725	–	232,366	272,091
Accounts receivable	<u>3,295</u>	<u>158</u>	<u>197,596</u>	<u>201,049</u>
	<u>43,020</u>	<u>158</u>	<u>429,962</u>	<u>473,140</u>
<b>LIABILITIES</b>				
Trade creditors and due to NESC	<u>1,171</u>	<u>–</u>	<u>35,218</u>	<u>36,389</u>



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19. Financial risk management (continued)

Year ended 30 September 2007	USD \$	GBP \$	TTD \$	TOTAL \$
<b>ASSETS</b>				
Cash and short-term deposits	15,826	—	102,676	118,502
Accounts receivable	<u>983</u>	<u>84</u>	<u>98,413</u>	<u>99,480</u>
	<u>16,809</u>	<u>84</u>	<u>201,089</u>	<u>217,982</u>
<b>LIABILITIES</b>				
Bank overdraft	—	—	5,271	5,271
Trade creditors and due to NESC	<u>1,732</u>	<u>—</u>	<u>42,761</u>	<u>44,493</u>
	<u>1,732</u>	<u>—</u>	<u>48,032</u>	<u>49,764</u>

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

	Change in US dollar rates	Effect on net income \$	Effect on equity \$
<b>2008</b>	1% increase	426	426
	1% decrease	(426)	(426)
<b>2007</b>	1% increase	157	157
	1% decrease	(157)	(157)

The effect on net income is shown net of US dollar financial assets (2008: \$43,815; 2007: \$17,409) and liabilities (2008: \$1,171; 2007: \$1,732).

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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 difficulty in meeting its payment obligations when they fall due under normal and stress circumstances. Prudent liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed facilities. Management of the University manages this risk by keeping a substantial portion of its financial assets in liquid form.

The table below summaries the maturity profile of the University's financial liabilities at 30 September:

<b>Year ended 30 September 2008</b>	<b>On demand \$</b>	<b>1 year \$</b>	<b>1 to 5 years \$</b>	<b>&gt; 5 years \$</b>	<b>Total \$</b>
Trade creditors	—	33,989	—	—	33,989
Amounts due to NESC	—	<u>2,400</u>	—	—	<u>2,400</u>
	—	<u>36,389</u>	—	—	<u>36,389</u>
<b>Year ended 30 September 2007</b>					
Bank overdraft	5,271	—	—	—	5,271
Trade creditors	—	41,280	—	—	41,280
Amounts due to NESC	—	<u>3,213</u>	<u>2,400</u>	—	<u>5,613</u>
	<u>5,271</u>	<u>44,493</u>	<u>2,400</u>	—	<u>52,164</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.

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

**Capital management (continued)**

At the balance sheet date, the University does not possess 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 amounts due to NESC approximate their fair value because of the short term maturities of these instruments.

**21. Subsequent events**

**(i) 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 information which has been made available to the University, Management is of the opinion that there is no impact on the financial statements for the year ended 30 September 2008.

**(ii) Point Lisas Campus – Legal Title**

On 17 August 2010 the Commissioner of State Lands granted legal title to the University for lands at the Point Lisas Campus.

**(iii) Subsidiary Companies**

On 17 March 2011 a decision was made to wind up the two (2) subsidiary companies, URECO Ltd and (UTT) Caribbean Industrial and Technological Services Ltd.

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**21. Subsequent events (continued)**

**(iii) Subsidiary companies (continued)**

These companies were established in March 2007. They have not commenced operations and their formation and start-up expenses have been absorbed by the University.

**(iv) Integration of other institutions**

In accordance with a decision of GORTT to integrate other institutions with the University, it had been reported that integration was being pursued in relation to:

- Tool and Die functions of Metal Industries Company Limited (MIC)
- Institute of Marine Affairs (IMA)
- National Institute of Higher Education Research, Science and Technology (NIHERST)
- Sugar Cane Feed Centre at Longdenville
- Centeno Experimental Station
- Caribbean Industrial Research Institute (CARIRI)

GORTT has rescinded its decision with respect to IMA, NIHERST and CARIRI and, accordingly the University is no longer pursuing the integration of these entities.

**(v) National Academy for the Performing Arts**

In December 2009, the University assumed responsibility for property management of the National Academy for the Performing Arts (NAPA), which is owned by GORTT.

The North Campus of the University's Academy for Performing Arts is housed at the teaching/academic wing of NAPA. The University commenced teaching programmes at that facility in January 2011.

With effect from 2013 April 30, GORTT assigned responsibility for the management, security, operation and maintenance of the National Academy for the Performing Arts to the Ministry of the Arts and Multiculturalism.

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**21. Subsequent events (continued)**

**(v) National Academy for the Performing Arts (continued)**

The property management and operating costs incurred by the University (mainly security, utilities, grounds and equipment maintenance) up to 30 April 2013 are recoverable from GORTT.

**(vi) Southern Academy for the Performing Arts**

The Southern Academy for the Performing Arts (SAPA) is owned by GORTT and was handed over to the Ministry of the Arts and Multiculturalism in September 2012.

The South Campus of the University's Academy for Performing Arts will be housed at the teaching/academic wing of SAPA.