

**THE UNIVERSITY OF TRINIDAD AND  
TOBAGO**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2009

Ernst & Young

 **ERNST & YOUNG**

THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

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## INDEPENDENT AUDITOR'S REPORT

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

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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 2009 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.

#### **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 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.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE UNIVERSITY OF TRINIDAD AND TOBAGO  
(Continued)

**Basis for Qualified Opinion**

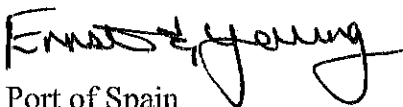
As explained in Note 18 to the financial statements, the University has not accounted for taxation in these financial statements as required by IAS 12: "Income Taxes" notwithstanding the fact that the University's application for Charitable Organisation Status under the Corporation Tax Act, with retroactive 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 2009 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 2009, 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 2009 is understated by \$38 million (2008: \$31 million) in respect of the unrecorded gross deferred tax asset and liability. There is no impact on accumulated reserves as at 30 September 2009.

**Qualified Opinion**

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the University as at 30 September 2009, 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 22 (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 2009. Our audit report is not qualified in respect of this matter.



Port of Spain  
TRINIDAD:  
29 November 2013

THE UNIVERSITY OF TRINIDAD AND TOBAGO

BALANCE SHEET AS AT 30 SEPTEMBER 2009  
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2009 \$	2008 \$
<b>Current assets</b>			
Inventory	2 i	178	316
Accounts receivable and prepayments	3	235,747	265,821
Cash and short-term deposits	4	<u>270,195</u>	<u>272,091</u>
		<u>506,120</u>	<u>538,228</u>
<b>Current liabilities</b>			
Accounts payable and accruals	5	380,543	225,590
Deferred tuition fees	6	75,877	65,357
Current portion of deferred capital grants	10	58,203	52,547
Current portion of deferred contributions	11	<u>5,210</u>	<u>4,355</u>
		<u>519,833</u>	<u>347,849</u>
<b>Net current (liabilities)/assets</b>		<u>(13,713)</u>	<u>190,379</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,221,182	761,733
Intangible assets	8	11,707	6,057
Other assets	9	<u>15,831</u>	<u>16,013</u>
		<u>1,248,720</u>	<u>783,803</u>
		<u>1,235,007</u>	<u>974,182</u>

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

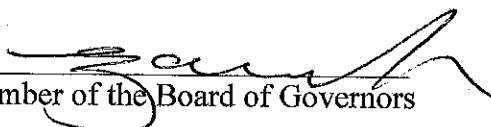
THE UNIVERSITY OF TRINIDAD AND TOBAGO

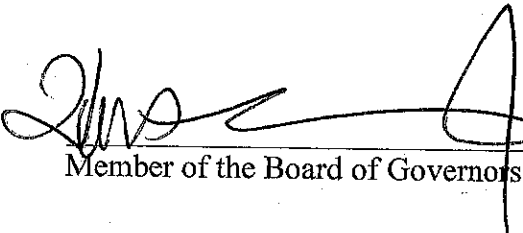
BALANCE SHEET AS AT 30 SEPTEMBER 2009  
 (Expressed in thousands of Trinidad and Tobago dollars)  
 (Continued)

	Notes	2009 \$	2008 \$
<b>Non-current liabilities</b>			
Deferred capital grants	10	1,148,438	877,336
Deferred contributions	11	<u>44,239</u>	<u>19,948</u>
		<u>1,192,677</u>	<u>897,284</u>
<b>Reserves</b>			
General		28,212	58,958
Professional Education Unit (PEU)		<u>14,118</u>	<u>17,940</u>
		<u>42,330</u>	<u>76,898</u>
		<u>1,235,007</u>	<u>974,182</u>

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

These financial statements were approved by the Board of Governors on 29 November 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 2009  
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2009 \$	2008 \$
<b>Income</b>			
Government contributions:			
Recurrent grants		368,330	344,000
Capital grants released	10	51,594	40,695
Tuition and other related fees		76,137	51,798
Interest income		12,094	7,049
Professional Education Unit (PEU)		11,147	31,218
Non-Government contributions	11	8,520	2,196
Other income	12	<u>4,389</u>	<u>4,126</u>
		<u>532,211</u>	<u>481,082</u>
<b>Expenses</b>			
Staff costs	13	358,225	260,791
Facilities costs	14	67,143	47,137
Academic programs and related costs	14	41,585	32,580
General and administrative expenses	14	33,188	33,059
Professional Education Unit (PEU)	14	14,969	27,610
Depreciation	7	<u>51,669</u>	<u>40,850</u>
		<u>566,779</u>	<u>442,027</u>
(Deficit)/income for the year		<u>(34,568)</u>	<u>39,055</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 2009  
(Expressed in thousands of Trinidad and Tobago dollars)

	General \$	Reserves PEU \$	Total \$
<b>Year ended 30 September 2009</b>			
Balances as at 30 September 2008	58,958	17,940	76,898
Deficit for the year	<u>(30,746)</u>	<u>(3,822)</u>	<u>(34,568)</u>
<b>Balances as at 30 September 2009</b>	<u>28,212</u>	<u>14,118</u>	<u>42,330</u>
<b>Year ended 30 September 2008</b>			
Balances as at 30 September 2007	23,511	14,332	37,843
Income for the year	<u>35,447</u>	<u>3,608</u>	<u>39,055</u>
<b>Balances as at 30 September 2008</b>	<u>58,958</u>	<u>17,940</u>	<u>76,898</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 2009  
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
(Deficit)/income for the year		(34,568)	39,055
Adjustments to reconcile deficit/income to net cash from operating activities:			
Depreciation	7	51,669	40,850
Capital grants released	10	(51,594)	(40,695)
Deferred contributions released	11	(8,520)	(2,196)
Amortisation of intangible assets	8	4,394	3,872
Loss on disposal of property, plant and equipment		63	1,316
Other receivable provision		—	812
Amortisation of leasehold premiums	9	182	131
Net cash (outflow)/inflow before working capital changes		(38,374)	43,145
Decrease in inventory		138	427
Decrease/(increase) in accounts receivable and prepayments		30,074	(115,616)
Increase in accounts payable, accruals and deferred tuition fees		36,624	78,249
Decrease in amount due to NESC		—	(2,400)
Increase in other assets		—	(6,000)
Net cash inflow/(outflow) from operating activities		28,462	(2,195)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(357,411)	(251,526)
Purchase of intangible assets	8	(10,044)	(2,780)
Net cash outflow from investing activities		(367,455)	(254,306)
<b>Cash flows from financing activities</b>			
Proceeds from capital grants	10	302,091	399,133
Proceeds from deferred contributions	11	35,006	16,228
Net cash inflow from financing activities		337,097	415,361
Net (decrease)/increase in cash and cash equivalents		(1,896)	158,860
Cash and cash equivalents at beginning of year		272,091	113,231
Cash and cash equivalents at end of year (Note 4)		270,195	272,091

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 2009 (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.

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 29 November 2013, the Board of Governors comprises eleven (11) members (As at 30 September 2009: 12 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 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.

As at 30 September 2009 these companies have not commenced operations and their formation and start-up expenses have been absorbed by the University. In March 2011 a decision was made to wind up these companies (refer to Note 22 (iii)).

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009  
(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 2009 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*

**IFRIC 12 – Service Concession Arrangements (effective 1 January 2008)**

This provides guidance on the accounting by operators for public-to-private service concession arrangements. The adoption of this interpretation has no effect on the financial position or performance of the University.

**IFRIC 13 – Customer Loyalty Programmes (effective 1 July 2008)**

This provides guidance on accounting for customer loyalty credits an entity grants to its customers as part of a sales transaction and subject to meeting any qualifying conditions, the customer can redeem in the future for free or discounted goods and services. The adoption of this interpretation has no effect on the financial position or performance of the University.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009  
(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 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008).**

This provides guidance on how to assess the limit on the surplus in a defined benefit plan that can be recognised as an asset under IAS 19: Employee Benefits. 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 amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) 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 24 - Related Party Disclosures – Revised (effective 1 January 2011)
- 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 Combinations – Revised (effective 1 July 2009)
- IFRS 8 - Operating Segments (effective 1 January 2009)
- 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)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009  
(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 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 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)
- 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)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009  
(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)*

- 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)
- Improvements to IFRSs (May 2008 and April 2009). In May and April 2009 the IASB issued an omnibus of amendments to its standards, primarily with a view to removal of inconsistencies and clarification of wording.

**b. 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 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

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

*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.

**c. 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).

**d. Taxation**

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

**e. 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

2. Significant accounting policies (continued)

f. Property, plant and equipment

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

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 1/3%
Office equipment, furniture and fixtures	-	4% - 33 1/3%

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 2009  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

**g. 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 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.

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.

**h. 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 2009  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

**i. 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.

**j. 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.

**k. Financial instruments**

Financial instruments carried in the balance sheet include cash and short-term deposits, receivables and payables, and are stated at cost.

**l. 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.

**m. 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  
FOR THE YEAR ENDED 30 SEPTEMBER 2009  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

**m. 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 which co-incides with the expected period the related costs will be incurred.

*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'.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009  
(Expressed in thousands of Trinidad and Tobago dollars)  
(Continued)

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

**n. 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.

**o. 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.

**p. 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) *Government contributions: Recurrent grants*  
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) *Government contributions: Capital grants released*  
As described in Note 2(m) above, an amount equivalent to the depreciation charge 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 accruals basis over the period of instruction.
- iv) *Interest income*  
Interest income is accounted for on the accruals basis.

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2. Significant accounting policies (continued)

p. Revenue recognition (continued)

- v) *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.
- vi) *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.
- vii) *Non-government contributions*  
As described in Note 2(m) above, contributions received from third parties (excluding GORTT) are deferred and recognised in income when the related expenses are incurred.

q. Comparative information

Certain changes in presentation relating to comparative information have been made in these financial statements. These changes primarily relate to amounts previously presented within 'Other receivables' now reclassified to 'GORTT' in Note 3 and 'Accruals' now reclassified to 'Trade creditors' in Note 5. However, these changes have no effect on operating results, net (deficit)/surplus or net assets of the University in the previous year.

	2009	2008
	\$	\$
<b>3. Accounts receivable and prepayments</b>		
Amounts due from GORTT (see below)	184,098	187,581
Corporate receivables	26,543	31,222
Other receivables	<u>3,841</u>	<u>3,962</u>
	214,482	222,765
Less: provision for doubtful debts	<u>(2,910)</u>	<u>(3,718)</u>
	211,572	219,047
Prepayments (net)	<u>24,175</u>	<u>46,774</u>
	<u>235,747</u>	<u>265,821</u>

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3. Accounts receivable and prepayments (continued)	2009 \$	2008 \$
Amounts due from GORTT comprise:		
Government Assistance for Tuition Expenses (GATE)	72,738	74,277
Trinidad and Tobago Health Sciences Initiative (TTHSI)	64,967	8,588
Recurrent/capital contributions (cash in transit)	28,408	89,728
Ministry of Public Administration scholarship students	<u>17,985</u>	<u>14,988</u>
	<u>184,098</u>	<u>187,581</u>

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

	Total \$	Neither past due nor impaired \$	Past due but not impaired	
			30 to 90 days \$	Over 90 days \$
<b>2009</b>				
Amounts due from GORTT	183,965	101,014	-	82,951
Corporate receivables	24,718	1,553	629	22,536
Other receivables	<u>2,889</u>	<u>1,407</u>	<u>1,482</u>	<u>-</u>
	<u>211,572</u>	<u>103,974</u>	<u>2,111</u>	<u>105,487</u>
<b>2008</b>				
Amounts due from GORTT	187,448	163,872	8,588	14,988
Corporate receivables	28,589	21,677	2,224	4,688
Other receivables	<u>3,010</u>	<u>-</u>	<u>1,002</u>	<u>2,008</u>
	<u>219,047</u>	<u>185,549</u>	<u>11,814</u>	<u>21,684</u>

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

As at 30 September, receivables at a value of \$2.9 million (2008: \$3.7 million) are impaired and fully provided for. Movement in the provision for impairment of receivables is as follows:

	Amounts due from GORTT	Corporate receivables	Other receivables	Total
	\$	\$	\$	\$
<b>2009</b>				
Opening balance	133	2,633	952	3,718
Provision for the year	—	334	—	334
Provisions reversed	—	(1,142)	—	(1,142)
Closing balance	<u>133</u>	<u>1,825</u>	<u>952</u>	<u>2,910</u>
<b>2008</b>				
Opening balance	133	2,629	140	2,902
Provision for the year	—	720	812	1,532
Provisions reversed	—	(716)	—	(716)
Closing balance	<u>133</u>	<u>2,633</u>	<u>952</u>	<u>3,718</u>

<b>4. Cash and short-term deposits</b>	<b>2009</b>	<b>2008</b>
	\$	\$
Cash at bank and in hand	103,558	180,066
Money market mutual funds	132,294	92,025
Term deposits	<u>34,343</u>	—
	<u>270,195</u>	<u>272,091</u>

The applicable interest rates at the balance sheet date on the money market mutual funds (TT\$) range from 2.5% to 6.28% per annum (2008: 5.75% to 5.95% per annum). The term deposits are for an average 60-day maturity period and earn interest at a rate of 1.88% per annum.

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5. Accounts payable and accruals	2009 \$	2008 \$
Trade creditors	194,963	122,606
Johns Hopkins Medicine International	59,490	12,067
Retentions payable	46,947	10,903
Accruals	43,624	45,715
Other payables	35,519	31,899
National Energy Skills Center (NESC) (Note 15)	—	2,400
	<u>380,543</u>	<u>225,590</u>
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Opening balance	65,357	22,611
Fees deferred	77,021	65,933
Other fees deferred	—	1,019
Other fees deferred re-classed to 'Accounts Payable'	(1,494)	—
Released to the income statement	<u>(65,007)</u>	<u>(24,206)</u>
Closing balance	<u>75,877</u>	<u>65,357</u>

The University's academic year runs from September to August. Accordingly, bills 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.

During the financial year ended 30 September 2008, the University changed the period over which the tuition fees are billed from a trimester (3 terms) basis to an annual basis. This change was implemented as of the academic year September 2008 to August 2009.

As a result, the opening balance as at 1 October 2007 of \$22.6 million reflects three (3) months' tuition fees (October 2007 to December 2007) and the closing balance as at 30 September 2008, reflects eleven (11) months' tuition fees (October 2008 to August 2009).



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7. Property, plant and equipment

At 30 September 2009	Freehold		Machinery and equipment	Motor vehicles	Office equipment and fixtures	Capital works in progress	Total
	land	Buildings					
	\$	\$	\$	\$	\$	\$	\$
Cost	9,611	403,257	127,684	6,773	140,611	672,551	1,360,487
Accumulated depreciation	—	(28,480)	(48,595)	(5,294)	(56,936)	—	(139,305)
<b>Net book amount</b>	<u>9,611</u>	<u>374,777</u>	<u>79,089</u>	<u>1,479</u>	<u>83,675</u>	<u>672,551</u>	<u>1,221,182</u>
Net book amount 1 October 2008	-	308,291	81,244	1,719	67,969	302,510	761,733
Additions	9,611	7,440	16,511	839	36,689	440,091	511,181
Disposals	—	—	—	—	(63)	—	(63)
Transfers from WIP	—	68,785	276	—	989	(70,050)	—
Depreciation charge	—	(9,739)	(18,942)	(1,079)	(21,909)	—	(51,669)
30 September 2009	<u>9,611</u>	<u>374,777</u>	<u>79,089</u>	<u>1,479</u>	<u>83,675</u>	<u>672,551</u>	<u>1,221,182</u>
At 30 September 2008		<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Motor vehicles</b>	<b>Office equipment and fixtures</b>	<b>Capital works in progress</b>	<b>Total</b>
		\$	\$	\$	\$	\$	\$
Cost		327,032	110,897	5,934	103,216	302,510	849,589
Accumulated depreciation		(18,741)	(29,653)	(4,215)	(35,247)	—	(87,856)
<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		(7,501)	(13,820)	(1,344)	(18,185)	—	(40,850)
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)	2009 \$	2008 \$
<i>Capital Works in Progress comprise:</i>		
Signature Building, Tamana InTech Park	558,359	234,592
Point Lisas Campus – pre-engineered building	11,790	–
Point Lisas Campus – Single Cell Protein Research Lab	39,035	–
Chaguaramas Campus – Phase III	13,440	3,600
O’Meara Campus – outdoor cricket and football field	–	9,790
Valsayn Campus	6,837	23,845
John S Donaldson Campus	–	4,195
San Fernando Campus	1,125	–
Corinth Campus	27,995	3,414
ECIAF Campus	1,371	4,713
Other works	<u>12,599</u>	<u>18,361</u>
	<u>672,551</u>	<u>302,510</u>

*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.

*Point Lisas Campus:*

In September 2004, the University recorded the building and equipment of TTIT (“the Point Lisas Campus”) at fair values with corresponding credits to “Deferred capital grants” (Note 10).

The transfer of the land (4.3723 hectares) on which the Point Lisas Campus is situated, to the University was effected by way of a State Grant issued on 17 August 2010 (Note 22(ii)). Accordingly, as at 30 September 2009, the University has not recognised the land on its balance sheet.

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

*Point Lisas Campus (continued):*

~~Also included under Capital Works in Progress is the construction of a Single Cell Protein (SCP) Research Laboratory which commenced in October 2008. The Research Lab is part of a pilot plant using proprietary technology owned by Unibio A/S of Denmark to produce single cell protein from natural gas or methanol for use as animal feed.~~

The project is being undertaken by UTT in collaboration with the National Energy Corporation of Trinidad and Tobago Limited (NEC), Evolving Tecknologies and Enterprise Development Co. Ltd. (eTecK) and Unibio A/S, pursuant to:

- Intellectual Property Agreement dated 31 December 2007 by and between Unibio/NEC/eTecK/UTT which distinguishes the ownership of the Background Intellectual Property (BIP) and the Arising Intellectual Property (AIP). The BIP is owned by any of the parties making such BIP available. All AIP shall be vested in and owned by UTT.
- Intellectual Property Agreement dated 10 January 2008 by and between NEC/eTecK/UTT whereby UTT shall grant NEC and eTecK, a license to the use of the AIP.

As at the balance sheet date, the SCP Research Lab costs amounted to \$39.035 million. Contributions were received from NEC and eTecK in the amounts of \$14.8 million and \$10.1 million respectively. The remaining \$14.1 million was funded by the University. The contributions are included in Deferred Capital Grants (Note 10).

*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). The completed facilities at this campus comprise: Academic Building, Graduation Pavilion, Administration Building, and Outdoor Cricket/Football Field.

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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). The completed facilities at this campus comprise: Administration and Teaching Building, Workshop and Swimming Pool. The Marine Sciences & Engineering Building is under construction (as noted under "Capital Works in Progress").

*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 on its balance sheet. However, the University has recorded the cost of upgrade works undertaken.

*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 on its balance sheet. However, the University has recorded the cost of upgrade works undertaken.

*ECIAF Campus:*

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 Eastern Caribbean Institute of Agriculture and Forestry (ECIAF). 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)

*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 the balance sheet date and therefore has not recognised these properties on its balance sheet. 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 Off Munroe Road Exit, Uriah Butler Highway, Charlieville to accommodate the Professional Education Unit. Renovation works had to be carried out on the building thereon. These works commenced in November 2009.

8. **Intangible assets**

	<b>Computer software</b>	<b>Licences</b>	<b>Book Rights</b>	<b>Total</b>
	\$	\$	\$	\$
<b>At 30 September 2009</b>				
Cost	22,942	1,514	38	24,494
Accumulated amortisation and impairment	(11,480)	(1,304)	(3)	(12,787)
<b>Net book amount</b>	<u>11,462</u>	<u>210</u>	<u>35</u>	<u>11,707</u>
Opening balance	5,806	215	36	6,057
Additions	10,044	-	-	10,044
Amortisation during the period	(4,388)	(5)	(1)	(4,394)
Balance as at 30 September 2009	<u>11,462</u>	<u>210</u>	<u>35</u>	<u>11,707</u>

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8. Intangible assets (continued)

	Computer software	Licences	Book Rights	Total
	\$	\$	\$	\$
<b>At 30 September 2008</b>				
Cost	12,898	1,514	38	14,450
Accumulated amortisation and impairment	<u>(7,092)</u>	<u>(1,299)</u>	<u>(2)</u>	<u>(8,393)</u>
<b>Net book amount</b>	<u><b>5,806</b></u>	<u><b>215</b></u>	<u><b>36</b></u>	<u><b>6,057</b></u>
Opening balance	7,106	5	38	7,149
Additions	2,565	215	-	2,780
Amortisation during the period	<u>(3,865)</u>	<u>(5)</u>	<u>(2)</u>	<u>(3,872)</u>
Balance as at 30 September 2008	<u><b>5,806</b></u>	<u><b>215</b></u>	<u><b>36</b></u>	<u><b>6,057</b></u>

*Computer software*

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

*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.

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9. Other assets	2009 \$	2008 \$
Lease premiums (see below)	<u>15,831</u>	<u>16,013</u>
<b>Lease premiums:</b>		
Opening balance	16,194	10,325
Addition	—	6,000
Amortisation during the period	<u>(182)</u>	<u>(131)</u>
	16,012	16,194
Current portion included in other receivables	<u>(181)</u>	<u>(181)</u>
	<u>15,831</u>	<u>16,013</u>

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	2009 \$	2008 \$
GORTT	1,112,713	858,444
Other	<u>11,477</u>	<u>9,099</u>
	<u>1,124,190</u>	<u>867,543</u>
Monetary grants	1,124,190	867,543
Non-monetary grants	<u>82,451</u>	<u>62,340</u>
	<u>1,206,641</u>	<u>929,883</u>
Balance brought forward	929,883	571,301
Received during the period	327,012	399,133
Transfer from 'Deferred contributions' (Note 11)	1,340	144
Released to the statement of income and expenditure	<u>(51,594)</u>	<u>(40,695)</u>
Balance carried forward	<u>1,206,641</u>	<u>929,883</u>

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<b>10. Deferred capital grants (continued)</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Current	58,203	52,547
Non-current	<u>1,148,438</u>	<u>877,336</u>
	<u>1,206,641</u>	<u>929,883</u>

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

<b>11. Deferred contributions</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Balance brought forward	24,303	10,415
Received during the year	35,006	16,228
Released to the statement of income and expenditure	(8,520)	(2,196)
Transfer to 'Deferred capital grants' (Note 10)	<u>(1,340)</u>	<u>(144)</u>
Balance carried forward	<u>49,449</u>	<u>24,303</u>
Current	5,210	4,355
Non-current	<u>44,239</u>	<u>19,948</u>
	<u>49,449</u>	<u>24,303</u>

As described in Note 2(m) 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>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Project management fees	3,765	3,587
Sundry income	306	49
Foreign exchange gain (net)	199	97
Facilities rental	130	412
Sale of laptops (net)	<u>(11)</u>	<u>(19)</u>
	<u>4,389</u>	<u>4,126</u>



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13. Staff costs	2009 \$	2008 \$
Salaries, gratuities, allowances and other benefits	351,298	248,816
Independent contractors	10,823	13,611
Recruitment costs	1,569	2,185
Staff costs recharged to PEU (Note 14 c)	<u>(5,465)</u>	<u>(3,821)</u>
	<u>358,225</u>	<u>260,791</u>

Compensation of key management personnel included above:

Salaries, gratuities, allowances and other benefits	<u>8,373</u>	<u>6,135</u>
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Staff headcount as at 30 September 2009 is 1,499 employees (2008: 1,223 employees).

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

	2009 \$	2008 \$
Academic	210,335	156,370
Academic support	41,356	22,035
Corporate	<u>99,607</u>	<u>70,411</u>
	<u>351,298</u>	<u>248,816</u>

14. Analysis of expenses

a) *General and administrative expenses*

Stationery and office supplies	6,840	4,042
Travelling costs	4,995	5,094
Marketing and public relations costs	4,651	5,670
Amortisation of computer software	4,386	3,865
Legal and professional fees	1,237	4,260
Insurance (non-property)	1,115	788
Board fees and travelling allowances	521	346
Other	<u>9,443</u>	<u>8,994</u>
	<u>33,188</u>	<u>33,059</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 and motor vehicle maintenance costs.

	2009	2008
	\$	\$
b) <i>Academic programs and related costs</i>		
Student functions, transport and related costs	14,771	11,691
Student stipends	7,563	6,790
Collaborative agreements with foreign universities	5,134	6,911
External instructors' fees	3,680	3,796
Laboratory supplies	2,971	3,219
Advertising courses	578	2,937
Amortisation of licences	2	7
Medical transcription training costs (Note 15)	–	(9,194)
Other	<u>6,886</u>	<u>6,423</u>
	<u>41,585</u>	<u>32,580</u>

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

	2009	2008
	\$	\$
c) <i>Professional Educational Unit (PEU)</i>		
Staff costs (Note 13)	5,465	3,821
Direct staff costs	3,178	6,449
External facilitators' fees	2,838	7,109
Facility costs (Note 14 d)	1,783	1,520
Catering	904	1,877
Independent contractor services	277	5,401
Other	<u>524</u>	<u>1,433</u>
	<u>14,969</u>	<u>27,610</u>

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14. Analysis of expenses (continued)

c) *Professional Educational Unit (PEU) (continued)*

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

	2009	2008
	\$	\$
d) <i>Facilities costs</i>		
Repairs and maintenance	13,378	8,222
Security	12,415	7,358
Utilities (electricity and water)	9,546	7,647
Telecommunications	8,208	7,417
Janitorial and sanitation	6,801	4,523
Rental of offices	6,787	4,084
Rental of office equipment	3,073	2,315
Lease of land	2,656	1,895
Insurance (property)	2,342	1,695
Aripo facility costs (see below)	1,633	1,910
Other	2,087	1,591
Facility costs recharged to PEU (Note 14 c)	<u>(1,783)</u>	<u>(1,520)</u>
	<u>67,143</u>	<u>47,137</u>

Aripo facility costs of \$1.633 million include staff costs of \$0.58 million (2008: \$0.54 million).

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

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**15. Related party disclosures**

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

	2009	2008
	\$	\$
Medical transcription training costs incurred by Evolving Tecknologies and Enterprise Development Company Ltd (eTeck) and invoiced to the University	-	(9,194)
Rent paid to Evolving Tecknologies and Enterprise Development Company Limited (eTeck) for the land at the O'Meara Campus	553	553
Rent accrued to Evolving Tecknologies and Enterprises Development Company Limited (eTeck) for the land at Tamana	1,909	1,909
Contracts awarded to Hype Construction Services Limited for upgrade works to buildings	710	1,456
Rent paid to Kenesjay Systems Limited for office and other support services at Orange Grove Road, Tacarigua	346	322

Medical transcription training costs relate to previous years' invoices to the University which were foregone by eTeck 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.

	2009	2008
	\$	\$
<b>Related party balances at year-end include:</b>		
Amount due to NESC (current) – Note 5	-	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 the last such instalment was duly paid in May 2009.

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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 in respect of land, office equipment, facilities and staff accommodation entered with various companies are as follows:

	2009	2008
	\$	\$
Due within one year	10,326	11,786
Due after one year but not more than five years	8,533	5,623
Due after five years	<u>12,143</u>	<u>12,708</u>
	<u>31,002</u>	<u>30,117</u>

Operating lease expenses amounting to \$14.3 million (2008:\$8.4 million) has been incurred during the year and is expensed within facilities cost.

The University has approved capital commitments amounting to \$1.029 billion (2008: \$1.185 billion) 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 Point Lisas and Corinth Campuses. These capital commitments at 30 September 2009 are fully funded by government grants.

**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.

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. 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 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 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 2009 \$</b>	<b>Gross maximum exposure 2008 \$</b>
Cash and short-term deposits	270,195	272,091
Amount due from GORTT	183,965	187,448
Corporate receivables	<u>24,718</u>	<u>28,589</u>
	<u>478,878</u>	<u>488,128</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 is as follows:

Year ended 30 September 2009	USD	TTD	TOTAL
	\$	\$	\$
<b>ASSETS</b>			
Cash and short-term deposits	72,159	198,036	270,195
Accounts receivable	<u>2,204</u>	<u>206,479</u>	<u>208,683</u>
	<u>74,363</u>	<u>404,515</u>	<u>478,878</u>
<b>LIABILITIES</b>			
Accounts payable	<u>367</u>	<u>194,596</u>	<u>194,963</u>

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19. Financial risk management (continued)

Year ended 30 September 2008	USD \$	GBP \$	TTD \$	TOTAL \$
<b>ASSETS</b>				
Cash and short-term deposits	39,725	—	232,366	272,091
Accounts receivable	<u>3,295</u>	<u>158</u>	<u>212,584</u>	<u>216,037</u>
	<u>43,020</u>	<u>158</u>	<u>444,950</u>	<u>488,128</u>
<b>LIABILITIES</b>				
Accounts payable	1,171	—	121,435	122,606
Amount due to NESC	<u>—</u>	<u>—</u>	<u>2,400</u>	<u>2,400</u>
	<u>1,171</u>	<u>—</u>	<u>123,835</u>	<u>125,006</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>2009</b>	1% increase	740	740
	1% decrease	(740)	(740)
<b>2008</b>	1% increase	426	426
	1% decrease	(426)	(426)

The effect on net income is shown net of US dollar financial assets (2009: \$74,363; 2008: \$43,020) and liabilities (2009: \$367; 2008: \$1,171).



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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:

Year ended 30 September 2009	On demand \$	1 year \$	1 to 5 years \$	> 5 years \$	Total \$
Accounts payable	—	194,963	—	—	194,963
Amount due to NESC	—	—	—	—	—
	—	<u>194,963</u>	—	—	<u>194,963</u>
<b>Year ended 30 September 2008</b>					
Accounts payable	—	122,606	—	—	122,606
Amount due to NESC	—	<u>2,400</u>	—	—	<u>2,400</u>
	—	<u>125,006</u>	—	—	<u>125,006</u>

**Capital management**

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

At the balance sheet date, the University does not possess any long-term borrowings obligations and is not subject to any externally imposed capital requirements.

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**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. Contingent liabilities**

In the course of business, the University is party to certain litigation, claims and other legal proceedings in respect of which there exists a potential liability of \$10 million. However, no provision has been made in these financial statements as the outflow of resources is considered to be improbable.

The University has made a provision for the sum of \$12.8 million in respect of an Order of the High Court of Justice which was made against the University. This provision is included in accounts payable and accruals. It should be noted that the Order of the High Court of Justice is under appeal and no payment has been made to date. Interest continues to accrue from 1 October 2009 at the rate of 6% per annum on the judgement debt of \$11.3 million.

**22. 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 2009.

**(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.

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**22. Subsequent events (continued)**

**(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.

**(iv) 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.

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.

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