

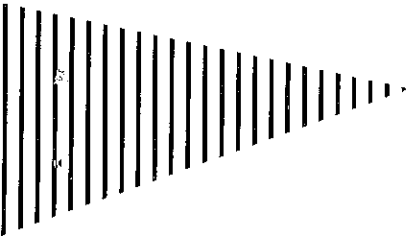
THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2010

Ernst & Young



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THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE UNIVERSITY OF TRINIDAD AND TOBAGO

We have audited the accompanying financial statements of The University of Trinidad and Tobago ('the University') which comprise the statement of financial position as at 30 September 2010 and the statements of income and expenditure, comprehensive income, changes in reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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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 2010 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 2010, as the deferred tax asset equates the deferred tax liability. However, non-current assets and non-current liabilities as reflected on the statement of financial position as at 30 September 2010 is understated by \$42 million (2009: \$38 million) in respect of the unrecorded gross deferred tax asset and liability. There is no impact on accumulated reserves as at 30 September 2010.

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 2010, 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 2010. Our audit report is not qualified in respect of this matter.

Port of Spain
TRINIDAD:

14 March 2014

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION-AS AT 30 SEPTEMBER 2010
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2010 \$	2009 \$
Current assets			
Inventory	2 i	63	178
Accounts receivable and prepayments	3	136,986	235,747
Cash and short-term deposits	4	<u>259,144</u>	<u>270,195</u>
		<u>396,193</u>	<u>506,120</u>
Current liabilities			
Short-term borrowings	15	152,193	-
Accounts payable and accruals	5	374,848	380,543
Deferred tuition fees	6	72,536	75,877
Current portion of deferred capital grants	10	56,663	58,203
Current portion of deferred contributions	11	<u>4,370</u>	<u>5,210</u>
		<u>660,610</u>	<u>519,833</u>
Net current liabilities		<u>(264,417)</u>	<u>(13,713)</u>
Non-current assets			
Property, plant and equipment	7	1,628,267	1,221,182
Intangible assets	8	10,719	11,707
Other assets	9	<u>15,650</u>	<u>15,831</u>
		<u>1,654,636</u>	<u>1,248,720</u>
		<u>1,390,219</u>	<u>1,235,007</u>

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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

	Notes	2010 \$	2009 \$
Non-current liabilities			
Deferred capital grants	10	1,306,667	1,148,438
Deferred contributions	11	<u>46,070</u>	<u>44,239</u>
		<u>1,352,737</u>	<u>1,192,677</u>
Reserves			
General		23,087	28,212
Professional Education Unit (PEU)		<u>14,395</u>	<u>14,118</u>
		<u>37,482</u>	<u>42,330</u>
		<u>1,390,219</u>	<u>1,235,007</u>

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

These financial statements were approved by the Board of Governors on 14 March 2014 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 2010
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2010 \$	2009 \$
Income			
Government contributions:			
Recurrent grants		388,130	368,330
Capital grants released	10	57,200	51,594
Tuition and other related fees		84,875	76,137
Professional Education Unit (PEU)		10,389	11,147
Interest income		9,980	12,094
Other income	12	6,445	4,389
Non-Government contributions	11	<u>5,576</u>	<u>8,520</u>
		<u>562,595</u>	<u>532,211</u>
Expenses			
Staff costs	13	365,106	358,225
Facilities costs	14	67,020	67,143
Academic programs and related costs	14	35,282	41,585
General and administrative expenses	14	32,721	33,188
Professional Education Unit (PEU)	14	10,112	14,969
Depreciation	7	<u>57,202</u>	<u>51,669</u>
		<u>567,443</u>	<u>566,779</u>
Deficit for the year		<u>(4,848)</u>	<u>(34,568)</u>

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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(Expressed in thousands of Trinidad and Tobago dollars)

	2010 \$	2009 \$
Deficit for the year	<u>(4,848)</u>	<u>(34,568)</u>
Other comprehensive income	<u>—</u>	<u>—</u>
Other comprehensive loss for the year, net of tax	<u>(4,848)</u>	<u>(34,568)</u>
Total comprehensive loss for the year, net of tax	<u>(4,848)</u>	<u>(34,568)</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 2010
(Expressed in thousands of Trinidad and Tobago dollars)

	General \$	Reserves PEU \$	Total \$
Year ended 30 September 2010			
Balances as at 30 September 2009	28,212	14,118	42,330
Total comprehensive loss for the year	<u>(5,125)</u>	<u>277</u>	<u>(4,848)</u>
Balances as at 30 September 2010	<u>23,087</u>	<u>14,395</u>	<u>37,482</u>
Year ended 30 September 2009			
Balances as at 30 September 2008	58,958	17,940	76,898
Total comprehensive loss for the year	<u>(30,746)</u>	<u>(3,822)</u>	<u>(34,568)</u>
Balances as at 30 September 2009	<u>28,212</u>	<u>14,118</u>	<u>42,330</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 2010
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Deficit for the year		(4,848)	(34,568)
Adjustments to reconcile deficit to net cash from operating activities:			
Depreciation	7	57,202	51,669
Capital grants released	10	(57,200)	(51,594)
Deferred contributions released	11	(5,576)	(8,520)
Amortisation of intangible assets	8	6,252	4,394
Loss on disposal of property, plant and equipment		91	63
Amortisation of leasehold premiums	9	<u>181</u>	<u>182</u>
Net cash outflow before working capital changes		(3,898)	(38,374)
Decrease in inventory		116	138
Decrease in accounts receivable and prepayments		98,761	30,074
(Decrease)/increase in accounts payable, accruals and deferred tuition fees		<u>(161,481)</u>	<u>36,624</u>
Net cash (outflow)/inflow from operating activities		<u>(66,502)</u>	<u>28,462</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(306,741)	(357,411)
Purchase of intangible assets	8	<u>(5,264)</u>	<u>(10,044)</u>
Net cash outflow from investing activities		<u>(312,005)</u>	<u>(367,455)</u>
Cash flows from financing activities			
Proceeds from short-term borrowings	15	217,145	–
Repayment of TTHSI borrowings	15	(67,145)	–
Proceeds from capital grants	10	209,805	302,091
Proceeds from deferred contributions	11	<u>7,651</u>	<u>35,006</u>
Net cash inflow from financing activities		<u>367,456</u>	<u>337,097</u>
Net decrease in cash and cash equivalents		(11,051)	(1,896)
Cash and cash equivalents at beginning of year		<u>270,195</u>	<u>272,091</u>
Cash and cash equivalents at end of year	4	<u>259,144</u>	<u>270,195</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 2010 (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 14 March 2014, the Board of Governors comprises eleven (11) members (as at 30 September 2010: seven (7) 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 2010 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 (ii)).

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(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 2010 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 1R - Presentation of Financial Statements (effective 1 January 2009)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement or in two linked statements. The University has elected to present two statements.

IAS 23 - Borrowing Costs – Revised (effective 1 January 2009)

The revised IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(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)

IAS 27 – Consolidated and Separate Financial Statements - Revised (effective 1 January 2009)

This standard requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or a loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

IAS 32 – Financial Instrument: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation – Revised (effective 1 January 2009)

The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or the performance of the University.

IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in certain circumstances.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(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)*~~

IFRS 2 – Share-based Payment – Revised (effective 1 January 2009)

The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The University adopted this amendment as of 1 October 2009. It did not have an impact on the financial position or performance of the University.

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The University adopted this amendment as of 1 October 2009. It did not have an impact on the financial position or performance of the University.

IFRS 3 Business Combinations - Revised (effective 1 January 2009)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after 1 January 2009. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(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)*~~

IFRS 8 - Operating Segments (effective 1 January 2009)

This standard requires disclosure of information about the University's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the University. The adoption of this standard had no impact on the financial position, performance or disclosures of the University.

IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)

This interpretation provides guidance on how to account for such transactions: (a) when to recognize a liability and how to measure it and the associated assets, and (b) when to derecognize the asset and liability and the consequences of doing so.

IFRIC 18 Transfers of Assets from Customers (effective 1 July 2009)

Provides guidance on when and how an entity should recognize items of property, plant and equipment received from their customers.

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 24 - Related Party Disclosures – Revised (effective 1 January 2011)
- 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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(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 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 19R - Employee Benefits (Revised 2011) (effective 1 January 2013)
- 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)
- IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting
- 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)
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(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)~~

- IFRIC 21 - Levies (effective 1 January 2014)
- 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 clarifying wording.
- Improvements to IFRSs (2009-2011) cycle: In the 2009-2011 annual improvement cycle the IASB issued six amendments to five standards. The amendments are applicable to annual periods beginning on or after 1 January 2013.

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

b. Significant accounting estimates, assumptions and judgements

The preparation of these financial statements in conformity with 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 year end date as well as the reported income and expenses for the year. Although the estimates are based on management's best knowledge and judgement of current facts as at the year end date, the actual outcome may differ from these estimates.

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

Property, plant and equipment

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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(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 uncollectable 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 year end date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are recognised in the statement of income and expenditure.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(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 statement of financial position 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 ⅓%
Office equipment, furniture and fixtures	-	4% - 33 ⅓%

The costs of buildings under construction are classified under 'capital works in progress'. Depreciation is charged when the construction is substantially completed and the 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 account or deferred contributions account.

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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

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

g. 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 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 2010
(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 statement of financial position include cash and short-term deposits, receivables and payables, and short-term borrowings. The particular recognition methods adopted are described in the individual policy statements associated with each item.

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.

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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 coincides 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 statement of financial position as 'Deferred contributions'. When funds are disbursed, the amount is charged as an expense in the statement of income and expenditure or, if applicable, included on the statement of financial position as property, plant and equipment or intangible assets. An equivalent amount is then released as income from 'Deferred contributions' to the statement of income and expenditure.

ii. Expenditure in advance of receipt of donations pledged:

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

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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. Interest bearing borrowings

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

r. Borrowing costs

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

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3. Accounts receivable and prepayments	2010 \$	2009 \$
Amounts due from GORTT (see below)	96,232	184,098
Corporate receivables	22,488	26,543
Other receivables	<u>5,337</u>	<u>3,841</u>
	124,057	214,482
Less: provision for doubtful debts	<u>(6,910)</u>	<u>(2,910)</u>
	117,147	211,572
Prepayments (net)	<u>19,839</u>	<u>24,175</u>
	<u>136,986</u>	<u>235,747</u>
Amounts due from GORTT comprise:		
Government Assistance for Tuition Expenses (GATE)	71,405	72,738
Recurrent/capital contributions (cash in transit)	11,012	28,408
Trinidad and Tobago Health Sciences Initiative (TTHSI)	10,275	64,967
Ministry of Public Administration scholarship students	<u>3,540</u>	<u>17,985</u>
	<u>96,232</u>	<u>184,098</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 \$
2010				
Amounts due from GORTT	93,490	79,024	-	14,466
Corporate receivables	20,541	10,271	205	10,065
Other receivables	<u>3,116</u>	<u>193</u>	<u>2,666</u>	<u>257</u>
	<u>117,147</u>	<u>89,488</u>	<u>2,871</u>	<u>24,788</u>

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3. Accounts receivable and prepayments (continued)

	Total \$	Neither past due nor impaired \$	Past due but not impaired	
			30 to 90 days \$	Over 90 days \$
2009				
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>

As at 30 September, receivables at a value of \$6.9 million (2009: \$2.9 million) were impaired and fully provided for. Movement in the provision for impairment of receivables was as follows:

	Amounts due from GORTT \$	Corporate receivables \$	Other receivables \$	Total \$
2010				
Opening balance	133	1,825	952	2,910
Provision for the year	2,609	770	1,269	4,648
Provision reversed	<u>–</u>	<u>(648)</u>	<u>–</u>	<u>(648)</u>
Closing balance	<u>2,742</u>	<u>1,947</u>	<u>2,221</u>	<u>6,910</u>
2009				
Opening balance	133	2,633	952	3,718
Provision for the year	–	334	–	334
Provision reversed	<u>–</u>	<u>(1,142)</u>	<u>–</u>	<u>(1,142)</u>
Closing balance	<u>133</u>	<u>1,825</u>	<u>952</u>	<u>2,910</u>

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4. Cash and short-term deposits	2010 \$	2009 \$
Cash at bank and in hand	81,650	103,558
Money market mutual funds	138,494	132,294
Term deposits	<u>39,000</u>	<u>34,343</u>
	<u>259,144</u>	<u>270,195</u>

The applicable interest rates at the year end date on the money market mutual funds (TT\$) range from 2.1% to 2.9% per annum (2009: 2.5% to 6.28% per annum). The term deposits are for an average 90-day maturity period and earn interest at a rate of 1.25% per annum (2009: 1.88% per annum).

5. Accounts payable and accruals	2010 \$	2009 \$
Trade creditors	219,251	194,963
Retentions payable	66,085	46,947
Accruals	44,588	43,624
Other payables	32,336	35,519
Johns Hopkins Medicine International	<u>12,588</u>	<u>59,490</u>
	<u>374,848</u>	<u>380,543</u>

6. Deferred tuition fees	2010 \$	2009 \$
Opening balance	75,877	65,357
Fees deferred	72,058	77,021
Other fees deferred re-classed to 'Accounts Payable'	-	(1,494)
Released to income	<u>(75,399)</u>	<u>(65,007)</u>
Closing balance	<u>72,536</u>	<u>75,877</u>

The University's academic year runs from the months of 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.

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7. Property, plant and equipment

At 30 September 2010	Freehold		Machinery and equipment	Motor vehicles	Office equipment and fixtures	Capital works in progress	Total
	land	Buildings					
	\$	\$					
Cost	12,626	483,083	143,289	5,989	157,530	1,021,311	1,823,828
Accumulated depreciation	—	(41,124)	(67,782)	(5,124)	(81,531)	—	(195,561)
Net book amount	<u>12,626</u>	<u>441,959</u>	<u>75,507</u>	<u>865</u>	<u>75,999</u>	<u>1,021,311</u>	<u>1,628,267</u>
Net book amount 1 October 2009	9,611	374,777	79,089	1,479	83,675	672,551	1,221,182
Additions	3,015	3,254	13,829	—	16,181	428,098	464,377
Disposals	—	—	—	—	(43)	—	(43)
Transfers from WIP	—	76,572	1,780	—	986	(79,338)	—
Other movements	—	—	—	—	(47)	—	(47)
Depreciation charge	—	(12,644)	(19,191)	(614)	(24,753)	—	(57,202)
30 September 2010	<u>12,626</u>	<u>441,959</u>	<u>75,507</u>	<u>865</u>	<u>75,999</u>	<u>1,021,311</u>	<u>1,628,267</u>
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)
Net book amount	<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>

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7. Property, plant and equipment (continued)	2010 \$	2009 \$
<i>Capital Works in Progress comprise:</i>		
Signature Building, Tamana InTech Park	897,078	558,359
Point Lisas Campus – Pre-engineered building	26,839	11,790
Point Lisas Campus – Single Cell Protein Research Lab	41,616	39,035
Chaguaramas Campus – Phase III	29,566	13,440
San Fernando Campus	2,616	1,125
Valsayn Campus	5,365	6,837
Corinth Campus	5,960	27,995
ECIAF Campus	566	1,371
Agora Campus	9,116	–
Other works	<u>2,589</u>	<u>12,599</u>
	<u>1,021,311</u>	<u>672,551</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. This project is scheduled for completion by February 2015.

Point Lisas Campus:

In September 2004, the University recorded the building and equipment of TTIT (“the Point Lisas Campus”) at fair values (at the recognition date) 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.

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.

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7. Property, plant and equipment (continued)

Point Lisas Campus (continued):

~~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 year end, the SCP Research Lab costs amounted to \$41.6 million. Contributions were received from NEC and eTeck in the amounts of \$14.8 million and \$10.1 million respectively. The remaining \$16.7 million was funded by the University. The contributions are included in 'Deferred Capital Grants' (Note 10).

O'Meara Campus:

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

Chaguaramas Campus:

The Chaguaramas Campus is situated on land acquired under an agreement for a lease for 99 years effective 1 August 2005 (Note 9). This campus comprises: Administration and Teaching Building, Workshop and Swimming Pool. The Marine Sciences & Engineering Building is under construction (as noted under "Capital Works in Progress") at year end.

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7. Property, plant and equipment (continued)

John S Donaldson and San Fernando Campuses:

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

ECIAF Campus:

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

Waterloo Research Centre:

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

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

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 and are included in Capital Works in Progress.

8. **Intangible assets**

	Computer software	Licences	Book Rights	Total
	\$	\$	\$	\$
At 30 September 2010				
Cost	28,207	1,514	38	29,759
Accumulated amortisation	<u>(17,728)</u>	<u>(1,307)</u>	<u>(5)</u>	<u>(19,040)</u>
Net book amount	<u>10,479</u>	<u>207</u>	<u>33</u>	<u>10,719</u>
Opening balance	11,462	210	35	11,707
Additions	5,264	—	—	5,264
Amortisation during the period	<u>(6,247)</u>	<u>(3)</u>	<u>(2)</u>	<u>(6,252)</u>
Balance as at 30 September 2010	<u>10,479</u>	<u>207</u>	<u>33</u>	<u>10,719</u>
	Computer software	Licences	Book Rights	Total
	\$	\$	\$	\$
At 30 September 2009				
Cost	22,942	1,514	38	24,494
Accumulated amortisation	<u>(11,480)</u>	<u>(1,304)</u>	<u>(3)</u>	<u>(12,787)</u>
Net book amount	<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	<u>(4,388)</u>	<u>(5)</u>	<u>(1)</u>	<u>(4,394)</u>
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

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.

9. Other assets	2010	2009
	\$	\$
Lease premiums (see below)	<u>15,650</u>	<u>15,831</u>
Lease premiums:		
Opening balance	16,012	16,194
Amortisation during the period	<u>(181)</u>	<u>(182)</u>
	15,831	16,012
Current portion included in other receivables	<u>(181)</u>	<u>(181)</u>
	<u>15,650</u>	<u>15,831</u>

Lease premiums comprise amounts paid to acquire the leases of parcels of lands on which the O'Meara, Arima and the Chaguaramas Campuses are situated. 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.

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10. Deferred capital grants	2010	2009
	\$	\$
GORTT	1,270,064	1,112,713
Other	<u>12,561</u>	<u>11,477</u>
	1,282,625	1,124,190
Non-monetary grants	<u>80,705</u>	<u>82,451</u>
	<u>1,363,330</u>	<u>1,206,641</u>
Balance brought forward	1,206,641	929,883
Received during the period (monetary)	209,805	302,091
Received during the period (non-monetary)	3,000	24,921
Transfer from 'Deferred contributions' (Note 11)	1,084	1,340
Released to the statement of income and expenditure	<u>(57,200)</u>	<u>(51,594)</u>
Balance carried forward	<u>1,363,330</u>	<u>1,206,641</u>
Current portion	56,663	58,203
Non-current portion	<u>1,306,667</u>	<u>1,148,438</u>
	<u>1,363,330</u>	<u>1,206,641</u>
For each reporting period, the University transfers to income an amount equivalent to the depreciation charge of related property, plant and equipment.		
11. Deferred contributions	2010	2009
	\$	\$
Balance brought forward	49,449	24,303
Received during the year	7,651	35,006
Released to the statement of income and expenditure	(5,576)	(8,520)
Transfer to 'Deferred capital grants' (Note 10)	<u>(1,084)</u>	<u>(1,340)</u>
Balance carried forward	<u>50,440</u>	<u>49,449</u>
Current portion	4,370	5,210
Non-current portion	<u>46,070</u>	<u>44,239</u>
	<u>50,440</u>	<u>49,449</u>

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11. Deferred contributions (continued)

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.

12. Other income	2010	2009
	\$	\$
Project management fees	5,500	3,765
Sundry income	514	306
Foreign exchange gain (net)	230	199
Facilities rental	210	130
Sale of laptops (net)	<u>(9)</u>	<u>(11)</u>
	<u>6,445</u>	<u>4,389</u>
	2010	2009
	\$	\$
13. Staff costs		
Salaries, gratuities, allowances and other benefits	358,690	351,298
Independent contractors	7,654	10,823
Recruitment costs	1,551	1,569
Staff costs recharged to PEU (Note 14 c)	<u>(2,789)</u>	<u>(5,465)</u>
	<u>365,106</u>	<u>358,225</u>
Compensation of key management personnel included above:		
Salaries, gratuities, allowances and other benefits	<u>9,285</u>	<u>8,373</u>

Staff headcount as at 30 September 2010: 1,373 employees (2009: 1,499 employees).

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13. Staff costs (continued)

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

	2010	2009
	\$	\$
Academic	225,975	210,335
Academic support	25,108	41,356
Corporate	<u>107,607</u>	<u>99,607</u>
	<u>358,690</u>	<u>351,298</u>

14. Analysis of expenses

a) *General and administrative expenses*

Annual software renewal and maintenance costs	6,677	5,765
Amortisation of computer software (Note 8)	6,247	4,388
Stationery and office supplies	4,533	6,840
Marketing and public relations costs	3,339	4,651
Insurance (non-property)	1,408	1,115
Travelling costs	1,110	4,995
Legal and professional fees	489	1,237
Board fees and travelling allowances	428	521
Other	<u>8,490</u>	<u>3,676</u>
	<u>32,721</u>	<u>33,188</u>

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

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14. Analysis of expenses	2010 \$	2009 \$
<i>b) Academic programs and related costs</i>		
Student stipends	8,715	7,563
Student functions, transport and related costs	6,184	14,771
Collaborative agreements with foreign universities	6,130	5,134
External instructors' fees	3,613	3,680
Laboratory supplies	3,383	2,971
Advertising courses	1,187	578
Amortisation of licences (Note 8)	3	5
Other	<u>6,067</u>	<u>6,883</u>
	<u>35,282</u>	<u>41,585</u>

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

	2010 \$	2009 \$
<i>c) Professional Education Unit (PEU)</i>		
Staff costs (Note 13)	2,789	5,465
Direct staff costs	2,463	3,178
External facilitators' fees	2,105	2,838
Facility costs (Note 14 d)	1,592	1,783
Catering	602	904
Independent contractor services	—	277
Other	<u>561</u>	<u>524</u>
	<u>10,112</u>	<u>14,969</u>

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

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14. Analysis of expenses (continued)	2010 \$	2009 \$
<i>d) Facilities costs</i>		
Repairs and maintenance	14,523	13,378
Security	11,226	12,415
Utilities (electricity and water)	10,206	9,546
Janitorial and sanitation	7,513	6,801
Telecommunications	7,049	8,208
Rental of offices	6,053	6,787
Rental of office equipment	2,973	3,073
Lease of land	2,918	2,656
Insurance (property)	2,449	2,342
Aripo facility costs (see below)	1,737	1,633
Other	1,965	2,087
Facility costs recharged to PEU (Note 14 c)	<u>(1,592)</u>	<u>(1,783)</u>
	<u>67,020</u>	<u>67,143</u>

Aripo facility costs of \$1.737 million include staff costs of \$0.72 million (2009: \$0.58 million).

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

15. Short-term borrowings	2010 \$	2009 \$
Principal	150,000	—
Capitalised interest	<u>2,193</u>	<u>—</u>
	<u>152,193</u>	<u>—</u>
Current portion	152,193	—
Long-term portion	<u>—</u>	<u>—</u>
	<u>152,193</u>	<u>—</u>

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15. Short-term borrowings (continued)

The University had to secure short-term financing to settle liabilities to the main contractor and others for construction of the Signature Building at Tamana Intech Park.

On 30 April 2010 the University drew down fully on a 6-month Commercial Paper facility of \$150 million arranged by Caribbean Money Market Brokers Limited (CMMB). The University issued \$150 million Commercial Paper Notes at rate of 3.5% per annum maturing on 30 October 2010. This facility was initially secured by a Letter of Comfort dated 21 April 2010 signed by the Minister of Finance, which was to be converted to an unconditional Government Guarantee on or before the expiration of the 6-month facility.

With effect from 31 October 2010, the facility was extended for a further six months at rate of 3.0% per annum maturing on 30 April 2011. It was further extended for nine months at rate of 3.2% per annum maturing on 30 January 2012. This facility was then secured by an Extension of Letter of Guarantee dated 22 March 2011 signed by the Minister of Finance to First Citizens Investment Services Limited (formerly CMMB).

The University paid interest of:

- \$2,632,191.78 for the 6-month period to 30 October 2010.
- \$2,243,835.62 for the 6-month period to 30 April 2011.
- \$3,616,438.30 for the 9-month period to 30 January 2012.

The facility was fully settled by the Government of Trinidad and Tobago on 30 January 2012.

In addition to the above, the University obtained short term financing of US\$10.658 million (TT\$67.145 million) for six (6) months at interest rate of 2.97% per annum from First Caribbean International Bank to settle amounts owing to Johns Hopkins Medicine International re: Trinidad and Tobago Health Sciences Initiative. This loan was secured by a Letter of Comfort dated 18 September 2009 signed by the Minister of Finance. This loan was fully drawn down on 7 October 2009 and was fully repaid on 29 March 2010, from funds provided by GORTT.

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16. Related party disclosures

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

	2010	2009
	\$	\$
Rent paid to Evolving Tecknologies and Enterprise Development Company Limited (eTeckK) for the land at the O'Meara Campus	553	553
Rent accrued to Evolving Tecknologies and Enterprises Development Company Limited (eTeckK) for the land at Tamana	1,909	1,909
Contracts awarded to Hype Construction Services Limited for upgrade works to buildings	1,213	710
Rent paid to Kenesjay Systems Limited for office and other support services at Orange Grove Road, Tacarigua	256	346

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.

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:

	2010	2009
	\$	\$
Due within one year	6,039	10,326
Due after one year but not more than five years	4,251	8,533
Due after five years	<u>11,578</u>	<u>12,143</u>
	<u>21,868</u>	<u>31,002</u>

Operating lease expenses amounting to \$12 million (2009: \$14.3 million) have been incurred during the year and are expensed within facilities cost.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010 (Expressed in thousands of Trinidad and Tobago dollars) (Continued)

17. Commitments (continued)

The University has approved capital commitments amounting to \$714 million (2009: \$1.029 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 2010 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 by the Board of Inland Revenue. Accordingly, deferred taxes have not been recorded.

By letter dated 22 April 2008, the Minister of Finance granted Interim Charitable Organisation Status to the University pending the final recommendation by the Board of Inland Revenue.

The Board of Inland Revenue by letter dated 12 January 2009 advised the University that it was unable to recommend the grant of Charitable Organisation Status. The University continues to pursue a resolution of the matter.

19. Financial risk management

Introduction

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

Risk management structure

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

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19. Financial risk management (continued)

Credit risk

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

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

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

	Gross maximum exposure 2010 \$	Gross maximum exposure 2009 \$
Cash and short-term deposits	259,144	270,195
Amount due from GORTT	93,490	183,965
Corporate receivables	<u>20,541</u>	<u>24,718</u>
	<u>373,175</u>	<u>478,878</u>

Credit risk related to receivables

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

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19. Financial risk management (continued)

Credit risk related to cash and short-term deposits

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

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 2010	USD	TTD	TOTAL
	\$	\$	\$
ASSETS			
Cash and short-term deposits	90,049	169,095	259,144
Accounts receivable	<u>1,319</u>	<u>112,712</u>	<u>114,031</u>
	<u>91,368</u>	<u>281,807</u>	<u>373,175</u>
LIABILITIES			
Short-term borrowings	–	152,193	152,193
Accounts payable	<u>2,336</u>	<u>216,915</u>	<u>219,251</u>
	<u>2,336</u>	<u>369,108</u>	<u>371,444</u>

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19. Financial risk management (continued)

Year ended 30 September 2009	USD \$	TTD \$	TOTAL \$
ASSETS			
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>
LIABILITIES			
Accounts payable	<u>367</u>	<u>194,596</u>	<u>194,963</u>
	<u>367</u>	<u>194,596</u>	<u>194,963</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 \$
2010	1% increase	890	890
	1% decrease	(890)	(890)
2009	1% increase	740	740
	1% decrease	(740)	(740)

The effect on net income is shown net of US dollar financial assets (2010: \$91,368; 2009: \$74,363) and liabilities (2010: \$2,336; 2009: \$367).

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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 2010	1 year \$	1 to 5 years \$	> 5 years \$	Total \$
Short-term borrowings	152,193			152,193
Accounts payable	<u>219,251</u>	<u>—</u>	<u>—</u>	<u>219,251</u>
	<u>371,444</u>	<u>—</u>	<u>—</u>	<u>371,444</u>
Year ended 30 September 2009				
Accounts payable	<u>194,963</u>	<u>—</u>	<u>—</u>	<u>194,963</u>
	<u>194,963</u>	<u>—</u>	<u>—</u>	<u>194,963</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 short term borrowings 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 contingent liability of \$10 million. No provision has been made in these financial statements as the outflow of resources is considered to be improbable.

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 2010.

(ii) 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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22. Subsequent events (continued)

(iii) National Academy for the Performing Arts (NAPA)

~~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.

(iv) Settlement of Judgement Debt

The University has made a provision in accounts payable and accruals of \$13.5 million as at 30 September 2010 (Note 5), in respect of an Order of the High Court of Justice. The Order was appealed by the University. On 18 December 2013, the Court of Appeal decided against the University. On 18 February 2014 the University has settled the Judgement Debt in the amount of \$18.3 million inclusive of interest and costs.