# THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2011

Ernst & Young

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THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011

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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 2011 and the statements of income and expenditure, comprehensive income, changes in reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

**Auditor's Responsibility**

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

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

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

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INDEPENDENT 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 2011 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 2011, 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 2011 is understated by $44 million (2010: $42 million) in respect of the unrecorded gross deferred tax asset and liability. There is no impact on accumulated reserves as at 30 September 2011.

**Qualified Opinion**

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University as at 30 September 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

As described in Note 22 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 2011. Our audit report is not qualified in respect of this matter.

Ernst & Young
Port of Spain
TRINIDAD:
11 March 2015

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011
(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

| | Notes | 2011<br>$ | 2010<br>$ |
|---|---|---|---|
| **Current assets** | | | |
| Inventory | 2 i | 129 | 63 |
| Accounts receivable and prepayments | 3 | 163,935 | 136,986 |
| Cash and short-term deposits | 4 | 317,669 | 259,144 |
| | | 481,733 | 396,193 |
| **Current liabilities** | | | |
| Short-term borrowings | 15 | 152,009 | 152,193 |
| Accounts payable and accruals | 5 | 394,329 | 374,848 |
| Deferred tuition fees | 6 | 76,929 | 72,536 |
| Current portion of deferred capital grants | 10 | 51,603 | 56,663 |
| Current portion of deferred contributions | 11 | 4,385 | 4,370 |
| | | 679,255 | 660,610 |
| **Net current liabilities** | | (197,522) | (264,417) |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 1,832,129 | 1,628,267 |
| Intangible assets | 8 | 5,547 | 10,719 |
| Other assets | 9 | 15,469 | 15,650 |
| | | 1,853,145 | 1,654,636 |
| | | 1,655,623 | 1,390,219 |

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 2011
(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)
(Continued)

| | Notes | 2011 $ | 2010 $ |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Deferred capital grants | 10 | 1,512,508 | 1,306,667 |
| Deferred contributions | 11 | 53,288 | 46,070 |
| | | 1,565,796 | 1,352,737 |
| **Reserves** | | | |
| General | | 78,364 | 23,087 |
| Professional Education Unit (PEU) | | 11,463 | 14,395 |
| | | 89,827 | 37,482 |
| | | 1,655,623 | 1,390,219 |

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

These financial statements were approved by the Board of Governors on 6 March 2015 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 2011
(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

| | Notes | 2011 $ | 2010 $ |
|---|---|---|---|
| **Income** | | | |
| Government contributions: | | | |
| Recurrent grants | | 400,877 | 388,130 |
| Capital grants released | 10 | 55,876 | 57,200 |
| Tuition and other related fees | | 82,251 | 84,875 |
| Other income | 12 | 8,358 | 6,445 |
| Professional Education Unit (PEU) | | 5,952 | 10,389 |
| Non-Government contributions | 11 | 5,230 | 5,576 |
| Interest income | | 3,986 | 9,980 |
| | | 562,530 | 562,595 |
| **Expenses** | | | |
| Staff costs | 13 | 330,389 | 365,106 |
| Facilities costs | 14 | 65,806 | 67,020 |
| Academic programs and related costs | 14 | 26,031 | 35,282 |
| General and administrative expenses | 14 | 23,356 | 32,721 |
| Professional Education Unit (PEU) | 14 | 8,884 | 10,112 |
| Depreciation | 7 | 55,719 | 57,202 |
| | | 510,185 | 567,443 |
| Surplus/(deficit) for the year | | 52,345 | (4,848) |

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 2011
(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| **Surplus/(deficit) for the year** | 52,345 | (4,848) |
| Other comprehensive income | - | - |
| **Other comprehensive income/(loss) for the year, net of tax** | 52,345 | (4,848) |
| **Total comprehensive income/(loss) for the year, net of tax** | 52,345 | (4,848) |

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 2011
(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

| | | Reserves | |
|---|---|---|---|
| | **General** | **PEU** | **Total** |
| | **$** | **$** | **$** |
| **Year ended 30 September 2011** | | | |
| Balances as at 30 September 2010 | 23,087 | 14,395 | 37,482 |
| Total comprehensive income/(loss) for the year | 55,277 | (2,932) | 52,345 |
| **Balances as at 30 September 2011** | 78,364 | 11,463 | 89,827 |
| **Year ended 30 September 2010** | | | |
| Balances as at 30 September 2009 | 28,212 | 14,118 | 42,330 |
| Total comprehensive (loss)/income for the year | (5,125) | 277 | (4,848) |
| **Balances as at 30 September 2010** | 23,087 | 14,395 | 37,482 |

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 2011
(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

| | Notes | 2011<br>$ | 2010<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Surplus/(deficit) for the year | | 52,345 | (4,848) |
| Adjustments to reconcile surplus/(deficit) to net cash from operating activities: | | | |
| Depreciation | 7 | 55,719 | 57,202 |
| Capital grants released | 10 | (55,876) | (57,200) |
| Deferred contributions released | 11 | (5,230) | (5,576) |
| Amortisation of intangible assets | 8 | 5,867 | 6,252 |
| Loss on disposal of property, plant and equipment | 7 | 787 | 91 |
| Amortisation of leasehold premiums | 9 | 181 | 181 |
| Working capital adjustments: | | | |
| Net cash inflow/(outflow) before working capital changes | | 53,793 | (3,898) |
| (Increase)/decrease in inventory | | (166) | 116 |
| (Increase)/decrease in accounts receivable and prepayments | | (26,949) | 98,761 |
| Decrease in accounts payable, accruals and deferred tuition fees | | (149,996) | (161,481) |
| Net cash outflow from operating activities | | (123,318) | (66,502) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (82,263) | (306,741) |
| Purchase of intangible assets | 8 | (695) | (5,264) |
| Net cash outflow from investing activities | | (82,958) | (312,005) |
| **Cash flows from financing activities** | | | |
| Proceeds from short-term borrowings | | – | 217,145 |
| Payment of interest on short-term borrowings | 15 | (4,876) | – |
| Repayment of TTHSI borrowings | | – | (67,145) |
| Proceeds from capital grants | 10 | 254,578 | 209,805 |
| Proceeds from deferred contributions | 11 | 15,099 | 7,651 |
| Net cash inflow from financing activities | | 264,801 | 367,456 |
| **Net increase/(decrease) in cash and cash equivalents** | | 58,525 | (11,051) |
| **Cash and cash equivalents at beginning of year** | | 259,144 | 270,195 |
| **Cash and cash equivalents at end of year** | 4 | 317,669 | 259,144 |

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

## 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 6 March 2015, the Board of Governors comprises 10 members (As at 30 September 2011: 9 members).

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

The University has a 'Professional Education Unit' (PEU) which provides short courses and professional programmes mainly to meet the technical training needs of the oil and gas industry.

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

(i) 'URECO Ltd' – to manage the University's real estate portfolio;

(ii) '(UTT) Caribbean Industrial and Technological Services Ltd' – to provide scientific and technological services.

In March 2011 a decision was made to wind up these companies which had never conducted business but whose incorporation and start-up expenses had been absorbed by the University. As at 6 March 2015, the process to wind up these companies is ongoing.

## 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 2011 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 (except where otherwise stated), 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 (IFRSs) as issued by the International Accounting Standards Board (IASB).

*New accounting policies and disclosures adopted*

**IFRS 2 Share-based Payment (revised) – effective 1 January 2010**

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 2010. The amendment had no effect on the financial position or performance of the University.

**IAS 32 Financial Instruments (Amendment) – effective 1 February 2010**

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment had no effect on the financial position or performance of the University.

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

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

*New accounting policies and disclosures adopted* (continued)

**IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – effective 1 July 2010**

IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability constitute consideration paid in accordance with paragraph 41 of IAS 39. The equity instruments issued are measured at their fair value, unless this cannot be reliably measured, in which case, they are measured at the fair value of the liability extinguished. Any gain or loss is recognized in the statement of income. The University adopted this interpretation as at 1 October 2010 but this had no effect on the financial position or performance of the University.

*Standards in issue not yet effective*

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

- IAS 1 – Presentation of Items of Other Comprehensive Income – Amendment to IAS 1 (effective 1 July 2012)
- IAS 19R – Employee Benefits (Revised 2011) (effective 1 January 2013)
- IAS 24 – Related Party Disclosures – Revised (effective 1 January 2011)
- 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 (effective 1 January 2014)

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

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

*Standards in issue not yet effective* (continued)

- 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)
- IFRS 14 – Regulatory Deferred Accounts (effective 1 January 2016)
- IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2017)
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)
- IFRIC 21 – Levies (effective 1 January 2014)
- 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.
- Improvements to IFRSs (2010-2012). In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards. The changes are effective from 1 July 2014.
- Improvements to IFRSs (2011-2013). The 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards. The changes are effective from 1 July 2014.

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

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

*Standards in issue not yet effective* (continued)

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

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

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

The 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.

**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 debts. 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 debts.

**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 carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the 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 explained 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.

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

**f. Property, plant and equipment**

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

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

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

| | | |
|---|---|---|
| Buildings and improvements | – | 2.5% - 5% |
| Motor vehicles | – | 25% |
| 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.

**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.

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

### 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.

**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 year to which the Government's annual budget allocation is applicable.

*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'.

**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*
As explained in Note 2m above, grants relating to operating activities are recognised as income in the year to which Government's annual budget allocation is applicable.

ii) *Government contributions: Capital grants released*
As explained in Note 2m, an amount equivalent to the depreciation charged on the related property, plant and equipment is released to income over the expected useful life of the asset.

iii) *Tuition and other related fees*
Tuition and other related fees are recognised on the accruals basis over the period of instruction.

iv) *Interest income*
Interest income is accounted for on the accruals basis.

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

**p. Revenue recognition** (continued)

v) *Other income*
Income from a range of activities including rental of facilities is recognised on the accruals basis.

vi) *Professional Education Unit (PEU)*
Income is recognised on the accruals basis and is reported separately in the income statement and statement of changes in reserves.

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

**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.

**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.

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

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

**s. Comparative information**

Certain changes in presentation relating to comparative information have been made in these financial statements as follows:

- Retentions of $66.1 million have been presented within Foreign Currency risk and Liquidity risk (Note 19).
- A payable Johns Hopkins Medicine International of $12.6 million has been presented within Foreign Currency risk and Liquidity risk (Note 19).

These changes had no effect on the deficit or net assets of the University for prior year 2010.

| **3. Accounts receivable and prepayments** | **2011** $ | **2010** $ |
|---|---|---|
| Amounts due from GORTT (see below) | 134,361 | 96,232 |
| Corporate receivables | 20,524 | 22,488 |
| Other receivables | 4,417 | 5,337 |
| | 159,302 | 124,057 |
| Less: provision for doubtful debts | (7,096) | (6,910) |
| | 152,206 | 117,147 |
| Prepayments | 11,729 | 19,839 |
| | 163,935 | 136,986 |

Amounts due from GORTT comprise:

| | | |
|---|---|---|
| Government Assistance for Tuition Expenses (GATE) | 104,360 | 71,405 |
| Recurrent/capital contributions (cash in transit) | 23,910 | 11,012 |
| Ministry of Public Administration scholarship students | 6,091 | 3,540 |
| Trinidad and Tobago Health Sciences Initiative (TTHSI) | – | 10,275 |
| | 134,361 | 96,232 |

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

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

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 |
| | $ | $ | $ | $ |
| **2011** | | | | |
| Amounts due from GORTT | 133,423 | 97,332 | – | 36,091 |
| Corporate receivables | 16,573 | 13,644 | 1,221 | 1,708 |
| Other receivables | 2,210 | 2,185 | – | 25 |
| | 152,206 | 113,161 | 1,221 | 37,824 |
| **2010** | | | | |
| Amounts due from GORTT | 93,490 | 79,024 | – | 14,466 |
| Corporate receivables | 20,541 | 10,271 | 205 | 10,065 |
| Other receivables | 3,116 | 193 | 2,666 | 257 |
| | 117,147 | 89,488 | 2,871 | 24,788 |

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

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

As at 30 September, receivables at a value of $7.1 million (2010: $6.9 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 $ |
|---|---|---|---|---|
| **2011** | | | | |
| Opening balance | 2,742 | 1,947 | 2,221 | 6,910 |
| Provision for the year | – | 2,514 | 119 | 2,633 |
| Provision reversed | (1,804) | (510) | (133) | (2,447) |
| Closing balance | 938 | 3,951 | 2,207 | 7,096 |
| **2010** | | | | |
| Opening balance | 133 | 1,825 | 952 | 2,910 |
| Provision for the year | 2,609 | 770 | 1,269 | 4,648 |
| Provision reversed | – | (648) | – | (648) |
| Closing balance | 2,742 | 1,947 | 2,221 | 6,910 |

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

| | 2011 $ | 2010 $ |
|---|---|---|
| Cash at bank and in hand | 121,371 | 81,650 |
| Money market mutual funds | 147,298 | 138,494 |
| Term deposits | 49,000 | 39,000 |
| | 317,669 | 259,144 |

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

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

The applicable interest rates at the year end date on the money market mutual funds (TT$) range from 1.9% to 2.1% per annum (2010: 2.1% to 2.9% per annum). The term deposits are for an average 90-day maturity period and earn interest at a rate of 0.80% per annum (2010: 1.25% per annum).

## 5. Accounts payable and accruals

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| Trade creditors | 234,570 | 219,251 |
| Retentions payable | 66,235 | 66,085 |
| Accruals | 41,862 | 44,588 |
| Other payables | 27,798 | 32,336 |
| Johns Hopkins Medicine International | 23,864 | 12,588 |
| | 394,329 | 374,848 |

## 6. Deferred tuition fees

| | 2011 | 2010 |
|---|---|---|
| Opening balance | 72,536 | 75,877 |
| Fees deferred | 76,890 | 72,058 |
| Reversal of prior year's fees | (1,919) | – |
| Released to income | (70,578) | (75,399) |
| Closing balance | 76,929 | 72,536 |

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.

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

## 7. Property, plant and equipment

| At 30 September 2011 | Freehold land | Buildings | Machinery and equipment | Motor vehicles | Office equipment and fixtures | Capital works in progress | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Cost | 12,626 | 548,305 | 150,417 | 5,989 | 167,522 | 1,197,844 | 2,082,703 |
| Accumulated depreciation | – | (54,940) | (85,768) | (5,604) | (104,262) | – | (250,574) |
| **Net book amount** | 12,626 | 493,365 | 64,649 | 385 | 63,260 | 1,197,844 | 1,832,129 |
| Net book amount 1 October 2010 | 12,626 | 441,959 | 75,507 | 865 | 75,999 | 1,021,311 | 1,628,267 |
| Additions | – | 5,973 | 4,748 | – | 9,286 | 240,361 | 260,368 |
| Disposals | – | (415) | – | – | (372) | – | (787) |
| Transfers from WIP | – | 60,292 | 2,380 | – | 1,156 | (63,828) | – |
| Depreciation charge | – | (14,444) | (17,986) | (480) | (22,809) | – | (55,719) |
| 30 September 2011 | 12,626 | 493,365 | 64,649 | 385 | 63,260 | 1,197,844 | 1,832,129 |

| At 30 September 2010 | Freehold land | Buildings | Machinery and equipment | Motor vehicles | Office equipment and fixtures | Capital works in progress | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| 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** | 12,626 | 441,959 | 75,507 | 865 | 75,999 | 1,021,311 | 1,628,267 |
| 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 | 12,626 | 441,959 | 75,507 | 865 | 75,999 | 1,021,311 | 1,628,267 |

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

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

It is the University's policy to capitalise interest on borrowings specific to capital projects during the period of construction. In 2011, the total capitalised interest was $4.7 million (2010: $2.2 million).

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| *Capital Works in Progress comprise:* | | |
| Signature Building, Tamana InTech Park | 1,127,067 | 897,078 |
| Point Lisas Campus – Pre-engineered building | – | 26,839 |
| Point Lisas Campus – Single Cell Protein Research Lab | 42,536 | 41,616 |
| Chaguaramas Campus – Phase III | 16,407 | 29,566 |
| San Fernando Campus | 107 | 2,616 |
| Valsayn Campus | – | 5,365 |
| Corinth Campus | 3,692 | 5,960 |
| ECIAF Campus | 1,125 | 566 |
| Agora Campus | – | 9,116 |
| Other works | 6,910 | 2,589 |
| | 1,197,844 | 1,021,311 |

*Signature Building Complex, Tamana InTech Park:*

Construction of the Signature Building Complex, which includes fully functional, custom-designed laboratories, learning spaces, offices, state of the art auditorium and ancillary services, began in January 2008. As at 30 September 2011, the percentage of the works completed was 59%. As at 6 March 2015 the percentage of the works completed is 68%.

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

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

*Point Lisas Campus* (continued):

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 year end, the SCP Research Lab costs amounted to $42.536 million. Contributions were received from NEC and eTeck in the amounts of $14.8 million and $10.1 million respectively. The remaining $17.636 million was funded by UTT. 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:*

This campus comprises: Administration and Teaching Building, Workshop, Swimming Pool and the Marine Sciences & Engineering Building under construction (as noted under 'Capital Works in Progress').

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

*Chaguaramas Campus:* (continued)

The Chaguaramas Campus is situated on 8 acres of land acquired in two (2) separate parcels:

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

*John S Donaldson and San Fernando Campuses*:

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

*Valsayn and Corinth Campuses:*

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

*ECIAF Campus:*

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

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

## 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 year end and therefore has not recognised these properties in its statement of financial position. However, the University has recorded the cost of upgrade works undertaken.

*Agora Campus:*

In November 2008, the University acquired freehold interest in property located at Lot#1 Off Munroe Road Exit, Uriah Butler Highway, Charlieville to accommodate the Professional Education Unit. Renovation works were carried out and these costs have been capitalised. In May 2011, the building was formally opened.

## 8. Intangible assets

| | Computer software $ | Licences $ | Book Rights $ | Total $ |
|---|---|---|---|---|
| **At 30 September 2011** | | | | |
| Cost | 28,902 | 1,514 | 38 | 30,454 |
| Accumulated amortisation | (23,591) | (1,310) | (6) | (24,907) |
| **Net book amount** | 5,311 | 204 | 32 | 5,547 |
| Opening balance | 10,479 | 207 | 33 | 10,719 |
| Additions | 695 | – | – | 695 |
| Amortisation during the period | (5,863) | (3) | (1) | (5,867) |
| Balance as at 30 September 2010 | 5,311 | 204 | 32 | 5,547 |

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

**8. Intangible assets** (continued)

| | Computer software $ | Licences $ | Book Rights $ | Total $ |
|---|---|---|---|---|
| **At 30 September 2010** | | | | |
| Cost | 28,207 | 1,514 | 38 | 29,759 |
| Accumulated amortisation | (17,728) | (1,307) | (5) | (19,040) |
| **Net book amount** | 10,479 | 207 | 33 | 10,719 |
| Opening balance | 11,462 | 210 | 35 | 11,707 |
| Additions | 5,264 | – | – | 5,264 |
| Amortisation during the period | (6,247) | (3) | (2) | (6,252) |
| Balance as at 30 September 2009 | 10,479 | 207 | 33 | 10,719 |

*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 for exclusive use of photographs under a licence agreement. The licence fee is being amortised on a straight-line basis over a finite period of seventy-five (75) years commencing 30 November 2007.

*Book rights*

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

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

| 9. **Other assets** | **2011 $** | **2010 $** |
|---|---|---|
| Lease premiums | 15,469 | 15,650 |
| **Lease premiums:** | | |
| Opening balance | 15,831 | 16,012 |
| Amortisation during the period | (181) | (181) |
| | 15,650 | 15,831 |
| Current portion included in other receivables | (181) | (181) |
| | 15,469 | 15,650 |

Lease premiums comprise amounts paid in respect of the parcels of lands on which the Chaguaramas and the O'Meara Campuses are situated. These payments are stated at cost and are amortised over the periods of the respective leases which are ninety-nine (99) years for the 2 parcels of land at Chaguaramas and thirty (30) years for the parcel of land at O'Meara.

| 10. **Deferred capital grants** | **2011 $** | **2010 $** |
|---|---|---|
| GORTT | 1,473,759 | 1,270,064 |
| Other | 14,239 | 12,561 |
| | 1,487,998 | 1,282,625 |
| Non-monetary grants | 76,113 | 80,705 |
| | 1,564,111 | 1,363,330 |
| Balance brought forward | 1,363,330 | 1,206,641 |
| Received during the period (monetary) | 254,578 | 209,805 |
| Received during the period (non-monetary) | – | 3,000 |
| Transferred from 'Deferred Contributions' (Note 11) | 2,079 | 1,084 |
| Released to the statement of income and expenditure | (55,876) | (57,200) |
| Balance carried forward | 1,564,111 | 1,363,330 |
| Current portion | 51,603 | 56,663 |
| Non-current portion | 1,512,508 | 1,306,667 |
| | 1,564,111 | 1,363,330 |

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

**10. Deferred capital grants** (continued)

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**

| | 2011 $ | 2010 $ |
|---|---|---|
| Balance brought forward | 50,440 | 49,449 |
| Received during the year | 15,099 | 7,651 |
| Released to the statement of income and expenditure | (5,230) | (5,576) |
| Reclassified to 'Accounts Payable' | (457) | – |
| Transferred to 'Inventory' | (100) | – |
| Transferred to 'Deferred Capital Grants' (Note 10) | (2,079) | (1,084) |
| Balance carried forward | 57,673 | 50,440 |
| Current portion | 4,385 | 4,370 |
| Non-current portion | 53,288 | 46,070 |
| | 57,673 | 50,440 |

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

**12. Other income**

| | 2011 $ | 2010 $ |
|---|---|---|
| Project management fees | 5,700 | 5,500 |
| Sundry income | 1,376 | 426 |
| Foreign exchange gain (net) | 881 | 230 |
| Facilities rental | 245 | 210 |
| Sale of books | 156 | 88 |
| Sale of laptops (net) | – | (9) |
| | 8,358 | 6,445 |

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

## 13. Staff costs

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| Salaries, gratuities, allowances and other benefits | 329,713 | 358,690 |
| Independent contractors | 2,873 | 7,654 |
| Recruitment costs | 318 | 1,551 |
| Staff costs recharged to PEU (Note 14 c) | (2,515) | (2,789) |
| | 330,389 | 365,106 |

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

| | | |
|---|---|---|
| Academic | 216,272 | 225,975 |
| Academic support | 33,714 | 25,108 |
| Corporate | 79,727 | 107,607 |
| | 329,713 | 358,690 |

Salaries, gratuities, allowances and other benefits include:

| | | |
|---|---|---|
| Compensation of key management personnel | 7,988 | 9,285 |

Staff headcount as at 30 September 2011: 1,380 (2010: 1,373).

## 14. Analysis of expenses

a) *General and administrative expenses*

| | | |
|---|---|---|
| Amortisation of computer software (Note 8) | 5,863 | 6,247 |
| Annual software renewal and maintenance costs | 4,031 | 5,161 |
| Stationery and office supplies | 2,684 | 4,533 |
| Marketing and public relations costs | 2,007 | 3,339 |
| Insurance (non-property) | 1,463 | 1,408 |
| Legal and professional fees | 1,026 | 489 |
| Subscriptions | 842 | 1,516 |
| Board fees and travelling allowances | 665 | 428 |
| Travelling costs | 144 | 1,110 |
| Other | 4,631 | 8,490 |
| | 23,356 | 32,721 |

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

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

**14. Analysis of expenses**

*b) Academic programs and related costs*

| | 2011 $ | 2010 $ |
|---|---|---|
| Student stipends | 6,560 | 8,715 |
| Student functions, transport and related costs | 4,825 | 6,184 |
| Collaborative agreements with foreign universities | 3,528 | 6,130 |
| Laboratory supplies | 2,945 | 3,383 |
| External instructors' fees | 848 | 3,613 |
| Advertising of courses | 714 | 1,187 |
| Amortisation of licences (Note 8) | 3 | 3 |
| Other | 6,608 | 6,067 |
| | 26,031 | 35,282 |

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

*c) Professional Education Unit (PEU)*

| | 2011 $ | 2010 $ |
|---|---|---|
| Staff costs (Note 13) | 2,515 | 2,789 |
| Direct staff costs | 2,167 | 2,463 |
| Facility costs (Note 14 d) | 2,147 | 1,592 |
| External facilitators' fees | 829 | 2,105 |
| Catering | 787 | 602 |
| Other | 439 | 561 |
| | 8,884 | 10,112 |

Other expenses comprise advertising, stationery and printing.

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

| | | 2011 | 2010 |
|---|---|---|---|
| **14.** | **Analysis of expenses** (continued) | **$** | **$** |

*d) Facilities costs*

| | 2011 $ | 2010 $ |
|---|---|---|
| Repairs and maintenance | 12,053 | 14,523 |
| Security | 11,484 | 11,226 |
| Janitorial and sanitation | 11,472 | 7,513 |
| Utilities (electricity and water) | 10,544 | 10,206 |
| Telecommunications | 7,171 | 7,049 |
| Rental of offices | 4,723 | 6,053 |
| Lease of land | 3,048 | 2,918 |
| Rental of office equipment | 2,816 | 2,973 |
| Insurance (property) | 2,466 | 2,449 |
| Aripo facility costs (see below) | 622 | 1,737 |
| Other | 1,554 | 1,965 |
| Facility costs recharged to PEU (Note 14 c) | (2,147) | (1,592) |
| | 65,806 | 67,020 |

Aripo facility costs of $0.622 million include staff costs of $0.24 million (2010: $0.72 million).

Other expenses include postage, safety and local transportation.

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

| 15. **Short-term borrowings** | **2011 $** | **2010 $** |
|---|---|---|
| Principal | 150,000 | 150,000 |
| Capitalised interest | 2,009 | 2,193 |
| | 152,009 | 152,193 |

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 issued $150 million Commercial Paper Notes at a rate of 3.5% per annum maturing on 30 October 2010. This was arranged by Caribbean Money Market Brokers (CMMB) and 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.

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

## 16. Related party disclosures

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

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| 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 | 1,477 | 1,213 |
| Rent paid to Kenesjay Systems Limited for office and other support services at Orange Grove Road, Tacarigua | – | 256 |

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

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| Due within one year | 4,239 | 6,039 |
| Due after one year but not more than five years | 2,411 | 4,251 |
| Due after five years | 11,013 | 11,578 |
| | 17,663 | 21,868 |

Operating lease expenses amounting to $10 million (2010: $12 million) have been incurred during the year and are expensed within facilities costs.

**17. Commitments** (continued)

The University has approved capital commitments amounting to $1.013 billion (2010: $714 million) 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 2011 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.

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

**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 2011 $** | **Gross maximum exposure 2010 $** |
|---|---|---|
| Cash and short-term deposits | 317,669 | 259,144 |
| Amount due from GORTT | 133,423 | 93,490 |
| Corporate receivables | 16,573 | 20,541 |
| | 467,665 | 373,175 |

***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.

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

## 19. Financial risk management (continued)

***Credit risk related to cash and short-term deposits***

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

**Foreign currency risk**

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 2011 | USD (TT equivalent) $ | TTD $ | TOTAL $ |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and short-term deposits | 102,547 | 215,122 | 317,669 |
| Accounts receivable | 227 | 149,769 | 149,996 |
| | 102,774 | 364,891 | 467,665 |
| **LIABILITIES** | | | |
| Short-term borrowings | – | 152,009 | 152,009 |
| Retentions | – | 66,235 | 66,235 |
| Johns Hopkins Medicine International | 23,864 | – | 23,864 |
| Trade creditors | 7,521 | 227,049 | 234,570 |
| | 31,385 | 445,293 | 476,678 |

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

## 19. Financial risk management (continued)

| Year ended 30 September 2010 | USD (TT equivalent) $ | TTD $ | TOTAL $ |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and short-term deposits | 90,049 | 169,095 | 259,144 |
| Accounts receivable | 1,319 | 112,712 | 114,031 |
| | 91,368 | 281,807 | 373,175 |
| **LIABILITIES** | | | |
| Short-term borrowings | – | 152,193 | 152,193 |
| Retentions | – | 66,085 | 66,085 |
| Johns Hopkins Medicine International | 12,588 | – | 12,588 |
| Trade creditors | 2,336 | 216,915 | 219,251 |
| | 14,924 | 435,193 | 450,117 |

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 $ |
|---|---|---|---|
| **2011** | 1% increase | 714 | 714 |
| | 1% decrease | (714) | (714) |
| **2010** | 1% increase | 764 | 764 |
| | 1% decrease | (764) | (764) |

The effect on net income is shown net of US dollar financial assets (2011: $102,774; 2010: $91,368) and liabilities (2011: $31,385; 2010: $14,924).

(Expressed in thousands of Trinidad and Tobago dollars, except where otherwise stated)

## 19. Financial risk management (continued)

### Liquidity risk

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

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

| **Year ended 30 September 2011** | **On demand $** | **1 year $** | **1 to 5 years $** | **> 5 years $** | **Total $** |
|---|---|---|---|---|---|
| Short-term borrowings | – | 152,009 | – | – | 152,009 |
| Retentions | 1,621 | 781 | 6,711 | 57,122 | 66,235 |
| Johns Hopkins Medicine International | – | 23,864 | – | – | 23,864 |
| Trade creditors | – | 234,570 | – | – | 234,570 |
| | 1,621 | 411,224 | 6,711 | 57,122 | 476,678 |
| **Year ended 30 September 2010** | | | | | |
| Short-term borrowings | – | 152,193 | – | – | 152,193 |
| Retentions | 174 | 3,094 | 3,555 | 59,262 | 66,085 |
| Johns Hopkins Medicine International | – | 12,588 | – | – | 12,588 |
| Trade creditors | – | 219,251 | – | – | 219,251 |
| | 174 | 387,126 | 3,555 | 59,262 | 450,117 |

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

**Capital management**

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

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

**20. Fair values**

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

**21. Contingent liabilities**

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. 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 2011.

**23. Subsequent events**

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

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

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

**(ii) Settlement of Judgment Debt**

The University has made a provision of $14.15 million in accounts payable and accruals as at 30 September 2011 (Note 5), in respect of an Order of the High Court of Justice. On 18 February 2014 the University settled the Judgment Debt in the amount of $18.3 million inclusive of interest and costs.