

# THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS

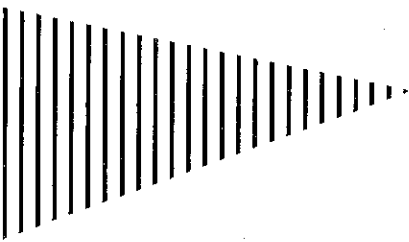
FOR THE YEAR ENDED

30 SEPTEMBER 2012

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Ernst & Young

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**Building a better  
working world**

THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

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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 2012 and the statements of income and expenditure, comprehensive income, changes in reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

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



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## INDEPENDENT AUDITOR'S REPORT

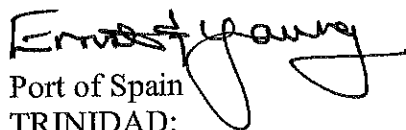
TO THE MEMBERS OF THE UNIVERSITY OF TRINIDAD AND TOBAGO  
(Continued)

### **Basis for Qualified Opinion**

As explained in Note 18 to the financial statements, the University has not accounted for taxation in these financial statements as required by IAS 12: "Income Taxes" notwithstanding the fact that the University's application for Charitable Organisation Status under the Corporation Tax Act, with retroactive effect from 14 September 2004, has to date not been granted by the Board of Inland Revenue. The University continues to pursue a resolution of the matter, and is therefore subject to taxation. If the University were to account for taxation there would be no corporation tax liability and expense to be recorded as at 30 September 2012 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 2012, 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 2012 are understated by \$49 million (2011: \$44 million) in respect of the unrecorded gross deferred tax asset and liability. There is no impact on accumulated reserves as at 30 September 2012.

### **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 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Port of Spain  
TRINIDAD:  
25 May 2016

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012  
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2012 \$	2011 \$
<b>Current assets</b>			
Inventory	2 i	129	129
Accounts receivable and prepayments	3	152,656	163,935
Cash and short-term deposits	4	<u>431,904</u>	<u>317,669</u>
		<u>584,689</u>	<u>481,733</u>
<b>Current liabilities</b>			
Short-term borrowings	12	—	152,009
Accounts payable and accruals	5	346,531	331,102
Deferred tuition fees	6	78,175	76,929
Current portion of deferred capital grants	10	48,298	51,603
Current portion of deferred contributions	11	<u>3,442</u>	<u>4,385</u>
		<u>476,446</u>	<u>616,028</u>
<b>Net current assets/(liabilities)</b>		<u>108,243</u>	<u>(134,295)</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,898,104	1,832,129
Intangible assets	8	2,707	5,547
Other assets	9	<u>15,288</u>	<u>15,469</u>
		<u>1,916,099</u>	<u>1,853,145</u>
		<u>2,024,342</u>	<u>1,718,850</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 2012

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

	Notes	2012 \$	2011 \$
<b>Non-current liabilities</b>			
Accounts payable and accruals	5	64,420	63,227
Deferred capital grants	10	1,730,032	1,512,508
Deferred contributions	11	<u>56,549</u>	<u>53,288</u>
		<u>1,851,001</u>	<u>1,629,023</u>
<b>Reserves</b>			
General		165,424	78,364
Professional Education Unit (PEU)		<u>7,917</u>	<u>11,463</u>
		<u>173,341</u>	<u>89,827</u>
		<u>2,024,342</u>	<u>1,718,850</u>

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

These financial statements were approved by the Board of Governors on 25 May 2016 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 2012  
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2012 \$	2011 \$
<b>Income</b>			
Government contributions:			
Recurrent grants		418,456	400,877
Capital grants released	10	52,625	55,876
Tuition and other related fees		89,806	82,251
Other income	13	7,246	8,358
Professional Education Unit (PEU)		6,455	5,952
Non-Government contributions	11	4,200	5,230
Interest income		<u>4,035</u>	<u>3,986</u>
		<u>582,823</u>	<u>562,530</u>
<b>Expenses</b>			
Staff costs	14	305,014	330,389
Facilities costs	15 a	68,231	65,806
General and administrative expenses	15 b	43,367	23,356
Academic programmes and related costs	15 c	20,695	26,031
Professional Education Unit (PEU)	15 d	10,001	8,884
Depreciation	7	<u>52,001</u>	<u>55,719</u>
		<u>499,309</u>	<u>510,185</u>
Surplus for the year		<u>83,514</u>	<u>52,345</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 2012  
(Expressed in thousands of Trinidad and Tobago dollars)

	General \$	PEU \$	Total \$
<b>Surplus/(loss) for the year ended 30 September 2012</b>	87,060	(3,546)	83,514
Other comprehensive income	—	—	—
<b>Total comprehensive income/(loss) for the year ended 30 September 2012</b>	<u>87,060</u>	<u>(3,546)</u>	<u>83,514</u>
<b>Surplus/(loss) for the year ended 30 September 2011</b>	55,277	(2,932)	52,345
Other comprehensive income	—	—	—
<b>Total comprehensive income/(loss) for the year ended 30 September 2011</b>	<u>55,277</u>	<u>(2,932)</u>	<u>52,345</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 2012  
(Expressed in thousands of Trinidad and Tobago dollars)

	<b>General</b>	<b>Reserves PEU</b>	<b>Total</b>
	\$	\$	\$
<b>Year ended 30 September 2012</b>			
Balances as at 30 September 2011	78,364	11,463	89,827
Total comprehensive income/(loss) for the year	<u>87,060</u>	<u>(3,546)</u>	<u>83,514</u>
<b>Balances as at 30 September 2012</b>	<u>165,424</u>	<u>7,917</u>	<u>173,341</u>
<b>Year ended 30 September 2011</b>			
Balances as at 30 September 2010	23,087	14,395	37,482
Total comprehensive income/(loss) for the year	<u>55,277</u>	<u>(2,932)</u>	<u>52,345</u>
<b>Balances as at 30 September 2011</b>	<u>78,364</u>	<u>11,463</u>	<u>89,827</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 2012  
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Surplus for the year		83,514	52,345
Adjustments to reconcile surplus to net cash from operating activities:			
Depreciation	7	52,001	55,719
Capital grants released	10	(52,625)	(55,876)
Deferred contributions released	11	(4,200)	(5,230)
Amortisation of intangible assets	8	4,601	5,867
Loss on disposal of property, plant and equipment	7	585	787
Amortisation of leasehold premiums	9	<u>181</u>	<u>181</u>
Net cash inflow before working capital adjustments		84,057	53,793
Working capital adjustments:			
Increase in inventory		—	(166)
Decrease/(increase) in accounts receivable and prepayments		11,279	(26,949)
Decrease in accounts payable, accruals and deferred tuition fees		<u>(31,621)</u>	<u>(149,996)</u>
Net cash inflow/(outflow) from operating activities		<u>63,715</u>	<u>(123,318)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(67,465)	(82,263)
Purchase of intangible assets	8	(1,761)	(695)
Term deposits over 90 days maturity	4 (i)	<u>(114,116)</u>	<u>—</u>
Net cash outflow from investing activities		<u>(183,342)</u>	<u>(82,958)</u>
<b>Cash flows from financing activities</b>			
Payment of interest on short-term borrowings	12	(3,616)	(4,876)
Repayment of principal on short-term borrowings	12	(150,000)	—
Proceeds from capital grants	10	263,498	254,578
Proceeds from deferred contributions	11	<u>9,864</u>	<u>15,099</u>
Net cash inflow from financing activities		<u>119,746</u>	<u>264,801</u>
Net increase in cash and cash equivalents		119	58,525
Cash and cash equivalents at beginning of year		<u>317,669</u>	<u>259,144</u>
Cash and cash equivalents at end of year	4 (i)	<u>317,788</u>	<u>317,669</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 2012 (Continued)

### 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 25 May 2016, the Board of Governors comprises 8 members (As at 30 September 2012: 10 members).

The University is an institution of higher education and research. It provides training and educational services primarily at the undergraduate, graduate and post-doctoral levels, and performs research and other services through contributions from 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 25 May 2016, the process to wind up these companies is ongoing.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(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 are expressed in thousands of Trinidad and Tobago dollars except where otherwise stated, and have been prepared on a historical cost basis.

These financial statements do not include the results or net assets of 'URECO Ltd.' and '(UTT) Caribbean Industrial and Technological Services Ltd.' for the year ended 30 September 2012 as these companies have not commenced operations and do not have any net assets to be reported herein.

*Statement of compliance*

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

*New accounting policies and disclosures adopted*

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

The IASB issued a revision to IAS 24 that provides a partial exemption from disclosures for government-related entities, whereby the general disclosure requirements of IAS 24 will not apply. Instead, alternative disclosures have been included. The revision has no effect on the financial position or performance of the University.

*Standards in issue but not yet effective*

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

- IAS 1 – Presentation of Items of Other Comprehensive Income – Amendment to IAS 1 (effective 1 July 2012)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

2. Significant accounting policies (continued)

a. Basis of preparation (continued)

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

- 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 (effective 1 January 2014)
- 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 2018)
- 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)
- IFRS 16 – Leases (effective 1 January 2019)
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)
- IFRIC 21 – Levies (effective 1 January 2014)

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

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

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

- Improvements to IFRSs (2009-2011): In the 2009-2011 annual improvement cycle, the IASB issued six amendments to five standards. These 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. These amendments are effective from 1 July 2014.
- Improvements to IFRSs (2011-2013): The 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards. These amendments are effective from 1 July 2014.
- Improvements to IFRSs (2012-2014): The IASB issued improvements to four standards which are effective from 1 January 2016.

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

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

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

The 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 2012  
(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 debts. These factors include, but are not limited to, the length of the University's relationship with its customers, their pattern of payments and known market factors. The amount and timing of recorded expenses for any period would differ if the University utilised different judgements or estimates in relation to the collectability of these debts.

**c. Impairment of assets**

Various assets of the University are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**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 subject to Note 2 a) which is the University's functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the year-end date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are recognised in the statement of income and expenditure.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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.



THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

2. Significant accounting policies (continued)

g. Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

All of the University's intangible assets are assessed as having a finite life. They are therefore amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period for an intangible asset is reviewed annually.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period, as appropriate, and is treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the expense category consistent with the function of intangible assets.

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Expenditure which enhances and extends the benefits of computer software programs beyond their original specifications and lives is capitalised. These costs are amortised on a straight-line basis over their useful lives not exceeding three years.

h. Leases

*Operating leases – University as Lessee*

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income and expenditure on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of liquidated damages is recognised as an expense in the period in which termination takes place.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(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 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 GORTT and private sources for the specific purpose of construction and/or purchase of property, plant and equipment. These grants are recognised where there is reasonable assurance that the grant funds will be received and utilised in accordance with all stipulated conditions. The University follows the deferral method of accounting for capital grants and funds received are recorded in the statement of financial position as 'Deferred Capital Grants'. An amount equivalent to the depreciation charge on the relevant property, plant and equipment is released to income over the expected useful life of the asset. Non-monetary capital grants are recorded at fair value and are released to income over the expected useful life of the asset.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

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

*Government contributions*

The University submits requests to GORTT annually for funding of its budgeted operating deficits prior to GORTT's preparation of the National Budget for a respective fiscal year which runs from October to September.

Contributions received from GORTT for recurrent expenditures are recognised as income in the year to which the Government's annual budget allocation is applicable. The University therefore accrues for these contributions as income in the corresponding year for which funds have been allocated in the National Budget.

*Non-Government contributions*

The University receives funding from donors for research projects, bursaries, scholarships, capital and other purposes. The University follows the deferral method of accounting for grants and donations when they are restricted in use by the donor.

Donations that are governed by donor-imposed stipulations, which must be complied with to the satisfaction of the donor for the expenditure to be approved, are generally for research projects and are referred to as 'Deferred Contributions' (Note 11). Such donations are accounted for as follows:

(i) Donations received in advance of expenditure:

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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

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

*Non-Government contributions (continued)*

(ii) Expenditure in advance of receipt of donations pledged:

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

**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 UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

**p. Revenue recognition (continued)**

The applicable recognition criteria are set out below:

(i) *Government contributions: Recurrent grants*

As explained in Note 2 m, grants relating to recurrent expenditures are recognised as income in the year to which Government's annual budget allocation is applicable. The University therefore accrues for these grants as income in the corresponding year for which funds have been allocated in the National Budget.

(ii) *Government contributions: Capital grants released*

As explained in Note 2 m, an amount equivalent to the depreciation charged on the related property, plant and equipment is released to income over the expected useful life of the asset.

(iii) *Tuition and other related fees*

Tuition and other related fees are recognised on the accrual basis over the period of instruction.

(iv) *Interest income*

Interest income is accounted for on the accrual basis.

(v) *Other income*

Other income is derived from a range of activities including project management services and rental of facilities and is recognized on the accrual basis.

(vi) *Professional Education Unit (PEU)*

Income is recognised on the accrual basis and is reported separately in the income statement and statement of changes in reserves.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

**p. Revenue recognition (continued)**

*vii) Non-government contributions*

As explained in Note 2 m, 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

**s. Comparative information (continued)**

Certain changes in presentation relating to comparative information (2011) have been made in these financial statements as follows:

- An amount of \$8.2 million previously presented within Corporate Receivables has been re-classified to Amounts due from GORTT (Note 3).
- Provision for doubtful debts of \$1.7 million previously included under Corporate Receivables has been re-classified to Amounts due from GORTT (Note 3).
- Other Receivables of \$2.2 million and Other Payables of \$26.9 million and Gratuity payable of \$0.9 million have now been presented within the Financial Risk Management note disclosure (Note 19).
- An amount of \$63.2 million previously presented within Accounts Payable and Accruals under Current Liabilities has now been presented as Retentions Payable under Non-Current Liabilities in the Statement of Financial Position (Note 5).
- The maturity profile of University's Financial Liabilities has been adjusted to present amounts due in one year or less and amounts due in more than one year (Note 19).
- An amount of \$0.61 million relating to Retentions previously presented as amounts due more than one year has been re-classified to amounts due within one year (Note 19).

These changes are required to ensure consistent presentation with the current period (2012) and have no effect on the surplus or net assets of the University for the prior year (2011).

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

**3. Accounts receivable and prepayments**

	2012 \$'000	2011 \$'000
Amounts due from GORTT (see below)	146,177	142,529
Corporate receivables	9,280	12,356
Other receivables	<u>8,503</u>	<u>4,417</u>
	163,960	159,302
Less: provision for doubtful debts	<u>(18,740)</u>	<u>(7,096)</u>
	145,220	152,206
Prepayments	<u>7,436</u>	<u>11,729</u>
	<u>152,656</u>	<u>163,935</u>
Amounts due from GORTT comprise:		
Government Assistance for Tuition Expenses (GATE)	104,405	104,360
Recurrent/capital contributions (cash in transit)	21,034	23,910
Ministry of Tertiary Education and Skills Training	15,468	8,168
Ministry of Public Administration (scholarship students)	<u>5,270</u>	<u>6,091</u>
	<u>146,177</u>	<u>142,529</u>



THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

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

	Total \$'000	Neither past due nor impaired \$'000	Past due but not impaired	
			30 to 90 days \$'000	Over 90 days \$'000
<b>2012</b>				
Amounts due from GORTT	135,067	105,900	—	29,167
Corporate receivables	6,268	5,501	213	554
Other receivables	<u>3,885</u>	<u>3,603</u>	<u>64</u>	<u>218</u>
	<u>145,220</u>	<u>115,004</u>	<u>277</u>	<u>29,939</u>
<b>2011</b>				
Amounts due from GORTT	139,848	103,903	—	35,945
Corporate receivables	10,148	8,597	458	1,093
Other receivables	<u>2,210</u>	<u>2,185</u>	<u>—</u>	<u>25</u>
	<u>152,206</u>	<u>114,685</u>	<u>458</u>	<u>37,063</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

3. Accounts receivable and prepayments (continued)

As at 30 September, receivables at a value of \$18.74 million (2011: \$7.1 million) are impaired and fully provided for. Movement in the provision for impairment of receivables is as follows:

	Amounts due from GORTT \$'000	Corporate receivables \$'000	Other receivables \$'000	Total \$'000
<b>2012</b>				
Opening balance	2,681	2,208	2,207	7,096
Provision for the year	8,575	2,628	2,411	13,614
Provision reversed	—	(1,970)	—	(1,970)
Closing balance	<u>11,256</u>	<u>2,866</u>	<u>4,618</u>	<u>18,740</u>
<b>2011</b>				
Opening balance	2,742	1,947	2,221	6,910
Provision for the year	1,743	771	119	2,633
Provision reversed	(1,804)	(510)	(133)	(2,447)
Closing balance	<u>2,681</u>	<u>2,208</u>	<u>2,207</u>	<u>7,096</u>

4. Cash and short-term deposits

	2012 \$'000	2011 \$'000
(i) Cash at bank and in hand	140,183	121,371
Money market mutual funds	148,605	147,298
Term deposits – 90 days maturity	<u>29,000</u>	<u>49,000</u>
<b>Total cash and cash equivalents</b>	317,788	317,669
Term deposits over 90 days maturity	<u>114,116</u>	—
	<u>431,904</u>	<u>317,669</u>

The applicable interest rates at the year-end date on the money market mutual funds (TT\$) range from 1.3% to 2.9% per annum (2011: 1.9% to 2.1% per annum). The term deposits are for an average 90 to 180 days maturity period and earn interest at rates ranging from 0.40% to 1.0% per annum (2011: 0.75% to 1.0% per annum).

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

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

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
GORTT funds for capital projects	93,879	75,557
Trinidad and Tobago Health Sciences Initiative (TTHSI)	21,346	44,864
Donated/sponsored funds	20,951	22,818
Staff Health Plan funds	<u>2,517</u>	<u>—</u>
	<u>138,693</u>	<u>143,239</u>

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

**5. Accounts payable and accruals**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors	250,103	234,570
Retentions payable	65,848	66,235
Accruals	60,640	41,862
Other payables	28,487	26,901
Gratuity payable	1,665	897
Johns Hopkins Medicine International LLC	<u>4,208</u>	<u>23,864</u>
	<u>410,951</u>	<u>394,329</u>
Presented on the statement of financial position as follows:		
Current portion	346,531	331,102
Non-current portion	<u>64,420</u>	<u>63,227</u>
	<u>410,951</u>	<u>394,329</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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

The non-current portion of accounts payable and accruals includes retention payable of \$63.8 million (2011: \$63.2 million) and gratuity payable of \$0.6 million (2011: Nil).

**6. Deferred tuition fees**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	76,929	72,536
Fees deferred	78,123	76,890
Reversal of prior year's fees	—	(1,919)
Released to income	<u>(76,877)</u>	<u>(70,578)</u>
Closing balance	<u>78,175</u>	<u>76,929</u>

The University's academic year runs from September to August. Accordingly, charges for annual tuition fees are processed at the start of the academic year (i.e. September). As a result a portion of annual tuition fees is deferred at the end of the financial year.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

7. Property, plant and equipment

At 30 September  
2012

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

At 30 September  
2011

	Freehold land \$'000	Buildings \$'000	Machinery and equipment \$'000	Motor vehicles \$'000	Office equipment and fixtures \$'000	Capital works in progress \$'000	Total \$'000
Cost	12,626	548,305	150,417	5,769	167,522	1,197,844	2,082,483
Accumulated depreciation	—	(54,940)	(85,768)	(5,384)	(104,262)	—	(250,354)
<b>Net book amount</b>	<u>12,626</u>	<u>493,365</u>	<u>64,649</u>	<u>385</u>	<u>63,260</u>	<u>1,197,844</u>	<u>1,832,129</u>
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	<u>12,626</u>	<u>493,365</u>	<u>64,649</u>	<u>385</u>	<u>63,260</u>	<u>1,197,844</u>	<u>1,832,129</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

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 2012, the total capitalised interest is \$1.6 million (2011: \$4.7 million).

	2012 \$'000	2011 \$'000
<i>Capital Works in Progress comprise:</i>		
Signature Building Complex	1,200,731	1,127,067
Point Lisas Campus	4,717	42,536
Chaguaramas Campus – Phase III	20,410	16,407
San Fernando Campus	–	107
Valsayn Campus	67	–
Corinth Campus	3,612	3,692
ECIAF Campus	–	1,125
John S Donaldson Campus	2,008	–
Other works	<u>2,546</u>	<u>6,910</u>
	<u>1,234,091</u>	<u>1,197,844</u>

(i) *Signature Building Complex, Tamana InTech Park:*

Construction of the Signature Building Complex, which includes fully functional, custom-designed laboratories, learning spaces, offices, state-of-the-art auditorium and ancillary services, began in January 2008. As at 30 September 2012, the percentage of the works completed is 59% (2011: 59%). As at 30 April 2016, the percentage of the works completed is 75%.

(ii) *Campuses:*

Information on the major campuses is as follows:

*Point Lisas Campus:*

In September 2004, the University recorded the building and equipment of Trinidad and Tobago Institute of Technology (TTIT) at fair values (at the recognition date) with corresponding credits to 'Deferred Capital Grants' (Note 10).

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

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NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

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

(ii) *Campuses: (continued)*

*Point Lisas Campus: (continued)*

In September 2012, costs relating to the Single Cell Protein (SCP) Research Laboratory have been capitalised as follows:

- Buildings: \$16.6 million
- Equipment: \$27.6 million.

*O'Meara Campus:*

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

*Chaguaramas Campus:*

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

This Campus is situated on 8 acres of land acquired in two separate parcels:

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

*John S Donaldson and San Fernando Campuses:*

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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

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

(ii) *Campuses: (continued)*

*Valsayn and Corinth Campuses:*

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

*ECIAF Campus:*

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

*Waterloo Research Centre:*

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

*Agora Campus:*

In November 2008, the University acquired freehold interest in property located at Lot #1 Road Reserve, Off Munroe Road, Uriah Butler Highway, Charlieville to accommodate the Professional Education Unit. Costs relating to renovation works were capitalised in May 2011.



THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

8. Intangible assets

	<b>Computer software \$'000</b>	<b>Licence \$'000</b>	<b>Book rights \$'000</b>	<b>Total \$'000</b>
<b>At 30 September 2012</b>				
Cost	30,663	215	38	30,916
Accumulated amortisation	<u>(28,187)</u>	<u>(14)</u>	<u>(8)</u>	<u>(28,209)</u>
<b>Net book amount</b>	<u>2,476</u>	<u>201</u>	<u>30</u>	<u>2,707</u>
Balance as at 30 September 2011	5,311	204	32	5,547
Additions	1,761	—	—	1,761
Amortisation during the period	<u>(4,596)</u>	<u>(3)</u>	<u>(2)</u>	<u>(4,601)</u>
Balance as at 30 September 2012	<u>2,476</u>	<u>201</u>	<u>30</u>	<u>2,707</u>
	<b>Computer software \$'000</b>	<b>Licence \$'000</b>	<b>Book rights \$'000</b>	<b>Total \$'000</b>
<b>At 30 September 2011</b>				
Cost	28,902	215	38	29,155
Accumulated amortisation	<u>(23,591)</u>	<u>(11)</u>	<u>(6)</u>	<u>(23,608)</u>
<b>Net book amount</b>	<u>5,311</u>	<u>204</u>	<u>32</u>	<u>5,547</u>
Balance as at 30 September 2010	10,479	207	33	10,719
Additions	695	—	—	695
Amortisation during the period	<u>(5,863)</u>	<u>(3)</u>	<u>(1)</u>	<u>(5,867)</u>
Balance as at 30 September 2011	<u>5,311</u>	<u>204</u>	<u>32</u>	<u>5,547</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

**8. Intangible assets (continued)**

*Computer software*

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

*Licence*

This represents costs incurred by the University for exclusive use of photographs under a licence agreement. The licence fee is amortised on a straight-line basis over a finite period of 75 years commencing 30 November 2007.

*Book rights*

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

**9. Other assets**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease premiums	<u>15,288</u>	<u>15,469</u>
<b>Lease premiums:</b>		
Opening balance	15,650	15,831
Amortisation during the period	<u>(181)</u>	<u>(181)</u>
	15,469	15,650
Current portion included in other receivables	<u>(181)</u>	<u>(181)</u>
	<u>15,288</u>	<u>15,469</u>

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

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NOTES TO THE FINANCIAL STATEMENTS  
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**10. Deferred capital grants**

	2012 \$'000	2011 \$'000
GORTT	1,688,432	1,473,759
Other	<u>16,799</u>	<u>14,239</u>
	1,705,231	1,487,998
Non-monetary grants	<u>73,099</u>	<u>76,113</u>
	<u>1,778,330</u>	<u>1,564,111</u>
Balance brought forward	1,564,111	1,363,330
Received during the period (monetary)	263,498	254,578
Transferred from 'Deferred Contributions' (Note 11)	3,346	2,079
Released to the statement of income and expenditure	<u>(52,625)</u>	<u>(55,876)</u>
Balance carried forward	<u>1,778,330</u>	<u>1,564,111</u>
Current portion	48,298	51,603
Non-current portion	<u>1,730,032</u>	<u>1,512,508</u>
	<u>1,778,330</u>	<u>1,564,111</u>

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

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

**11. Deferred contributions**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance brought forward	57,673	50,440
Received during the year	9,864	15,099
Released to the statement of income and expenditure	(4,200)	(5,230)
Reclassified to 'Accounts Payable'	—	(457)
Transferred to 'Inventory'	—	(100)
Transferred to 'Deferred Capital Grants' (Note 10)	<u>(3,346)</u>	<u>(2,079)</u>
Balance carried forward	<u>59,991</u>	<u>57,673</u>
Current portion	3,442	4,385
Non-current portion	<u>56,549</u>	<u>53,288</u>
	<u>59,991</u>	<u>57,673</u>

As explained 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 donors' stipulations, the amount is released to the statement of income and expenditure.

**12. Short-term borrowings**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Principal	—	150,000
Capitalised interest	<u>—</u>	<u>2,009</u>
	<u>—</u>	<u>152,009</u>

The University arranged short-term financing to settle liabilities to the main contractor and others for construction of the Signature Building Complex 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.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

**12. Short-term borrowings (continued)**

With effect from 31 October 2010, the facility was extended for a further six months at a rate of 3.0% per annum maturing on 30 April 2011. It was further extended for nine months at a 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 facility was fully settled by the Government of Trinidad and Tobago on 30 January 2012.

The University paid interest as follows:

- \$2.6 million for the 6-month period to 30 October 2010.
- \$2.2 million for the 6-month period to 30 April 2011.
- \$3.6 million for the 9-month period to 30 January 2012.

**13. Other income**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Project management fees (Note 16)	3,427	5,700
Sundry income	2,126	1,376
Foreign exchange gain (net)	879	881
Facilities rental	498	245
Sale of books	<u>316</u>	<u>156</u>
	<b><u>7,246</u></b>	<b><u>8,358</u></b>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

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(Continued)

**14. Staff costs**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries, gratuities, allowances and other benefits	304,608	329,274
Staff training	1,211	439
Independent contractors	934	2,873
Recruitment costs	633	318
Staff costs recharged to PEU (Note 15 d)	<u>(2,372)</u>	<u>(2,515)</u>
	<u>305,014</u>	<u>330,389</u>

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

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Academic	201,840	216,051
Academic support	22,109	33,674
Corporate	<u>80,659</u>	<u>79,549</u>
	<u>304,608</u>	<u>329,274</u>

Salaries, gratuities, allowances and other benefits include:

Compensation of key management personnel	<u>5,433</u>	<u>7,988</u>
	<b>2012</b>	<b>2011</b>
Staff headcount as at 30 September	<u>1,247</u>	<u>1,380</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

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15. Analysis of expenses

	2012	2011
	\$'000	\$'000
<i>a. Facilities costs</i>		
Repairs and maintenance	16,786	12,053
Janitorial and sanitation	12,562	11,472
Security	11,878	11,484
Utilities (electricity and water)	10,834	10,544
Telecommunications	6,366	7,171
Lease of land	3,004	3,048
Rental of office equipment	2,935	2,816
Insurance (property)	2,692	2,466
Rental of offices	1,388	4,723
Aripo facility costs (see below)	–	622
Other	1,959	1,554
Facility costs recharged to PEU (Note 15 d)	<u>(2,173)</u>	<u>(2,147)</u>
	<u>68,231</u>	<u>65,806</u>

The University's lease of the Aripo facility ended on 31 January 2011. Other expenses include postage, safety costs and local transportation.

	2012	2011
	\$'000	\$'000
<i>b. General and administrative expenses</i>		
Provision for doubtful debts (Non-PEU)	10,775	(457)
Marketing and public relations costs	7,426	2,007
Annual software renewal and maintenance costs	5,359	4,031
Amortisation of computer software (Note 8)	4,596	5,863
Stationery and office supplies	3,102	2,684
Legal and professional fees	1,749	1,026
Travelling costs	1,129	144
Insurance (non-property)	1,114	1,463
Board fees and travelling allowances	734	665
Subscriptions	608	842
Other	<u>6,775</u>	<u>5,088</u>
	<u>43,367</u>	<u>23,356</u>

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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2012  
(Continued)

15. Analysis of expenses (continued)

	2012 \$'000	2011 \$'000
<i>c. Academic programmes and related costs</i>		
Student stipends	5,979	6,560
Student functions, transport and related costs	3,365	4,825
Laboratory supplies	2,373	2,945
Advertising of programmes	1,753	714
Collaborative agreements with foreign universities	1,119	3,528
External instructors' fees	998	848
Amortisation of licences (Note 8)	3	3
Other	<u>5,105</u>	<u>6,608</u>
	<u>20,695</u>	<u>26,031</u>

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

	2012 \$'000	2011 \$'000
<i>d. Professional Education Unit (PEU)</i>		
Staff costs (Note 14)	2,372	2,515
Facility costs (Note 15 a)	2,173	2,147
Direct staff costs	2,035	2,167
External facilitators' fees	1,349	829
Provision for doubtful debts	869	167
Catering	689	787
Other	<u>514</u>	<u>272</u>
	<u>10,001</u>	<u>8,884</u>

Other expenses comprise advertising, stationery and printing.



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**16. Related party disclosures**

The Corporation Sole, on behalf of the Government of the Republic of Trinidad and Tobago (GORTT), is the only Member of The University of Trinidad and Tobago. The Corporation Sole appoints the Board of Governors of the University.

In the conduct of its business, the University has entered into significant transactions with GORTT- related entities that are required to be disclosed in accordance with IAS 24: Related Party Disclosures. These transactions are set out below:

*Lease of land at Chaguaramas:*

In 2005, the University entered into an agreement with the Chaguaramas Development Authority (CDA) for the lease of a five-acre parcel of land at Granwood, Chaguaramas for a period of 99 years commencing 1 August 2005 at a premium of \$10 million. The Chaguaramas Campus of the University (Phases 1 and 2) was constructed on this parcel of land.

In 2007, the University entered into an agreement with CDA for the lease of a contiguous three-acre parcel of land for a period of 99 years commencing on 1 July 2007 at a premium of \$6 million. The Marine Sciences and Engineering building (phase 3) was constructed on this parcel of land. As at 30 September 2012, there is an outstanding balance of \$3 million due to CDA in respect of the premium.

*Lease of Land at Tamana InTech Park:*

In 2007, GORTT agreed to the establishment of the Main Campus of the University at Tamana InTech Park, a parcel of land comprising approximately 153 acres. The land is leased from Evolving TecKnologies and Enterprise Development Company Limited (e Teck), which is a wholly-owned State Enterprise. Details of the construction of the Signature Building Complex at Tamana Intech Park (“the Main Campus”) are provided at Note 7 above.

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

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

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

By letter dated 26 July 2010, e Teck submitted an Offer for a Thirty-Year Lease commencing 1 January 2007, proposing the payment of a premium of \$1.8 million plus 15% VAT and an annual rent of \$1.6 million plus 15% VAT, subject to rent reviews at the end of every five years. Negotiations between the University and e Teck for securing a lease of the land have not yet been concluded. As at 30 September 2012, the University has accrued the sum of \$9.5 million plus 15% VAT representing amortised premium in the amount of \$0.345 million plus 15% VAT and annual rent in the amount of \$9.2 million plus 15% VAT.

*Lease of land at O'Meara Industrial Estate:*

By an Agreement for a Lease made in writing on 6 March 2007 between e Teck and the University, the University agreed to lease from e Teck a parcel of land situate at O'Meara Industrial Estate comprising 30.69 hectares for a period of 30 years commencing 1 January 2005 at a premium of \$0.52 million plus 15% VAT and an annual rent of \$0.48 million plus 15% VAT, subject to rent reviews at the end of every five-year period. Due to the fact that the University is engaged in educational development activities, the rent charged by e Teck, as a matter of its Board-approved policy, was based on fifty (50%) percent of the Market Rental Value.

By letter dated 23 November 2010, e Teck sought to invoke the rent review provision and informed the University that the revised annual rent would be \$0.78 million plus 15% VAT for the period 1 January 2010 to 31 December 2014. The University and e Teck have not concluded negotiations with respect to the revised rent and the University continues to pay rent at the original rate. However, as at 30 September 2012, the University has accrued the sum of \$0.83 million plus 15% VAT, representing the difference between original rent and the proposed revised rent for the second five-year period.

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

*Government Guarantee:*

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

*Use of Trinidad and Tobago Electricity Commission (T&TEC) dark fibre optic cable:*

From 2007, the Wide Area Network (WAN) of the University has been supported through the provision by the Trinidad and Tobago Electricity Commission (T&TEC), essentially free of charge, of dark fibre optic connections among several campuses and operating locations of the University. Among the campuses which benefit from T&TEC dark fibre are the O'Meara and Point Lisas campuses; these are the primary and secondary core sites respectively of the University's WAN.

*Property Management Services re:NAPA:*

In 2008, GORTT decided that the University should be assigned the responsibility for the management, maintenance, security and operation of the National Academy for the Performing Arts – North Campus (NAPA). Upon the completion of NAPA, the University assumed responsibility for its management, maintenance, security and operation from November 2009, though no Property Management Contract had been concluded between GORTT and the University.

The University has incurred costs for Utilities, Security, Ground and Equipment Maintenance which are recoverable from GORTT. The University has also submitted property management fees to GORTT. As at 30 September 2012, the receivable from GORTT amounts to \$15.3 million. A portion of this debt in the amount of \$9.6 million has been included within Provision for doubtful debts.

	2012 \$'000	2011 \$'000
Project management fees income re: NAPA	<u>1,566</u>	<u>1,500</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

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

*Project Management Services re: TTHSI:*

In 2006, as part of the Trinidad and Tobago Health Sciences Initiative (TTHSI), the University, on behalf of GORTT, entered into a six-year Collaboration and Services Agreement with Johns Hopkins Medicine International LLC.

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Project management fees income re: TTHSI	<u>1,861</u>	<u>4,200</u>

**17. Commitments**

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

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Due within one year	760	4,239
Due after one year but not more than five years	2,261	2,411
Due after five years	<u>10,448</u>	<u>11,013</u>
	<u>13,469</u>	<u>17,663</u>

Operating lease expenses amounting to \$4.5 million (2011: \$10 million) have been incurred during the year and are expensed within facilities costs.

The University has approved capital commitments amounting to \$1.128 billion (2011: \$1.013 billion) relating to obligations mainly with the construction of the Signature Building Complex at Tamana InTech Park and the Chaguaramas Campus. These capital commitments at 30 September 2012 are fully funded by government grants.

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NOTES TO THE FINANCIAL STATEMENTS  
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**18. Taxation**

The University has not accounted for taxation in these financial statements as required by IAS 12: "Income Taxes", notwithstanding the fact that the University's application for Charitable Organisation Status under the Corporation Tax Act, with retroactive effect from 14 September 2004 has not yet been granted by the Board of Inland Revenue. Accordingly, deferred taxes have not been recorded.

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

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

**19. Financial risk management**

**Introduction**

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

**Risk management structure**

The Board of Governors is ultimately responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by Management in compliance with the policies approved by the Board of Governors. Additionally, the Board has established 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 maximum exposure to credit risk for the components of the statement of financial position, without taking account of any other credit enhancement is as follows:

	<b>Gross maximum exposure 2012 \$'000</b>	<b>Gross maximum exposure 2011 \$'000</b>
Cash and short-term deposits	431,904	317,669
Amount due from GORTT	135,067	139,848
Corporate receivables	6,268	10,148
Other receivables	<u>3,885</u>	<u>2,210</u>
	<u>577,124</u>	<u>469,875</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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NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

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 2012**

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

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(Continued)

19. Financial risk management (continued)

Year ended 30 September 2011

	USD (TT equivalent) \$'000	TTD \$'000	TOTAL \$'000
<b>ASSETS</b>			
Cash and short-term deposits	102,547	215,122	317,669
Accounts receivable	<u>227</u>	<u>151,979</u>	<u>152,206</u>
	<u>102,774</u>	<u>367,101</u>	<u>469,875</u>
<b>LIABILITIES</b>			
Short-term borrowings	—	152,009	152,009
Retentions	—	66,235	66,235
Johns Hopkins Medicine International LLC	23,864	—	23,864
Trade creditors	7,521	227,049	234,570
Other payables	—	26,901	26,901
Gratuity payable	<u>—</u>	<u>897</u>	<u>897</u>
	<u>31,385</u>	<u>473,091</u>	<u>504,476</u>

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 is as follows:

	Change in US dollar rates	Effect on net income \$'000	Effect on equity \$'000
<b>2012</b>	1% increase	1,078	1,078
	1% decrease	(1,078)	(1,078)
<b>2011</b>	1% increase	714	714
	1% decrease	(714)	(714)

The effect on net income is shown net of US dollar financial assets (2012: \$113.1 million; 2011: \$102.8 million) and liabilities (2012: \$5.4 million; 2011: \$31.4 million).



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(Continued)

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

**Liquidity risk**

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

The maturity profile of the University's financial liabilities at 30 September is as follows:

**Year ended**

**30 September 2012**

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

**Year ended**

**30 September 2011**

Short-term borrowings	152,009	—	152,009
Retentions	3,008	63,227	66,235
Johns Hopkins Medicine International LLC	23,864	—	23,864
Trade creditors	234,570	—	234,570
Other payables	26,901	—	26,901
Gratuity payable	<u>897</u>	<u>—</u>	<u>897</u>
	<u>441,249</u>	<u>63,227</u>	<u>504,476</u>

THE UNIVERSITY OF TRINIDAD AND TOBAGO

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

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

**Capital management**

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

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

**20. Fair values**

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

**21. Contingent liabilities**

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

**22. Forensic investigations**

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

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

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**22. Forensic investigations (continued)**

- (ii) ~~By letter dated 4 January 2016, the University engaged a firm of chartered accountants to conduct a forensic audit of (a) Procurement and Award of Contracts and (b) Expenditure incurred on the Aviation Campus Project. A Draft Report dated 10 February 2016 has been issued to the Board and the Office of the Attorney General.~~

It is not anticipated that the forensic audit will impact on the financial statements for the year ended 30 September 2012.

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

It is not anticipated that the forensic audit will impact on the financial statements for the year ended 30 September 2012.

**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.

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

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NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

**23. Subsequent events (continued)**

**(ii) Settlement of Judgment Debt**

In February 2014, the University settled a Judgment Debt in the amount of \$17.3 million inclusive of interest and cost, incurred in relation to a 2011 High Court Order. As at 30 September 2012, the University has made a provision of \$15.5 million in accounts payable and accruals in respect of the High Court Order which was then under appeal.

**(iii) Litigation matters**

In respect of matters which have arisen subsequent to 30 September 2012, legal proceedings have been initiated against the University for which the University has estimated potential liabilities in the amount of \$12 million.

**(iv) Contract for construction of the Signature Building Complex (Note 7: Property, Plant and Equipment)**

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