THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2014

Ernst & Young

Building a better
working world

THE UNIVERSITY OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

C O N T E N T S **Page**

Building a better working world

Ernst & Young
P.O. Box 158
5/7 Sweet Briar Road
St. Clair, Port of Spain
Trinidad

Tel: +1 868 628 1105
Fax: +1 868 622 1153
ey.com

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 2014 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.

INDEPENDENT AUDITOR'S REPORT

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

Basis for Qualified Opinion

As explained in Notes 2 (e) and 17 to the financial statements, the University has not accounted for taxation in these financial statements as required by International Accounting Standards 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 2014 and for the year then ended, as the University is in a taxable 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 2014, 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 2014 are both understated by $58 million (2013: $52 million) in respect of the unrecorded gross deferred tax asset and liability. There is no impact on accumulated reserves as at 30 September 2014.

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 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Port of Spain
TRINIDAD:
25 October 2017

THE UNIVERSITY OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	Notes	2014 $'000	2013 $'000
Current assets			
Inventory	2 j	112	118
Accounts receivable	3a	102,284	121,244
Prepayments	3b	9,094	8,808
Cash and short-term deposits	4	649,094	578,734
		760,584	708,904
Current liabilities			
Accounts payable and accruals	5	176,271	182,425
Deferred tuition fees	6	66,133	79,165
Deferred capital grants	10	47,080	50,428
Deferred contributions	11	826	2,155
		290,310	314,173
Net current assets		470,274	394,731
Non-current assets			
Property, plant and equipment	7	2,040,090	1,938,944
Intangible assets	8	2,184	2,588
Prepayments	3b	15,000	–
Other assets	9	14,926	15,107
		2,072,200	1,956,639
		2,542,474	2,351,370

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 2014
(Continued)

	Notes	2014 $'000	2013 $'000
Non-current liabilities			
Accounts payable and accruals	5	69,273	65,796
Deferred capital grants	10	2,014,377	1,926,374
Deferred contributions	11	64,364	62,535
		2,148,014	2,054,705
Reserves			
General		376,647	284,435
Professional Education Unit (PEU)		17,813	12,230
		394,460	296,665
		2,542,474	2,351,370

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

These financial statements were approved by the Board of Governors on 25 October 2017 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 2014

	Notes	2014 $'000	2013 $'000
Income			
Government contributions:			
Recurrent grants	10	433,103	424,897
Capital grants released	10	44,938	48,794
Tuition and other related fees		90,968	90,969
Professional Education Unit (PEU)		15,276	16,311
Other income	12	7,315	13,122
Non-Government contributions	11	1,511	3,643
Interest income		3,764	1,989
		596,875	599,725
Expenses			
Staff costs	13	307,278	283,847
Facilities costs	14 a	65,140	73,862
General and administrative costs	14 b	42,911	38,678
Academic programmes and related costs	14 c	25,441	19,430
Professional Education Unit (PEU)	14 d	9,693	11,790
Depreciation	7	48,617	48,794
		499,080	476,401
Surplus for the year		97,795	123,324

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 2014

	General $'000	PEU $'000	Total $'000
Surplus for the year ended 30 September 2014	92,212	5,583	97,795
Other comprehensive income	–	–	–
Total comprehensive income for the year ended 30 September 2014	92,212	5,583	97,795
Surplus for the year ended 30 September 2013	118,803	4,521	123,324
Other comprehensive income	–	–	–
Total comprehensive income for the year ended 30 September 2013	118,803	4,521	123,324

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 2014

		Reserves	
	General	**PEU**	**Total**
	$'000	**$'000**	**$'000**
Year ended 30 September 2014			
Balances as at 30 September 2013	284,435	12,230	296,665
Total comprehensive income for the year	92,212	5,583	97,795
Balances as at 30 September 2014	376,647	17,813	394,460
Year ended 30 September 2013			
Balances as at 30 September 2012	165,632	7,709	173,341
Total comprehensive income for the year	118,803	4,521	123,324
Balances as at 30 September 2013	284,435	12,230	296,665

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 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Surplus for the year		97,795	123,324
Adjustments to reconcile surplus to net cash from operating activities:			
Depreciation	7	48,617	48,794
Capital grants released	10	(44,938)	(48,794)
Deferred contributions released	11	(1,511)	(3,643)
Reinstatement of deferred contributions	11	2,489	–
Transfer of recurrent subventions	10	(4,103)	–
Amortisation of intangible assets	8	925	1,678
Loss on disposal of property, plant and equipment		13	126
Other movements	7	(34)	644
Amortisation of leasehold premiums	9	181	181
Net cash inflow before working capital adjustments		99,434	122,310
Working capital adjustments:			
Decrease in inventory		6	11
Decrease in accounts receivable and prepayments		18,674	22,604
Decrease in accounts payable, accruals and deferred tuition fees		(51,859)	(171,133)
Net cash inflow/(outflow) from operating activities		66,255	(26,208)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	77
Purchase of property, plant and equipment		(113,599)	(83,001)
Purchase of intangible assets	8	(521)	(530)
Prepayment on lease	3 b	(15,000)	–
Term deposits over 90 days maturity		(90,884)	(50,000)
Net cash outflow from investing activities		(220,004)	(133,454)
Cash flows from financing activities			
Proceeds from capital grants	10	131,324	247,218
Proceeds from deferred contributions	11	2,714	10,054
Payments issued from deferred contributions	11	(813)	(780)
Net cash inflow from financing activities		133,225	256,492
Net (decrease)/increase in cash and cash equivalents		(20,524)	96,830
Cash and cash equivalents at beginning of year		414,618	317,788
Cash and cash equivalents at end of year	4 (i)	394,094	414,618

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 25 October 2017, the Board of Governors comprises 11 members (As at 30 September 2014: 8 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 advises on industry-relevant course content to enable the University to produce 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 October 2017, 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 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 2014 as these companies have not commenced operations and do not have any net assets to be reported herein.

(i) 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).

(ii) Changes in accounting policies and disclosures

New and amended standards and interpretations

The University has adopted, for the first time, certain standards and amendments that are applicable for the 2014 financial year. However there is no impact on the amounts reported and/or disclosures in the financial statements.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 1 - Clarification of the requirement for comparative information

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at 1 October 2013 in the case of the University), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The amendments affect presentation only and have no impact on the University's financial position or performance.

Amendments to IFRS 1, 'Government Loans'

The IASB added an exception to the retrospective application of IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement, as applicable) and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. These amendments require first-time adopters to apply the requirements of IAS 20 prospectively to government loans existing at the date of transition to IFRS. The adoption of this standard has no impact on these financial statements.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IFRS 7 - Offsetting Financial Assets and Financial Liabilities

The amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position.

The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard has no impact on these financial statements.

IFRS 10, 'Consolidated financial statements'

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of this standard has no impact on these financial statements.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 11, ‘Joint Arrangements’

IFRS 11, ‘Joint arrangements’ focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The adoption of this standard has no impact on these financial statements.

IFRS 12, ‘Disclosures of Interests in Other Entities’

IFRS 12 sets out the requirements for disclosures relating to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. The adoption of this standard has no impact on these financial statements.

IFRS 13, ‘Fair Value Measurement'

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. IFRS 13 also requires additional disclosures.

Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. The adoption of this standard has no impact on these financial statements.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRIC 20, 'Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine.

If the benefit from the stripping activity will be realized in the current period, an entity is required to account for that stripping activity costs as part of the costs of inventory. When the benefit is the improved access to ore, the entity recognizes these costs as a non-current asset, only if certain criteria are met. This is referred to as the 'stripping activity asset'. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset.

If the costs of the stripping activity asset and inventory produced are not separately identifiable, the entity allocates the cost between the two assets using an allocation method based on a relevant production measure.

After initial recognition, the stripping activity asset is carried at its costs or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part.

The adoption of this interpretation has no impact on these financial statements.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IAS 19, 'Employee Benefits' (Revised 2011)

IAS 19 (revised 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, IAS 19 (revised 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. The University does not have any defined benefit plans and therefore the revision to this standard has no impact on these financial statements.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Changes in accounting policies and disclosures (continued)

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 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – (effective 1 January 2016)
- IFRS 10, IFRS 12 and IAS 27 – Investment Entities (effective 1 January 2014)
- IAS 36 – Recoverable Amount Disclosures for Non- Financial Assets (effective 1 January 2014)
- IAS 32 – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IAS 27 – Equity Method in Separate Financial Statements (effective 1 January 2016)
- IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)
- IFRS 9 – Financial Instruments: Classification and Measurement (effective 1 January 2018)
- IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2016)
- IFRS 11 – Accounting for Acquisition of Interests in Joint Operations – (effective 1 January 2016)

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Changes in accounting policies and disclosures (continued)

Standards in issue but not yet effective (continued)

- 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 21 – Levies (effective 1 January 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.

2. Significant accounting policies (continued)

(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 accompanying disclosures of 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.

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.

2. Significant accounting policies (continued)

(c) Current versus non-current classification

The University presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The University classifies all other assets and liabilities as non-current.

(d) Impairment of assets

Various assets of the University are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the 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).

(e) Taxation

As explained in Note 17, taxation has not been accounted for in these financial statements in accordance with IAS 12: “Income Taxes”.

2. Significant accounting policies (continued)

(f) 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.

(g) 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%
Machinery and equipment	–	5% - 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 asset is ready for use.

2. Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

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.

(h) 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 are accounted for by changing the amortisation period, as appropriate, and are 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 periods of three to seven years.

2. Significant accounting policies (continued)

(i) Leases

Operating leases – University as Lessee

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

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

(j) 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.

(k) Financial assets

Initial recognition and measurement

The University's financial assets include cash and short term deposits, accounts receivable and accounts payable. The University determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and short-term deposits
Cash and short term deposits are measured at cost and include cash at bank and in hand and funds held in short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2. Significant accounting policies (continued)

(k) Financial assets (continued)

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.

De-recognition

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

(l) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The University's financial liabilities include accounts payable and are recognised initially at fair value.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

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.

2. Significant accounting policies (continued)

(l) Financial liabilities (continued)

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(m) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the University.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. Significant accounting policies (continued)

(m) Fair value measurement (continued)

A fair value measurement of a non–financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Where applicable, the University uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(n) 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.

2. Significant accounting policies (continued)

(n) 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 GORTT'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.

2. Significant accounting policies (continued)

(n) 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'.

(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.

When the University can reliably measure the outflow of economic benefits in relation to a specific matter and considers such outflows to be probable, the University recognizes a provision against the matter. Given the subjectivity and uncertainty of determining the probability of losses, the University takes into account a number of factors including legal advice, the stage of the matter and historical evidence.

(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.

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 n, contributions received from GORTT for recurrent expenditures are recognised as income in the year to which GORTT'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.

(ii) *Government contributions: Capital grants released*

As explained in Note 2 n, 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.

(vii) *Non-government contributions*

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

2. Significant accounting policies (continued)

(q) Reclassification of comparative figure at 30 September 2013

An amount of $16.5 million was incorrectly classified in Note 4 (ii) as 'funds received for specific purposes' with respect to the Trinidad and Tobago Health Sciences Initiative (TTHSI) project, in the financial statements for the year ended 30 September 2013. This $16.5 million related to funds for general use by the University.

As a result, the comparative figure at 30 September 2013 in Note 4 (ii) has been reclassified from 'funds received for specific purposes' re: TTHSI to 'funds for general use' by a reduction of $16.5 million, from $50.0 million to $33.5 million.

This reclassification has no impact on the previously reported value of 'Cash and cash equivalents' or 'Cash and short-term deposits' for prior year 2013.

3. a. Accounts receivable

	2014 $'000	2013 $'000
Amounts due from GORTT (see below)	113,067	124,660
Corporate receivables	13,938	14,946
Other receivables	9,131	12,557
	136,136	152,163
Less: provision for doubtful debts	(33,852)	(30,919)
	102,284	121,244

Amounts due from GORTT comprise:

	2014 $'000	2013 $'000
Government Assistance for Tuition Expenses (GATE)	79,714	87,392
GORTT Ministries	23,054	25,451
Ministry of Public Administration (scholarship students)	7,349	10,892
Recurrent/capital contributions (cash in transit)	2,950	925
	113,067	124,660

3. a. Accounts receivable (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
	$'000	$'000	$'000	$'000
2014				
Amounts due from GORTT	88,966	73,109	1,113	14,744
Corporate receivables	10,432	1,068	889	8,475
Other receivables	2,886	–	–	2,886
	102,284	74,177	2,002	26,105

	Total	Neither past due nor impaired	Past due but not impaired	
			30 to 90 days	Over 90 days
	$'000	$'000	$'000	$'000
2013				
Amounts due from GORTT	103,698	90,266	–	13,432
Corporate receivables	11,197	3,542	6,052	1,603
Other receivables	6,349	747	166	5,436
	121,244	94,555	6,218	20,471

3. a. Accounts receivable (continued)

As at 30 September, receivables at a value of $33.8 million (2013: $30.9 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
2014				
Opening balance	20,962	3,749	6,208	30,919
Provision for the year	6,160	859	93	7,112
Provision reversed	(3,021)	(1,102)	(56)	(4,179)
Closing balance	24,101	3,506	6,245	33,852
2013				
Opening balance	11,256	2,866	4,618	18,740
Provision for the year	9,706	1,005	1,590	12,301
Provision reversed	–	(122)	–	(122)
Closing balance	20,962	3,749	6,208	30,919

3. b. Prepayments

	2014 $'000	2013 $'000
Presented in the statement of financial position as follows:		
Current portion	9,094	8,808
Non-current portion	15,000	–
	24,094	8,808

Current portion represents prepayments for insurance and other expenses which are expected to be realized within the next financial year.

Non-current portion represents a payment of **$**15 million to the Chaguaramas Development Authority (CDA) for a 30-acre parcel of land adjacent to the Chaguaramas Campus at a premium of $60 million, in anticipation of the finalization of a Deed of Lease (Note 15 (a)).

4. Cash and short-term deposits

		2014 $'000	2013 $'000
(i)	Cash at bank and in hand	159,696	191,757
	Money market mutual funds	234,398	142,861
	Term deposits - 90 days maturity	–	80,000
	Total cash and cash equivalents	394,094	414,618
	Term deposits over 90 days maturity	255,000	164,116
	Total cash and short-term deposits	649,094	578,734

The applicable interest rates at the year-end date on the money market mutual funds (TT$) range from 0.90% to 1.0% per annum (2013: 1% to 1.3%per annum). The term deposits are for maturity periods ranging between 181 and 360 days and earn interest at rates ranging from 0.25% to 0.62% per annum (2013: 0.20% to 0.80% per annum).

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 and are not available for general use by the University:

	2014 $'000	**2013 $'000**
GORTT funds for capital projects	45,611	50,819
Trinidad and Tobago Health Sciences Initiative (TTHSI)	21,857	33,553
Donated/sponsored funds	84,364	81,454
Staff Health Plan funds	6,087	2,544
	157,919	168,370

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

As explained in Note 2 q), an amount of $16.5 million was incorrectly classified as 'funds received for specific purposes' with respect to the Trinidad and Tobago Health Sciences Initiative (TTHSI) project, in prior year 2013. The comparative figure for year 2013 has been reclassified from 'funds received for specific purposes' re: TTHSI to 'funds for general use', by a reduction of $16.5 million, from $50.0 million to $33.5 million.

5. Accounts payable and accruals

	2014 $'000	2013 $'000
Trade creditors	70,397	70,174
Retentions payable	65,341	65,202
Accruals	57,299	60,715
Trinidad and Tobago Health Sciences Initiative (TTHSI)	21,857	33,147
Other payables	21,163	14,297
Gratuity payable	9,487	4,280
Johns Hopkins Medicine International LLC	–	406
	245,544	248,221
Presented in the statement of financial position as follows:		
Current portion	176,271	182,425
Non-current portion	69,273	65,796
	245,544	248,221

The amounts presented as 'TTHSI' are funds which the University received from GORTT to fulfill the obligations of the project.

The non-current portion of accounts payable and accruals includes retention payable of $64.5 million (2013: $63.2 million) and gratuity payable of $4.8 million (2013: $2.58 million).

6. Deferred tuition fees

	2014 $'000	2013 $'000
Opening balance	79,165	78,175
Fees deferred	66,378	79,105
Released to income	(79,410)	(78,115)
Closing balance	66,133	79,165

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

7. Property, plant and equipment

At 30 September 2014

	Freehold land	Buildings and Improvements	Machinery and equipment	Motor vehicles	Office equipment and fixtures	Capital works in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'00
Cost	12,626	648,220	201,480	5,894	217,355	1,353,068	2,438,643
Accumulated depreciation	–	(107,507)	(129,493)	(5,831)	(155,722)	–	(398,553)
Net book amount	12,626	540,713	71,987	63	61,633	1,353,068	2,040,090
Net book amount 1 October 2013	12,626	550,067	74,878	94	61,455	1,239,824	1,938,944
Additions	–	4,441	10,759	–	13,453	121,089	149,742
Disposals	–	–	–	–	(13)	–	(13)
Transfers from WIP	–	5,105	–	–	2,740	(7,845)	–
Other movements	–	5	–	–	29	–	34
Depreciation charge	–	(18,905)	(13,650)	(31)	(16,031)	–	(48,617)
30 September 2014	12,626	540,713	71,987	63	61,633	1,353,068	2,040,090

At 30 September 2013

	Freehold land	Buildings and Improvements	Machinery and equipment	Motor vehicles	Office equipment and fixtures	Capital works in progress	T
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost	12,626	638,669	190,721	5,894	201,193	1,239,824	2,288,927
Accumulated depreciation	–	(88,602)	(115,843)	(5,800)	(139,738)	–	(349,983)
Net book amount	12,626	550,067	74,878	94	61,455	1,239,824	1,938,944
Net book amount 1 October 2012	12,626	512,558	85,076	168	53,585	1,234,091	1,898,104
Additions	–	23,695	4,419	–	21,593	44,448	94,155
Disposals	–	(76)	(85)	–	(42)	–	(203)
Transfers from WIP	–	32,000	–	–	2,397	(34,397)	–
Transfers from WIP to Intangible Assets	–	–	–	–	–	(1,029)	(1,029)
Other movements	–	–	–	–	–	(3,289)	(3,289)
Depreciation charge	–	(18,110)	(14,532)	(74)	(16,078)	–	(48,794)
30 September 2013	12,626	550,067	74,878	94	61,455	1,239,824	1,938,944

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

Other movements under Capital Works in Progress comprise the following:

	2014 $'000	2013 $'000
Reduction of accrued estimate	–	2,645
Amounts transferred to expenses	–	644
	–	3,289

	2014 $'000	2013 $'000
Capital Works in Progress comprise:		
Signature Building Complex	1,346,550	1,231,334
Point Lisas Campus	–	1,439
Chaguaramas Campus – Phase III	–	596
Valsayn Campus	–	982
Corinth Campus	3,563	3,560
ECIAF Campus	2,571	1,431
Camden Campus	116	–
Other works	268	482
	1,353,068	1,239,824

(a) 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 2014, the percentage of the works completed is 65% (2013: 59%). As at October 2017, the percentage of the works completed is approximately 86%.

By letter dated 3 June 2013, the University and the Main Contractor 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).

7. Property, plant and equipment (continued)

(b) 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.

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.

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 July 2007 (Note 9)

7. Property, plant and equipment (continued)

(b) *Campuses:* (continued)

John S Donaldson and San Fernando Campuses:

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

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 within the 'Buildings and Improvements' category of Property, Plant and Equipment.

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 within the 'Buildings and Improvements' category of Property, Plant and Equipment.

7. Property, plant and equipment (continued)

(b) *Campuses:* (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 within the 'Buildings and Improvements' category of Property, Plant and Equipment.

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.

8. Intangible assets

	Computer software $'000	Licence $'000	Book rights $'000	Total $'000
At 30 September 2014				
Cost	32,743	215	38	32,996
De-recognition of fully amortised assets – cost adjustment	(21,400)	–	–	(21,400)
	11,343	215	38	11,596
Accumulated amortisation	(30,780)	(20)	(12)	(30,812)
De-recognition of fully amortised assets – amortisation adjustment	21,400	–	–	21,400
	(9380)	(20)	(12)	(9,412)
Net book amount	1,963	195	26	2,184
Balance as at 30 September 2013	2,362	198	28	2,588
Additions	521	–	–	521
Amortisation during the year	(920)	(3)	(2)	(925)
Balance as at 30 September 2014	1,963	195	26	2,184

	Computer software $'000	Licence $'000	Book rights $'000	Total $'000
At 30 September 2013				
Cost	32,222	215	38	32,475
Accumulated amortisation	(29,860)	(17)	(10)	(29,887)
Net book amount	2,362	198	28	2,588
Balance as at 30 September 2012	2,476	201	30	2,707
Additions	530	–	–	530
Transfer from Property, Plant and Equipment (Note 7)	1,029	–	–	1,029
Amortisation during the year	(1,673)	(3)	(2)	(1,678)
Balance as at 30 September 2013	2,362	198	28	2,588

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 to 7 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

	2014 $'000	**2013 $'000**
Lease premiums	14,926	15,107
Lease premiums:		
Opening balance	15,288	15,469
Amortisation during the year	(181)	(181)
	15,107	15,288
Current portion included in other receivables	(181)	(181)
	14,926	15,107

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.

10. Deferred capital grants

	2014 $'000	2013 $'000
GORTT	1,974,219	1,889,944
Other	18,881	16,630
	1,993,100	1,906,574
Non-monetary grants	68,357	70,228
	2,061,457	1,976,802
Balance brought forward	1,976,802	1,778,330
Received during the year (monetary)	131,324	247,218
Transferred to recurrent grants (below)	(4,103)	–
Transferred from 'Deferred Contributions' (Note 11)	2,372	48
Released to the statement of income and expenditure	(44,938)	(48,794)
Balance carried forward	2,061,457	1,976,802
Current portion	47,080	50,428
Non-current portion	2,014,377	1,926,374
	2,061,457	1,976,802

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

The University in Year 2013 re-allocated $4.103 million from 'Recurrent Grants' to 'Deferred Capital Grants', received from the Government of $429 million for the purchase of Minor Equipment. Income was therefore reflected in Year 2013 at $424.897 million.

In Year 2014, the University has reviewed this treatment and has reversed the $4.103 million from 'Deferred Capital Grants'. The $4.103 million has been combined with funds received for Recurrent Grants in current year of $429 million giving a total amount of $433.1 million, as reflected in the statement of income and expenditure.

11. Deferred contributions

	2014 $'000	2013 $'000
Balance brought forward	64,690	59,991
Received during the year	2,714	10,054
Released to the statement of income and expenditure	(1,511)	(3,643)
Reinstatement of amounts previously released to the statement of income and expenditure (below)	2,489	–
Payments issued	(813)	(780)
Reclassified to 'Accounts Payable'	(7)	(884)
Transferred to 'Deferred Capital Grants' (Note 10)	(2,372)	(48)
Balance carried forward	65,190	64,690
Current portion	826	2,155
Non-current portion	64,364	62,535
	65,190	64,690

As explained in Note 2 (n), 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.

Amounts totaling $2.489 million were incorrectly released from deferred contributions to income in prior years for specific projects which had utilised all funds received under a donation agreement. As such, the amounts released to income are being reversed and charged to expenses (Note 14 (c)).

12. Other income

	2014 $'000	2013 $'000
Project management fees (below)	2,874	6,438
Sundry income	3,302	5,286
Facilities rental	1,131	1,027
Foreign exchange gain (net)	–	289
Sale of books	8	82
	7,315	13,122

	2014 $'000	2013 $'000
Project management fees comprise:		
NAPA (Note 15 (e))	1,120	1,370
TTHSI (Note 15 (f))	1,342	5,068
T&T Research and Education Network (TTRENT)	412	–
	2,874	6,438

13. Staff costs

	2014 $'000	2013 $'000
Salaries, gratuities, allowances and other benefits (below)	307,417	283,855
Recruitment costs	1,200	863
Staff training	886	828
Independent contractors	383	652
Staff costs recharged to PEU (Note 14 (d))	(2,608)	(2,351)
	307,278	283,847

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

	2014 $'000	2013 $'000
Academic	193,093	181,667
Academic support	29,548	25,547
Corporate	84,776	76,641
	307,417	283,855

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

	2014 $'000	2013 $'000
Salaries, gratuities, allowances and other benefits include:		
Compensation of key management personnel	8,870	6,817

	2014	2013
Staff headcount as at 30 September	1,366	1,292

14. Analysis of expenses

(a) *Facilities costs*

	2014 $'000	2013 $'000
Repairs and maintenance	19,433	18,793
Security	17,241	15,419
Janitorial and sanitation	13,148	13,243
Utilities (electricity and water)	12,391	11,748
Telecommunications	7,469	5,104
Insurance (property)	2,947	2,589
Rental of office equipment	2,074	2,272
Rental of offices	2,065	1,834
Other	2,001	1,722
Lease of land (below)	(11,704)	2,958
Facility costs recharged to PEU (Note 14 (d))	(1,925)	(1,820)
	65,140	73,862

	2014 $'000	2013 $'000
Lease of land comprises:		
Chaguaramas (Note 15 (a))	261	174
Tamana InTech Park (Note 15 (b))	(12,886)	1,909
O'Meara Industrial Estate (Note 15 (c))	921	875
	(11,704)	2,958

Other expenses comprise postage, safety costs and local transportation.

14. Analysis of expenses (continued)

	2014 $'000	2013 $'000
(b) General and administrative costs		
Annual software renewal and maintenance costs	11,662	6,852
Marketing and public relations costs	11,303	6,939
Provision for doubtful debts (Non-PEU)	3,946	10,941
Stationery and office supplies	3,627	3,222
Travelling costs	1,674	1,183
Foreign exchange loss (net)	1,087	–
Subscriptions	1,019	1,767
Insurance (non-property)	985	904
Legal and professional fees	873	716
Board fees and travelling allowances	825	811
Amortisation of computer software	796	1,499
Other	5,114	3,844
	42,911	38,678

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

14. Analysis of expenses (continued)

(c) Academic programmes and related costs

	2014 $'000	2013 $'000
Student functions, transport and related costs	6,973	4,852
Laboratory supplies	4,788	2,884
Advertising of programmes	2,977	1,515
Student stipends	2,378	2,730
Reinstatement of amounts previously released to the statement of income and expenditure (Note 11)	2,489	–
External instructors' fees	154	449
Amortisation of licences (Note 8)	3	3
Other	5,679	6,997
	25,441	19,430

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

(d) Professional Education Unit (PEU)

	2014 $'000	2013 $'000
Staff costs (Note 13)	2,608	2,351
Direct staff costs	2,588	1,854
Facility costs (Note 14 (a))	1,925	1,820
External facilitators' fees	1,538	2,652
Catering	1,258	1,331
Provision for doubtful debts	(1,013)	1,238
Other	789	544
	9,693	11,790

Other expenses comprise advertising, stationery and printing.

15. 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:

(a) 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.

In November 2013, the University entered into negotiations with CDA for the lease of an additional contiguous thirty-acre parcel of land at a premium of $60 million. In anticipation of the finalization of a Deed of Lease, the University made a prepayment to CDA in the amount $15 million. The lease expense recorded for the year amounted to $0.261 million (2013: $0.174 million) and is presented within facilities cost (Note 14 a).

(b) 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, on a parcel of land comprising approximately 153 acres of state land leased to the 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 in Note 7.

15. Related party disclosures (continued)

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

Negotiations between the University and e TecK for securing a sub-lease of the land have not yet been concluded. 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. It was on this basis that the University had set up an accrual for the rental charges.

Subsequently, the University was notified by letter dated 2 June 2017 from eTeck that no rental charges would be payable on this property prior to 1 June 2017. Therefore as at 30 September 2014, the University reversed the accrual in the amount of $12.886 million plus 15% VAT representing amortised premium in the amount of $0.465 million plus 15% VAT and annual rent in the amount of $12.4 million plus 15% VAT. The lease expense recorded for the year amounted to a net income item of $12.886 million (2013: $1.9 million expense) and is presented within facilities cost (Note 14 a).

(c) 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 percent (50%) 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 2014, the University has accrued the sum of $1.425 million plus 15% VAT, representing the difference between original rent and the proposed revised rent for the second five-year period. The lease expense recorded for the year amounted to $0.921 million (2013: $0.875 million) and is presented within facilities cost (Note 14 (a)).

15. Related party disclosures (continued)

(d) 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), of dark fibre optic cable connections among several campuses and operating locations of the University. Among the campuses which benefit from the dark fibre optic cable connections are the O'Meara and Point Lisas campuses; these are the primary and secondary core sites respectively of the University's WAN. From October 2013 the University commenced monthly payments for this service in the amount of $72,000.00 plus 15% VAT.

(e) 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). Although no Property Management Contract had been concluded between GORTT and the University, the University assumed responsibility for the management, maintenance, security and operation of NAPA upon its completion in November 2009 and has invoiced GORTT for the recovery of security, utilities, grounds and equipment maintenance costs and the payment of property management fees.

GORTT re-assigned the responsibility for the management, security, operation and maintenance of NAPA to the Ministry of the Arts and Multiculturalism (now the Ministry of Community Development, Culture and the Arts) with effect from 30 April 2013. However this decision has not been implemented as at 30 September 2014 and the receivable from GORTT amounts to $21.7 million, this amount has been included within Provision for doubtful debts (Note 3).

	2014 **$'000**	**2013** **$'000**
Project management fees income re: NAPA	1,120	1,370

15. Related party disclosures (continued)

(f) 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 Collaboration and Services Agreement with Johns Hopkins Medicine International LLC. The Agreement was expressed to be for a period of six years to conclude in February 2012, but contained a provision for extension. The activities contemplated by the Agreement continued beyond the six-year period of the Agreement which was formally extended in the 2012-2013 financial year. Accordingly, the University recorded project management fees for the period of five months up to February 2012 in 2012, with the fees for the remaining seven months for 2012 being recorded in 2013.

	2014 $'000	**2013 $'000**
Project management fees income re: TTHSI	1,342	5,068

16. 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:

	2014 $'000	**2013 $'000**
Due within one year	2,463	1,945
Due after one year but not more than five years	4,029	3,640
Due after five years	9,317	9,882
	15,809	15,467

Operating lease expenses amounting to $3 million (2013: $2.2 million) have been incurred during the year and are expensed within facilities costs.

The University has approved capital commitments amounting to $733.8 million (2013: $750.5 million) relating primarily to the construction of the Signature Building Complex at Tamana InTech Park and the Chaguaramas Campus. These capital commitments at 30 September 2014 are fully funded by government grants.

17. Taxation

The University has not accounted for taxation in these financial statements as required by International Accounting Standards 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.

The University continues to pursue a resolution of this matter with the Minister of Finance and The Economy.

18. 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 sub-committees led by designated members of the Board to formulate and recommend policies and procedures for its consideration and approval.

18. 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:

	Gross maximum exposure 2014 $'000	Gross maximum exposure 2013 $'000
Cash and short-term deposits	649,094	578,734
Amount due from GORTT	89,050	103,698
Corporate receivables	10,348	11,197
Other receivables	2,886	6,349
	751,378	699,978

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.

18. 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

Foreign 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 by currency denominations is as follows:

Year ended 30 September 2014

	USD (TT equivalent) $'000	TTD $'000	TOTAL $'000
ASSETS			
Cash and short-term deposits	125,518	523,576	649,094
Accounts receivable	445	101,839	102,284
	125,963	625,415	751,378
LIABILITIES			
Retentions	–	65,341	65,341
Trade creditors	2,599	67,798	70,397
Other payables	–	15,709	15,709
Gratuity payable	–	9,487	9,487
Amount due to GORTT	–	27,311	27,311
	2,599	185,646	188,245

18. Financial risk management (continued)

Year ended 30 September 2013

	USD (TT equivalent) $'000	TTD $'000	TOTAL $'000
ASSETS			
Cash and short-term deposits	122,583	456,151	578,734
Accounts receivable	349	120,895	121,244
	122,932	577,046	699,978
LIABILITIES			
Retentions	–	65,202	65,202
Johns Hopkins Medicine International LLC	406	–	406
Trade creditors	1,402	68,772	70,174
Other payables	–	47,444	47,444
Gratuity payable	–	4,280	4,280
	1,808	185,698	187,506

The sensitivity to a 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
2014	1% increase	1,234	1,234
	1% decrease	(1,234)	(1,234)
2013	1% increase	1,211	1,211
	1% decrease	(1,211)	(1,211)

The effect on net income is shown net of US dollar financial assets (2014: $125.9 million; 2013: $122.9 million) and liabilities (2014: $2.6 million; 2013: $1.8 million).

18. 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 2014

	< 1 year $'000	> 1 year $'000	Total $'000
Retentions	866	64,475	65,341
Trade creditors	70,397	–	70,397
Other payables	15,709	–	15,709
Gratuity payable	4,689	4,798	9,487
Amounts due to GORTT	27,311	–	27,311
	118,972	69,273	188,245

Year ended 30 September 2013

	< 1 year $'000	> 1 year $'000	Total $'000
Retentions	1,986	63,216	65,202
Johns Hopkins Medicine International LLC	406	–	406
Trade creditors	70,174	–	70,174
Other payables	47,444	–	47,444
Gratuity payable	1,700	2,580	4,280
	121,710	65,796	187,506

18. 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.

19. Fair values

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

20. Contingent liabilities

The University is party to certain litigation, claims and other legal proceedings in respect of matters which occurred prior to 30 September 2014. There exist contingent liabilities of approximately \$3.8 million (2013: \$13.4 million). No provision has been made in these financial statements as the outflow of resources is considered to be improbable.

21. Subsequent events

(i) Settlement of Judgment Debt

The following matters have been appropriately accrued for in these financial statements and have been subsequently settled as described below:

In October 2011, the High Court granted an interim Order in favour of two claimants in respect of some of the claims they filed against the University in December 2010 and ordered that the Claimants be at liberty to pursue their remaining claims. In accordance with the Order, the University satisfied the Judgment Debt in February 2014.

21. Subsequent events (continued)

(i) Settlement of Judgment Debt (continued)

In February 2016, the University agreed to pay one of the claimants the sum of $1.6 million in full and final settlement of its remaining claims.

In May 2017, the High Court ordered the University to pay the other claimant the sum of $12.1 million inclusive of interest.

(ii) Litigation matters

In respect of matters which have arisen subsequent to 30 September 2014:

(a) Legal proceedings have been initiated against the University for which the University has estimated potential liabilities in the amount of $1.5 million.

(b) In November 2016, the University settled a Judgment Debt as awarded by the High Court in October 2016 in the amount of $7.2 million plus costs of $141,000.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

For more information about our organization, please visit ey.com.