



**REPUBLIC OF TRINIDAD AND TOBAGO
AUDITOR GENERAL'S DEPARTMENT**

**SECOND REPORT
OF THE
AUDITOR GENERAL**

**ON THE FINANCIAL STATEMENTS OF THE
ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO**

FOR THE YEAR ENDED

30 September, 2007



SECOND REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED 30 SEPTEMBER, 2007

The First Report of the Auditor General of the Republic of Trinidad and Tobago on the non-receipt of Financial Statements of the Accreditation Council of Trinidad and Tobago for the year ended 30 September, 2007 were signed by the Auditor General on November 04, 2009 and submitted to the Speaker and the President of the Senate for presentation to the House of Representatives and the Senate respectively and to the Minister of Finance.

2. The accompanying Financial Statements of the Accreditation Council of Trinidad and Tobago for the year ended 30 September, 2007 have been audited. The Statements as set out on pages 1 to 11 comprise a Balance Sheet as at 30 September, 2007, an Income Statement, a Statement of Changes in Accumulated Fund, a Statement of Cash Flows for the year ended 30 September, 2007 and Notes numbered 1 to 8 and a Schedule 1 to the Financial Statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

3. The management of the Accreditation Council of Trinidad and Tobago is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

4. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit. The audit was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and Section 22(1) of the Accreditation Council of Trinidad and Tobago Act, Chapter 39:06 (the Act). The audit was conducted in accordance with auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

5. 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 judgment, 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 in 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.

6. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinion expressed at paragraph 7 of this Report.

OPINION

7. The Financial Statements as outlined at paragraph two above, present fairly, in all material respects, the financial position of the the Accreditation Council of Trinidad and Tobago as at September 30, 2007 and its financial performance and its cash flows for the year ended September 30, 2007 in accordance with International Financial Reporting Standards.

OTHER MATTERS

ERRORS IN AND OMISSIONS FROM THE FINANCIAL STATEMENTS

8. Errors in and omissions from the Financial Statements have been drawn to the attention of Management.

Non-Compliance With Income Tax Act

9. The private use of the Motor Vehicle of the Executive Director was not treated as a perquisite and as a result income tax was not deducted accordingly.

SUBMISSION OF REPORT

10. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance and the Economy in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

11th February, 2015



MAJEED ALI
ACTING AUDITOR GENERAL

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
BALANCE SHEET
AS AT SEPTEMBER 30, 2007
(with comparative figures for the year ended September 30, 2006)

	Notes	2007 \$	2006 \$
ASSETS			
Non-Current Assets			
Fixed Assets	1	1,398,005	1,443,440
Current Assets			
Prepayments	2	1,051,150	184,128
Value Added Tax Recoverable		497,852	394,214
Accounts Receivable		91,038	12,693
Cash on Hand and Bank	3	1,163,821	803,542
Total Current Assets		<u>2,803,861</u>	<u>1,394,577</u>
TOTAL ASSETS		<u>4,201,866</u>	<u>2,838,017</u>
ACCUMULATED FUND AND LIABILITIES			
Accumulated Fund		3,827,436	2,575,944
Non-Current Liabilities			
Deferred Income	4	64,215	18,898
Current Liabilities			
Accounts Payable and Accrued Liabilities	6	310,215	243,175
TOTAL ACCUMULATED FUND AND LIABILITIES		<u>4,201,866</u>	<u>2,838,017</u>

The attached notes form an integral part of these financial statements and should be read in conjunction therewith

Dr. Michael P. Donohoe

 CHAIRMAN

[Signature]

 EXECUTIVE DIRECTOR



THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
INCOME STATEMENT
FOR YEAR ENDED SEPTEMBER 30, 2007
(with comparative figures for the year ended September 30, 2006)

	Notes	2007 \$	2006 \$
INCOME			
Revenue		365,840	328,603
Government Subventions		10,000,000	7,524,577
Interest Income		11,021	10,807
Other Income	5	1,997,472	1,183,671
Total Income		<u>12,374,333</u>	<u>9,047,658</u>
EXPENDITURE			
Administrative Expenses – Schedule 1		10,620,418	8,248,608
Depreciation		502,423	471,783
Total Expenditure		<u>11,122,841</u>	<u>8,720,391</u>
Surplus of Income over Expenditure		<u>1,251,492</u>	<u>327,268</u>

See accompanying notes to the financial statements.

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR YEAR ENDED SEPTEMBER 30, 2007

(with comparative figures for the year ended September 30, 2006)

	Accumulated Fund
Year ended September 30, 2006	\$
Balance as at October 1, 2005	2,248,677
Surplus of Income over Expenditure	327,267
Balance as at September 30, 2006	<u>2,575,944</u>
Year ended September 30, 2007	
Opening balance	2,575,944
Surplus of Income over Expenditure	1,251,492
Balance as at September 30, 2007	<u>3,827,436</u>

See accompanying notes to the financial statements.

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
STATEMENT OF CASH FLOWS
FOR YEAR ENDED SEPTEMBER 30, 2007

(with comparative figures for the year ended September 30, 2006)

	Notes	2007	2006
		\$	\$
Cash Flows from Operating Activities			
Surplus of Income over Expenditure for the Period		1,251,492	327,267
Adjustments to reconcile the Surplus of Income over Expenditure to Net Cash from Operating Activities			
Depreciation		502,423	471,783
Amortisation of Deferred Income	4	(4,683)	(5,592)
Loss on Disposal of Fixed Assets		6,513	24,921
		<u>504,253</u>	<u>491,112</u>
Movements in Working Capital			
Prepayments		(867,021)	166,776
Accounts Receivable		(181,982)	(261,109)
Accounts Payable and Accrued Liabilities		67,039	(63,945)
		<u>(981,964)</u>	<u>(158,278)</u>
Net Cash Flow (Used in)/from Operating Activities		<u>773,781</u>	<u>660,101</u>
Cash Flows from Investing Activities			
Purchase of Fixed Assets		(466,278)	(1,010,679)
Proceeds from Disposal of Fixed Assets		2,776	1,000
Net Cash used in Investing Activities		<u>(463,502)</u>	<u>(1,009,679)</u>
Cash Flows from Financing Activities			
Proceeds from Government Grants		50,000	2,000
Net Cash from Financing Activities		<u>50,000</u>	<u>2,000</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		360,279	(347,578)
Cash and Cash Equivalents at Beginning of Period		<u>803,542</u>	<u>1,151,120</u>
Cash and Cash Equivalents at End of Period		<u>1,163,821</u>	<u>803,542</u>
Analysis of Cash and Cash Equivalents			
Chequing Account		1,149,521	801,922
Cash on Hand		12,800	620
Petty Cash		1,500	1,000
		<u>1,163,821</u>	<u>803,542</u>

See accompanying notes to financial statements.

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Establishment and Principal Activities

The Accreditation Council of Trinidad and Tobago (the Council) was established in the Republic of Trinidad and Tobago in June 2004, by an Act of Parliament No. 16. The Council commenced commercial operations on June 14, 2004.

The principal activity of the organisation is to ensure quality in higher education in Trinidad and Tobago through the following five major activities:

- a) registration of Tertiary Level Institutions;
- b) accreditation of Tertiary Level Institutions;
- c) accreditation of Specialised Programmes;
- d) recognition of Foreign Tertiary Level Institutions and their programmes and awards;
- e) conferment of title on Tertiary Level Institutions.

Significant Accounting Policies

(a) *Statement of Compliance*

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

(b) *Basis of Preparation*

These financial statements have been prepared on the historical cost basis.

(c) *Reporting Currency*

These financial statements have been prepared in Trinidad and Tobago dollars.

(d) *Foreign Currency Transactions*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Trinidad and Tobago dollars at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Income Statement. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling at the date of the transaction.

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Significant Accounting Policies (*continued*)

(e) *Fixed Assets*

Fixed assets are stated at cost less accumulated depreciation and impairment losses. The Council recognises in the carrying amount of a fixed asset, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Council and the cost of the item can be measured reliably.

All other costs are recognised in the Income Statement as an expense as incurred.

When parts of a fixed asset have different useful lives, those components are accounted for as

Depreciation is charged using the reducing balance basis at the following rates which are

Motor Vehicles	25%
Computer Equipment	33%
Furniture and Furnishings	25%
Equipment	25%
Cellular Phones	50%

(f) *Cash and Cash Equivalents*

For the purposes of the Statement of Cash Flows, Cash and Cash Equivalents comprise cash on hand and in bank.

(g) *Accounts Payable and Accrued Liabilities*

Accounts Payable and Accrued Liabilities are stated at cost.

(h) *Provisions*

A provision is recognised in the balance sheet when the Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Significant Accounting Policies (*continued*)

(i) *Impairment*

The carrying amounts of the Council's assets, other than fixed assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) *Revenue Recognition*

Unconditional grants related to the ongoing operations of the Council are recognised in the Income Statement as revenue when the grant becomes receivable.

Grants that compensate the Council for the cost of an asset are recognised in the Income Statement on a systematic basis over the life of the asset.

Revenue related to the Council includes revenue earned from the issuance of statements of recognition and equivalencies. This revenue is recorded on an accruals basis.

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Significant Accounting Policies (*continued*)

(k) *Operating Leases*

Payments made under Operating Leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense.

(l) *Taxation*

Section 20 of the Act indicates that the Council should be exempt from stamp duties, corporation taxes, custom duties, value added taxes and all other taxes.

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2007
(with comparative figures for the year ended September 30, 2006)

1 Net Fixed Assets - \$1,398,005

	MOTOR VEHICLES	COMPUTERS EQUIPMENT	FURNITURE & FITTINGS	EQUIPMENT	TOTAL
	\$	\$	\$	\$	\$
<u>COST</u>					
Balance as at October 1, 2006	428,748	890,929	498,359	151,242	1,969,278
Additions for the Year	252,904	72,492	116,068	24,814	466,278
Disposals for the Year	(2,776)	(4,797)		(9,489)	(17,062)
Balance as at September 30, 2007	<u>678,876</u>	<u>958,624</u>	<u>614,427</u>	<u>166,567</u>	<u>2,418,494</u>
<u>ACCUMULATED DEPRECIATION</u>					
Balance as at October 1, 2006	121,120	241,909	123,285	39,524	525,838
Charge for the Year	123,674	234,453	107,655	36,641	502,423
Depreciation on Disposals	(231)	(2,598)		(4,943)	(7,772)
Balance as at September 30, 2007	<u>244,563</u>	<u>473,764</u>	<u>230,940</u>	<u>71,222</u>	<u>1,020,489</u>
<u>NET BOOK VALUE</u>					
Balance as at September 30, 2007	<u>434,313</u>	<u>484,860</u>	<u>383,487</u>	<u>95,345</u>	<u>1,398,005</u>
Balance as at September 30, 2006	<u>307,628</u>	<u>649,020</u>	<u>375,074</u>	<u>111,718</u>	<u>1,443,440</u>

2 Prepayments - \$1,051,150

	<u>2007</u>	<u>2006</u>
	\$	\$
Computer Equipment	726,962	-
Furniture & Furnishings	1,345	19,833
Equipment	49,442	-
Hosting of Conference (CANQATE 2007)	33,333	-
Insurance	33,304	30,435
Security Deposit	163,860	-
Rent	30,000	-
Janitorial	5,689	-
Office Supplies	7,215	-
	<u>1,051,150</u>	<u>50,268</u>

3 Cash on Hand and at Bank - \$1,163,821

	<u>2007</u>	<u>2006</u>
	\$	\$
Chequing Account	1,149,521	801,922
Cash on Hand	12,800	620
Petty Cash	1,500	1,000
Balance at September 30, 2007	<u>1,163,821</u>	<u>803,542</u>

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2007
(with comparative figures for the year ended September 30, 2006)

	<u>2007</u>	<u>2006</u>
4 Deferred Income - \$64,215	<u>\$</u>	<u>\$</u>
Grant b/fwd October 1, 2006	18,898	22,490
Government Grant Received	50,000	2,000
Amortisation of Deferred Income	<u>(4,683)</u>	<u>(5,592)</u>
Balance at September 30, 2007	<u>64,215</u>	<u>18,898</u>
5 Other Income - \$1,997,472	<u>2007</u>	<u>2006</u>
	<u>\$</u>	<u>\$</u>
PSIP Grant Funding	2,000,000	1,203,000
Amortisation of Deferred Income	4,684	5,592
Foreign Exchange Gain/(Loss)	(699)	-
Gain/(Loss) on Disposal	<u>(6,513)</u>	<u>(24,921)</u>
	<u>1,997,472</u>	<u>1,183,671</u>
6 Accounts Payable and Accrued Liabilities - \$310,215	<u>2007</u>	<u>2006</u>
	<u>\$</u>	<u>\$</u>
Advertising and Promotions	135,173	113,436
Audit Fees	115,346	107,196
Contracted Services	8,203	650
Equipment	35,438	2,390
Office Supplies and Stationery	12,813	2,371
Repairs and Maintenance	1,000	2,076
Salaries and Wages	2,242	-
Telephone Expense	-	15,056
	<u>310,215</u>	<u>243,175</u>
7 Related Parties - \$1,878,206		
<i>Key Management Personnel</i>		
<i>Key management personnel receive compensation in the form of short-term, employee benefits and post-employment benefits.</i>		
<i>Key management personnel received compensation of \$1,878,206.45 for the period. Total remuneration is included in salaries and wages.</i>		
8 Operating Leases - \$2,181,330	<u>2007</u>	<u>2006</u>
	<u>\$</u>	<u>\$</u>
Leases as Lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,283,634	843,318
Between one and five years	<u>897,696</u>	<u>1,405,530</u>
	<u>2,181,330</u>	<u>2,248,848</u>

During the period, \$844,662.45 was recognised as an expense in the income statement in respect of operating leases.

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
SCHEDULE TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2007
(with comparative figures for the year ended September 30, 2006)

	<u>2007</u>	<u>2006</u>
	\$	\$
1 Advertising and Promotions	1,130,495	1,154,452
2 Audit Fees	49,000	104,446
3 Hosting of Conferences, Seminars, Functions, etc.	325,608	-
4 Insurance	55,784	25,180
5 Office Expenses	676,464	310,126
6 Other Contracted Services	484,061	385,501
7 Rent	875,218	911,521
8 Repairs and Maintenance	322,567	286,007
9 Salaries and Wages	4,961,418	4,074,256
10 Security and Janitorial	140,445	121,449
11 Training	781,327	494,120
12 Travel	548,655	191,859
13 Utilities	269,375	189,691
	<u>10,620,417</u>	<u>8,248,608</u>

THE ACCREDITATION COUNCIL OF TRINIDAD AND TOBAGO
FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2007

	<u>PAGE NUMBERS</u>
BALANCE SHEET	1
INCOME STATEMENT	2
STATEMENT OF CHANGES IN ACCUMULATED FUND	3
STATEMENT OF CASH FLOWS	4
SIGNIFICANT ACCOUNTING POLICIES	5 - 8
NOTES TO THE FINANCIAL STATEMENTS	9 - 10
SCHEDULE TO THE FINANCIAL STATEMENTS	11