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Chartered Accountants
& Business Advisors

PKF LIMITED

MIC INSTITUTE OF TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2022



PKF

**Chartered Accountants
& Business Advisors**

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MIC INSTITUTE OF TECHNOLOGY LIMITED

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INDEPENDENT AUDITORS' REPORT

The Shareholders MIC Institute of Technology Limited

Qualified Opinion

We have audited the accompanying financial statements of MIC Institute of Technology Limited, which comprise the statement of financial position as at 30 September 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion, except for the effects on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of MIC Institute of Technology Limited as of 30 September 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The Company did not maintain proper records in relation to its transactions with the National Skills Development Programme (NSDP) and the Helping You Prepare for Employment (HYPE) programmes as at 30 September 2022. We were therefore unable to satisfy ourselves as to the accuracy and completeness of the related figures included in the Due to Related Parties balance for these programmes.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of MIC Institute of Technology Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (b) in the financial statements which discloses that as at 30 September 2022, the Company's current liabilities exceeded its current assets by **\$151,962,684**. In the absence of continued support from the Government of the Republic of Trinidad and Tobago, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion was not qualified in respect of this matter.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs, 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.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

Responsibilities of Management and the Board of Directors for the Financial Statements (cont'd)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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10 January 2024
Barataria

MIC INSTITUTE OF TECHNOLOGY LIMITED

STATEMENT OF FINANCIAL POSITION

		<u>ASSETS</u>	
		30 September	
	<u>Notes</u>	<u>2022</u> (\$)	<u>2021</u> (\$)
Current Assets:			
Cash in hand and at bank	5	5,053,657	3,380,793
Cash at bank - restricted	6	5,382,947	6,145,665
Short-term investments	7	4,875,046	4,867,931
Short-term investments – restricted	8	391,475	386,807
Accounts receivables and prepayments	9	4,254,494	3,956,548
Inventories	10	<u>1,598,236</u>	<u>2,049,227</u>
Total Current Assets		<u>21,555,855</u>	<u>20,786,971</u>
Non-Current Assets:			
Deferred taxation asset	11	16,085,323	16,326,836
Intangible asset	12	354,989	732,722
Property, plant and equipment	13	<u>30,481,173</u>	<u>30,827,439</u>
Total Non-Current Assets		<u>46,921,485</u>	<u>47,886,997</u>
Total Assets		<u>68,477,340</u>	<u>68,673,968</u>
<u>LIABILITIES AND DEFICIT IN SHAREHOLDERS' EQUITY</u>			
Current Liabilities:			
Accounts payable and accruals	14	9,736,167	9,045,360
Deferred income	15	11,866,887	10,653,536
Due to related parties (net)	16	151,704,649	137,528,629
Taxation payable		<u>210,836</u>	<u>157,365</u>
Total Current Liabilities		<u>173,518,539</u>	<u>157,384,890</u>
Non-Current Liabilities:			
Capital grants	17	<u>364,903</u>	<u>378,543</u>
Total Non-Current Liabilities		<u>364,903</u>	<u>378,543</u>
Total Liabilities		<u>173,883,442</u>	<u>157,763,433</u>
Shareholders' Equity:			
Stated capital		2,072,200	2,072,200
Revaluation reserve		4,265,842	4,265,842
Accumulated deficit		<u>(111,744,144)</u>	<u>(95,427,507)</u>
Total Deficit in Shareholders' Equity		<u>(105,406,102)</u>	<u>(89,089,465)</u>
Total Liabilities and Deficit in Shareholders' Equity		<u>68,477,340</u>	<u>68,673,968</u>

These financial statements were approved by the Board of Directors and authorised for issue on 10 January 2024 and signed on their behalf by:



Director



Director

(The accompanying notes are an integral part of these financial statements)

MIC INSTITUTE OF TECHNOLOGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	<u>Notes</u>	For the year ended 30 September	
		<u>2022</u> (\$)	<u>2021</u> (\$)
Revenue:			
Operating revenue		15,555,957	8,951,449
Management fees		20,525,389	19,871,763
Subventions		1,281,043	1,316,574
Amortisation of capital grant		13,640	13,640
Rental income		8,222	140,000
Other income		<u>-</u>	<u>4,910</u>
		<u>37,384,251</u>	<u>30,298,336</u>
Operating Expenses:			
Production costs	22	9,167,756	8,488,691
Amortisation		377,733	392,081
Depreciation		1,435,783	1,716,540
Operating costs	23	<u>42,149,287</u>	<u>32,035,165</u>
		<u>53,130,559</u>	<u>42,632,477</u>
Operating loss		<u>(15,746,308)</u>	<u>(12,334,141)</u>
Other Income:			
Interest income		6,998	7,946
(Loss)/gain on foreign exchange		(10,986)	12,087
Loss on disposal of fixed assets		<u>-</u>	<u>(2,490)</u>
		<u>(3,988)</u>	<u>17,543</u>
Net loss before taxation		(15,750,296)	(12,316,598)
Taxation	24	<u>(566,341)</u>	<u>(352,289)</u>
Net loss for the year		<u>(16,316,637)</u>	<u>(12,668,887)</u>

(The accompanying notes are an integral part of these financial statements)

MIC INSTITUTE OF TECHNOLOGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Stated Capital (\$)	Revaluation Reserve (\$)	Accumulated Deficit (\$)	Total (\$)
Balance as at 30 September 2020	2,072,200	4,265,842	(82,758,620)	(76,420,578)
Total Comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(12,668,887)</u>	<u>(12,668,887)</u>
Balance as at 30 September 2021	2,072,200	4,265,842	(95,427,507)	(89,089,465)
Total Comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(16,316,637)</u>	<u>(16,316,637)</u>
Balance as at 30 September 2022	<u>2,072,200</u>	<u>4,265,842</u>	<u>(111,744,144)</u>	<u>(105,406,102)</u>

(The accompanying notes are an integral part of these financial statements)

MIC INSTITUTE OF TECHNOLOGY LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2022</u> (\$)	<u>2021</u> (\$)
Operating Activities:		
Net loss before taxation	(15,750,296)	(12,316,598)
Adjustments:		
Depreciation	1,435,783	1,716,540
Amortisation of intangible asset	377,733	392,081
Amortisation of capital grant	(13,640)	(13,640)
Subvention utilised	(1,281,043)	(1,316,574)
Impairment provision - Accounts receivable	734,876	302,660
Loss on disposal of fixed asset	<u>-</u>	<u>2,490</u>
	(14,496,587)	(11,233,041)
Net change in accounts receivable and prepayments	(1,032,821)	(1,098,728)
Net change in inventories	450,991	616,170
Net change in accounts payable and accrued liabilities	690,806	(1,212,362)
Net change in amount due to related parties	<u>14,176,020</u>	<u>6,687,994</u>
	(211,591)	(6,239,967)
Taxation paid	<u>(271,357)</u>	<u>(256,169)</u>
	(482,948)	(6,496,136)
Investing Activities:		
Net movement to property, plant and equipment	(1,089,517)	343,874
Net movement to intangible assets	<u>-</u>	<u>(256,220)</u>
	(1,089,517)	87,654
Financing Activities:		
Subventions movement	<u>2,494,394</u>	<u>1,927,054</u>
	2,494,394	1,927,054
Net change in cash and cash equivalents	921,929	(4,481,428)
Cash and cash equivalents:		
- at beginning of year	<u>14,781,196</u>	<u>19,262,624</u>
- at end of year	<u><u>15,703,125</u></u>	<u><u>14,781,196</u></u>
Represented by:		
Cash in hand and at bank	5,053,657	3,380,793
Cash at bank - restricted	5,382,947	6,145,665
Short-term investment	4,875,046	4,867,931
Short-term investment - restricted	<u>391,475</u>	<u>386,807</u>
	<u><u>15,703,125</u></u>	<u><u>14,781,196</u></u>

(The accompanying notes are an integral part of these financial statements)

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. Incorporation and Principal Business Activities:

Metal Industries Company Limited (the Company) was incorporated in the Republic of Trinidad and Tobago on 11 December 1974. The Company's registered office is situated at Century Drive, Trincity. Its principal activities are the training of personnel in the manufacturing of tools, dyes, moulds and precision parts and the provision of product design, manufacturing and industrial engineering services.

On the 30 September 2013, the Board of Directors passed a special resolution to change the name of the Company to MIC Institute of Technology Limited. The name change was made effective 14 October 2013.

2. Significant Accounting Policies:

(a) Basis of financial statements preparation -

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued and adopted by the International Accounting Standards Board. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available-for-sale investments and certain other financial instruments. No account has been taken for the effects of inflation. The financial statements are stated in Trinidad and Tobago dollars which is the Company's functional currency.

(b) Going Concern -

These financial statements have been prepared on the going concern basis despite the excess of current liabilities over current assets of **\$151,962,684** as at 30 September 2022. The Company is dependent on the Government of the Republic of Trinidad and Tobago (GORTT) to fund its operating and capital expenditures since inadequate resources are generated from its operating activities. Management is of the opinion that given the strategic importance of the Company to the country's development, that the GORTT will continue to provide subventions to the Company on an annual basis into the foreseeable future. The main source of funding from the GORTT is through Management Fees for the three programmes the Company operates and administers on behalf of the GORTT.

At the date of the approval of these financial statements, the GORTT has continued to grant financial support to the Company, which is consistent with management's opinion as described above.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (Cont'd):

(c) Use of estimates -

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also required the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Notes 2(e) and 13	-	Property, plant and equipment
Note 10	-	Inventories
Notes 2(g) and 9	-	Accounts receivable and prepayments
Note 17	-	Capital grants

(d) New Accounting Standards and Interpretations -

The Company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Company or have no material impact on its financial statements:

IFRS 1	First-time Adoption of Financial Reporting Standards - Amendments regarding subsidiary as first-time adopter (effective for accounting periods beginning on or after 1 January 2022).
IFRS 3	Business Combinations - Amendments regarding the reference to the conceptual framework (effective for accounting periods beginning on or after 1 January 2022)
IFRS 4	Insurance Contracts - Amendments regarding IFRS 17 and the extension of the temporary exemption from applying IFRS 9 (effective for accounting periods beginning on or after 1 January 2023).
IFRS 9	Financial Instruments - Amendments regarding fees in the 'ten percent' test for derecognition of financial liabilities (effective for accounting periods beginning on or after 1 January 2022).

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (Cont'd):

(d) New Accounting Standards and Interpretations (cont'd) -

IFRS 16	Leases - Amendments regarding the accounting treatment of lease incentives (effective for accounting periods beginning on or after 1 January 2022).
IFRS 16	Leases – Amendments regarding the lease liability in a sale and leaseback arrangement (effective for accounting periods beginning on or after 1 January 2024).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023).
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current and non-current (effective for accounting periods beginning on or after 1 January 2023).
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective for accounting periods beginning on or after 1 January 2023).
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective for accounting periods beginning on or after 1 January 2023).
IAS 16	Property, Plant and Equipment - Amendments regarding proceeds before intended use (effective for accounting periods beginning on or after 1 January 2022).
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding onerous contracts and cost of fulfilling a contract (effective for accounting periods beginning on or after 1 January 2022).
IAS 41	Agriculture - Amendments regarding taxation in fair value measurements (effective for accounting periods beginning on or after 1 January 2022).

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (Cont'd):

(e) Property, plant and equipment -

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, with the exception of real estate which is recognised using the revaluation model and certain granted assets which are stated at values provided by the United Nations Industrial Development Organisation (UNIDO). The fair values used in the revaluation model would be based on independent professional open market valuations to be conducted at least once every three to five years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the property and the net amount is restated to the revalued amount.

Increases in carrying amounts arising from revaluations are recognised in Other Comprehensive Income and Statement of Changes in Equity under the category of Revaluation Reserve. Decreases in carrying amounts arising from revaluations are recognised in Other Comprehensive Income to the extent of any credit balance existing in revaluation surplus in respect of that asset. All other decreases are recognised in profit or loss.

Revaluation surpluses are transferred directly to retained earnings/accumulated deficit upon derecognition of the respective assets.

The Company recognises in the carrying amount of an item of PPE, 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 Company and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

When parts of an item of fixed assets have different useful lives, those compartments are accounted for as separate items of PPE.

Depreciation is calculated using the straight-line basis over the estimated useful lives of each item of PPE at the following rates:

Leasehold land and building	over the term of the lease
Buildings and improvements	1.75%
Computer equipment	25%
Machinery and equipment	25%
Office furniture and equipment	10%
Furniture and fittings	10%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (Cont'd):

(e) Property, plant and equipment (cont'd) -

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the "Gain/Loss on Disposal" account in the Statement of Comprehensive Income.

(f) Intangible Assets

Intangible Assets (IA) are stated at cost less accumulated depreciation and impairment losses. The only Intangible Assets owned by the Company are software.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The Company amortises intangible assets with a limited useful life, using the straight-line method over four (4) years.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (Cont'd):

(g) Financial instruments -

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All recognised financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortised cost or fair value on the basis of:

- (i) the entity's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

The Company reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

Initial measurement

All financial instruments are initially measured at the fair value of consideration given or received.

The Company measures fair values in accordance with IFRS 13, which defines fair value as 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.

Subsequent measurement

Those financial assets which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortised cost as the business model is to collect contractual cash flows and the debt meets the SPPI criterion. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as movements in Expected Credit Loss (ECL). When a financial asset measured at amortised cost is derecognised, the gain/loss is reflected in profit or loss.

ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), discounted at the original EIR. The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward-looking aspect of IFRS 9 requires considerable judgement as to how changes in economic factors might affect ECLs.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (Cont'd):

(g) Financial instruments (cont'd) -

Subsequent measurement (cont'd)

Those financial assets which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI). Gains/losses arising on remeasurement of such financial assets are recognised in OCI as *'Items that may be reclassified subsequently to P&L'* and are called *'Net FV gain/(loss) on financial assets classified as at FVOCI'*.

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL). When a financial asset measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model.

Impairment

In accordance with the accounting policy for impairment – financial assets, the Company recognises an allowance for ECLs for customer and other receivables. IFRS 9 requires an impairment provision to be recognised on origination of a customer advance, based on its ECL. The Company has taken the simplification available under IFRS 9 paragraph 5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financing component or where there is a significant financing component, but the directors make an accounting policy choice to adopt the simplification. Adoption of this approach means that Significant Increase in Credit Risk (SICR) and Date of Initial Recognition (DOIR) concepts are not applicable to the Company's ECL calculations. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Impairment charges in respect of trade receivables are recognised a separate line item called 'Impairment'.

Delinquency is taken as being in arrears and credit impaired is taken as being the receivable has defaulted, which is considered to be the point at which the debt is passed to the Credit Department. Delinquency and default are relevant for the estimation of ECL, which segments the book by customer indebtedness, banded into very low risk, low risk, medium risk and high risk, by arrears stage.

Financial assets are written off when there is no reasonable expectation of recovery, such as when a customer fails to engage in a repayment plan with the Group. If recoveries are subsequently made after receivables have been written off, they are recognised in profit or loss.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. **Significant Accounting Policies (Cont'd):**

(g) **Financial instruments (cont'd) -**

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in first-out basis for raw materials and on estimated standard cost for finished goods and work-in-progress. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

(h) **Revenue recognition -**

Revenue from the sale of goods is recognised in the Statement of Comprehensive Income when the significant risk and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Sales are recognised net of Value Added Tax and discounts.

(i) **Foreign currency -**

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic in which the entity operates (functional currency).

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year end exchange rates of monetary assets and liabilities denominated in foreign currencies and recognized in the profit and loss account.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (Cont'd):

(j) Government grants -

Government grants related to fixed assets are deferred in the Statement of Financial Position and amortised over the estimated useful lives of the assets to which it relates.

Government grants related to income is included in the Statement of Comprehensive Income in the period received.

Government grants designated for specific projects is deferred in the Statement of Financial Position and matched with the related project expenditure in the Statement of Comprehensive Income over the life of the project.

(k) Provisions -

A provision is recognised in the Statement of Financial Position when the Company 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 at the time value of money and, where appropriate, the risks specific to the liability.

(l) Taxation -

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or subsequently enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the Statement of Financial Position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or subsequently enacted at the Statement of Financial Position date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each Statement of Financial Position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred taxation is calculated at a rate of 30%.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (Cont'd):

(m) NSDP, HYPE and MuST -

The Company administers and operates the National Skills Development Programme (NSDP), the Helping You Prepare for Employment (HYPE) Programme and the Multi-sector Skills Training (MuST) Programme on behalf of the Government of the Republic of Trinidad and Tobago (GORTT).

The amounts advanced by the GORTT are accounted for as a deferral and recorded under Due to Related Parties in the Statement of Financial Position. When the money is spent on the programme, it becomes earned and an equivalent amount is transferred to the programme's income and expenditure account.

The effect of this is that the balance on the account shown on the Statement of Financial Position as Due to Related Parties represents the unexpended programme funds which are subsequently spent on the programmes.

(n) Revaluation Reserve -

A physical verification exercise of all PPE owed by the Company was conducted in February 2011 by a firm of independent accountants and a comprehensive Fixed Assets Register was prepared as at 18 February 2011. In addition to the physical check on the PPE, the firm was also required to verify the value of the assets included in the Fixed Asset Register. The consultants provided fair value estimates for selected material plant and equipment and all other PPE were valued at cost or \$1, where the cost value could not have been determined. A Revaluation Reserve was therefore created to account for net fair value adjustment which totalled **\$4,265,842**.

On 17 July 2017, Linden Scott conducted a valuation on the property at the Company's Head Office in Trincity which resulted in a decrease in the property value of **\$2,225,571**. The decrease was recognised directly in the Statement of Comprehensive Income in accordance with the requirements of IAS 16 Property, Plant and Equipment.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Financial Risk Management:

Financial risk factors

The Company's activities are primarily related to the use of financial instruments.

The following table summarizes the carrying amounts and fair value of the Company's financial assets and liabilities:

	2022	
	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>
	(\$)	(\$)
Financial Assets		
Cash in hand and at bank	5,053,657	5,053,657
Cash at bank - restricted	5,382,947	5,382,947
Short-term investment	4,875,046	4,875,046
Short-term investment - restricted	391,475	391,475
Accounts receivable and prepayments	4,254,494	4,254,494
Inventories	1,598,236	1,598,236
Financial Liabilities		
Accounts payable and accruals	9,736,167	9,736,167
Deferred Income	11,866,887	11,866,887
Due to related parties	151,704,649	151,704,649
Capital Grants	364,903	364,903

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd) -

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Company to manage these risks are discussed below:

	2021	
	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>
	(\$)	(\$)
Financial Assets		
Cash in hand and at bank	3,380,793	3,380,793
Cash at bank - restricted	6,145,665	6,145,665
Short-term investment	4,867,931	4,867,931
Short-term investment - restricted	386,807	386,807
Accounts receivable and prepayments	3,956,548	3,956,548
Inventories	2,049,227	2,049,227
Financial Liabilities		
Accounts payable and accruals	9,045,360	9,045,360
Deferred Income	10,653,536	10,653,536
Due to related parties	137,528,629	137,528,629
Capital Grants	378,543	378,543

(a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets.

(b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Company relies heavily on its Accounting Policies and Procedures which sets out in detail the current policies governing the granting of credit function and provides a comprehensive framework for prudent risk management of the credit function.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Financial Risk Management (Cont'd):

(b) Credit risk (cont'd) -

The Company's debtors' portfolio is managed and consistently monitored by the Company's management. The Company has identified in its strategic objectives the need for the effective management of its trade receivables and has moved to establish better communication with its major customers.

Cash balances are held with high credit quality financial institutions and the Company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Company is able to make daily calls on its available cash resources to settle financial and other liabilities.

(d) Currency risk -

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) Operational risk -

Operational risk is the risk derived from deficiencies relating to the Company's information technology and control systems, as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

(f) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Company's line ministry, the Ministry of Science Technology and Tertiary Education, as well as by the monitoring controls applied by the Company.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Financial Risk Management (Cont'd):

(g) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company engages in public social endeavours to engender trust and minimize this risk.

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies. See Note 2 (c).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that 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.

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Which depreciation method for plant and equipment is used.
- ii) Business model assessment.
- iii) Significant increase of credit risk:

The Company computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

- iv) Establishing groups of assets with similar credit risk characteristics:

When ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. Judgement is required in determining whether and when to move assets between portfolios.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

4. Critical Accounting Estimates and Judgments (Cont'd):

v) Valuation models and assumptions used:

The Company computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

vi) Establishing groups of assets with similar credit risk characteristics:

When ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. Judgement is required in determining whether and when to move assets between portfolios.

vii) Valuation models and assumptions used:

The Company uses various valuation models and assumptions in measuring the fair value of financial assets, as well as in estimating ECL. Judgement is applied in identifying the most appropriate valuation model for each type of asset, as well as in determining the assumptions to be used for each model valuation models and assumptions in measuring the fair value of financial assets, as well as in estimating ECL. Judgement is applied in identifying the most appropriate valuation model for each type of asset, as well as in determining the assumptions to be used for each model.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Plant, property & equipment and intangible assets

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

5. Cash in Hand and at Bank:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Petty cash	35,200	33,200
Scotiabank (Trinidad and Tobago) Limited	<u>5,018,457</u>	<u>3,347,593</u>
	<u>5,053,657</u>	<u>3,380,793</u>

6. Cash at Bank - Restricted:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
First Citizens Bank Limited - MuST	764,571	1,180,546
Scotiabank (Trinidad and Tobago) Limited - NSDP	1,956,900	3,950,738
Scotiabank (Trinidad and Tobago) Limited - HYPE	<u>2,661,476</u>	<u>1,014,381</u>
	<u>5,382,947</u>	<u>6,145,665</u>

These balances represent funds held in the name of the Multi-Sector Skills Training Programme (MuST), National Skills Development Programme (NSDP) and Helping You Prepare for Employment (HYPE) Programme.

7. Short-Term Investments:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Scotiabank (Trinidad and Tobago) Limited	4,273,778	4,273,636
Trinidad and Tobago Unit Trust Corporation	<u>601,268</u>	<u>594,295</u>
	<u>4,875,046</u>	<u>4,867,931</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

8. Short-Term Investments - Restricted:

	30 September	
	<u>2022</u> (\$)	<u>2021</u> (\$)
First Citizens Bank Limited - NSDP and HYPE	<u>391,475</u>	<u>386,807</u>

These balances represent term deposits held in the name of the National Skills Development Programme (NSDP) and Helping You Prepare for Employment (HYPE) Programme.

9. Accounts Receivable and Prepayments:

	30 September	
	<u>2022</u> (\$)	<u>2021</u> (\$)
Trade accounts receivables	1,546,381	2,839,786
Interest receivable	220	432
Value Added Tax recoverable (net)	2,550,783	2,317,701
Staff advances	7,702	3,623
Prepayments	350,406	245,575
Technical courses	<u>2,158,122</u>	<u>1,244,927</u>
	6,613,614	6,652,044
Less: Provision for impairment	<u>(2,359,120)</u>	<u>(2,695,496)</u>
	<u>4,254,494</u>	<u>3,956,548</u>

	30 September	
	<u>2022</u> (\$)	<u>2021</u> (\$)
<u>Provision for impairment</u>		
Balance, beginning of the year	2,695,496	3,758,635
Charge for the year	734,876	302,660
Write offs	<u>(1,071,252)</u>	<u>(1,365,799)</u>
Balance, end of the year	<u>2,359,120</u>	<u>2,695,496</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

10. Inventories:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Goods in Transit	33,798	31,394
Raw materials	1,247,495	1,644,190
Work in progress	75,838	44
Finished goods	241,105	371,601
Stationary Inventory	<u>-</u>	<u>1,998</u>
	<u>1,598,236</u>	<u>2,049,227</u>

11. Deferred Taxation:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Balance as at beginning of the year	16,326,836	16,418,384
Effect on Statement of Comprehensive Income	<u>(241,513)</u>	<u>(91,548)</u>
Balance as at end of the year	<u>16,085,323</u>	<u>16,326,836</u>

Deferred taxation is attributable to:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Excess of net book value over written down value	(5,479,486)	(5,237,973)
Taxable losses	<u>21,564,809</u>	<u>21,564,809</u>
	<u>16,085,323</u>	<u>16,326,836</u>

The Company has not recognised **\$73,293,567** (2021: \$55,989,907) of their estimated total taxable losses of **\$145,176,262** (2021: \$127,872,603) as at 30 September 2022.

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

12. Intangible Assets (Net):

Software	30 September	
	<u>2022</u> (\$)	<u>2021</u> (\$)
At beginning of the year	732,722	868,583
Transfers from Computers and Accessories (PPE)	-	481,762
Additions	-	-
	732,722	1,350,345
Transfers from Computers and Accessories (PPE)	-	(225,542)
Amortisation for the year	(377,733)	(392,081)
At end of the year	354,989	732,722

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. Property, Plant and Equipment:

	Capital Work in Progress (\$'000)	Land Building (\$'000)	Building Improvements (\$'000)	Computer and Accessories (\$'000)	Fixtures and Furniture (\$'000)	Motor Vehicles (\$'000)	Machinery Tools and Equipment (\$'000)	Office Furniture and Equipment (\$'000)	Machinery and Equipment (\$'000)	Total (\$'000)
Cost/Valuation										
At 1 October 2021	-	30,000,000	108,852	9,985,520	4,204,501	1,697,892	14,915,699	4,466,090	8,152,665	73,531,219
Additions	415,549	-	-	211,806	356,731	-	44,238	61,193	-	1,089,517
Disposals	-	-	-	-	-	(291,528)	-	-	-	(291,528)
At 30 September 2022	<u>415,549</u>	<u>30,000,000</u>	<u>108,852</u>	<u>10,197,326</u>	<u>4,561,232</u>	<u>1,406,364</u>	<u>14,959,937</u>	<u>4,527,283</u>	<u>8,152,665</u>	<u>74,329,208</u>
Accumulated Depreciation										
At 1 October 2021	-	1,604,169	7,047	9,825,581	3,753,473	1,697,892	13,988,309	3,674,644	8,152,665	42,703,780
Charge for the year	-	385,000	1,905	83,848	143,670	-	576,789	244,571	-	1,435,783
Disposals	-	-	-	-	-	(291,528)	-	-	-	(291,528)
At 30 September 2022	-	<u>1,989,169</u>	<u>8,952</u>	<u>9,909,429</u>	<u>3,897,143</u>	<u>1,406,364</u>	<u>14,565,098</u>	<u>3,919,215</u>	<u>8,152,665</u>	<u>43,848,035</u>
Net Book Value										
At 30 September 2022	<u>415,549</u>	<u>28,010,831</u>	<u>99,900</u>	<u>287,897</u>	<u>664,089</u>	<u>-</u>	<u>394,839</u>	<u>608,068</u>	<u>-</u>	<u>30,481,173</u>
At 30 September 2021	<u>-</u>	<u>28,395,831</u>	<u>101,805</u>	<u>159,939</u>	<u>451,028</u>	<u>-</u>	<u>927,390</u>	<u>791,446</u>	<u>-</u>	<u>30,827,439</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. Property, Plant and Equipment (Cont'd):

Cost/Valuation	Capital Work in Progress (\$'000)	Building (\$'000)	Building Improvements (\$'000)	Computer and Accessories (\$'000)	Fixtures and Furniture (\$'000)	Motor Vehicles (\$'000)	Machinery Tools and Equipment (\$'000)	Office Furniture and Equipment (\$'000)	Machinery and Equipment (\$'000)	Total (\$'000)
At 1 October 2020	266,460	30,000,000	108,852	10,640,125	4,148,158	1,697,892	14,624,373	4,465,778	8,152,665	74,104,303
Additions	-	-	-	48,370	56,343	-	24,866	3,980	-	133,559
Transfers	(266,460)	-	-	-	-	-	266,460	-	-	-
Reclassifications	-	-	-	(702,975)	-	-	-	-	-	(702,975)
Disposals	-	-	-	-	-	-	-	(3,668)	-	(3,668)
At 30 September 2021	-	<u>30,000,000</u>	<u>108,852</u>	<u>9,985,520</u>	<u>4,204,501</u>	<u>1,697,892</u>	<u>14,915,699</u>	<u>4,466,090</u>	<u>8,152,665</u>	<u>73,531,219</u>
Accumulated Depreciation										
At 1 October 2020	-	1,219,169	5,142	9,962,405	3,626,297	1,660,704	13,200,394	3,387,184	8,152,665	41,213,960
Charge for the year	-	385,000	1,905	88,718	127,176	37,188	787,915	288,638	-	1,716,540
Reclassifications	-	-	-	(225,542)	-	-	-	-	-	(225,542)
Disposals	-	-	-	-	-	-	-	(1,178)	-	(1,178)
At 30 September 2021	-	<u>1,604,169</u>	<u>7,047</u>	<u>9,825,581</u>	<u>3,753,473</u>	<u>1,697,892</u>	<u>13,988,309</u>	<u>3,674,644</u>	<u>8,152,665</u>	<u>42,703,780</u>
Net Book Value										
At 30 September 2021	<u>-</u>	<u>28,395,831</u>	<u>101,805</u>	<u>159,939</u>	<u>451,028</u>	<u>0</u>	<u>927,390</u>	<u>791,446</u>	<u>-</u>	<u>30,827,439</u>
At 30 September 2020	<u>266,460</u>	<u>28,780,831</u>	<u>103,710</u>	<u>677,720</u>	<u>521,861</u>	<u>37,188</u>	<u>1,423,979</u>	<u>1,078,594</u>	<u>-</u>	<u>32,890,343</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

14. Accounts Payable and Accrued Liabilities:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Trade accounts payables	1,878,978	2,109,252
Accruals	1,393,984	966,524
Accrued vacation leave	4,233,190	4,231,353
Suspense accounts	128,494	(8,341)
Statutory deductions and salaries payable	1,311,835	956,887
Other payables	<u>789,686</u>	<u>789,685</u>
	<u>9,736,167</u>	<u>9,045,360</u>

15. Deferred Income:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
<u>Recurrent EDF and Other -</u>		
Balance at the beginning of the year	1,442,569	1,442,569
Subventions utilised	<u>-</u>	<u>-</u>
<i>End of the year balance - Recurrent EDF and Other</i>	<u>1,442,569</u>	<u>1,442,569</u>
<u>Public Sector Investment Programme (PSIP) -</u>		
PSIP subventions received (cumulative)	16,027,001	15,418,713
PSIP subventions used fixed assets (cumulative)	<u>(9,098,895)</u>	<u>(8,912,588)</u>
PSIP subventions unutilised (cumulative)	<u>6,928,106</u>	<u>6,506,125</u>
Deferred Income - PSIP subvention used for fixed assets at beginning of year	2,211,649	2,525,996
Subventions received and utilised for fixed assets	186,307	266,459
PSIP subvention allocated to Statement of Comprehensive Income based on related depreciation expense	<u>(505,791)</u>	<u>(580,806)</u>
Deferred Income - PSIP subvention used for fixed assets at end of year	<u>1,892,165</u>	<u>2,211,649</u>
<i>End of the year balance - PSIP</i>	<u>10,262,840</u>	<u>10,160,343</u>
<u>Other -</u>		
Advance payments received	<u>1,604,047</u>	<u>493,193</u>
Deferred Income at end of year	<u>11,866,887</u>	<u>10,653,536</u>

MIC INSTITUTE OF TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

15. Deferred Income (Cont'd):

Deferred income relates to the portion of government subventions received from the Ministry of Education – Tertiary Education Division, for which the related expenditure has not yet been incurred. The portion of subventions utilised during the year is recognised in the Statement of Comprehensive Income. During the year, the Company received **\$608,288** (2021: \$698,092) for PSIP expenditure and **\$851,071** (2021: **\$735,768**) for recurrent expenditure (salaries and wages). MIC Institute of Technology Limited also received **\$NIL** (2021: \$NIL) for the training of tool makers and local instructors in the Master Craftsman Photovoltaic Solar Energy Programme under the European Development Fund (EDF).

Additionally, a portion of the deferred income relates to the portion of income not yet recognised from monies received from contracted projects other than the GORTT.

16. Due to Related Parties (net):

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
MuST	(20,678,977)	(20,905,632)
NSDP	159,835,851	143,535,400
HYPE	12,567,120	14,918,206
Workforce Assessment Centre	<u>(19,345)</u>	<u>(19,345)</u>
	<u>151,704,649</u>	<u>137,528,629</u>

Amounts Due to Related Parties represent the balances due to/(from) the GORTT on behalf of the National Skills Development Programme (NSDP), Helping You Prepare for Employment (HYPE) Programme, Multi-sector Skills Training (MuST) Programme and the Workforce Assessment Centre.

17. Capital Grants:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Balance as at beginning of the year	378,543	392,183
Effect on Statement of Comprehensive Income	<u>(13,640)</u>	<u>(13,640)</u>
Balance as at end of the year	<u>364,903</u>	<u>378,543</u>

Capital grants comprise either cash grants for capital projects or the capitalised value of machinery, equipment and supplies provided by the United Nations Industrial Development Organisation (UNIDO) and the Trinidad Industrial Development Corporation and the Canadian Industrial Development Agency (Government Agencies).

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17. Capital Grants (Cont'd):

Details of capital grants are as follows:

(i) *UNIDO*

Whereas the title of UNIDCO – provided Phase I machinery and equipment has been transferred to the Government of the Republic of Trinidad and Tobago and Phase II machinery and equipment remains the property of UNIDO, it is understood that this machinery and equipment will remain in the possession of the Company so long as it continues to be used solely for the purpose and in the manner and place for which it was provided. The value of this machinery and equipment has, therefore, been capitalised on the commercial substance of the situation.

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Equipment provided for training purposes:		
Phase I	525,917	525,917
Phase II	1,410,636	1,410,636
Phase III	1,260,574	1,260,574
Phase IV	1,152,783	1,152,783
Phase V	1,855,912	1,855,912
Supplies	<u>106,399</u>	<u>106,399</u>
	6,312,221	6,312,221
Less: accumulated transfers to revenue	<u>(6,210,301)</u>	<u>(6,210,301)</u>
	<u>101,920</u>	<u>101,920</u>

(ii) *Government agencies:*

Equipment provided	1,030,117	1,030,117
Cash grant for factory expansion	682,000	682,000
Cash grant for equipment purchases	121,704	121,704
Supplies	<u>2,028</u>	<u>2,028</u>
	1,835,849	1,835,849
Less: accumulated transfers to revenue	<u>(1,572,866)</u>	<u>(1,559,226)</u>
	<u>262,983</u>	<u>276,623</u>
	<u>364,903</u>	<u>378,543</u>

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18. Stated Capital:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Authorised:		
80,000 ordinary shares		
20,000 6% cumulative preference shares		
Issued and fully paid:		
Ordinary – 20,097 shares	2,009,700	2,009,700
Preference – 625 shares	<u>62,500</u>	<u>62,500</u>
	<u>2,072,200</u>	<u>2,072,200</u>

No dividends have been paid to the holders of the 6% cumulative preference shares since the date of issue in January 1975. Should dividends be declared, the amounts payable on these preference shares would be \$198,677 (2021: \$187,431).

19. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

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

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transactions with related parties and key management personnel during the year were as follows:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Accounts receivable and prepayments		
Trade receivables	13,524	13,524
Expenses		
Directors' fees	393,400	325,425
Key management compensation		
Short-term benefits	5,089,138	4,286,344

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20. Fair Values:

Fair value is the amount for which an asset can be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

21. Capital Commitment:

There were no capital commitments for the year ended 30 September 2022.

22. Production Costs:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Opening stock	2,049,227	2,665,397
Purchases	(450,990)	1,595,103
Salaries, wages and other staff expenses	8,641,582	5,769,605
Overheads	<u>526,174</u>	<u>507,813</u>
	10,765,993	10,537,918
Less: Closing stock	<u>(1,598,237)</u>	<u>(2,049,227)</u>
	<u>9,167,756</u>	<u>8,488,691</u>

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FOR THE YEAR ENDED 30 SEPTEMBER 2022

23. Operating Costs:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Advertising and promotions	54,484	18,140
Annual vacation leave	1,838	(850,639)
Audit fees	264,860	245,582
Bank charges	66,658	51,835
Ministries Training Initiatives (MTI, MYDNS)	6,934,652	993,810
Books, journals and publications	12,178	6,373
Building and repairs maintenance	717,383	418,026
Business travel	34,632	33,032
Contractors' fees	138,642	237,735
Director's fees	393,400	325,425
Donations	28,374	4,571
Electricity	612,995	584,467
Employee's benefit expense	701,844	561,158
Employer's NIS contribution	1,979,534	1,954,786
Employer's pension contribution	1,982,963	2,020,145
Equipment rentals	28,327	19,915
Group health	179,495	170,332
Group life insurance	737,223	795,350
Impairment expense - Accounts receivable	734,876	302,660
Insurance	645,611	561,248
Janitorial supplies	716,852	452,162
Lease rent	11	11
Legal and professional fees	821,721	1,101,213
Materials and supplies	136,551	270,248
Meals and entertainment	534,361	96,472
Miscellaneous expenses	1,725	1,950
MWDC Saint Maarten	79,162	2,704
Office equipment repairs and maintenance	474,495	344,895
Penalties and interest	-	4,993
Photocopier	366,314	20,217
Purchasing expenses	234,078	225,102
Rent rates and taxes	4,913	(6,609)
Salaries	21,140,429	20,075,317
Security	6,834	9,956
Staff development	58,920	45,846
Stationery and postage	158,896	118,978
Telephone cables	635,570	611,159
Transport services	6,400	24,382
Technical-Vocational Instructor/Teacher training expenses	106,507	6,289
Vehicle expenses	415,579	175,929
	<u>42,149,287</u>	<u>32,035,165</u>

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24. Taxation:

	30 September	
	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Business Levy	(216,538)	(173,813)
Green Fund Levy	(108,290)	(86,928)
Deferred taxation	<u>(241,513)</u>	<u>(91,548)</u>
	<u>(566,341)</u>	<u>(352,289)</u>
 Reconciliation arising from using the basic rate of tax as follows:		
Net loss before taxation	<u>(15,750,296)</u>	<u>(12,316,595)</u>
Tax rate 30%	4,725,089	3,694,979
Tax effect of expenses not deductible for tax purposes	(161,910)	(127,730)
Exempt income	386,405	397,264
Business Levy	(216,538)	(173,813)
Green Fund Levy	(108,290)	(86,928)
Taxable losses not utilised	(5,191,097)	(4,199,290)
Prior period adjustments	<u>-</u>	<u>143,229</u>
	<u>(566,341)</u>	<u>(352,289)</u>

25. Events After the Reporting Date:

There were no events after the reporting period which were material to the financial statements and should have resulted in adjustments to the financial statements or disclosures when the financial statements were authorised for issue.