# Trinidad and Tobago Transparency Institute

## Audited Financial Statements

## For the year ended December 31, 2019

BDO

# Trinidad and Tobago Transparency Institute

## Audited Financial Statements
For the year ended December 31, 2019
*(Expressed in Trinidad and Tobago Dollars)*

**Table of Contents**

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**Independent Auditor's Report**

To the Members of
Trinidad and Tobago Transparency Institute

**Opinion**

We have audited the financial statements of Trinidad and Tobago Transparency Institute (the "Institute"), which comprise the statement of financial position as at December 31, 2019 and the statement of comprehensive income and accumulated fund, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities ("IFRS for SMEs").

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our 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.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Institute'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 liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

**Auditor's 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 auditor's 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.

**Independent Auditor's Report (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 Institute'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 Institute's ability to continue as a going concern. If we conclude that a material uncertainty exist, 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 auditor's report. However, future events or conditions may cause the Institute 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 those charged with governance 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.

BDO

November 4, 2020

Port of Spain,
Trinidad, West Indies

## Trinidad and Tobago Transparency Institute

### Statement of Financial Position
As at December 31, 2019
*(Expressed in Trinidad and Tobago Dollars)*

| | Notes | 2019 | 2018 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Plant and equipment | 4 | 32,995 | 39,553 |
| **Total non-current assets** | | **32,995** | **39,553** |
| **Current assets** | | | |
| Members' subscriptions receivable | 5 | 77,650 | 57,950 |
| Sundry debtors | | 226,750 | 118,386 |
| Cash and cash equivalents | 6 | 1,195,544 | 1,421,244 |
| **Total current assets** | | **1,499,944** | **1,597,580** |
| **Total assets** | | **$1,532,939** | **$1,637,133** |
| **Accumulated fund** | | | |
| Accumulated fund | | 980,936 | 915,069 |
| **Total accumulated fund** | | **980,936** | **915,069** |
| **Liabilities** | | | |
| **Non-current liability** | | | |
| Deferred tax liability | 7 | - | 5,005 |
| **Total non-current liability** | | **-** | **5,005** |
| **Current liabilities** | | | |
| Sundry creditors and accruals | | 39,150 | 33,581 |
| Deferred income | 8 | 437,249 | 635,171 |
| Taxation payable | | 75,604 | 48,307 |
| **Total current liabilities** | | **552,003** | **717,059** |
| **Total liabilities** | | **552,003** | **722,064** |
| **Total accumulated fund and liabilities** | | **$1,532,939** | **$1,637,133** |

*See accompanying notes to the financial statements.*

On November 4, 2020, the directors of Trinidad and Tobago Transparency Institute authorised these financial statements for issue.

Director

Director

## Trinidad and Tobago Transparency Institute

### Statement of Comprehensive Income and Accumulated Fund
For the year ended December 31, 2019
*(Expressed in Trinidad and Tobago Dollars)*

| | Notes | 2019 | 2018 |
|---|---|---|---|
| **Revenue** | | | |
| Project and other income | 9 | 993,859 | 1,217,219 |
| Members subscriptions | | 124,750 | 120,600 |
| Donations | 10 | 1,770 | 640 |
| **Total revenue** | | 1,120,379 | 1,338,459 |
| **Expenses** | | | |
| Administrative expenses | 11 | (856,942) | (1,189,665) |
| Project costs | 13 | (174,084) | (5,548) |
| **Total expenses** | | (1,031,026) | (1,195,213) |
| **Surplus before taxation** | | **89,353** | **143,246** |
| Taxation | 14 | (23,486) | (54,201) |
| **Total comprehensive income for the year** | | **$65,867** | **$89,045** |
| Accumulated fund as at beginning of the year | | 915,069 | 826,024 |
| **Accumulated fund as at end of the year** | | **$980,936** | **$915,069** |

*See accompanying notes to the financial statements.*

## Trinidad and Tobago Transparency Institute

### Statement of Cash Flows
For the year ended December 31, 2019
*(Expressed in Trinidad and Tobago Dollars)*

| | 2019 | 2018 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Surplus before taxation | 89,353 | 143,246 |
| Adjustments to reconcile surplus to net cash from operating activities: | | |
| Depreciation | 6,558 | 10,075 |
| | 95,911 | 153,321 |
| Changes in operating assets/liabilities: | | |
| Increase in members' subscriptions receivable | (19,700) | (9,250) |
| Increase in sundry debtors | (108,364) | (118,386) |
| Increase in sundry creditors and accruals | 5,569 | 8,992 |
| (Decrease)/increase in deferred income | (197,922) | 330,163 |
| **Cash (used in)/provided by operations** | (224,506) | 364,840 |
| Taxes paid | (1,194) | (4,054) |
| **Net cash (used in)/provided by operating activities** | **(225,700)** | **360,786** |
| **Net (decrease)/increase in cash and cash equivalents** | **(225,700)** | **360,786** |
| **Cash and cash equivalents** | | |
| As at beginning of year | 1,421,244 | 1,060,458 |
| **As at end of year** | **$1,195,544** | **$1,421,244** |

*See accompanying notes to the financial statements.*

## 1. Incorporation and business activities

Trinidad and Tobago Transparency Institute (the "Institute") was incorporated in the Republic of Trinidad and Tobago on February 1, 2001, and is a non-profit company not having a share capital. The registered office of the Institute is located at Building 7, Unit 4-12, Fernandes Industrial Centre, Eastern Main Road, Laventille.

The principal objects are:

a) To act as the Trinidad and Tobago National Chapter of Transparency International, the global civil society organisation headquartered in Berlin, Germany;

b) To counter corruption defined as the misuse of entrusted power for private gain; and

c) For the attainment of its purpose, the Institute shall inter-alia work with Transparency International organs, other National Chapters and similar organisations to seek to achieve institutional reform, heightened public awareness, provide general information relating to the nature and consequences of corruption in international and local business transactions and to formulate strategies to combat corruption and to promote transparency.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The Institute's financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities ("IFRS for SMEs"). They have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities.

The preparation of financial statements in conformity with IFRS for SMEs requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

### 2.2 Foreign currency

*Functional and presentation currency*

Items included in the financial statements of the Institute are measured using the currency of the primary economic environment in which the Institute operates (the "functional currency"). The financial statements are presented in Trinidad and Tobago dollars, which is the functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income and accumulated fund. Such balances are translated at the year-end exchange rates.

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

**2.3 Plant and equipment**

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Institute adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Institute; the carrying amount of the replaced part is derecognised.

Repairs and maintenance costs are charged to the statement of comprehensive income and accumulated fund when the expenditure is incurred.

Depreciation is calculated using the reducing balance basis so as to allocate the cost of the assets less their residual value over their estimated useful lives as follows:

| | | |
|---|---|---|
| Furniture and fittings | - | 10% |
| Computer equipment | - | 25% |
| Office equipment | - | 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.

Gains and losses on disposals are determined by comparing the proceeds with the asset's carrying amount and are included in the statement of comprehensive income and accumulated fund.

**2.4 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and 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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.5 Members' subscriptions receivable and sundry debtors**

Members' subscriptions receivables and sundry debtors are recognised and carried at fair value less provision for impairment. A provision for impairment of members subscriptions receivables and sundry debtors is established when there is objective evidence that the Institute will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the sundry debtor is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and accumulated fund within administrative expenses.

**2.6 Cash and cash equivalents**

Cash and cash equivalents consist of deposits held at call with bank and funds held in an Income Fund.

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

**2.7 Accumulated fund**

Any surplus or deficit on the statement of comprehensive income is carried forward to the accumulated fund.

**2.8 Sundry creditors and accruals**

Sundry creditors and accruals which are normally settled on 30-90 day terms are 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 billed to the Institute.

**2.9 Provisions**

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**2.10 Revenue recognition**

The Institute is operated as the National Chapter of Transparency International. The income consists mainly of grants, membership subscriptions and donations. Income is recognised on the accruals basis and sponsorship revenue and donations are recognised on the receipts basis.

**2.11 Expenses**

Expenses are recognised on the accrual basis in the reporting period during which the related income is earned.

**2.12 Taxation**

Taxation expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profits in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

## 2. Significant accounting policies (continued)

### 2.12 Taxation (continued)

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit and loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Business levy and green fund levy is provided at the statutory rate of 0.6% and 0.3% respectively on gross income for the year. Business levy takes effect only when it exceeds the current corporation tax liability.

Corporation tax is charged at 30% of chargeable income.

## 3. Fair value estimation

Fair value is the amount for which an asset could 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, the current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The fair value estimation of the Institute’s financial assets and liabilities approximates to their carrying amounts at the statement of financial position date.

## 4. Plant and equipment

| | Furniture and fittings | Computer equipment | Office equipment | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance as at January 1, 2019 | 30,590 | 36,852 | 11,509 | 78,951 |
| Transfers | 4,725 | - | (4,725) | - |
| Balance as at December 31, 2019 | 35,315 | 36,852 | 6,784 | $78,951 |
| **Accumulated depreciation** | | | | |
| Balance as at January 1, 2019 | (16,598) | (17,603) | (5,197) | (39,398) |
| Depreciation charge for the year | (980) | (4,902) | (676) | (6,558) |
| Transfers | (1,477) | 359 | 1,118 | - |
| Balance as at December 31, 2019 | (19,055) | (22,146) | (4,755) | (45,956) |
| **Net book value as at December 31, 2019** | **$16,260** | **$14,706** | **$2,029** | **$32,995** |

## 4. Plant and equipment (continued)

| | Furniture and fittings | Computer equipment | Office equipment | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance as at January 1, 2018 | 30,590 | 36,852 | 11,509 | 78,951 |
| Balance as at December 31, 2018 | 30,590 | 36,852 | 11,509 | 78,951 |
| **Accumulated depreciation** | | | | |
| Balance as at January 1, 2018 | (15,044) | (10,708) | (3,571) | (29,323) |
| Depreciation charge for the year | (1,554) | (6,895) | (1,626) | (10,075) |
| Balance as at December 31, 2018 | (16,598) | (17,603) | (5,197) | (39,398) |
| **Net book value as at December 31, 2018** | **$13,992** | **$19,249** | **$6,312** | **$39,553** |

## 5. Members' subscriptions receivable

| | 2019 | 2018 |
|---|---|---|
| Members' subscriptions receivable | 143,150 | 76,650 |
| Provision for bad debts | (65,500) | (18,700) |
| | **$77,650** | **$57,950** |

## 6. Cash and cash equivalents

| | 2019 | 2018 |
|---|---|---|
| Cash at bank | 1,087,465 | 1,314,659 |
| UTC Income fund investment | 107,579 | 106,085 |
| Cash in hand | 500 | 500 |
| | **$1,195,544** | **$1,421,244** |

## 7. Deferred tax liability

| | 2019 | 2018 |
|---|---|---|
| Balance as at beginning of year | 5,005 | - |
| (Credit)/charge to statement of comprehensive income and accumulated fund | (5,005) | 5,005 |
| **Balance as at end of year** | **$-** | **$5,005** |

The deferred tax liability in the statement of financial position arose from the accelerated tax wear and tear allowance on property, plant and equipment.

## 8. Deferred Income

| | 2019 | 2018 |
|---|---|---|
| Trinidad and Tobago Extractive Industries Transparency Initiative Project | 336,464 | 479,432 |
| Atlantic LNG | 97,535 | 105,385 |
| Members subscriptions | 3,250 | 2,500 |
| TI Impact Funding | - | 32,579 |
| NH International (Caribbean) Limited | - | 15,275 |
| | **$437,249** | **$635,171** |

## 9. Project and other income

| | 2019 | 2018 |
|---|---|---|
| IClub and Impact project | 755,641 | 1,125,587 |
| Anti Corruption Conference | 212,535 | 3,000 |
| TI Impact Funding | 22,387 | 45,271 |
| Trinidad and Tobago Extractive Industries Transparency Initiative | - | 41,951 |
| Other project income | 3,296 | 1,410 |
| | **$993,859** | **$1,217,219** |

## 10. Donations

| | 2019 | 2018 |
|---|---|---|
| Miscellaneous | 1,770 | 640 |
| | **$1,770** | **$640** |

### 11. Administrative expenses

| | 2019 | 2018 |
|---|---|---|
| Staff costs (Note 12) | 347,625 | 470,052 |
| Legal and professional fees | 97,500 | 69,785 |
| Venue and catering | 96,158 | 53,735 |
| Rent | 64,800 | 64,800 |
| Consultancy fees | 46,850 | 213,711 |
| Bad debts | 46,800 | 7,500 |
| International travel | 31,585 | 85,049 |
| Audit and accounting fees | 24,955 | 22,950 |
| Office expenses | 19,067 | 11,888 |
| Telephone and internet | 14,334 | 18,678 |
| Videotaping/photography | 14,113 | 18,963 |
| Advertising | 10,519 | 60,914 |
| Depreciation | 6,558 | 10,075 |
| Local travel | 5,884 | 40,521 |
| Printing and stationery | 5,853 | 16,224 |
| Meeting expenses | 5,750 | 1,928 |
| Website expenses | 5,328 | 12,633 |
| Electricity | 5,313 | 5,155 |
| Bank charges | 1,440 | 1,672 |
| Repairs and maintenance | 284 | 207 |
| Miscellaneous expenses | 6,226 | 3,225 |
| | **$856,942** | **$1,189,665** |

### 12. Staff costs

| | 2019 | 2018 |
|---|---|---|
| Salaries and wages | 324,690 | 433,301 |
| NIS contributions | 22,935 | 36,751 |
| | **$347,625** | **$470,052** |
| Number of employees | **2** | **3** |

### 13. Project costs

| | 2019 | 2018 |
|---|---|---|
| Anti Corruption Conference | 174,084 | 5,548 |
| | **$174,084** | **$5,548** |

### 14. Taxation

| | 2019 | 2018 |
|---|---|---|
| Corporation tax | 26,205 | 43,097 |
| Green fund levy | 2,286 | 4,015 |
| Deferred tax (credit)/charge (Note 7) | (5,005) | 5,005 |
| Prior year under provision | - | 2,084 |
| | **$23,486** | **$54,201** |

## 14. Taxation (continued)

The effective tax rate differs from the theoretical amount that would arise using the basic tax rate of the Company as follows.

| | 2019 | 2018 |
|---|---|---|
| Accounting profit | 89,353 | 143,246 |
| Tax at applicable tax rate | 26,806 | 42,974 |
| Non deductible expenses | 1,967 | 3,022 |
| Non taxable income | (2,568) | (2,899) |
| Green fund levy | 2,286 | 4,015 |
| Deferred tax (credit)/charge | (5,005) | 5,005 |
| Prior year under provision | - | 2,084 |
| | **$23,486** | **$54,201** |

## 15. 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 Institute.

Transactions with key management personnel during the year were as follows:

| | 2019 | 2018 |
|---|---|---|
| Key management compensation | | |
| Short-term benefits | **$-** | **$-** |

## 16. Subsequent events

The Institute has evaluated subsequent events from January 1, 2020, through to November 4, 2020, the date the financial statements were available to be issued. During this period, the Institute did not have any subsequent events requiring recognition or disclosure in the financial statements.

The 2019 Novel Coronavirus infection ("coronavirus") or "COVID-19" outbreak poses a serious public health threat. It has interrupted the movement of people and goods throughout the world; many levels of government are instituting restrictions on individuals and businesses. Significant development and spread of the coronavirus did not take place until January 2020. As such, the outbreak represents a non-recognised subsequent event for purposes of these financial statements.

COVID-19 did not have a significant impact on the operations of the Institute.