

**AUDITED FINANCIAL STATEMENTS OF THE  
INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY**

**FOR THE YEAR ENDED  
31 DECEMBER 2015**

**CONTRACTED AUDITORS: HLB, R. SEEBARRAN & CO.  
73 CANJE STREET & STONE  
AVENUE, SECTION K,  
CAMPBELLVILLE,  
GEORGETOWN**

**AUDITORS: AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA**

AUDITED FINANCIAL STATEMENTS OF THE  
INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY  
FOR THE YEAR ENDED 31 DECEMBER 2015

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## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

173/SO:6/2/2020

22 September 2020

Dr. Suresh Narine  
Director  
Institute of Applied Science and Technology  
University of Guyana Campus,  
Turkeyen, Greater Georgetown,  
Guyana.

Dear Dr. Narine,

AUDIT OF THE FINANCIAL STATEMENTS OF THE  
INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY  
FOR THE YEAR ENDED 31 DECEMBER 2015

Please find attached two (2) copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,





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AG: 92/2020

22 September 2020

REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF  
THE INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

Chartered Accountants HLB, R. Seebarran and Company have audited on my behalf the financial statements of the Institute of Applied Science and Technology which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 1 to 16.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (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.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Institute of Applied Science and Technology as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### *Report on Other Legal and Regulatory Requirements*

The financial statements comply with the requirements of the National Science Research Council Act No. 26 of 1974.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

## **INDEPENDENT AUDITORS' REPORT**

**To the Auditor General**

**On the financial statements of the Institute of Applied Science and Technology (IAST)**

**For the year ended December 31, 2015**

We have audited the accompanying financial statements of **Institute of Applied Science and Technology**, which comprise the statement of financial position as at December 31, 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 1 to 16.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

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

**Partners: Ramesh Seebarran—FCCA; S. Ramnarain—FCCA/MBA**

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73 Canje Street & Stone Avenue, Section K, Campbellville, Georgetown, Guyana.

## Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of **Institute of Applied Science and Technology** as at December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Report on Other Legal and Regulatory Requirements

The financial statements comply with the National Science Research Council Act No. 26 of 1974.

HLB, R. Seebarran & Co

Chartered Accountants

73 Canje Street & Stone Avenue

Section 'K', Campbellville

Georgetown

September 16, 2020



Institute of Applied Science and Technology  
Statement of Financial Position  
As at December 31, 2015

	Note	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<u>Non-Current Assets</u>			
Property, plant and equipment	3	335,091	335,648
		<u>335,091</u>	<u>335,648</u>
<u>Current Assets</u>			
Cash and cash equivalents	4	69,379	24,058
Trade & other receivables		4,791	3,808
		<u>74,169</u>	<u>27,867</u>
<b>Total Assets</b>		<b><u>409,261</u></b>	<b><u>363,515</u></b>
<b>EQUITY AND LIABILITIES</b>			
<u>Equity</u>			
Accumulated funds		31,283	10,954
Government subvention	5	327,451	327,143
		<u>358,735</u>	<u>338,097</u>
<u>Current Liabilities</u>			
Special project subvention	6	36,146	-
Other payables	7	14,380	25,418
		<u>50,526</u>	<u>25,418</u>
<b>Total Equity and Liabilities</b>		<b><u>409,261</u></b>	<b><u>363,515</u></b>

These financial statements were approved for issue on September 14, 2020 by:

  
Deputy Director-Technology

  
Chief Accountant

The accompanying notes form an integral part of these financial statements

INSTITUTE OF APPLIED SCIENCE  
& TECHNOLOGY



Institute of Applied Science and Technology  
Statement of Comprehensive Income  
For the year ended December 31, 2015

	Note	2015 \$'000	2014 \$'000
<b><u>REVENUE &amp; SUBVENTION</u></b>			
Revenue	8	6,017	7,928
Other income	9	18,487	135
Government subvention	10	159,594	122,595
Capital subvention		-	186
Amortization of capital reserve	5	63,546	53,986
		<u>247,644</u>	<u>184,830</u>
<b><u>EXPENSES</u></b>			
Employment costs	11	89,871	81,295
Administrative	12	17,184	7,025
Electricity		16,290	17,569
Project and other expenses	13	43,442	23,326
Bank charges		85	76
Bad Debt Expenses		9	-
Refund on Subvention		17	38
Capital Works		-	6,224
Other Expenses		-	2,083
Depreciation		60,416	55,373
		<u>227,314</u>	<u>193,010</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u><u>20,330</u></u>	<u><u>(8,180)</u></u>

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

Institute of Applied Science and Technology  
Statement of Changes in Equity  
For the year ended December 31, 2015

	Accumulated Fund \$'000	Capital Releases \$'000	Total \$'000
<b>Balance at 1 January 2014</b>	19,134	331,129	350,262
Deficit for the year	(8,180)	-	(8,180)
Capital funding received for the year	-	50,000	50,000
Amortization for the year	-	(53,986)	(53,986)
<b>Balance at 31 December 2014</b>	<b>10,954</b>	<b>327,143</b>	<b>338,097</b>
Special project subvention expended		63,854	63,854
Surplus for the year	20,330		20,330
Amortization for the year	-	(59,145)	(59,145)
Adjustment		(4,401)	(4,401)
<b>Balance at 31 December 2015</b>	<b>31,283</b>	<b>327,451</b>	<b>358,735</b>

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

Institute of Applied Science and Technology  
Statement of Cash Flows  
For the year ended December 31, 2015

	2015 \$'000	2014 \$'000
<b><u>Cash Flow from Operating Activities</u></b>		
Surplus for the year	20,330	(8,180)
Adjustments for:		
Depreciation	60,416	55,373
Amortization of capital assets	(63,546)	(53,986)
Adjustment to assets	7,182	-
Changes in:		
Other receivables	(982)	(3,780)
Other payables	(11,038)	(3,847)
<i>Net cash flow from operating activities</i>	<u>12,362</u>	<u>(14,420)</u>
<b><u>Cash Flow from Investing Activities</u></b>		
Purchase of fixed assets	(67,041)	(45,825)
<i>Net cash flow from investing activities</i>	<u>(67,041)</u>	<u>(45,825)</u>
<b><u>Cash Flow from Financing Activities</u></b>		
Funds from Other sources	100,000	50,000
Adjustment to capital releases balance	-	-
<i>Net cash flow from financing activities</i>	<u>100,000</u>	<u>50,000</u>
Net increase in cash and cash equivalents	45,321	(10,245)
Cash and cash equivalents at the beginning of the year	24,058	34,303
Cash and cash equivalents at the end of the year	<u><u>69,378</u></u>	<u><u>24,058</u></u>
Represented by:		
General account	69,368	24,047
Petty cash	11	11
	<u><u>69,379</u></u>	<u><u>24,058</u></u>

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

**Institute of Applied Science and Technology**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2015**

**(1) Incorporation and principal activity**

The Institute of Applied Science and Technology (IAST) was established in March 1980 as an implementation arm of the National Science and Research Council to serve as the focal point for Research and Development and Technology transfer in Guyana, as well as to develop a database in areas of scientific research and technological innovative.

IAST is being governed by the National Science Research Council Act No. 26 of 1974 dated 19<sup>th</sup> August, 1974 and has as its mandate the development and/or adaption of appropriate technology for the utilization of Guyana's natural resources, so that these resources can be gainfully developed and exploited, for the benefit of the people of Guyana.

**(2) Summary of significant accounting policies**

**(a) Basis of preparation**

These financial statements have been prepared under the historical cost convention. The accounting policies confirm with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) and adopted by the Institute of Chartered Accountants in Guyana.

**(b) Adoption of new and revised International Financial Reporting Standards (IFRSs)**

**New standards, interpretations, and amendments effective for the current year end**

The following amendments and interpretations to the published standards are effective for the current financial statements period. Where necessary, they have been applied or may be deemed immaterial or are not relevant to the institutes's operations:

**New standards, interpretations and amendments adopted**

- |         |   |
|---------|---|
| IFRS 8  | Aggregation of segments, reconciliation of segment assets (Effective July 1, 2014)  |
| IFRS 9  | Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective January 1, 2015)   |
| IFRS 10 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments effective immediately)  |
| IFRS 12 | Amendments for disclosures of investment entities (effective January 1, 2014)   |
| IAS 16  | Amendments relate to proportionate restatement of accumulated depreciation on revaluation (effective July, 2014)  |
| IAS 19  | Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service (effective July, 2014)      |
| IAS 24  | Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity (effective July 1, 2014) |



Institute of Applied Science and Technology  
Notes to the Financial Statements  
For the year ended December 31, 2015

(2) Summary of significant accounting policies-continued

(b) **Adoption of new and revised International Financial Reporting Standards (IFRSs)**

- IAS 27 Amendments for investment entities (effective January 1, 2014)  
IAS 28 Amendments regarding to the sale or contribution of assets between an investor and its associate or joint venture (Effective immediately)  
IAS 32 Financial Instruments: Presentation-Amendments to application guidance on the offsetting of financial assets and financial liabilities - (January 01, 2014)  
IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective January 1, 2014)  
IAS 39 Derivatives and Continuation of Hedge Accounting(effective January 1, 2014)  
IAS 40 Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property (effective July 1, 2014)

**Standards and amendments issued but not yet effective**

- IFRS 5 Amended to add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued (effective from January 1, 2016)  
IFRS 7 Amended to add guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements (effective from January 1, 2016)  
IFRS 9 Financial Instruments: Classification and Measurement/complete version - (effective January 1, 2018)  
IFRS 10 Amendments regarding applying the Consolidation Exception and sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments effective January 1, 2016)  
IFRS 11 Amendments relating to accounting for Acquisitions of Interests in Joint Operations (effective January 1, 2016)  
IFRS 12 Amendments regarding the application of the consolidation exception (effective January 1, 2016)  
IFRS 14 Regulatory Deferral Accounts (effective January 1, 2016)  
IFRS 15 Revenue from contracts with customers (effective January 1, 2018)  
IFRS 16 Accounting for leases (effective from January 1, 2019)  
IAS 1 Disclosure Initiative (Amendments to IAS 1) (Amendments effective January 1, 2016)  
IAS 9 Amended to clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (effective from January 1, 2016)  
IAS 16 Clarification of Acceptable Methods of Depreciation (effective January 1, 2016)  
IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27) effective January 1, 2016)  
IAS 28 Amendments regarding to the application of the consolidation exception (effective January 1, 2016)  
IAS 34 Amended to clarify the meaning of 'elsewhere in the interim report' and require a cross-reference (effective from January 1, 2016)  
IAS 38 Clarification of Amortisation method (effective January 1, 2016)

(2) Summary of significant accounting policies-continued

**Explanation of key adoption of new and revised International Financial Reporting Standards (IFRSs)**

IFRS 9

The IASB proposed to issue this IFRS in three phases: Phase 1 (Classification and measurement of financial assets and liabilities), Phase 2 (Impairment methodology), and Phase 3 (Hedge Accounting). The first phase was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in October 2010 and the effective dates was deferred and then removed. This standard specifies how an entity should classify and measure its financial assets and liabilities.

In December 2011, the IASB deferred the mandatory effective date of IFRS 9 which is available for application if the relevant date of initial adoption is before February 1, 2015. In November 2013, the IASB reissued the standard to incorporate a hedge accounting chapter and permits the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early application of the other requirements of IFRS 9.

In July 2014, the IASB issued the completed version of IFRS 9, incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition. The effective date is now January 1, 2018.

The application of IFRS 9 may have significant impact on amounts reported in respect of the Institute's financial assets and financial liabilities when adopted and these will be disclosed.

When adopted, the standard will be applied retrospectively in accordance with IAS 8.

IFRS 10

In September 2014, IFRS 10 was amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, which addressed the conflicting accounting requirements for the sale or contribution of assets to a joint venture or associates. This standard was suppose to be effective from January 1, 2016, however the Board passed an amendment in December 2015 to effect the amendment immediately.

In December 2014, IFRS 10 was amended by Investment in Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12, and IAS 28). These amendments clarified which subsidiaries of an Investment Entity should be consolidated instead of being measured at fair value through profit an loss. The amendments also clarified that the exemption from presenting consolidated financial statements continues to apply to subsidiaries of an investment entity that are themselves parent entities. This is so even if that subsidiary is measured at fair value through profit or loss by the higher level investment entity parent.



(2) Summary of significant accounting policies-continued

**Explanation of key adoption of new and revised International Financial Reporting Standards (IFRSs)**

IFRS 11

In May 2014, the IASB amended IFRS 11 to provide guidance on the accounting for acquisition of interest in joint operation in which the activity constitutes a business.

IFRS 12

This amendment continued from IFRS 10 which was amended in December 2014 to applying consolidation exception for investment entities. This standard addressed the application of the consolidation exception.

IFRS 14

In January 2014, the IASB issued IFRS 14 Regulatory Deferral Accounts. IFRS 14 permits an entity which is a first-time adopter of IFRS that is within its scope to continue to recognise and measure its 'regulatory deferral account balances' in its first and subsequent IFRS financial statements in accordance with its previous GAAP.

IFRS 15

In May 2014, the IASB issued IFRS 15- Revenue from Contracts with Customers, which replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31. This IFRS provides a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are (1) Identify the contract with the customer (2) Identify the performance obligations in the contract (3) Determine the transaction price (4) Allocate the transaction price to the performance obligations in the contracts and (5) Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 15 was suppose to be effective from January 1, 2017, however in September 2015, the IASB passed an amendment to differ the effective date to January 1, 2018.

IFRS 16

In January 2016, IFRS 16 was issued and specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17.

Institute of Applied Science and Technology  
Notes to the Financial Statements  
For the year ended December 31, 2015

(2) Summary of significant accounting policies-continued

Explanation of key adoption of new and revised International Financial Reporting Standards (IFRSs)

IAS 1

In December 2014, IAS 1 was amended by Disclosure Initiative, which addressed concerns expressed about some of the existing presentation and disclosure requirements and ensure that entities are able to use judgement when applying those requirements.

IAS 16

In May 2014, the IASB amended IAS 16 to prohibit the use of a revenue-based depreciation method. This standard clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. It was further amended in June 2014 to bringing bearer plants into the scope of IAS 16.

IAS 19

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

The Institute currently does not have a define benefit plan and therefore the impact of IAS 19 would not be applicable.

IAS 32

Amends the disclosure requirements in IFRS 7 Financial Instruments, to require information about all recognised financial instruments that are set off.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

IAS 38

In May 2014, the IASB clarify when the use of a revenue-based amortisation method is appropriate. It introduced a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.



Institute of Applied Science and Technology  
Notes to the Financial Statements  
For the year ended December 31, 2015

(2) Summary of significant accounting policies-continued

(c) Revenue and expenditure recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when the good are transferred or services rendered.

Expenditure is recognized when obligations are incurred (usually when goods are transferred or services rendered).

(d) Fixed assets

Depreciation is calculated on the straight line basis using the life of the asset. Assets are not depreciated in the year of acquisition.

Depreciation is calculated as follows :-

Fixtures and fittings	10%
Motor vehicles	20%
Office equipment	15%
Office furniture	15%
Plant and machinery	5%
Infrastructure asset	7%
Laboratory equipment	15%
Machine equipment	15%

(e) Inventories

Stocks are expensed out at the time of purchase.

(f) Amortization of capital assets

Amortization of capital assets are calculated on the straight line basis using the life of the asset. Capital Assets are not amortized in the year of acquisition.

(g) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

(2) Summary of significant accounting policies-continued

(h) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(i) Provisions

Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Institute will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the

Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Institute will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

(j) Impairment of tangible assets

At each reporting date, the Institute reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Institute estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognized immediately in the profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Institute of Applied Science and Technology  
Notes to the Financial Statements  
For the year ended December 31, 2015

3 Fixed Assets Schedule

Cost	Plant and Machinery	Office Furniture	Office Equipment	Lab Equipment	Infrastructure Assets	Machine Equipment	Fixtures and Fittings	Motor Vehicles	Building (Cereal Factory)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	122,928	4,273	23,514	225,602	30,824	62,040	8,780	63,816	-	541,777
Additions	-	2,975	4,524	452	78	1,212	179	-	57,621	67,041
Disposals	-	-	-	-	-	-	-	-	-	-
Adjustment	(5,295)	(580)	153	23	-	147	(7,665)	(1,445)	-	(14,662)
Balance at 31 December 2015	117,633	6,668	28,191	226,077	30,902	63,400	1,293	62,371	57,621	594,157
<b>Depreciation</b>										
Accumulated Depreciation at 1 January 2015	16,096	2,326	10,917	105,111	6,526	23,065	8,202	33,886	-	206,129
Charges for the year	8,455	391	2,707	31,362	2,243	8,950	111	6,197	-	60,416
Disposals	-	-	-	-	-	-	-	-	-	-
Adjustment	(362)	(101)	(189)	(45)	223	(69)	(7,665)	728	-	(7,480)
Accumulated Depreciation at 31 December 2015	24,189	2,616	13,436	136,428	8,992	31,946	648	40,811	-	259,065
Net Book Value as at 31 December 2015	93,445	4,052	14,755	89,649	21,910	31,454	646	21,560	57,621	335,091
Net Book Value as at 31 December 2014	106,832	1,947	12,597	120,491	24,299	38,975	578	29,930	-	335,648

Institute of Applied Science and Technology  
Notes to the Financial Statements  
For the year ended December 31, 2015

	2015 \$'000	2014 \$'000
<b>4 <u>Cash &amp; cash equivalents</u></b>		
General account	69,368	24,047
Petty cash	11	11
	<u>69,379</u>	<u>24,058</u>

**5 Government subvention**

This balance represents funds received from the Government over the years for capital acquisition. The balance is amortised each year by the value of the assets depreciated.

**6 Special project subvention**

The Institute received \$100,000,000 in January for the construction of a rice plant at Anna Regina, Region 2. At December 31, 2015 the Institute expend \$63,854,270 leaving a balance of \$36,145,730 which is deferred to 2016 when it will be expended. The balance is included in cash and bank.

**7 Other payables**

This balance concerns amount outstanding to the Guyana Power & Light Inc.

**8 Revenue**

Revenue represents income received for testing of sample analysis for clients from the Analytical Laboratory.

**9 Other income**

Balance represent amounts received for tenders submitted for contractual works.

The balance in 2015 includes \$18,301,834 which represents amounts accrued to the Guyana Power and Light Company which was assessed as no longer based on revised billing.

**10 Government subvention**

This balance concerns funding received from the Government to finance operation of research projects.



Institute of Applied Science and Technology  
Notes to the Financial Statements  
For the year ended December 31, 2015

**11 Employment costs**

	2015 \$'000	2014 \$'000
Wages Control	53,108	48,542
Guyana Revenue Authority	9,026	8,359
Guyana Public Service Union	27	31
Guyana Public Service Credit Union	887	956
North American Life Insurance Co.	37	37
Student Loan - UG	190	180
National Insurance Scheme Contribution	6,799	5,829
Benefit and Allowance - Other	3,588	1,936
Gratuity	11,971	10,962
Vacation allowance	4,238	4,463
	<u>89,871</u>	<u>81,295</u>

**12 Administrative expenses**

Local Traveling and subsistence	1,336	615
Print and Non Print Material	1,811	991
Cleaning and Extermination	264	396
Postage, Telex and Courier Services	387	97
Office Equipment and Supplies	681	396
Field Material and Supplies	535	869
Medical supplies	91	100
Janitorial Cleaning and Supplies	355	399
Telephone Charges	1,175	1,070
Vehicle Expenses	2,779	1,992
Water charges	587	100
Other expenses	7,182	-
	<u>17,184</u>	<u>7,025</u>

**13 Project and other expenses**

Fuel and lubricants	2,332	1,603
Refreshment and meals	1,506	1,148
Repairs and maintenance building	8,173	5,305
Repairs and maintenance equipment	3,516	1,627
National & other event & dietary	680	711
Other operating expenses	17,433	5,251
Overseas travel and official visit	3,859	3,742
Rental charges	2,909	2,909
Maintenance of other infrastructure	3,035	1,030
	<u>43,442</u>	<u>23,326</u>

Institute of Applied Science and Technology  
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14 **Key Management Personnel**

The Institute is currently headed by a Director and Deputy Director - Administration and Technology; listed below are their emoluments for the year 2015:

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
<b>Director</b>		
<i>Short-term Employment Benefits</i>		
Annual Honorarium	7,791	7,013
Rental Allowances	2,909	2,909
Benefits and Allowances	2,226	2,162
Electricity Allowance	137	267
Telephone and Internet Allowance	131	284
	<u>13,194</u>	<u>12,635</u>
 <b>Deputy Director (Administration)</b>		
<i>Short-term Employment Benefits</i>		
Annual Gross Salary	-	1,904
Annual Benefits and Allowances	-	1,019
Annual Telephone Allowance	-	33
Annual Travel Allowance	-	163
National Insurance Scheme	-	92
	<u>-</u>	<u>3,210</u>
 <b>Deputy Director (Technology)</b>		
<i>Short-term Employment Benefits</i>		
Annual Gross Salary	3,462	3,507
Annual Benefits and Allowances	1,108	1,084
Annual Telephone Allowance	72	60
National Insurance Scheme	178	159
	<u>4,820</u>	<u>4,810</u>

15 **Pending litigations**

There is no pending litigation at the time of finalising these financial statements

Institute of Applied Science and Technology  
Notes to the Financial Statements  
For the year ended December 31, 2015

16 Analysis of financial assets and liabilities by measurement basis

	Loans & receivable G\$000	Other Financial assets and liabilities at amortized cost G\$000	Total G\$000
<b>31.12.2015</b>			
<b>Assets</b>			
Other receivables	4,791	-	4,791
Cash and cash equivalents	-	69,379	69,379
	<u>4,791</u>	<u>69,379</u>	<u>74,169</u>
<b>Liabilities</b>			
Trade and other payables	14,380	-	14,380
	<u>14,380</u>	<u>-</u>	<u>14,380</u>
Net assets/(liabilities)	<u>(9,590)</u>	<u>69,379</u>	<u>59,789</u>
<b>31.12.2014</b>			
<b>Assets</b>			
Other receivables	3,808	-	3,808
Cash and cash equivalents	-	24,058	24,058
	<u>3,808</u>	<u>24,058</u>	<u>27,867</u>
<b>Liabilities</b>			
Trade and other payables	25,418	-	25,418
	<u>25,418</u>	<u>-</u>	<u>25,418</u>
Net assets/(liabilities)	<u>(21,610)</u>	<u>24,058</u>	<u>2,449</u>



September 2<sup>nd</sup>, 2020

The Director  
Institute of Applied Science and Technology  
University of Guyana Campus,  
Turkeyen, Greater Georgetown,  
Guyana

Dear Sir,

**Re: Management Letter for the year ended December 31, 2015**

We have concluded the audit of the Institute of Applied Science and Technology for the year ended December 31, 2015.

Our examination included a review of the accounting records and procedures adopted by the Institute in compliance with the Income Tax Act, and the National Science Research Council Act. During the course of our examination, we noted certain matters relating to procedures and controls of the Institute which we consider should be brought to your attention.

You will appreciate that our normal audit procedures are designed primarily to enable us to express an opinion on the true and fair view of the financial statements of the Institute. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls, and therefore our comments do not include all possible improvements in internal controls which might result from a special review.

The matters being reported are limited to those deficiencies which came to our attention during the course of our audit and which we consider are of sufficient importance to merit the attention of those charged with governance of the Institute.

All comments we have made are those where we consider improvements to systems and processes will benefit the Institute.

The matters raised on the following pages have been discussed with management of the Institute, and their comments on each matter raised have been included in this letter.

Please note that this letter has been provided for the purposes of those charged with governance, and therefore it may not be suitable for other purposes.

**Partners: Ramesh Seebarran-FCCA; S. Ramnarain-FCCA/IMBA**

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73 Canje Street & Stone Avenue, Section K, Campbellville, Georgetown, Guyana.

Finally, we would like to record our appreciation of the courtesy and co-operation extended to us by management.

We look forward to a continuing mutually beneficial relationship with you.

Yours sincerely,

R. Seebarran

R. Seebarran

## I. Bank reconciliations

### Observations

1. We noted that bank reconciliations prepared by the Accountant for the year was not reviewed by any party.
2. There was an unreconciled sum of \$3,097,486 reflected in the bank reconciliation that was brought forward from previous periods.
3. From a review of the December 2015 bank reconciliation we noted that cheque#322005107 for \$1,774,068 payable to Psyphydave Construction was never cleared and the cheque was not issued; however, the cheque was not written back to the cash book to date.

### Potential effects

1. Indicates that control procedures were not being followed which opens the institute to potential fraud and errors being overlooked/not found.
2. This may cause the amount shown in the bank statement and the amount shown in the general to be materially misstated.
3. This may cause the General ledger balance to be understated.

### Recommendations

1. Bank reconciliations need to be signed by parties preparing and reviewing same
2. Unreconciled balances should be investigated and amounts written off
3. Cheques should be processed when issued and stale dated cheques should be written back to payables.

### Management comments

1. *Management recognize the oversight of not ensuring the bank reconciliations were signed and has since had this rectified.*
2. *The balance of the unreconciled difference could not be verified; therefore, the balance will be written off after consultation with the Ministry of the Presidency.*
3. *Management will take necessary steps to ensure cheques are written back promptly after the prescribed time. This will be corrected via journals.*



## 2. Income and receivables

### Observations

#### i. Income controls

We noted from a review of the log book maintained by the laboratory that controls were not operating effectively as the book was not signed by any party and did not include details on the customer and there was no clear correspondence between the log book and the invoice issued for analytical work done on samples.

According to the log book, one hundred and ninety-nine (199) samples were recorded for testing but only one hundred and sixty-four (164) were invoiced, a variance of thirty-five (35) samples.

#### ii. Invoices and debt collection

We reviewed all invoices issued in 2015 and found that the following was not recorded as income in the General ledger:

Date	Invoice#	Customer	Amount G\$
	8/15	Guyana Defense Force	68,970
	22/15	Xenon Service Station	87,780
	51/15	Guyana Power & Light	120,250
	57/15	Demerara Distillers Limited	75,240
TOTAL			352,240

None of the above invoices were paid for in 2015 and subsequent payment information was only seen for invoice 57/15 in 2016.

The institute did not follow their internal controls which stipulate that the institute is to collect 50% of the cost before the analysis is carried out and 50% before results are uplifted.

The institute currently does not have a policy to deal with receivables and the collection of outstanding debts.

#### iii. Special project

The Institute was given \$100m to establish a cereal plant; however, the terms and conditions surrounding the project cannot be verified as a contract could not be provided.

### Potential effects

- i. Breach of controls and oversight over the income procedures may cause errors and/or fraudulent activities to go unnoticed. Income may be unrecorded causing it to be understated in the financial statements.
- ii. Income is understated and internal controls were not followed. Lack of a receivables' policy may have caused balances to not be recovered.
- iii. We are unable to confirm that funds were used according to agreed terms.

### Recommendations

- i. Management should ensure internal controls are followed always.
- ii. A receivables' policy should be formulated.
- iii. Contract or other sufficient evidence should be provided for the project.

### Management comments

- i. *Management has had several interventions with the former Head of the Analytical Laboratory, Mr. Randy Fordyce, who subsequently left the Institute after being demoted for continuous negligence in his book keeping. Management acknowledges that there has been a breakdown in the controls put in place by the Director and Chief Accountant and this created a situation where the Head of the Analytical Department was suspended and an internal investigation conducted to determine if any fraudulent actions were perpetrated. No evidence of fraud were detected but the serious issues of lack of record keeping noted by the Audit Management Report was also noted by Management. This led to the Head of the Analytical Department being demoted. He subsequently resigned his position with the Institute. Efforts are being made to hold the new Head of the Analytical Department to higher standards.*
- ii. *Management acknowledge these errors and will make changes necessary to reflect the true value of the financial statement and will work on having a receivable policy in place.*
- iii. *Management has requested a copy of the MOU from the Ministry of Presidency and the Ministry of Business, since the funds were supplied to the IAST by the Ministry of Business via a warrant for the specific purpose of constructing the Cereal Plant.*

### 3. Other payables-GPL

#### Observation

We noted that Guyana Power & Light bills incurred by the Institute are not fully paid and according to discussions with management a portion is paid by the Food and Drugs Departments, which occupies part of the building. There is no agreement between the parties that could have been provided to confirm this.

Also, we noted that the outstanding amount was paid in February, 2017 via a payment of \$27m; however, the Institute did not make that payment and is not aware of which party did so.

#### Potential effect

We are unable to conclude if the amount payable and recorded as expenses is actually related to the Institute and hence, expenses and payables may be overstated.

#### Recommendation

Management should determine what portion of the expense relates to the Institute.

#### Management comments

*Management has tried repeatedly to have a contract with the Ministry of Health developed and signed, regarding the payment of rent, payment for security, payment of utilities and general conditions under which the Food and Drug Department is housed within the IAST's premises. The Food and Drug Department was moved into the IAST's premises under orders from the Office of the President/Ministry of the Presidency. It has proven very difficult to communicate with the Department of Food and Drugs as the Institute is usually referred to the Ministry of Health and communications continue to be stymied. Efforts will be renewed to regularize this situation in 2020, through direct appeal to the Minister of Health as discussions with the Permanent Secretary has not progressed.*

### 4. Prepayments

#### Observation

The Institute prepares cheques in advance for projects and expenditure in the current year which it distributes in the following year, however, amounts for goods and services not yet received are not recorded as prepayments. We noted amounts totaling \$4.6m for assets received in 2016 and expenditure prepaid for in 2015.

#### Potential effect

This causes expenditure and assets purchases to be overstated in the current year.



## Recommendation

Management should ensure that payments are recorded accurately and in the relevant period.

## Management comments

*Management noted the oversight and will have these errors corrected via journals.*

### 5. Fixed assets

#### Observations

##### i. Log books

We reviewed the log books maintained for seven vehicles by the Institute and noted that the books were not consistently updated as required and were not being signed by the supervising officers and/or drivers in some instances.

##### ii. Fixed asset register & depreciation schedule

- (a) We reviewed the fixed asset register and depreciation schedule provided to us and we noted the following differences in cost amounts compared to the Trial Balance:

Fixed asset register cost as at December 31, 2015	General ledger cost as at December 31, 2015	Variance
644,588,865	612,152,350	32,436,515

Depreciation schedule cost as at December 31, 2014 (No depreciation is charged in year of acquisition)	General ledger cost as at December 31, 2014	Variance
528,389,322	541,777,447	13,388,125

- (b) We noted that some assets were not depreciated according to agreed rates and policy stated in the Financial Statements which states "Depreciation is calculated on the straight line basis using the life of the asset. Assets are not depreciated in the year of acquisition. Depreciation is calculated as follows:-

Fixtures and Fittings	10%
Motor Vehicles	20%
Office Equipment	15%
Office Furniture	15%
Plant and Machinery	5%
Infrastructure Asset	7%
Laboratory Equipment	15%
Machine Equipment	15% "

A sample is given below:

Asset Code	Brief Description of Assets	Location	Acquisition Year	Depr. %	Plant & Machinery	Lab Equipment	Machine Equipment	Infrastructure Assets	Motor Vehicles
MBL/0050/IAST	Rotational Viscometer	Micro 'B' Laboratory - First Floor	2008	10%		1,372,806			
BIO/0043/IAST	Perkins Engine - Extruder	Biodiesel Unit	2008	10%			35,000		
VEH/0009/IAST	Daewoo Skid Steer Bobcat	On Premises	2011	15%					420,000
VEH/0010/IAST	Caterpillar Roller	On Premises	2011	15%					450,000
2013/ME/005/IAS T	Pilot Scale Asphalt Hot-Mix Plant	Compound	31-Dec-13	15%	3,657,654				
2014/CA/025/IAS T	Sluice Box & Cyanide Waste Tanks	Capital Assets - Interior Location	22-Dec-14	15%	202,292				
2014/CA/023/IAS T	Shed	Capital Assets - Interior Location	22-Dec-14	15%				80,317	
2014/CA/024/IAS T	Shed	Capital Assets - Interior Location	22-Dec-14	15%				80,317	



### Potential effects

- i. Vehicles may be misused.
- ii. Depreciation charged may be over/understated. We are unable to verify the accuracy and completeness of the schedules given as they do not agree to the General ledger.

### Recommendations

- i. Vehicle log books should be maintained and updated continuously. Persons need to sign to show accountability.
- ii. Fixed asset schedules given should be reconciled and updated and agree to the General ledger.

### Management comments

*Management has perused the fixed asset register and logs books and we acknowledge the need for accuracy in the accounting and updating of the fixed register and log books regularly so as to avoid misstatement and misuse. The variances will be corrected via journals.*

*The Administrative Officer who is in charge of vehicle log books will be written to and reprimanded for the lapses in record keeping.*

## 6. Employment cost

### Observation

Employees were given increases during the year as per Government mandate which included a 5% increase and \$5000 increase additionally; however, this information was not reflected in the staff files and hence the basic salaries paid could not be verified to anything within the files. Additionally, from a sample of files reviewed we noted that basic identification information was missing for some employees. Please see table below for findings:

Employee	Finding
Dolores John	No identification documents in file.
Chandrashekar Singh	No application seen in file.
Kumar Latchman	No identification documents in file.
Randey Fordyce	No identification documents in file.
Shaleni Nauht	No identification documents in file.
Sewpersaud Manohar	No identification documents in file.
Andrew Thom	Updated salary information not in file. No identification documents in file.
Chandrashekar Singh	Updated salary information not in file.