

Law Association of Trinidad and Tobago

Financial statements
January 31, 2018

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Law Association of Trinidad and Tobago

Statement of Council's responsibilities

The Council is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of the Law Association of Trinidad and Tobago, ('the Association') which comprise the statement of financial position as at January 31, 2018; the revenue and expenditure account and statement of other comprehensive income, statement of accumulated fund and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Association keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Association's assets, detection/prevention of fraud, and the achievement of the Association's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations; and
- Using reasonable and prudent judgment in the determination of estimates.

In preparing these audited financial statements, the Council utilised the International Financial Reporting Standards for Small and Medium-sized Entities, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards for Small and Medium-sized Entities presented alternative accounting treatments, the Council chose those considered most appropriate in the circumstances.

Nothing has come to the attention of the Council to indicate that the Association will not remain a going concern for the next twelve months from the reporting date; or up to the date, the accompanying financial statements have been authorized for issue, if later.

The Council affirms that it has carried out its responsibilities as outlined above.



March 22, 2018



March 22, 2018

Independent Auditor's Report to the Members of Law Association of Trinidad and Tobago

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Law Association of Trinidad and Tobago ("the Association"), which comprise the statement of financial position as at January 31, 2018, the revenue and expenditure account and statement of other comprehensive income, statement of accumulated fund and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at January 31, 2018 and 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.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Law Association of Trinidad and Tobago for the year ended January 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on March 17, 2017.

Responsibilities of the Council and those charged with governance for the financial statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and for such internal control as the Council 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, the Council is responsible for assessing the Association'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 the Council either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Continued...

Independent Auditor's Report to the Members of Law Association of Trinidad and Tobago

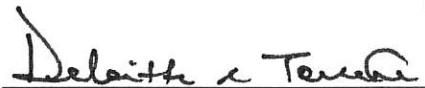
Auditor's responsibilities for the audit of the financial statements

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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 Association to cease to continue as a going concern.

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.



Deloitte & Touche
Derek Mohammed, (ICATT #864)

Port of Spain
Trinidad

March 22, 2018

Law Association of Trinidad and Tobago

Statement of financial position

	Notes	As at January 31,	
		2018	2017
		\$	\$
Assets:			
Non-current assets			
Property, plant and equipment	3	19,624,496	20,330,904
Total non-current assets		19,624,496	20,330,904
Current assets			
Accounts receivable	4	211,813	354,658
Tax refund		14,055	14,055
Cash and cash equivalents		4,987,483	2,163,208
Total current assets		5,213,351	2,531,921
Total assets		24,837,847	22,862,825
Accumulated Fund and Liabilities:			
Accumulated fund		23,873,719	21,757,697
Non-current liabilities			
Borrowings	5	414,383	750,331
Total non-current liabilities		414,383	750,331
Current liabilities			
Borrowings	5	231,487	111,958
Accounts payables and accruals		151,266	106,370
Tax payable		166,992	136,469
Total current liabilities		549,745	354,797
Total accumulated fund and liabilities		24,837,847	22,862,825

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

Signed on behalf of Council.



President



Treasurer

Law Association of Trinidad and Tobago

Revenue and expenditure account and statement of other comprehensive income

	Notes	Year ended January 31,	
		2018	2017
		\$	\$
Revenue:			
Subscriptions		3,943,868	3,491,108
Annual dinner		209,822	86,933
Certificates		76,500	61,756
Identification cards		19,536	19,571
Rental income		748,145	730,379
Seminar income		8,889	32,850
Wine and Cheese		142,933	95,067
Other income		1,270	1,598
Total revenue		5,150,963	4,519,262
Expenditure:			
Accounting fees		72,000	72,000
Advertising		28,172	52,011
Annual dinner		190,169	160,077
Audit fees		54,193	63,010
Bank charges		1,946	2,009
Cleaning expense		61,211	46,435
Deprecation		719,388	739,161
Equipment rental		53,450	46,980
Events and functions		81,437	-
Insurance		51,639	57,152
Loan interest		51,551	155,552
Miscellaneous expenses		2,500	2,500
Office expenses		34,688	40,330
Penalties		-	30,055
Printing and stationery		26,111	21,004
Professional fees		3,000	76,203
Rent	7	-	16,000
Repairs and maintenance		163,483	133,486
Salaries and benefits		700,430	490,599
Security expenses		62,762	64,113
Seminars and training		170,204	87,441
Subscription fees		4,263	4,476
Utilities		103,596	75,177
Website and computer related costs		82,984	57,525
Wine and cheese event		132,263	121,305
		2,851,440	2,614,601
Surplus of revenue over expenditure before taxation		2,229,523	1,904,661
Taxation	6	(183,501)	(145,611)
Surplus of revenue over expenditure for the year		2,116,022	1,759,050

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

Law Association of Trinidad and Tobago

Statement of accumulated fund

	Note	Accumulated fund
		\$
Balance at January 31, 2016		19,998,647
Surplus of revenue over expenditure for the year		1,759,050
Balance at January 31, 2017		21,757,697
Balance at January 31, 2017		21,757,697
Surplus of revenue over expenditure for the year		2,116,022
Balance at January 31, 2018		23,873,719

Law Association of Trinidad and Tobago

Statement of cash flows

	Year ended January 31,	
	2018	2017
	\$	\$
Operating activities:		
Surplus of revenue over expenditure for the year	2,116,022	1,759,050
Adjustments for:		
Depreciation	719,388	739,161
Interest income	(51,551)	(155,552)
Tax expense	183,501	145,611
Adjustment to property, and equipment	-	5,770
Changes in operating assets and liabilities:		
Accounts receivable and payments	142,845	(31,283)
Accounts payable and accruals	44,896	(758,318)
Cash generated from operations	3,155,101	1,704,439
Tax paid	(152,978)	(412,636)
Net cash from operating activities	3,002,123	1,291,803
Cash flows from investing activities:		
Acquisition of property and equipment	(12,980)	(2,723,650)
Interest received	51,551	155,552
Net cash generated by/(used in) investing activities	38,571	(2,568,098)
Cash flows from financing activities:		
Repayment of borrowings	(216,419)	(1,612,418)
Net cash used in financing activities	(216,419)	1,612,418)
Change in cash and cash equivalents for the year	2,824,275	(3,034,324)
Cash and cash equivalents at beginning of year	2,163,208	5,197,532
Cash and cash equivalents at end of year	4,987,483	2,163,208
Cash and cash equivalents represented by:		
Cash and cash equivalents	4,987,483	2,163,208

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

Law Association Of Trinidad And Tobago

Notes to financial statements For the year ended January 31, 2018

1. Incorporation and principal activity

The Law Association of Trinidad and Tobago (the Association) was incorporated under the Legal Profession Act Ch. 90:03. The office of the Association is situated at the 2nd Floor, Law Association of Trinidad and Tobago Building, # 95-97 Frederick Street, Port of Spain. The Association functions as the representative body of Attorneys-at-Law in Trinidad and Tobago and its purposes are prescribed by s. 5 of the Legal Profession Act Ch. 90:03.

The Council of the Association is the Trustee of the Compensation Fund as provided for by s. 54 (2) of the Legal Profession Act Ch. 90:03. This fund is not included in these financial statements and is reported as prescribed by the Sixth Schedule to the Legal Profession Act Ch. 90:03.

These financial statements were authorised for issue by the Council on March 22, 2018.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ('IFRS for SMEs').

b) Basis of preparation

The financial statements are prepared on the historical cost basis.

c) Functional and reporting currency

The financial statements are presented in Trinidad and Tobago dollars, which is the Association's functional currency.

d) Use of estimates

In preparing these financial statements, the Council has made judgments, estimates and assumptions that affect the application of the Association's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 2(f) - Property and equipment
- Note 2(g) - Accounts receivable

Law Association Of Trinidad And Tobago

Notes to financial statements For the year ended January 31, 2018

2. Summary of significant accounting policies (continued)

e) Foreign currency transactions

Transactions denominated in foreign currencies are translated to the respective functional currency of the Association at exchange rates at the dates of the transactions. Assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign currency differences arising on re-translation are recognised in the Revenue and Expenditure Account.

f) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The gain or loss on disposal of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment, and is recognised net within other income/loss on disposal of fixed assets in the revenue over expenditure account.

Depreciation is based on the cost of an asset less its residual value.

No depreciation is charged on freehold land.

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

Building and improvements	-	2% to 10%
Computers	-	33.3%
Equipment	-	25%
Furniture and fittings	-	25%
Computer software	-	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Accounts receivable

Accounts receivable is stated net of any specific provision established to recognise anticipated losses for bad and doubtful debts. Bad debts are written off during the year in which they are identified.

Law Association Of Trinidad And Tobago

Notes to financial statements For the year ended January 31, 2018

2. Summary of Significant Accounting Policies (continued)

h) Impairment

The carrying amounts of the Association's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the revenue and expenditure account.

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

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

i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank overdraft and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Association in the the Council of its short-term commitments.

j) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are stated at amortised cost.

k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs; any difference between the proceeds (net of transactions cost) and the redemption value is recognised in the Revenue and Expenditure Account over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Association has unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

l) Provisions

A provision is recognised in the statement of financial position when the Association 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.

Law Association Of Trinidad And Tobago

Notes to financial statements For the year ended January 31, 2018

2. Summary of Significant Accounting Policies (continued)

m) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Association and the revenue can be reliably measured. The following is specific recognition criteria must be met before revenue is recognise:

(i) Subscriptions

Subscriptions are recorded on a cash basis.

(ii) Rental Income

Rental Income is recognised on the accrual basis.

(iii) Interest

Interest on short-term investments is recognised as the interest accrues to the net carrying amount of the financial asset.

n) Leases

Operating lease payments

Payments under operating leases are recognised in the revenue and expenditure account on a straight-line basis over the term of the lease. Lease incentives are recognised in the revenue and expenditure account as an integral part of the total lease expense.

o) Taxes

The tax expense comprises current tax and green fund levy. Current tax comprises tax payable on the basis of the taxable income for the year using the prevailing tax rate and any adjustment to tax payable for previous years.

p) IFRS for SMEs new and revised

A number of amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017 have not adopted by the Association, however, these did not have a significant effect on the financial statements of the Association.

Law Association Of Trinidad And Tobago

Notes to financial statements For the year ended January 31, 2018

3. Property, plant and equipment

	Land and Building Improvements	Computers	Equipment	Furniture and Fittings	Computer Software	Total
	\$	\$	\$	\$	\$	\$
Year ended January 31, 2018						
Cost						
Balance as at February 1, 2017	20,881,138	135,954	380,985	1,369,701	65,922	22,833,700
Additions	-	12,980	-	-	-	12,980
Balance as at January 31, 2018	20,881,138	148,934	380,985	1,369,701	65,922	22,846,680
Accumulated depreciation						
Balance as at February 1, 2017	999,477	134,451	306,862	996,084	65,922	2,502,796
Charge for the year	347,385	2,943	57,742	311,318	-	719,388
Balance as at January 31, 2018	1,346,862	137,394	364,604	1,307,402	65,922	3,222,184
Net book value						
At January 31, 2018	19,534,276	11,540	16,381	62,299	-	19,624,496
At January 31, 2017	19,881,661	1,503	74,123	373,617	-	20,330,904

Law Association Of Trinidad And Tobago

Notes to financial statements For the year ended January 31, 2018

3. Property, plant and equipment (continued)

	Land and Building Improvements	Computers	Equipment	Furniture and Fittings	Computer Software	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended January 31, 2017							
Cost							
Balance as at February 1, 2016	17,883,258	135,954	380,985	1,369,701	65,922	280,000	20,115,820
Additions	2,723,650	-	-	-	-	-	2,723,650
Adjustment	(5,770)	-	-	-	-	-	(5,770)
Transfer	280,000	-	-	-	-	(280,000)	-
Balance as at January 31, 2017	20,881,138	135,954	380,985	1,369,701	65,922	-	22,833,700
Accumulated depreciation							
Balance as at February 1, 2016	652,092	122,852	248,471	684,246	55,974	-	1,763,635
Charge for the year	347,385	11,599	58,391	311,838	9,948	-	739,161
Balance as at January 31, 2017	999,477	134,451	306,862	996,084	65,922	-	2,502,796
Net book value							
At January 31, 2017	19,881,661	1,503	74,123	373,617	-	-	20,330,904
At January 31, 2016	17,231,166	131,021	32,514	685,455	9,948	280,000	18,352,185

Law Association Of Trinidad And Tobago

Notes to financial statements

For the year ended January 31, 2018

4. Accounts receivable and prepayments

	2018	2017
	\$	\$
Accounts receivable	168,634	190,671
Other receivables	5,979	15,000
Prepayments	37,200	148,987
	211,813	354,658

5. Borrowings

	2018	2017
	\$	\$
Borrowings	645,870	862,289
Current portion	(231,487)	(111,958)
Long-term portion	414,383	750,331

A loan from RBC Royal Bank Limited for \$12 million was obtained in September 2013, the proceeds of which were used to purchase a property situated at #95 - 97 Frederick Street, Port of Spain. Interest is charged at a variable rate of 5.25% per annum and was increased to 6.75% effective April 1, 2016. The term of the loan is 15 years commencing October 2013 and is repayable in monthly instalments of \$96,465, including principal and interest. Three lump sum payments of principal of \$6 million, \$3 million and \$1.5 million were made in October 2013, January 2015 and January 2017, respectively. Consequently, the monthly instalments of principal and interest were reduced to \$47,873 and then \$22,331 each, commencing November 2013 and March 2015, respectively.

The loan is secured by the following:

- i) First Registered Demand Mortgage over property located at #95 - 97 Frederick Street, Port of Spain stamped to secure \$12,000,000.
- ii) Assignment of an all risk insurance policy covering the building, furniture, fixtures and fittings and contents of the aforementioned property.

Law Association Of Trinidad And Tobago

Notes to financial statements For the year ended January 31, 2018

6. Taxation

	2018	2017
	\$	\$
Tax expense comprises:		
Current tax	166,993	131,198
Green fund levy	16,508	14,413
	183,501	145,611

Reconciliation of the effective rate to the statutory rate is as follows:

Surplus of income over expenditure before taxation	2,229,520	1,904,661
Tax at statutory rate – 25%	618,856	476,165
Net tax effect of expenses not deductible for tax purposes	(451,863)	(344,967)
Green fund levy	16,508	14,413
	183,501	145,611

7. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	\$	\$
Less than one year	42,900	19,575
One to five years	60,775	-
	103,675	19,575

During the year, \$36,770 (2017: \$46,980) was recognised as an expense in the revenue and expenditure account in respect of operating leases. The lease agreement was for a period of three years from July 2017 to June 2020.

8. Capital commitments

There were no capital commitments during the year. The Association has no capital commitments as at the reporting date (2017: \$nil).

9. Contingent liabilities

The Association is currently involved in a few litigation matters which are at different stages, where the outcome cannot be reliably estimated. Consequently no provision has been recorded in the financial statements in respect of these matters.

10. Event after reporting date

There were no events occurring after the reporting date and before the approval of the financial statements by the Council that require adjustment or disclosure in the financial statements.