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**Law Association of Trinidad and Tobago**

**Financial statements**  
**January 31, 2019**

## **Law Association of Trinidad and Tobago**

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## Law Association of Trinidad and Tobago

### Statement of Council's responsibilities

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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, 2019; 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 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.

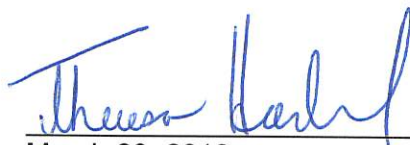
In preparing these audited financial statements, the Council utilised the International Financial Reporting Standards for Small and Medium-sized Entities, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International 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 20 2019



March 20. 2019

## **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, 2019, 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, 2019 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.

#### **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.

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## **Independent Auditor's Report (continued) to the Members of Law Association of Trinidad and Tobago**

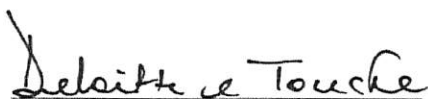
### **Auditor's responsibilities for the audit of the financial statements**

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 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.

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 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 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 20, 2019

# Law Association of Trinidad and Tobago

## Statement of financial position

	Notes	As at January 31,	
		2019	2018
		\$	\$
<b>Assets:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	19,248,098	19,624,496
<b>Total non-current assets</b>		19,248,098	19,624,496
<b>Current assets</b>			
Accounts receivable and prepayments	4	373,488	211,813
Tax refund		19,622	14,055
Cash and cash equivalents		7,191,143	4,987,483
<b>Total current assets</b>		7,584,253	5,213,351
<b>Total assets</b>		<b>26,832,351</b>	<b>24,837,847</b>
<b>Accumulated fund and liabilities:</b>			
Accumulated fund		26,154,014	23,873,719
<b>Non-current liabilities</b>			
Borrowings	5	166,777	414,383
<b>Total non-current liabilities</b>		166,777	414,383
<b>Current liabilities</b>			
Borrowings	5	247,606	231,487
Accounts payables and accruals		120,217	151,266
Tax payable		143,737	166,992
<b>Total current liabilities</b>		511,560	549,745
<b>Total accumulated fund and liabilities</b>		<b>26,832,351</b>	<b>24,837,847</b>

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,	
		2019	2018
		\$	\$
<b>Revenue:</b>			
Subscriptions		4,364,218	3,943,868
Annual dinner		145,067	209,822
Certificates		60,118	76,500
Identification cards		25,250	19,536
Rental income		662,512	748,145
Seminar income		-	8,889
Wine and Cheese		142,577	142,933
Other income		1,372	1,270
<b>Total revenue</b>		<b>5,401,114</b>	<b>5,150,963</b>
<b>Expenditure:</b>			
Accounting fees		84,500	72,000
Advertising		23,996	28,172
Annual dinner		182,345	190,169
Audit fees		56,639	54,193
Bank charges		2,632	1,946
Cleaning expense		68,658	61,211
Conference expenses		9,186	-
Depreciation		506,019	719,388
Equipment rental		73,967	53,450
Events and functions		500	81,437
Insurance		47,012	51,639
Loan interest		36,482	51,551
Members meetings		67,795	1,505
Miscellaneous expenses		2,500	2,500
Office expenses		50,651	33,183
Printing and stationery		46,994	26,111
Professional fees		42,782	-
Litigation expenses		153,109	3,000
Repairs and maintenance		229,541	163,483
Salaries and benefits		838,802	700,430
Security expenses		63,421	62,762
Seminars and training		53,452	170,204
Subscription fees		3,850	4,263
Utilities		114,774	103,596
Website and computer related costs		76,383	82,984
Wine and cheese event		139,585	132,263
		<b>2,975,575</b>	<b>2,851,440</b>
Surplus of revenue over expenditure before taxation		2,425,539	2,299,523
Taxation	6	145,244	183,501
<b>Surplus of revenue over expenditure for the year</b>		<b>2,280,295</b>	<b>2,116,022</b>

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

## Law Association of Trinidad and Tobago

### Statement of accumulated fund

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	<b>Accumulated fund</b>
	<b>\$</b>
<b>Balance at January 31, 2017</b>	21,757,697
Surplus of revenue over expenditure for the year	<u>2,116,022</u>
<b>Balance at January 31, 2018</b>	<b><u>23,873,719</u></b>
 <b>Balance at January 31, 2018</b>	 23,873,719
Surplus of revenue over expenditure for the year	<u>2,280,295</u>
<b>Balance at January 31, 2019</b>	<b><u>26,154,014</u></b>

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



## Law Association of Trinidad and Tobago

### Statement of cash flows

	Year ended January 31	
	2019	2018
	\$	\$
<b>Operating activities:</b>		
Surplus of revenue over expenditure for the year	2,280,295	2,116,022
Adjustments for:		
Depreciation	506,019	719,388
Interest income	(36,482)	(51,551)
Tax expense	145,244	183,501
Changes in operating assets and liabilities:		
Accounts receivable and payments	(161,675)	142,845
Accounts payable and accruals	(31,049)	44,896
Cash generated from operations	2,702,352	3,155,101
Tax paid	(174,066)	(152,978)
<b>Net cash from operating activities</b>	<b>2,528,286</b>	<b>3,002,123</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(129,621)	(12,980)
Interest received	36,482	51,551
<b>Net cash (used in) / generated from investing activities</b>	<b>(93,139)</b>	<b>38,571</b>
<b>Cash flows from financing activities:</b>		
Repayment of borrowings	(231,487)	(216,419)
<b>Net cash used in financing activities</b>	<b>(231,487)</b>	<b>(216,419)</b>
<b>Change in cash and cash equivalents for the year</b>	<b>2,203,660</b>	<b>2,824,275</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,987,483</b>	<b>2,163,208</b>
<b>Cash and cash equivalents at end of year</b>	<b>7,191,143</b>	<b>4,987,483</b>
<b>Cash and cash equivalents represented by:</b>		
Cash and cash equivalents	<b>7,191,143</b>	<b>4,987,483</b>

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, 2019

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### 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 19, 2019.

### 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, 2019

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#### 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, 2019

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### 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 settlement 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, 2019

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#### 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, 2018 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, 2019

### 3. Property, plant and equipment

	Land and Building Improvements	Computers	Equipment	Furniture and Fittings	Computer Software	Total
	\$	\$	\$	\$	\$	\$
<b>Year ended January 31, 2019</b>						
<b>Cost</b>						
Balance as at February 1, 2018	20,881,138	148,934	380,985	1,369,701	65,922	22,846,680
Additions	-	20,053	104,068	-	5,500	129,621
Asset written off		(9,386)	(5,961)	-	-	(15,347)
Balance as at January 31, 2019	20,881,138	159,601	479,092	1,369,701	71,422	22,960,954
<b>Accumulated depreciation</b>						
Balance as at February 1, 2018	1,346,862	137,394	364,604	1,307,402	65,922	3,222,184
Charge for the year	347,385	12,511	83,138	61,610	1,375	506,019
Asset written off	-	(9,386)	(5,961)	-	-	(15,347)
Balance as at January 31, 2019	1,694,247	140,519	441,781	1,369,012	67,297	3,712,856
<b>Net book value</b>						
At January 31, 2019	19,186,891	19,082	37,311	689	4,125	19,248,098
At January 31, 2018	19,534,276	11,540	16,381	62,299	-	19,624,496

# Law Association Of Trinidad And Tobago

## Notes to financial statements For the year ended January 31, 2019

### 3. Property, plant and equipment (continued)

	Land and Building Improvements	Computers	Equipment	Furniture and Fittings	Computer Software	Total
	\$	\$	\$	\$	\$	\$
<b>Year ended January 31, 2018</b>						
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Net book value</b>						
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, 2019

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#### 4. Accounts receivable and prepayments

	<u>2019</u>	<u>2018</u>
	\$	\$
Accounts receivable	325,890	168,634
Other receivables	4,050	5,979
Prepayments	43,548	37,200
	<u>373,488</u>	<u>211,813</u>

Accounts receivable at January 31, 2019 is comprised mainly of \$279,427 due from the Ministry of Social Development and Family Services.

#### 5. Borrowings

	<u>2019</u>	<u>2018</u>
	\$	\$
Borrowings	414,383	645,870
Current portion	(247,606)	(231,487)
Long-term portion	<u>166,777</u>	<u>414,383</u>

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 2018, 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:

- First Registered Demand Mortgage over property located at #95 - 97 Frederick Street, Port of Spain stamped to secure \$12,000,000.
- 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, 2019

### 6. Taxation

	2019	2018
	\$	\$
Tax expense comprises:		
Current tax	128,658	166,993
Green fund levy	16,586	16,508
	<b>145,244</b>	<b>183,501</b>

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

Surplus of income over expenditure before taxation	<b>2,425,539</b>	<b>2,299,520</b>
Tax at statutory rate – 30%	727,662	618,856
Net tax effect of expenses not deductible for tax purposes	(599,004)	(451,863)
Green fund levy	16,586	16,508
	<b>145,244</b>	<b>183,501</b>

### 7. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019	2018
	\$	\$
Less than one year	42,900	42,900
One to five years	14,300	60,775
	<b>57,200</b>	<b>103,675</b>

During the year, \$42,900 (2018: \$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 2018 to June 2020. There was also a month to month rental during the year at \$2,200 per month effective totalling \$26,400.

### 8. Capital commitments

There were no capital commitments during the year. The Association has no capital commitments as at the reporting date (2018: \$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

In March 2019, the Council was made aware of an ongoing investigation by the Internal Audit Department of the Judiciary relative to the collection of practising fees and contributions to the Compensation Fund. Due to the premature stage of this investigation, the quantum or allocation of these transactions have not been determined.