REPUBLIC OF TRINIDAD AND TOBAGO
AUDITOR GENERAL'S DEPARTMENT

REPORT OF THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF THE TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

FOR THE YEAR ENDED

September 30, 2014

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED SEPTEMBER 30, 2014

The accompanying financial statements of the Telecommunications Authority of Trinidad and Tobago (the Authority) for the year ended September 30, 2014 have been audited. The statements as set out on pages 1 to 20 comprise a Statement of Financial Position as at September 30, 2014, and a Statement of profit or loss and other comprehensive income, a Statement of changes in amount due to consolidated fund and a Statement of cash flows for the year then ended, and Notes to the Financial Statements numbered 1 to 21, including a summary of significant accounting policies.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the Authority is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), 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

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and Section 57 (1) of the Telecommunications Act, Chapter 47:31. The audit was conducted in accordance with accepted auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

OPINION

6. In my opinion, the financial statements, as outlined at paragraph one above, present fairly, in all material respects, the financial position of the Telecommunications Authority of Trinidad and Tobago as at September 30, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

SUBMISSION OF REPORT

7. This report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

5TH APRIL, 2022
PORT OF SPAIN

LORELLY PUJADAS
AUDITOR GENERAL

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Telecommunications Authority of Trinidad and Tobago

Statement of management's responsibilities

It is the responsibility of management to prepare financial statements for each financial year which present fairly, in all material respects, the state of affairs of the Authority as at the end of the financial year and of the operating results of the Authority for the year. It also requires management to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). 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, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Authority and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Cynthia Reddock-Downes	
Gilbert Peterson S.C. Chairman	Cynthia Reddock-Downes Chief Executive Officer
July 29, 2020	July 29, 2020

Telecommunications Authority of Trinidad and Tobago

Statement of financial position
(Expressed in Trinidad and Tobago dollars)

	Notes	As at September 30, 2014	2013
		$	**$**
ASSETS			
Non-current assets			
Plant and equipment	6	16,240,442	10,233,526
Current assets			
Receivables	7	28,675,311	17,904,768
Cash and cash equivalents	8	160,155,920	202,216,392
Total current assets		188,831,231	220,121,160
Total assets		**205,071,673**	**230,354,686**
LIABILITIES & RESERVES			
Reserves			
Reserves: Universal Service Fund	9	120,538,725	120,539,085
Non-current liabilities			
Deferred income	10	4,746,471	7,970,456
Current liabilities			
Accounts payable and accruals	11	6,038,735	3,311,203
Amount due to Consolidated Fund		73,747,742	98,533,942
Total current liabilities		79,786,477	101,845,145
Total liabilities and reserves		**205,071,673**	**230,354,686**

On July 29, 2020 these financial statements were authorised for issue.

Gilbert Peterson S.C.
Chairman

Cynthia Reddock-Downes
Chief Executive Officer

REPUBLIC OF TRINIDAD AND TOBAGO
AUDITOR GENERAL

The notes on pages 6 to 20 form an integral part of these financial statements

Telecommunications Authority of Trinidad and Tobago

Statement of profit or loss and other comprehensive income
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended September 30, 2014 $	2013 $
Income			
Fees		26,717,565	25,790,000
Licences		72,065,152	65,588,975
Bank interest		38,667	64,375
Other income		805,487	1,315,611
Amortization of deferred income		734,537	1,029,359
Total income		100,361,408	93,788,320
Expenses			
Communications, marketing and policy expenses	12	5,259,696	4,229,708
Fees	13	2,919,327	1,800,341
Training	14	2,825,325	2,080,235
Utilities		873,196	808,366
Rent and lease expenses	15	3,291,239	3,101,688
Staff costs	16	22,662,079	19,733,154
Repairs and maintenance		480,697	216,086
Other administrative costs	17	3,535,413	4,788,474
Depreciation		2,671,462	2,479,282
Total expenses		44,518,434	39,237,334
Surplus for the year		**55,842,974**	**54,550,986**
Other comprehensive income, net of taxes		--	--
Total comprehensive income for the year		**55,842,974**	**54,550,986**

The notes on pages 6 to 20 form an integral part of these financial statements

Telecommunications Authority of Trinidad and Tobago

Statement of changes in amount due to consolidated fund
(Expressed in Trinidad and Tobago dollars)

	2014	2013
	$	$
Net amount due to consolidated fund at start of year	**98,533,941**	**91,692,347**
Payment to Deposit Trust Fund	(10,000,000)	(15,000,000)
Payment to Consolidated Fund	(70,629,173)	(32,709,392)
Balance	**17,904,768**	**43,982,955**
Net surplus for the year	55,842,974	54,550,986
Net amount for the period due to Consolidated Fund	**55,842,974**	**54,550,986**
Net amount due to Consolidated Fund for the year	**73,747,742**	**98,533,941**

The notes on pages 6 to 20 form an integral part of these financial statements

Telecommunications Authority of Trinidad and Tobago

Statement of cash flows
(Expressed in Trinidad and Tobago dollars)

	Year ended September 30, 2014	2013
	$	$
Cash flow from operating activities		
Net surplus for the year	55,842,975	54,550,987
Adjustment for non-cash items:		
Amortization of deferred income	(734,537)	(1,029,360)
Amortization of deferred income-licence fees	(2,489,449)	(2,489,449)
Depreciation	2,671,462	2,479,282
Loss on disposal of assets	149,838	--
Adjustment to consolidated fund	(360)	(360)
	55,439,929	53,511,100
Changes in:		
(Increase)/decrease in receivables	(10,770,543)	24,102,792
Increase/(decrease) in accounts payable and accruals	2,727,532	(1,035,028)
Net cash generated from operating activities	47,396,918	76,578,864
Cash flow from investing activities		
Acquisition of plant and equipment	(2,416,445)	(2,644,839)
Acquisition of work in progress-plant and equipment	(6,411,772)	--
Net cash used in investing activities	(8,828,217)	(2,644,839)
Cash flow from financing activities		
Amount paid to Deposit Trust Fund	(10,000,000)	(15,000,000)
Amount paid to Consolidated Fund	(70,629,173)	(32,709,392)
Net cash used in financing activities	(80,629,173)	(47,709,392)
Net (decrease)/ increase in cash and cash equivalents	(42,060,472)	26,224,633
Cash and cash equivalents at start of year	202,216,392	175,991,759
Cash and cash equivalents at end of year	**160,155,920**	**202,216,392**

The notes on pages 6 to 20 form an integral part of these financial statements

1. **Incorporation and principal activities**

The Telecommunications Authority of Trinidad and Tobago (the "Authority") is an independent regulatory body, established by the Telecommunications Act No. 4 of 2001. The Authority is charged with the responsibility for the liberalization and regulation of the telecommunications and broadcasting sectors. These functions were previously performed by the Telecommunications Division of the Ministry of Public Administration and Information. The Authority became operational on July 1, 2004.

The Authority is located at 5 Eighth Avenue Extension off Twelfth Street, Barataria, Trinidad.

The Authority reports to the Ministry of Science and Technology.

2. **a) Adoption of new and revised International Financial Reporting Standards**

Standards and Interpretations adopted with no effect on financial statements

The Authority has adopted the following new standards and interpretations which had no effect on the financial statements and which were effective for annual periods beginning on or after January 1, 2013.

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IAS 27, Consolidated and Separate Financial Statements. Re-issued as IAS 27 *Separate Financial Statements* (as amended in 2011)
- IAS 28, Investments in Associates. Re-issued as IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011)
- IAS 32, Financial Instruments: Presentation. Amendments to Offsetting financial assets and financial liabilities
- IAS 19R, Employee Benefits. Amended standard resulting from the post-employment benefits and termination benefits project
- IFRS 12, Disclosure in Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IFRS 7 Financial Instruments – Disclosure

Standards and Interpretations adopted which impacted the financial statements

The Authority has adopted the following new standards and interpretations which had an effect on the financial statements and which were effective for annual periods beginning on or after January 1, 2013.

- **Amendments to IAS 1, Presentation of Financial Statements. Clarification of the requirements for comparative information**

  The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position.

  The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. However, if additional comparative information is provided, the information should be presented in accordance with IFRSs, including related note disclosure of comparative information for any additional statements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements. However, the entity should present related note information for those additional statements.

2. **a) Adoption of new and revised International Financial Reporting Standards (continued)**

Standards and Interpretations adopted which impacted the financial statements (continued)

- **Amendments to IAS 1, Presentation of Items of Other Comprehensive Income**
  The Authority has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments to IAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss.

  The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into the following two categories:

  - items that will not be reclassified subsequently to profit or loss (e.g. revaluation surplus on property, plant and equipment under IAS 16 *Property, Plant and Equipment*, and revaluation surplus on intangible assets under IAS 38 *Intangible Assets*); and
  - items that may be reclassified subsequently to profit or loss when specific conditions are met (e.g. fair value changes on available-for-sale investments under IAS 39, and fair value changes on hedging instruments in cash flow hedges).

  Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

  The amendments require retrospective application.

Standards and Interpretations in issue not yet adopted

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ended December 31, 2013:

- IFRS 9 Financial Instruments;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 10, 12 and IAS 27 Investment Entities; and
- Amendments to IAS 36 Impairment of assets: Disclosure.

- **IFRS 9 Financial Instruments (as revised in 2010) (effective for annual periods beginning on or after January 1, 2015)**

  IFRS 9 is a new Standard for financial instruments that is ultimately intended to replace IAS 39 in its entirety.

  The replacement project consists of the following three phases:

  - Phase 1: Classification and measurement of financial assets and financial liabilities;
  - Phase 2: Impairment methodology; and
  - Phase 3: Hedge accounting.

2. **a) Adoption of new and revised International Financial Reporting Standards (continued)**

Standards and Interpretations in issue not yet adopted (continued)

Phase 1: Classification and measurement of financial assets and financial liabilities

IFRS 9 contains new requirements for the classification and measurement of financial assets. Under IFRS 9, all recognised financial assets that are currently within the scope of IAS 39 Financial Instruments: *Recognition and Measurement* will be subsequently measured at either amortised cost or fair value. A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding is generally measured at amortised cost. All other debt instruments must be measured at fair value through profit or loss (FVTPL). A fair value option is available (provided that certain specified conditions are met) as an alternative to amortised cost measurement.

All equity investments within the scope of IAS 39 are to be measured in the statement of financial position at fair value, with the gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at fair value through other comprehensive income (FVTOCI), with only dividend income generally recognised in profit or loss.

Recently, the IASB has re-opened the classification and measurement requirements of financial assets and published an exposure draft in November 2012 proposing limited improvements to IFRS 9. The exposure draft proposes a new category for debt instruments, which is 'fair value through other comprehensive income' when certain criteria are met. At the time of writing of this publication, the IASB has not yet issued the final amendments.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability, which changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

In March 2013, the IASB issued a revised exposure draft that proposes a more forward-looking impairment model that reflects expected credit losses, as compared to the incurred loss model under IAS 39.

The revised exposure draft is open for comments until July 5, 2013.

Phase 3: Hedge accounting

The IASB has issued a review draft of the new hedge accounting guidance (that deals with general hedge accounting only). The final standard (that will form part of IFRS 9) is expected to be issued in the third quarter of 2013.

Preparers of financial statements should be aware of the status of the financial instrument projects in considering any potential early application of IFRS 9.

2. **a) Adoption of new and revised International Financial Reporting Standards (continued)**

Standards and Interpretations in issue not yet adopted (continued)

- **Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (Effective for accounting periods beginning on or after January 1, 2014)**

  The amendments to IAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Retrospective application is required.

- **Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (Effective for accounting periods beginning on or after January 1, 2014)**

  The amendments to IFRS 10 introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

  To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

  - obtains funds from one or more investors for the purpose of providing them with professional investment management services;
  - commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
  - measures and evaluates performance of substantially all of its investments on a fair value basis.

  Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

  In general, the amendments require retrospective application, with specific transitional provisions.

- **IAS 36 Impairment of assets: Disclosure. Amendments enhancing recoverable amounts and disclosures for non - financial assets (annual periods beginning on or after January 1, 2014)**

  The amendments clarify the scope of the disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal

Management is currently assessing the potential impact of the adoption of these new standards and interpretations.

3. **Summary of significant accounting policies**

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

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's policies.

a) **Foreign currency translation**

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

b) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

i) Fees charged by the Authority are recognised as income when services are provided.
ii) Income from licences is recognised on a straight-line basis over the licence period.
iii) Interest income is recognised as it accrues, unless collectability is in doubt.
iv) Income is also recognised from receipt of Government grants. See note 3(d) for Government grants.

c) **Plant and equipment**

All plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items of plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

3. **Summary of significant accounting policies (continued)**

c) **Plant and equipment (continued)**

Plant and equipment are depreciated on the reducing balance basis at rates estimated to write off the cost of fixed assets over their useful lives. Current rates of depreciation are as follows:

Fixtures and fittings	20%
Computer equipment and software	25%
Office furniture and equipment	20%
Motor vehicles	25%
Telecommunication equipment and related software	25%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss.

d) **Government grants**

Government grants related to fixed assets are deferred in the statement of financial position and amortised over the estimated useful lives of the assets to which it relates.

e) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks.

f) **Accounts receivable**

Trade receivables are carried at original invoice amount less an allowance made for impairment of these receivables. The allowance for impairment of trade receivables is established based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

g) **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

h) **Provisions**

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made.

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

3. **Summary of significant accounting policies (continued)**

i) **Reserves**

Universal Fund

In accordance with the Telecommunications Act (2001) Section 28 (3), the Board approves the appropriation of reserves to the Universal Fund.

Consolidated Fund

In accordance with the Telecommunications Act (2001) Section 53 (7), "At the end of each financial year, any surplus of funds remaining in the account opened in accordance with subsection (5), after defraying the expenditure referred to in subsection (2), shall be paid into the Consolidated Fund"

j) **Financial assets**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets.

The Authority assesses at each statement of financial position date whether there is objective evidence of impairment of its financial assets.

k) **Impairment of financial assets**

The carrying amounts of the Authority's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such 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 statement of profit or loss.

i) Calculation of recoverable amount

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 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.

ii) Reversals of impairment

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.

3. **Summary of significant accounting policies (continued)**

l) **Taxation**

As stated in section 54 of the Telecommunications Act, the Authority is exempt from income tax.

m) **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss over the period of the lease.

n) **Comparatives**

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

o) **Employee benefits**

i. Short Term Employee Benefits – The cost of short term employee benefits (those payable) within 12 months after the service is rendered are recognised in the period in which the service is rendered and not discounted.
ii. Defined Contribution Plans – Payments to defined contribution plans are expensed as they fall due

4. **Critical accounting estimates and judgments**

In the application of the Authority's accounting policies, which are described in note 3, management of the Authority are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Key sources of uncertainty, which require the use of estimates, include:

Useful lives and residual values of plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in the plant and equipment policy above. These rates and the residual lives of the assets are reviewed annually taking cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the industry.

Contingent liabilities

Management applies its judgment to the facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. Such judgment is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

5. Financial risk management

a) *Market risk*

The Authority's activities do not expose it to any significant market risks (including currency risk, fair value interest rate and price risk).

i) Cash flow and fair value interest rate risk

As the Authority has no significant interest bearing assets, the Authority's income and operating cash flows are substantially independent of changes in market interest rates. The Authority does not own any investments.

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. All financial instruments are denominated in Trinidad and Tobago dollars, thus, the Authority is not exposed to currency risk.

b) *Credit risk*

Credit risk arises from cash and cash equivalents as well as credit exposures to customers for outstanding receivables. The Authority does not have significant credit risk exposure to any single third party counterparty or any group of counterparties having similar characteristics. The Authority defines counterparties as having similar characteristics if they are related entities.

Credit risk also arises from cash and deposits with banks and financial institutions. For banks and financial institutions, only those with good standing and with a sound reputation are used.

c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Authority aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Authority's financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 1 year equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year $
At September 30, 2014	
Accounts payables and accruals	6,038,735
At September 30, 2013	
Accounts payables and accruals	3,311,203

6. Plant and equipment

2014	Telecommunications equipment & related software	Computer equipment & software	Office furniture & equipment	Motor vehicles	Fixtures & fittings	Construction in progress	Total
	$	$	$	$	$		$
Cost							
At October 1, 2013	18,709,353	9,900,509	3,331,048	917,358	219,555	--	33,077,823
Additions	1,495,799	692,407	214,039	--	14,200	6,411,772	8,828,217
Disposals	(26,967)	(1,233,041)	(196,230)	--	(6,250)	--	(1,462,488)
At September 30, 2014	20,178,185	9,359,875	3,348,857	917,358	227,505	6,411,772	40,443,552
Depreciation							
At October 1, 2013	14,100,339	6,185,063	1,828,904	584,097	145,892	--	22,844,297
Disposals	(24,397)	(1,117,260)	(165,704)	--	(5,284)	--	(1,312,645)
Charge	1,210,103	1,035,034	326,584	83,315	16,426	--	2,671,462
At September 30, 2014	15,286,046	6,102,838	1,989,784	667,412	157,034	--	24,203,114
Carrying value							
At September 30, 2013	**4,609,014**	**3,715,446**	**1,502,144**	**333,261**	**73,662**	**--**	**10,233,526**
At September 30, 2014	**4,892,143**	**3,257,037**	**1,359,073**	**249,946**	**70,471**	**6,411,771**	**16,240,442**

2013	Telecommunications equipment & related software	Computer equipment & software	Office furniture & equipment	Motor vehicles	Fixtures & fittings	Construction in progress	Total
Cost							
At October 1, 2012	17,707,575	8,803,579	2,784,917	917,358	219,555	--	30,432,984
Additions	1,001,778	1,096,930	546,131	--	--	--	2,644,839
At September 30, 2013	18,709,353	9,900,509	3,331,048	917,358	219,555	-	33,077,823
Depreciation							
At October 1, 2012	(12,890,609)	(5,360,918)	(1,512,999)	(473,012)	(127,477)	--	(20,365,015)
Charge	(1,209,730)	(824,145)	(315,905)	(111,087)	(18,415)	--	(2,479,282)
At September 30, 2013	(14,100,339)	(6,185,063)	(1,828,904)	(584,099)	(145,892)	--	(22,844,297)
Carrying value							
At September 30, 2012	**4,816,966**	**3,442,661**	**1,271,918**	**444,346**	**92,078**	**--**	**10,067,969**
At September 30, 2013	**4,609,014**	**3,715,446**	**1,502,144**	**333,259**	**73,663**	**--**	**10,233,526**

7. Trade and other receivables

	2014	2013
	$	$
Trade receivables	25,876,771	16,448,654
Less allowance for impairment	(896,872)	(1,187,568)
Trade receivables-net	24,979,899	15,261,086
Staff loan	155,138	134,913
Staff loan (vehicle)	1,159,869	810,693
Staff loan (corporate cell phones)	1,270	-
VAT receivable	1,783,943	1,059,148
Other receivables/prepayments	466,775	331,974
Goods in transit	128,417	306,954
	28,675,311	**17,904,768**

8. Cash and cash equivalents

	2014	2013
	$	$
Cash at bank (TT$ account)	26,222,374	62,771,186
Cash at bank (US$ account)	13,391,821	18,903,121
Universal fund (TT$ account)	120,538,725	120,539,085
Cash on hand (TT$ account)	3,000	3,000
	160,155,920	**202,216,392**

9. Appropriation of reserves: Universal Service Fund

Due to Universal Service Fund

	2014	2013
	$	$
Balance at October 1	120,539,085	120,539,445
Bank charges	(360)	(360)
Balance at September 30	**120,538,725**	**120,539,085**

The following have been charged in arriving at the amount due to the Consolidated Fund:

	2014	2013
	$	$
Staff costs (Note 15)	22,662.079	19,733,154
Directors fees and expenses (Note 18)	803,000	517,904
Depreciation (Note 5)	2,671,462	2,479,282

10. Deferred income

	2014	2013
	$	$
Government grant relating to fixed assets	2,991,559	4,020,918
Amortization	(734,537)	(1,029,359)
	2,257,023	2,991,559
Deferred income-cellular mobile fees	2,489,448	4,978,897
	4,746,471	**7,970,456**

11. Accounts payable and accruals

	2014	2013
	$	$
Deferred revenue	152,209	54,465
Outstanding commitments	5,598,320	2,428,100
Other current liabilities	288,207	828,638
	6,038,735	**3,311,203**

12. Communications, marketing and policy expenses

	2014	2013
	$	$
Promotions, publicity and printing	1,953,885	2,407,650
Official overseas travel	579,007	496,474
Directors fees and expenses	803,000	517,904
Hosting conferences/ seminars	1,923,804	807,680
	5,259,696	**4,229,708**

13. Fees

These fees comprise mainly of legal fees incurred in compliance and enforcement, opinions from senior counsel and judicial review from the Authority's providers.

	2014	2013
	$	$
Legal and professional fees	1,953,214	519,531
Subscription and other charges	966,113	1,280,810
	2,919,327	**1,800,341**

14. Training

In accordance with Section 18(n) of the Act, the Authority is committed to continuous training of its personnel to ensure that the industry standards are in compliance with:

i) International standards of the Telecommunications Union Convention

ii) Testing and certifying of telecommunications equipment

iii) Other relevant training necessary to achieve the objectives of the Act as outlined in Section 3 of the Act.

	2014	2013
	$	$
Training, registration fees	689,312	581,277
Foreign travel, per diems, airfare	2,136,013	1,498,957
	2,825,325	**2,080,235**

15. Rent/lease expenses

Operating Lease arrangements

Leasing arrangements

The Authority leases its facilities which include executive and administrative offices which are renewed annually. Substantially the lease provides that the lessee shall pay maintenance, insurance and certain other operating expenses applicable to the leased property. The lease also includes renewal options.

Lease commitments:

	2014	2013
	$	$
No later than 1 year	3,291,239	3,101,688
Later than 1 year	-	-
	3,291,239	**3,101,688**

16. Staff costs

	2014	2013
	$	$
Salaries	20,998,822	18,228,029
Pension contributions	1,480,656	1,352,067
Short term employment	24,000	96,000
Other personnel expense	158,601	57,058
	22,662,079	**19,733,154**

17. Other administrative costs

	2014	2013
	$	$
Security	510,632	516,202
Janitorial services	278,369	253,103
Supplies	733,187	531,378
Other contracted services	1,839,621	3,274,637
Bad debt expenses / (recoveries)	(290,696)	-
Other administrative costs	464,300	213,153
	3,535,413	**4,788,474**

18. Contingent liabilities and assets, commitments

Legal proceedings

The Authority is both plaintiff and defendant to several legal suits and proceedings. However the disposition of these matters is not likely to have a materially adverse effect on its financial condition or results of operation.

19. Related party transactions

A number of transactions are entered into with related parties in the normal course of business.

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

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

These transactions were carried out on commercial terms and conditions at market rates, except loans to officers.

Related party transactions and balances

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

	2014	2013
	$	$
Key management compensation		
Director fees and expenses	803,000	517,904
Salaries, NIS and Group Health	4,314,367	4,330,033
Pension Contribution	123,600	131,137
	5,240,967	4,979,074

20. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2014	2013
	$	$
Loans and receivables		
Cash and cash equivalents	160,155,920	202,216,392
Receivables	25,876,771	16,448,654
	186,032,691	**219,665,046**
Other financial liabilities		
Accounts payable and accruals	6,038,735	3,311,203
Amount due to Consolidated Fund	73,747,742	98,533,942
	79,786,477	**101,845,144**

21. Events after the reporting date

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting year presented in these annual financial statements.