# Telecommunications Authority of Trinidad and Tobago

## Financial Statements
September 30, 2012

**Contents** **Page**

| | |
|---|---|
| Statement of Management's Responsibilities | 1 |
| Independent Auditors' Report | 2 |
| Statement of Financial Position | 3 |
| Statement of Income | 4 |
| Statement of Changes in Reserves | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 - 18 |

## 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 Company as at the end of the financial year and of the operating results of the Company for the year. It also requires management to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

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 Company 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 Company will not remain a going concern for at least the next twelve months from the date of this statement.

Selby Wilson
Chairman

March 10, 2014

Cris Seecheran
Chief Executive Officer

March 10, 2014

# Deloitte.

**Deloitte & Touche**
54 Ariapita Avenue,
Woodbrook, Port of Spain,
Trinidad, West Indies.
Tel: + 1 868 628 1256
Fax: + 1 868 628 6566
Website: www.deloitte.com

**Independent Auditors' Report**
**to the Shareholders of**
**Telecommunications Authority of Trinidad and Tobago**

## Report on the financial statements

We have audited the accompanying financial statements of Telecommunications Authority of Trinidad and Tobago, which comprise the statement of financial position as at September 30, 2012 and the statement of income and statement of changes in reserves, and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 of 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.

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2012 and its financial performance and its cash flows for the year then ended in accordance with IFRS.

Deloitte & Touche
Port of Spain
Trinidad, West Indies.

March 10, 2014 Deloitte & Touche

## Telecommunications Authority of Trinidad and Tobago

**Statement of financial position**
(Expressed in Trinidad and Tobago Dollars)

| | Notes | As at September 30, 2012 $ | 2011 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Plant and equipment | 5 | 10,067,969 | 10,696,895 |
| **Current assets** | | | |
| Receivables | 6 | 42,007,560 | 57,351,453 |
| Cash and cash equivalents | 7 | 175,991,759 | 127,043,322 |
| **Total assets** | | **228,067,288** | **195,091,670** |
| **LIABILITIES** | | | |
| **Reserves** | | | |
| Reserves: Universal Fund | 8 | 120,539,445 | 94,158,940 |
| **Non-current liabilities** | | | |
| Deferred income | 9 | 11,489,264 | 15,501,330 |
| **Current Liabilities** | | | |
| Accounts payable and accruals | 10 | 4,346,232 | 2,533,945 |
| Amount due to Consolidated Fund | | 91,692,347 | 82,897,455 |
| **Total liabilities** | | **228,067,288** | **195,091,670** |

The notes on pages 7 to 18 form an integral part of these financial statements

On March 10, 2014 these financial statements were authorised for issue by the Board of Directors

Selby Wilson
Chairman

Cris Seecheran
Chief Executive Officer

## Telecommunications Authority of Trinidad and Tobago

### Statement of income
(Expressed in Trinidad and Tobago dollars)

| | Notes | Year ended September 30, 2012 | 2011 |
|---|---|---|---|
| | | $ | $ |
| **Income** | | | |
| Fees | | 25,750,000 | 27,822,382 |
| Licenses | | 75,307,358 | 62,558,390 |
| Bank interest | | 69,400 | 191,417 |
| Other income | | 1,152,444 | 413,824 |
| Amortization of deferred income | | 1,522,617 | 1,821,746 |
| **Total income** | | 103,801,819 | 92,807,759 |
| **Expenses** | | | |
| Communications, marketing and policy expenses | 11 | 3,250,733 | 3,355,833 |
| Fees | 12 | 2,280,687 | 2,216,184 |
| Training | 13 | 2,048,593 | 1,715,129 |
| Utilities | | 625,025 | 573,058 |
| Rent and lease expenses | 14 | 3,017,340 | 3,013,748 |
| Staff costs | 15 | 13,801,316 | 13,688,696 |
| Repairs and maintenance | | 385,081 | 261,139 |
| Other administrative costs | 16 | 3,093,500 | 2,533,488 |
| Depreciation | | 2,725,952 | 3,230,089 |
| **Total expenses** | | 31,228,227 | 30,587,364 |
| **Net surplus for the year** | | **72,573,592** | **62,220,395** |

The notes on pages 7 to 18 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)

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| **Amount Due to Consolidated Fund** | **82,897,453** | **119,237,781** |
| Transfer to Universal Services Fund | (430,380) | - |
| Adjustment due to Consolidated fund | (148,723) | |
| Payment to Consolidated Fund | (37,249,140) | (75,358,783) |
| **Balance** | **45,069,210** | **43,878,998** |
| Net surplus for the year | 72,573,592 | 62,220,395 |
| Transfer to Universal Services Fund (Note 8) | (25,950,455) | (23,201,940) |
| **Net Amount For the Period Due to Consolidated Fund** | **46,623,137** | **39,018,455** |
| **Net Amount Due to Consolidated Fund For the year** | **91,692,347** | **82,897,453** |

The notes on pages 7 to 18 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, 2012 | 2011 |
|---|---|---|
| | **$** | **$** |
| **Cash flow from operating activities** | | |
| Net surplus for the year | 72,573,592 | 62,220,395 |
| Adjustment for non-cash items: | | |
| Amortization of deferred income | (1,522,617) | (1,821,746) |
| Amortization of deferred income-license fees | (2,489,449) | (2,489,449) |
| Depreciation | 2,725,952 | 3,230,089 |
| Gain on sale of asset | (20,959) | - |
| Adjustment to Consolidated Fund | (149,054) | - |
| | 71,117,465 | 61,139,289 |
| Changes in: | | |
| Decrease/(increase) in receivables | 15,343,893 | (866,613) |
| Increase/(decrease) in accounts payable and accruals | 1,812,286 | (1,343,889) |
| **Net cash generated from operating activities** | 88,273,644 | 58,928,787 |
| **Cash flow from investing activities** | | |
| Acquisition of plant and equipment | (2,155,701) | (1,322,128) |
| Proceeds from sale of asset | 79,634 | - |
| **Net cash used in investing activities** | (2,076,067) | (1,322,128) |
| **Cash flow from financing activities** | | |
| Amount paid to Consolidated Fund | (37,249,150) | (75,358,783) |
| **Net cash used in financing activities** | (37,249,150) | (75,358,783) |
| **Net increase/(decrease) in cash and cash equivalents** | 48,948,437 | (17,752,124) |
| **Cash and cash equivalents at start of year** | 127,043,322 | 144,795,446 |
| **Cash and cash equivalents at end of year** | **175,991,759** | **127,043,322** |

The notes on pages 7 to 18 form an integral part of these financial statements

### 1. Incorporation and principal activities

The Telecommunications Authority of Trinidad and Tobago 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. It was located at BEN Court, 76 Boundary Road, San Juan.

The Authority relocated on August 29 2011 to 5 Eighth Avenue Extension off Twelfth Street Barataria.

The Authority reports to the Ministry of Public Administration and Information.

### 2. 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 judgement in the process of applying the Company's policies.

a) **Application of new and revised International Financial Reporting Standards (IFRSs)**

*(i) Standards and Interpretations adopted with no effect on financial statements*

- IAS 24, Related party disclosures. Revised definition of related parties (annual periods beginning on or after January 1, 2011).
- IFRS 7, Financial Instruments: Disclosures. Amendments resulting from May 2010 annual improvements to IFRSs (annual periods beginning on or after January 1, 2011).
- IFRS 7, Financial Instruments: Disclosures. Amendments enhancing disclosure about transfers of financial assets (annual periods beginning on or after July 1, 2011).
- IAS 1, Presentation of Financial Statements. Amendments resulting from April 2010 annual improvements to IFRSs (annual periods beginning on or after January 1, 2011).

*(ii) Standards and Interpretations in issue not yet adopted*

- IFRS 9, Financial Instruments. Classification and Measurement (annual periods beginning on or after January 1, 2015).
- IFRS 10, Consolidated Financial Statements (annual periods beginning on or after January 1, 2013).
- IFRS 11, Joint Arrangements (annual periods beginning on or after January 1, 2013).
- IFRS 12, Disclosure in Interests in Other Entities (annual periods beginning on or after January 1, 2013).

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

a) **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

*(ii) Standards and Interpretations in issue not yet adopted*

- IFRS 13, Fair Value Measurement (annual periods beginning on or after January 1, 2013).
- IAS 1, Presentation of Financial Statements. Amendments to revise the way other comprehensive income is presented (annual periods beginning on or after July 1, 2012).
- IAS 12, Income Taxes. Limited scope amendment (recovery of underlying assets) (annual periods beginning on or after January 1, 2012).
- IAS 19, Employee Benefits. Amended standard resulting from the post-employment benefits and termination benefits project (annual periods beginning on or after January 1, 2013).
- IAS 32, Financial Instruments: Presentation. Offsetting financial assets and financial liabilities (annual periods beginning on or after January 1, 2014).
- IAS 16, Property, Plant and Equipment. Classification of servicing equipment (annual periods beginning on or after January 1, 2013).
- IAS 32, Financial Instruments Presentation. Tax effect of distribution to holders of equity instruments (annual periods beginning on or after January 1, 2013).
- IAS 34, Interim Financial Reporting. Interim financial reporting and segment information for total assets and liabilities (annual periods beginning on or after January 1, 2013).
- IAS 1, Presentation of Financial Statements. Clarification of the requirements for comparative information (annual periods beginning on or after July 1, 2013).

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

b) **Foreign currency translation**

*(i) Functional and presentation currency*

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

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

c) **Revenue recognition**

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

i) Fees charged by the Company are recognised as income when services are provided.
ii) Income from licenses is recognised on a straightline basis over the license period.
iii) Interest income is recognised as it accrues, unless collectibility is in doubt.
iv) Income is also recognised from receipt of government grants. See note 2(e) for government grants.

d) **Plant and equipment**

All plant and equipment are 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

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% |
| Books | 10% |
| 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 income.

e) **Government grants**

Government grant related to fixed assets is deferred in the balance sheet and amortised over the estimated useful lives of the assets to which it relates.

f) **Cash and cash equivalents**

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

g) **Accounts receivable**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision 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.

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

h) **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 yield method.

i) **Provisions**

Provisions are recognised when the Company 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.

j) **Reserves**

In accordance with the Telecommunications Act (2001) Section 28 (3), the Board has approved the establishment of Reserves for the Universality Services. The Board also approved Reserves for the future development of the Authority.

k) **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 Company assesses at each statement of financial position date whether there is objective evidence of impairment of its financial assets.

The company's loans and receivables comprise cash and cash equivalents and receivables in the statement of financial position (notes 2(f) and 2(g))

l) **Impairment of financial assets**

The carrying amounts of the Company'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 income.

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

l) **Impairment of financial assets**

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.

m) **Related parties**

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions at market rates, except loans to officers (See Note 19).

n) **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 income and expenditure account over the period of the lease.

o) **Comparatives**

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

3. **Critical accounting estimates and judgements**

In the application of the Commission's accounting policies, which are described in note 2, management of the Commission are required to make judgements, 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 requires the use of estimates, include:

*Useful lives and residual values of leasehold improvements and equipment*

The estimates of useful lives as translated into depreciation rates are detailed in the leasehold improvements 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.

## 3. Critical accounting estimates and judgements (Continued)

*Contingent liabilities*

Management applies its judgement 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 judgement is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

## 4. Financial risk management

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

a) *Market risk*

i) Cash flow and fair value interest rate risk

As the Company has no significant interest bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

b) *Credit risk*

Credit risk 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 Company aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Company'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, 2012** | |
| Accounts payables and accruals | 4,346,232 |
| | |
| **At September 30, 2011** | |
| Accounts payables and accruals | $2,533,946 |

d) *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 Company is not exposed to currency risk.

5. **Plant and equipment**

| | Fixtures & Fittings | Computer Equipment & Software | Office Furniture & Equipment | Motor Vehicles | Telecom. Equipment and Related Software | Total |
|---|---|---|---|---|---|---|
| **Cost** | $ | $ | $ | $ | $ | $ |
| At October 1, 2011 | 215,357 | 7,496,262 | 2,561,038 | 809,534 | 17,425,586 | 28,507,777 |
| Additions for the year | 4,198 | 1,307,317 | 223,879 | 338,318 | 281,989 | 2,155,701 |
| Disposals for the year | - | - | - | (230,494) | - | (230,494) |
| At September 30, 2012 | 219,555 | 8,803,579 | 2,784,917 | 917,358 | 17,707,575 | 30,432,984 |
| **Depreciation** | | | | | | |
| At October 1, 2011 | (104,770) | (4,614,748) | (1,230,146) | (564,148) | (11,297,070) | (17,810,882) |
| Disposals | - | - | - | 171,819 | - | 171,819 |
| Charge for the year | (22,707) | (746,170) | (282,853) | (80,683) | (1,593,539) | (2,725,952) |
| At September 30, 2012 | (127,477) | (5,360,918) | (1,512,999) | (473,012) | (12,890,609) | (20,365,015) |
| **Carrying value** | | | | | | |
| At September 30, 2011 | **110,587** | **2,881,514** | **1,330,892** | **245,386** | **6,128,516** | **10,696,895** |
| At September 30, 2012 | **92,078** | **3,442,661** | **1,271,918** | **444,346** | **4,816,966** | **10,067,969** |
| **Cost** | | | | | | |
| At October 1, 2010 | 160,036 | 6,982,462 | 2,383,443 | 809,534 | 16,850,174 | 27,185,649 |
| Additions for the year | 55,321 | 513,800 | 177,595 | - | 575,412 | 1,322,128 |
| At September 30, 2011 | 215,357 | 7,496,262 | 2,561,038 | 809,534 | 17,425,586 | 28,507,777 |
| **Depreciation** | | | | | | |
| At October 1, 2010 | (80,804) | (3,678,948) | (916,339) | (482,352) | (9,422,350) | (14,580,793) |
| Charge for the year | (23,966) | (935,800) | (313,807) | (81,796) | (1,874,720) | (3,230,089) |
| At September 30, 2011 | (104,770) | (4,614,748) | (1,230,146) | (564,148) | (11,297,070) | (17,810,882) |
| **Net Book Value** | | | | | | |
| At September 30, 2010 | **79,232** | **3,303,514** | **1,467,104** | **327,182** | **7,427,824** | **12,604,856** |
| At September 30, 2011 | **110,587** | **2,881,514** | **1,330,892** | **245,386** | **6,128,516** | **10,696,895** |

## 6. Trade and other receivables

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Trade receivables | 37,272,994 | 54,731,227 |
| Less provision for impairment | (1,354,669) | (2,121,944) |
| Trade receivables-net | 35,918,325 | 52,609,283 |
| Staff loan | 69,340 | 981,753 |
| Staff loan (Vehicle) | 851,516 | 162,728 |
| Staff loan (Corporate mobile) | 11,983 | 1,619 |
| VAT receivable | 3,019,156 | 3,202,955 |
| Other receivables/prepayments | 476,838 | 115,525 |
| Goods in transit | 1,660,402 | 277,590 |
| | **42,007,560** | **57,351,453** |

## 7. Cash and cash equivalents

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Cash at bank (TT$ account) | 59,315,330 | 32,141,867 |
| Cash at bank (US$ account) | 22,084,439 | 23,511,045 |
| Universal fund (TT$ account) | 94,588,990 | 71,387,410 |
| Cash on hand (TT$ account) | 3,000 | 3,000 |
| | **175,991,759** | **127,043,322** |

## 8. Appropriation of reserves: Universal Fund

In accordance with Section 53(d) of The Telecommunications Act, 2001, the Board has approved the amount of $120,539,445 (2011: $94,158,940) for the Universal Fund.

Due to Universal Services Fund

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Balance at October 1 | 94,158,940 | 70,957,000 |
| Bank Charges | (330) | - |
| Transfer to Universal Services Fund | 430,380 | |
| Transfer from Reserves | 25,950,455 | 23,201,940 |
| **Balance at September 30** | **120,539,445** | **94,158,940** |

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

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Staff costs (Note 15) | 13,521,824 | 13,688,696 |
| Directors fees and expenses (Note 18) | 825,000 | 668,937 |
| Depreciation (Note 5) | 2,725,952 | 3,230,089 |

## 9. Deferred income

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Government grant relating to fixed asset | 5,543,535 | 7,365,281 |
| Amortization | (1,522,617) | (1,821,746) |
| | 4,020,918 | 5,543,535 |
| Deferred income-cellular mobile fees | 7,468,346 | 9,957,795 |
| | **11,489,264** | **15,501,330** |

## 10. Accounts payable and accruals

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Deferred revenue | 81,057 | 167,551 |
| Outstanding commitments | 3,318,056 | 2,141,339 |
| Other current liabilities | 947,119 | 225,055 |
| | **4,346,232** | **2,533,945** |

## 11. Communications, marketing and policy expenses

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Promotions, publicity and printing | 1,342,412 | 1,991,223 |
| Official overseas travel | 346,324 | 139,377 |
| Remuneration to board members | 825,000 | 668,937 |
| Hosting conferences/ seminars | 736,997 | 556,296 |
| | **3,250,733** | **3,355,833** |

## 12. 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.

## 13. 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.

## 14. Rent/lease expenses

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Office accommodation | 2,981,076 | 2,981,076 |
| Vehicle and equipment | 36,264 | 32,672 |
| | **3,017,340** | **3,013,748** |

## 15. Staff costs

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Salaries | 13,581,374 | 13,456,940 |
| Short term employment | 96,000 | 173,200 |
| Other personnel expense | 123,942 | 58,556 |
| | **13,801,316** | **13,688,696** |

Total number of employees as at September 30, 2012 was 53 (2011: 53).

## 16. Other administrative costs

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Security | 518,930 | 493,234 |
| Janitorial services | 244,822 | 228,068 |
| Supplies | 543,937 | 378,754 |
| Other contracted services | 2,447,277 | 1,863,558 |
| Bad debt expenses | (767,275) | (601,245) |
| Other administrative costs | 105,809 | 171,119 |
| | **3,093,500** | **2,533,488** |

## 17. Contingent liabilities and assets, commitments

a) Legal proceedings

i) In September 2006, Dr John Prince, Executive Director filed suit against the Authority for alleged breach of Contract of Employment and restraining the Authority from terminating his employment. Judgement was rendered in favour of the Authority in this matter in August 2009.

ii) In September 2009, Dr John Prince, filed a subsequent suit against the Authority seeking injunctive relief.

iii) Proceedings commenced by the Authority under Section 65 of the Act alleging broadcasting without a licence by Radio Vision Limited.

iv) TATT vs Sidewalk-TATT commenced proceeding as against Sidewalk for breach of concession. As part of the proceedings TATT confiscated a transmitter from Sidewalk which was being used illegally. Judgement was rendered in favour of Sidewalk in this matter.

v) TATT vs Sidewalk (Appeal Proceedings) against the decision rendered in the matter referred to item (iv) above.

(vi) Sidewalk vs TATT-Sidewalk commenced Judicial Review proceedings against TATT in relation to the matter referred to in item (iv)

viii) Sidewalk vs TATT-Sidewalk sought Judicial Review of the decision of the Panel in the preliminary hearing of dispute 4/7/07/2 (Trini Bashment vs Sidewalk Radio).

ix) In November 2009, the Authority commenced proceedings in the magistrates court against Life Radio, 21st Century Arts and Entertainment and Hansley Ajodha for inter alia the transfer of ownership or control of a broadcasting concession without the required approval of the Authority.

17. **Contingent liabilities and assets, commitments** (Continued)

   x) In July 2009, the Authority initiated proceedings against five (5) persons for the operation of a public telecommunications service without a concession granted by the Minister.

The Authority is a party to the above 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.

18. **Related party transactions**

a) Identity of related party

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.

A number of transactions are entered into with related parties in the normal course of business. Those transactions were carried out on commercial terms at market rates, except for certain loans made available to officers. Loans deemed to be below market rates, in accordance with personal income tax legislation are taxed as required in law. .

b) Related party transactions and balances

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

**Personnel costs**

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Directors fees and expenses | **825,000** | **668,937** |

19. **Financial instruments by category**

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

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Loans and receivables | | |
| Cash and cash equivalents | 175,991,759 | 127,043,322 |
| Receivables | 38,988,404 | 54,148,498 |
| | **214,980,163** | **181,191,820** |
| Other financial liabilities | | |
| Accounts payable and accruals | 4,346,232 | 2,533,946 |
| Amount due to Consolidated Fund | 91,692,347 | 82,897,453 |
| | **96,038,579** | **85,431,399** |

20. **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.