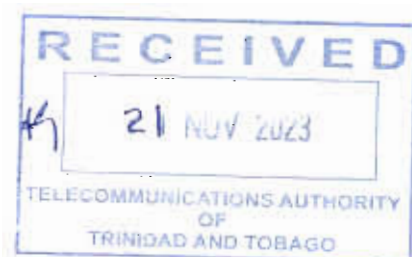




REPORT OF THE AUDITOR GENERAL
of the
REPUBLIC OF TRINIDAD AND TOBAGO
on the
FINANCIAL STATEMENTS
of the
TELECOMMUNICATIONS AUTHORITY OF
TRINIDAD AND TOBAGO
for the year ended
September 30, 2020





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, 2020

OPINION

The Financial Statements of the Telecommunications Authority of Trinidad and Tobago for the year ended September 30, 2020 have been audited. The statements as set out on pages 1 to 24 comprise a Statement of Financial Position as at September 30, 2020, and the 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 23 including a summary of significant accounting policies.

2. In my opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Telecommunications Authority of Trinidad and Tobago (the Authority) as at September 30, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

3. The audit was conducted in accordance with the principles and concepts of International Standards of Supreme Audit Institutions (ISSAIs). The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Authority in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

5. In preparing the Financial Statements, management is responsible for assessing the Authority'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 management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

7. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 57 (2) of the Telecommunications Act, Chapter 47:31 (the Act).

8. The Auditor General's 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 audit report that includes her opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the principles and concepts of ISSAIs 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.

9. As part of an audit in accordance with the principles and concepts of ISSAIs, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the Financial Statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.
- Obtains 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 Authority's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management'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 Authority's ability to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in her audit report to

the related disclosures in the financial statements or, if such disclosures are inadequate, to modify her opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of her audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. The Auditor General communicates 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 were identified during the audit.

SUBMISSION OF REPORT

11. 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.



20TH NOVEMBER, 2023
PORT OF SPAIN

Jaiwantie Ramdass
JAIWANTIE RAMDASS
AUDITOR GENERAL

Telecommunications Authority of Trinidad and Tobago

Financial Statements

September 30, 2020

Telecommunications Authority of Trinidad and Tobago

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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 Telecommunications Authority of Trinidad and Tobago (the 'Authority') as at the end of the financial year and 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 judgements 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 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.



Gilbert Peterson, S.C.
Chairman

July 5, 2021



Cynthia Reddock-Downes
Chief Executive Officer

July 5, 2021

Telecommunications Authority of Trinidad and Tobago

Statement of financial position as of

(Expressed in Trinidad and Tobago dollars)

	Notes	Sep 30, 2020	Sep 30, 2019
		\$	\$
ASSETS			
Non-current assets			
Plant and Equipment	6	11,895,714	14,007,074
Right of Use Assets	7	2,822,488	0
Total non-current assets		14,718,202	14,007,074
Current assets			
Receivables	8	19,926,039	12,763,550
Universal Services Fund Contribution Receivable	8	46,025,758	48,187,479
Cash and Bank Balance	9a	18,319,641	30,208,585
Cash and Bank Balance - Universal Services Fund	9b	111,237,209	120,886,674
Total current assets		195,508,647	212,046,288
Total assets		210,226,849	226,053,362
LIABILITIES & RESERVES			
Reserves			
Reserves : Universal Service Fund	10	157,241,947	169,074,153
Total reserves		157,241,947	169,074,153
Non-current liabilities			
Deferred Income	11	95,220	131,766
Lease Liability - Right of Use Asset	12	0	0
Total non-current liabilities		95,220	131,766
Current Liabilities			
Accounts Payable and Accruals	13	4,793,574	5,164,604
Lease Liability - Right of Use Asset	12	2,911,978	0
Universal Service Fund Contribution Payable	13	21,019	0
Due to consolidated Fund		45,163,110	51,682,839
Total Current Liabilities		52,889,681	56,847,443
Total Liabilities and reserves		210,226,849	226,053,362



Gilbert Peterson, S.C.

Chairman

July 5, 2021




Cynthia Reddock-Downes

Chief Executive Officer

July 5, 2021

The notes on pages 6 to 24 form an integral part of these financial statements.

Telecommunications Authority of Trinidad and Tobago

Statement of profit or loss and other comprehensive income for the year

(Expressed in Trinidad and Tobago dollars)

	NOTES	Sep 30, 2020	Sep 30, 2019
		\$	\$
Income			
Concession Fees		29,349,594	30,257,020
Licence Fees		54,440,221	54,215,420
Bank Interest		184	329
Other Income		492,830	859,964
Amortization of Deferred Income	11	36,545	40,838
Total Income		84,319,374	85,373,571
Expenses			
Communications, Marketing & Policy Expenses	14	2,609,991	3,507,565
Fees-Legal & Professional	15	1,812,154	2,398,708
Training	16	935,479	3,371,028
Utilities		1,138,468	1,098,529
Rent/Lease Expenses		248,320	3,832,006
Staff Costs	17	32,195,361	30,915,527
Repairs and Maintenance		543,577	548,702
Other Administrative Costs	18	5,104,484	5,163,159
Interest Expense		150,406	0
Depreciation	19	6,502,524	3,785,461
Total Expenses		51,240,764	54,620,686
Surplus for the year		33,078,610	30,752,885

The notes on pages 6 to 24 form an integral part of these financial statements

Telecommunications Authority of Trinidad and Tobago

Statement of changes in amount due to consolidated fund for the year

(Expressed in Trinidad and Tobago dollars)

	<u>Sep 30, 2020</u>	<u>Sep 30, 2019</u>
	\$	\$
Amount due to Consolidated Fund brought forward from the previous period	51,682,839	49,873,613
Effect of change in Accounting Policy for initial application of IFRS 16	(97,282)	0
Payment to Consolidated Fund during the year	(39,501,057)	(28,943,659)
Outstanding amount brought forward	<u>12,084,500</u>	<u>20,929,954</u>
Net surplus for the current year	33,078,610	30,752,885
Net amount due to Consolidated Fund at the end of the year	<u>45,163,110</u>	<u>51,682,839</u>

Telecommunications Authority of Trinidad and Tobago

Statement of cash flows for the year

(Expressed in Trinidad and Tobago dollars)

	Sep 30, 2020	Sep 30, 2019
	\$	\$
Cash flow from operating activities		
Net surplus for the year	33,078,610	30,752,885
Adjustment for non-cash Items:		
Amortization of deferred income	(36,545)	(40,838)
Interest expense	150,406	0
Depreciation	6,502,524	3,785,461
Gain on disposal of asset	35,010	0
	<u>39,730,004</u>	<u>34,497,509</u>
Changes in		
Decrease/(Increase) in receivables	(7,162,489)	(4,013,180)
(Decrease)/Increase in accounts payable and accruals	(371,030)	1,239,323
Reserves- Universal Service Fund	(9,649,465)	193,401
Net cash generated from operating activities	<u>22,547,020</u>	<u>31,917,052</u>
Cash flow from investing activities		
Acquisition of plant and equipment	(1,039,188)	(3,106,600)
Adjustment to fixed assets cost	0	75
Net cash used in investing activities	<u>(1,039,188)</u>	<u>(3,106,525)</u>
Cash flow from financing activities		
Amount paid to Consolidated Fund	(39,501,057)	(28,943,659)
Interest paid	(150,406)	0
Repayment of lease liabilities	(3,394,778)	0
Net cash used in financing activities	<u>(43,046,241)</u>	<u>(28,943,659)</u>
Net Increase/(decrease) in cash and cash equivalents	<u>(21,538,409)</u>	<u>(133,133)</u>
Cash and cash equivalents at start of period	151,095,258	151,228,390
Cash and cash equivalents at end of period	<u>129,556,850</u>	<u>151,095,258</u>

The notes on pages 6 to 24 form an integral part of these financial statements

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

1. Principal activities

The Telecommunications Authority of Trinidad and Tobago (the 'Authority') is an independent regulatory body, established by the Telecommunications Act (the 'Act') Chapter 47:31. The Authority is charged with the responsibility for the regulation of the telecommunications and broadcasting sectors.

The Authority's mandate includes recommendations to the Minister for the granting of Concessions, the granting of Spectrum Licences and the collection of related fees, the determination of Universal Service obligations throughout Trinidad and Tobago, the establishment of National Telecommunications Industry Standards and Technical Standards, Price Regulation and Consumer Protection.

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 Public Administration and Digital Transformation.

2. Adoption of new and revised International Financial Reporting Standards

In the current year, the Authority applied IFRS 16 - Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3.

A number of other new standards are also effective from 1 October 2019 but they do not have a material effect on the Authority's financial statements.

(a) Impact of initial application of IFRS 16 Leases

The Authority applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in Due to Consolidated Fund at 1 October 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Authority determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Authority now assesses whether a contract is or contains a lease based on the definition of a lease, as explained

On transition to IFRS 16, the Authority elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Authority applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 October 2019.

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

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

As a lessee

As a lessee, the Authority leases its Head Office. The Authority previously classified this lease as operating based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under IFRS 16, the Authority recognises right-of-use to this asset– i.e. this lease is on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Authority has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Impact on financial statements on transition

On transition to IFRS 16, the Authority recognised additional right-of-use assets, recognising the difference in Due to Consolidated Fund. When measuring lease liabilities for leases that were classified as operating leases, the Authority discounted lease payments using its incremental borrowing rate at 1 October 2019. The rate applied is 3.16%

The impact on transition is summarised below.

1 October 2019	
Right-of-use assets – property, plant and equipment	6,209,474
Lease liabilities	6,306,757
Due to consolidated fund	(97,282)

(b) 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 or after January 1, 2019.

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- AIP IFRS 3 Business Combinations – Previously held interests in a joint operation
- AIP IFRS 11 Joint Arrangements – Previously held interests in a joint operation
- AIP IAS 12 Income Taxes – income tax consequences of payments on financial instruments classified as equity
- AIP IAS 23 Borrowing Costs – Borrowing costs eligible for capitalization

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

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

(c) Standards and Interpretations in issue not yet adopted, which may have an impact on the Authority's financial statements

The Authority has not applied the following new and revised IFRS that have been issued but are not yet effective:

- Definition of Material – Amendment to IAS 1 and IAS 8¹

• **Definition of Material – Amendment to IAS 1 and IAS 8¹**

In October 2018 the IASB issued amendments to IAS 1 and IAS 8 to align the definition of "material" across the standards and to clarify certain aspects of the standard.

Old definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements (IAS 1 Presentation of Financial Statements).

New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The management of the Authority do not anticipate that the application of these amendments will have a significant impact on the Authority's financial statements.

(d) Standards and Interpretations in issue, which will not have an impact on the Authority's financial statements

The following new and revised IFRS that have been issued but are not yet effective and will not have any impact of the financial statements of the Authority:

- Definition of a Business – Amendment to IFRS 3¹
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7
- The Conceptual Framework for Financial Reporting¹
- IFRS 17 Insurance Contracts²
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendment to IFRS 10 and IAS 28³

AIP – Annual IFRS Improvement Process

1 Effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

2 Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

3 In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

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 judgement 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.

3. Summary of significant accounting policies

b) Revenue recognition

The following table indicates how the Authority has applied IFRS 15's five step process to recognise revenue in its Financial Statement.

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies

b) Revenue recognition (continued)

IFRS 15 – Recognition Steps	Authority's Approach
1. Identify the contract with the customer	The majority of the Authority Revenue is derived from fees for <ul style="list-style-type: none"> - Concessions - Licenses
2. Identify the performance obligations in the contract	The Authority allows the Concessionaire / Licensee to operate and utilise Spectrum under the terms and conditions specified in its relevant Concession / License.
3. Determine the transaction price;	Fees are established under the Telecommunication (Fees) Regulations, 2006
4. Allocate the transaction price to the performance obligations in the contracts;	Allocation of Fees are also specified under the Telecommunication (Fees) Regulation, 2006.
5. Recognise revenue when (or as) the entity satisfies a performance obligation	<p>Application Fees are recognised when the Concession / License has been processed.</p> <p>Due to invoicing guidelines set forth in the Telecommunication (Fees) Regulation 2006 Sections 3 (2), 7 (1), 11 (2) and 12 (1) Concession / License Fees are recognised when invoiced.</p> <p>Interest income is recognised as it accrues, unless collectability is in doubt.</p> <p>Income is also recognised from receipt of Government grants. See note 3(d) for Government grants.</p> <p>In the event that a material invoice is not prepared at the Authority's year end and accrual for the revenue is made.</p>

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.

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.

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

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) Receivables

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. Trade 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.

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements
For the year ended September 30, 2020
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

i) Reserves

Universal Service Fund

In accordance with the Telecommunications Act (2001) Section 28 (3), the Board approves the appropriation of reserves to the Universal Service Fund. Section 53(3) of the Act restricts the use of these funds to the provision of Universal Service.

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.

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.

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies

k) Impairment of financial assets(continued)

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.

l) Taxation

Pursuant to section 54 of the Telecommunications Act, the Authority is exempt from income tax.

m) Leases

The Authority has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 October 2019

The Authority assesses whether a contract is or contains a lease, at inception of the contract. The Authority recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Authority recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Authority uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements
For the year ended September 30, 2020
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies

m) Leases (continued)

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Authority remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Authority did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Authority applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (not part of this Appendix). Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset.

Policies applicable prior to 1 October 2019

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.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

n) Comparatives

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

4. Critical accounting estimates and judgements

In the application of the Authority's accounting policies, which are described in note 3, management of the Authority 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 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 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.

Telecommunications Authority of Trinidad and Tobago

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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. The majority of the financial instruments of the Authority are denominated in Trinidad and Tobago dollars, thus, the risk to the Authority is considered minimal.

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 to meet all financial obligations as they become due.

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.

	Sep 30, 2020	Sep 30, 2019
	\$	\$
Accounts Payables and Accruals		
Less than 1 Year	4,793,574	5,164,604

Telecommunications Authority of Trinidad and Tobago

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6. Plant and equipment

	Telecommunication Equipment and Related Software	Computer Equipment & Software	Office Furniture & Equipment	Motor Vehicle	Fixture & Fittings	Work In Progress	Total Plant and Equipment
Cost	\$	\$	\$	\$	\$	\$	\$
At October 1, 2019	24,864,246	15,521,807	4,492,746	1,716,566	257,434	1,422,363	48,275,162
Additions for the period	0	51,245	70,290	0	19,448	898,205	1,039,188
Adjustment for the period	0	0	0	0	0	0	0
Transferred Assets	0	355,485	84,500	0	0	(439,985)	0
Disposal of Assets	(1,441)	(660,418)	(66,000)	0	0	0	(727,858)
At September 30, 2020	24,862,805	15,268,118	4,581,537	1,716,566	276,882	1,880,583	48,586,492
Depreciation							
At October 1, 2019	18,470,850	11,306,857	3,370,172	901,977	218,231	0	34,268,088
Adjustment for the period	0	0	0	0	0	0	0
Disposal of Assets	(1,421)	(632,496)	(58,932)	0	0	0	(692,849)
Charge for the period	1,598,347	1,068,381	235,848	203,647	9,316	0	3,115,538
At September 30, 2020	20,067,776	11,742,742	3,547,088	1,105,624	227,546	0	36,690,777
Net Book Value at October 1, 2019	6,393,396	4,214,949	1,122,574	814,588	39,204	1,422,363	14,007,074
Net Book Value at September 30, 2020	4,795,029	3,525,376	1,034,449	610,941	49,336	1,880,583	11,895,715

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago dollars)

6. Plant and equipment

	Telecommunication Equipment and Related Software	Computer Equipment & Software	Office Furniture & Equipment	Motor Vehicle	Fixture & Fittings	Work in Progress	Total Plant and Equipment
Cost	\$	\$	\$	\$	\$	\$	\$
At October 1, 2018	24,864,246	13,493,671	4,229,985	1,716,566	257,434	606,734	45,168,636
Additions for the period	0	1,775,284	196,761	0	0	1,134,554	3,106,600
Adjustment for the period	0	(75)	0	0	0	0	(75)
Transferred Assets	0	252,926	66,000	0	0	(318,926)	(0)
Disposals	0	0	0	0	0	0	0
At Sep 30, 2019	24,864,246	15,521,807	4,492,746	1,716,566	257,434	1,422,363	48,275,162
Depreciation							
At October 1, 2018	16,339,718	10,201,711	3,102,319	630,448	208,430	0	30,482,626
Adjustment for the period	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	0
Expense for the year	2,131,132	1,105,146	267,853	271,529	9,801	0	3,785,461
At Sep 30, 2019	18,470,850	11,306,857	3,370,172	901,977	218,231	0	34,268,088
Net Book Value at October 1, 2018	8,524,528	3,291,960	1,127,666	1,086,118	49,005	606,734	14,686,010
Net Book Value at September 30, 2019	6,393,396	4,214,949	1,122,574	814,588	39,204	1,422,363	14,007,074

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7. Right of Use Assets

The Authority has deemed the lease for the Barataria Head Office to fall under IFRS 16 as a Right of Use Asset and has been accounted for as such from the start of the financial year 2019/20.

	Right of Use Assets - Building
Cost	\$
At October 1, 2019	0
Additions for the period	0
Adjustment for the period	10,160,958
At September 30, 2020	<u>10,160,958</u>
Depreciation	
At October 1, 2019	0
Adjustment for the period	3,951,484
Charge for the period	3,386,986
At September 30, 2020	<u>7,338,470</u>
Carrying Amount at October 1, 2019	0
Carrying Amount at September 30, 2020	2,822,488
Amounts recognised in the profit and loss	
Depreciation expense on right-of-use-assets	3,386,986
Interest expense on lease liabilities	150,406
Expense relating to short-term leases	248,320

	Sep 30, 2020	Sep 30, 2019
	\$	\$
8. Trade and Other Receivables		
Trade Receivables	14,687,099	9,776,400
Less Provision for Bad Debts	(2,721,085)	(4,486,153)
Trade Receivables-Net	11,966,015	5,290,247
Staff Loan	127,465	197,409
Staff Loan (M. Vehicle)	1,045,350	1,234,565
Staff Loan (Corp Mobile)	(2,802)	(6,641)
VAT Receivable	5,737,384	4,889,371
Other Receivables/Prepayments	1,052,627	1,154,594
Goods In Transit	0	4,005
	<u>19,926,039</u>	<u>12,763,550</u>
Universal Services Fund Contribution	46,025,758	48,187,479
	<u>65,951,797</u>	<u>60,951,029</u>

Included within staff loans are loans to management amounting to \$ nil (Sep 2019: \$nil).

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Notes to the financial statements
For the year ended September 30, 2020
(Expressed in Trinidad and Tobago dollars)

	Sep 30, 2020	Sep 30, 2019
	\$	\$
9a. Cash and Cash Equivalents		
Cash at Bank (TT\$ Account)	18,389,970	29,748,049
Cash at Bank (US\$ Account)	(73,329)	457,536
Cash on Hand (TT\$ Account)	3,000	3,000
	18,319,641	30,208,585
9b. Cash and Cash Equivalents - Universal Services Fund		
Universal Services Fund (TT\$ Account)	111,237,209	120,886,674
	129,556,849	151,095,259

10. Reserves: Universal Service Fund

In accordance with Section 28, 53d and 53.6 of the Telecommunications Act (2001), the Authority is required to set aside funds for Universal Service obligations. Such funds are to be used exclusively for Universal Service obligations.

	Sep 30, 2020	Sep 30, 2019
	\$	\$
<u>Due to Universal Service Fund</u>		
Balance at October 1	120,886,674	120,693,273
Cash Inflows		193,761
Cash Outflows	(9,649,465)	(360)
Universal Service Fund - Cash and Cash Equivalents	111,237,209	120,886,674
Universal Services Fund - Receivables	46,025,758	48,187,479
Universal Services Fund - Payables	(21,019)	
Reserves - Universal Service Fund	157,241,947	169,074,153

	Sep 30, 2020	Sep 30, 2019
	\$	\$
11. Deferred income		
Government Grant relating to fixed asset at start of year	131,766	172,603
Amortization	(36,545)	(40,838)
Government Grant relating to fixed asset at year end	95,220	131,766

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Notes to the financial statements

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12. Lease Liability

Leasing arrangements

The Authority leases its facilities, which include executive and administrative offices which are renewed periodically. 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.

	Sep 30, 2020	Sep 30, 2019
	\$	\$
Lease Liability - Right of Use Asset		
Current	2,911,978	
Non Current	0	
	<u>2,911,978</u>	
Operating lease arrangements		
Lease Commitments		
No Later than 1 Year		3,545,184
Later than 1 Year		<u>2,954,320</u>
		<u>6,499,504</u>
	Sep 30, 2020	Sep 30, 2019
	\$	\$
13. Accounts Payable and Accruals		
Accounts Payable	1,240,713	799,526
Deferred Revenue	128,707	91,583
Outstanding Commitments	2,580,904	3,409,220
Other Current Liabilities	794,505	864,274
Customer Deposit	48,745	0
	<u>4,793,574</u>	<u>5,164,604</u>
Universal Services Fund Contribution Payables	21,019	0
	<u>4,814,593</u>	<u>5,164,604</u>
	Sep 30, 2020	Sep 30, 2019
	\$	\$
14. Communications, Marketing & Policy Expenses		
Promotions, publicity and printing	1,532,121	2,185,123
Official overseas travel	92,509	391,070
Hosting conferences / seminars	985,361	931,372
	<u>2,609,991</u>	<u>3,507,565</u>

Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements

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15. 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.

	Sep 30, 2020	Sep 30, 2019
	\$	\$
Legal and professional fees	1,031,495	1,696,391
Subscriptions and other charges	780,659	702,317
	1,812,154	2,398,708

16. 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.

	Sep 30, 2020	Sep 30, 2019
	\$	\$
Training, registration fees	146,090	567,223
Foreign travel, per diems, airfare	789,389	2,803,805
	935,479	3,371,028

17. Staff Costs

	Sep 30, 2020	Sep 30, 2019
	\$	\$
Salaries	29,330,913	27,834,239
Directors' fees and expenses	681,134	702,448
Pension contributions	1,916,534	1,658,576
Short term employment	173,761	567,904
Other personnel expense	93,019	152,361
	32,195,361	30,915,527

The number of employees at **Sep 30, 2020** was 105 (Sep 2019: 103).

The Authority contributes to a defined contribution pension plan established for all permanent employees. The defined contribution plan is a post-employment benefit plan under which the Authority pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions.

There are ongoing discussions with the Central Bank to approve the plan. The Central Bank receives all the required Pension Plan semi-annual reporting and the Audited Financial Statements of the Pension Plan at the end of each financial year.

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Notes to the financial statements

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(Expressed in Trinidad and Tobago dollars)

	Sep 30, 2020	Sep 30, 2019
	\$	\$
18. Other Administrative Costs		
Security	589,883	580,160
Janitorial services	330,829	307,367
Supplies	591,809	686,038
Other contracted services	2,642,629	3,247,563
Bad debt expenses	780,287	96,328
Other administrative costs	169,047	245,703
	5,104,484	5,163,159

	Sep 30, 2020	Sep 30, 2019
	\$	\$
19. Depreciation		
Depreciation - Plant and Equipment	3,115,538	3,785,461
Depreciation - Right of Use Assets	3,386,986	
Total Depreciation	6,502,524	3,785,461

20. 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.

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21. 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 party 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:

	Sep 30, 2020	Sep 30, 2019
	\$	\$
Key Management Personnel Compensation		
Salaries, NIS and Group Health	4,388,200	4,142,982
Pension Contribution	154,888	145,092
	4,543,088	4,288,074

22. Financial instruments by category

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

	Sep 30, 2020	Sep 30, 2019
	\$	\$
Financial assets		
Cash and cash equivalents	129,556,849	151,095,259
Receivables (Note 8)	14,687,099	9,776,400
	144,243,949	160,871,659
Other financial liabilities		
Payables held at amortised cost	4,793,574	5,164,604
	4,793,574	5,164,604

23. 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.