



**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 year ended

**September 30, 2021**





**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, 2021**

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**OPINION**

The Financial Statements of the Telecommunications Authority of Trinidad and Tobago for the year ended September 30, 2021 have been audited. The statements as set out on pages 1 to 23 comprise a Statement of Financial Position as at September 30, 2021, 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 24 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, 2021 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 the 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.



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11.1 Section 6 (1) of the Telecommunications Act; Chapter 47:31 states:

*"The Board shall consist of a Chairman, a Deputy Chairman and not less than five or more than nine members appointed by the President on such terms and conditions as the President may determine".*

11.2 The composition of the Board did not meet the requirement of the Act during the period 25<sup>th</sup> October, 2020 to 25<sup>th</sup> January 2021 and 17<sup>th</sup> March, 2021 to 30<sup>th</sup> September, 2021. As a result, it was observed that only one (1) Board meeting was held during the period under review.

## SUBMISSION OF REPORT

12. 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.



17<sup>TH</sup> JULY, 2024  
PORT OF SPAIN

*Jaiwantie Ramdass*  
JAIWANTIE RAMDASS  
AUDITOR GENERAL

**Telecommunications Authority of Trinidad and Tobago**

**Financial Statements**

**September 30, 2021**

## **Telecommunications Authority of Trinidad and Tobago**

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## Telecommunications Authority of Trinidad and Tobago

### Statement of management's responsibilities

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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



Cynthia Reddock-Downes  
Chief Executive Officer

15<sup>th</sup> December 2021

15<sup>th</sup> December 2021

# Telecommunications Authority of Trinidad and Tobago

## Statement of financial position as of

(Expressed in Trinidad and Tobago dollars)

	Notes	Sep 30, 2021	Sep 30, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and Equipment	6	11,021,100	11,895,714
Right of Use Assets	7	9,618,467	2,822,488
<b>Total non-current assets</b>		<b>20,639,567</b>	<b>14,718,203</b>
<b>Current assets</b>			
Receivables	8	17,226,769	19,926,039
Universal Service Fund Contribution Receivable	8	30,446,009	46,025,758
Cash and Bank Balance	9a	22,515,125	18,319,641
Cash and Bank Balance - restricted	9b	117,942,656	111,237,209
<b>Total current assets</b>		<b>188,130,558</b>	<b>195,508,646</b>
<b>Total assets</b>		<b>208,770,125</b>	<b>210,226,849</b>
<b>LIABILITIES &amp; RESERVES</b>			
<b>Reserves</b>			
Reserves : Universal Service Fund	10	148,344,601	157,241,947
<b>Total reserves</b>		<b>148,344,601</b>	<b>157,241,947</b>
<b>Non-current liabilities</b>			
Deferred Income	11	72,863	95,220
Net Defined Benefit Obligation	21	1,323,588	666,669
Lease Liability - Right of Use Asset	12	6,021,667	0
<b>Total non-current liabilities</b>		<b>7,418,118</b>	<b>761,889</b>
<b>Current Liabilities</b>			
Accounts Payable and Accruals	13	4,486,284	4,126,905
Lease Liability - Right of Use Asset	12	3,596,451	2,911,978
Net Defined Benefit Obligation	21	275,635	0
Universal Service Fund Contribution Payable	13	44,063	21,019
Due to consolidated Fund		44,604,972	45,163,110
<b>Total Current Liabilities</b>		<b>53,007,405</b>	<b>52,223,013</b>
<b>Total Liabilities and reserves</b>		<b>208,770,125</b>	<b>210,226,849</b>



Gilbert Peterson, S.C.

Chairman

15<sup>th</sup> December 2021



Cynthia Reddock-Downes

Chief Executive Officer

15<sup>th</sup> December 2021

The notes on pages 6 to 23 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, 2021	Sep 30, 2020
<b>Income</b>			
Concession Fees		30,083,036	29,349,594
Licence Fees		65,741,000	54,440,221
Bank Interest		86	184
Other Income		719,783	492,830
Amortization of Deferred Income	11	22,357	36,545
<b>Total Income</b>		<b>96,566,262</b>	<b>84,319,374</b>
<b>Expenses</b>			
Communications, Marketing & Policy Expenses	14	1,526,945	2,609,991
Fees-Legal & Professional	15	1,778,424	1,812,154
Training	16	239,845	935,479
Utilities		1,203,166	1,138,468
Rent/Lease Expenses		265,360	248,320
Staff Costs	17	33,781,710	32,195,361
Repairs and Maintenance		779,730	543,577
Other Administrative Costs	18	6,308,164	5,104,483
Interest Expense		67,064	150,406
Depreciation	19	6,010,881	6,502,524
<b>Total Expenses</b>		<b>51,961,290</b>	<b>51,240,764</b>
<b>Surplus for the year</b>		<b>44,604,972</b>	<b>33,078,609</b>

The notes on pages 6 to 23 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, 2021</u>	<u>Sep 30, 2020</u>
	\$	\$
<b>Amount due to Consolidated Fund brought forward from the previous period</b>	45,163,110	51,682,839
Effect of change in Accounting Policy for initial application of IFRS 16		(97,282)
Payment to Consolidated Fund during the year	(45,163,109)	(39,501,057)
<b>Outstanding amount brought forward</b>	1	12,084,500
Net surplus for the current year	44,604,972	33,078,609
<b>Net amount due to Consolidated Fund at the end of the year</b>	<u>44,604,972</u>	<u>45,163,110</u>

The notes on pages 6 to 23 form an integral part of these financial statements

## Telecommunications Authority of Trinidad and Tobago

### Statement of cash flows for the year

(Expressed in Trinidad and Tobago dollars)

	Sep 30, 2021	Sep 30, 2020
	\$	\$
<b>Cash flow from operating activities</b>		
Net surplus for the year	44,604,972	33,078,609
Adjustment for non-cash Items:		
Amortization of deferred income	(22,357)	(36,545)
Interest expense	67,064	150,406
Depreciation	6,010,881	6,502,524
Gain on disposal of asset	47,590	35,010
	50,708,149	39,730,004
Changes in		
Decrease/(Increase) in receivables	2,699,270	(7,162,489)
Increase / (Decrease) in accounts payable and accruals	359,378	(492,951)
Increase in net defined benefit obligations	932,555	121,921
Reserves- Universal Service Fund	6,705,447	(9,649,465)
<b>Net cash generated from operating activities</b>	<b>61,404,800</b>	<b>22,547,020</b>
<b>Cash flow from investing activities</b>		
Acquisition of plant and equipment	(1,795,575)	(1,039,188)
Acquisition of right of use assets	(10,184,259)	0
<b>Net cash used in investing activities</b>	<b>(11,979,835)</b>	<b>(1,039,188)</b>
<b>Cash flow from financing activities</b>		
Amount paid to Consolidated Fund	(45,163,109)	(39,501,057)
Interest paid	(67,064)	(150,406)
Proceeds from lease for right of use asset	10,184,259	0
Repayment of lease liabilities	(3,478,120)	(3,394,778)
<b>Net cash used in financing activities</b>	<b>(38,524,034)</b>	<b>(43,046,241)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,900,931</b>	<b>(21,538,410)</b>
Cash and cash equivalents at start of period	129,556,849	151,095,259
<b>Cash and cash equivalents at end of period</b>	<b>140,457,781</b>	<b>129,556,849</b>

The notes on pages 6 to 23 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, 2021

(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 of Trinidad and Tobago.

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 Digital Transformation.

#### 2. Adoption of new and revised International Financial Reporting Standards

##### (a) 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 October 1, 2020.

- Amendments to IFRS 3 – definition of a business
- Amendments to IAS 1 and IAS 8 on the definition of material
- Amendments to IFRS9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1

##### (b) 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:

- Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16
- Definition of a Business – Amendment to IFRS 3<sup>1</sup>
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2<sup>1</sup>
- Reference to the Conceptual Framework – Amendments to IFRS 3<sup>2</sup>
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16<sup>2</sup>
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37<sup>2</sup>
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter<sup>2</sup>
- AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities<sup>2</sup>
- AIP IAS 41 – Agriculture – Taxation in fair value managements<sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

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

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

- IFRS 17 Insurance Contracts<sup>3</sup>
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1<sup>3</sup>
- Definition of Accounting Estimates – Amendments to IAS 8<sup>3</sup>
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2<sup>3</sup>
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12<sup>3</sup>
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28<sup>4</sup>

AIP – Annual IFRS Improvement Process

#### 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.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

<sup>4</sup> 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, 2021

(Expressed in Trinidad and Tobago dollars)

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

##### 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.

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"> <li>- Concessions</li> <li>- Licenses</li> </ul>
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 an 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%



## **Telecommunications Authority of Trinidad and Tobago**

### **Notes to the financial statements**

**For the year ended September 30, 2021**

(Expressed in Trinidad and Tobago dollars)

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

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

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 and 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, 2021

(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.

###### 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.

## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

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

##### l) Leases

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.

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
- 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.

## **Telecommunications Authority of Trinidad and Tobago**

### **Notes to the financial statements**

**For the year ended September 30, 2021**

(Expressed in Trinidad and Tobago dollars)

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

##### **l) Leases (continued)**

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. 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.

##### **m) Taxation**

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

##### **n) 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
- iii. Defined Benefit Obligations – The Authority has an obligation to provide pension benefits to officers transferred to the Authority under Section 62 of the Telecommunications Act 47:31. The Authority estimates this liability under the guidelines of Section 63 based on the most recent information available. Changes to the estimates are expensed in the year determined.

##### **o) Comparatives**

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

##### **p) Rounding**

Amounts have been rounded to the nearest dollar which may cause apparent variances in detailed schedules.

## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

#### 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.

##### *Provision for expected credit losses of trade receivables*

The Authority uses a provision matrix to calculate ECLS for trade receivables. The provision rates are based on days past due for groupings of various customers segments that have similar loss patterns (customer type, age of receivable, coverage by payment agreements, status of recovery actions).

##### *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.

##### *Defined Benefit Obligations*

In determining the liability for defined benefit obligations (explained in note 21), management must make an estimate of life expectancy of relevant officers and the discount rate to use in the present value calculation. The table belows shows the assumptions made.

	Sep 30, 2021	Sep 30, 2020
Discount Rate	4%	4%
Life Expectancy Female	84	84
Life Expectancy Male	81	81

##### *Leases – estimating the incremental borrowing rate*

The Authority cannot readily determine the interest rate implicit in the lease. It uses the incremental borrowing rate. The IBR is the rate of interest that the Authority would have to pay to borrow over a similar term with similar security in a similar economic environment. The Authority has applied the rate available to government for a bond of similar tenure to the lease.



## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

#### 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, 2021	Sep 30, 2020
	\$	\$
<b>Accounts Payables and Accruals</b>		
Less than 1 Year	4,486,284	4,126,905

# Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements  
For the year ended September 30, 2021  
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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
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
At October 1, 2020	24,862,806	15,268,118	4,581,537	1,716,566	276,883	1,880,583	48,586,492
Additions for the period	0	4,752	62,283	289,759	13,225	1,425,557	1,795,575
Adjustment for the period						(727,868)	0
Transferred Assets		660,218	67,650				(0)
Disposal of Assets		(608,355)					(608,355)
At September 30, 2021	24,862,806	15,324,734	4,711,469	2,006,324	290,108	2,578,272	49,773,713
<b>Depreciation</b>							
At October 1, 2020	20,067,776	11,742,742	3,547,088	1,105,624	227,546	0	36,690,777
Adjustment for the period		(560,764)					0
Disposal of Assets	1,198,757	992,479	226,451	193,421	11,492		(560,764)
Charge for the period							2,622,600
At September 30, 2021	21,266,534	12,174,457	3,773,539	1,299,045	239,038	0	38,752,613
<b>Net Book Value at October 1, 2020</b>	<b>4,795,029</b>	<b>3,525,376</b>	<b>1,034,449</b>	<b>610,941</b>	<b>49,336</b>	<b>1,880,583</b>	<b>11,895,715</b>
<b>Net Book Value at September 30, 2021</b>	<b>3,596,272</b>	<b>3,150,276</b>	<b>937,931</b>	<b>707,279</b>	<b>51,069</b>	<b>2,578,272</b>	<b>11,021,100</b>

# Telecommunications Authority of Trinidad and Tobago

Notes to the financial statements  
For the year ended September 30, 2021  
(Expressed in Trinidad and Tobago dollars)

## 6. Plant and equipment (continued)

	Telecommunication Equipment and Related Software	Computer Equipment & Software	Office Furniture & Equipment	Motor Vehicle	Fixture & Fittings	Work in Progress	Total Plant and Equipment
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
Transferred Assets		355,485	84,500			(439,985)	0
Disposals	(1,441)	(660,418)	(66,000)				(727,858)
At Sep 30, 2020	24,862,806	15,268,118	4,581,537	1,716,566	276,883	1,880,583	48,586,492
<b>Depreciation</b>							
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
Disposal of Assets	(1,421)	(632,496)	(58,932)				(692,849)
Expense for the year	1,598,347	1,068,381	235,848	203,647	9,316		3,115,538
At Sep 30, 2020	20,067,776	11,742,742	3,547,088	1,105,624	227,546	0	36,690,777
<b>Net Book Value at October 1, 2019</b>	<b>6,393,396</b>	<b>4,214,949</b>	<b>1,122,574</b>	<b>814,588</b>	<b>39,204</b>	<b>1,422,363</b>	<b>14,007,074</b>
<b>Net Book Value at September 30, 2020</b>	<b>4,795,029</b>	<b>3,525,376</b>	<b>1,034,449</b>	<b>610,941</b>	<b>49,336</b>	<b>1,880,583</b>	<b>11,895,715</b>

## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

#### 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
<b>Cost</b>	<b>\$</b>
At October 1, 2020	10,160,958
Additions for the period	10,184,259
Disposals	(10,160,958)
Adjustment for the period	
At September 30, 2021	<u>10,184,259</u>
<b>Depreciation</b>	
At October 1, 2020	7,338,470
Adjustment for the period	
Charge for the period	3,388,281
Disposals	(10,160,958)
At September 30, 2021	<u>565,792</u>
<b>Carrying Amount at October 1, 2020</b>	<b>2,822,488</b>
<b>Carrying Amount at September 30, 2021</b>	<b>9,618,467</b>

	Right of Use Assets - Building
<b>Cost</b>	<b>\$</b>
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>
<b>Depreciation</b>	
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>
<b>Carrying Amount at October 1, 2019</b>	<b>0</b>
<b>Carrying Amount at September 30, 2020</b>	<b>2,822,488</b>

## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

	Sep 30, 2021	Sep 30, 2020
	\$	\$
<b>8. Trade and Other Receivables</b>		
Trade Receivables	11,735,608	14,687,099
Less Provision for Bad Debts	(2,875,968)	(2,721,085)
<b>Trade Receivables-Net</b>	<b>8,859,640</b>	<b>11,966,015</b>
Staff Loan	120,885	127,465
Staff Loan (M. Vehicle)	1,096,930	1,045,350
Staff Loan (Corp Mobile)	(2,841)	(2,802)
VAT Receivable	3,720,942	5,737,384
Other Receivables/Prepayments	3,431,213	1,052,627
Goods In Transit	0	0
	<b>17,226,769</b>	<b>19,926,039</b>
Universal Services Fund Contribution	30,446,009	46,025,758
	<b>47,672,777</b>	<b>65,951,797</b>

Included within staff loans are loans to management amounting to \$ nil (Sep 20: \$nil).

	Sep 30, 2021	Sep 30, 2020
	\$	\$
<b>9a. Cash and Cash Equivalents</b>		
Cash at Bank (TT\$ Account)	22,237,929	18,389,970
Cash at Bank (US\$ Account)	274,196	(73,329)
Cash on Hand (TT\$ Account)	3,000	3,000
	<b>22,515,125</b>	<b>18,319,641</b>
<b>9b. Cash and Cash Equivalents - restricted</b>		
Universal Services Fund (TT\$ Account)	117,942,656	111,237,209
	<b>140,457,781</b>	<b>129,556,849</b>

### 10. Reserves: Universal Service Fund

In accordance with Section 28, 53. (1) (d) 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, 2021	Sep 30, 2020
	\$	\$
<b>Due to Universal Service Fund</b>		
Balance at October 1	111,237,209	120,886,674
Cash Inflows	17,515,710	2,686,629
Cash Outflows	(10,810,263)	(12,336,094)
<b>Universal Service Fund - Cash and Cash Equivalents</b>	<b>117,942,656</b>	<b>111,237,209</b>
Universal Service Fund - Receivables	30,446,009	46,025,758
Universal Serviced Fund - Payables	(44,063)	(21,019)
<b>Reserves - Universal Service Fund</b>	<b>148,344,601</b>	<b>157,241,947</b>



## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

	Sep 30, 2021	Sep 30, 2020
	\$	\$
<b>11. Deferred income</b>		
Government Grant relating to fixed asset at start of year	95,220	131,766
Amortization	(22,357)	(36,545)
	<b>72,863</b>	<b>95,220</b>

### 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 Authority renewed the lease on its Head Office in August 2021 for a further 3 years.

	Sep 30, 2021	Sep 30, 2020
	\$	\$
Current	3,596,451	2,911,978
Non Current	6,021,667	0
	<b>9,618,117</b>	<b>2,911,978</b>

### 13. Accounts Payable and Accruals

	Sep 30, 2021	Sep 30, 2020
	\$	\$
Accounts Payable	463,532	574,044
Deferred Revenue	94,435	128,707
Outstanding Commitments	3,809,358	2,580,904
Other Current Liabilities	118,959	794,505
Customer Deposit	0	48,745
	<b>4,486,284</b>	<b>4,126,905</b>
Universal Services Fund Contribution - Payables	44,063	21,019
	<b>4,530,347</b>	<b>4,147,925</b>

### 14. Communications, Marketing & Policy Expenses

	Sep 30, 2021	Sep 30, 2020
	\$	\$
Promotions, publicity and printing	1,236,390	1,532,121
Official overseas travel		92,509
Hosting conferences / seminars	290,556	985,361
	<b>1,526,945</b>	<b>2,609,991</b>

## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

#### 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, 2021	Sep 30, 2020
	\$	\$
Legal and professional fees	1,178,809	1,031,495
Subscriptions and other charges	599,615	780,659
	<b>1,778,424</b>	<b>1,812,154</b>

#### 16. Training

In accordance with Section 18. (1) (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, 2021	Sep 30, 2020
	\$	\$
Training, registration fees	239,845	146,090
Foreign travel, per diems, airfare		789,389
	<b>239,845</b>	<b>935,479</b>

#### 17. Staff Costs

	Sep 30, 2021	Sep 30, 2020
	\$	\$
Salaries	30,015,247	29,330,913
Directors' fees and expenses	515,765	681,134
Pension contributions	3,008,492	1,916,534
Short term employment	142,979	173,761
Other personnel expense	99,226	93,019
	<b>33,781,710</b>	<b>32,195,361</b>

The number of employees at Sep 30, 2021 was 101 (Restated Sep 2020: 96).

## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

	Sep 30, 2021	Sep 30, 2020
	\$	\$
<b>18. Other Administrative Costs</b>		
Security	642,508	589,883
Janitorial services	355,323	330,829
Supplies	523,740	591,809
Other contracted services	4,480,387	2,642,629
Bad debt expenses	156,487	780,287
Other administrative costs	149,719	169,047
	<b>6,308,164</b>	<b>5,104,483</b>

	Sep 30, 2021	Sep 30, 2020
	\$	\$
<b>19. Depreciation</b>		
Depreciation - Plant and Equipment	2,622,600	3,115,538
Depreciation - Right of Use Assets	3,388,281	3,386,986
	<b>6,010,881</b>	<b>6,502,524</b>

## 20. 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, 2021	Sep 30, 2020
	\$	\$
<b>Key Management Personnel Compensation</b>		
Director fees and expenses	515,765	681,134
Salaries, NIS and Group Health	3,447,544	3,707,066
Pension Contribution	239,047	154,889
	<b>4,202,356</b>	<b>4,543,089</b>

## Telecommunications Authority of Trinidad and Tobago

### Notes to the financial statements

For the year ended September 30, 2021

(Expressed in Trinidad and Tobago dollars)

#### 21. Defined Benefit Obligation

The Authority has an obligation to provide defined pension benefits to officers transferred under Section 62 and 63 of the Telecommunications Act 47:31. This obligation is to provide for any difference in pensions payments that would be due under the Pensions Act as calculated by the Ministry of Finance.

The Authority reviews the liability established to cover this obligation at the end of every year and recognizing any change to the obligation through the income statement in that financial year.

Net Defined Benefit Obligation	Sep 30, 2021	Sep 30, 2020
Estimated at Start of Year	666,669	544,747
Expensed in Year	969,615	121,921
Paid in Year	(37,060)	0
Estimated as at End of Year	<b>1,599,224</b>	<b>666,669</b>
<b>Net Defined Benefit Obligation</b>		
Current	275,635	0
Non Current	1,323,588	666,669
	<b>1,599,224</b>	<b>666,669</b>

#### Sensitivity Analysis

The defined benefit obligation is sensitive to the assumptions used. The following summarises the change in defined benefit obligation would result from a change in the assumptions

1% increase in discount rate	(\$166,838)
1% decrease in discount rate	\$195,094
1 year increase in life expectancy	\$36,153
1 year decrease in life expectancy	(\$37,626)

#### 22. Financial instruments by category

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

	Sep 30, 2021	Sep 30, 2020
	\$	\$
Financial assets		
Cash and cash equivalents	140,457,781	129,556,849
Receivables (Note 8)	11,735,608	14,687,099
	<b>152,193,389</b>	<b>144,243,949</b>
Other financial liabilities		
Payables held at amortised cost	4,486,284	4,126,905
	<b>4,486,284</b>	<b>4,126,905</b>

## **Telecommunications Authority of Trinidad and Tobago**

### **Notes to the financial statements**

**For the year ended September 30, 2021**

(Expressed in Trinidad and Tobago dollars)

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#### **23. 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.

#### **24. 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.