

# **PUBLIC UTILITIES COMMISSION**

## **FINANCIAL STATEMENTS**

**MARCH 31, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Commissioners of the  
Public Utilities Commission:**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Public Utilities Commission, which comprise the statements of financial position as of March 31, 2012 and 2011, the statements of activities and changes in general fund, and the statements of cash flows for the years then ended, along with a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements which are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and, making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. Except for the matter discussed in the following section, we conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

## **Independent Auditor's Report (continued)**

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified audit opinion.

### **Basis for Qualified Opinion**

#### **Fixed Assets Existence**

Due to the timing of our appointment, we were unable to verify the existence of vehicles recorded in the fixed asset account for \$4.67m and \$4.61m as of March 31, 2012 and 2011 respectively; neither were we able to satisfy ourselves using alternative auditing procedures.

### **Qualified Opinion**

In our opinion, except for the effects of adjustments which might be required in relation to the matter described in the **Basis for Qualified Opinion** paragraph, the financial statements present fairly, in all material respects, the financial position of the Public Utilities Commission as of March 31, 2012 and 2011 and the results of its activities and changes in general fund, and cash flows for the years then ended in accordance with International Financial Reporting Standards.



**Certified Public Accountant**

**October 20, 2015**

**Public Utilities Commission**  
**Balance Sheets**  
(In Belize Dollars)

March 31,	2012	2011
<b>ASSETS</b>	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and Bank (Note 3)	2,288,157	856,813
Short-term Investments (Note 4)	229,673	0
Accounts receivable and prepayments (Note 5)	884,915	13,028
<b>Total current assets</b>	<b>3,402,745</b>	<b>869,841</b>
<b>Net Fixed Assets (Notes 2.05, 6)</b>	<b>3,923,431</b>	<b>4,791,922</b>
<b>TOTAL ASSETS</b>	<b>7,326,176</b>	<b>5,661,763</b>
<b>LIABILITIES &amp; FUND BALANCE</b>		
<b>Current liabilities</b>		
Accounts payable and accruals	69,269	26,394
<b>Total current liabilities</b>	<b>69,269</b>	<b>26,394</b>
<b>FUND BALANCE</b>		
General Fund	7,256,907	5,635,369
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>7,326,176</b>	<b>5,661,763</b>

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

Approved:

Chairman

Commissioner

Date

16.2.16

Date

16/2/16

**Public Utilities Commission**  
**Statements of Activities and Changes in General Fund Balance**  
(In Belize Dollars)

March 31,	2012	2011
<b>REVENUES AND SUPPORT</b>	<b>\$</b>	<b>\$</b>
Fees on Public Utility Providers sales	2,699,557	2,195,423
Spectrum fees	1,049,101	519,757
Public Utility Providers license fees	178,598	448,392
Other revenues and support (Note 7)	1,469,273	182,380
<b>TOTAL REVENUES</b>	<b>5,396,529</b>	<b>3,345,952</b>
<b>COST AND EXPENSES</b>		
General and administrative expenses (Note 8)	1,968,210	5,524,621
Salaries & Wages	1,074,230	1,204,420
Depreciation	966,840	480,669
<b>TOTAL EXPENSES</b>	<b>4,009,280</b>	<b>7,209,710</b>
<b>NET EXPENSES</b>	<b>1,387,249</b>	<b>(3,863,758)</b>
Beginning balance, general fund	5,635,369	4,544,673
Prior period adjustment	234,289	4,954,454
<b>Ending balance, General Fund</b>	<b>7,256,907</b>	<b>5,635,369</b>

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

**Public Utilities Commission**  
**Statements of Cash Flows**  
**(In Belize Dollars)**

<b>March 31,</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from utility providers and others	4,524,642	3,380,036
Cash paid for expenditures	(2,765,276)	(1,765,692)
<b>Net cash provided by operating activities</b>	<b>1,759,366</b>	<b>1,614,344</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short term investment	(229,673)	0
Purchase of property and equipment	(98,349)	(3,902,467)
<b>Net cash used by investing activities</b>	<b>(328,022)</b>	<b>(3,902,467)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<b>0</b>	<b>0</b>
<b>Net cash provided (used) by financing activities</b>	<b>0</b>	<b>0</b>
<b>Net (decrease) increase in cash</b>	<b>1,431,344</b>	<b>(2,288,123)</b>
Cash and Equivalents, beginning of period	856,813	3,144,936
<b>Cash and Equivalents, end of period</b>	<b>2,288,157</b>	<b>856,813</b>
<b>Reconciliation of net revenues and receipts to net cash provided by operating activities:</b>		
<b>Net Revenues (expenses)</b>	<b>1,387,249</b>	<b>(3,863,758)</b>
<b>Add (deduct) items not using (providing) cash:</b>		
Prior period adjustment	234,289	4,954,454
Depreciation	966,840	480,669
Decrease (increase) in account receivable & prepayment	(871,887)	34,084
Increase in accounts payable	42,875	8,895
<b>Net cash provided by operating activities</b>	<b>1,759,366</b>	<b>1,614,344</b>

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

**1. STATUS**

**1.01 General Information**

The Public Utilities Commission (the Commission) is an autonomous statutory corporation which was established in August, 1999, and is governed by the provisions of the Public Utilities Commission Act, Chapter 223 of the Laws of Belize, Revised Edition 2000 (the Act). The Commission has its headquarters in Belize City, Belize.

The general function of the Commission, in accordance with Section 22 (1) of the Act, is to ensure that the services rendered by a public utility undertaking operated by a public utility provider are satisfactory and that the charges imposed in respect of those services are reasonable.

**1.02 Basis of Preparation**

The financial statements of the Commission have been prepared in accordance with International Financial Reporting Standards (IFRS) and with the significant accounting policies which follow.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions which affect the amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although these estimates are based on management's best knowledge of current events and circumstances, actual results may ultimately differ from estimates.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared under the historical cost convention. Accordingly, the recorded amounts reflected on the balance sheets for assets are based on their original costs when acquired by the Commission. Donated assets are recorded at market value.

**2.01 Fund Accounting**

The General Fund represents the operating fund of the Commission. All financial resources are accounted for in the General Fund. The operations are summarized by providing a separate set of self-balancing accounts which includes its assets, liabilities, fund balance, revenues and expenditures.

**2.02 Budgets and Budgetary Accounting**

The Commission may submit its annual estimates of income and expenditures to the Minister of Finance, in accordance with Section 39(1) of the Act. Expenditures of amounts other than provided for in the estimates must be approved by the Minister of Finance.

The Commission adopts its annual approved budget prepared in accordance with the basic accounting utilized by the General Fund.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.03 Basis of Accounting**

The modified accrual basis of accounting is used by the Commission. Under the modified accrual basis of accounting, certain revenues, such as license fees from utility providers are recognized when "available" and "measurable". (Available means collectible within the current period or for a reasonable time thereafter to pay liabilities of the current period; measurable means that the amount of the transaction can be determined). Other revenues are not susceptible to accrual because generally they are either not available or measurable and are therefore recorded in the accounts when received.

Expenses are generally recorded when the related fund liability is incurred.

**2.04 Currency Translation**

(i) Functional and presentation currency

Items included in these financial statements are measured in Belize dollars, the functional currency of the economic environment in which the Commission operates.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Transactions in United States currency and balances at the balance sheet date have been converted at the rate of US \$1.00 to BZ \$2.00.

Currency translation gains and losses, if any, are reflected in the statement of activities.

**2.05 Property, Plant and Equipment**

Property, plant and equipment are valued at historical acquisition cost or market value (in the case of grants) and are depreciated on a straight-line basis to the statement of activities using the following maximum estimated useful lives:

Furniture and fixtures and equipment	10 years;
Motor vehicles	4 years.

When property, plant and equipment are disposed of by sale or scrapping, the carrying amount and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the results of operations.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.06 Grants and Contributions**

Donations and grants (cash or in-kind) of depreciable assets are recorded as capital grants and are recognized as income over the years in proportion to depreciation charged on those assets during each year. In-kind donations and grants are recorded at their market values at the time of acquisition.

**2.07 Cash and Cash Equivalents**

Cash and cash equivalents may include petty cash, and term deposits with maturity dates of one year or less. Due to the short-term maturity of these financial instruments, their carrying values are approximately equal to their market values.

**2.08 Financial Risk Management**

The Commission controls its exposure to financial and operational risk and risk of impairment to assets by conducting its activities under policies approved by the Board of Commissioners.

Management has implemented and maintains strict controls over cash and the collection of fees. Investments in term deposits are monitored closely for any changes in the market rates.

**Public Utilities Commission - March 31, 2012**  
**Notes to Financial Statements**  
(In Belize Dollars)

<b>March 31,</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH &amp; BANK</b>		
Cash on hand	0	250
Current Account - foreign currency (in Bze \$)	479,590	415,258
Current Account - local currency	1,808,567	441,305
<b>TOTAL</b>	<b>2,288,157</b>	<b>856,813</b>

**4. SHORT-TERM INVESTMENTS**

Short-term investments consisted of two fixed deposits held with the Belize Bank Limited with terms of one year or less. The fixed deposits carried an interest rate of 2¼% per annum and were free of encumbrances.

<b>March 31,</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>5. ACCOUNTS RECEIVABLE AND PREPAYMENTS</b>		
Accounts Receivable	830,500	0
Employee Advances	45,541	13,028
Prepaid Insurance	8,874	0
<b>TOTAL</b>	<b>884,915</b>	<b>13,028</b>

Public Utilities Commission - March 31, 2012  
Notes to Financial Statements  
(In Belize Dollars)

March 31,	2012	2011
	\$	\$
<b>6. FIXED ASSETS &amp; DEPRECIATION</b>		
<b>Cost</b>		
Land	966,175	966,175
Vehicles	4,677,323	4,611,511
Equipment	238,392	211,858
Computers & accessories	23,222	23,222
Furniture & fixtures	52,143	46,140
<b>TOTAL</b>	<b>5,957,255</b>	<b>5,858,906</b>
<b>Accumulated Depreciation</b>		
Vehicles	1,804,415	868,950
Equipment	166,364	142,525
Computers & accessories	18,817	16,495
Furniture & fixtures	44,228	39,014
<b>TOTAL</b>	<b>2,033,824</b>	<b>1,066,984</b>
<b>NET FIXED ASSETS</b>	<b>3,923,431</b>	<b>4,791,922</b>
<b>7. OTHER REVENUES AND SUPPORT</b>		
Other license fee	1,393,686	17,350
Interest income	75,587	165,030
<b>TOTAL</b>	<b>1,469,273</b>	<b>182,380</b>

**Public Utilities Commission - March 31, 2012**  
**Notes to Financial Statements**  
**(In Belize Dollars)**

<b>March 31,</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>8. GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
Contribution to Government of Belize	<b>49,952</b>	3,111,962
Professional fees	<b>372,018</b>	496,829
Gratuity	<b>372,124</b>	195,988
Stipend	<b>73,782</b>	182,966
Telephone and postage	<b>52,154</b>	88,830
Rent	<b>143,100</b>	143,100
Repairs and maintenance	<b>29,740</b>	10,173
Office expenses	<b>38,244</b>	38,371
Fuel and oil	<b>51,675</b>	58,143
Conferences and workshops	<b>30,952</b>	480,324
Promotion, publicity and advertising	<b>80,148</b>	120,679
Training	<b>266,024</b>	211,338
Donations	<b>98,514</b>	74,867
Motor vehicle expenses	<b>28,887</b>	34,324
Dues and subscriptions	<b>18,584</b>	1,692
Insurance	<b>111,054</b>	67,658
Social security expense	<b>16,628</b>	34,923
Security	<b>60,006</b>	59,946
Electricity and water	<b>40,542</b>	47,780
Miscellaneous	<b>34,082</b>	64,728
<b>TOTAL</b>	<b>1,968,210</b>	<b>5,524,621</b>

**9. COMMITMENTS AND CONTINGENCIES**

**9.01 Contracts**

The Commission was a party to several contracts and other arrangements at March 31, 2012 and was contingently liable for the cumulative amount of \$462,000.

**9.02 Legal Matters**

In the ordinary course of business, the Commission (also the "PUC") is subject to threatened legal actions and proceedings.

Based on current knowledge and communication with legal counsel, the Commission was of the view that the outcome of the following litigation matters, which existed at March 31, 2012, would not have a material adverse effect on its financial position:

- i. Claim # 275 of 2009, PUC vs. Attorney General of Belize and BTL;
- ii. Claim # 1047 of 2009, Speednet Communications vs. PUC;
- iii. Claim # 977 of 2009, Speednet Communications Ltd vs. PUC;
- iv. Claim # 691 of 2011, Consolidated Water Belize Ltd vs. PUC.

**9.03 Employment Benefits**

The Commission recognizes termination benefits in accordance with the Labour Act, Chapter 297 of the Laws of Belize. The Labour Act was revised in April, 2011 to require that employees who have been employed for (a) five to ten years be paid severance pay of one week's pay for each year of service upon termination and, (b) employees with more than ten years be paid, upon termination or resignation, severance pay of one week's pay for each year of service prior to April, 2011 and two week's pay for each year of service after April, 2011.

9.04 These financial statements have not been adjusted to reflect the effects of any liabilities in relation to the provisions of the Labour Act.

9.05 See Subsequent Event Note 13.

**10. TAXATION**

10.01 The operations of the Public Utilities Commission are not subject to income taxes.

**11. RELATED PARTY TRANSACTIONS**

11.01 A related party is a person (or entity) that is connected to, or associated with the Public Utilities Commission.

11.02 A person is related to the Commission under International Accounting Standards 24 (IAS 24) if any one of several conditions is applicable, including condition (vii) which states: "A person identified has significant influence over the entity or is a member of key management personnel of the entity".

11.03 The Commission is required to disclose information on material related party transactions. IAS 24 exempts disclosure requirements for transactions with Governments.

**12. KEY MANAGEMENT AND BOARD COMPENSATION**

12.01 Section (4) of the Act provides for a Board of Commissioners which shall be responsible for the policy and the general administration of the affairs of the Commission.

12.02 The Board consisted of seven members at March 31, 2012 with a total (combined) annual compensation of \$191,144.

12.03 The total compensation of the Executive Chairman was \$144,000.

12.04 Members of the Board of Commissioners are compensated on a per meeting basis. At March 31, 2012, the rate was \$1,250 per meeting of the Commission.

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**Public Utilities Commission - March 31, 2012**  
**Notes to Financial Statements**  
**(In Belize Dollars)**

**13. SUBSEQUENT EVENT**

**13.01 Pension Plan**

By a Trust Deed dated March 3, 2015, the Commission established the Public Utilities Commission Pension Plan (the Pension Plan).

13.02 The Pension Plan is a “non-contributory, defined contribution plan” in which the employees are not obliged to make payments, but may do so voluntarily (non-contributory); benefits to be paid from the Pension Plan are not fixed, but based on accumulated amounts for each qualifying employee. Contribution by the Commission is fixed at 4% of gross salaries (defined contribution).

13.03 The effective date of the Pension Plan is April 1, 2009, and it covers all full-time employees and full-time contract workers.

13.04 These financial statements have not been adjusted to reflect the obligation of the Commission for prior pension costs.