



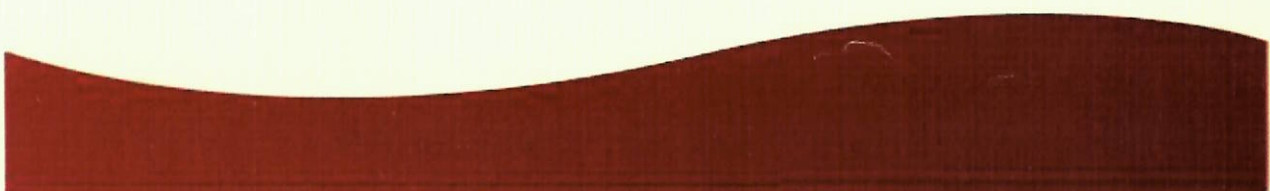
Cedric D. Flowers
Certified Public Accountant

Public Utilities Commission

Financial Statements

March 31, 2016

International Financial Reporting Standards (IFRS)



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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, 2016 and 2015, 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 audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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.

MEMBER OF

The Institute of Chartered Accountants of Belize (ICAB) • American Institute of Certified Public Accountants (AICPA)



Cedric D. Flowers
Certified Public Accountant

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 audit opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Public Utilities Commission as of March 31, 2016 and 2015, 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

May 30, 2016

Balance Sheets

31 March

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and Bank	3	1,249,604	2,014,795
Short-term Investments	4	890,927	240,332
Accounts receivable and prepayments	5	3,216,051	3,142,598
Total current assets		5,356,582	5,397,725
Other investments*	2.10	1,239,032	1,209,932
Net Fixed Assets	2.05, 6	1,658,593	1,767,388
TOTAL ASSETS		8,254,207	8,375,045
LIABILITIES & FUND BALANCE			
Current liabilities			
Accounts payable and accruals		22,375	-
Total current liabilities		22,375	-
FUND BALANCE			
General Fund		8,231,832	8,375,045
TOTAL LIABILITIES & FUND BALANCE		8,254,207	8,375,045

*2015 restated

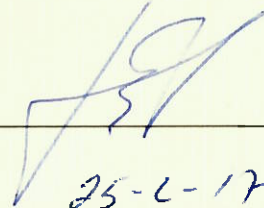
The accompanying notes form an integral part of these financial statements.

Approved:

Chairman



Commissioner



Date

25.2.17

Date

25-2-17

Statements of Activities and Changes in General Fund for the Years ended 31 March

	Notes	2016 \$	2015 \$
REVENUES AND SUPPORT			
Fees on Public Utility Providers revenues	2.07	3,150,153	2,552,201
Spectrum fees		555,300	758,250
Other revenues and support	7	363,291	130,002
TOTAL REVENUES		4,068,744	3,440,453
COST AND EXPENSES			
General and administrative expenses	8	2,852,524	2,532,511
Salaries & Wages		1,310,756	1,162,006
Depreciation		685,022	461,857
TOTAL EXPENSES		4,848,302	4,156,374
NET REVENUES (EXPENSES)		(779,558)	(715,921)
Beginning balance, general fund		8,375,045	8,356,375
Prior period adjustment		636,345	734,591
Ending balance, General Fund		8,231,832	8,375,045

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

Statements of Cash Flows

for the Years ended 31 March

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from utility providers and others	4,023,491	3,473,828
Cash paid for expenditures	(4,183,355)	(3,793,183)
Net cash used by operating activities	(159,864)	(319,355)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(605,327)	(316,958)
Net cash used by investing activities	(605,327)	(316,958)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net cash provided (used) by financing activities	-	-
Net decrease in cash	(765,191)	(636,313)
Cash and Equivalents, beginning of period	2,014,795	2,651,108
Cash and Equivalents, end of period	1,249,604	2,014,795
Reconciliation of Net Expenses to net cash used by operating activities:		
Net Expenses	(779,558)	(715,921)
Add (deduct) items not using or providing cash:		
Depreciation	685,022	461,857
Prior Period adjustment (attributable to operating activities)	(14,250)	-
Decrease (increase) in account receivable & prepayment	(73,453)	33,375
Increase (decrease) in accounts payable	22,375	(98,666)
Net cash used by operating activities	(159,864)	(319,355)

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

For the years ended March 31, 2016 and 2015 (expressed in Belize Dollars)

1. STATUS

1.01 General Information

The Public Utilities Commission (the Commission or the PUC) 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.

Section 4(1) of the Act provides for staggered periods of appointment of Commissioners by the Governor General, acting on the advice of the Prime Minister and, further, that the Commission shall be composed of seven (7) members.

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.

1.03 Changes in accounting standards

There are no new standards, amendments to existing standards or interpretations which are effective for the first time during the year ended March 31, 2016 that have a material impact on the PUC. At the balance sheet date, there were a number of new standards and amendments to existing standards in issue but not yet effective.

The PUC has not early-adopted any of these new standards or amendments to existing standards and the PUC will assess their full impact in due course. There are no other new standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a material impact on the PUC.

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.

Notes to Financial Statements

For the years ended March 31, 2016 and 2015 (expressed in Belize Dollars)

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.

2.03 Basis of Accounting

The modified accrual basis of accounting is used by the Commission. Under the modified accrual basis of accounting, certain revenues are recognized when available and measurable.

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 Fixed Assets and Depreciation

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.

2.06 Grants and Contributions

Donations and grants 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.

Notes to Financial Statements

For the years ended March 31, 2016 and 2015 (expressed in Belize Dollars)

2.07 Revenue Recognition

The Commission recognizes revenues in accordance with the provisions of International Accounting Standards (IAS) 18 and IAS 37.

The Act, Part VI, Section 8(1), provides reference to the appropriate fee structure schedule adopted by the PUC in respect of license fee charges on Public Utility Providers, although the obligation to pay the PUC is provided for in regulations contained in the Electricity Act, the Telecommunications Act, and the Water and Sewerage Act.

Annual license fees paid by the Public Utilities Providers are based on 1.5% of their gross revenues and are recognized in these financial statements when received.

2.08 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.

2.09 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 controls over cash and the collection of fees. Investments in term deposits are monitored closely for any changes in the market rates.

2.10 Other Investments

Land held by the PUC for future use is classified as Other Investments until placed into use.

Notes to Financial Statements

For the years ended March 31, 2016 and 2015 (expressed in Belize Dollars)

	2016	2015
	\$	\$
3. CASH & BANK		
Current Account - foreign currency (in Bze \$)	120,511	109,014
Current Account - local currency	1,129,093	1,905,781
TOTAL	1,249,604	2,014,795
4. SHORT-TERM INVESTMENTS		
Short-term investments consisted of three fixed deposits held with the Belize Bank Limited with terms of one year or less. The fixed deposits carried an interest rates of 1.75% and 0.75% per annum and were free of encumbrances.		
5. ACCOUNTS RECEIVABLE AND PREPAYMENTS		
Accounts Receivable	3,106,719	3,100,125
Employee Advances	39,390	42,473
Prepayments	69,942	-
TOTAL	3,216,051	3,142,598
6. FIXED ASSETS & DEPRECIATION		
Cost		
Vehicles	2,854,317	2,307,112
Equipment	80,595	57,982
Computers & accessories	23,222	23,222
Furniture & fixtures	181,246	174,837
TOTAL	3,139,380	2,563,153
Less: Accumulated Depreciation	(1,480,787)	(795,765)
NET FIXED ASSETS	1,658,593	1,767,388

Notes to Financial Statements

For the years ended March 31, 2016 and 2015 (expressed in Belize Dollars)

	2016	2015
	\$	\$

7. OTHER REVENUES AND SUPPORT

Other license fee	362,874	128,521
Interest income	417	1,481
TOTAL	363,291	130,002

8. GENERAL & ADMINISTRATIVE EXPENSES

Contributions to Government of Belize	235,424	196,817
Professional fees	228,558	54,634
Gratuity	624,371	425,517
Pension Contribution	13,795	72,312
Telephone and postage	42,060	44,402
Rent	143,100	143,100
Repairs and maintenance	74,801	38,553
Office expenses	37,115	30,627
Fuel and oil	35,769	68,482
Conferences and workshops	61,853	96,222
Promotion, publicity and advertising	93,037	90,554
Training	766,933	751,302
Donations	142,453	131,376
Motor vehicle expenses	47,708	42,863
Dues and subscriptions	6,515	21,948
Insurance	73,502	144,369
Social security expense	19,702	16,595
Security	65,461	60,006
Electricity and water	33,407	45,449
Uniforms	20,461	20,451
Miscellaneous	86,499	36,932
TOTAL	2,852,524	2,532,511

Notes to Financial Statements

For the years ended March 31, 2016 and 2015 (expressed in Belize Dollars)

9. COMMITMENTS AND CONTINGENCIES

9.01 Contracts

The Commission was a party to several contracts and other arrangements at March 31, 2016 and was contingently liable for the cumulative amount of \$435,356.

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, 2016, would not have a material adverse effect on its financial position:

- i. Supreme Court Claim No. 691 of 2011, Consolidated Water Belize Ltd vs. Public Utilities Commission;
- ii. Supreme Court Claim No. 621 of 2012, The Turquesa Group Ltd and Gaston Alegre Sr. dba Turquesa TV and La Super Turquesa de Belize vs. Public Utilities Commission, Belize Broadcasting Authority, John Avery and Renell Alamilla;
- iii. CCJ Appeal No. BZCV 2015/001 and BZ Civil Appeal No. 29 of 2012, Speednet Communications Limited vs. Public Utilities Commission.

In the matter of the CCJ Appeal, the Commission is contingently liable for the return of the sum of \$728,000 paid by Speednet as Frequency Authorization Fees in accordance with Statutory Instrument No. 110 of 2000. The fees were paid "Under Protest" pending the outcome of the court action.

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 liabilities in relation to the provisions of the Labour Act.

9.05 Pension Plan

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

9.06 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).

Notes to Financial Statements

For the years ended March 31, 2016 and 2015 (expressed in Belize Dollars)

- 9.07 The effective date of the Pension Plan is April 1, 2009, and it covers all full-time employees and full-time contract workers.
- 9.08 These financial statements have not been adjusted to reflect the obligation of the Commission for prior pension costs.

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". The Commission is required to disclose information on material related party transactions. IAS 24 exempts disclosure requirements for transactions with Governments.
- 11.03 There were no other significant related party transactions during the year or related party balances at March 31, 2016.

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 six Commissioners at March 31, 2016 with a total (combined) annual compensation of \$268,850.02.
- 2.03 The total compensation of the Executive Chairman was \$195,580.52.
- 2.04 Members of the Board of Commissioners are compensated on a per meeting basis. At March 31, 2016, the rate was \$1,250 per meeting of the Commission.