



# PUBLIC UTILITIES COMMISSION

Financial Statements

For the year ended 31 March 2021



**Public Utilities Commission**

**Financial Statements**

For the year ended 31 March 2021

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE BOARD OF DIRECTORS Public Utilities Commission**

#### **Report on the audit of the financial statements**

##### **Qualified opinion**

We have audited the financial statements of the **Public Utilities Commission (the Commission)**, which comprises the statement of financial position for the period 01 January to 31 March 2021, the statement of activities, the statement of changes in net asset, the statement of cash flows for the three months then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except of the possible effect of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

##### **Basis for qualified opinion**

###### **Property, plant & equipment**

We were unable to verify the completeness, existence, rights and obligation, and valuation of the property, plant, and equipment, which are stated in the statement of financial position in the amount of BZD 238,014 as of 31 March 2021. The Commission was unable to provide a properly reconciled fixed assets register and as a result, we were unable to determine whether any adjustment is required to be made to the carrying amounts of operating property, plant, and equipment.

###### **Accounts receivable**

We were unable to confirm or verify by alternative means the completeness, existence, rights and obligation, and valuation of accounts receivable, which is stated in the statement of financial position in the amount of BZD 112,222 as of 31 March 2021. The management of the Commission was unable to provide us with a breakdown of the balance. As a result, we were unable to determine whether any adjustment is required to be made to the accounts receivable carrying amount.



**Accounts payable**

We were unable to confirm or verify by alternative means the completeness, existence, rights and obligation, and valuation of accounts payable, which is stated in the statement of financial position in the amount of BZD 237,835 as of 31 March 2021. The management of the Commission was unable to provide us with a breakdown of the balance. As a result, we were unable to determine whether any adjustment is required to be made to the accounts payable carrying amount.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to form a basis for our qualified opinion.

**Other matter**

At the request of the new Commission, the fiscal year 2020/2021 audit has been conducted over two interim audit periods from 01 April 2020 to 31 December 2020 and 01 January 2021 to 31 March 2022 in order to separate the Commission's new administration from any events that transpired before 15 December 2020.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal controls as Management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's responsibilities for the audit of the financial statements**

Our 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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;
- Obtain 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 Institution's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude 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 Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern;
- Evaluate 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;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the Commission. We remain solely responsible for our audit opinion.



We communicate 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 we identify during our audit;

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Moore Belize LLP.*

**Chartered Accountants  
Belize City, Belize, C.A.  
07 July 2023**



## INDEPENDENT AUDITOR'S REPORT

### TO THE BOARD OF DIRECTORS Public Utilities Commission

#### Report on the audit of financial statements

We were engaged to audit the financial statements of **Public Utilities Commission (the Commission)**, which comprise the statement of financial position for the year ending 31 December 2020, the related statement of income and other comprehensive income, the statement of changes in equity for the nine month period then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Commission for the period 01 April 2020 to 31 December 2020 because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

#### Basis for Disclaimer of Opinion

##### Opening balances

We were unable to confirm opening balances for accounts receivables and accounts payable due to Management's inability to produce certain documents relevant to the audit of these accounts. Since the opening balances as at 01 April 2020 are entered into the determination of the financial position of the Commission for the year ending 31 December 2020, we were unable to determine whether adjustments, if any, might have been found necessary in respect of the Commission's financial statements for the year ending 31 December 2020.

##### Property, plant & equipment

The Commission's Management informed us that they were unable to provide the auditors with a Fixed Asset Register that reconciles to accounting records. Due to the lack of Fixed Asset Register, we were unable to determine whether any adjustments is required to be made for the BZD 371,827 recorded as property, plant and equipment.

**Expenditures**

The Commission's Management informed us that they were unable to produce certain documents relevant to the audit of the reported expenditure due to a failure to properly account for such documentation. Due to the lack of supporting documents, we were unable to confirm or verify expenditure transactions totalling more than Bzd \$139,382 for the year ended 31 December 2020.

**Revenue**

Management of the Commission advised us of its inability to produce certain documentation or explanation which were relevant to the audit of its financial statements, owing to the failure of the Commission to properly account for such documentation. Due to the lack of supporting documents or explanation, we are unable to determine whether any adjustment is required to be made for the BZD 315,681 recorded as revenue.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to form a basis for our disclaimer of opinion.

**Other matters**

The financial statements of the Commission for the year ended 31 March 2020, were audited by another auditor who expressed a Disclaimer of Opinion on those statements on 15 October 2021.

At the request of the new Commission, the fiscal year 2020/2021 audit has been conducted over two interim audit periods from 01 April 2020 to 31 December 2020 and 01 January 2021 to 31 March 2022 in order to separate the Commission's new administration from any events that transpired before 15 December 2020.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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.

In preparing the financial statements, Management is responsible for assessing the Commission'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 Commission or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.





**Auditor's responsibility**

Our responsibility is to conduct an audit of the Commission's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

*Moore Belize LLP.*

**Chartered Accountants  
Belize City, Belize, C.A.  
07 July 2023**

**Public Utilities Commission**  
Statement of financial position  
As at 31 March 2021 and 31 December 2020  
In Belize dollars

	Notes	31 Mar 2021	31 Dec 2020	31 Mar 2020 (Restated)
<b>Assets</b>				
<b>Non-current assets</b>				
Net fixed assets	3.7, 4.0, 6	238,014	271,827	338,793
Other investments	3.14	2,488,001	2,488,001	1,942,254
<b>Total non-current assets</b>		<b>2,726,015</b>	<b>2,759,828</b>	<b>2,281,047</b>
<b>Current assets</b>				
Cash and bank	3.8, 5	3,029,530	1,322,222	1,776,999
Accounts receivable and prepayments	3.9, 7	512,567	879,227	879,227
<b>Total current assets</b>		<b>3,542,097</b>	<b>2,201,449</b>	<b>2,656,226</b>
<b>Total assets</b>		<b>6,268,112</b>	<b>4,961,277</b>	<b>4,937,273</b>
<b>Fund balances and liabilities</b>				
<b>Fund balance</b>				
General fund		4,678,707	3,657,215	3,911,448
<b>Total fund balance</b>		<b>4,678,707</b>	<b>3,657,215</b>	<b>3,911,448</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Severance payable	8	151,686	178,002	178,002
<b>Total non-current liabilities</b>		<b>151,686</b>	<b>178,002</b>	<b>178,002</b>
<b>Current liabilities</b>				
Accounts payable and accruals	3.10	601,408	335,460	57,223
Current portion-severance payable	8	45,711	-	-
Judgment payable	3.11, 11 (2b)	790,600	790,600	790,600
<b>Total current liabilities</b>		<b>1,437,719</b>	<b>1,126,060</b>	<b>847,823</b>
<b>Total liabilities</b>		<b>1,589,405</b>	<b>1,304,062</b>	<b>1,025,825</b>
<b>Total fund balances and liabilities</b>		<b>6,268,112</b>	<b>4,961,277</b>	<b>4,937,273</b>

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

Approved for issue by the Commission on 07 July 2023.

Signature of Commissioner: \_\_\_\_\_

Signature of Chairman: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

## Public Utilities Commission

Statement of activities and changes in General fund

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

	Notes	3 months ended 31 Mar 2021	9 months ended 31 Dec 2020	Year ended 31 Mar 2021	31 Mar 2020 (Restated)
<b>Revenues</b>					
Fees on public utility providers	3.13	2,697,915	3,183,052	5,880,967	5,627,251
Spectrum fees		73,558	355,567	429,125	454,321
Other revenues and support	9	-	35,884	35,884	7,939
<b>Total revenue</b>		<b>2,771,473</b>	<b>3,574,503</b>	<b>6,345,976</b>	<b>6,089,511</b>
<b>Expenses</b>					
General and administrative expense	10	1,299,508	1,616,655	2,916,163	4,317,116
Salaries and wages		340,459	1,452,951	1,793,410	1,254,986
Interest expense		-	576,352	576,352	163,773
Depreciation		54,869	182,778	237,647	50,784
<b>Total expenses</b>		<b>1,694,836</b>	<b>3,828,736</b>	<b>5,523,572</b>	<b>5,786,659</b>
<b>(Deficit) surplus for the year</b>		<b>1,076,637</b>	<b>(254,233)</b>	<b>822,404</b>	<b>302,852</b>
Retained earning adjustment		(55,145)	-	(55,145)	
General fund, beginning of year		3,657,215	3,911,448	3,911,448	3,608,596
<b>General fund, end of year</b>		<b>4,678,707</b>	<b>3,657,215</b>	<b>4,678,707</b>	<b>3,911,448</b>

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



**Public Utilities Commission**

## Statement of cash flows

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

	<b>3 months ended</b>	<b>9 months ended</b>	<b>Year ended</b>	31 Mar 2020
	<b>31 Mar 2021</b>	<b>31 Dec 2020</b>	<b>31 Mar 2021</b>	(Restated)
<b>Cash flows from operating activities</b>				
<b>Net revenues (expenses)</b>	1,076,637	(254,233)	<b>822,404</b>	302,852
Adjustments for:				
Prior year adjustment	(55,145)	-	<b>(55,145)</b>	-
Interest expense	-	576,352	<b>576,352</b>	163,773
Loss on land investment	-	-	-	756,512
Gain on assets disposal	-	(23,187)	<b>(23,187)</b>	-
Depreciation	54,869	182,778	<b>237,647</b>	50,784
Surplus before working capital changes	1,076,361	481,710	<b>1,558,071</b>	1,273,921
Changes in working capital components:				
Accounts receivables and prepayments	366,660	-	<b>366,660</b>	(11,964)
Severnace payable	19,395	-	<b>19,395</b>	20,909
Accounts payable and accruals	265,948	278,237	<b>544,185</b>	(91,886)
Net cash provided by operating activities	1,728,364	759,947	<b>2,488,311</b>	1,190,980
<b>Cash flows from investing activities</b>				
Proceeds of short term investment	-	-	-	343,146
Proceeds from sale of assets	-	30,000	<b>30,000</b>	-
Purchases of property and equipment	(21,056)	(122,625)	<b>(143,681)</b>	(75,381)
Purchases of other investments	-	(1,122,099)	<b>(1,122,099)</b>	(1,106,027)
Net cash used in investing activities	(21,056)	(1,214,724)	<b>(1,235,780)</b>	(838,262)
<b>Net change in cash and cash equivalents</b>	1,707,308	(454,777)	<b>1,252,531</b>	352,718
Cash and cash equivalents, beginning of period	1,322,222	1,776,999	<b>1,776,999</b>	1,424,281
<b>Cash and cash equivalents, end of period</b>	<b>3,029,530</b>	<b>1,322,222</b>	<b>3,029,530</b>	<b>1,776,999</b>

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

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 1. General information

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#### 1.1 Status

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).

#### Function of the Commission

In accordance with Section 22(1) of the Act, it shall be the duty of the Commission 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.

The Commission is empowered to:

- a. Enquire into the nature and extent of utility services and to determine and prescribe in accordance with the provisions of the Public Utilities Commission Act, the Electricity Act, the Telecommunications Act, and the Water and Sewerage Act, the standards which must be maintained in relation to such services; and;
- b. Determine and prescribe the rates which may be charged in respect of utility services.

The Commission is headquartered in Belize City, Belize.

#### 1.2 Governance

Section 4(1) of the Act provides for a seven-member Board of Commissioners, appointed by the Governor General, which includes a Chairman who is appointed by the Minister and has responsibility for the day-to-day administration of the affairs of the Commission.

### 2. Application of new and revised International Financial Reporting Standards (IFRSs)

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#### 2.1 Amendments to IFRSs and the new Interpretation that are effective for the current year

The following standards and amendments have become effective for the annual periods commencing on or after 01 January 2021.

- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 - Interest Rate Benchmark Reform – Phase 2;
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions.

Adoption of amendments and Interpretations stated above has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### 2.2 New and revised IFRSs in issue but not yet effective

The following standards and amendments will become effective for the annual periods beginning on or after 01 January 2021.

- Amendments to IFRS 16 - Covid-19-Related Rent Concessions;
- IFRS 17 - Insurance Contracts;
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;

## **Public Utilities Commission**

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### **2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

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#### **2.2 New and revised IFRSs in issue but not yet effective (continued)**

- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;
- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018–2020;
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture;
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies;
- Amendments to IAS 8 - Disclosure of Accounting Policies and Definition of Accounting Estimates;
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

### **3. Significant accounting policies**

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#### **3.1 Statement of compliance**

The financial statements are been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board IASB).

#### **3.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value at the consideration given in exchange for assets.

#### **3.3 Fund accounting**

The General fund represents the operating fund of the Commission and accounts for the Commission's regulatory and administrative activities; this fund reports unrestricted resources.

#### **3.4 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 approval budget prepared in accordance with the basic accounting utilised by the General fund.

#### **3.5 Basis of accounting**

The modified accrual basis of accounting is used by the Commission. Under the modified accrual basis of accounting, certain revenues are recognised when available and measurable. Expenses are recorded when the related fund liability is incurred.



## **Public Utilities Commission**

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### **3. Significant accounting policies (continued)**

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#### **3.6 Currency translation**

(i) Functional and presentation currency

The financial statements are presented in Belize dollars (BZD), unless otherwise indicated. The Belize dollar is considered to be the functional currency as the majority of the Commission's transactions are denominated, measured, or funded in Belize dollars. All financial information presented in Belize dollars has been rounded to the nearest dollar.

(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 USD 1.00 to BZD 2.00. Currency translation gains and losses, if any, are reflected in the statement of activities.

#### **3.7 Fixed assets and depreciation**

(i) **Recognition and measurement**

Property, plant and equipment are stated in the statement of financial position at their historical cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(ii) **Subsequent measurement**

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 Commission and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of activities during the financial period in which they are incurred.

(iii) **Depreciation**

Depreciation is recognised to write-off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(iv) **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of activities.

## **Public Utilities Commission**

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### **3. Significant accounting policies (continued)**

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#### **3.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost which approximates fair value.

#### **3.9 Trade and other receivables**

Trade receivables are past-due fees from Utility Providers. Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortised cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assess and determined at initial recognition and subsequently adjusted for any changes in estimates and assumptions. Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

A receivable is recognised when the goods are delivered or dispatched based on delivery terms as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Contract assets are immaterial and therefore not presented separately in the financial statements.

#### **3.10 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

#### **3.11 Provisions**

Provisions are recognised when the Commission has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the statement of financial position, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some of all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **3.12 Financial instruments**

##### **(i) Recognition and derecognition of financial instruments**

Financial instruments, other than derivative financial instruments, are recognised on the Commission's statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 3. Significant accounting policies (continued)

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#### 3.12 Financial instruments (continued)

##### (i) Recognition and derecognition of financial instruments (continued)

Financial assets that are regular way purchased or sold are recognised using the trade date accounting, i.e., when the Commission commits to purchase or sell.

Financial instruments that are not trade receivables are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value. Trade receivables are recognised at transaction cost, if they do not contain a significant financing element (IFRS 15).

Financial assets are derecognised when:

- The contractual rights to cash flows from the financial asset expire, or;
- The asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred.

In factoring arrangements and guaranteed receivables, transfer may not result in de-recognition, because the Commission retains exposure to risks and rewards to some extent. The Commission assesses its extended involvement and recognises a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Financial liabilities (or a part of) are derecognised when, and only when the obligation is extinguished - i.e., when the obligation specified in the contract is discharged or cancelled or expires. The gain or loss between the carrying value and amount paid is recognised in profit or loss.

If the terms of an existing financial liability (loans and borrowings) are substantially modified this will be considered to meet the criteria for derecognition of the original liability, and a new financial liability is recognised.

##### (ii) Classification and subsequent measurement of financial assets

Measurement of financial assets depends on the classification, which is determined by the business model for holding the asset and characteristics of its cash flows.

###### (a) Amortised cost

Assets are held for the purpose of obtaining contractual cash flows, which are solely interest and principal, such as vanilla debt instruments, loans and receivables including contract assets. Interest is calculated using effective interest method and included in finance income in profit or loss. Impairment is presented in a separate line in profit or loss.



## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 3. Significant accounting policies (continued)

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#### 3.12 Financial instruments (continued)

##### (ii) Classification and subsequent measurement of financial assets (continued)

##### (b) Fair value through other comprehensive income (FVOCI)

If in addition to above, if the business model also includes selling the assets, then these assets are measured at fair value with changes in fair value flowing through OCI. Interest income is calculated and presented as above. Impairment is included in profit or loss and reduces/ increases the fair value gain/ loss recognised in OCI reserve.

On derecognition, gains and losses are recycled to profit or loss and included in other gains/ losses.

##### (c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria above are measured as FVTPL with changes in fair value presented in other gains/ losses.

For equity investments that the Commission considers to be long term strategic investments, the Commission has taken the election in IFRS 9 to present the changes in fair value through other comprehensive income. Unlike ii) above however, on sale of investments, the cumulative OCI gain/ loss will be transferred within net assets and will not be recycled through profit or loss.

##### (iii) Classification and measurement of financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities, which are measured at amortised cost. Financial liabilities are classified at fair value through profit or loss if they are either held for trading or they are otherwise designated within this classification. Gains and losses on such financial liabilities are recognised within other gains and losses in the statement of comprehensive income.

A financial liability is classified as held for trading if (a) it has been acquired principally for the purposes of subsequent short-term repurchase; (b) on initial recognition it is part of a portfolio of identified financial instruments which have a pattern of short-term profit taking; or (c) it is a derivative financial instrument that is not designated and effective as a hedging instrument.

A financial liability may otherwise be designated at fair value through profit or loss upon initial recognition if such designation eliminates or reduces significantly a measurement or recognition inconsistency that would otherwise arise; or (b) the financial liability forms part of a group of financial assets, financial liabilities or both, which is managed and its performance evaluated on a fair value basis as a part of the Commission's documented risk management and investment strategies; and (c) it forms part of a contract containing one or more embedded derivatives and the entire contract can be so designated in accordance with applicable financial reporting standards.

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 3. Significant accounting policies (continued)

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#### 3.12 Financial instruments (continued)

##### (iii) Classification and measurement of financial liabilities (continued)

###### Financial liabilities (continued)

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, within finance costs in the statement of comprehensive income.

The Commission derecognises financial liabilities when the obligations of the Commission are discharged, cancelled or have expired.

##### (iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Currently, the Commission does not offset financial assets and financial liabilities. The only relevant arrangement the Commission is subject to is a master netting arrangement.

#### 3.13 Revenue recognition

The Commission recognizes revenues in accordance with the provisions of International Accounting Standards (IAS) 18 and IAS 37. The Commission's sources of revenues include the following:

- a. Fees on public utility providers;
- b. Spectrum fees;
- c. Other license fees;
- d. Interest income

##### Fees on public utility providers, spectrum fees, other license fees

The Commission has adopted its appropriate fee structure, in respect of charges on Public Utility Providers based on the provisions and 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 recognised in these financial statements when received. Other license fees paid to the Commission are also recognised when received.

Amounts recorded as Accounts Receivable represent past due amounts owing to the PUC by a Public Utility Provider from prior accounting periods which has been acknowledged and confirm, but which were not available and measurable by the Commission in periods for which those amounts relate.

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

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### 3. Significant accounting policies (continued)

#### 3.13 Revenue recognition (continued)

##### Interest income

Interest income is recognised on the accrual basis using the effective interest method.

#### 3.14 Other investment

Land held by the PUC for future use is classified as Investment until placed into use. Investment is recorded in the accounts at the full transaction prices.

#### 3.15 Restatement

	31 Mar 2020 (As Previously Presented)	Restatement Adjustments	31 Mar 2020 Restated
<b>Assets</b>			
<b>Non-current assets</b>			
Net fixed assets	855,851	(517,058)	338,793
Other investments	2,345,481	(403,227)	1,942,254
<b>Total non-current assets</b>	<b>3,201,332</b>	<b>(920,285)</b>	<b>2,281,047</b>
<b>Current assets</b>			
Cash and bank	1,776,999	-	1,776,999
Short-term investments	-	-	-
Accounts receivable and prepayments	879,227	-	879,227
<b>Total current assets</b>	<b>2,656,226</b>	<b>-</b>	<b>2,656,226</b>
<b>Total assets</b>	<b>5,857,558</b>	<b>(920,285)</b>	<b>4,937,273</b>
<b>Fund balances and liabilities</b>			
<b>Fund balance</b>			
General fund	4,831,733	(920,285)	3,911,448
<b>Total fund balance</b>	<b>4,831,733</b>	<b>(920,285)</b>	<b>3,911,448</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Severance payable	178,002	-	178,002
<b>Total non-current liabilities</b>	<b>178,002</b>	<b>-</b>	<b>178,002</b>

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

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### 3. Significant accounting policies (continued)

#### 3.15 Restatement (continued)

	31 Mar 2020 (As Previously Presented)	Restatement Adjustments	31 Mar 2020 Restated
<b>Current liabilities</b>			
Accounts payable and accruals	57,223	-	57,223
Judgment payable	790,600	-	790,600
<b>Total current liabilities</b>	<b>847,823</b>	<b>-</b>	<b>847,823</b>
<b>Total liabilities</b>	<b>1,025,825</b>	<b>-</b>	<b>1,025,825</b>
<b>Total fund balances and liabilities</b>	<b>5,857,558</b>	<b>(920,285)</b>	<b>4,937,273</b>
<b>Revenues and support</b>			
Fees on public utility providers	5,627,551	(300)	5,627,251
Spectrum fees	454,321	-	454,321
Other revenues and support	7,639	300	7,939
<b>Total revenue</b>	<b>6,089,511</b>	<b>-</b>	<b>6,089,511</b>
<b>Cost and expenses</b>			
General and administrative expense	3,295,004	1,022,112	4,317,116
Salaries and wages	1,520,586	(265,600)	1,254,986
Interest expense	-	163,773	163,773
Depreciation	50,784	-	50,784
<b>Total expenses</b>	<b>4,866,374</b>	<b>920,285</b>	<b>5,786,659</b>
<b>Net revenues (expenses)</b>	<b>1,223,137</b>	<b>(920,285)</b>	<b>302,852</b>
Beginning balance, general fund	3,608,596	-	3,608,596
<b>Fund balance at end of year</b>	<b>4,831,733</b>	<b>(920,285)</b>	<b>3,911,448</b>

The PUC (Purchaser) and Boutros Bou-Nahra Company Ltd (Seller) reached an agreement on 05 December 2019 whereby the Purchaser will buy a property from the Seller that is situated in Block 45, Parcel 087, 1121, and 1122 in the Registration Section of the Fort George/Pickstock. The Property costs BZD 10,300,000 to acquire. The following are the payment terms:

1. The vendor will receive BZD 1.8 million, as agreed by the PUC. Regardless of a greater or lower valuation, BZD 0.8 million must be paid in cash and Parcel 206 Block 45, Burdon Canal, which is approximately 13.4 acres, must be used in place of the other BZD 1.0 million.
2. The balance being BZD 8,500,000 shall be payable monthly in advance starting 05 January 2020. The outstanding balance bears interest at 7.75% per annum for 10 years. The monthly payment on the outstanding balance inclusive of interest is BZD 102,009.

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 3. Significant accounting policies (continued)

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#### 3.15 Restatement (continued)

The below describes the restatement adjustments:

- a) **Net fixed assets** - To write off to loss on assets disposal BZD 517,058 in pre-construction cost which includes architectural fees and landfill for the future PUC headquarters. The cost forms a part of the total value of the land that was transferred to the vendor, Boutros Bou-Nahra Company Ltd. as part of the purchase of the Property.
- b) **Other investments** - The land which was purchased for the new PUC headquarters with a carrying value of BDZ 1,239,454 at 31 March 2020 was written off to loss on asset disposal since it was transferred to Boutros Bou-Nahra Company Ltd as part of an agreement between PUC and Boutros Bou-Nahra Company Ltd. The new value of the land BZD 1.0 million is recorded as Other investment and BZD 163,773 in interest expenses that were recorded as Other investment was reclassified to interest expense.
- c) **General fund** - represents interest expense and the loss incurred on the land transfer from the Property purchase agreement.
- d) **General and administrative expenses** - Loss in the amount of BZD 756,512 incurred on the land transfer in lieu of BZD 1.0 million cash which originated from the contract where PUC agreed to purchase Property from Boutros Bou-Nahra Company Ltd.
- e) **Interest expense** - To record three months' interest expense made towards the purchase of Property, Parcel Nos 1087,1121, and 1122, Block No. 45, Fort George/Pickstock Registration Section situate along Nort Front Street Belize City. Parcels 1121 and 1122 formerly housed the Mirab Department Store.

### 4. Critical accounting estimates and judgements

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#### 4.1 Accounting estimates

The preparation of financial statements in conformity with IFRS requires Management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these are based on Management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

### 4. Critical accounting estimates and judgements (continued)

#### 4.2 Useful lives of property, plant and equipment

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Description	Category
Furniture and fixtures and equipment	10 years
Motor vehicles	4 years

The useful lives of the assets are reviewed for any indication of significant change since the last annual reporting date.

#### 4.3 Impairment of property, plant and equipment

At each reporting date, the Commission reviews the carrying amounts of its property, plant and equipment, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Commission estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

#### 4.4 Initial recognition of related party transactions

In the normal course of business the Commission enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 11.

### 5. Cash and bank

	31 Mar 2021	31 Dec 2020	31 Mar 2020 (Restated)
Current Account - foreign currency (in BZD)	600,479	620,046	517,816
Current Account - local currency	2,429,051	702,176	1,259,183
	3,029,530	1,322,222	1,776,999

**Public Utilities Commission**

Notes to the financial statements

As at 31 March 2021 and 31 December 2020

In Belize dollars

**6. Property, plant and equipment**

<b>31 March 2021</b>	<b>Pre-constr. costs</b>	<b>Motor vehicles</b>	<b>Equipment</b>	<b>Computers &amp; fixtures</b>	<b>Furnitures &amp; fixtures</b>	<b>Totals</b>
<b>Cost</b>						
As at 01 January 2021	-	3,122,817	98,221	71,557	197,709	<b>3,490,304</b>
Additions	-	122,625	-	14,943	6,113	<b>143,681</b>
Disposals	-	(109,006)	-	-	-	<b>(109,006)</b>
	-	3,136,436	98,221	86,500	203,822	<b>3,524,979</b>
<b>Accumulated depreciation</b>						
As at 01 January 2021	-	(2,882,104)	(68,391)	(33,549)	(167,467)	<b>(3,151,511)</b>
Depreciation	-	(198,790)	(8,651)	(9,823)	(20,383)	<b>(237,647)</b>
Disposals	-	102,193	-	-	-	<b>102,193</b>
Balance, 31 March 2021	-	(2,978,701)	(77,042)	(43,372)	(187,850)	<b>(3,286,965)</b>
<b>Net book value:</b>						
<b>As at 31 March 2021</b>	-	<b>157,735</b>	<b>21,179</b>	<b>43,128</b>	<b>15,972</b>	<b>238,014</b>
As at 31 March 2020	-	240,713	29,830	38,008	30,242	338,793
<b>31 December 2020</b>	<b>Pre-constr. costs</b>	<b>Motor vehicles</b>	<b>Equipment</b>	<b>Computers &amp; fixtures</b>	<b>Furnitures &amp; fixtures</b>	<b>Totals</b>
<b>Cost</b>						
As at 01 April 2020	-	3,122,817	98,221	71,557	197,709	<b>3,490,304</b>
Additions	-	122,625	-	-	-	<b>122,625</b>
Disposals	-	(109,006)	-	-	-	<b>(109,006)</b>
	-	3,136,436	98,221	71,557	197,709	<b>3,503,923</b>
<b>Accumulated depreciation</b>						
As at 01 April 2020	-	(2,882,104)	(68,391)	(33,549)	(167,467)	<b>(3,151,511)</b>
Depreciation	-	(153,635)	(6,488)	(7,367)	(15,288)	<b>(182,778)</b>
Disposals	-	102,193	-	-	-	<b>102,193</b>
Balance, 31 December 2020	-	(2,933,546)	(74,879)	(40,916)	(182,755)	<b>(3,232,096)</b>
<b>Net book value:</b>						
<b>As at 31 December 2020</b>	-	<b>202,890</b>	<b>23,342</b>	<b>30,641</b>	<b>14,954</b>	<b>271,827</b>

**Public Utilities Commission**

Notes to the financial statements

As at 31 March 2021 and 31 December 2020

In Belize dollars

**6. Property, plant and equipment (continued)**

<b>31 March 2020</b>	<b>Pre-constr. costs</b>	<b>Motor vehicles</b>	<b>Equipment</b>	<b>Computers &amp; fixtures</b>	<b>Furnitures &amp; fixtures</b>	<b>Totals</b>
Gross carrying amount						
As at 01 April 2019	514,047	3,051,317	98,221	71,557	196,839	<b>3,931,981</b>
Additions	3,011	71,500	-	-	870	<b>75,381</b>
Disposals	(517,058)	-	-	-	-	<b>(517,058)</b>
	-	3,122,817	98,221	71,557	197,709	<b>3,490,304</b>
Accumulated depreciation						
As at 01 April 2019	-	(2,868,000)	(58,569)	(26,393)	(147,765)	<b>(3,100,727)</b>
Depreciation	-	(14,104)	(9,822)	(7,156)	(19,702)	<b>(50,784)</b>
Disposals	-	-	-	-	-	-
Balance, 31 March 2020	-	(2,882,104)	(68,391)	(33,549)	(167,467)	<b>(3,151,511)</b>
Net book value:						
As at 31 March 2020	-	240,713	29,830	38,008	30,242	<b>338,793</b>
As at 31 March 2019	514,047	183,317	39,652	45,164	49,074	<b>831,254</b>

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

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### 7. Accounts receivables and prepayments

	31 Mar 2021	31 Dec 2020	31 Mar 2020 (Restated)
Accounts receivable - public utility provider	346,511	762,347	762,347
Employee advances	117,414	74,139	74,139
Prepayments	48,642	42,741	42,741
	512,567	879,227	879,227

### 8. Severance payable

	31 Mar 2021	31 Dec 2020	31 Mar 2020 (Restated)
Beginning balance	178,002	178,002	157,093
Addition	28,685	-	20,909
Payouts	(9,290)	-	-
	197,397	178,002	178,002
Current portion	(45,711)	-	-
	151,686	178,002	178,002

Also, see Note 12.

### 9. Other revenues and support

	3 months ended 31 Mar 2021	9 months ended 31 Dec 2020	Year ended 31 Mar 2021	31 Mar 2020 (Restated)
Gain on assets disposal	-	23,187	23,187	-
Other income	-	12,697	12,697	7,639
<b>Total</b>	-	35,884	35,884	7,639

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

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### 10. General and administrative expenses

	3 months ended 31 Mar 2021	9 months ended 31 Dec 2020	Year ended 31 Mar 2021	31 Mar 2020 (Restated)
Contributions to Government of Belize	-	60,180	60,180	284,542
Development Contribution-Gov't of Bze.	268,511	348,072	616,583	526,243
Professional fees	66,771	308,762	375,533	282,261
Gratuity	50,000	155,000	205,000	282,400
Pension contribution	-	-	-	19,627
Provision for severance	28,685	-	28,685	20,908
Telephone and postage	13,905	14,753	28,658	26,091
Rent	59,625	71,550	131,175	155,165
Repairs and maintenance	20,182	900	21,082	5,835
Office expenses	17,761	16,436	34,197	47,960
Fuel and oil	8,582	35,292	43,874	66,902
Conferences and workshops	600	-	600	64,702
Promotion, publicity and advertising	8,122	38,885	47,007	100,207
Training	2,086	31,312	33,398	548,946
Donations	14,223	17,373	31,596	167,659
Motor vehicle expenses	13,547	98,331	111,878	108,014
Dues and subscriptions	4,668	1,709	6,377	2,271
Insurance	21,520	75,948	97,468	83,484
Social security expense	14,230	36,338	50,568	25,517
Security	19,093	49,096	68,189	65,461
Electricity and water	8,407	33,766	42,173	42,079
Uniforms	10,912	-	10,912	21,210
Miscellaneous	189,747	76,783	266,530	178,739
Property tax	-	-	-	16,000
Other credit card payments	1,245	8,219	9,464	104,386
Commissioner's expense	41,250	137,950	179,200	313,995
Bad debt	415,836	-	415,836	-
Loss exchange of asset	-	-	-	756,512
<b>Total</b>	<b>1,299,508</b>	<b>1,616,655</b>	<b>2,916,163</b>	<b>4,317,116</b>

### 11. Related parties

Key management of the Commission is the executive members of the Board of Commissioners and members of Management as defined under IAS 24 (Related Party Disclosure). The members of Board of Commissioners, General Manager, and Head of Departments Directors are considered related parties. Key management personnel remuneration includes the following expenses:



## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

### 11. Related parties (continued)

	31 Mar 2021	31 Dec 2020	31 Mar 2020 (Restated)
Short term employment benefits	-	90,600	173,200
Termination benefits		47,597	-
<b>Total remuneration for employees</b>	<b>-</b>	<b>138,197</b>	<b>173,200</b>
Director's allowance	41,250	137,950	313,995
<b>Total remuneration for related party</b>	<b>41,250</b>	<b>276,147</b>	<b>487,195</b>

### 12. Categories for financial instruments

#### Financial assets

	31 Mar 2021	31 Dec 2020	31 Mar 2020 (Restated)
Cash balances	3,029,530	1,322,222	1,776,999
Accounts receivable	512,567	879,227	879,227
Other investment	2,488,001	2,488,001	1,942,254
<b>Total financial assets</b>	<b>6,030,098</b>	<b>4,689,450</b>	<b>4,598,480</b>

#### Financial liabilities

Accounts payable and accrued expense	601,408	335,460	57,223
<b>Total financial liabilities</b>	<b>601,408</b>	<b>335,460</b>	<b>57,223</b>

### 13. Financial risk management

The Commission has exposure to the following risks from its use of financial instruments:

- (i) Liquidity risk
- (ii) Credit risk
- (iii) Operational risk

#### Liquidity risk

The ultimate responsibility for liquidity risk rests with the Board of Commissioners. The Commission manages liquidity risk by continuously monitoring cash flows.

## Public Utilities Commission

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### 13. Financial risk management (continued)

#### Liquidity risk (continued)

##### Liquidity analysis as at 31 March 2021:

	On demand	Due within 3 months	Due within 3 months-1 year	Due over 1 year	Total
<b>Financial assets</b>					
Cash balances	3,029,530	-	-	-	3,029,530
Accounts receivable	356,658	130,792	25,117	-	512,567
<b>Total financial assets</b>	<b>3,386,188</b>	<b>130,792</b>	<b>25,117</b>	<b>-</b>	<b>3,542,097</b>
<b>Financial liabilities</b>					
Accounts payable/accruals	601,408	-	-	-	601,408
<b>Total financial liabilities</b>	<b>601,408</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>601,408</b>
<b>Liquidity (gap)/surplus</b>	<b>2,784,780</b>	<b>130,792</b>	<b>25,117</b>	<b>-</b>	<b>2,940,689</b>

##### Liquidity analysis as at 31 March 2020:

	On demand	Due within 3 months	Due within 3 months-1 year	Due over 1 year	Total
<b>Financial assets</b>					
Cash balances	1,776,999	-	-	-	1,776,999
Accounts receivable	879,227	-	-	-	879,227
<b>Total financial assets</b>	<b>2,656,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,656,226</b>
<b>Financial liabilities</b>					
Accounts payable/accruals	57,223	-	-	-	57,223
<b>Total financial liabilities</b>	<b>57,223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,223</b>
<b>Liquidity (gap)/surplus</b>	<b>2,599,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,599,003</b>

#### Credit risk

Potential material areas of credit risk consist of trade accounts receivable.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Commission. The Board of Commissioners and Senior Management continuously monitor the Commission's exposure to credit risk by ensuring investments are spread among several financial institutions and accounts are held with a reputable bank (see Note 5).

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

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### 13. Financial risk management (continued)

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#### Market risk

It is the risk that the value of a financial asset may be reduced because of changes in interest rates, currency exchange rates, and other financial variables, as well as the reaction of market participants to political and economic events, whether by latent losses as well as potential profits. Management's objective is to manage and monitor the risk of exposures while maintaining acceptable parameters to optimise the risk versus returns.

#### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Commission's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Commission's operations.

The Commission's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Commission's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Senior Management within each business unit. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- training and professional development; and
- ethical and business standards.

### 14. Commitments and contingencies

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#### (1) Contracts

The Commission was a party to several contracts and other arrangements and was contingently liable for contracts which included the following:

Date	Contract number	Third party	Commitment	Paid	Unpaid
5-Dec-19	n/a	Boutros Bou-Nahra Company Ltd. (BBC Ltd)	10,300,000	2,488,002	7,811,998

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## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 14. Commitments and contingencies (continued)

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#### (1) Contracts (continued)

a) Boutros Bou-Nahra - Purchase of Building;

On 05 December 2019, Boutros Bou-Nahra Company Ltd. (BBCL) and the Commission signed a contract for the purpose of purchasing parcels Fort George/Pickstock 45-1087, 45-1121 and 45-1122. The seller received upon execution of the contract BZD 800,000 cash and Parcel 206, Block 45, Burdon canal being approx. 13.4 acres equivalent to BZD 1,000,000. The balance is payable within ten years of which the commission should make monthly payments of BZD 102,209 as per amortisation schedule.

When the seller is in receipt of the final or full payment or any other day as the parties may agree in writing then the seller shall procure the execution and delivery to the purchase there following documents: a) duly executed, signed and sealed documents transferring titles to the property to the purchaser or it's nominee, b) the original Certificates of Title to the Property, c) copies of the bio-data pages of the passport of each of the signatories for the sellers; d) certificate of good standing and certified list of directors of the purchaser; e) a resolution of the seller authorising the sale of the property; and f) all such other documents or instruments as may be reasonably required to effect the transfer of the property to the purchase or its nominee.

In the event, the Purchaser shall fail to pay the Purchase Price or any instalment thereof when due or shall fail to fulfil any non-monetary obligation under this Agreement, and unless the period for so doing shall be extended by written agreement, the Seller shall have the right by written notice to the Purchaser to declare this Agreement null and void, in which case any right or interest hereby acquired by the Purchaser shall utterly cease and terminate, and the Seller shall be entered to retain and forfeit all monies (or land) paid as liquidated damages and the vendor shall be then entered to retain its rights and ownership over all the parcels in the First Schedule plus the PUC Block 45, Burdon Canal Parcel 206 that was part payment for cash. All rights of the Purchaser in respect of the Property derived hereunder shall immediately cease.

In the event that the Seller shall fail to, or is unwilling, or unable to procure and transfer good freehold tide to the Purchaser or its nominee free and clear of all liens or encumbrances for an estate in fee simple, of otherwise fail to perform any obligation under this Agreement, the Purchaser may in its sole discretion, without prejudice to any other right of action or remedy which it may have, rescind this Agreement, and the Purchaser shall be entered to a refund of all monies paid hereunder.

In addition to the provisions of this section, the Seller may allow a period of 30 days with time being of the essence, upon the Purchaser's agreement to pay a late fee of Forty Thousand Dollars (\$40,000.00) extra per 30 day period (or fraction thereof) added to the normal instalment then due for a maximum period of 90 consecutive days (and maximum late fee of (\$120,000.00) after which by written notice to the Purchaser the Seller may declare this Agreement null and void, in which case any right or interest hereby acquired by the Purchaser shall utterly cease and terminate, and the Seller shall be entitled to retain and forfeit all sums (plus late fees) as liquidated damages. All rights of the Purchaser in respect of the Property derived hereunder shall immediately cease. The late payment fee shall apply to each and every instance of timely non-payment.

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 14. Commitments and contingencies (continued)

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#### (1) Contracts (continued)

- a) Boutros Bou-Nahra Company Ltd. - Purchase of Building (continued);

Upon receipt of such Seller's notice contemplated by this section, it is understood and agreed that the Purchaser shall remove themselves or their agents or tenants/guests or other occupiers from the premises and any eviction costs, legal or otherwise, including loss of other sale and loss of usage may be added to the outstanding debt due from the Purchaser to the Seller.

Any Cautions the Purchaser may place or may have placed on any or all of the Property must be removed within 30 days to free up the Seller's marketability failing which Purchaser may be liable for any loss of other sale.

See subsequent note for Cancellation of Boutros Bou-Nahra Company Ltd. - Purchase of Building.

#### (2) Legal matters

In the ordinary course of its activities, the Commission is subject to threatened legal actions and proceedings. Based on current knowledge and communication with legal counsel, the Commission is of the view that the outcome of the following litigation matters, which existed at 31 March 2021, would not have a material adverse effect on its financial position.

**a) Supreme Court Claim No. 691 of 2011 – Consolidated Water Belize Limited v Public Utilities Commission AND Civil Appeal No.10 of 2018**

Consolidated Water Belize Limited (Consolidated) commenced this claim on 28 October 2011 against the PUC. Consolidated sought certain declaratory orders against the PUC flowing from a complaint dated 10 September 2010 made by San Pedro Business Association against Belize Water Services Limited and Consolidated. The claim was heard before the Honourable Chief Justice who, on 29 November 2012, reserved the decision in the matter to a date to be notified by the Court. After a period of five (5) years, the Supreme Court delivered the decision on 08 December 2017. The Learned Chief Justice quashed the regulatory orders the PUC made against Consolidated on the grounds that the orders were unlawful, void and of no effect.

The PUC lodged Civil Appeal No. 10 of 2018 against the decision of the Honourable Chief Justice on 20 February 2018. The appeal was heard on 12 June 2020. On 26 October 2020, the Court of Appeal set aside the decision of the Chief Justice and awarded costs of the proceedings in the Supreme Court and Court of Appeals to the PUC.

**b) Supreme Court Claim No. 166 of 2017 – Speednet Communications Ltd. v Public Utilities Commission AND Civil Appeal No. 13 of 2018 – PUC v Speednet Communications Ltd.**

The Claimant, Speednet Communication Ltd., applied to the Supreme Court on 05 June 2017 for judicial review of the decision of the PUC to charge Speednet the sum of \$1,440,000.00 as spectrum allocation license fees for the period of 2010 to 2016 "which the PUC has not issued". Madam Justice Arana in her decision delivered on 02 March 2018 declared the sum of \$1,440,000.00 the PUC charged as spectrum license fees for the period 2010 to 2016 as unlawful and null and void. The Learned Judge also granted a permanent injunction against the PUC restraining it from seeking to collect the license fees.

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 14. Commitments and contingencies (continued)

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#### (2) Legal matters (continued)

##### b) Supreme Court Claim No. 166 of 2017 – Speednet Communications Ltd. v Public Utilities Commission AND Civil Appeal No. 13 of 2018 – PUC v Speednet Communications Ltd. (continued)

The PUC lodged Civil Appeal No. 13 of 2018 against the decision of Madam Justice Arana on 11 May 2018. On 21 June 2019 the Court of Appeal set aside the decision of Justice Arana, including the permanent injunction.

Speednet Communication Limited filed Caribbean Court of Justice (CCJ) Appeal No. BZCV2020/001 against the decision of the Belize Court of Appeal. The appeal was heard by the CCJ on 14 October 2020 and a decision was reserved. On the advise of the CCJ, the matter was amicably settled between the parties in a consent order which the Caribbean Court of Justice entered on 19 January 2021.

On the 08 January 2021, Speednet Communication Limited and Public Utilities Commission agreed to the following:

- a) Speednet is to pay for the use of the spectrum (LTE 700 MHz mobile spectrum assigned on 29 July 2013 beginning on the publication date of the Spectrum Allocation Plan in the Gazette (06 October, 201g).
- b) The fee due for the year 2018 will be the pro-rated cost for 06 October 2018 to 31 December 2018. The said fee is calculated by parties as BZD 86,392.69.
- c) The fee for calendar years 2019 and 2020 fell due at the end of the year and are calculated at the prescribed and agreed fee of BZD 366,666.67.
- d) Each party is to bear its own costs in the CCJ and below.
- e) The parties also agreed that the PUC will pay interest on the sum of BZD 792,000.00 (less \$1,400.00) the judgment sum due to Speednet communications Limited in CCJ Appeal No. BZCV 20151001.

As of 31 August 2022, the Public Utilities Commissions had not made any payments to Speednet. Management and the board of directors have agreed to apply the judgement payable to Speednet's outstanding license fee.

##### c) Supreme Court Claim No. 275 of 2009 – Public Utilities Commission

The PUC commenced this claim in March 2009 against the Attorney General of Belize and Belize Telemedia Limited seeking declarations, costs and further or other relief.

As of balance sheet date, this claim was pending in the Supreme Court awaiting a trial date.

## **Public Utilities Commission**

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### **15. Employment benefits**

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The Commission recognises 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.

Liabilities in relation to the provisions of the Labour Act are reflected in these financial statements as Severance payable.

### **16. Pension plan**

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By a Trust Deed dated 03 March 2015, the Commission established the Public Utilities Commission Pension Plan (the Pension Plan).

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 are based on accumulated amounts for each qualifying employee. Contribution by the Commission is fixed at 4% of gross salaries (defined contribution).

The effective date of the Pension Plan is 01 April 2009, and it covers all full-time employees and full-time contract workers.

These financial statements have not been adjusted to reflect the obligation of the Commission for contributions to the Plan prior to 03 March 2015.

### **17. Development contribution**

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On 18 March 2017, the Government of Belize enacted legislation, "Statutory Bodies (Development Contribution) Act, 2017, which imposes a ten percent levy on the revenues of certain statutory bodies, known as a "development contribution".

The development contribution is payable by the Commission into the Consolidated Revenue Fund of the Government of Belize, on a quarterly basis.

### **18. Taxation**

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



## **Public Utilities Commission**

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### **19. Key management and board compensation**

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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.

The Board consisted of six Commissioners at 31 March 2021. Members of the Board of Commissioners are compensated on a per-meeting basis.

### **20. Subsequent events**

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Subsequent events have been evaluated through 07 July 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

1) Cancellation of Boutros Bou-Nahra Company Ltd. (BBC Ltd) - Purchase of Building;

"BBC Ltd and the PUC agree that as of 23 August 2021, the effective date, each of the Parties to the Agreement shall be discharged from any further obligations thereunder and the Agreement shall be terminated as of the Effective Date, irrespective of whether or not any monetary or non-monetary terms of the Agreement have been complied with."

"In consideration of the PUC being wholly discharged from any further payment and other obligations under the Agreement and the release of the PUC by BBC Ltd. BBC Ltd shall retain (i) all rights, title, ownership and interest in the Property for an estate in fee simple absolute in possession, (ii) the Down Payment, and (iii) the Paid Installments only made to BBC Ltd as of the Effective Date hereof (items (i), (ii) and (iii) together referred to as "the Settlement Payment"), the receipt of which BBC Ltd hereby acknowledges."

## Public Utilities Commission

Notes to the financial statements

For the Three Months Ended 31 March 2021 and Nine Months Ended 31 December 2020

In Belize dollars

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### 20. Subsequent events (continued)

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1) Cancellation of Boutros Bou-Nahra Company Ltd. - Purchase of Building (continued);

BBC Ltd shall release discharge and forever acquit the PUC as of the Effective Date from any and all property insurances as per clause 8 of the Agreement, claims, debts, demands, obligations, damages, liabilities, benefits, costs, actions, causes of action, suits, proceedings, whether known or unknown, of whatsoever kind and nature in law or in equity, BBC Ltd now has, has had or to date may have or but for the execution of this Deed could or might have had against the PUC, arising by virtue of or accruing from or relating to, in whole or in part, the Agreement or for or in respect of any matter or thing in anyway relating thereto."

The PUC hereby releases discharges and forever acquits BBC Ltd from any and all claims, debts, demands, obligations, damages, liabilities, benefits, costs, actions, causes of action, suits, proceedings, whether known or unknown, of whatsoever kind and nature in law or in equity, the PUC now has, has had or to date may have or but for the execution of this Deed could or might have had against BBC Ltd, arising by virtue of or accruing from or relating to, in whole or in part, the Agreement or for in respect of any matter or thing in anyway relating thereto."

2) The Russia-Ukraine crisis which started in February 2022 will have an increasing impact on economic and global financial markets. As the crisis continues, many economic challenges will be present including rising inflation and global supply-chain disruption. The degree to which entities are or will be affected largely depends on the nature and duration of uncertain and unpredictable events. Based on current events as of the date of this report Management is concerned that the ongoing Russia-Ukraine crisis can further impact supply chains and the affordability and delivery of products and equipment required for project execution/implementation. The impact may also affect approved budgets for projects which may now be considered insufficient. Further engagement with donors on the use of contingency, where possible, or re-scope of project activities may have to be considered to mitigate the negative impact.

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