

PUBLIC UTILITIES COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2013

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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, 2013 and 2012, the statements of activities and changes in general fund, and the statements of cash flows for the years then ended, along with a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Independent Auditor's Report (continued)

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

Basis for Qualified Opinion

Fixed Assets Existence

Due to the timing of our appointment, we were unable to verify the existence of vehicles recorded in the fixed asset account for \$4.67m and \$4.67m as of March 31, 2013 and 2012 respectively; neither were we able to satisfy ourselves using alternative auditing procedures.

Qualified Opinion

In our opinion, except for the effects of adjustments which might be required in relation to the matter described in the **Basis for Qualified Opinion** paragraph, the financial statements present fairly, in all material respects, the financial position of the Public Utilities Commission as of March 31, 2013 and 2012 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.


Cedric S. Summers
Certified Public Accountant

October 20, 2015

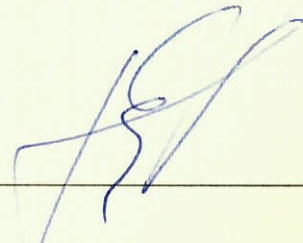
Public Utilities Commission
Balance Sheets
(In Belize Dollars)

March 31,	2013	2012
ASSETS	\$	\$
Current Assets		
Cash and Bank (Note 3)	1,138,999	2,288,157
Short-term Investments (Note 4)	240,332	229,673
Accounts receivable and prepayments (Note 5)	2,045,465	884,915
Total current assets	3,424,796	3,402,745
Net Fixed Assets (Notes 2.05, 6)	3,069,008	3,923,431
TOTAL ASSETS	6,493,804	7,326,176
LIABILITIES & FUND BALANCE		
Current liabilities		
Accounts payable and accruals	28,261	69,269
Total current liabilities	28,261	69,269
FUND BALANCE		
General Fund	6,465,543	7,256,907
TOTAL LIABILITIES & FUND BALANCE	6,493,804	7,326,176

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

Approved:

Chairman 

Commissioner 

Date 16-2-16

Date 16/2/14

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

March 31,	2013	2012
REVENUES AND SUPPORT	\$	\$
Fees on Public Utility Providers sales	3,574,496	2,699,557
Spectrum fees	831,772	1,049,101
Public Utility Providers license fees	174,725	178,598
Other revenues and support (Note 7)	541,277	1,469,273
TOTAL REVENUES	5,122,270	5,396,529
COST AND EXPENSES		
General and administrative expenses (Note 8)	3,716,349	1,968,210
Salaries & Wages	1,217,954	1,074,230
Depreciation	979,331	966,840
TOTAL EXPENSES	5,913,634	4,009,280
NET EXPENSES	(791,364)	1,387,249
Beginning balance, general fund	7,256,907	5,635,369
Prior Period Adjustment	0	234,289
Ending balance, General Fund	6,465,543	7,256,907

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

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

March 31,	2013	2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from utility providers and others	3,961,720	4,758,931
Cash paid for expenditures	(4,975,311)	(2,999,565)
Net cash provided (used) by operating activities	(1,013,591)	1,759,366
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment	(10,659)	(229,673)
Purchase of property and equipment	(124,908)	(98,349)
Net cash used by investing activities	(135,567)	(328,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
	0	0
Net cash provided (used) by financing activities	0	0
Net (decrease) increase in cash	(1,149,158)	1,431,344
Cash and Equivalents, beginning of period	2,288,157	856,813
Cash and Equivalents, end of period	1,138,999	2,288,157
Reconciliation of net revenues and receipts to net cash provided by operating activities:		
Net Revenues (expenses)	(791,364)	1,387,249
Add (deduct) items not using (providing) cash:		
Prior Period Adjustment	0	234,289
Depreciation	979,331	966,840
Decrease (increase) in account receivable & prepayment	(1,160,550)	(871,887)
Increase (decrease) in accounts payable	(41,008)	42,875
Net cash provided (used) by operating activities	(1,013,591)	1,759,366

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

Public Utilities Commission - March 31, 2013
Notes to Financial Statements
(In Belize Dollars)

1. STATUS

1.01 General Information

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

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

1.02 Basis of Preparation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.01 Fund Accounting

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

2.02 Budgets and Budgetary Accounting

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

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

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

2.03 Basis of Accounting

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

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

2.04 Currency Translation

(i) **Functional and presentation currency**

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

(ii) **Transactions and Balances**

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

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

2.05 Property, Plant and Equipment

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

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

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

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

2.06 Grants and Contributions

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

2.07 Cash and Cash Equivalents

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

2.08 Financial Risk Management

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

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

Public Utilities Commission - March 31, 2013
Notes to Financial Statements
(In Belize Dollars)

March 31,	2013	2012
	\$	\$
3. CASH & BANK		
Current Account - foreign currency (in Bze \$)	384,207	479,590
Current Account - local currency	754,792	1,808,567
TOTAL	1,138,999	2,288,157

4. SHORT-TERM INVESTMENTS

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

March 31,	2013	2012
	\$	\$
5. ACCOUNTS RECEIVABLE AND PREPAYMENTS		
Accounts Receivable	1,991,665	830,500
Employee Advances	44,926	45,541
Prepaid Insurance	8,874	8,874
TOTAL	2,045,465	884,915

Public Utilities Commission - March 31, 2013
Notes to Financial Statements
(In Belize Dollars)

March 31,	2013	2012
	\$	\$
6. FIXED ASSETS & DEPRECIATION		
Cost		
Land	966,175	966,175
Vehicles	4,677,323	4,677,323
Equipment	357,160	238,392
Computers & accessories	23,222	23,222
Furniture & fixtures	58,284	52,143
TOTAL	6,082,164	5,957,255
Accumulated Depreciation		
Vehicles	2,739,879	1,804,415
Equipment	202,080	166,364
Computers & accessories	21,139	18,817
Furniture & fixtures	50,058	44,228
TOTAL	3,013,156	2,033,824
NET FIXED ASSETS	3,069,008	3,923,431
 7. OTHER REVENUES AND SUPPORT		
Other license fee	503,798	1,393,686
Interest income	37,479	75,587
TOTAL	541,277	1,469,273

Public Utilities Commission - March 31, 2013
Notes to Financial Statements
(In Belize Dollars)

March 31,	2013	2012
	\$	\$
8. GENERAL & ADMINISTRATIVE EXPENSES		
Contribution to Government of Belize	1,317,510	49,952
Professional fees	468,510	372,018
Gratuity	472,985	372,124
Stipend	0	73,782
Telephone and postage	54,156	52,154
Rent	143,100	143,100
Repairs and maintenance	23,502	29,740
Office expenses	47,844	38,244
Fuel and oil	66,485	51,675
Conferences and workshops	27,749	30,952
Promotion, publicity and advertising	91,384	80,148
Training	368,611	266,024
Donations	209,947	98,514
Motor vehicle expenses	45,441	28,887
Dues and subscriptions	19,497	18,584
Insurance	127,008	111,054
Social security expense	16,722	16,628
Security	68,189	60,006
Electricity and water	46,589	40,542
Miscellaneous	101,120	34,082
TOTAL	3,716,349	1,968,210

9. COMMITMENTS AND CONTINGENCIES

9.01 Contracts

The Commission was a party to several contracts and other arrangements at March 31, 2013 and was contingently liable for the cumulative amount of \$260,000.

9.02 Legal Matters

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

Based on current knowledge and communication with legal counsel, the Commission was of the view that the outcome of the following litigation matters, which existed at March 31, 2013, would not have a material adverse effect on its financial position:

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

9.03 Employment Benefits

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

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

9.05 See Subsequent Event Note 13.

Public Utilities Commission - March 31, 2013
Notes to Financial Statements
(In Belize Dollars)

10. TAXATION

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

11. RELATED PARTY TRANSACTIONS

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

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

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

12. KEY MANAGEMENT AND BOARD COMPENSATION

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

12.02 The Board consisted of seven members at March 31, 2013 with a total (combined) annual compensation of \$277,595.

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

12.04 Members of the Board of Commissioners are compensated on a per meeting basis. At March 31, 2013, the rate was \$1,250 per meeting of the Commission.

13. SUBSEQUENT EVENT

13.01 Pension Plan

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

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

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

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