

# **PUBLIC UTILITIES COMMISSION**

## **FINANCIAL STATEMENTS**

**MARCH 31, 2015**

### **CONTENTS**

	<b>Page</b>
Independent Auditor's Report	<b>1</b>
Balance Sheets	<b>3</b>
Statements of Activities and Changes in General Fund Balance	<b>4</b>
Statements of Cash Flows	<b>5</b>
Notes to Financial Statements	<b>6 - 14</b>

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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 statement of financial position as of March 31, 2015, the statement of activities and changes in general fund, and the statement of cash flows for the year then ended, along with a summary of significant accounting policies and other explanatory notes.

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

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

**Auditor's Responsibility**

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

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

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

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

**Unqualified Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Public Utilities Commission as of March 31, 2015 and the results of its activities and changes in general fund, and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Other**

The financial statements for the year ended March 31, 2014 were audited by us and we expressed a qualified opinion thereon dated October 20, 2015.

  
Cedric D. Summers  
Certified Public Accountant

October 20, 2015

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

March 31,	2015	2014
<b>ASSETS</b>	\$	\$
<b>Current Assets</b>		
Cash and Bank (Note 3)	2,014,795	2,651,108
Short-term Investments (Note 4)	240,332	240,332
Accounts receivable and prepayments (Note 5)	3,142,598	3,175,973
<b>Total current assets</b>	<b>5,397,725</b>	<b>6,067,413</b>
<b>Net Fixed Assets (Notes 2.05, 6)</b>	<b>2,977,320</b>	<b>2,387,628</b>
<b>TOTAL ASSETS</b>	<b>8,375,045</b>	<b>8,455,041</b>
<b>LIABILITIES &amp; FUND BALANCE</b>		
<b>Current liabilities</b>		
Accounts payable and accruals	0	98,666
<b>Total current liabilities</b>	<b>0</b>	<b>98,666</b>
<b>FUND BALANCE</b>		
General Fund	8,375,045	8,356,375
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>8,375,045</b>	<b>8,455,041</b>

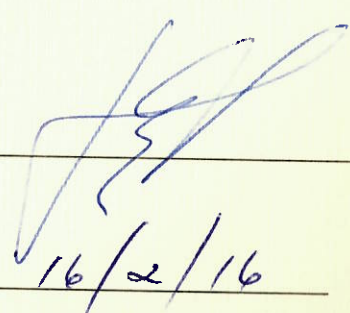
The accompanying notes form an integral part of these financial statements.

Approved:

Chairman



Commissioner



Date

16.1.16

Date

16/2/16

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

<b>March 31,</b>	<b>2015</b>	<b>2014</b>
<b>REVENUES AND SUPPORT</b>	<b>\$</b>	<b>\$</b>
Fees on Public Utility Providers sales	2,303,922	4,908,322
Spectrum fees	758,250	875,450
Public Utility Providers license fees	248,279	154,991
Other revenues and support (Note 7)	130,002	451,878
<b>TOTAL REVENUES</b>	<b>3,440,453</b>	<b>6,390,641</b>
<b>COST AND EXPENSES</b>		
General and administrative expenses (Note 8)	2,532,511	2,268,356
Salaries & Wages	1,162,006	1,228,697
Depreciation	461,857	1,002,756
<b>TOTAL EXPENSES</b>	<b>4,156,374</b>	<b>4,499,809</b>
<b>NET EXPENSES</b>	<b>(715,921)</b>	<b>1,890,832</b>
Beginning balance, general fund	8,356,375	6,465,543
Prior period adjustment	734,591	0
<b>Ending balance, General Fund</b>	<b>8,375,045</b>	<b>8,356,375</b>

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

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

<b>March 31,</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from utility providers and others	3,473,828	5,260,134
Cash paid for expenditures	(3,793,183)	(3,426,649)
<b>Net cash provided (used) by operating activities</b>	<b>(319,355)</b>	<b>1,833,485</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (Purchase) sale of property and equipment	(316,958)	(321,376)
<b>Net cash used by investing activities</b>	<b>(316,958)</b>	<b>(321,376)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<b>0</b>	<b>0</b>
<b>Net cash provided (used) by financing activities</b>	<b>0</b>	<b>0</b>
<b>Net (decrease) increase in cash</b>	<b>(636,313)</b>	<b>1,512,109</b>
Cash and Equivalents, beginning of period	2,651,108	1,138,999
<b>Cash and Equivalents, end of period</b>	<b>2,014,795</b>	<b>2,651,108</b>
<b>Reconciliation of net revenues and receipts to net cash provided by operating activities:</b>		
<b>Net Revenues (expenses)</b>	<b>(715,921)</b>	<b>1,890,832</b>
<b>Add (deduct) items not using (providing) cash:</b>		
Depreciation	461,857	1,002,756
Decrease (increase) in account receivable & prepayment	33,375	(1,130,508)
Increase (decrease) in accounts payable	(98,666)	70,405
<b>Net cash provided by operating activities</b>	<b>(319,355)</b>	<b>1,833,485</b>

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

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**Public Utilities Commission - March 31, 2015**

**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, 2015**  
**Notes to Financial Statements**  
**(In Belize Dollars)**

<b>March 31,</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH &amp; BANK</b>		
Current Account - foreign currency (in Bze \$)	<b>109,014</b>	263,421
Current Account - local currency	<b>1,905,781</b>	2,387,687
<b>TOTAL</b>	<b>2,014,795</b>	2,651,108

**4. SHORT-TERM INVESTMENTS**

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

<b>March 31,</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>5. ACCOUNTS RECEIVABLE AND PREPAYMENTS</b>		
Accounts Receivable	<b>3,100,125</b>	3,100,125
Employee Advances	<b>42,473</b>	66,974
Prepaid Insurance	<b>0</b>	8,874
<b>TOTAL</b>	<b>3,142,598</b>	3,175,973

**Public Utilities Commission - March 31, 2015**  
**Notes to Financial Statements**  
**(In Belize Dollars)**

March 31,	2015	2014
	\$	\$
<b>6. FIXED ASSETS &amp; DEPRECIATION</b>		
<b>Cost</b>		
Land	1,209,932	1,135,247
Vehicles	2,307,112	4,782,490
Equipment	57,982	404,297
Computers & accessories	23,222	23,222
Furniture & fixtures	174,837	58,284
<b>TOTAL</b>	<b>3,773,085</b>	<b>6,403,540</b>
<b>Accumulated Depreciation</b>		
Vehicles	458,747	3,696,378
Equipment	242,510	242,510
Computers & accessories	21,139	21,139
Furniture & fixtures	73,369	55,885
<b>TOTAL</b>	<b>795,765</b>	<b>4,015,912</b>
<b>NET FIXED ASSETS</b>	<b>2,977,320</b>	<b>2,387,628</b>
<b>7. OTHER REVENUES AND SUPPORT</b>		
Other license fee	128,521	433,694
Interest income	1,481	18,184
<b>TOTAL</b>	<b>130,002</b>	<b>451,878</b>

**Public Utilities Commission - March 31, 2015**

**Notes to Financial Statements**

**(In Belize Dollars)**

<b>March 31,</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
Contribution to Government of Belize	196,817	326,739
Professional fees	54,634	41,489
Gratuity	425,517	285,767
Pension Contribution	72,312	0
Telephone and postage	44,402	47,561
Rent	143,100	143,100
Repairs and maintenance	38,553	24,179
Office expenses	30,627	44,299
Fuel and oil	68,482	60,080
Conferences and workshops	96,222	46,995
Promotion, publicity and advertising	90,554	78,633
Training	751,302	568,894
Donations	131,376	141,330
Motor vehicle expenses	42,863	49,042
Dues and subscriptions	21,948	76,773
Insurance	144,369	135,685
Social security expense	16,595	20,678
Security	60,006	65,461
Electricity and water	45,449	50,713
Uniforms	20,451	0
Miscellaneous	36,932	60,938
<b>TOTAL</b>	<b>2,532,511</b>	<b>2,268,356</b>

**9. COMMITMENTS AND CONTINGENCIES**

**9.01 Contracts**

The Commission was a party to several contracts and other arrangements at March 31, 2015 and was contingently liable for the cumulative amount of \$305,000.

**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, 2015, 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. COMMITMENTS AND CONTINGENCIES (CONT'D)**

**9.05 Pension Plan**

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

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

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

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

**10. TAXATION**

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

**11. RELATED PARTY TRANSACTIONS**

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

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

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

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**Public Utilities Commission - March 31, 2015**  
**Notes to Financial Statements**  
**(In Belize Dollars)**

**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, 2015 with a total (combined) annual compensation of \$317,300.
- 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, 2015, the rate was \$1,250 per meeting of the Commission.