REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE OFFICE OF PROCUREMENT REGULATION FOR THE YEAR ENDED 30 SEPTEMBER 2020

OPINION

The accompanying Financial Statements of the Office of Procurement Regulation for the year ended 30th September, 2020 have been audited. The statements as set out on pages 1 to 22 comprise a Statement of Financial Position as at 30 September 2020, a Statement of Comprehensive Income, a Statement of Changes in Equity, and a Statement of Cash Flows for the year ended 30 September 2020 and Notes to the Accounts numbered 1 to 13.

2. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position the Office of Procurement Regulation as at 30 September 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

3. The audit was conducted in accordance with generally accepted auditing standards. The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Office of Procurement Regulation in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

4. Management of the Office of Procurement Regulation is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards 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.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

7. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago.

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

9. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.

- Obtains 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 Office's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concludes 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 Office's ability to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in his audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluates 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.

10. The Auditor General communicates 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 were identified during the audit.

SUBMISSION OF REPORT

11. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

REPUBLIC OF TRINIDAD AND TOBAGO
AUDITOR GENERAL

2ND JULY, 2021
PORT OF SPAIN

LORELLY PUJADAS
AUDITOR GENERAL

THE OFFICE OF PROCUREMENT REGULATION

FINANCIAL STATEMENTS

30 SEPTEMBER 2020

THE OFFICE OF PROCUREMENT REGULATION

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THE OFFICE OF PROCUREMENT REGULATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 SEPTEMBER 2020

ASSETS	Notes	30 September 2020 ($)	30 September 2019 ($)
Current Assets:			
Cash and cash equivalents	4	21,380,647	16,470,494
Accounts receivable and prepayments	5	1,113,345	1,754,727
Total Current Assets		22,493,992	18,225,221
Non-Current Assets			
Intangible	6	62,474	93,707
Property, plant and equipment	6	980,704	1,022,036
Total Assets		**23,537,170**	**19,340,964**
LIABILITIES AND EQUITY			
Current Liabilities:			
Accounts payable and accruals	7	1,964,404	1,760,395
Non-Current Liabilities:			
Deferred income	8	2,812,466	2,912,254
Total Liabilities		4,776,870	4,672,649
Equity:			
Accumulated surplus		18,760,300	14,668,315
Total Equity		18,760,300	14,668,315
Total Liabilities and Equity		**23,537,170**	**19,340,964**

REPUBLIC OF TRINIDAD AND TOBAGO AUDITOR GENERAL 2 July 2021

Director **Director**

(The accompanying notes form an integral part of these financial statements)

THE OFFICE OF PROCUREMENT REGULATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	30 September 2020 ($)	30 September 2019 ($)
Income:			
Subventions		17,960,000	14,840,000
Other income		380,596	400,934
Total Income		18,340,596	15,240,934
Expenditure:			
Development programme expenses		380,596	400,934
General and administrative expenses	12	2,629,714	2,427,564
Marketing expenses		126,467	129,189
Depreciation		349,568	244,062
Finance costs		6,441	3,062
Personnel costs	13	10,755,825	8,321,267
Total Expenditure		14,248,611	11,526,078
Total Comprehensive Income for the period		**4,091,985**	**3,714,856**

(The accompanying notes form an integral part of these financial statements)

THE OFFICE OF PROCUREMENT REGULATION

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Accumulated Surplus ($)
Balance, 1 October 2019	14,668,315
Total Comprehensive Income for the period	4,091,985
Balance, 30 September 2020	**18,760,300**
Balance, 1 October 2018	10,953,459
Total Comprehensive Income for the period	3,714,856
Balance, 30 September 2019	**14,668,315**

(The accompanying notes form an integral part of these financial statements)

THE OFFICE OF PROCUREMENT REGULATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	For the period ended 30 September 2020 ($)	For the period ended 30 September 2019 ($)
Operating Activities:		
Total comprehensive income for the period	4,091,985	3,714,856
Adjustment for:		
Depreciation	349,568	244,062
	4,441,553	3,958,918
Adjustment for non-cash items:		
Net change in accounts receivables and prepayments	641,382	4,015,900
Net change in accounts payable and accruals	204,009	1,724,260
Net change in deferred income	(99,788)	(389,463)
Cash provided by operating activities	5,187,156	9,309,615
Investing Activities:		
Net change in intangible assets	-	(129,743)
Purchase of property, plant and equipment	(277,003)	(905,069)
Cash used in investing activities	(277,003)	(1,034,812)
Net change in cash balances	4,910,153	8,274,803
Cash resources, beginning of year	16,470,494	8,195,691
Cash resources, end of period	**21,380,647**	**16,470,494**
Represented by:		
Cash and cash equivalents	21,380,647	16,470,494

(The accompanying notes form an integral part of these financial statements)

1. Enactment and Principal Business Activity:

The Office of Procurement Regulation (OPR) is a body corporate established pursuant to an Act of Parliament, namely the Public Procurement and Disposal of Public Property Act, 2015. Though the Act was assented to on January 14, 2015, it comes into operation on a date to be fixed by the President by proclamation. However, to allow for the establishment of the OPR, the appointment of the Members of the Board, the performance of certain key functions of the OPR, and the drafting of Regulations, the Act was partially proclaimed by way of Legal Notice 150 of 2015.

The objects of this Act are to promote:

a) The principles of accountability, integrity, transparency and value for money;

b) efficiency, fairness, equity and public confidence; and

c) local industry development, sustainable procurement and sustainable development, in public procurement and the disposal of public property

The OPR was established with the following principal objectives:

a) To monitor the procurement of goods, works and services, and the disposal of public property, by public bodies to ensure compliance with the Act.

b) To conduct audits and periodic inspections of public bodies to ensure compliance with the Act.

c) To issue directions to public bodies to ensure compliance with the Act.

d) To carry out such other activities and do such other acts as it considers necessary or expedient for the carrying out its functions.

2. Summary of Significant Accounting Policies:

a) Basis of Financial Statements Preparation -

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and are stated in Trinidad and Tobago dollars rounded to the nearest whole dollar. These financial statements have been prepared on the historical cost basis.

b) Use of Estimates -

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the OPR's accounting policies.

2. Summary of Significant Accounting Policies (Cont'd):

b) Use of Estimates (cont'd) -

It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(c) New Accounting Standards and Interpretations -

The OPR has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective, do not apply to the activities of the OPR or have no material impact on its financial statements:

IFRS 1	First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
IFRS 2	Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
IFRS 3	Business combinations – Amendments regarding the re-measurement of previously held interest (effective for accounting periods beginning on or after 1 January 2019).
IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).

2. **Summary of Significant Accounting Policies (Cont'd):**

(c) **New Accounting Standards and Interpretations (cont'd) -**

IFRS 11	Joint Arrangements - Amendments regarding the re-measurement of previously held interest (effective for accounting periods beginning on or after 1 January 2019).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2022).
IAS 12	Income Taxes - Amendments resulting from the income tax consequence of dividends (effective for accounting periods beginning on or after 1 January 2019).
IAS 19	Employee Benefits – Amendments regarding plan amendments, curtailments or settlements (effective for accounting periods beginning on or after 1 January 2019).
IAS 23	Borrowing Costs - Amendments regarding the borrowing costs eligible for capitalisation (effective for accounting periods beginning on or after 1 January 2019).
IAS 28	Investment in Associates - Amendments clarifying certain fair value measurements (effective for accounting periods beginning on or after 1 January 2018).
IAS 28	Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
IAS 40	Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 January 2018).
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
IFRIC 23	Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

2. Summary of Significant Accounting Policies (Cont'd):

d) Intangible asset –

The OPR has adopted the cost model for the recognition of intangible assets. Intangible assets are accrued at cost less any accumulated amortisation and any accumulated impairment losses.

The following rate considered appropriate to write off the asset over its estimated useful life is applied:

Computer software	-	33%

e) Property, Plant and Equipment -

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided using the reducing balance method. The following applied rates are considered appropriate to write-off the assets over their estimated useful lives:

Office Furniture	-	20%
Office Equipment	-	25%
Motor Vehicle	-	25%

The assets' residual values and useful lives are reviewed at each reporting date and adjusted as deemed appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds on disposal with the carrying amount in the financial statements. All gains and losses are recognised in the Statement of Comprehensive Income.

f) Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

g) Accounts Receivable and Prepayments

Accounts receivable are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

2. **Summary of Significant Accounting Policies (Cont'd):**

h) **Accounts Payable and Accruals**
Accounts payable and accruals are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

i) **Income and Expenditure -**

Income and expenditure are recognised on the accrual's basis.

(j) **Provisions -**

Provisions are recognised when:

i) the OPR has a present legal or constructive obligation as a result of past events;
ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and
iii) the amount can and has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, 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.

(k) **Subventions -**

Grants/subventions from the Government of the Republic of Trinidad and Tobago are recognised at their fair values, where there is a reasonable assurance that:

i) the grant/subvention will be received; and
ii) the OPR will comply with all conditions attached, if any.

Grants relating to operating/recurrent expenses are recognised in full in the Statement of Comprehensive Income in the year in which the grant is received or becomes receivable.

Grants relating to the development programme are included in non-current liabilities as deferred income and are recognised in the Statement of Comprehensive Income over the period necessary to match them against the expenses they are intended to offset.

Budget Allocation & Releases:

For fiscal year 2019/2020, the OPR was allocated funding in the sum of $25,830,100 and $1,000,000 to facilitate recurrent and development expenditure respectively.
An amount of $17,960,000 was released to the OPR under the recurrent budget whilst no funding was released under the Development Programme.

2. Summary of Significant Accounting Policies (Cont'd):

(k) Subventions (cont'd):

For fiscal year 2018/2019, the OPR was allocated funding the sum of $17,857,780 and $1,000,000 to facilitate recurrent and development expenditure respectively.
An amount of $14,840,000 was released to the OPR under the recurrent budget whilst an amount $803,930 was released under the Development Programme.

(l) Financial Instruments –

All recognized financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortized cost or fair value on the basis of:

(i) The entity's business model for managing the financial assets; and
(ii) The contractual cash flow characteristics of the financial assets.

The OPR reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

Initial measurement

All financial instruments are initially measured at the fair value of consideration given or received.

The OPR measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The OPR uses a fair value hierarchy that categorises valuation techniques into three levels:

(i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.

(ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.

2. **Summary of Significant Accounting Policies (Cont'd):**

Financial Instruments (cont'd) -

Subsequent measurement

Those financial assets which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortized cost. Gains/losses arising on remeasurement of such financial assets are recognized in profit or loss as movements in Expected Credit Loss (ECL). When a financial asset measured at amortized cost is derecognized, the gain/loss is reflected in profit or loss.

Those financial assets which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI). Gains/ losses arising on remeasurement of such financial assets are recognized in OCI as "*Items that may be reclassified subsequently to P & L" and are called "Net FV gain/ (loss) on financial assets classified as at FVOCT"*.

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL), except for equity investments, which the OPR has opted, irrevocably, to measure at FVTOCI. Gains/ losses arising on remeasurement of such financial assets are recognized in profit or loss as *"Net FV gain/ (loss) on financial assets classified at FVTPL"*. When a financial asset measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss.

Reclassification

If the business model under which OPR holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model.

Write -off

Financial assets are written off when the OPR has no reasonable expectations of recovery, for example, when the OPR determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the OPR's enforcement activities will result in gains.

2. Summary of Significant Accounting Policies (Cont'd):

l) Financial instruments (cont'd) -

Financial liabilities

Since the OPR does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instruments to the net carrying amount on initial recognition. Financial liabilities recognised at amortised cost are not reclassified.

3. Financial Risk Management:

The OPR has various financial assets such as trade receivables and cash which arise directly from its operations. The OPR's financial liabilities comprise trade payables.

Financial risk factors

The following table summarizes the carrying amounts and fair values of the OPR's financial assets and liabilities:

	30 September 2020	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash and cash equivalents	21,380,647	21,380,647
Accounts receivable and prepayments	1,113,345	1,113,344
Financial Liabilities		
Accounts payable and accruals	1,964,404	1,964,404

3. Financial Risk Management (Cont'd):

	30 September 2019	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash and cash equivalents	16,470,494	16,470,494
Accounts receivable and prepayments	1,754,727	1,754,727
Financial Liabilities		
Accounts payable and accruals	1,760,395	1,760,395

The OPR is exposed to interest rate risk, credit risk, liquidity risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the OPR to manage these risks are discussed below:

(a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The OPR's exposure to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities is minimal and is monitored closely by management.

The OPR's exposure to the risk of changes in market interest rate is not material as there are no long-term debt obligations and overdraft facility.

Interest rate sensitivity analysis

The OPR's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

30 September 2020

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non - Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	0.05 – 1.5%	21,374,647	-	-	6,000	21,380,647
Accounts receivable and prepayments	0%	-	-	-	1,113,345	1,113,345
		21,374,647	-	-	1,119,345	22,493,992
Financial Liabilities						
Accounts payable and accruals	0%	-	-	-	1,964,404	1,964,404
		-	-	-	1,964,404	1,964,404

30 September 2019

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non - Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	0.05 – 1.5%	16,465,494	-	-	5,000	16,470,494
Accounts receivable and prepayments	0%	-	-	-	1,754,727	1,754,727
		16,465,494	-	-	1,759,727	18,225,221
Financial Liabilities						
Accounts payable and accruals	0%	-	-	-	1,760,395	1,760,395
		-	-	-	1,760,395	1,760,395

3. Financial Risk Management (Cont'd):

(b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

Cash and cash equivalent balances are held with high credit quality financial institutions.

Receivable balances are monitored on an ongoing basis, and as a result, the OPR's exposure to bad debts and impairment is not significant. With respect to credit risk arising from other financial assets such as cash and cash equivalents, the exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments.

In addition, the company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

There are no significant concentrations of credit risk within the OPR.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but it also increases the risk of losses. The OPR minimising such losses by maintaining sufficient cash and other highly liquid current assets. The OPR is able to make daily calls on its available cash resources to settle financial and other liabilities. Additionally, the OPR monitors its risks of cash shortage by considering the maturity of its financial assets and the projected cash flows from operations.

Liquidity risk is not considered a material risk.

3. **Financial Risk Management (Cont'd):**

(c) **Liquidity risk (cont'd) -**

Liquidity gap

The OPR's exposures to liquidity risk is summarized in the table below, which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

	30 September 2020			
	Up to 1 year ($)	**1 to 5 years ($)**	**Over 5 years ($)**	**Total ($)**
Financial Assets				
Cash and cash equivalents	21,380,647	-	-	21,380,647
Accounts receivables and prepayments	1,113,345	-	-	1,113,345
	22,493,992	-	-	22,493,992
Financial Liabilities				
Accounts payable and accruals	1,964,404	-	-	1,964,404
	1,964,404	-	-	1,964,404

	30 September 2019			
	Up to 1 year ($)	**1 to 5 years ($)**	**Over 5 years ($)**	**Total ($)**
Financial Assets				
Cash and cash equivalents	16,470,494	-	-	16,470,494
Accounts receivables and prepayments	1,754,727	-	-	1,754,727
	18,225,221	-	-	18,225,221
Financial Liabilities				
Accounts payable and accruals	1,760,395	-	-	1,760,395
	1,760,395	-	-	1,760,395

3. Financial Risk Management (Cont'd):

(d) Operational risk -

Operational risk is the risk derived from deficiencies relating to the OPR's information technology and control systems, as well as the risk of human error and natural disasters. The OPR's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error.

(e) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the country. The risk is limited to a significant extent by strong monitoring controls applied by the OPR's management.

(f) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the OPR's operations (whether true or false) may result in a legal case against the OPR. The company engages in public social endeavours to engender trust and minimize this risk.

4. Cash and Cash Equivalents:

	30 September 2020 ($)	30 September 2019 ($)
Cash in hand	6,000	5,000
First Citizens Bank Limited		
- Recurrent Account	18,652,545	13,636,241
- Development Account	2,722,102	2,829,253
	21,380,647	**16,470,494**

5. Accounts Receivable and Prepayments:

	30 September 2020 ($)	30 September 2019 ($)
Subvention receivables	-	1,460,000
Prepayment	761,290	104,644
Cautionary fee	1,600	600
Value-Added-Tax receivable	350,455	189,483
NIS refundable	-	-
	1,113,345	**1,754,727**

6. Property, Plant and Equipment

	Office Equipment ($)	Office Furniture ($)	Intangible ($)	Motor Vehicles ($)	Total ($)
Cost					
Balance, 1 October 2019	690,882	11,000	129,743	549,665	1,381,290
Additions	277,003	-	-	-	277,003
Balance, 30 September 2020	967,885	11,000	129,743	549,665	1,658,293
Accumulated Depreciation					
Balance, 1 October 2019	122,555	1,650	36,036	105,306	265,547
Charge for the period	205,376	1,870	31,232	111,090	349,568
Balance, 30 September 2020	327,931	3,520	67,268	216,396	615,115
Net Book Value					
Balance, 30 September 2020	**639,954**	**7,480**	**62,475**	**333,269**	**1,043,178**
Net Book Value					
Balance, 30 September 2019	**568,327**	**9,350**	**93,707**	**444,359**	**1,115,743**

	Office Equipment ($)	Office Furniture ($)	Intangible ($)	Motor Vehicles ($)	Total ($)
Cost					
Balance, 1 October 2018	6,478	-	-	340,000	346,478
Additions	684,404	11,000	129,743	209,665	1,034,812
Balance, 30 September 2019	690,882	11,000	129,743	549,665	1,381,290
Accumulated Depreciation					
Balance, 1 October 2018	235	-	-	21,250	21,485
Charge for the period	122,320	1,650	36,036	84,056	244,062
Balance, 30 September 2019	122,555	1,650	36,036	105,306	265,547
Net Book Value					
Balance, 30 September 2019	**568,327**	**9,350**	**93,707**	**444,359**	**1,115,743**

7. Accounts Payable and Accruals:

	30 September 2020 ($)	30 September 2019 ($)
Audit fees payable	56,000	48,900
Accruals	1,908,404	1,711,495
	1,964,404	**1,760,395**

8. Deferred Income:

	30 September 2020 ($)	30 September 2019 ($)
Balance, beginning of the year	2,912,254	3,301,717
Deferred expenditure	(511,651)	(792,450)
Grant received	-	803,930
Grant expenditure	411,863	(400,943)
Balance, end of the period	**2,812,466**	**2,912,254**

9. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Contributions from the Ministry of Finance are not considered transactions with a related party in accordance with IAS 24 – Related Party Disclosures, which states, *inter alia*, that the following are not related parties:

(i) providers of finance,
(ii) trade unions,
(iii) public utilities, and
(iv) departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity,

simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).'

10. Fair Values:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

With respect to the various classes of financial assets and liabilities, the carrying amounts of current assets and liabilities are deemed to be a reasonable approximation of the fair values because of their short-term nature.

11. Capital Risk Management:

The OPR manages its capital to ensure that it will be able to continue as a going concern while providing value to the clientele.

The capital structure of the OPR consists of equity in the form of accumulated surplus, attributable to the Ministry of Finance.

12. General and Administrative Expenses:

	30 September 2020 ($)	30 September 2019 ($)
Audit fee	56,735	52,800
Books and periodicals	3,681	-
Board remuneration	1,379,640	1,354,550
Car park fees	174,035	144,182
Contracted services	86,606	131,062
Health and safety	1,881	2,062
Insurances	15,578	-
Janitorial services	167,772	190,736
Miscellaneous expenses	-	8,903
Motor vehicle expenses	19,778	30,389
Overseas travel	6,664	44,211
Printing, stationery and office supplies	73,874	132,100
Software expenses	233,216	51,794
Subscriptions	64,470	19,334
Telephone	85,433	15,981
Team Building & Staff Appreciation	18,384	-
Training	222,060	245,200
Repairs & maintenance to building	-	3,910
Repairs & maintenance to equipment	19,907	350
	2,629,714	**2,427,564**

13. Personnel Costs:

	30 September 2020 ($)	30 September 2019 ($)
Salaries	8,802,595	6,391,125
Gratuity	1,282,563	1,295,578
NIS – Employer's contributions	448,218	311,989
Other	222,449	322,575
	10,755,825	**8,321,267**