



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED 30 SEPTEMBER, 2008

The accompanying Financial Statements of the Telecommunications Authority of Trinidad and Tobago for the year ended 30 September, 2008 have been audited. The Statements comprise a Balance Sheet as at 30 September, 2008, an Income and Expenditure Statement - Recurrent, an Income and Expenditure Statement - Public Sector Investment Programme, a Statement of Changes in Amount Due to Consolidated Fund and a Cash Flow Statement for the year ended 30 September, 2008, Accounting Policies referenced (a) to (i) and Notes to the Financial Statements numbered 1 to 17.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the Telecommunications Authority of Trinidad and Tobago (the Authority) 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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

3. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit. The audit was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 57 of the Telecommunications Act, Chapter 47:31 (the Act). The audit was conducted in accordance with auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

4. 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 judgment, 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 control 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 control. 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.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinion expressed at paragraph 6 of this Report.

OPINION

6. In my opinion, the financial statements as outlined at paragraph one above, present fairly, in all material respects the financial position of the Telecommunications Authority of Trinidad and Tobago as at 30 September, 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

OTHER LEGAL REQUIREMENTS

7. Without qualifying the above opinion, attention is drawn to the following:

Statutory Non-Compliance

- (i) Section 79 (1) of the Act requires the establishment of a Broadcasting Code. At September 30, 2008 the Authority had not complied with the aforementioned section of the Act. However, evidence was seen that the Authority had taken action in this regard.
- (ii) The Authority has established a Universal Service Fund with a balance of \$20,500,000.00 in accordance with the provisions of section 53 (4) of the Act. Section 18 (1) of the Act states inter alia:

“Subject to the provisions of this Act, the Authority may exercise such functions and powers as are imposed on it by this Act and in particular:

... (c) determine universal service obligations throughout Trinidad and Tobago, pursuant to section 28, and ensure that such obligations are realised; ...”

At September 30, 2008 the Authority had not established a framework to meet the requirements for universal service obligations as required by the Act. Evidence was seen that the Authority had taken action in this regard also.

SUBMISSION OF REPORT

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

11th February 2015



MAJEED ALI
ACTING AUDITOR GENERAL

Balance Sheet

As at September 30, 2008

	Note	2008 \$	2007 \$
ASSETS			
Non-Current Assets			
Fixed assets	2	14,109,037	13,102,409
Current Assets			
Receivables	3	27,533,086	28,802,809
Cash and bank balance	4	109,571,688	81,132,120
Total Assets		151,213,811	123,037,338

Represented by:

RESERVES AND LIABILITIES

Non-Current Liabilities			
Deferred income	5	30,480,623	33,017,997
Current Liabilities			
Accounts payable and accruals	6	3,394,056	2,314,809
Amount due To Consolidated Fund		84,839,133	67,204,532
Reserves			
Reserves-Universal Fund	7	32,500,000	20,500,000
Total Reserves and Liabilities		151,213,811	123,037,338



The notes on pages 6 to 13 form an integral part of these financial statements

On 26th June 2014 these financial statements were authorised for issue by the Board of Directors

Chief Executive Officer

Executive Officer, Finance and Administration

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

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Income and Expenditure Statement - Recurrent

For the Year Ended September 30, 2008

	Note	2008	2007
		\$	\$
Income			
Government grant			5,730,000.00
Deduct: Fixed assets purchased			(659,088)
		-	
Concession Fees		18,718,131	14,976,196
Licence Fees		45,378,623	79,531,294
Bank Interest		1,207,413	894,166
Other Income		1,620,941	25,251
Amortization of deferred income		4,170,145	1,749,357
Sub-total		<u>71,095,254</u>	<u>102,247,177</u>
		-	
Total Income		<u>71,095,254</u>	<u>102,247,177</u>
Expenses			
Communications, Marketing & Policy Expenses	8	4,349,829	2,210,632
Fees	9	2,324,854	3,266,128
Training	10	1,727,296	1,362,054
Utilities		578,085	486,768
Rent/Lease Expenses	11	1,090,278	798,060
Staff Costs	12	9,341,681	8,955,599
Repairs and Maintenance		178,836	76,044
Other Administrative Costs	13	4,177,050	1,956,366
Depreciation		4,264,085	1,749,357
Total Expenses		<u>28,031,994</u>	<u>20,861,008</u>
Due to Consolidated Fund	14	43,063,260	81,386,169

The notes on pages 6 to 13 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

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Income and Expenditure Statement - Public Sector Investment Programme

For the Year Ended September 30, 2008

	Note	2008	2007
\$		\$	\$
Income			
Government Subvention		0	12,000,000
Deduct: Fixed assets purchased/commitments		1,236,453	(10,304,355)
		<u>1,236,453</u>	<u>1,695,645</u>
Expenditure			
Development of a Universal Strategy and Implementation Plan		0	524,155
Development of an Advanced Automated Spectrum and Mgt System		0	108,848
		<u>0</u>	<u>633,003</u>
Due to Consolidated Fund		<u>1,236,453</u>	<u>1,062,642</u>

The notes on pages 6 to 13 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Statement of Changes in Amount Due to Consolidated Fund

For the Year Ended September 30, 2008

	2008	2007
	\$	\$
Surplus for the Year Due to Consolidated Fund	44,299,712	82,448,811
Appropriation Reserves - Universal Service Fund	(12,000,000)	(20,500,000)
Net Surplus for the Year Due to Consolidated Fund	32,299,712	61,948,811
Payment to Consolidated Fund	(14,665,111)	-
Net Surplus for the Year Due to Consolidated Fund	17,634,601	61,948,811
Amount Due Consolidated Fund - Beginning of Year	67,204,532	5,255,721
Net Surplus Due to Consolidated Fund - End of Year	84,839,133	67,204,532
	84,839,133	67,204,532

The notes on pages 6 to 13 form an integral part of these financial statements

Cash Flow Statement

For the Year Ended September 30, 2008

	2008	2007
	\$	\$
Cash Flow From Operating Activities		
Surplus for the Year	44,299,712	82,448,811
	<u>44,299,712</u>	<u>82,448,811</u>
Less:		
Appropriation Reserves - Universal Service Fund	(12,000,000)	(20,500,000)
Adjustments for:		
Amortization of deferred income - licence fees	(4,170,145)	(4,978,897)
Amortization of deferred income - Property Plant		(1,749,357)
Amortization of deferred income - licence fees cash received	(2,489,446)	4,978,897
Depreciation	4,264,085	1,749,357
	<u>29,904,206</u>	<u>61,948,811</u>
Increase in Trade and Other Receivables	1,269,722	(28,593,646)
Increase in Deferred Income - Cellular Mobile Fees		19,915,588
Increase in Accounts Payable	1,079,245	351,808
	<u>32,253,173</u>	<u>53,622,561</u>
Cash Flows From Investing Activities		
Acquisition of fixed assets	(4,912,041)	(10,847,007)
Investments - Universal Service Fund	12,000,000	20,500,000
Net Cash from Investing Activities	<u>7,087,959</u>	<u>9,652,993</u>
Cash Flow From Financing Activities		
Amount Paid to Consolidated Fund	(14,665,111)	0
Proceeds from Government grant	3,763,547	10,847,007
Net cash From / (Used in) Financing activities	<u>(10,901,564)</u>	<u>10,847,007</u>
Net Increase in Cash and Cash Equivalents	28,439,568	74,122,561
Cash and Cash Equivalents at the beginning of the year	<u>81,132,119</u>	<u>7,009,558</u>
Cash and Cash Equivalents at the end of the year	<u>109,571,688</u>	<u>81,132,119</u>

The notes on pages 6 to 13 form an integral part of these financial statements

Significant Accounting Policies

For the Year Ended September 30, 2008

The principal accounting policies adopted in the preparation of these Financial Statements are set out below:

(a) Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

Where assumptions and estimates are significant to the financial statements they are disclosed in the Notes.

(b) Reporting Currency

These financial statements are expressed in Trinidad and Tobago dollars.

(c) Government Grants

Government grant related to fixed assets is deferred in the balance sheet and amortised over the estimated useful lives of the assets to which it relates.

Government grant related to income is included in the statement of income in the year received.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank.

(e) Accounts Receivable

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of Trade receivables is established based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

(f) Reserves

In accordance with the Telecommunications Act (2001) Section 28 (3), the Board has approved the establishment of Reserves for the Universal Service Fund. The Board also approved reserves for the future development of the Authority.

Significant Accounting Policies (Cont'd)

For the Year Ended September 30, 2008

Significant Accounting Policies (continued)**(g) Fixed Assets**

Fixed assets are stated at cost and are depreciated on the reducing balance basis at the following rates per annum:

Fixtures and fittings	20%
Computer equipment and Software	25%
Office furniture and equipment	20%
Motor vehicles	25%
Books	10%
Telecommunication Equipment and Related Software	25%

(h) Contingent Liabilities and Assets, Commitments**(a) Operating Lease Commitments**

The Authority leases its facilities which include executive and administrative offices. Substantially the lease provides that the lessee shall pay maintenance, insurance and certain other operating expenses applicable to the leased property. The lease also includes renewal options.

There were no material finance leases.

(i) Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

Notes To The Financial Statements

For the Year Ended September 30, 2008

1. Incorporation and Principal Activities

The Telecommunications Authority of Trinidad and Tobago is an independent regulatory body, established by the Telecommunications Act No. 4 of 2001. The Authority is charged with the responsibility for the liberalization and regulation of the telecommunications and broadcasting sectors. These functions were previously performed by the Telecommunications Division of the Ministry of Public Administration and Information. The Authority became operational on July 1, 2004. It was located at BEN Court, 76 Boundary Road, San Juan.

The Authority relocated on August 29 2008 to 5 Eight Avenue Extension, Barataria.

The Authority reports to the Ministry of Public Administration and Information.

2. Net Fixed Assets

	Fixtures & Fittings	Computer Equipment & Software	Office Furniture & Equipment	Motor Vehicles	Books	Telecommunication Equipment and Related Software	Total
Cost	\$	\$	\$	\$	\$	\$	\$
At October 1, 2007	76,555	3,791,501	952,947	451,070	1,809	10,553,001	15,826,882
Adjustments			1,200				1,200
Additions for the period	-	1,215,435	100,874	204,465	-	3,748,745	5,269,519
At September 30, 2008	76,555	5,006,936	1,055,021	655,535	1,809	14,301,746	21,097,600
Depreciation							
At October 1, 2007	26,989	1,282,348	313,711	164,425	443	936,557	2,724,473
Adjustments		(115)	115				-
Charge for the period	9,913	738,458	135,830	122,817	137	3,256,930	4,264,085
At September 30, 2008	36,902	2,020,691	449,656	287,242	580	4,193,487	6,988,558
Net Book Value							
At September 30, 2007	49,566	2,509,152	639,236	286,645	1,366	9,616,444	13,102,409
At September 30, 2008	39,652	2,986,244	605,364	368,291	1,229	10,108,257	14,109,037

Additions for the period include purchase commitments of Fixed Assets.

Notes To The Financial Statements (CONTINUED)

For the Year Ended September 30, 2008

3. Receivables

	2008	2007
	\$	\$
Trade Receivables	25,334,101	28,065,566
Less Provision for Bad Debts	(795,799)	0
Trade Receivables-Net	<u>24,538,302</u>	<u>28,065,566</u>
Staff Loan	95,176	8,231
Staff Loan (M. Vehicle)	725,310	0
	1,704	0
VAT Receivable	862,298	601,826
Other Receivables/Prepayments	1,310,296	127,187
	<u>27,533,086</u>	<u>28,802,809</u>

Bad Debt expenses have been included under Expenses-Other Administrative Costs in the Income and Expenditure Statement. See Note 13.

4. Cash and Bank Balance

	2008	2007
	\$	\$
Cash at Bank (TT\$ Account)	57,579,786	45,158,174
Cash at Bank (US\$ Account)	31,960,255	35,970,945
Universal Fund (TT\$ Account)	20,028,647	0
Cash on Hand (TT\$ Account)	3,000	3,001
	<u>109,571,688</u>	<u>81,132,120</u>

5. Deferred Income

	2008	2007
	\$	\$
Government grant relating to fixed asset	17,224,628	15,826,882
Amortization	(4,170,145)	(2,724,472)
	<u>13,054,483</u>	<u>13,102,409</u>
Deferred Income - Cellular Mobile Fees	17,426,140	19,915,588
	<u>30,480,623</u>	<u>33,017,997</u>

6. a. Accounts Payable and accruals

	2008	2007
	\$	\$
Deferred Revenue	43,200	459,737
Outstanding commitments	3,341,596	1,855,072
Other Current Liabilities	9,260	0
	<u>3,394,056</u>	<u>2,314,809</u>

6. b. Amount Due to Consolidated Fund

Included in this amount is the sum of TT\$ 20,000,000 which the Board, in accordance with Sections 31 and 32 of the Exchequer and Audit Act, has recommended to be set aside to meet the Capital Expenditure demands of the Authority.

Notes To The Financial Statements (CONTINUED)

For the Year Ended September 30, 2008

7. Reserves - Universal Service Fund

In accordance with Section 53(d) of The Telecommunications Act 2001, Chapter 47:31, Section 53(6) the Board has approved the amount of TT\$32,500,000 as an appropriation of Reserves to the Universal Service Fund:

	2008	2007
	\$	\$
Universal Service Fund	32,500,000	20,500,000
Total	<u>32,500,000</u>	<u>20,500,000</u>

8. Communications, Marketing and Policy Expenses

	2008	2007
	\$	\$
Promotions, Publicity and Printing	1,960,091	1,626,132
Official Overseas Travel	66,274	80,561
Remuneration to Board Members	450,730	365,106
Hosting Conferences / Seminars	1,872,734	138,833
	<u>4,349,829</u>	<u>2,210,632</u>

9. Fees

These fees comprise mainly of legal fees incurred in compliance and enforcement, opinions from Senior Counsel and Judicial review from The Authority's providers.

Notes To The Financial Statements (CONTINUED)

For the Year Ended September 30, 2008

10. Training

In accordance with Section 18(n) of the Act, the Authority is committed to continuous training of its personnel to ensure that the industry standards are in compliance with:

- (1) International standards of the Telecommunications Union Convention
- (2) Testing and certifying of telecommunications equipment
- (3) Other relevant training necessary to achieve the objectives of the Act as outlined in Section 3 of the Act.

11. Rent/Lease Expenses

	2008	2007
	\$	\$
Office Accomodation	1,059,536	759,744
Vehicle & Equipment	30,742	38,316
Total	1,090,278	798,060

12. Staff Costs

	2008	2007
	\$	\$
Salaries - Staff	5,736,083	4,697,327
Salaries - Senior Management	2,893,285	3,792,511
Short Term Employment	662,623	435,922
Other Personnel Expenses	49,691	29,839
Total	9,341,681	8,955,599

The total number of employees as at 30th September 2008 was 45. The comparative figure for 2007 was 42.

13. Other Administrative Costs

	2008	2007
	\$	\$
Security	439,044	452,444
Janitorial Services	117,723	82,507
Supplies	439,213	369,722
Other Contracted Services	2,101,995	979,253
Bad Debt Expenses	795,799	-
Other Administrative costs	283,276	72,440
Total	4,177,050	1,956,366

14. Surplus

The following have been charged in arriving at the net surplus:

	2008	2007
	\$	\$
Staff Costs (See Note 12)	9,341,681	8,955,599
Directors Fees and Expenses (See Note 8)	450,730	365,106
Depreciation (See Note 2)	4,264,085	1,749,357

Notes To The Financial Statements (CONTINUED)

For the Year Ended September 30, 2008

15. Contingent Liabilities and Assets, Commitments**(a) Operating Lease Commitments**

The Authority leases its facilities which include executive and administrative offices. Substantially the lease provides that the lessee shall pay maintenance, insurance and certain other operating expenses applicable to the leased property. The lease also includes renewal options.

There were no material finance leases

(b) Legal Proceedings

- (i) In September 2006, Dr John Prince, Executive Director filed suit against the Authority for alleged breach of Contract of Employment and restraining the Authority from terminating his employment.
- (ii) Proceedings commenced by the Authority under Section 65 of the Act alleging broadcasting without a licence by Radio Vision Limited.
- (iii) TATT vs Sidewalk - TATT commenced proceedings against Sidewalk for breach of concession. As part of the proceedings TATT confiscated a transmitter from Sidewalk which was being used illegally.
- (iv) Sidewalk vs TATT - Sidewalk commenced Judicial Review proceedings against TATT in relation to the matter referred to in item (iii) above.
- (v) TATT vs Desi Lee Bonterre - TATT commenced proceedings against Desi Lee Bonterre for the installation and operation of radio communication equipment without a licence.
- (vi) Sidewalk vs TATT - Sidewalk sought Judicial Review of the decision of the Panel in the preliminary hearing of dispute 4/7/07/2 (Trini Bashment vs Sidewalk Radio).

The Authority is a party to the above suits and proceedings. These proceedings except for items (iii) and (viii), (See Note 17), are at various stages of litigation and their outcomes are difficult to predict in Management's opinion. However the disposition of these matters is not likely to have a materially adverse effect on its financial condition or results of operation.

16. Financial Risk Management**(a) Cash flow and fair value interest rate risk**

As the Authority has no significant interest bearing assets, the Authority's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Operational Risk

A significant part of The Authority's revenue will be derived from the two leading providers of telecommunications services in the industry.

Notes To The Financial Statements (CONTINUED)

For the Year Ended September 30, 2008

17. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results.
