



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE REGULATED INDUSTRIES COMMISSION FOR THE YEAR ENDED 31 DECEMBER, 2014

The accompanying Financial Statements of the Regulated Industries Commission for the year ended 31 December, 2014 have been audited. The Statements comprise a Statement of Financial Position as at 31 December, 2014, a Statement of Comprehensive Income, a Statement of Changes in Shareholders' Equity, a Statement of Cash Flows for the year ended 31 December, 2014, Accounting Policies labelled a to m and notes to the Financial Statements numbered 1 to 12.


2. The audit was conducted by a firm of accountants appointed by the Board of the Commission with the written consent of the Auditor General. Their Report dated 28th March, 2018, which is attached, refers.

SUBMISSION OF REPORT

3. 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 provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

20TH MARCH, 2019
PORT OF SPAIN




MAJEED ALI
AUDITOR GENERAL

SS
20190320

Regulated Industries Commission

Financial Statements

For the Year Ended 31 December 2014

Regulated Industries Commission

| Contents | Page |
|--|-------------|
| Statement of management responsibilities | 1 |
| Auditors' report | 2 |
| Statement of financial position | 3 |
| Statement of comprehensive income | 4 |
| Statement of changes in shareholders' equity | 5 |
| Statement of cash flows | 6 |
| Accounting policies | 7 - 9 |
| Notes to the financial statements | 10 - 14 |



REGULATED INDUSTRIES COMMISSION

March 28, 2018

Aegis & Co.
18 Scott Bushe Street
Port of Spain

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of the Regulated Industries Commission which comprise the statement of financial position as at 31 December 2014 and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- Ensuring that the system of internal controls operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements; management utilized the International Financial Reporting Standards. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorized for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

.....
Executive Director
Date: 28/03/2018

.....
Chief Financial Officer
Date: 28/03/2018

Independent Auditor's Report

To the Commissioners of
The Regulated Industries Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Regulated Industries Commission, which comprise the statement of financial position as at 31 December, 2014, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Regulated Industries Commission as at 31 December, 2014, of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report

To the Commissioners of
The Regulated Industries Commission

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

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

A handwritten signature in blue ink, appearing to read "C. de Jesus".

Chartered Accountants
Port of Spain
Trinidad, West Indies
Date: 28th March, 2018

Regulated Industries Commission

Statement of financial position

| | Notes | 31 December | |
|---|-------|-------------------|-------------------|
| | | 2014 | 2013 |
| | | \$ | \$ |
| ASSETS | | | |
| Non-current assets | | | |
| Motor Vehicle | 2 | 458,597 | 514,680 |
| Computers & Office Equipment | 2 | 1,161,890 | 1,416,834 |
| Office Furniture | 2 | 362,110 | 343,078 |
| Assets from Public Utilities Commission | 2 | 254 | 474 |
| | | <u>1,982,851</u> | <u>2,275,066</u> |
| Current assets | | | |
| Cash in Hand | | 3,000 | 3,000 |
| Bank – Current Account | | 2,158,741 | 2,667,463 |
| Bank – Money Market Fund Account | 3 | 16,060,546 | 22,939,615 |
| Prepayments | 4 | 184,311 | 113,798 |
| Rental Deposit | | 16,738 | 16,738 |
| Accounts Receivable | 5 | - | 39,560 |
| Refundable Deposit | 6 | 154,700 | 154,700 |
| V.A.T. Recoverable | | 368,145 | 345,423 |
| | | <u>18,946,181</u> | <u>26,280,297</u> |
| Total assets | | <u>20,929,032</u> | <u>28,555,363</u> |
| CAPITAL & LIABILITIES | | | |
| Accumulated Funds | | | |
| Accumulated Funds – Government Grants | 7 | 254 | 474 |
| Retained Earnings | | <u>20,418,501</u> | <u>26,453,095</u> |
| Total shareholders' equity | | <u>20,418,755</u> | <u>26,453,569</u> |
| Current liabilities | | | |
| Accounts Payable | | | |
| - Other | 9 | 298,750 | 648,793 |
| Gratuity Provision | | 63,030 | 568,278 |
| Pension | | - | 643,667 |
| Salary | | 148,497 | 241,056 |
| | | <u>510,277</u> | <u>2,101,794</u> |
| Total equity and liabilities | | <u>20,929,032</u> | <u>28,555,363</u> |



The accounting policies on pages 7 to 9 and the notes on pages 10 to 14 are an integral part of these financial statements.

On 28 March, 2018, the Board of Directors of the Regulated Industries Commission authorised these financial statements for issue.

Executive Director

Chariman

Regulated Industries Commission

Statement of comprehensive income

| | Note | Year Ended 31 December | |
|---------------------------------------|------|---------------------------|-------------------|
| | | 2014 \$ | 2013 \$ |
| INCOME | | | |
| Cess Income | | 7,947,729 | 13,623,302 |
| Other Income | 10 | <u>34,842</u> | <u>359,052</u> |
| Total Income | | 7,982,571 | 13,982,354 |
| EXPENSES | | | |
| Advertising & Promotions | | 374,930 | 239,243 |
| Allowances | | 158,300 | 216,320 |
| Audit Fees | | 66,000 | 55,000 |
| Bank Charges | | 2,534 | 3,877 |
| Books and Periodicals | | 1,375 | - |
| Charitable Contribution | | 6,795 | 1,575 |
| Computer and Maintenance | | 8,995 | 28,036 |
| Consultation Expenses | | - | 1,591 |
| Contract Gratuities | | 208,946 | 255,061 |
| Contracted Services | | 225,850 | 175,108 |
| Depreciation | | 547,979 | 555,091 |
| Government Contribution to NIS | | 292,290 | 260,152 |
| Group Health Insurance | | 149,853 | 147,057 |
| Group Life Insurance | | 95,653 | 98,254 |
| Insurance | | 85,146 | 98,785 |
| Mail and Postage | | 3,447 | 3,918 |
| Miscellaneous Expenses | 11 | 343,983 | 205,559 |
| Motor Vehicle Maintenance | | 65,140 | 97,064 |
| Office Expenses | | 105,713 | 68,174 |
| OOCUR Expenses | | 91,307 | 128,435 |
| Pension Expense | | 496,184 | 555,397 |
| Professional Fees and Legal Fees | | 87,732 | 30,276 |
| Remuneration to Board Members | | 507,514 | 560,966 |
| Rent | | 2,331,000 | 2,245,250 |
| Repairs and Maintenance | | 16,137 | 7,060 |
| Salaries | | 7,012,672 | 7,190,007 |
| Security and Janitorial Services | | 174,860 | 186,510 |
| Subscriptions | | 121,768 | 233,476 |
| Telephones | | 187,652 | 198,482 |
| Training | | 268,784 | 420,840 |
| Uniforms | | 20,249 | 3,976 |
| Total Expenses | | <u>14,058,788</u> | <u>14,270,540</u> |
| Total Comprehensive Loss for the year | | <u>(6,076,215)</u> | <u>(288,186)</u> |

The accounting policies on pages 7 to 9 and the notes on pages 10 to 14 are an integral part of these financial statements.

Regulated Industries Commission

Statement of changes in shareholders' equity

| | Retained Earnings | Accumulated Fund Government Grant Relating to P.U.C | Total |
|---------------------------------------|-------------------|---|-------------------|
| | \$ | \$ | \$ |
| Year ended 31 December | | | |
| Balance at 1 January 2014 | 26,453,094 | 474 | 26,453,568 |
| Total comprehensive Loss for the year | (6,076,215) | - | (6,076,215) |
| Depreciation in P.U.C Assets | 41 | (41) | - |
| Prior period adjustment | 41,581 | (179) | 41,402 |
| Balance at 31 December 2014 | <u>20,418,501</u> | <u>254</u> | <u>20,418,755</u> |
| Year ended 31 December | | | |
| Balance at 1 January 2013 | 26,761,349 | 541 | 26,761,890 |
| Total comprehensive Loss for the year | (288,186) | - | (288,186) |
| Depreciation in P.U.C Assets | 67 | (67) | - |
| Prior period adjustment | (20,136) | - | (20,136) |
| Balance at 31 December 2013 | <u>26,453,094</u> | <u>474</u> | <u>26,453,568</u> |

The accounting policies on pages 7 to 9 and the notes on pages 10 to 14 are an integral part of these financial statements.

Regulated Industries Commission

Statement of cash flows

| | Year ended 31 December | |
|---|---------------------------|-------------------|
| | 2014 \$ | 2013 \$ |
| Operating activities | | |
| Total comprehensive loss for the year | (6,076,215) | (288,184) |
| Adjustments for items not requiring an outlay of funds: | | |
| Depreciation | 547,979 | 555,091 |
| Depreciation – prior period adjustment | 5,291 | - |
| Prior period adjustment | 41,402 | (20,136) |
| Loss on sale of asset | 104,595 | - |
| Interest on Investment | (139,257) | (162,471) |
| Operating profit before working capital changes | (5,516,205) | 84,300 |
| (Decrease)/increase in Accounts Payable | (350,043) | 422,778 |
| (Decrease)/increase in Gratuity Provision | (505,248) | 507,482 |
| Decrease in Pension | (643,667) | (194,424) |
| (Decrease)/increase in Salaries | (92,559) | 18,891 |
| (Increase)/decrease in Prepayments | (70,513) | 54,093 |
| Decrease in accounts receivables | 39,560 | 12,138 |
| Increase in VAT recoverable | (22,722) | (44,790) |
| Net cash flows (absorbed by) / generated from operating activities | (7,161,397) | 860,468 |
| Investing activities | | |
| Acquisition of fixed assets | (444,980) | (380,276) |
| Proceeds from disposal of fixed assets | 79,329 | - |
| Interest on investment | 139,257 | 162,471 |
| Net cash flows absorbed by investing activities | (226,394) | (217,805) |
| (Decrease) / increase in cash and cash equivalents | (7,387,791) | 642,663 |
| Cash and cash equivalents at beginning of year | 25,610,078 | 24,967,415 |
| Cash and cash equivalents at end of year | 18,222,287 | 25,610,078 |
| Represented By: | | |
| Cash in hand | 3,000 | 3,000 |
| Bank – current account | 2,158,741 | 2,667,463 |
| Bank – money market fund account | 16,060,546 | 22,939,615 |
| | <u>18,222,287</u> | <u>25,610,078</u> |

The accounting policies on pages 7 to 9 and the notes on pages 10 to 14 are an integral part of these financial statements.

Regulated Industries Commission

Accounting policies 31 December 2014

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below.

a **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b **Plant and equipment**

Plant and equipment are stated at historical cost and are depreciated on the reducing balance basis, at rates estimated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

| | | |
|------------------|---|-------|
| Motor Vehicles | - | 25% |
| Computers | - | 25% |
| Office Furniture | - | 12.5% |
| Office Equipment | - | 12.5% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Profits or losses on disposals of plant and equipment are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

The commission has adopted the policy of expensing assets that fall below the cost of \$1,000.00, even though that asset may have a useful life in excess of one (1) accounting period.

c **Leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

d **Revenue recognition**

The commission is funded by CESS income which is obtained from utility service providers and is calculated based on a percentage of their income.

Regulated Industries Commission

Accounting policies (continued)

31 December 2014

e **Foreign currency translation**

i) Functional and presentational currency

Items included in the company's financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars ("TT\$"), which is the company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale equities are included in the fair value reserve in equity.

f **Financial instruments**

Financial instruments carried on the statement of financial position include cash and cash equivalents, accounts receivable and accounts payable and are stated at their approximate fair values determined in accordance with the policy statements disclosed.

g **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost and comprise cash in hand, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and funds held in Money Market Funds. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalent also include the bank overdrafts.

h **Trade receivables**

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 when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the statement of comprehensive income.

Regulated Industries Commission

Accounting policies (continued) 31 December 2014

i. **Annuities**

The company makes payments on behalf of its employees to deferred annuity plans. The deferred annuity plans are non-contributory by employees. A deferred annuity plan allows one to pay premiums and then receive a lump sum or series of regular payments at a preset future date, usually upon maturity of the plan or at retirement. The regular payments constitute net periodic costs for the year in which they are due and as such are included in staff costs.

j. **Provisions**

Provisions are recorded when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

k. **Financial risk**

For the purpose of these financial statements, financial assets include the money market fund, trustee pooled bond and certificate of deposit. All amounts are fixed with the application of simple interest on invested amounts. As at 31st December, 2014 the recorded values of all financial assets approximate their fair values and these financial instruments can be redeemed at any point in time.

l. **Tax exempt status**

By virtue of the Regulated Industries Commission Act, Chapter 54:73, Section 31, the commission is exempt from all stamp duties, customs duties, levies and other imposts on its income, profit or on assets which it acquires for its own use.

m. **Leases**

Contingent rents:

Contingent rents recognized as an expense or income, if material, shall be disclosed for each class of leases (i.e. operating and financing), FRS 17(31)(c,e), irrespective of whether the reporting entity is a lessee or lessor FRS 17(31)(c,d). The basis upon which the contingent rent payable was determined is required to be disclosed when the reporting is a lessee. FRS 17(47)(e)

Penalties for early termination;

Where such penalties are material, the following disclosure is suggested:

“ When a lease is terminated before the lease period expires, any payment made (or received) by the Group as penalty is recognised as an expense (or income) when termination takes place.”RRS 17(56)(b)

Regulated Industries Commission rents 11,900 square foot of office space at \$16 per square foot (190,400 VAT Exclusive) and 11 car park spaces at \$3,500 VAT Exclusive from Furness Trinidad Limited, totaling \$2,326,800 per year payable as monthly installments of \$193,800 VAT Exclusive.

Regulated Industries Commission

Notes to the financial statements 31 December 2014

1 Incorporation and business activities

The Regulated Industries Commission was established by the regulated Industries Commission Act, Chapter 54:73. The purpose of the commission is to regulate the activities of utility service providers through a system of licensing.

2 Property, plant and equipment

| | Motor Vehicle \$ | Computer and Office Equipment \$ | Office Furniture \$ | Assets from PUC \$ | Total \$ |
|------------------------------------|------------------------|---|---------------------------|-----------------------------|------------------|
| Year ended 31 December 2013 | | | | | |
| Opening net book amount | 686,239 | 1,408,173 | 354,928 | 541 | 2,449,881 |
| Additions | -- | 345,607 | 34,669 | -- | 380,276 |
| Disposals | -- | -- | -- | -- | -- |
| Depreciation charge | (171,560) | (336,945) | (46,519) | (67) | (555,091) |
| Closing net book amount | <u>514,679</u> | <u>1,416,835</u> | <u>343,078</u> | <u>474</u> | <u>2,275,066</u> |
| As at 31 December 2013 | | | | | |
| Cost | 981,330 | 3,866,230 | 1,196,964 | 11,945 | 6,056,559 |
| Accumulated depreciation | (466,651) | (2,449,485) | (853,886) | (11,471) | (3,781,493) |
| Net book amount | <u>514,679</u> | <u>1,416,835</u> | <u>343,078</u> | <u>474</u> | <u>2,275,066</u> |
| Year ended 31 December 2014 | | | | | |
| Opening net book amount | 514,679 | 1,416,835 | 343,078 | 474 | 2,275,066 |
| Additions | 263,400 | 116,063 | 65,517 | -- | 444,980 |
| Disposals | (162,273) | (21,106) | (366) | (179) | (183,924) |
| Depreciation charge | (157,209) | (344,610) | (46,119) | (41) | (547,979) |
| Prior Period Depreciation | -- | (5,291) | -- | -- | (5,291) |
| Closing net book amount | <u>458,597</u> | <u>1,161,891</u> | <u>362,110</u> | <u>254</u> | <u>1,982,852</u> |
| As at 31 December 2014 | | | | | |
| Cost | 1,082,457 | 3,961,187 | 1,262,115 | 11,945 | 6,317,615 |
| Accumulated depreciation | (623,860) | (2,799,386) | (900,005) | (11,691) | (4,334,763) |
| Net book amount | <u>458,597</u> | <u>1,161,891</u> | <u>362,110</u> | <u>254</u> | <u>1,982,852</u> |

Regulated Industries Commission

Notes to the financial statements (continued) 31 December 2014

| 3 | Bank – Money Market | 2014 | 2013 |
|----------|----------------------------|-------------------|-------------------|
| | | \$ | \$ |
| | RBL Money Market | 3,862,317 | 3,045,275 |
| | RBL Money Market (Land) | 7,081,686 | 7,016,342 |
| | RBL Pooled Bond | 5,116,543 | 8,031,401 |
| | RBL Certificate of Deposit | - | 4,846,598 |
| | | <u>16,060,546</u> | <u>22,939,615</u> |

The Money Market Funds have been classified as a cash equivalent because management uses the account for working capital requirements. The interest rate at the year-end was 0.85%.

| 4 | Prepayments | 2014 | 2013 |
|----------|------------------------------|----------------|----------------|
| | | \$ | \$ |
| | Insurance | 43,479 | 37,810 |
| | Copiers Maintenance Contract | 24,322 | 18,196 |
| | Contract Services | - | 25,724 |
| | HP Support Services | 96,144 | - |
| | TTPOST – PO Box Rental | 620 | - |
| | OOCUR Membership | 19,746 | 32,068 |
| | | <u>184,311</u> | <u>113,798</u> |

| 5 | Accounts Receivables | 2014 | 2013 |
|----------|-----------------------------|-------------|-------------|
| | | \$ | \$ |
| | Interest | - | 39,560 |

| 6 | Refundable Deposit | 2014 | 2013 |
|----------|--|----------------|----------------|
| | | \$ | \$ |
| | Deposit of two (2) months' rent with Furness (Trinidad) Ltd. | <u>154,700</u> | <u>154,700</u> |

Regulated Industries Commission

Notes to the financial statements (continued)

31 December 2014

7 Accumulated Funds – Government Grants - \$248

This represents the balance in the government grants account with respect to the assets taken over from the former Public Utilities Commission. The government grant is accounted for in accordance with circular F 22/8/43 issued by the Ministry of Finance to all Government Institutions on 23rd July 1969.

8 Retained Earnings – Depreciation on P.U.C. Assets - \$225

An amount equivalent to the depreciation charge on assets taken over from the former Public Utilities Commission (PUC) was transferred from the Reserves Accumulated Funds – Government Grants to Retained Earnings. This measure, in effect, reimbursed the Regulated Industries Commission for the depreciation expense incurred on behalf of the PUC.

This method of depreciation used is in accordance with circular F 22/8/43 issued by the Ministry of Finance to all Government institutions on July 23rd July 1969.

(See Statement of Changes in Equity, Page 5)

9 Accounts Payables Other

| | 2014 | 2013 |
|--|----------------|----------------|
| | \$ | \$ |
| Advertising | 76,281 | 49,928 |
| Arrears of Increment | - | 10,288 |
| Audit Fees | 121,000 | 112,654 |
| Catering Christmas Lunch | - | 9,172 |
| Contract Services – Health and Safety Policy Documents | 22,787 | - |
| Donations | 460 | - |
| Gas Bills | 2,865 | - |
| Insurance | - | 3,436 |
| Janitorial | 10,351 | 6,673 |
| Mail and Postage | - | 216 |
| RIC's Outreach Programme | 1,040 | - |
| Security | 7,920 | 23,220 |
| Staledated Cheques | 14,189 | 46,080 |
| Office Equipment | 300 | 253,967 |
| Training for new Supervisors | 2,750 | - |
| Subscriptions | - | 99,652 |
| Telephone | 38,807 | 33,507 |
| | <u>298,750</u> | <u>648,793</u> |

Regulated Industries Commission

Notes to the financial statements (continued) 31 December 2014

| 10 | Other Income | 2014 \$ | 2013 \$ |
|----|----------------------------|----------------|----------------|
| | Interest from Investments | 139,257 | 202,030 |
| | Loss on Disposal of Assets | (104,595) | - |
| | PUC | 180 | - |
| | Other Receipts | - | 157,022 |
| | | <u>34,842</u> | <u>359,052</u> |
| 11 | Miscellaneous Expenses | 2014 \$ | 2013 \$ |
| | Staff Functions | 182,583 | 125,204 |
| | Staff Welfare | 71,980 | 61,920 |
| | Carnival | 55,852 | - |
| | Catering | 33,568 | 18,435 |
| | | <u>343,983</u> | <u>205,559</u> |

12 Financial risk management

The company's activities expose it to credit risk, compliance risk and reputation risk. The company's overall risk management procedures employed manage the risks as discussed below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. Credit risk relating to accounts receivable balances are consistently managed and analysed for each client. Cash balances are held with reputable financial institutions and the company has actively sought to limit the amount of exposure to any single financial institution therefore minimizing credit risk arising from cash and cash equivalents.

The Company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(b) 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 state. The risk is limited to a significant extent due to the supervision applied by the Government of Trinidad and Tobago, as well as by the monitoring controls applied by the company. The company has an Audit Committee which does routine reviews on compliance.

Regulated Industries Commission

Notes to the financial statements (continued)

31 December 2014

(c) **Reputation risk**

The risk of loss of reputation arising from the negative publicity relating to the company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the company. The company engages in activities that bring awareness to its operations and therefore engender trust and minimize this risk.