



**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<sup>ST</sup> DECEMBER, 2013**

Section 34(2) of the Regulated Industries Commission Act, Chapter 54:73 requires the Auditor General to audit the accounts of the Regulated Industries Commission (RIC). The accompanying Financial Statements comprise a Statement of Financial Position as at 31<sup>st</sup> December, 2013, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 31<sup>st</sup> December, 2013 and Notes to the Financial Statements numbered 1 to 13.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The management of the Regulated Industries Commission is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and Ministry of Finance directives 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.

**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 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 six.

**OPINION**

6. In my opinion, the Financial Statements present fairly, in all material respects, the financial position of the Regulated Industries Commission as at 31<sup>st</sup> December, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Ministry of Finance directives.

**SUBMISSION OF REPORT**

7. 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.

**20<sup>TH</sup> SEPTEMBER, 2016  
PORT-OF-SPAIN**



**MAJEED ALI  
AUDITOR GENERAL**

SS  
20160920

**REGULATED INDUSTRIES COMMISSION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

REGULATED INDUSTRIES COMMISSION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2013  
TABLE OF CONTENTS

	<u>PAGE NUMBERS</u>
TABLE OF CONTENTS	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-10

**REGULATED INDUSTRIES COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2013**  
(With comparative figures as at 31st December, 2012)

	Notes	<u>2013</u> \$	<u>2012</u> \$
<b>ASSETS</b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Motor Vehicles		514,680	686,240
Computers & Office Equipment		1,416,834	1,408,172
Office Furniture		343,078	354,928
Assets from Public Utilities Commission		474	541
	<b>N3</b>	<u>2,275,066</u>	<u>2,449,881</u>
<b><u>CURRENT ASSETS</u></b>			
Cash in Hand		3,000	3,000
Bank - Current Account		2,667,463	4,581,127
Bank - Money Market Fund Account	<b>N4</b>	22,939,615	20,383,288
Prepayments	<b>N5</b>	113,798	167,891
Rental Deposit		16,738	16,738
Accounts Receivable	<b>N6</b>	39,560	51,698
Refundable Deposit	<b>N7</b>	154,700	154,700
V.A.T. Recoverable		345,423	300,633
		<u>26,280,297</u>	<u>25,659,075</u>
<b>TOTAL ASSETS</b>		<u><u>28,555,363</u></u>	<u><u>28,108,956</u></u>
<b>CAPITAL &amp; LIABILITIES</b>			
<b><u>ACCUMULATED FUNDS</u></b>			
Accumulated Funds - Government Grants	<b>N8</b>	474	541
Retained Earnings		26,453,095	26,761,349
		<u>26,453,569</u>	<u>26,761,890</u>
<b><u>CURRENT LIABILITIES</u></b>			
Accounts Payable			
- Other	<b>N10</b>	648,793	226,014
Gratuity Provision		568,278	60,796
Pension		643,667	838,091
Salary		241,056	222,165
		<u>2,101,794</u>	<u>1,347,066</u>
<b>TOTAL CAPITAL &amp; LIABILITIES</b>		<u><u>28,555,363</u></u>	<u><u>28,108,956</u></u>

The attached notes on pages 6 - 10 form an integral part of these financial statements.

On 19/05/2016, the Commissioners of Regulated Industries Commission approved these financial statements.

.....  
EXECUTIVE DIRECTOR



.....  
CHAIRMAN

**REGULATED INDUSTRIES COMMISSION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

(With comparative figures for the year ended 31st December, 2012)

	<u>Notes</u>	<u>2013</u> \$	<u>2012</u> \$
<b><u>INCOME</u></b>			
CESS		13,623,302	14,415,607
Other	N11	359,052	320,967
<b>TOTAL INCOME</b>		<b><u>13,982,354</u></b>	<b><u>14,736,574</u></b>
<b><u>EXPENSES</u></b>			
Advertising and Promotions		239,243	375,944
Allowances		216,320	224,529
Audit Fees		55,000	53,468
Bank Charges		3,877	3,355
Books and Periodicals		-	1,667
Charitable Contributions		1,575	4,159
Computer and Maintenance		28,036	-
Consultation Expenses		1,591	13,945
Contract Gratuities		255,061	166,058
Contracted Services		175,108	127,230
Depreciation	N3	555,091	497,555
Government Contribution to NIS		260,152	231,581
Group Health Insurance		147,057	145,640
Group Life Insurance		98,254	93,577
Insurance		98,785	63,522
Mail and Postage		3,918	3,790
Miscellaneous Expenses	N12	205,559	139,291
Motor Vehicle Maintenance		97,064	52,205
Office Expenses		68,174	136,810
OOCUR Expenses		128,435	128,464
Pension Expense	N13	555,397	557,768
Professional Fees and Legal Fees		30,276	3,500
Remuneration to Board Members		560,966	561,000
Rent		2,245,250	2,184,000
Repairs and Maintenance		7,060	25,660
Salaries		7,190,007	7,320,150
Security and Janitorial Services		186,510	178,883
Subscriptions		233,476	155,818
Telephones		198,482	240,319
Training		420,840	691,368
Uniforms		3,976	16,821
<b>TOTAL EXPENSES</b>		<b><u>14,270,540</u></b>	<b><u>14,398,077</u></b>
<b>(Deficit)/Surplus for the year</b>		<b><u>(288,186)</u></b>	<b><u>338,497</u></b>

The attached notes on pages 6 - 10 form an integral part of these financial statements.

**REGULATED INDUSTRIES COMMISSION**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

**AS AT 31ST DECEMBER 2013**

	NOTES	RETAINED EARNINGS \$	ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * \$	TOTAL \$
Opening Balance as at 01-Jan-13		26,761,349	541	26,761,890
(Deficit) for the year		(288,186)	-	(288,186)
Depreciation on P.U.C. Assets	N9	67	(67)	-
Prior Period Adjustment		(20,136)	-	(20,136)
Closing Balance as at 31-Dec-13		26,453,094	474	26,453,568

**AS AT 31ST DECEMBER 2012**

	RETAINED EARNINGS \$	ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * \$	TOTAL \$
Opening Balance as at 01-Jan-12	26,383,927	2,063	26,385,990
Surplus for the year	338,497	-	338,497
Depreciation on P.U.C. Assets	152	(1,522)	(1,370)
Prior Period Adjustment	38,773	-	38,773
Closing Balance as at 31-Dec-12	26,761,349	541	26,761,890

\* P.U.C. - Public Utilities Commission

The attached notes on pages 6 - 10 form an integral part of these financial statements.

**REGULATED INDUSTRIES COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**  
(With comparative figures for the year ended 31st December, 2012)

	<u>2013</u>	<u>2012</u>
	\$	\$
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
(Deficit)/Surplus for the year	(288,184)	338,497
Adjustments:		
Depreciation	555,091	497,555
Prior Period Adjustment	(20,136)	38,773
(Profit) on Asset Disposal	-	(55,522)
Interest on Investment	(162,471)	(224,902)
	<u>84,300</u>	<u>594,401</u>
Increase in Accounts Payable	422,778	90,018
Increase/(Decrease) in Gratuity Provision	507,482	(82,980)
(Decrease)/Increase in Pension	(194,424)	77,378
Increase in Salaries	18,891	27,914
Decrease/(Increase) in Prepayments	54,093	(23,105)
Decrease/(Increase) in Accounts Receivable	12,138	(51,480)
(Increase) in VAT Recoverable	(44,790)	(12,651)
<b>Net Cash Flow from Operating Activities</b>	<u><b>860,468</b></u>	<u><b>619,495</b></u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of Fixed Assets	(380,276)	(925,068)
Proceeds from Asset Disposals	-	160,490
Interest on Investment	162,471	224,902
<b>Net Cash (Used in)/Flow from Investing Activities</b>	<u><b>(217,805)</b></u>	<u><b>(539,676)</b></u>
<b>NET CASH INFLOW BEFORE FINANCING ACTIVITIES</b>	<b>642,663</b>	<b>79,819</b>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Net Cash Flow from Financing Activities	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u><b>642,663</b></u>	<u><b>79,819</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR</b>	<b>24,967,415</b>	<b>24,887,596</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>25,610,078</b></u>	<u><b>24,967,415</b></u>
<b><u>REPRESENTED BY:</u></b>		
Cash in Hand	3,000	3,000
Bank - Current Account	2,667,463	4,581,127
Bank - Money Market Fund Account	22,939,615	20,383,288
	<u><b>25,610,078</b></u>	<u><b>24,967,415</b></u>

The attached notes on pages 6 - 10 form an integral part of these financial statements.



**REGULATED INDUSTRIES COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2013**

**1 INCORPORATION AND PRINCIPAL ACTIVITY**

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 SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies, based on generally accepted accounting principles, have been applied, unless otherwise stated:

**a BASIS OF PREPARATION**

These financial statements are prepared in accordance with International Financial Reporting Standards and are on the basis of historic cost.

**b REPORTING CURRENCY**

These financial statements are expressed in Trinidad and Tobago dollars.

**c FIXED ASSETS**

Assets are capitalised and depreciated from the date of acquisition. The method of depreciation used is the reducing balance method. The following rates of depreciation were applied to the capitalised assets :

Motor Vehicles	25%	per annum
Computers	25%	per annum
Office Furniture	12.5%	per annum
Office Equipment	12.5%	per annum

**d CAPITALISATION POLICY**

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.

**e REVENUE**

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

**f SHORT TERM AND HIGHLY LIQUID INVESTMENTS**

Cash and Cash Equivalents are carried in the Statement of Financial Position at market value. For the purpose of presentation in the Statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

**g FINANCIAL RISK**

For the purposes 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, 2013 the recorded values of all financial assets approximate their fair values and these financial instruments can be redeemed at any point in time.

**h TAX EXEMPT STATUS**

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

**REGULATED INDUSTRIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

**3 NON-CURRENT ASSETS - \$2,275,066**

	Total \$	Motor Vehicle \$	Computers and Office Equipment \$	Office Furniture \$	Assets From PUC \$
<b><u>COST</u></b>					
Balance as at 01-Jan-12	5,444,214	780,619	3,502,699	1,136,151	24,745
Additions for the Year	925,068	473,820	416,078	35,170	-
Disposals made during the year	(692,999)	(273,109)	(398,064)	(9,026)	(12,800)
Balance as at 31-Dec-12	<u>5,676,283</u>	<u>981,330</u>	<u>3,520,713</u>	<u>1,162,295</u>	<u>11,945</u>

**ACCUMULATED DEPRECIATION**

Balance as at 01-Jan-12	3,315,508	380,198	2,146,455	766,173	22,682
Depreciation for the year	497,403	116,062	333,384	47,957	-
Disposal made during the year	(586,661)	(201,169)	(367,299)	(6,763)	(11,430)
Depreciation for the year - PUC Assets	152	-	-	-	152
Balance as at 31-Dec-12	<u>3,226,402</u>	<u>295,091</u>	<u>2,112,540</u>	<u>807,367</u>	<u>11,404</u>

<b>NET BOOK VALUE AS AT 31-DEC-12</b>	<b>2,449,881</b>	<b>686,239</b>	<b>1,408,173</b>	<b>354,928</b>	<b>541</b>
---------------------------------------	------------------	----------------	------------------	----------------	------------

**COST**

Balance as at 01-Jan-13	5,676,283	981,330	3,520,713	1,162,295	11,945
Additions for the Year	380,276	-	345,607	34,669	-
Balance as at 31-Dec-13	<u>6,056,559</u>	<u>981,330</u>	<u>3,866,320</u>	<u>1,196,964</u>	<u>11,945</u>

**ACCUMULATED DEPRECIATION**

Balance as at 01-Jan-13	3,226,402	295,091	2,112,540	807,367	11,404
Depreciation for the year	555,024	171,560	336,945	46,519	-
Depreciation for the year - PUC Assets	67	-	-	-	67
Balance as at 31-Dec-13	<u>3,781,493</u>	<u>466,651</u>	<u>2,449,485</u>	<u>853,886</u>	<u>11,471</u>

<b>NET BOOK VALUE AS AT 31-DEC-13</b>	<b>2,275,066</b>	<b>514,679</b>	<b>1,416,835</b>	<b>343,078</b>	<b>474</b>
---------------------------------------	------------------	----------------	------------------	----------------	------------

**REGULATED INDUSTRIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

**4 BANK - MONEY MARKET FUND ACCOUNT - \$22,939,615**

	<u>2013</u>	<u>2012</u>
	TT\$	TT\$
The investments are with respect to accounts held with Republic Bank Limited. They are:		
RBL Money Market	3,045,275	639,177
RBL Money Market (Land)	7,016,342	6,952,525
RBL Pooled Bond	8,031,401	7,963,289
RBL Certificate of Deposit	4,846,598	4,828,297
	<u>22,939,615</u>	<u>20,383,288</u>

**5 PREPAYMENTS - \$113,798**

	<u>2013</u>	<u>2012</u>
	\$	\$
Prepayments comprise:		
Insurance	37,810	40,292
Copiers Maintenance Contract	18,196	18,196
Software Licenses	-	20,320
Contract Services	25,724	36,714
OOCUR membership	32,068	32,233
Website Upgrade	-	20,136
	<u>113,798</u>	<u>167,891</u>

**6 ACCOUNTS RECEIVABLE - \$39,560**

	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts Receivable comprise:		
Employee Group Health	-	218
Interest	39,560	
T&TEC - Market Force Training	-	19,305
WASA - Market Force Training	-	19,305
MPU - Market Force Training	-	12,870
	<u>39,560</u>	<u>51,698</u>

**7 REFUNDABLE DEPOSIT - \$154,700**

	<u>2013</u>	<u>2012</u>
	\$	\$
Refundable Deposit with Trinidad and Tobago Unit Trust Corporation	-	** 122,832
Deposit of two (2) months rent with Furness (Trinidad) Ltd	154,700	154,700
	<u>154,700</u>	<u>277,532</u>
Provision for Bad Debt	-	(122,832)
	<u>154,700</u>	<u>154,700</u>

\*\* A provision for Bad Debt was created following attempts at recovering rental deposit made to Unit Trust Corporation in 2001. However, the UTC refunded the monies during the year ended 31 December, 2013.

**REGULATED INDUSTRIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

**8 ACCUMULATED FUNDS - GOVERNMENT GRANTS - \$474**

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.

**9 RETAINED EARNINGS - DEPRECIATION ON P.U.C. ASSETS - \$67**

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.

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

( See Statement of Changes in Equity. Page 4 )

**10 ACCOUNTS PAYABLE OTHER - \$648,793**

	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts Payable comprise:		
Advertising	49,928	13,389
Arrears of Increment	10,288	10,288
Audit Fees	112,654	85,432
Auditor General	-	6,000
Catering Christmas Lunch	9,172	9,172
Fairfield Complex	-	300
Insurance	3,436	-
Janitorial	6,673	6,673
Mail and Postage	216	-
Office Expense	-	1,428
Security	23,220	9,108
Staledated cheques	46,080	44,080
Office Equipment	253,967	
Subscriptions	99,652	-
Telephone	33,507	40,144
	<u>648,793</u>	<u>226,014</u>

**REGULATED INDUSTRIES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

**11 OTHER INCOME - \$359,052**

	<u>2013</u>	<u>2012</u>
	\$	\$
Interest from Investments	202,030	224,902
Profit/(Loss) on Disposal of Assets	-	55,522
Other Receipts	157,022	40,543
	<u>359,052</u>	<u>320,967</u>

**12 MISCELLANEOUS EXPENSES - \$205,559**

	<u>2013</u>	<u>2012</u>
	\$	\$
Staff Functions	125,204	60,534
Staff Welfare	61,920	52,031
Catering	18,435	26,726
	<u>205,559</u>	<u>139,291</u>

**13 PENSION - \$643,667**

The Regulated Industries Commission (RIC) has engaged the Royal Bank of Canada (RBC) for the purchase of the Royal Bank Employee Retirement Benefit Plan ("Group Future Cash Plan"), which is classified a defined contribution plan. The RIC has contracted RBC which is the issuer of the Group Future cash plan to provide a deferred annuity to each employee upon retirement. Employees are required to contribute 5% of gross salary while the RIC/employer contributes 10% of gross salary.