Telecommunications Regulatory Commission

Audited Financial Statements

For the Year Ended September 30, 2014

TELECOMMUNICATIONS REGULATORY COMMISSION

For the Year Ended September 30, 2014
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Independent Auditor's Report

To the Board of Directors
Telecommunications Regulatory Commission
Tortola, British Virgin Islands

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Telecommunications Regulatory Commission (the "Commission"), which comprise of the statement of financial position as at September 30, 2014, and the statement of comprehensive income, statement of changes in 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Telecommunications Regulatory Commission as at September 30, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As explained in note 2(e) to the financial statements, radio license fees are collected on a cash basis and therefore we were not able to obtained sufficient and appropriate audit evidence relating to the completeness and accuracy of these fees or by performing other audit procedures. Consequently, we were unable to determine whether any adjustment to this balance was necessary and how it would have affected the reported net income for the year and retained earnings

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 the 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 qualified 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 IFRSs, 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.

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.

BDO Limited

Tortola, British Virgin Islands
February 21, 2019

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Financial Position
As At September 30, 2014
(Expressed in United States Dollars)

	Notes	2014 $	2013 $
ASSETS			
Non-current assets			
Property and equipment	4	251,909	199,095
Deposits		32,100	21,270
Intangible assets	5	25,127	9,100
Total non-current assets		309,136	229,465
Current assets			
Cash and cash equivalents		2,539,108	3,313,806
Trade and other receivables	6	1,305,632	1,046,158
Total current assets		3,844,740	4,359,964
TOTAL ASSETS		4,153,876	4,589,429
EQUITY AND LIABILITIES			
Capital and reserves			
Retained earnings		3,792,247	4,297,447
Current liabilities			
Accounts payable and accrued expenses	7	293,980	229,566
Amounts received in advance		67,649	62,416
Total current liabilities		361,629	291,982
TOTAL EQUITY AND LIABILITIES		4,153,876	4,589,429

Approved on Behalf of the Board

____________________ Director

February 21, 2019 Date

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Comprehensive Income
For the Year Ended September 30, 2014
(Expressed in United States Dollars)

	Notes	2014 $	2013 $
OPERATING REVENUE	8	2,081,711	1,918,017
OPERATING EXPENSES			
Administrative expenses		1,516,962	781,529
Employee costs	10	999,357	1,115,030
Depreciation and amortisation	4,5	80,269	75,749
Impairments		-	4,000
Total expenses		2,596,588	1,976,308
LOSS FROM OPERATIONS		(514,877)	(58,291)
Finance income		8,612	11,137
Other income	9	1,065	212,178
Total investment and other income		9,677	223,315
NET (LOSS) INCOME FOR THE YEAR		(505,200)	165,024

The accompanying notes form an integral part of these financial statements

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Changes in Equity
For the Year Ended September 30, 2014
(Expressed in United States Dollars)

	Retained earnings $	Total $
Balance as at September 30, 2012	4,132,423	4,132,423
Net income for the year	165,024	165,024
Balance as at September 30, 2013	4,297,447	4,297,447
Net loss for the year	(505,200)	(505,200)
Balance as at September 30, 2014	3,792,247	3,792,247

The accompanying notes form an integral part of these financial statements

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Cash Flows
For the Year Ended September 30, 2014
(Expressed in United States Dollars)

	2014 $	2013 $
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net (loss) income for the year	(505,200)	165,024
Adjustments to reconcile net (loss) income to cash from operations before working capital changes:		
Depreciation expense	80,269	75,749
Interest expense	-	4,000
Interest income	(8,612)	(11,137)
Cash (used in) from operations before working capital changes:	(433,543)	233,636
Increase in trade and other receivables	(259,474)	(184,143)
Increase in deposits	(10,830)	(200)
Increase in amounts received in advance	5,233	35,329
Increase (decrease) in accounts payable and accrued expenses	64,414	(192,158)
Net cash flows used in operating activities	(634,200)	(107,536)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Interest received	8,612	11,137
Purchase of property and equipment	(127,110)	(55,472)
Purchase (sale) of intangible asset	(22,000)	(3,456)
Net cash flows used in investing activities	(140,498)	(47,791)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(774,698)	(155,327)
CASH AND CASH EQUIVALENTS		
At beginning of year	3,313,806	3,469,133
At end of year	2,539,108	3,313,806

The accompanying notes form an integral part of these financial statements

1 General Information

The Telecommunications Regulatory Commission (the "Commission") is a statutory body established in the British Virgin Islands under the Telecommunications Act, 2006 passed by the Legislative council June 2, 2006. The Commission is responsible for regulating the telecommunications sector of the British Virgin Islands as well as promoting the development of telecommunication throughout the British Virgin Islands. The Commission started operations in January 2007. The Commission's registered office is located at PO Box 4401, Road Town, Tortola, British Virgin Islands, VG1110.

The Commission is primarily engaged in establishing and monitoring the implementation of national telecommunication standards and ensuring compliance. It is also responsible for the regulation of licensees and authorisation holders, as well as ensuring fair competition among licensees and all other operators of telecommunication networks or providers of telecommunication services.

2 Significant Accounting Policies

(a) Presentation of financial statements

(i) Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

(ii) Presentation and functional currency

The financial statements are presented in United States Dollars, which is the Commission's functional and presentation currency.

(iii) Significant accounting estimates and judgement

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. Management is also required to exercise its judgement in the process of applying Commission's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are disclosed in Note 3.

(b) IFRS compliance and adoption

(i) International Financial Reporting Standards (IFRS)

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) except for radio licence fees which are recorded on a cash basis.

(ii) Standards, amendments and interpretations to existing standards effective and relevant to the Commission

- **Amendments to IAS 1 Disclosure Initiative.** The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
    - The materiality requirements in IAS 1
    - That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
    - That entities have flexibility as to the order in which they present the notes to financial statements
    - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

2 Significant Accounting Policies (Continued)

(b) IFRS compliance and adoption (Continued)

(ii) Standards, amendments and interpretations to existing standards effective and relevant to the Commission (Continued)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation.** The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather that the economic benefits that are consumed through use of the asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively.

- **Annual Improvements to IFRSs 2012-2014 Cycle.** *The Annual Improvements to IRFSs 2012-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

  IFRS 7 Financial Instruments: Disclosure. The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract in continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

  IAS 19 Employee Benefits. The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of the above mentioned amendments had no significant effect on the current period or any prior period. None of the other new standards, interpretations and amendments effective for the first time from October 1, 2013have had a material effect on the financial statements.

(iii) Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Commission

- **IAS 7 Disclosure Initiative - Amendments to IAS 7.** The amendments to IAS 7 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

- **IFRS 9, Financial Instruments (as revised in 2014).** In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The new standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment methodology and general hedge accounting. IFRS 9 introduces a logical approach for classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income (OCI) rather than within profit or loss.

2 Significant Accounting Policies (Continued)

(b) IFRS compliance and adoption (Continued)

(iii) Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Commission (Continued)

The new model also results in a single impairment model being applied to all financial instruments. The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model aligns the accounting treatment with risk management activities. Greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of nonfinancial items that are eligible for hedge accounting (effective for annual periods beginning on or after January 1, 2018).

- **IFRS 15, Revenue from Contracts with Customers.** IFRS 15 specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of financial statements with informative and relevant disclosures. The standard provides a single principle based five step model to be applied to all contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 supersedes the following revenue Standards and Interpretations upon its effective date (effective for annual periods beginning on or after January 1, 2017):
  - *IAS 18 Revenue*
  - *IAS 11 Construction Contracts*
  - *IFRIC 13 Customer Loyalty Programmes*
  - *IFRIC 15 Agreements for the Construction of Real Estate*
  - *IFRIC 18 Transfers of Assets from Customers; and*
  - *SIC 31 Revenue Barter Transactions Involving Advertising Services*
- **IFRS 16 Leases.** IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

  IFRS 16 distinguishes leases and services contracts on the basis of whether and identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

2 Significant Accounting Policies (Continued)

(b) IFRS compliance and adoption (Continued)

(iii) Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Commission (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and no interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or financing lease.

Furthermore, extensive disclosures are required by IFRS 16.

None of the other new standards, interpretations and amendments, which are effective for periods beginning after October 1, 2013 and which have not been adopted early, are expected to have a material effect on the Commission's future financial statements.

(c) Property and equipment

All property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalised; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in the profit or loss for the period.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	7 years
Motor vehicles	5 years
Office equipment	3 to 5 years
Leasehold improvements	10 years
Equipment	7 years

Leasehold improvements are amortised over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

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.

The residual values and estimated useful lives of property and equipment are reviewed and adjusted if appropriate, at each reporting date.

Work in progress is carried at cost less any recognised impairment loss and is not depreciated until the project to which it relates is completed and it is transferred to a category of fixed assets. Depreciation of the assets, on the same basis as other property assets, commences when the assets are ready for their intend use.

2 **Significant Accounting Policies (Continued)**

(d) **Intangible assets**

Intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation on fixed life intangible assets is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is not amortised but is checked for impairment on an annual basis; other intangible assets are amortised from the date they are available for use. The estimated useful lives for intangibles with definite lives are as follows:

Computer software and licences	3 years

The useful lives of the intangible assets are reviewed on an annual basis and the useful life is altered if estimates have changed significantly.

Gains or losses on the disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of comprehensive income as other operating income or other operating costs, respectively.

(e) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

(i) **Royalty fees**

Royalty fees are recognised as income based on a percentage of the reported gross revenue of the licence holders. The royalty fees are are valued based on audited audited financial statements, as provided by the license holders.

(ii) **Finance income**

Interest income is recognised as interest accrued on a time basis by reference to the principal outstanding and to the effective interest rate applicable. The effective interest rate applicable is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) **Radio licence fees**

Radio licence fees are recognised on a cash basis.

(f) **Expense recognition**

All expenses are recognised in the statement of comprehensive income on the accrual basis as they are incurred.

(g) **Financial instruments**

(i) **Financial assets**

Financial assets are initially measured at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss, which are measured only at fair value.

Financial assets are classified in the following categories after initial recognition:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

The classification determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

2 Significant Accounting Policies (Continued)

(g) Financial instruments (Continued)

(i) Financial assets (Continued)

At the reporting date, the Commission classifies its financial assets into loans and other receivables.

(ii) Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are measured at amortised cost using the effective interest method. This method uses a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, and through the amortisation process.

(iii) Financial liabilities

Financial liabilities are initially measured at fair value plus directly attributable transaction costs, except for financial liabilities at fair value through profit or loss, which are measured only at fair value.

Financial liabilities are classified in the following categories after initial recognition:

- financial liabilities at fair value through profit or loss;
- financial guarantee contracts; and
- other financial liabilities.

At the reporting date, the Commission classifies its financial liabilities into other financial liabilities.

(iv) Other financial liabilities

Other financial liabilities include trade payables, other payables, accrued expenses, and prepaid royalty fees and are classified as other than held for trading liabilities and are measured at cost. No interest is charged on trade payables nor on accrued expenses from the date of the invoice.

(v) Derecognition of financial liabilities

Financial liabilities are derecognised and removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expires. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid, is recognised in profit or loss.

Where financial liabilities are replaced with the same lender or the terms are substantially modified, the original financial liabilities are derecognised and new financial liabilities have been recorded.

(vi) Derecognition of financial assets

Financial assets are derecognised and removed from the statement of financial position when the rights to cash flows from financial assets expire, or the financial assets have been transferred and the Commission has transferred substantially all the risks and rewards of ownership of the financial assets. Any interests created or retained on the transferred financial assets are recognised separately as assets or liabilities.

On derecognition of financial assets, the difference between carrying amounts and the total of considerations received and cumulative gains or losses that had been recognised in other comprehensive income are recognised in profit or loss.

When the Commission retains substantially all of the risks and rewards of ownership for transferred financial assets, the financial assets continue to be recognised and the consideration received is recognised as a financial liability.

2 Significant Accounting Policies (Continued)

(g) Financial instruments (Continued)

(vi) Derecognition of financial assets (Continued)

When financial assets are transferred and the Commission neither transfers nor retains substantially all of the risks and rewards of ownership of the financial assets, nor transferred control of the assets, the financial assets continue to be recognised to the extent of the continuing involvement in the financial assets.

When continuing involvement takes the form of guaranteeing the transferred assets, the continued involvement is measured at the lower of the carrying amount of the financial assets and the maximum amount of consideration received that the Commission could be required to repay.

When continuing involvement takes the form of a written and/or purchased option, including cash-settled options, on the transferred assets, the continued involvement is measured as the amount of the transferred assets that the Commission may repurchase, except in the case of a written put option on financial assets measured at fair value, where the continued involvement is measured at the lower of the fair value of the transferred assets and the option exercise price.

(h) Taxation

Under the current legislation in the British Virgin Islands, there are no income, estate, corporate, capital gain or other such taxes payable by the Commission. Accordingly, no provision for income tax has been made. However, some dividend and interest income received by the Commission is subject to withholding tax imposed in certain countries of origin.

(i) Pension

Note name - generic text

The entity is a member of a defined contribution pension plan. A defined contribution plan is a pension plan under which the entity pays fixed contributions into a seperate legal entity. Once the contributions have been paid, the entity has no further obligations. The entity's contributions to the defined benefit contributionpension plan are charged to the Statement of Comprehensive Income in the year to which they relate.

3 Critical accounting estimates and judgements

In the application of the Commission's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates, that the management has made in the process of applying the Commission's accounting policies and that have the most significant effect on the amounts recognised in the statement of financial position.

(i) Going concern

A key assumption in the preparation of financial statements is that the entity will continue as a going concern. The going concern assumption assumes that the Commission will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

3 Critical accounting estimates and judgements (Continued)

(b) Key sources of estimate uncertainty

The following are the key assumptions concerning the future, and other key sources of estimate uncertainty at the end of the reporting period, that may have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of receivables

Collectability of receivables is reviewed on an ongoing basis. Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. An allowance account is used when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the sale.

The Commission estimates the amount to be provided for based on knowledge of individual customer circumstances, customer credit-worthiness, past collection history and current economic trends.

To the extent that these judgements and assumptions prove incorrect, the Commission may be exposed to potential additional write-downs of trade receivables in future periods.

(Expressed in United States Dollars)

4 Property and equipment

The movement of the carrying amounts of the Commission's property and equipments are as follows:

	Leasehold Improvement $	Equipment $	Office equipment $	Furniture and Fixtures $	Vehicles $	Capital Project WIP $	Total $
COST							
Opening balance	167,634	58,601	103,317	41,667	75,062	-	446,281
Additions	4,551	-	118,224	4,335	-	-	127,110
Disposals	-	-	(23,170)	(670)	-	-	(23,840)
Balance at September 30, 2014	172,185	58,601	198,371	45,332	75,062	-	549,551
ACCUMULATED DEPRECIATION							
Opening balance	91,167	34,392	69,941	23,069	28,617	-	247,186
Depreciation	17,219	8,283	27,302	6,480	15,012	-	74,296
Disposals	-	-	(23,170)	(670)	-	-	(23,840)
Balance at September 30, 2014	108,386	42,675	74,073	28,879	43,629	-	297,642
CARRYING AMOUNT							
At October 1, 2013	76,466	24,209	22,098	18,598	46,444	-	187,815
At September 30, 2014	63,799	15,926	124,298	16,453	31,433	-	251,909

	Leasehold Improvement $	Equipment $	Office equipment $	Furniture and Fixtures $	Vehicles $	Capital Project WIP $	Total $
COST							
Opening balance	135,279	57,951	83,878	38,639	75,062	11,780	402,589
Additions	32,355	650	19,439	3,028	-	-	55,472
Transfer/ write off	-	-	-	-	-	(11,780)	(11,780)
Balance at September 30, 2013	167,634	58,601	103,317	41,667	75,062	-	446,281
ACCUMULATED DEPRECIATION							
Opening balance	74,404	25,006	51,231	17,449	13,607	-	181,697
Depreciation	16,763	9,386	18,710	5,620	15,010	-	65,489
Balance at September 30, 2013	91,167	34,392	69,941	23,069	28,617	-	247,186
CARRYING AMOUNT							
At October 1, 2013	60,875	32,945	32,647	21,190	61,455	11,780	220,892
At September 30, 2013	76,467	24,209	33,376	18,598	46,445	-	199,095

During the year ended September 30, 2013 the Commission transferred Capital Project items of $7,780 to intangible assets and wrote off $4,000 of costs relating to an abandoned project.

(Expressed in United States Dollars)

5 Intangible assets

The movement of the carrying amounts of the Commission's intangibles are as follows:

	Software and Licenses $	Total $
COST		
Opening balance	41,891	41,891
Additions	22,000	22,000
Balance at September 30, 2014	63,891	63,891
ACCUMULATED AMORTISATION		
Opening balance	32,791	32,791
Amortisation	5,973	5,973
Balance at September 30, 2014	38,764	38,764
CARRYING AMOUNT		
At October 1, 2013	9,100	9,100
At September 30, 2014	25,127	25,127

	Software and Licenses $	Total $
COST		
Opening balance	30,656	30,656
Additions	11,235	11,235
Balance atSeptember 30, 2013	41,891	41,891
ACCUMULATED AMORTISATION		
Opening balance	22,532	22,532
Amortisation	10,259	10,259
Balance atSeptember 30, 2013	32,791	32,791
CARRYING AMOUNT		
At October 1, 2012	8,124	8,124
At September 30, 2013	9,100	9,100

6 Trade and other receivables

(a) Trade and other receivables

	2014 $	2013 $
Trade receivables	1,305,632	1,046,158
Government receipt of radio licence fees	158,307	158,307
Total	1,463,939	1,204,465
Provision for impairment of trade receivables	(158,307)	(158,307)
	1,305,632	1,046,158

(Expressed in United States Dollars)

6 Trade and other receivables (Continued)

(b) Allowance for bad debts

Movements in the allowance for bad debts as at September 30, 2014 are as follows:

	2014 $	2013 $
Balance at beginning of the year	158,307	158,307
Charged during the year	-	-
Balance at end of the year	158,307	158,307

7 Accounts payable and accrued expenses

	2014 $	2013 $
Trade and other payables	245,919	53,265
Accrued expenses	33,381	153,891
Accrued leave pay	14,680	22,410
	293,980	229,566

8 Revenue

	2014 $	2013 $
Royalty fees	1,906,170	1,853,026
Cable landing fees	100,000	-
Radio Licence fees	42,440	64,991
Domain registration fees	33,101	-
	2,081,711	1,918,017

9 Other income

During the year ended December 31, 2013, the Commission reversed provisions for previously recorded accruals amounting to $191,995. These amounts are recorded within "Other income" on the Statement of Comprehensive Income.

10 Employee costs

	2014 $	2013 $
Salaries	781,910	856,189
Allowances	61,800	70,164
Health insurance	56,915	55,200
Payroll taxes	42,514	46,958
Pension expense	35,046	35,665
Social security	20,973	22,443
Accrued leave pay	(7,730)	22,411
Other employee benefits	7,929	6,000
	999,357	1,115,030

(Expressed in United States Dollars)

11 Related party transactions and balances

(a) Directors Fees

The total commissioners' fees for the year amounted to $31,200 (2013: $24,064).

12 Financial risk management

(a) Risk management objective and policies

The Commission is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, interest rate risk, other price risk)

The Board of Directors has overall responsibility for the determination of the Commission's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Commission's management.

The Commission's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Commission is exposed and seeks to minimise potential adverse effects on the Commission's financial performance. The Commission uses different methods to measure and manage the various types of risk to which it is exposed.

(b) Credit risk

Credit risk is the risk of financial loss to the Commission if the counterparty fails to meet its obligation. Financial assets, which potentially expose the Commission to credit risk, consist of deposits, cash and cash equivalents, and trade and other receivables.

The maximum exposure to credit risk, as represented by the carrying amount of the financial assets as at the reporting date, was:

	2014 $	2013 $
Cash and cash equivalents	2,539,108	3,313,806
Trade and other receivables	1,305,632	1,046,158
Deposit	32,100	21,270
	3,876,840	4,381,234

Credit risk from trade and other receivables is minimised by establishing credit policies such as determining and monitoring customer credit limits, requiring credit approvals, and the monitoring of customer credit risks by grouping customers according to their credit characteristics. Other monitoring procedures are in place to recover overdue accounts, to ensure minimal dependencies on a small number of customers, and to assess impairment.

As at September 30, 2014, the Commission's cash and cash equivalents totalling $2,539,108 (2013: $3,313,806) or 61% (2013: 72%) of its total assets is currently deposited with Banco Popular de Puerto Rico, which has a long term credit rating of B1 as at 23 January 2019 per Moody's Rating agency.

Credit risk from cash and cash equivalents, deposits with banks and financial institutions and derivative financial instruments is minimised by establishing investment policies in liquid securities with high credit ratings and maintaining accounts in reputable financial institutions with high quality credit ratings.

(Expressed in United States Dollars)

12 Financial risk management (Continued)

(b) Credit risk (Continued)

(i) Aging analysis of financial assets

The table below summarises the aging of the Commission's financial assets:

September 30, 2014	Current $	1-3 months $	4-12 months $	More than 1 year $	Total $	Total past due but not impaired $	Total past due and impaired $
Trade receivables	80	50,510	376	1,412,973	1,463,939	1,305,632	158,307
Cash and cash equivalents	-	-	-	2,539,108	2,539,108	-	-
	80	50,510	376	3,952,081	4,003,047	1,305,632	158,307

September 30, 2013	Current $	1-3 months $	4-12 months $	More than 1 year $	Total $	Total past due but not impaired $	Total past due and impaired $
Trade receivables	-	425	4,248	1,199,792	1,204,465	1,046,158	158,307
Cash and cash equivalents	3,313,806	-	-	-	3,313,806	-	-
Deposits	21,270	-	-	-	21,270	-	-
	3,335,076	425	4,248	1,199,792	4,539,541	1,046,158	158,307

(c) Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting its short-term obligations associated with financial liabilities. The Commission is exposed to liquidity risk from its financial liabilities.

Liquidity needs are monitored by the Commission to ensure it has sufficient funds to meet its liabilities when due, under normal and unexpected conditions, without incurring unacceptable losses or breaches in borrowing limits or covenants. Liquidity is managed by monitoring forecasted and actual cash flows, maintaining sufficient funds to meet expected operational expenses and matching maturity profiles of financial assets and liabilities.

All financial liabilities of the Commission as of September 30, 2014 and 2013 have a maturity period of less than one year. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Expressed in United States Dollars)

12 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The table below shows the liquidity profile of the financial liabilities based on their undiscounted cash flows and their earliest maturity:

September 30, 2014	On demand $	1 to 3 months $	More than 3 months but less than 1 year $	More than 1 year $	Total $
Accounts payable and accrued expenses	-	293,980	-	-	293,980
	-	293,980	-	-	293,980

September 30, 2013	On demand $	1 to 3 months $	More than 3 months but less than 1 year $	More than 1 year $	Total $
Accounts payable and accrued expenses	-	229,566	-	-	229,566
	-	229,566	-	-	229,566

(d) Market risk

Market risk is the risk that changes in market prices, through foreign exchanges rates, interest rates, and equity prices, will cause fluctuations to the fair values and cash flows of financial instrument holdings. Market risk affects loans and borrowings, deposits, available-for-sale investments, and derivative financial investments.

(i) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will cause fluctuations to the fair values and cash flows of the Commission's financial instrument holdings. Floating rate instruments expose the Commission to cash flow interest rate risk whereas fixed rate instruments expose the Commission to fair value interest rate risk.

(Expressed in United States Dollars)

12 Financial risk management (Continued)

(d) Market risk (Continued)

(i) Interest rate risk (Continued)

Interest rate sensitivity

The Commission's exposure to interest rate risk and the effects on net income of reasonably possible changes in the relevant interest rates are outlined in the following table. All other variables are assumed to remain constant. The sensitivity analysis included in this table should be used with caution as the changes are hypothetical and are not predictive of future performance.

September 30, 2014	Interest bearing	Non-Interest bearing	Total
Financial assets			
Cash and cash equivalents	2,529,108	10,000	2,539,108
Trade and other receivables	-	1,305,632	1,305,632
Deposit	-	32,100	32,100
Total financial assets	2,529,108	1,347,732	3,876,840
Accounts payable and accrued expenses	-	293,978	293,980
Amounts received in advance	-	67,649	67,649
Total financial liabilities	-	361,627	361,629
Interest sensitivity gap	2,529,108	986,105	3,515,211

September 30, 2013	Interest bearing	Non-Interest bearing	Total
Financial assets			
Cash and cash equivalents	3,303,806	10,000	3,313,806
Trade and other receivables	-	1,046,158	1,046,158
Deposit	-	21,270	21,270
Total financial assets	3,303,806	1,077,428	4,381,234
Accounts payable and accrued expenses	-	229,566	229,566
Amounts received in advance	-	62,416	62,416
Total financial liabilities	-	291,982	291,982
Interest sensitivity gap	3,303,806	785,446	4,089,252

(ii) Currency risk

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values and cash flows of the Commission's financial instrument holdings.

Foreign currency sensitivity

At September 30, 2014 and 2013, the Commission has no financial instruments denominated in currencies other than United States Dollars. As a result, the Commission is not exposed to significant foreign currency risk.

(iii) Equity price risk

Equity price risk is the risk that changes in market prices of equity securities will cause fluctuations to the fair values and cash flows of Commission's financial instrument holdings.

(Expressed in United States Dollars)

12 Financial risk management (Continued)

(d) Market risk (Continued)

(iii) Equity price risk (Continued)

Equity price risk sensitivity

At September 30, 2014 and 2013, the Commission did not hold any investments and thus is not exposed to equity price risk.

13 Operating Lease commitments

The Company leases its storage space under operating lease arrangements with terms ranging from one year with renewal options.

They also lease office space under operating lease arrangements with terms ranging from ten years with renewal options. The lease was renewed on 2 December 2016 and expires on 1 December 2026.

The total future minimum lease payments of non-cancellable operating lease rentals as a result of the above lease agreements are presented as follows:

	2014 $	2013 $
Within one year	109,351	109,351
Two to five years	80,213	187,164
	189,564	296,515

For the year ended September 30, 2014, the company recognised a rent expense amounting to $109,371 (2013: $118,303).

14 Contingency arising from a legal claim

The Company is involved in certain litigation in the ordinary course of business. Management, having consulted with it's counsel, believes it has adequate defenses as to all lawsuits and claims and does not believe that their ultimate resolution will have a material adverse impact on the Company's results of operations, financial position and cash flows.

15 Events after the end of the reporting period

Management evaluated all activity of the Commission from October 1, 2014 through the issuance date of the financial statements and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements except for the transactions discussed below.

TELECOMMUNICATIONS REGULATORY COMMISSION

Supplementary Information Report
For the Year Ended September 30, 2014
(Expressed in United States Dollars)

The accompanying information included below has been prepared by Telecommunications Regulatory Commission and is presented for purposes of supplementary analysis.

The supplementary information has not been compiled, reviewed, or audited by BDO Limited, and, accordingly, BDO Limited assumes no responsibility for it.

	2014 $	2013 $
Professional fees	781,998	390,762
Fines and penalties	264,250	-
Rent expense	109,371	118,303
Utilities	78,135	85,819
Travel	71,942	34,252
General administration expenses	71,753	48,428
Training	46,832	26,619
Repairs and maintenance	36,106	24,210
Special events	27,976	28,752
Conference and meeting	18,024	10,079
Staff recognition program	6,686	5,628
Insurance	2,036	2,257
Advertising	1,853	6,420
Total	1,516,962	781,529