Telecommunications Regulatory Commission

Audited Financial Statements

For the Year Ended September 30, 2012 and 2011

BDO

TELECOMMUNICATIONS REGULATORY COMMISSION

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For the Year Ended September 30, 2012 and 2011

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Telecommunications Regulatory Commission the "Commission", which comprise of the statement of financial position as at September 30, 2012 and 2011, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls 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

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

As explained in Note 2 f) to the financial statements, the royalty fees are valued based on the Audited financial statements or the management's accounts, as provided by the license holders. Included in royalty fee revenue of $2,266,300 and $2,417,570 for the years ended September 30, 2012 and 2011 respectively are royalties of $nil and $26,224 for which we were not able to obtain sufficient and appropriate audit evidence relating to the existence, accuracy and completeness 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.

(Continued on next page)

Independent Auditors' Report (Continued)

Opinion

Except for the matters described in the Basis of Qualified Opinion paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of Telecommunications Regulatory Commission as of September 30, 2012 and 2011, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

BDO Limited

August 5, 2016
Tortola, British Virgin Islands

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Financial Position
September 30, 2012 and 2011
(Expressed in United States Dollars)

	Note	2012	2011
ASSETS			
Property, plant and equipment	3	220,892	237,814
Intangible assets	4	8,124	17,031
Deposit		21,070	21,070
Total non-current assets		250,086	275,915
Cash and cash equivalents		3,469,133	2,707,473
Trade and other receivables	6	862,015	570,915
Total current assets		4,331,148	3,278,388
TOTAL ASSETS		$ 4,581,234	$ 3,554,303
EQUITY AND LIABILITIES			
Capital and reserves			
Retained earnings		4,132,423	3,225,767
Liabilities			
Accounts payable and accrued expenses		421,724	300,435
Amounts received in advance		27,087	28,101
Total current liabilities		448,811	328,536
TOTAL EQUITY AND LIABILITIES		$ 4,581,234	$ 3,554,303

APPROVED BY THE BOARD

TELECOMMUNICATIONS REGULATORY COMMISSION VIRGIN ISLANDS TRC

__________________ Director

August 5, 2016 ________ Date Approved

The accompanying notes form an integral part of these financial statements

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Comprehensive Income
For the Year Ended September 30, 2012 and 2011
(Expressed in United States Dollars)

	Note	2012	2011
Revenue	7	2,654,023	2,631,567
Administrative expenses		(654,309)	(810,808)
Employee costs	8	(1,013,238)	(1,153,043)
Depreciation and amortisation		(79,820)	(52,583)
Operating income		906,656	615,133
Income for the year		$ 906,656	$ 615,133

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, 2012 and 2011
(Expressed in United States Dollars)

	Retained Earnings	Total
Balance at September 30, 2010	2,610,634	2,610,634
Net income for the year	615,133	615,133
Balance at September 30, 2011	3,225,767	3,225,767
Net income for the year	906,656	906,656
Balance at September 30, 2012	$ 4,132,423	$ 4,132,423

The accompanying notes form an integral part of these financial statements

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Cash Flows
For the Year Ended September 30, 2012 and 2011
(Expressed in United States Dollars)

		2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income for the year		906,656	615,133
Adjustments to reconcile net income before tax to cash from operations before working capital changes:			
Depreciation and amortisation		79,820	52,583
Interest income		(12,733)	(26,446)
Gain on disposal of fixed assets		(308)	-
Cash from operations before working capital changes:		973,435	641,270
Increase in trade and other receivables		(371,313)	(562,103)
Decrease in amounts received in advanced		(1,013)	(335,629)
Increase in accounts payable and accrued expenses		121,289	21,345
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		722,398	(235,117)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Sale (purchase) of property, plant and equipment		25,829	(76,847)
Interest income		12,733	26,446
Proceeds from disposal of fixed assets		700	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		39,262	(50,401)
CASH FLOWS FROM FINANCING ACTIVITIES:			
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		761,660	(285,518)
CASH AND CASH EQUIVALENTS			
At beginning of year		2,707,473	2,992,991
At end of year	$	3,469,133 $	2,707,473

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 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 authorization 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) Basis of preparation

The Commission's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), 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. The Commission's financial accounting records are kept in United States ("US") dollars.

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

None of the other new standards, interpretations and amendments, which are effective for periods beginning after October 1, 2012 and which have not been adopted early, are expected to have a material effect on the Commission's future financial statements.

(c) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

(d) Property, plant and equipment

(i) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The initial cost of the property, plant and equipment consists of the purchase price, including import duties, taxes and any directly attributable cost to bring the assets to the working condition and location of the intended use. Expenditures for repairs and maintenance are charged to income as incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets beyond its originally assessed standard of performance, the expenditures are capitalised as additional cost of property, plant and equipment.

The cost and related accumulated depreciation on property, plant and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reported as current year's revenue or expense.

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.

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the excess of cost or revalued amounts to residual values over the estimated useful lives, as follows:

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

(e) Intangible assets

(i) Intangible assets

After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

(ii) Amortisation

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. Intangible assets are amortised from the date they are available for use. The estimated useful lives for intangibles with definite lives are as follows:

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.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Royalty fees are recognised as income based on a percentage of the reported gross revenue of the license holders and radio fees when collected.

The royalty fees are valued based on audited financial statements or managements accounts, as provided by the license holders

Interest income is recognised as it accrues.

Expenses are recorded on the accrual basis as they are incurred.

(g) Government grants

Government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or the purpose of giving immediate financial support to the Commission with no future related costs are recognised in profit or loss in the period in which they become receivable.

2. Significant Accounting Policies (Continued)

(h) Financial assets

The Commission classifies its financial assets into loans and receivables.

(i) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Commission will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Commission's loans and receivables comprise cash and cash equivalents, and accounts receivable and prepayments.

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Accounts receivable are stated at amortised cost less impairment losses. A provision for impairment of accounts receivable is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the accounts receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the accounts receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income in the operating expenses. When a receivable is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

(i) Financial liabilities

The Commission classifies its financial liabilities into other financial liabilities.

(i) Other financial liabilities

Other financial liabilities include accounts payable and accrued expenses and prepaid royalties fees.

Accounts payable and accrued charges are stated at cost. No interest is charged on accounts payable and accrued charges from the date of the invoice.

(j) Taxation

Under current legislation in the British Virgin Islands, there is no income, estate, corporate, capital gain or other taxes payable by the Commission. Accordingly, no provision has been made.

(Expressed in United States Dollars)

3. Property, plant and equipment

	Leasehold Improvement	Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Capital Projects WIP	Total
COST							
Opening balance	135,279	54,407	83,513	37,880	40,000	4,000	355,079
Additions	-	3,544	2,387	759	35,062	7,780	49,532
Disposal			(2,022)				(2,022)
Balance at September 30, 2012	135,279	57,951	83,878	38,639	75,062	11,780	402,587
ACCUMULATED DEPRECIATION							
Opening balance	60,876	16,981	23,925	11,983	3,500	-	117,265
Depreciation	13,528	8,025	28,935	5,466	10,106	-	66,060
Disposal			(1,629)				(1,629)
Balance at September 30, 2012	74,404	25,006	51,231	17,449	13,606	-	181,696
CARRYING AMOUNT							
At October 01, 2011	$ 74,403	$ 37,427	$ 59,588	$ 25,897	$ 36,500	$ 4,000	$ 237,815
At September 30, 2012	$ 60,875	$ 32,945	$ 32,647	$ 21,190	$ 61,456	$ 11,780	$ 220,893

	Leasehold Improvement	Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Capital Projects WIP	Total
COST							
Opening balance	135,279	54,407	20,199	37,880	-	-	247,765
Additions	-	-	35,779	-	40,000	53,650	129,429
Transfers			27,535			(49,650)	(22,115)
Balance at September 30, 2011	135,279	54,407	83,513	37,880	40,000	4,000	355,079
ACCUMULATED DEPRECIATION							
Opening balance	47,348	9,208	7,649	6,572	-	-	70,777
Depreciation	13,528	7,772	16,276	5,411	3,500	-	46,487
Balance at September 30, 2011	60,876	16,981	23,925	11,983	3,500	-	117,264
CARRYING AMOUNT							
At October 01, 2010	$ 87,931	$ 45,199	$ 12,550	$ 31,307	$ -	$ -	$ 176,987
At September 30, 2011	$ 74,403	$ 37,427	$ 59,588	$ 25,897	$ 36,500	$ 4,000	$ 237,815

(Expressed in United States Dollars)

4. Intangible Assets

	Software and Licenses	Total
COST		
Opening balance	25,803	25,803
Additions	4,853	4,853
Balance at September 30, 2012	30,656	30,656
ACCUMULATED AMORTISATION		
Opening balance	8,772	8,772
Amortisation	13,760	13,760
Balance at September 30, 2012	22,532	22,532
CARRYING AMOUNT		
At October 01, 2011	$ 17,031	$ 17,031
At September 30, 2012	$ 8,124	$ 8,124
COST		
Opening balance	3,688	3,688
Transfers from capital projects	22,115	22,115
Balance at September 30, 2011	25,803	25,803
ACCUMULATED AMORTISATION		
Opening balance	2,677	2,677
Amortisation	6,095	6,095
Balance at September 30, 2011	8,772	8,772
CARRYING AMOUNT		
At October 01, 2010	$ 1,011	$ 1,011
At September 30, 2011	$ 17,031	$ 17,031

5. Related Party Transactions and Balances

(a) Commissioners' Fees

The total commissioners' fees for the year amounted to $29,700 (2011: $26,400).

6. Accounts receivable and prepayments

(a) Trade and other receivables

	2012	2011
Trade receivables	862,015	570,915
Government receipt of radio license fees	158,307	158,307
Total	1,020,322	729,222
Allowance for uncollectible accounts	(158,307)	(158,307)
After deduction for allowance for uncollectible accounts	$ 862,015	$ 570,915

(Expressed in United States Dollars)

6. Accounts receivable and prepayments (continued)

(b) Allowance for uncollectible accounts

	2012	2011
Balance at the beginning of the year	158,307	158,307
Movement for the year	-	-
Total	$ 158,307	$ 158,307

7. Revenue

	2012	2011
Royalty fees	2,266,300	2,417,570
Radio license	44,236	37,896
Finance income	12,733	26,446
Other income	330,754	149,655
Total	$ 2,654,023	$ 2,631,567

8. Employee Costs

	2012	2011
Salaries	791,059	886,685
Payroll taxes	64,533	72,001
Pension	30,211	63,607
Allowances	81,572	96,911
Other employee benefits	45,863	33,839
Total	$ 1,013,238	$ 1,153,043

9. Financial Instruments - Risk Management

The Commission is exposed through its operations to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

In common with all other businesses, the Commission is exposed to risks that arise from its use of financial instruments. This note describes the Commission's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the Commission, from which financial instrument risk arises, are as follows: cash and cash equivalents, accounts receivable and prepayments, accounts payable and accrued expenses.

(a) General objectives, policies and processes

The Board of directors has overall responsibility for the determination of the Commission's risk management objectives and policies and has the authority for designing and operating processes that ensure the effective implementation of the objectives and policies of the Commission. The Commission's overall risk management focuses on the unpredictability of financial markets and seeks to minimize 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; these methods are explained below.

(Expressed in United States Dollars)

9. Financial Instruments - Risk Management (Continued)

(a) General objectives, policies and processes (continued)

(i) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if financial instrument counterparties failed to perform as contracted. Financial assets, which potentially expose the Commission to credit risk, consist of cash and cash equivalents and accounts receivable. The extent of the Commission's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Commission's statement of financial position.

The maximum exposure to credit risk at September 30, 2012 and 2011 is the carrying amount of the financial assets as set out in the statement of financial position.

	2012	2011
Cash and cash equivalents	3,469,133	2,707,473
Trade and other receivables	862,015	570,915
Deposit	21,070	21,070
Total	$ 4,352,218	$ 3,299,458

The following table summarises the credit quality and aging analysis of the Commission's financial assets as of September 30, 2012 and 2011.

	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Past due and impaired	Total
2012						
Cash and cash equivalents	-	3,469,133	-	-	-	3,469,133
Trade and other receivables	-	-	-	862,015	-	862,015
Deposit	21,070	-	-	-	-	21,070
Total	$ 21,070	$ 3,469,133	$ -	$ 862,015	$ -	$ 4,352,218

	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Past due and impaired	Total
2011						
Cash and cash equivalents	-	2,707,473	-	-	-	2,707,473
Trade and other receivables	-	-	-	570,915	-	570,915
Deposit	21,070	-	-	-	-	21,070
Total	$ 21,070	$ 2,707,473	$ -	$ 570,915	$ -	$ 3,299,458

(Expressed in United States Dollars)

9. Financial Instruments - Risk Management (Continued)

(a) General objectives, policies and processes (continued)

(i) Credit risk (continued)

To reduce exposure to credit risk on accounts receivable and prepayments, the Commission regularly reviews the credit performance of its customers. To reduce exposure to credit risk on long term deposit and cash and cash equivalents, the Commission invests available cash with various local banks, and is exposed to credit related losses in the event of nonperformance by these counterparties to the financial instruments. The Commission does not expect any counterparty to fail to meet its obligations.

The table below shows the aging analysis of the Commission's financial assets as of September 30, 2012 and 2011.

	Current	1-3 months	4-12 months	More than 1 year	Total
September 30, 2012					
Cash and cash equivalents	3,469,133	-	-	-	3,469,133
Trade and other receivables	-	-	291,100	729,222	1,020,322
Deposit	21,070	-	-	-	21,070
	$ 3,490,203	$ -	$ 291,100	$ 729,222	$ 4,510,525

	Current	1-3 months	4-12 months	More than 1 year	Total
September 30, 2011					
Cash and cash equivalents	2,707,473	-	-	-	2,707,473
Trade and other receivables	-	-	412,608	316,614	729,222
Deposit	21,070	-	-	-	21,070
	$ 2,728,543	$ -	$ 412,608	$ 316,614	$ 3,457,765

(ii) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the Commission's financial instruments. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Commission mitigates its exposure to market risk by setting asset allocations to ensure that assets back specific liabilities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. At September 30, 2012 and 2011, the Commission had no foreign currency assets or liabilities.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. 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. The maximum exposure to interest rate risk is represented by the carrying amount of cash and cash equivalents.

(Expressed in United States Dollars)

9. Financial Instruments - Risk Management (Continued)

(a) General objectives, policies and processes (continued)

(ii) Market risk (continued)

Interest rate risk (continued)

The Commission is currently not exposed to fair value interest rate risk as it has no loans payable subject to fixed interest rates. The Commission also has no exposure to cash flow interest rate risk as it has no significant financial asssets and liabilities that are subject to variable interest rate risk and does not actively manage the interest rate risk.

At September 30, 2012 and 2011, the Commission's financial assets and liabilities were classified as follows:

	Interest Bearing	Non-Interest Bearing	Total
September 30, 2012			
Financial assets			
Cash and cash equivalents	3,459,133	10,000	3,469,133
Trade and other receivables		862,015	862,015
Deposit	-	21,070	21,070
Total financial assets	3,459,133	893,085	4,352,218
Financial liabilities			
Accounts payable and accrued expenses	-	421,724	421,724
Amounts received in advanced		27,087	27,087
Total financial liabilities	-	448,811	448,811
Interest Sensitivity Gap	$ 3,459,133	$ 444,274	$ 3,903,407

	Interest Bearing	Non-Interest Bearing	Total
September 30, 2011			
Financial assets			
Cash and cash equivalents	2,697,473	10,000	2,707,473
Trade and other receivables		570,915	570,915
Deposit	-	21,070	21,070
Total financial assets	2,697,473	601,985	3,299,458
Financial liabilities			
Accounts payable and accrued expenses	-	300,435	300,435
Amounts received in advanced	-	28,101	28,101
Total financial liabilities	-	328,536	328,536
Interest Sensitivity Gap	$ 2,697,473	$ 273,449	$ 2,970,922

(Expressed in United States Dollars)

9. Financial Instruments - Risk Management (Continued)

(a) General objectives, policies and processes (continued)

(ii) Market risk (continued)

Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At September 30, 2012 and 2011, the Commission has no financial assets and financial liabilities at fair value through profit or loss. As a result, the Commission is not exposed to other price risk.

(iii) Liquidity risk

Liquidity risk also referred to as funding risk, is the risk that the Commission will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of facilities. The Commission has no significant concentrations of liquidity risk, as it does not own significant illiquid assets.

The following tables show the Company's aging of its contractual repayment period to its creditors as of September 30, 2012 and 2011:

	Current	1-3 months	4-12 months	More than 1 year	Total
September 30, 2012					
Accounts payable and accrued expenses	-	421,724	-	-	421,724
	-	421,724	-	-	421,724
September 30, 2011					
Accounts payable and accrued expenses	-	300,435	-	-	300,435
	$ -	$ 300,435	$ -	$ -	$ 300,435

(b) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Commission cannot expect to eliminate all operational risks, but by initiating an effective control framework and by monitoring and responding to potential risks, the Commission is able to manage risks.

(Expressed in United States Dollars)

10. Commitments

The Commission entered into a lease agreement commencing on June 12, 2007 in respect of its office. The rent is payable in equal monthly installment due in advance on the first business day of every month. Payment of the rent shall commence on February 1, 2007.The obligation was $7,528 per month.

As of December 31, future minimum rental payments under the operating lease contracts are as follows:

	2012	2011
Within one year	90,330	90,330
Within two to five years	361,320	361,320
	$ 451,650	$451,650

11. Subsequent Events

Subsequent to year end, Caribbean Cellular Telecommunication ("CCT") filed a claim in the Eastern Caribbean Supreme Court in the Virgin Islands (the "Supreme Court") against the Commission with regards to the revenues subject to royalty fees pursuant to Article 5.1 of CCT's Telecommunication licence dated, May 25, 2007. On January 13, 2016, the Supreme Court declared that, for the purpose of calculating the royalty fees paid by CCT, the Commission shall not take into account any non-telecommunication services. This judgement was required be applied retroactively. As a result of the judgement, management has estimated the retroactive financial impact as follows: 2012: $16,127; 2011: $14,656.

The financial impact for the years ended December 31, 2010 to 2012 would be adjusted in the year ended September 30, 2016.

No other events occurred subsequent to September 30, 2012 and before the date of the report that would have a significant effect on these financial statements.