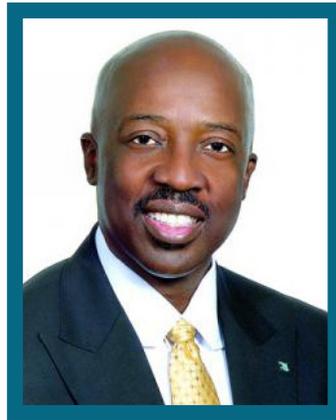




REMARKS

**Honourable D. Shane Gibson, MP, JP**

Minister of Labour & National Insurance



The Government of The Bahamas is pleased that its efforts to ensure that the rights of consumers are protected, demonstrated in the passage of the Consumer Protection Act 2006, has reached to this stage where this Consumer Protection Commission has now produced its first Annual Report.

This is a requirement of the enabling legislation, and gives an account to the Bahamian people of its stewardship over the preceding year, while also promoting transparency, accountability and greater public awareness of the work and purpose of the Commission on behalf of the Bahamian people.

Every consumer has rights; it is the intent of the Bahamas Government that through focused and consistent consumer education initiatives, our citizens will be informed of those rights, enabling and empowering them to make informed and intelligent choices when making purchases or conducting any business transaction in the marketplace.

As Minister, I congratulate the chairman, Senator The Honourable Jerome P. Gomez, and his team on a job well done. I look forward to continued strides from this Commission.



## REMARKS

# Senator The Honourable Jerome P. Gomez, JP Chairman



It is with great pleasure that I present to the Minister the first annual report of the Consumer Protection Commission (CPC). Accomplishing this milestone was extremely challenging and therefore I wish to publicly thank my fellow Commissioners and the staff of the CPC for their work in this regard.

Passed in 2006, several attempts were made to establish the Commission as envisioned by the Act, but unfortunately despite those efforts the CPC remained dormant. When I assumed office in November 2015, the CPC was only an Act of Parliament. Upon my appointment I accepted the mandate given to me by Minister Shane Gibson to bring the CPC to life.

To this end, my Commissioners and I set out to accomplish the following in the shortest possible time:

1. Obtain office space for the Commission.
2. Furnish and computerize the office.
3. Put in place a realistic budget to fund the Commission.
4. Staff the Commission.
5. Open a bank account for the Commission.
6. Launch a public relations and marketing campaign to inform the public of the Commission's existence and purpose.
7. Handle consumer related complaints received.
8. Create a website and Facebook page.

We successfully achieved all of our goals and yet the work has only just begun. The CPC must now focus on the following issues:

1. Ramp up its public outreach to reach as many consumers as possible.

2. Research the issues that adversely affect consumers in The Bahamas.
3. Launch a nationwide media campaign.
4. Invest in and strengthen the human capital of the Commission.
5. Develop relationships with consumer advocacy groups, providers of services and products and business associations.

All members of the Commission understand there is much more to be done to become an organization the public can see as a true champion of consumer issues. We are up to the challenge and will endeavour to build a Commission that Bahamians can be proud of. I invite the public to use our services and let us know how we can be of service to you.

It is my hope that under my leadership and the committed support of my fellow Commissioners, the Commission will continue to grow from strength to strength. It has been an eventful year. I wish to thank the Prime Minister and the Minister of Labour & National Insurance for appointing me to lead the Commission in its infancy and greatly appreciate the support of Commission members and staff.

Consumers are the largest grouping in any country. They are a larger group than unions, large corporations, the military or any ethnic group. Every person is a consumer. Consumers are a very large powerful group; however, this power is often not brought to bear on the suppliers of goods and services. The lack of using this collective power is explicitly seen in The Bahamas where consumers seem to have adopted the attitude that well, "there is nothing I can do because I am only one person." You can do a lot, if you let your voice be heard and stand up to poor service and shoddy products.

So, consumers, let your voices be heard. We are listening. We are here to help.

## MISSION STATEMENT

To empower consumers and spread awareness about consumer rights, consumer protection and regulations towards building a well-informed community of discerning consumers.

Our mission is aimed at empowering the consumers of this nation, protecting them from fraudulent business practices. We equip consumers with relevant, up-to-date and accurate information about their rights in a dynamic and market environment.

## VISION STATEMENT

To be the catalyst for the promotion of consumerism in the Commonwealth of The Bahamas.





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## - BOARD OF COMMISSIONERS -



**Senator Jerome P. Gomez**  
Chairman



**Mr. Philip Beneby**  
Deputy Chairman



**Mr. Andrew McKinney**  
Commissioner



**Under Secretary Alphaeus R. Forbes**  
Ex Officio Member



**Mr. Bernard Renrick Evans**  
Commissioner



**Mr. Calvin Brown**  
Commissioner



**Mrs. Claudine A. Thompson**  
Commissioner



**Mrs. Ethel Bartlett-Laing**  
Commissioner



**Reverend Joseph Brown**  
Commissioner



**Prudence Johnson**  
Commissioner



**Reverend Dr. A. Shelton Higgs**  
Commissioner

# CONSUMER PROTECTION

## COMMITTEES OF THE BOARD

The Commission has formed the following committees to assist it in the fulfillment of its mandate to inform and educate consumers of their rights under the law; bring redress to consumer complaints; and ensure that consumers are first.

### **Public Relations & Marketing Committee**

Philip Beneby – Chairman  
Ethel Bartlett-Laing  
Prudence Johnson  
Claudine Thompson  
Bernard Evans  
Alphaeus Forbes

### **Operations Committee**

Jerome Gomez – Chairman  
Joseph Brown  
Calvin Brown

### **Legal & Regulatory Committee**

Andrew McKinney – Chairman  
Alphaeus Forbes  
Shelton Higgs

### **Audit Committee**

Philip Beneby – Chairman  
Joseph Brown  
Andrew McKinney

## THE CONSUMER PROTECTION COMMISSION: ROLE & FUNCTION

It is our pleasure to introduce you to the Consumer Protection Commission. Created by legislation (Consumer Protection Act 2006), the Commission's functions are as follows:

1. To advise the Minister generally in relation to consumer issues;
2. To formulate and implement standards in relation to consumer issues;
3. To carry out, at the request of a consumer who has been adversely affected, such investigations in relation to the sale of goods or the provision of services as will enable it to determine whether the goods were sold or the services were provided in contravention of this Act, and thereafter to make such report and recommendations in connection therewith as it thinks to the Minister;
4. To carry out, on its own initiative, such other investigations in relation to the availability of goods of any class or description as it thinks and make such report and recommendations as it thinks to the Minister;
5. To promote the development of organizations formed for the protection of the consumer;
6. To collect, compile, analyze and publish information in relation to any trade or business;
7. To provide information to consumers on their rights as consumers and any other form of consumer education;
8. To resolve disagreements between consumers and service providers; and
9. To carry out such other functions as the Minister may assign to the Consumer Commission from time to time.

## These rights are:

1. The right to safety
2. The right to be informed
3. The right to choose
4. The right to be heard
5. The right to satisfaction of basic needs
6. The right to redress
7. The right to consumer education
8. The right to a healthy environment



The Commission is committed to ensuring that every Bahamian is aware of these rights and that their rights are protected by the Commission. The Consumer Commission does not replace the Prices Commission. The Prices Commission, chaired by Mr. E.J. Bowe, will continue to monitor price-controlled items. The Consumer Protection Commission will monitor all other consumer matters and issues.

Consumer protection law or consumer law is considered an area of law that regulates private law relationships between individual consumers and the businesses that sell those goods and services.

Consumer protection covers a wide range of topics, including but not necessarily limited to product liability, privacy rights, unfair business practices, fraud, misrepresentation, and other consumer/business interactions.

Consumers may wonder what matters can be brought to the attention of the Commission. We say bring all matters to our attention and we will advise you, in the shortest possible time, if we can assist or not.

We want to know what the issues are, what matters keep you up at night or what you believe to be harmful or deceptive business practice. This Commission was established to help you, the consumer.

Our services are free of charge to you.

However, the Commission cannot address employment or labour issues. The Commission can definitely assist consumers in addressing issues with faulty or defective products or against misleading or deceptive advertising practices.

Once the Commission is launched in earnest, the programmes which will be pursued are

- Consumer education (direct and indirect contact)
- Market intelligence services
- Ad-hoc research on relevant issues
- Complaint resolution services
- Consumer advocacy
- Sensitization of the public to consumer protection legislation

We invite the public to partner with us to tackle consumer issues and restore the customer as king. We also invite non-governmental organizations with consumer interests at heart to also partner with us and encourage the establishment of private consumer advocacy groups to assist us in accomplishing our legislative mandate.

## **CONSUMER EDUCATION WEEK 2016**

The Consumer Protection Commission participated in this year's Consumer Education week of activities, organized by the Consumer Welfare Unit of the Ministry of Labour & National Insurance.

Every year on March 15, the international community observes World Consumer Rights Day, under a theme determined by Consumers International, the international federation of consumer organizations. This year's theme was 'Antibiotics off the menu' .

## CPC Office Opening



**L-R (front row)** – Mr. E. J. Bowe , (Consultant) Mr. Philip Beneby , Ms. Prudence Johnson, Senator Jerome Gomez, Ms. Ethel Bartlett–Laing , Mr. Andrew McKinney; **Back row:** Under Secretary Alphaeus R. Forbes, Rev. Joseph Brown, Mrs. Claudine Thompson, Mr. Calvin Brown.



Mr. Philip Beneby, Mr. Bernard Evans, Mr. E. J. Bowe, Ms. Dolsie Allen, CEO, Consumer Affairs Commission, Jamaica, PS Nicole Campbell, Senator Jerome P. Gomez, Hon. D. Shane Gibson, MP and Mrs. Ethel Bartlett–Laing.

## GUESTS AT THE OPENING OF THE CPC OFFICE

During the year under review, the Commission hired one contract staff, Ms Desiree Roberts. As Office Administrator, Ms Roberts is tasked with the day-to-day management of the office, including receiving consumer enquires and complaints, supervising office visits, and managing supplies. The CPC will engage other staff over time in accordance with its strategic plan.



# The Mall At Marathon



Audited Financial Statements  
CONSUMER PROTECTION COMMISSION  
March 31, 2016

## **CONSUMER PROTECTION COMMISSION**

### **Audited Financial Statements**

March 31, 2016

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
**CONSUMER PROTECTION COMMISSION**

We have audited the accompanying financial statements of Consumer Protection Commission (“the Commission”), which comprise the statement of financial position as at March 31, 2016, and the statements of comprehensive income, changes in net assets and cash flows for the fiscal year 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 fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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 those 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the 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.



To the Members of  
**CONSUMER PROTECTION COMMISSION**

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Consumer Protection Commission as at March 31, 2016, and its financial performance and its cash flows for the fiscal year then ended in accordance with International Financial Reporting Standards.

June 27, 2016

Nassau, The Bahamas

*Grant Thornton*  
**CHARTERED ACCOUNTANTS**

**CONSUMER PROTECTION COMMISSION**Statement of Financial Position  
(Expressed in Bahamian dollars)

March 31, 2016

	Notes	2016 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	5, 12	87,803
Prepayments and other assets	6, 10, 12	2,475
<b>TOTAL ASSETS</b>		<b>90,278</b>
<b>LIABILITY AND NET ASSETS</b>		
<b>CURRENT LIABILITY</b>		
Accounts payable and accrued expenses	8, 12	8,062
<b>BAHAMAS GOVERNMENT NET ASSETS</b>		<b>82,216</b>
<b>TOTAL LIABILITY AND NET ASSETS</b>		<b>90,278</b>

These financial statements were approved on behalf of the Board of Directors on June 27, 2016 by the following:



Chairman



Deputy Chairman

See accompanying notes. Independent Auditors' Report pages 1 and 2.

**CONSUMER PROTECTION COMMISSION**

Statement of Comprehensive Income (Expressed in Bahamian dollars)

Fiscal year ended March 31, 2016

	Notes	2016 \$
<b>REVENUE</b>		
Government grants	9, 10	212,818
<b>EXPENSES</b>		
Commission members' honorariums	10	54,400
Depreciation and amortization	7	24,318
Professional fees	11	17,596
Repairs and maintenance		17,031
Travel and meetings		5,587
Office supplies		4,656
Payroll and related benefits		4,147
Utilities		2,217
Bank charges		420
License and registration	10	125
Others		105
		130,602
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>82,216</b>

See accompanying notes. Independent Auditors' Report pages 1 and 2.

**CONSUMER PROTECTION COMMISSION**

Statement of Changes in Net Assets (Expressed in Bahamian dollars)

Fiscal year ended March 31, 2016

	<b>2016</b>
	<b>\$</b>
<b>BAHAMAS GOVERNMENT NET ASSETS, BEGINNING OF THE YEAR</b>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	82,216
<b>BAHAMAS GOVERNMENT NET ASSETS, END OF THE YEAR</b>	82,216

See accompanying notes. Independent Auditors' Report pages 1 and 2.

**CONSUMER PROTECTION COMMISSION**

Statement of Cash Flows (Expressed in Bahamian dollars)

Fiscal year ended March 31, 2016

	Notes	2016 \$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Total comprehensive income for the year		82,216
Adjustments for:		
Depreciation and amortization	7	24,318
Changes in operating assets and liabilities:		
Increase in prepayments and other assets		( 2,475)
Increase in accounts payable and accrued expenses		8,062
<b>Net cash provided by operating activities</b>		<b>112,121</b>
<b>FINANCING ACTIVITY</b>		
Purchases of fixed assets	7	( 24,318)
<b>INCREASE IN CASH DURING THE YEAR</b>		<b>87,803</b>
Cash, beginning of the year		-
<b>CASH, END OF THE YEAR</b>	<b>5, 12</b>	<b>87,803</b>

See accompanying notes. Independent Auditors' Report pages 1 and 2.

**CONSUMER PROTECTION COMMISSION**

Notes to Financial Statements

March 31, 2016

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**NATURE OF OPERATIONS AND GENERAL INFORMATION**

The Consumer Protection Commission (“the Commission”) is a statutory body having been established in The Commonwealth of The Bahamas, pursuant to the provisions of The Consumer Protection Act of 2006 (“the Act”). The Commission’s sole shareholder is the Government of The Commonwealth of The Bahamas (“the Government”).

The Commission’s functions as mandated by the Act are as follows:

- 1.) To advise the Minister generally in relation to consumer issues;
- 2.) To formulate and implement standards in relation to the consumer protection policy;
- 3.) To carry out, at the request of a consumer who has been adversely affected, such investigations in relation to the sale of goods or the provision of services as will enable it to determine whether the goods were sold or the services were provided in contravention of this Act and thereafter to make such report and recommendations in connection therewith as it thinks fit to the Minister;
- 4.) To carry out, on its own initiative, such other investigations in relation to the availability of goods of any class or description as it thinks fit and make such report and recommendations as it thinks fit to the Minister;
- 5.) To promote the development of organizations formed for the protection of the consumer; 6.) To collect, compile, analyze and publish information in relation to any trade or business; 7.) To provide information to consumers on their rights as consumers and any other form of consumer education;
- 8.) To resolve disagreements between consumers and providers; and
- 9.) To carry out such other functions as the Minister may assign to the Commission from time to time.

The Commission started its operations on April 1, 2015.

Its principal place of business is located at Teachers & Salaried Workers Credit Union Building, East Street South, P.O. Box SS6364, Nassau, The Bahamas.

**STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Commission’s first financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Commission’s audited financial statements as at and for the fiscal year ended March 31, 2016 were approved and authorized for issue by the Members of the Commission on June 27, 2016.

## CONSUMER PROTECTION COMMISSION

Notes to Financial Statements

March 31, 2016

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### CHANGES IN ACCOUNTING POLICIES Overall considerations

The Commission has adopted the following new interpretations, revisions and amendments to IFRS issued by the IASB, which are relevant to and effective for the Commission's financial statements for the annual period beginning January 1, 2015:

Annual Improvements, *2010-2012 Cycle*;

Annual Improvements, *2011-2013 Cycle*; and

Amendments to International Accounting Standards (IAS) 19, *Defined Benefit Plans: Employee Contributions*

Effects on current or future periods arising from the first-time application of the standards listed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

#### Annual Improvements, *2010-2012 Cycle*

With the exception of the improvement relating to IFRS 2, *Share-based Payment* applied to share-based payment transactions with a grant date on or after July 1, 2014, all other improvements are effective for accounting periods beginning on or after July 1, 2014. The Commission has applied these improvements for the first time in the financial statements.

They include:

#### IFRS 2, *Share-based Payment*

This improvement should be applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Commission has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Commission had not granted any awards during the fiscal year. Thus, these amendments did not impact the Commission's financial statements or accounting policies.

#### IFRS 3, *Business Combinations*

The amendment should be applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment did not impact the Commission's financial statements or accounting policies.

## CONSUMER PROTECTION COMMISSION

Notes to Financial Statements

March 31, 2016

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### CHANGES IN ACCOUNTING POLICIES (continued)

#### **IFRS 8, *Operating Segments***

The amendments should be applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are “similar”; and,

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Commission has not applied the aggregation criteria in IFRS 8.12. This amendment did not impact the Commission’s financial statements or accounting policies.

#### **IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets***

The amendment should be applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the Commission’s financial statements.

#### **IAS 24, *Related Party Disclosures***

The amendment should be applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Commission as it does not receive key management personnel services from a management entity.

#### **Annual Improvements, 2011-2013 Cycle**

These improvements are effective from July 1, 2014 and the Commission has applied these amendments for the first time in these financial statements. They include:

#### **IFRS 3, *Business Combinations***

The amendment should be applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and

This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Consumer Protection Commission is not a joint arrangement, and thus this amendment is not relevant for the Commission.

## CONSUMER PROTECTION COMMISSION

Notes to Financial Statements

March 31, 2016

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### **CHANGES IN ACCOUNTING POLICIES (continued) Annual Improvements, 2011-2013 Cycle (continued)**

#### **IFRS 13, Fair Value Measurement**

The amendment should be applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Commission does not apply the portfolio exception in IFRS 13.

#### **IAS 40, Investment Property**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment should be applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment did not impact the accounting policy of the Commission.

#### **Amendments to IAS 19, Defined Benefit Plans: Employee Contributions**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014. This amendment is not relevant to the Commission, since the Commission has no defined benefit plans with contributions from employees or a third party.

#### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission**

At the date of authorization of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Commission. Information on those expected to be relevant to the Commission's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Commission's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Commission's financial statements.

**CONSUMER PROTECTION COMMISSION**

Notes to Financial Statements

March 31, 2016

**CHANGES IN ACCOUNTING POLICIES (continued)****Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission (continued)****IFRS 9, *Financial Instruments* (2014)**

The IASB recently released IFRS 9, *Financial Instruments* (2014), representing the completion of its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Commission's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognized on the Commission's trade receivables and investments in debt-type assets currently classified as available-for-sale (AFS) and held-to-maturity (HTM), unless classified as at fair value through profit or loss in accordance with the new criteria;
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Commission makes an irrevocable designation to present them in other comprehensive income; and
- if the Commission continues to elect the fair value option for certain financial liabilities, fair value movement will be presented in other comprehensive income to the extent those changes relate to the Commission's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018.

**IFRS 15, *Revenue from Contracts with Customers***

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

## CONSUMER PROTECTION COMMISSION

Notes to Financial Statements

March 31, 2016

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### CHANGES IN ACCOUNTING POLICIES (continued)

#### Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission (continued)

##### Amendments to IFRS 11, *Joint Arrangements*

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3, *Business Combinations* and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The amendments are effective for reporting periods beginning on or after January 1, 2016.

The Commission has no investments in joint arrangements or interests in joint operations. Management does not anticipate any impact on the Commission's financial statements.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Presentation of financial statements

The financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements* (Revised 2007). The Commission has elected to present the "Statement of Comprehensive Income" in one statement. The Commission's functional and presentation currency is the Bahamian dollar.

### Management's use of judgments and estimates

The Commission uses accounting estimates and assumptions in the preparation of financial statements. Although these estimates are based on management's best knowledge of current events and transactions, actual results may ultimately differ from those estimates. The effect of any changes in estimates will be recorded in the Commission's financial statements when determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**CONSUMER PROTECTION COMMISSION**

Notes to Financial Statements

March 31, 2016

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following presents a summary of these significant judgments and estimates:

**Judgment**

In the process of applying the Commission's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

***Operating Lease Commitments - Commission as Lessee***

Management exercises judgment in determining whether substantially all the significant risks and rewards of ownership of the leased assets are transferred to the Commission. Lease contracts, which transfer to the Commission substantially the entire significant risks and rewards incidental to ownership of the leased items, are classified as finance leases. Otherwise, they are considered as operating leases.

The Commission occupied an office space with a third party. However, the rental fees to be incurred by the Commission have been waived by the lessor. The Commission determined, based on an evaluation of the terms and conditions of the arrangement, that the lessor retain all the significant risks and rewards of ownership of the property and so accounts for the contract as an operating lease.

**Estimate*****Estimation of useful lives of fixed assets***

Useful lives of fixed assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of the fixed assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Any reduction in the estimated useful lives of fixed assets would increase the Commission's recorded operating expenses and decrease fixed assets.

**Cash**

Cash is comprised of cash at bank and petty cash fund.

**Fixed assets**

Fixed assets are recorded at cost less accumulated depreciation and amortization and are being depreciated on the straight-line basis over the estimated useful life of the assets as follows:

	Year
Office furniture and computer equipment	1
Leasehold improvements	1

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## CONSUMER PROTECTION COMMISSION

Notes to Financial Statements

March 31, 2016

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) Fixed assets (continued)

Expenses incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In a situation 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 capitalized as an addition to the cost of fixed assets.

When assets are retired or otherwise disposed of, the costs and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is credited or charged to operations.

Net carrying values of fixed assets amounted to Nil as at March 31, 2016.

### Financial Assets

Financial assets are divided into the following categories:

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

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expense is recognized in profit or loss or directly in net assets.

The Commission recognizes all financial assets using trade day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date.

All income and expenses relating to financial assets are recognized in the statement of comprehensive income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in profit or loss. Discounting, however, is omitted where the effect of discounting is immaterial.

As at March 31, 2016, the Commission's cash and security deposits recorded under prepayments and other assets fall under this category.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial Liabilities**

Financial liabilities are recognized when the Commission becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value are included in the statement of comprehensive income.

The Commission's financial liabilities include accounts payable and accrued expenses which are measured at amortized cost using the effective interest method. Discounting, however, is omitted where the effect of discounting is immaterial.

**Derecognition of financial assets and financial liabilities****Financial Assets**

A financial asset or, where applicable, a part of a financial asset or a part of a group of similar financial assets is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Commission retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Commission has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Commission has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Commission's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Commission could be required to repay.

**Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of financial assets

All financial assets except for those financial assets at fair value through profit or loss are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

#### Impairment of non-financial assets

An assessment is made at each statement of financial position date to determine whether there is any indication of impairment of any assets, or whether there is any indication that an impairment loss previously recognized on an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is computed as the higher of the asset's value in use or its net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognized for the asset in prior years.

A reversal of an impairment loss is credited to current operations.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Income**

Income is recognized to the extent that it is probable that the economic benefits will flow to the Commission and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognized:

**Government grants**

Government grants are recognized when earned and collection is reasonably assured.

**Expenses**

Expenses are recognized in the statement of comprehensive income upon utilization of the service or at the date of their origin.

**Related party transactions**

Transactions between related parties are based on terms similar to those offered to non-related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

**Income taxes and Value Added Tax**

There are no income taxes imposed on the company in the Commonwealth of The Bahamas. On January 1, 2015, The Value Added Tax (VAT) Bill and Regulations became effective in The Commonwealth of The Bahamas. The Commission is treated as a resident entity and therefore subject to VAT for most taxable transactions. However, the Commission's revenue from government grants and subsidy is exempt from output VAT and that the Commission operates as statutory body of the Government and its revenue is attributed as a non-business activity and is a not taxable supply and therefore is not required to apply as a VAT registered entity. The Commission is registered for the purpose of receiving a Tax Identification Number (TIN). Any input VAT the Commission incurs with regards to its vatable purchases of goods and services will be charged and recorded as prepaid input VAT the Government and recorded as part of prepayments and other assets.

**CASH**

Cash as at March 31, 2016 are comprised of the following:

	<b>2016</b>
	<b>\$</b>
Cash at bank - Royal Bank of Canada	87,781
Petty cash fund	22
	<b>87,803</b>

Cash at bank is non-interest bearing.

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### PREPAYMENTS AND OTHER ASSETS

Prepayments and other assets as at March 31, 2016 are comprised of the following:

	2016 \$
Prepaid input VAT (See Note 10)	1,497
Other prepayments and assets	978
	<b>2,475</b>

### FIXED ASSETS, NET

Fixed assets as at December 31, 2015 are comprised of the following:

	Office furniture and computer equipment \$	Leasehold improvements \$	Total \$
<b>Cost:</b>			
Balance at April 1, 2015	-	-	-
Additions	9,318	15,000	24,318
<b>Balance at March 31, 2016</b>	<b>9,318</b>	<b>15,000</b>	<b>24,318</b>
<b>Accumulated depreciation and amortization:</b>			
Balance at April 1, 2015	-	-	-
Depreciation and amortization	9,318	15,000	24,318
<b>Balance at March 31, 2016</b>	<b>9,318</b>	<b>15,000</b>	<b>24,318</b>
<b>Net carrying values at March 31, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>

### ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as at March 31, 2016 are comprised of the following:

	2016 \$
Accounts payable	3,252
Accrued expenses	4,810
	<b>8,062</b>

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**GOVERNMENT GRANTS**

The Government of The Commonwealth of The Bahamas, through the annual budgetary allocation approved by the Parliament, provides substantially all of the funding requirements of the Commission.

The Commission received grants from the Government totaling \$212,818 for the fiscal year ended March 31, 2016 as funds to be used for its operations.

**RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties comprise: i) Government ministries and departments; ii) Government corporations and agencies; iii) entities controlled by the Government; iv) entities in which the Government has a significant ownership interest; and v) key management personnel.

The Commission's balances and transactions with related parties consisted of the following:

<b>Related parties</b>		<b>Relationship</b>	<b>2016 \$</b>
	<b>Balances</b>		
Department of Inland Revenue	Prepaid input VAT	Government department	1,497
Registrar General Department	Prepaid registration fees	Government department	75
	<b>Transactions</b>		
Ministry of Finance	Government grants	Government ministry	212,818
Registrar General Department	Licenses and registration	Government department	125

Members of the Commission are also classified as related parties. Total honorarium incurred by the Commission for the fiscal year ended March 31, 2016 amounted to \$54,400, which was paid during the year.

**PROFESSIONAL FEES**

Professional fees for the fiscal year ended March 31, 2016 is composed of the following:

	<b>2016 \$</b>
Outside contract services	13,171
Audit fees	4,000
Accounting fees	425
	<b>17,596</b>

## CONSUMER PROTECTION COMMISSION

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### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose of the Commission’s financial instruments is to fund its operations. The main risks arising from the use of financial instruments are liquidity risk and credit risk. These financial risks to which the Commission is exposed to are described below.

#### Liquidity risk

The Commission seeks to manage its liquidity to be able to finance and cover its operating costs. The Commission maintains its cash to meet its liquidity requirements for up to a 30-day period. Additional short-term funding is obtained from the Government of The Bahamas, when necessary.

The following table summarizes the maturity profile of the Commission’s financial assets and liability based on contractual maturities as of March 31, 2016:

	On Demand \$	Within 3 months \$	3 months to 1 year \$	No specific maturity \$	Total \$
<b>Financial asset</b>					
Cash	87,781	-	-	22	87,803
Prepayments and other assets					
Security deposit	-	-	-	700	700
	87,781	-	-	722	88,503
<b>Financial liability</b>					
Accounts payable and accrued expenses	-	3,252	4,810	-	8,062
<b>Liquidity gap</b>	87,781	(3,252)	(4,810)	722	80,441

#### Credit risk

The Commission’s credit risk is limited to the carrying amount of its cash at bank and security deposit recognized at the statement of financial position date.

The Commission’s management considers that the above financial asset is of good credit quality. None of the Commission’s financial assets are secured by collateral or other credit enhancements.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments utilized by the Commission are limited to those types of financial assets and liabilities shown in the statement of financial position. The carrying amount of all financial instruments is considered to approximate their fair value given that they are primarily short-term in nature. Accordingly, the estimated fair value is not significantly different from the carrying value for each major category of the Commission’s recorded assets and liabilities.

**CONSUMER PROTECTION COMMISSION**

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**14. SUBSEQUENT EVENTS**

The Commission evaluated the impact of all subsequent events through June 27, 2016 which is the date the financial statements are available to be issued, and there were no other adjusting or non-adjusting events that need to be disclosed in the financial statements.

Independent Auditors' Report pages 1 and 2.

