



Wireless Broadcast Station

Courtesy: Google Images

## Corporate Information

### REGISTERED OFFICE

19 Harbour Street, Kingston

### AUDITORS



6 Duke Street, Kingston

### BANKERS

**First Global Bank**

28 Barbados Avenue, Kingston 5

**National Commercial Bank Jamaica Limited**

1-7 Knutsford Boulevard, Kingston 5

### CORPORATE SECRETARY

Ms. Ida - Gaye Warburton  
Spectrum Management Authority  
13 - 19 Harbour Street  
Kingston

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## MISSION STATEMENT

To ensure the efficient management of Jamaica's radio frequency spectrum  
in keeping with international best practices and in the interest of social,  
economic and technological development.

## VISION STATEMENT

To create the environment for the radio frequency spectrum to become

the preferred medium of communication.



Courtesy: Google Images

# Corporate Profile

Facilitated by Wireless Technology - CardioMEMS™: Monitors Blood Pressure of Aneurysm Patients

The Spectrum Management Authority ("SMA" or "the Authority") is mandated by virtue of the Telecommunications Act, 2000 as the regulatory body charged with the management of the Radio Frequency Spectrum in Jamaica, on behalf of the Government and people of Jamaica.

Consistent with its Mission Statement detailed herein, SMA's management of the spectrum entails the following:

- Managing access to the radio frequency spectrum through band planning, frequency assignment and licensing;
- Monitoring compliance with licensing agreements to protect all legal spectrum users;
- Identifying, investigating and facilitating the resolution of cases of interference;
- Identifying and eliminating illegal use of the spectrum;
- Fulfilling Jamaica's international obligations with respect to spectrum management;
- Fulfilling its statutory obligation as the advisory body to the Minister with portfolio responsibility for telecommunications, currently the Minister of Science, Technology, Energy and Mining, on spectrum policy and related legal matters.

In accordance with the Companies Act, the Authority was incorporated as a limited liability company on 1st February 2000 and became operational in April 2001. As at 2009 December 21, the registered office of the company is 13 - 19 Harbour Street, Kingston, Jamaica.

The statutory obligations and the operational principles of the Authority are in accordance with, and fulfil Jamaica's international commitments to the World Trade Organisation's (WTO) telecommunication agreement, and the policy objectives enunciated by the Government of Jamaica (GOJ) with respect to the liberalisation of the telecommunication sector.

The Authority is financed through a cost-recovery mechanism, whereby licensed spectrum users are required to pay Regulatory fees. The fee mechanism was developed in consultation with spectrum users and is constituted in **The Telecommunications (Spectrum Regulatory Fees) Regulations 2003, Jamaica Gazette Supplement Number 33, in April 2003**.

As aforesigned, in carrying out its mandate, the Authority operates within the legislative framework as established by the **Telecommunications Act, 2000** and the **Radio and Telegraph Control Act, 1973**. Internationally, SMA is also guided by the rules and regulations of the International Telecommunications Union (ITU). ITU is the lead-

ing United Nations agency for information and communication technologies. As the global focal point for governments and the private sector, ITU's role in helping the world communicate spans 3 core sectors: radiocommunication, standardisation and development.

The SMA collects Spectrum licence fees on behalf of the GOJ, which is remitted to the Consolidated Fund.

There are various categories of radio systems that are licensed by the Authority: namely,

- Terrestrial (land-based) radio systems including fixed services (such as networks providing data transfer services) and mobile services (such as cellular services as well as 2-way radios);
- Satellite systems for large earth stations and VSATs (very small aperture terminals);
- Maritime radio systems - this facilitates radio communication for ships, yachts, boats; and,
- Aeronautical radio systems - facilitates communication by aeroplanes and air-traffic controllers.

The Authority also acts in a certifying capacity in respect of the following licenses:

- *Certificate of Competence in Radio Telephony/Global Maritime Distress and Safety System (GMDSS)* – This certification authorizes the holder to carry out the radio telephone service of any Ship Station;

- *Radio Technician Licence* – There are 2 classes for this category of licence: Class "A" and Class "B" Licences. A licence issued under Class "A" category authorises the Licensee to install and maintain radio transmitting apparatus; and, the Class "B" category authorises the Licensee to install and maintain radio transmitting apparatus with a radio frequency power not exceeding 1,000 watts;
- *Type Approval Certificate* – This certification is issued to manufacturers of radio communication equipment after the Authority ensures that it conforms to appropriate standards and principles of product safety and will not interfere with other equipment or networks.

The SMA represents Jamaica in several telecommunications related international fora and participates on a committee level on selected bodies as indicated:

- International Telecommunications Satellite Organisation (ITSO), - the Authority is a member of the ITSO Advisory Committee (IAC) representing the Caribbean region since 2001;
- Caribbean Telecommunications Union (CTU);
- Inter-American Telecommunications Commission (CITEL); and,
- International Telecommunications Union (ITU).

# Board of Directors



**Front Row, L-R:** Mr. Pierre Shirley, Ms. Shynelle Anderson, Mr. Christopher Honeywell (Chairman), and Ms. Olivia Leigh Campbell.

**Back Row, L-R:** Mr. Henry Batson (Acting Managing Director), Ms. Daniella Hickling, Mr. Andrew Geohagen, Dr. Densil Williams, Mr. Mario Mitchell, and Ms. Marlene DeMercado.  
(Missing: Mr. Desmond Palmer and Ms. Latoya Thomas.)

## Senior Management



**Ms. Ida - Gaye Warburton**  
Director Legal Affairs

**Mr. George Malcolm**  
Director Policy & Strategic Planning

**Mr. Henry Batson**  
Acting Managing Director

**Ms. Kerri Dunn**  
Manager Human Resources

**Mr. Patrick Brown**  
Director Finance & Administration

# Board of Directors' Committees

## Human Resource

Marlene DeMercado (*Chairman*)  
Andrew Geohagen  
Olivia Leigh Campbell  
Pierre Shirley

## Finance

Desmond Palmer (*Chairman*)  
Daniella Hickling  
Shynelle Anderson

## Technical Operations

Sophia Frazer Binns (*Chairman*)  
Mario Mitchell  
Latoya Thomas

## Audit

Christopher Honeywell (*Chairman*)  
Denzil Williams  
Pierre Shirley

## Attendance at Board and Committee Meetings

For the 2012/13 fiscal year the SMA scheduled ten (10) meetings of the Board of Directors. Details of the attendance of Directors at meetings of the Board and its Committees for the FY are outlined in the table below.

	BOARD	AUDIT	FINANCE	HUMAN RESOURCES	TECHNICAL OPERATIONS
	10 MEETINGS	1 MEETINGS	12 MEETINGS	7 MEETINGS	4 MEETINGS
Shynelle Anderson	8	-	11	-	-
Olivia Leigh Campbell	7	-	-	6	-
Marlene DeMercado	9	-	-	7	-
<a href="#">Sophia Frazer-Binns[1]</a>	2	-	-	-	3
Andrew Geohagen	10	-	-	6	-
Daniella Hickling	7	-	10	-	-
Christopher Honeywell	10	1	-	-	-
Mario Mitchell	10	-	-	-	4
Desmond Palmer	10	-	12	-	-
<a href="#">Pierre Shirley[2]</a>	9	1	-	4	-
Latoya Thomas	6	-	-	-	3
Densil Williams	6	1	-	-	-

[1] Director Sophia Frazer-Binns resigned January 30, 2013

[2] Director Pierre Shirley became a member of the Human Resources Committee June 2012

# Board of Directors' Report

The Board of Directors (the Board) of the SMA is delighted to present the Annual Report on the operations of the SMA, for the 2012/13 fiscal year (FY), which also includes the Audited Financial Statements.

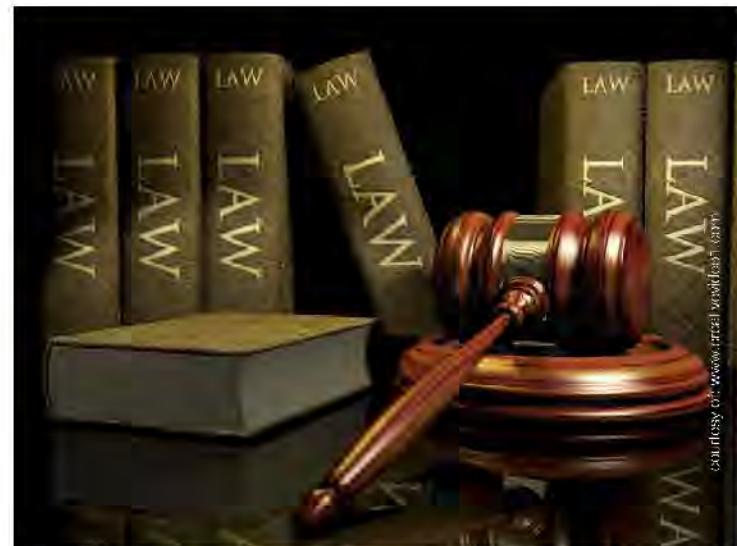
The 2012/13 FY marked the second FY since the current Board was appointed. During the FY regular monthly meetings were held to review the activities of the SMA; and, with the assistance of the established committees, gave guidance on policy and strategic initiatives during the year.



TCI's Engineer, Robert Ruiz (in blue) conducting a "site visit" at the new remote site location in Albion along with SMA's engineers.

It is gratifying to note that during the FY, the SMA was able to advance closer to establishing the appropriate operating framework for the development of the SMA into being a "World Class", customer-oriented spectrum management agency. Most notably was the completion of phase 1 of 2 phases, of the Monitoring Capacity Expansion Project. Phase 1 included the upgrade of the mobile monitoring unit, upgrade of one (1) existing monitoring site (Planter's Hall) and the implementation of a monitoring site in Montego Bay. Phase 2 (installation of a site in Ocho Rios) is slated for completion in the 2013/14 FY.

In addition, steps were taken towards telecommunications reform during the year, which is critical to the effectiveness of the SMA. On 2012 May 24, the Telecommunications (Amendment) Act, 2012 was effected, which enhanced the industry's institutional framework. The SMA is satisfied with the initial efforts achieved and the contribution of the SMA's team to the achievements. We now look forward to further reforms required to leverage greater efficiencies and effectiveness in the management of the spectrum.



As we look back at the 2012/13 FY, the Board not only recognises the successes of the SMA but also the challenges that the organisation encountered, mainly emanating from the tough economic conditions prevailing globally, whereby Jamaica like most countries, was significantly impacted. The realities of these economic conditions were borne out by the staff, as they were faced with increased inflationary conditions and a wage freeze. None the less, despite the adverse conditions and the challenge to keep staff morale at acceptable levels, the SMA was still able to exceed the key performance indicators (KPI) as it relates to the core operational activities established prior to the beginning of the FY. This underscores the dedication and commitment of the staff.

	KPI	Actual
Number of licences to be Renewed	328	367
Number of Interference Cases resolved within time.	14	15
Total Income	\$233.03M	\$261.59M
Expenditure	\$243.05M	\$178.90M
Collection of Spectrum Licence Fees	\$70.62M	\$160.98M

It is against this background that the Board is pleased to present the performance of the SMA for the 2012/13 FY. The table above gives a summary of the SMA's principal performance for the 2012/13 FY.

# Board of Directors' Report

## CORPORATE PERFORMANCE



*The Band Planning team, l-r: Peter Scott, Mahlangu Lawson and Lloyd Matheson - reviews Jamaica's Frequency Allocation Chart.*

### Band Planning

The SMA in carrying out its mandate in relation to band planning has sought to ensure the efficient assignment of the radio frequency spectrum. During the FY, efforts were focussed on a proactive assignment process which seeks to prevent, rather than resolve interferences, and to ensure a creditable licensing process whereby clients are assigned spectrum that is clean and free from interference.

### Licensing

As part of the strategy to achieve Universal Access/Service for the people of Jamaica, the Minister with responsibility for Telecommunications, under the Delegation of Functions Order, 2009, has delegated to the SMA, the responsibility for issuing all licences, except mobile and wireless broadband.



*Members of the SMA team, l-r: - Kwan Wilson, Sandra Ragnatt, Stephanie Cain and Nadine James - at Festorama, hosted by the MSTEM on the PCJ building.*

During the 2012/13 FY, the SMA continued to fulfil its licensing function, through the processing of new and

cont'd

renewal licences, thereby providing access to use the radio frequency spectrum.

### New Applications

For the FY the SMA handled 114 new applications for licences/certificates, which includes 21 that were carried forward from the previous FY and 93 received during the year. A total of 91 new licences were granted whilst 90 were issued. Of the 91 licences granted, 86 or 95% have been processed within the established processing standard. This performance is above the KPI of 80% established at the beginning of the FY.

Applications Brought Forward	21
Total Applications Received	93
<b>Total Handled</b>	<b>114</b>
Licences / Certificates Granted	91
Licences / Certificates Issued	90

### Renewal Licences

The renewal of 367 licences for the FY represented a performance rate of 91%. The current performance is above the SMA's KPI of 85% for renewals. The FY's target was 386 licences; however, cancellations and additions during the FY resulted in a plus 17 net effect on the target, bringing it to 403. Note that licences are only renewed after receipt of payment.

Targeted Renewals	386
Additions (net-off against cancellations)	17
<b>Total Renewable</b>	<b>403</b>
Licences Renewed	367
Licences renewed within process time	363

Of the 367 licences renewed, 363 or approximately 99% were processed within the established processing standard. The KPI for this activity is 90%.

### Monitoring and Interference Management

The monitoring and interference management team within the SMA is responsible for *inter alia*, the resolution of interference problems reported by clients, as well as the identification and investigation of the illegal use of the spectrum.

### Monitoring

Monitoring activities are needed to ensure that users are compliant with their licence conditions and technical

# Board of Directors' Report

cont'd

standards. Monitoring during the period under review was related to audit queries, the assignment of frequencies and interference resolution.



*"Getting it done" Telecommunications Engineers, Mahlangu Lawson and Philmore Trowers updating the Mobile Monitoring Vehicle.*

## Interference Management

In the area of interference management, for the FY the SMA investigated a total of 21 reports of interference from spectrum users. Of the 21 cases reported, 16 were resolved during the FY. The 5 unresolved cases all had a performance standard with resolution time of 75 days or more. Based on the time the cases were reported, the SMA is still able to resolve these cases within the standard resolution time, going into the new FY. Of the 16 cases resolved, 15 were resolved within the established standard time; this represents 94% compliance against budgeted KPI of 85%.

## Income

As a result of the Telecommunications (Spectrum Regulatory Fees) Regulations 2003, the SMA has been able to finance its operations primarily through Regulatory Fees, which is charged to the users of the spectrum based on a cost recovery strategy. An administrative processing fee is also used to subsidise the SMA's cost of operation. Processing fees are non-refundable and covers the one time administrative costs of processing licences, authorisations and certificates. Both Regulatory and Processing Fees encompasses the SMA's revenue.

Income	KPI	Actual
	\$'M	\$'M
<b>Regulatory Fees</b>	215.66	230.44
<b>Processing Fees</b>	2.93	6.83
<b>Interest Income</b>	10.90	24.27
<b>Other Income</b>	3.55	0.05
<b>TOTAL</b>	<b>233.03</b>	<b>261.59</b>

At the beginning of the FY the SMA targeted total income of \$245.30M from Regulatory Fees, Processing Fees, Interest Income and Other Income. As at 2013 March 31, the SMA's total income amounted to \$261.59M, exceeding the budget target by \$16.29M and the KPI of \$233.03M by \$28.56M.

The result was primarily influenced by the realisation of interest income significantly above that which was projected, since payments relating to the capital project were deferred; and, revenues earned with respect to processing fees were also above that which was anticipated, as specific strategies implemented for the collection of Type Approvals were successful.

## Expenditure

Based on the harsh economic realities that faced the country at the beginning of the FY, coupled with the efforts by the GoJ to negotiate with the International Monetary Fund (IMF) in order to secure a loan agreement, the Ministry of Finance issued tight expenditure directives which impacted the SMA's expenditure for the period. The SMA completed the FY with actual expenditure of \$178.90M. This was below the budgeted expenditure target of \$243.05M. The vast majority of the SMA's expenditures were within budget or did not materialise. The measures implemented as a result of the IMF negotiations, restricted expenditure levels and or impacted on the procurement timelines. Additionally, the filling of vacant positions was impacted.

## Collection of Spectrum Licence Fees

Spectrum licence fees collected by the SMA on behalf of the GoJ are remitted to the Consolidated Fund. As at the end of the FY, the SMA collected \$160.98M in spectrum licence fees which is \$72.71M above the budgeted target of \$88.27M. This positive variance is as a result of outstanding amounts from the previous FY (2011/12), being collected during the year under review (2012/13). The amounts targeted were duly collected.



## Regional and International Obligations

During the FY, the SMA participated in various local and international activities geared towards facilitating increased benefits from Information and Communication Technology (ICT) for humanity.

Locally, as previously mentioned, the SMA provided support to the Ministry of Science, Technology, Energy and Mining (MSTEM) relating to drafting instructions for the Telecommunications (Amendment) Act, 2012, which was subsequently enacted in May 2012. The SMA also made written submissions and participated in meetings in relation to the establishment of a Converged Standalone ICT Regulator for the communications industry; and, in preparation for the auctioning of the 700 MHz frequency band, the SMA has been providing advice to the MSTEM, to include the following:

- Submitted proposals for the allocation of the 700 MHz band in Jamaica.
- Provided advisory documents to facilitate a policy position in relation to the licensing of the band.

Additionally, the SMA has commenced preparation of the draft Information Memorandum for the licensing of the band.

Internationally, Jamaica, which represents the Caribbean Parties as a member of "Region A", is represented on the International Telecommunications Satellite Organisation (ITSO) Advisory Committee (IAC) by the SMA. The SMA participated in IAC meeting during the period in preparation for the 35th Assembly of Parties Meeting (AP-35), reporting to the MSTEM and our regional counterparts on each occasion. A team from the SMA, representing Jamaica, attended AP-35 held in

Kampala, Uganda during 2012 July 2 – 9. The main purpose of the meetings was to consider matters relating to whether to continue or terminate the ITSO Agreement. The decision at the meeting was to continue the ITSO Agreement.



35<sup>th</sup> ASSEMBLY OF PARTIES  
3-6 July 2012 AT KAMPALA SERENA HOTEL, UGANDA

## Training and Development

Training and development continues to be a key strategy, both in acquiring the necessary expertise required and in order to stay abreast with the dynamic industry that we regulate. For the FY the SMA was able to support approximately 26 opportunities to include the following:

- Professional Certificate in Regulatory Affairs
- Labour Laws and Industrial Relations
- Practical Applications on Spectrum Management and Spectrum Monitoring
- Energy Conservation Efficiency and Management
- The Path to 4G
- Broadcast Transmitter Operation and Maintenance
- Legal and Regulatory Framework

# Board of Directors' Report

cont'd

- *Introduction to GOJ Procurement Policies and Procedures*
- *2012 Annual IFRS Update: Rising to the Challenge*
- *TCI International – Factory Acceptance Tests*
- *Spectrum Management Conference & Workshop*
- *TCI Technical Training Seminar*
- *Latin American Spectrum Conference H R M Association of Jamaica Conference*
- *Caribbean Learning Development Summit (ICAJ) International Reporting Standards*
- *Bridging the Gap between Success and Failure*
- *Pension Certificate Course*
- *Mini MBA in Telecommunications*
- *CompTIA Network+*
- *Leading with Emotional Intelligence*
- *Financial Management for Non-Financial Managers*
- *Configuring and Troubleshooting a windows Server*
- *Ethics and Client Welfare*

## Staff Welfare

During the FY, the SMA made special efforts to implement welfare activities that help in the motivation of the staff, as well as lifting morale. In particular, as part of the continued quest to foster a healthy SMA family, on 2013 March 26, upon the invitation of the Wellness Committee, Dr. Neil Gardner, Chiropractic Neurologist and his team, conducted an interactive and stimulating session, explaining the benefits of chiropractic care to members of staff.

Among other things, a special Christmas luncheon for the entire SMA family (to include the Board of Directors), was hosted at the SMA's Harbour Street location on 2013 December 13. The function was supported by both staff and members of the Board, many of whom expressed their appreciation for the event.



*Staff relaxing and enjoying the entertainment being "served" at the Christmas luncheon.*

## Going Forward

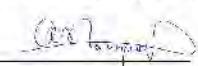
As we look ahead, the SMA's main challenge will always be the dynamic nature of the industry it regulates, and the constant being, the increased demand for the limited resource - the radio frequency spectrum. This exemplifies the old adage, "the more things change, the more they remain the same". By virtue of this, the SMA's strategic goal of managing the radio frequency spectrum more effectively remains relevant over time.

For the 2013/14 FY, the SMA will maintain this approach, (being effective), in managing the spectrum as the demand continues to grow. The focus will be on empowering and better equipping the regulator to best serve its clients. To that end, the SMA's Operational Plan and budget is geared towards advancing us closer to being a "World Class" organisation. The planned activities of the SMA for the FY will include inter-alia:

- Facilitating the auctioning of the 700 MHz frequency band.
- Revaluation of frequency bands.
- Phase 2 of the expansion of the SMA's monitoring capacity.
- Engaging legislators on efforts to improve regulatory effectiveness.
- Expansion of the SMA's human capacity.
- Pursuing the core functions as targeted.
- Ensuring good corporate governance and statutory compliance within/by the SMA.
- Fulfillment of Local, Regional and International obligations.
- Performance monitoring in order to achieve established targets and ensuring compliance with all statutory obligations.

The Board of Directors uses this opportunity to express our sincere appreciation for the sterling efforts of both management and staff, which led to the successes of the SMA over the past FY. The Board also recognises the support of the MSTEM in fulfilling our mandate. We thank our clients for their cooperation and we look forward to their continued support and our excellent relationship during the 2013/14 FY.

As we go into the 2013/14 FY, we do so boldly knowing the task at hand, and confident that we will have another productive year.

  
**Christopher Honeywell**  
Chairman

  
**Henry Batson**  
Managing Director (Acting)

# Project Highlights

## Introduction

During the 2012/13 fiscal year (FY) the SMA embarked on a project to expand and upgrade its remote monitoring and direction finding capabilities, to cover the North Coast population centres. The project was divided into 2 phases, (at the request of the Ministry of Finance), whereby: the first phase involved the installation of a new monitoring site in St. James and the upgrade of the monitoring vehicle; whilst the second phase, which is slated for the 2013/14 FY, will see the installation of a new monitoring site in Ocho Rios.

## Benefits

This project will significantly advance the SMA's remote monitoring capabilities. Its implementation will further facilitate compliance with existing regulation, licensing terms and conditions as well as more efficient resolution of interference cases. This will be made possible, *inter alia*, through the following acquired features of the new/ upgraded systems:

- The ability to monitor over a wider frequency range; moving from, frequencies up to 3GHz, now being able to monitor up to 8GHz;
- Ability to monitor over a wider and narrower instantaneous bandwidth enabling the SMA to detect weak signals in crowded environment as well as short duration and wide bandwidth signals.
- The ability to perform direction finding on both horizontally and vertically polarized signals.



The SMA's new remote site, located in Albion, St. James

## Impact of project

*Increased confidence in the regulator* – Based on the benefits to be derived from the implementation of the systems, the SMA will be able to manage the radio frequency spectrum more effectively leading to increased confidence in the SMA and by extension the industry, thereby increasing the level of attractiveness of the industry to investors.

## Project Status

The first phase of the project was completed in 2013 February, with the installation of the following equipment and support infrastructure.

- The remote monitoring and direction finding system was removed from the monitoring vehicle and was installed at the new site at Albion, St James;
- A new system was installed in the monitoring vehicle;
- The old system at Planters Hall was removed and replaced with a new system.



Telecommunications Engineer, Philmore Trowers at the new remote site.

## Projections for Completion

The second phase of the project, targeted for Ocho Rios, is slated to be implemented during the 2013/14 Projections for Completion FY.

## BOARD OF DIRECTORS' COMPENSATION

Position of Director		Fees	Travelling Allowance or Value of Assigned Motor Vehicle	Honoria	Compensation including Non-Cash Benefits as applicable	Total
		\$	\$	\$	\$	\$
Chairman - Board of Directors		150,000	11,095			161,095
Chairman - Finance Committee		84,000	63,000			147,000
Chairman - Audit Committee		7,000	-			7,000
Chairman - Human Resource Committee		56,000	15,960			71,960
Chairman - Technical Operations and Industry Affairs Committee		28,000	-			28,000
Member - Board of Directors		757,500	58,240			815,740
Member - Finance Committee		84,000	11,620			95,620
Member - Audit Committee		7,000	-			7,000
Member - Human Resource Committee		73,500	10,990			84,490
Member - Technical Operations and Industry Affairs Committee		31,500	2,660			34,160
<b>Total</b>		<b>1,278,500</b>	<b>173,565</b>	-	-	<b>1,452,065</b>

## SENIOR EXECUTIVES/ KEY MANAGEMENT COMPENSATION

Position of Senior Executive/ Key Management		Salary	Gratuity or Performance Incentive	Travelling Allowance or Value of Assigned Motor Vehicle	Pension or Other Retirement Benefits	Other Allowances	Total Remuneration	Non-Cash Allowance	Total
		\$	\$	\$	\$	\$	\$	\$	\$
Senior Executive									
Managing Director (vacant)		-	-	-	-	-	-	-	-
Managing Director (Acting), and Director - Spectrum Engineering (Apr2012_Mar2013)		5,531,037	272,391	192,433	-	2,038,732	8,034,593	78,672	8,113,265
Director - Finance & Administration (Apr2012_Mar2013)		3,941,419	67,025	981,720	-	139,620	5,129,784	-	5,129,784
Director - Legal Affairs (Apr2012_Mar2013)		3,565,074	2,024,217	923,262	-	832,386	7,344,939	-	7,344,939
Director - Policy & Strategic Management (Nov2012_Mar2013)		1,556,633	42,354	406,550	-	49,488	2,055,025	-	2,055,025
<b>Sub-total - Senior Executive</b>		<b>14,594,163</b>	<b>2,405,987</b>	<b>2,503,965</b>	-	<b>3,060,226</b>	<b>22,564,341</b>	<b>78,672</b>	<b>22,643,013</b>
Key Management									
Manager - Human Resource (Apr2012_Mar2013)		2,366,685	37,459	511,642	-	142,771	3,058,557	-	3,058,557
Manager - Policy & Strategic Planning (Apr2012_Oct2012)		1,598,666	827,441	300,125	-	514,356	3,240,588	-	3,240,588
<b>Sub-total - Key Management</b>		<b>3,965,351</b>	<b>864,900</b>	<b>811,767</b>	-	<b>657,127</b>	<b>6,299,145</b>	-	<b>6,299,145</b>
<b>Total</b>		<b>18,559,514</b>	<b>3,270,887</b>	<b>3,315,732</b>	-	<b>3,717,353</b>	<b>28,863,486</b>	<b>78,672</b>	<b>28,942,158</b>

NB:

The Director - Spectrum Engineering assumed the responsibility of Acting Managing Director from November 2011 while still carrying his substantive responsibility. The Managing Director's position remained vacant as at date of report.

The Manager - Policy & Strategic Planning was appointed to the post of Director - Policy & Strategic Planning effective November 2012.

Non-Cash Allowance refers to the taxable benefit for assigned motor vehicle

# Pictorials



## “JAMAICA DAY”

During the London Olympics



CHRISTMAS  
LUNCHEON  
2012  
at the SMA



Highlights    Highlights    Highlights    Highlights

# Pictorials

FESTORAMA  
2012



# Financial Statements



**SPECTRUM MANAGEMENT AUTHORITY LIMITED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Spectrum Management Authority Limited

### **Report on the Financial Statements**

We have audited the financial statements of Spectrum Management Authority Limited, set out on pages 3 to 28, which comprise the statement of financial position as at 31 March 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, 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.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the 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 as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Elizabeth A. Jones  
R. Tarun Handa  
Patrick A. Chin  
Patricia O. Dailey-Smith  
Linroy J. Marshall

Cynthia L. Lawrence  
Rajan Trehan  
Norman O. Rainford  
Nigel R. Chambers



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Spectrum Management Authority Limited

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Spectrum Management Authority Limited as at 31 March 2013, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

**Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

**Comparative information**

The financial statements of the company as of and for the year ended 31 March 2012 were audited by other auditors, whose report, dated 28 June 2012, expressed an unqualified opinion on those financial statements. Our audit procedures were limited to providing assurance on the opening balances for the purpose of expressing our opinion on the financial statements as of and for the year ended 31 March 2013.

Chartered Accountants  
Kingston, Jamaica

27 June 2013

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2013**

	<u>Note</u>	<u>2013</u> \$	<u>2012</u> \$
Revenue	5	237,268,609	278,245,227
Operating expenses		(178,896,022)	(174,179,359)
Operating profit	6	58,372,587	104,065,868
Other income		<u>24,316,696</u>	<u>17,873,196</u>
Profit before taxation		82,689,283	121,939,064
Taxation charge	7	(27,340,662)	(44,141,314)
Profit, being total comprehensive income for the year		<u>55,348,621</u>	<u>77,797,750</u>

The accompanying notes form an integral part of the financial statements.

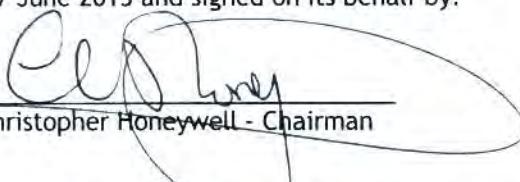
## SPECTRUM MANAGEMENT AUTHORITY LIMITED

## STATEMENT OF FINANCIAL POSITION

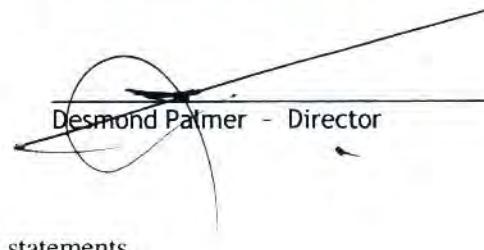
31 MARCH 2013

	<u>Note</u>	<u>2013</u> \$	<u>2012</u> \$
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	8 (a)	221,394,158	145,374,783*
Intangible assets	8 (b)	4,859,774	5,120,156*
Investment in subsidiary	9	9,900	9,900
<b>Total non-current assets</b>		<u>226,263,832</u>	<u>150,504,839</u>
<b>Current assets:</b>			
Receivables	10	10,116,044	50,935,620
Reverse repurchase agreements	11	301,961,732	307,276,887
Cash and cash equivalents	12	<u>12,358,894</u>	<u>16,144,432</u>
<b>Total current assets</b>		<u>324,436,670</u>	<u>374,356,939</u>
<b>Total assets</b>		<u>550,700,502</u>	<u>524,861,778</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves:</b>			
Share capital	13	20	20
Contributed Capital	14	144,700,366	144,700,366
Retained earnings		<u>315,894,906</u>	<u>260,546,285</u>
<b>Total capital and reserves</b>		<u>460,595,292</u>	<u>405,246,671</u>
<b>Non-current liabilities:</b>			
Deferred tax liabilities	15	<u>18,614,973</u>	<u>8,851,944</u>
<b>Current liabilities:</b>			
Payables	16	23,276,483	36,890,893
Deferred income	17	37,991,898	37,998,098
Taxation payable		<u>10,221,856</u>	<u>35,874,172</u>
<b>Total liabilities</b>		<u>71,490,237</u>	<u>110,763,163</u>
		<u>550,700,502</u>	<u>524,861,778</u>

The financial statements on pages 3 to 28 were approved for issue by the Board of Directors on 27 June 2013 and signed on its behalf by:



Christopher Honeywell - Chairman



Desmond Palmer - Director

\*Reclassified to conform to 2013 presentation.

The accompanying notes form an integral part of the financial statements.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 MARCH 2013**

	<u>Share Capital</u> (Note 13)	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances at 31 March 2011	20	144,700,366	182,748,535	327,448,921
Total comprehensive income	-	-	<u>77,797,750</u>	<u>77,797,750</u>
Balances at 31 March 2012	20	144,700,366	260,546,285	405,246,671
Total comprehensive income	-	-	<u>55,348,621</u>	<u>55,348,621</u>
Balances at 31 March 2013	<u>\$20</u>	<u>144,700,366</u>	<u>315,894,906</u>	<u>460,595,292</u>

The accompanying notes form an integral part of the financial statements.

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

## STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2013

	<u>2013</u> \$	<u>2012</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit for the year	55,348,621	77,797,750
Adjustments for:		
Profit on disposal of property, plant and equipment	( 10,900)	( 756,556)
Depreciation & amortisation	19,039,749	18,681,350
Interest income	(24,270,247)	( 16,560,449)*
Deferred tax	9,763,029	( 5,628,782)
Taxation charge	<u>17,577,633</u>	<u>49,770,096*</u>
Operating cash flows before movements in working capital	77,447,885	123,303,409
Change in operating assets and liabilities:		
Receivables	40,819,576	( 41,667,061)*
Taxation recoverable	( 5,825,724)	( 4,368,128)*
Deferred income	( 6,200)	6,159,684
Payables (excluding spectrum licence fees)	<u>( 3,113,317)</u>	<u>8,613,776*</u>
	109,322,220	92,041,680
Interest received	24,371,453	16,426,206*
Income tax paid	( 37,404,225)	( 34,706,383)*
Spectrum licence fees received (see note 16)	160,979,112	81,942,415*
Spectrum licence fees paid (see note 16)	<u>(171,480,205)</u>	<u>( 87,700,324)*</u>
Net cash provided by operating activities	<u>85,788,355</u>	<u>68,003,594</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net increase in reverse repurchase agreements	5,213,949	( 83,614,728)
Proceeds from sale of property, plant and equipment	10,900	756,556
Acquisition of property, plant and equipment	(93,751,432)	( 5,006,555)*
Acquisition of intangible assets	<u>( 1,047,310)</u>	<u>( 62,487)*</u>
Net cash used in investing activities	<u>(89,573,893)</u>	<u>( 87,927,214)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>( 3,785,538)</b>	<b>( 19,923,620)</b>
Cash and cash equivalents at beginning of year	<u>16,144,432</u>	<u>36,068,052</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>12,358,894</u></b>	<b><u>16,144,432</u></b>

\*Reclassified to conform to 2013 presentation.

The accompanying notes form an integral part of the financial statements.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**1. IDENTIFICATION AND PRINCIPAL ACTIVITIES**

Spectrum Management Authority Limited is a limited liability company incorporated and domiciled in Jamaica. It is wholly owned by the Government of Jamaica and is an agency within the Information and Communication Technology (ICT) Portfolio of the Ministry of Science, Technology, Energy and Mining. The registered office of the company is located at 13-19 Harbour Street, Kingston.

The principal activity of the company is the efficient management of Jamaica's electromagnetic spectrum in the interest of national, technological, economic and social development.

**2. REPORTING CURRENCY**

The financial statements as of and for the year ended 31 March 2013 (reporting date), are presented in Jamaica dollars which is the company's functional currency.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated or reclassified to conform to current year presentation.

**(a) Basis of preparation**

The financial statements are prepared under the historical cost basis and in accordance with International Financial Reporting Standards (IFRS) and their interpretations, as issued by the International Accounting Standards Board, and comply with provisions of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(a) Basis of preparation (cont'd)

(i) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in estimated future cash flows from receivables, for example, through unfavourable economic conditions and payment default. Management applies historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable on individual items.

(ii) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination may be uncertain. The company recognises liabilities based on estimates, involving tax matters which might be subject to different interpretation and adjustment. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Expected useful life and residual value of property, plant and equipment

The expected useful life and residual value of an asset are reviewed at least at each reporting date. Useful life of an asset is defined in terms of the asset's expected utility to the company.

**New, revised and amended standards and interpretations effective during the year:**

Certain new, revised and amended standards and interpretations, which were in issue, came into effect for the current financial year. The adoption of those standards and interpretations had no significant effect on the financial statements of the company.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(a) Basis of preparation (cont'd)

**New, revised and amended standards and interpretations that are not yet effective**

At the date of authorisation of the financial statements, certain new, revised and amended standards and interpretations had been issued but were not yet effective and had not been early-adopted by the company. The company has assessed their relevance with respect to its operations and has concluded as follows:

- IFRS 9, *Financial Instruments*, is effective for annual reporting periods beginning on or after January 1, 2015. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. The company is assessing the impact that the standard may have on its 2016 financial statements.
- IFRS 13, *Fair Value Measurement*, which is effective for annual reporting periods beginning on or after 1 January 2013, defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRS, are required or permitted to be measured at fair value or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The company does not expect this standard to have any significant impact on its 2014 financial statements.
- Amendments to IAS 32, *Financial Instruments: Presentation*, which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognised amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously. The company is assessing the impact that these amendments may have on its 2015 financial statements.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Basis of preparation (cont'd)**

**New, revised and amended standards and interpretations that are not yet effective (cont'd)**

- *Improvements to IFRS 2009-2011* cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2013. The main amendment applicable to the company is as follows:
  - *IAS 1 Presentation of Financial Statements* is amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.

The company is assessing the impact that the amendments may have on its 2014 financial statements.

The entity does not prepare consolidated financial statements as ownership in the subsidiary does not constitute control as the entity does not:

- i. have the power to govern the financial and operating policies of the subsidiary under a statute or an agreement.
- ii. have the power to appoint or remove the majority of the members of the board of directors and control of the subsidiary is by that Board or;
- iii. the power to cast the majority of votes at meetings of the board of directors and the control of the subsidiary is by that Board.

**Non-consolidation**

Consolidated financial statements are not prepared, as, although the subsidiary is wholly-owned, the company does not have control over the financial and operating policies of the subsidiary. Its Board of Directors is separately appointed by Government, with none common to it and the company.

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (b) Foreign currency translation

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currency are translated using the exchange rates ruling at that date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

##### (c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### *Financial assets*

The company's financial assets comprise receivables, reverse repurchase agreements, cash and cash equivalents, and are classified as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. They arise principally through the provision of services, but also incorporate other types of contractual monetary assets. They are initially recognised at cost plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost, using the effective interest method, less provision for impairment.

###### *Financial liabilities*

The company's financial liabilities, comprising payables, are initially measured at, and subsequently measured at amortised, cost, using the effective interest method.

##### (d) Property, plant and equipment

All property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses, if any.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Property, plant and equipment (cont'd)**

Depreciation is recognised in profit or loss on the straight-line basis at annual rates to write down the assets to their estimated residual values at the end of their expected useful lives, as follows:

Leasehold improvements	10%
Monitoring and office equipment	6.67% - 20%
Furniture and fixtures	10%
Computers	33.1/3%
Motor vehicles	20%
Building	2.5%

**(e) Intangible assets**

Costs that are directly associated with acquiring identifiable and unique software products that are expected to generate economic benefits exceeding cost, beyond one year, are recognised as intangible assets. These assets are measured at cost, less accumulated amortisation and impairment losses, if any.

Amortisation is recognised in profit or loss on the straight-line basis over the estimated useful lives of the intangible assets, from the date that they are made available for use. The estimated useful life ranges from a minimum of 3 years to a maximum of 10 years.

**(f) Impairment**

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

**(g) Pension obligations**

*Defined contribution plan*

The company participates in a defined-contribution plan, the assets of which are held separately from those of the company. Contributions to the plan, made on the basis provided for in the rules, are charged to profit or loss when due.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Cash and cash equivalents**

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, deposits and short-term highly liquid investments with original maturities of three months or less, net of any bank overdraft. As a public body, however, the company's policy does not allow for any bank overdraft, in keeping with directive from the Ministry of Finance.

**(i) Reverse repurchase agreements**

Securities purchased under agreements to resell are recorded as collateralized financing transactions and are classified as loans and receivables. They are originally recorded at cost which is the cash given to originate the transactions and are subsequently measured at amortised cost using the effective interest method.

**(j) Trade and other receivables**

Trade receivables are carried at original invoice amounts less provision for impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

**(k) Trade and other payables**

Trade payables are stated at cost.

**(l) Borrowings**

Borrowings, if any, are recognised initially when loan proceeds are received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds and the redemption value is recognised in profit or loss over the period of the borrowings. Borrowing costs are recognised as expenses in the period in which they are incurred.

**(m) Revenue recognition**

Revenue is recognised when it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Income is recognised for services rendered by reference to the stage of completion.

Interest income is recognised in profit or loss for all interest-bearing instruments on the accrual basis, unless collectibility is doubtful.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(n) Taxation**

Income tax or the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except, to the extent that it relates to items recognised in other comprehensive income, in which case, it is recognised in other comprehensive income.

**(i) Current income tax**

Current income tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable and tax losses in respect of previous years.

**(ii) Deferred tax**

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset in respect of tax losses carried forward is recognized only to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(o) Leases**

Leases of property where the company has substantially all the risks and rewards of ownership are classified as finance leases. Payment under operating leases are charged as an expense in profit or loss on the straight-line basis over the period of the lease.

**(p) Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the “reporting entity”, in this case, the company).

(a) A person or a close member of that person's family is related to a reporting entity, if that person:

- i) has control or joint control over the reporting entity;
- ii) has significant influence over the reporting entity; or
- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(p) Related parties (cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies:

- i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) Both entities are joint ventures of the same third party.
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- vi) The entity is controlled, or jointly controlled by a person identified in (a).
- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(q) Investment in subsidiary

Investment in the subsidiary (see note 9) is accounted for at cost, less any impairment losses.

**4. FINANCIAL AND CAPITAL RISK MANAGEMENT**

(a) Overview

The company has exposure to the following risks from its use of financial instruments and its operations:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

#### 4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

##### (a) Overview (cont'd)

Information about the company's exposure to each of these risks, the company's objectives, policies and processes for measuring and managing risk is detailed below.

###### Risk Management Framework

The Board has overall responsibility for the determination of the company's risk management objectives and policies. Whilst retaining ultimate responsibility, it has delegated the authority for designing the operating processes to, and ensuring that the Board receives reports from, the Managing Director, through whom it reviews the effectiveness of the processes implemented and the appropriateness of the objectives and policies it establishes.

The overall objective of the Board is to set policies that seek to reduce risk, as far as possible, without unduly affecting the company's regulatory activities.

##### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The company has policies in place to ensure that it provides its services to customers with an acceptable credit history, who will pay the applicable licence fees and regulatory fees for the use of the spectrum. The company has no significant concentration of credit risk attached to receivables as the company has a diverse customer base, with no significant balances arising from any single economic or business sector, or single entity or customers. The company, therefore, manages credit risk by continually screening its customers, pursuing its receivables rigorously, and ensuring investments are low-risk and are held with Government of Jamaica (GOJ) approved financial institutions with the holding not exceeding 25% of its portfolio in any one institution. Additionally, during the tenure of the investments, financial institutions are required to transfer the minimum of the nominal value of securities representing the net maturity value of investments to the company's designated account with the Bank of Jamaica (BOJ) operated JamClear-CSD.

The maximum exposure to credit risk at the reporting date was:

	<u>2013</u>	<u>2012</u>
	\$	\$
Cash and cash equivalents	12,358,894	16,144,432*
Reverse repurchase agreements	301,961,732	307,276,887
Receivables (see note 10)	<u>8,773,316</u>	<u>48,740,169</u>
	<u>323,093,942</u>	<u>372,161,488</u>

\*Reclassified to conform to 2013 presentation.

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

#### 4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

##### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk arises mainly from changes in interest rate and foreign exchange rate and may affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. Market risk exposures are measured using sensitivity analysis.

###### (i) *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of investments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

The company's interest rate risk arises from short-term reverse repurchase agreements that are backed by GOJ/BOJ securities (see note 11).

*Interest rate sensitivity analysis:*

The following tables indicate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on profit or loss and equity.

The analysis assumes that all other variables, in particular foreign currency rates, remain constant and was performed on the same basis for 2012.

Effect on <u>profit or loss</u> <u>2013</u> \$	Effect on <u>equity</u> <u>2013</u> \$	Effect on <u>profit or loss</u> <u>2012</u> \$	Effect on <u>equity</u> <u>2012</u> \$
---------------------------------------------------------	-------------------------------------------------	---------------------------------------------------------	-------------------------------------------------

Change in basis points:

-100 (2012:-200)	(3,019,617)	(3,019,617)	(6,145,538)
250 (2012: 200)	<u>7,549,043</u>	<u>7,549,043</u>	<u>6,145,538</u>

###### (ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)**

**(c) Market risk (cont'd)**

**(ii) Currency risk (cont'd)**

The company is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of the company that are not denominated in its functional currency. The company ensures that the risk is kept to an acceptable level by monitoring its value at risk.

The table below summarises the total exposure to foreign currency risk:

	<u>2013</u>	<u>2012</u>		
	<u>J\$</u>	<u>US\$</u>	<u>J\$</u>	<u>US\$</u>
<b>Financial Assets</b>				
Cash and cash equivalents	1,831,672	18,703	469,395	5,400
Reverse repurchase agreements	<u>51,231,917</u>	<u>523,120</u>	<u>72,890,041</u>	<u>838,484</u>
	<u>53,063,589</u>	<u>541,823</u>	<u>73,359,436</u>	<u>843,884</u>

***Currency sensitivity analysis:***

The following table indicates the effect on profit or loss arising from changes in the United States dollar exchange rate. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusting for their translations at the reporting date for a change in foreign currency rates.

	<u>2013</u>	<u>2012</u>
	<u>\$</u>	<u>\$</u>
<b>Effect on profit before tax:</b>		
Devaluation - 10% (2012: 5%)	<u>5,306,359</u>	<u>3,667,972</u>
Revaluation - 1% (2012: 5%)	<u>( 530,636)</u>	<u>( 3,667,972)</u>

**(d) Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The company manages the risk by monitoring future cash flows and liquidity on a daily basis and maintaining a portfolio of short-term investments that are collateralized by Government of Jamaica securities.

The contractual outflows for accounts payable are represented by the carrying amount and may require settlement within 12 months of the reporting date.

## **SPECTRUM MANAGEMENT AUTHORITY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

#### **4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)**

##### **(e) Capital risk**

The company is not subject to any externally imposed capital requirements.

The company's objectives, when managing capital, are to safeguard the company's ability to continue as a going concern and to maintain a strong capital base to support the development of its business. The company's capital is defined as share capital, contributed capital and retained earnings. Capital is managed through a formal budgetary process which is closely monitored by management to maintain profitability and control expenditure.

##### **(f) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. As a public body, the company manages operational risk with specific reference to guidelines provided in relevant Acts and government circulars, so as to avoid financial loss and damage to its reputation.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including the authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory government and other legal requirements.
- Risk mitigation including insurance.

##### **(g) Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

The fair value of cash and cash equivalents, receivables, reverse repurchase agreements, and payables approximate to their carrying values due to their relatively short tenure.

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

#### 5. REVENUE

This represents spectrum regulatory fees and processing fees, and does not include spectrum licence fees (see note 16). Revenue reduction in the current year resulted from lower billing for mobile spectrum usage at the start of the period due to the merger of Digicel and Claro.

#### 6. OPERATING PROFIT

Operating profit is stated after charging:

	<u>2013</u> \$	<u>2012</u> \$
Auditors' remuneration- current year	1,345,800	1,142,000
- prior year under provision	24,641	36,190
Staff costs (Note 19)	115,593,502	109,865,706
Depreciation & amortisation	<u>19,039,749</u>	<u>18,681,350</u>

#### 7. TAXATION

(a) Taxation is based on the results for the year, as adjusted for taxation purposes and comprises:

	<u>2013</u> \$	<u>2012</u> \$
Current year income tax at 33 1/3%	17,916,732	45,631,051
Adjustment for prior years income tax	( 339,099)	4,139,045
Deferred taxation (note 15)	<u>9,763,029</u>	<u>( 5,628,782)</u>
Taxation charge in profit or loss	<u>27,340,662</u>	<u>44,141,314</u>

(b) The effective tax rate for 2013 was 33% (2012: 36.1%) of pre-tax profits compared to the statutory rate of 33 1/3% (2012: 33 1/3%). The actual charge differs from the "expected" tax charge for the year as follows:

	<u>2013</u> \$	<u>2012</u> \$
Profit before taxation	<u>82,689,283</u>	<u>121,939,064</u>
Tax calculated at 33 1/3%	27,563,094	40,646,355
Prior years income tax	( 339,099)	481,852
Withholding tax irrecoverable	-	3,657,193
Adjusted for the effects of:		
Expenses not deductible for tax purposes	2,327,687	8,244,946
Net effect of other charges and allowances	( 2,211,020)	( 8,889,032)
Taxation charge in profit or loss	<u>27,340,662</u>	<u>44,141,314</u>

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**8 (a) Property, plant and equipment**

	<u>Land and Building</u> \$	<u>Leasehold Improvement</u> \$	<u>Monitoring &amp; Office Equipment</u> \$	<u>Furniture, and Fixtures</u> \$	<u>Motor Vehicles</u> \$	<u>Other Assets</u> \$	<u>Total</u> \$
<b>At cost</b>							
31 March 2011	73,249,087	-	129,486,710	10,243,746	17,503,155	68,150	230,550,848
Additions	479,790	-	4,019,950	506,815	-	-	5,006,555
Disposals	-	-	-	-	(1,648,313)	-	(1,648,313)
31 March 2012	73,728,877	-	133,506,660	10,750,561	15,854,842	68,150	233,909,090
Additions	48,491	4,573,852	88,684,347	444,742	-	-	93,751,432
Disposals	-	-	(867,707)	-	-	-	(867,707)
31 March 2013	<u>73,777,368</u>	<u>4,573,852</u>	<u>221,323,300</u>	<u>11,195,303</u>	<u>15,854,842</u>	<u>68,150</u>	<u>326,792,815</u>
<b>Depreciation</b>							
31 March 2011	1,815,087	-	50,417,229	6,804,254	13,985,763	6,210	73,028,543
Charge for the year	1,836,408	-	12,968,242	641,886	1,700,726	6,815	17,154,077
Eliminated on disposal	-	-	-	-	(1,648,313)	-	(1,648,313)
31 March 2012	3,651,495	-	63,385,471	7,446,140	14,038,176	13,025	88,534,307
Charge for the year	2,549,680	76,231	13,145,167	955,263	999,166	6,550	17,732,057
Eliminated on disposal	-	-	(867,707)	-	-	-	(867,707)
31 March 2013	<u>6,201,175</u>	<u>76,231</u>	<u>75,662,931</u>	<u>8,401,403</u>	<u>15,037,342</u>	<u>19,575</u>	<u>105,398,657</u>
<b>Net book values</b>							
31 March 2013	<u>67,576,193</u>	<u>4,497,621</u>	<u>145,660,369</u>	<u>2,793,900</u>	<u>817,500</u>	<u>48,575</u>	<u>221,394,158</u>
31 March 2012	<u>70,077,382</u>	<u>-*</u>	<u>70,121,189*</u>	<u>3,304,421</u>	<u>1,816,666</u>	<u>55,125</u>	<u>145,374,783*</u>
31 March 2011	<u>71,434,000</u>	<u>-*</u>	<u>79,069,481*</u>	<u>3,439,492</u>	<u>3,517,392</u>	<u>61,940</u>	<u>157,522,305*</u>

\*Reclassified to conform to 2013 presentation.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

8 (b) Intangible assets	\$
At cost	
31 March 2011	12,896,717
Additions	<u>62,487</u>
31 March 2012	12,959,204
Additions	<u>1,047,310</u>
31 March 2013	<u>14,006,514</u>
Depreciation	
31 March 2011	6,311,775
Charge for the year	<u>1,527,273</u>
31 March 2012	7,839,048
Charge for the year	<u>1,307,692</u>
31 March 2013	<u>9,146,740</u>
Net book values	
31 March 2013	<u>4,859,774</u>
31 March 2012	<u>5,120,156*</u>
31 March 2011	<u>6,584,942*</u>

\*Reclassified to conform to 2013 presentation.

**9. INVESTMENT IN SUBSIDIARY**

Investment in subsidiary represents the cost of shares in Universal Access Fund Company Limited, an unquoted company. The investment consists of 99 ordinary shares in Universal Access Fund Company Limited or 99% of the authorised share capital.

Arising from the passage of the Telecommunications (Amendment) Act 2012, the Universal Service Fund has been established as a statutory body, effective June 1, 2012, and has assumed the operation which, previously, was the purview of the Universal Access Fund Company Limited. Consequently, the operations of the Universal Access Fund Company Limited shall be wound up. A decision will be taken at the time of winding up on how to treat with the shares held by of the company.

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

## 10. RECEIVABLES

	<u>2013</u> \$	<u>2012</u> \$
Trade receivables - Regulatory fees	6,420,731	46,068,146
Less: Impairment allowance	<u>-</u>	<u>(959,828)</u>
Prepayments	6,420,731	45,108,318
Other receivables	<u>1,342,728</u>	<u>2,195,451</u>
	<u>2,352,585</u>	<u>3,631,851</u>
	<u>10,116,044</u>	<u>50,935,620</u>

The reduction in the trade receivables balance from \$46,068,146 in 2012 to \$6,420,731 in 2013 reflects a normalisation of collection in the current year. Included in the prior year total is the amount of \$45,095,697 representing amounts that were due from Digicel and Claro, but was fully settled by Digicel in April and May 2012. The delay in that collection occurred during the period of merger between Digicel and Claro in 2012.

The aging of trade receivables is as follows:

	<u>2013</u> \$	<u>2012</u> \$
0-30 days	4,693,315	11,958,951
31-60 days	941,865	28,962,517
61-90 days	9,682	4,214,812
90 days and over	<u>775,869</u>	<u>931,866</u>
	<u>6,420,731</u>	<u>46,068,146</u>

Movement in impairment allowance:

	<u>2013</u> \$	<u>2012</u> \$
Balance at the beginning of year	959,828	174,688
Impairment losses recognised on receivables	-	785,140
Amounts written off as uncollectible	<u>(959,828)</u>	<u>-</u>
	<u>-</u>	<u>959,828</u>

In determining the recoverability of a receivable, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The directors believe that, at the reporting date, no provision is required in respect of allowance for impairment.

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

## 11. REVERSE REPURCHASE AGREEMENTS

The company enters into reverse repurchase agreements collateralised by Government of Jamaica and/or Bank of Jamaica Securities.

These reverse repurchase agreements include interest receivable of \$675,146 (2012: \$776,352) and have an average maturity period of 31 days (2012: 31 days).

The exchange rate used to translate reverse repurchase agreements denominated in United States Dollars at the reporting date was 97.94 (2012: 86.93) Jamaica dollars to 1 United States dollar.

The weighted average effective interest rates at the reporting date were, as follows:

	<u>2013</u>	<u>2012</u>
	<u>%</u>	<u>%</u>
US\$	2.95	3.15
J\$	5.73	5.93

## 12. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	<u>2013</u> \$	<u>2012</u> \$
Cash in hand	20,000	74,000
Bank balances	<u>12,338,894</u>	<u>16,070,432</u>
	<u>12,358,894</u>	<u>16,144,432</u>

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**12. CASH AND CASH EQUIVALENTS (CONT'D)**

The weighted average effective interest rates at the year end were as follows:

	<u>2013</u>	<u>2012</u>
	<u>%</u>	<u>%</u>
Cash at bank - US\$	0.16	0.25
- J\$	<u>0.35</u>	<u>0.45</u>

**13. SHARE CAPITAL**

	<u>2013</u>	<u>2012</u>
Authorized - 100 ordinary shares of no par value		
Issued and fully paid - 2 ordinary shares of no par value	<u>20</u>	<u>20</u>

**14. CONTRIBUTED CAPITAL**

	<u>2013</u>	<u>2012</u>
	<u>£</u>	<u>£</u>
(i) Government of Jamaica	79,999,980	79,999,980
(ii) Government of Jamaica	<u>64,700,386</u>	<u>64,700,386</u>
	<u>144,700,366</u>	<u>144,700,366</u>

- (i) This represents funds advanced to Spectrum Management Authority Limited through Cable & Wireless Jamaica Limited in lieu of licence and spectrum fees as per heads of agreement between the Government of Jamaica and Cable & Wireless Jamaica Limited in 1999, Clause 7.4.4 and 7.5. These funds were used to finance the start-up operations of the company.
- (ii) This represents funds received from the Government of Jamaica to finance the company's capital programme which formed a part of the first phase of the company's two year business plan which commenced in the financial year 2004/2005.

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

#### 15. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3 %.

The movement on the deferred income tax account is as follows:

	Balance 31.03.12 \$	Charged to profit \$	Balance 31.03.13 \$
		[Note 7(a)]	
Accelerated tax depreciation	13,414,812	5,599,263	19,014,075
Other	( 4,562,868)	4,163,766	( 399,102)
Net deferred tax liabilities	<u>8,851,944</u>	<u>9,763,029</u>	<u>18,614,973</u>

#### 16. PAYABLES

	2013 \$	2012 \$
Accountant General:		
Spectrum licence fees	1,532,008	12,033,101
Accruals	<u>17,240,856</u>	<u>20,167,050</u>
Customers' deposits	18,772,864	32,200,151
	4,503,619	4,690,742
	<u>23,276,483</u>	<u>36,890,893</u>

Customers' deposits represent regulatory fees received in the month(s) prior to when the validity periods of the respective renewal licence(s) will begin.

Movement in spectrum licence fees:

	2013 \$	2012 \$
Balance payable at beginning of year	12,033,101	17,791,010
Spectrum licence fees received	160,979,112	81,942,415
Spectrum licence fees paid	(171,480,205)	( 87,700,324)
Balance payable at end of year	<u>1,532,008</u>	<u>12,033,101</u>

Spectrum licence fees payable represents amounts due to the Government of Jamaica recognised at the time they are received from customers, and are reflected as a "pass through" in the company's accounts. The fees are remitted to the Consolidated Fund in the subsequent month following that of collection.

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**17. DEFERRED INCOME**

This is the unearned portion of regulatory fees that are billed during the financial year and represents the entire, or the proportionate number of months, of the validity period of the applicable licences which fall outside the financial year.

**18. RELATED PARTY TRANSACTIONS AND BALANCES**

The following transactions were carried out with related parties:

(a) Compensation of key management personnel

	<u>2013</u> \$	<u>2012</u> \$
Salaries and other related costs:		
Directors	-	-
Other key management personnel	<u>28,863,486</u>	<u>25,891,138</u>
Director's fees:		
Board Chairman	150,000	225,000
Committee Chairmen	175,000	210,000
Board members	757,500	1,117,500
Committee members	<u>196,000</u>	<u>325,500</u>
	<u>1,278,500</u>	<u>1,878,000</u>

(b) Related party balances:

(i) Included in other receivables is an amount receivable from:

	<u>2013</u> \$	<u>2012</u> \$
Due from related companies:		
Universal Service Fund	129,383	-
Universal Access Fund Company Limited	<u>-</u>	<u>122,908</u>
Loan to key management personnel:		
Director - Spectrum Engineering	<u>-</u>	<u>123,816</u>

(ii) Included in payables is an amount of \$1,532,008 (2012-\$12,033,101) payable to the Accountant General (see note 16).

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2013**

**19. STAFF COSTS**

	<u>2013</u> \$	<u>2012</u> \$
Salaries and wages	92,218,071	89,946,963
Statutory contributions	5,827,978	5,255,694
Group life and health insurance	4,750,458	3,721,925
Contract/temporary workers	<u>4,242,026</u>	<u>5,107,037</u>
	107,038,533	104,031,619
Pension contributions	1,790,976	1,847,243
Staff training, welfare and uniform	<u>6,763,993</u>	<u>3,986,844</u>
	<u>115,593,502</u>	<u>109,865,706</u>

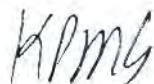
The number of persons employed by the company as at the reporting date was 35 (2012 - 34).

#### INDEPENDENT AUDITORS' REPORT

To the Directors of  
Spectrum Management Authority Limited

The supplementary information presented on pages 30 and 31 has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended 31 March 2013.

In our opinion, this information, although not necessary for a fair presentation of the company's financial position, financial performance, changes in equity or cash flows, is fairly presented in all material respects in relation to the financial statements taken as a whole.

A handwritten signature of 'KPMG' in blue ink, with the letters 'K' and 'P' being more prominent and bold than the 'M' and 'G'.

Chartered Accountants  
Kingston, Jamaica

27 June 2013

**SPECTRUM MANAGEMENT AUTHORITY LIMITED**

**DETAILED STATEMENT OF INCOME**

**YEAR ENDED 31 MARCH 2013**

	<u>2013</u> \$	<u>2012</u> \$
<b>REVENUE:</b>		
Regulatory fees	230,442,813	274,869,800
Processing fees	<u>6,825,796</u>	<u>3,375,427</u>
	237,268,609	278,245,227
<b>OTHER INCOME:</b>		
Interest income	24,270,247	16,560,449
Other income	<u>46,449</u>	<u>1,312,747</u>
	261,585,305	296,118,423
<b>LESS - EXPENSES</b>		
Administrative (Page 31)	<u>178,896,022</u>	<u>174,179,359</u>
<b>PROFIT BEFORE TAXATION</b>	<u>82,689,283</u>	<u>121,939,064</u>

## SPECTRUM MANAGEMENT AUTHORITY LIMITED

## SCHEDULE OF EXPENSES

YEAR ENDED 31 MARCH 2013

	2013 \$	2012 \$
<b>ADMINISTRATIVE:</b>		
Salaries and other related costs	107,792,174	104,031,619
Pension costs	1,790,976	1,847,243
Staff training and welfare	6,010,352	3,986,844
Chairman and directors' fees	1,278,500	1,878,000
Board/Committee meeting	1,308,312	787,873
Travel and subsistence - overseas and local meetings	1,743,032	1,446,313
CTU subscription/ICT promotion	868,826	812,200
Legal fees	508,950	-
Professional fees	1,424,919	3,624,430
Audit fees - current year	1,345,800	1,142,100
- prior year under-provision	24,641	36,190
Subsistence and accommodation	281,443	220,317
Stationery and office supplies, postage, courier	1,402,258	879,227
Data processing	930,041	831,937
Security	1,783,480	1,683,691
Sanitation & cleaning	1,652,826	1,621,415
General office expenses	1,900,730	2,002,085
Public relations and education	2,753,407	485,402
Lease & rental	2,452,514	2,357,172
Repairs and maintenance	6,294,639	6,380,968
- ASMS/RMDFS	1,634,947	1,354,213
- equipment	60,229	771,490
- building	410,707	402,478
- furniture and fixtures	1,529,922	767,863
Advertisement	2,502,349	2,703,897
Telephone	7,839,993	7,754,806
Electricity	217,722	229,126
Water	464,924	595,999
Subscriptions and donations	2,019,754	2,745,181
Insurance	2,734,801	3,023,863
Motor vehicle	254,661	215,730
Bank charges	135,000	35,000
Asset tax	49,263	48,212
Property tax	1,001,169	-
Irrecoverable GCT	( 10,900)	( 756,556)
Profit on disposal of property, plant and equipment	( 4,536,088)	( 1,233,459)
Exchange gain	-	785,140
Provision for bad debts	19,039,749	18,681,350
Depreciation & amortization	<u>178,896,022</u>	<u>174,179,359</u>





Spectrum Management Authority  
13 - 19 Harbour Street  
Kingston