

Financial Services Commission

Financial Statements

Year ended 31 March 2018
(Expressed in Barbados Dollars)

FINANCIAL SERVICES COMMISSION

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Year ended 31 March 2018

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Ernst & Young Ltd
P.O. Box 261
Bridgetown, BB11000
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 430 3879
246 430 1352
www.ey.com

Street Address
One Welches
Welches
St. Thomas, BB22025
Barbados. W.I.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES COMMISSION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Financial Services Commission (“the Commission”), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in general fund and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2018 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities (“IFRS for SMEs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Commissioners for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

The Board of Commissioners is responsible for overseeing the Commission’s financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES COMMISSION (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES COMMISSION
(CONT'D)**

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Barbados
19 September 2018

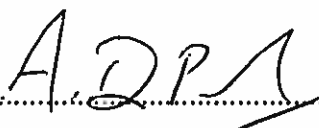
FINANCIAL SERVICES COMMISSION

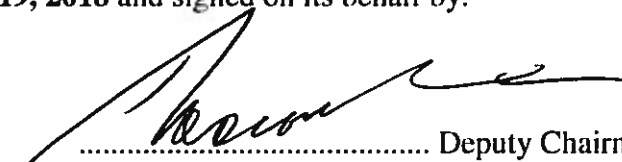
Statement of Financial Position As at 31 March 2018

| | Notes | 2018 \$ | 2017 \$ |
|---|-------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 7,007,378 | 6,126,824 |
| Deposits with Central Bank | 4 | 11,174,446 | 10,341,398 |
| Accounts receivable | 5 | 160,615 | 84,581 |
| Due from related parties | 7 | 25,546 | 25,408 |
| Prepayments | | 33,274 | 79,828 |
| Lease deposits | | <u>28,763</u> | <u>28,763</u> |
| | | 18,430,022 | 16,686,802 |
| Property and equipment | 6 | <u>470,903</u> | <u>475,001</u> |
| | | <u>18,900,925</u> | <u>17,161,803</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | | 207,857 | 190,812 |
| Due to related parties | 7 | 514,297 | 532,796 |
| Deferred income | | 4,516,941 | 4,347,770 |
| Escrow deposits | | 11,174,446 | 10,341,398 |
| Contingent consideration payable | 12 | <u>130,734</u> | <u>-</u> |
| | | <u>16,544,275</u> | <u>15,412,776</u> |
| Represented by: | | | |
| Capital contribution | 8 | 699,198 | 699,198 |
| Accumulated surplus | | <u>1,657,452</u> | <u>1,049,829</u> |
| | | <u>2,356,650</u> | <u>1,749,027</u> |
| Total Liabilities and General Fund | | <u>18,900,925</u> | <u>17,161,803</u> |

The accompanying notes form part of the financial statements.

Approved by the Commission on **September 19, 2018** and signed on its behalf by:


.....Chairman


.....Deputy Chairman

FINANCIAL SERVICES COMMISSION

Statement of Comprehensive Income Year ended 31 March 2018

| | Notes | 2018 \$ | 2017 \$ |
|----------------------------------|-------|------------------|------------------|
| Income | | | |
| Fees | | 6,482,586 | 6,077,800 |
| Government grants | 9 | 1,105,000 | 1,170,000 |
| Interest income | | 67,879 | 49,569 |
| Other income | | <u>105</u> | <u>48,618</u> |
| | | <u>7,655,570</u> | <u>7,345,987</u> |
| Expenses | | | |
| Salaries and benefits | | 5,083,124 | 5,122,850 |
| Lease | 11 | 366,600 | 366,600 |
| Utilities | | 289,433 | 268,652 |
| Professional fees | | 281,187 | 271,535 |
| Depreciation | 6 | 200,747 | 188,195 |
| Membership and registration fees | | 133,263 | 110,072 |
| Contingent consideration expense | 12 | 130,734 | - |
| Conferences and meeting expenses | | 117,798 | 127,898 |
| Commissioner fees and allowances | | 93,600 | 91,600 |
| Maintenance | | 63,478 | 69,559 |
| Corporate expenses | | 45,261 | 60,917 |
| Security | | 37,859 | 37,859 |
| Training | | 32,302 | 42,286 |
| Stationery | | 31,686 | 32,773 |
| Uniforms | | 28,339 | 17,934 |
| Subscription | | 27,655 | 19,529 |
| Vehicle expenses | | 25,757 | 21,783 |
| Office supplies | | 21,783 | 20,829 |
| Tribunal expenses | | 21,779 | 20,424 |
| Insurance | | 18,958 | 16,519 |
| Computer expenses | | 11,917 | 21,975 |
| Advertising | | 5,610 | 17,788 |
| Refreshments | | 5,446 | 4,473 |
| Bank charges | | 4,030 | 3,260 |
| Miscellaneous | | 313 | 803 |
| Foreign exchange loss | | 7 | - |
| Discount received | | (719) | (1,070) |
| Bad debts | | (30,000) | (50,000) |
| Travel expense | | - | 360 |
| Gain on disposal | | <u>-</u> | <u>(15,000)</u> |
| | | <u>7,047,947</u> | <u>6,890,403</u> |
| Surplus for the year | | <u>607,623</u> | <u>455,584</u> |

FINANCIAL SERVICES COMMISSION

Statement of Changes in General Fund
Year ended 31 March 2018

| | Capital Contribution \$ | Accumulated Surplus \$ | Total \$ |
|------------------------------------|---------------------------------------|--------------------------------------|--------------------|
| Balance as at 31 March 2016 | 699,198 | 594,245 | 1,293,443 |
| Surplus for the year | <u>-</u> | <u>455,584</u> | <u>455,584</u> |
| Balance as at 31 March 2017 | 699,198 | 1,049,829 | 1,749,027 |
| Surplus for the year | <u>-</u> | <u>607,623</u> | <u>607,623</u> |
| Balance as at 31 March 2018 | <u>699,198</u> | <u>1,657,452</u> | <u>2,356,650</u> |

The accompanying notes form part of the financial statements.

FINANCIAL SERVICES COMMISSION

Statement of Cash Flows
Year ended 31 March 2018

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Surplus for the year | 607,623 | 455,584 |
| Adjustments for: | | |
| Depreciation | <u>200,747</u> | <u>188,195</u> |
| | 808,370 | 643,779 |
| Operating surplus before working capital changes: | | |
| Increase in deposits with Central Bank | (833,048) | (2,290,617) |
| (Increase)/decrease in accounts receivable | (76,034) | 11,441 |
| (Increase)/decrease in due from related parties | (138) | 36,000 |
| Decrease/(increase) in prepayments | 46,554 | (44,572) |
| Increase/(decrease) in accounts payable | 17,045 | (573,312) |
| Decrease in due to related parties | (18,499) | - |
| Increase in deferred income | 169,171 | 148,746 |
| Increase in escrow deposits | 833,048 | 2,290,617 |
| Increase in contingent consideration payable | <u>130,734</u> | <u>-</u> |
| Net cash from operating activities | <u>1,077,203</u> | <u>222,082</u> |
| Cash flows from investing activities | | |
| Purchase of property and equipment | <u>(196,649)</u> | <u>(75,828)</u> |
| Net cash used in investing activities | (196,649) | (75,828) |
| Increase in cash for the year | 880,554 | 146,254 |
| Cash – beginning of year | <u>6,126,824</u> | <u>5,980,570</u> |
| Cash – end of year | <u>7,007,378</u> | <u>6,126,824</u> |
| Represented by: | | |
| Cash at bank | 7,006,978 | 6,126,418 |
| Cash in hand | <u>400</u> | <u>406</u> |
| | <u>7,007,378</u> | <u>6,126,824</u> |

The accompanying notes form part of the financial statements.

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements

Year ended 31 March 2018

1. Establishment, principal activity and registered office

The Financial Services Commission (“the Commission”) is a regulatory entity, established in Barbados on 1 April 2011 under the Financial Services Commission Act, 2010-21. The principal function of the Commission is to supervise and regulate the non-bank financial services sector in Barbados.

The Commission’s principal place of business is situated at Suites 301 and 302, Building 4, Harbour Industrial Park, Bridgetown, Barbados.

2. Significant accounting policies

Basis of preparation

The financial statements are expressed in Barbados dollars on a historical cost basis and are in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (“IFRS for SMEs”) promulgated by the International Accounting Standards Board.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Other than in the establishment of routine provisions against accounts receivables, there are no key estimates or judgements which are required in applying policies which may have a material impact on the Commission’s reported assets, liabilities, revenues and expenses.

a) Related parties

Two 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. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individual or corporate entities.

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements

Year ended 31 March 2018

2. Significant accounting policies (cont'd)

b) Cash and cash equivalent

Cash and cash equivalents includes cash on hand, cash at bank and treasury bills with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in values.

c) Property and equipment

Property and equipment is stated at cost less depreciation and provision for impairment. Cost includes expenditure that is directly attributable to the expenditure of the items. The charge for depreciation is computed on the straight line basis calculated to write off the cost of the property and equipment over their expected useful lives. The estimated useful lives of the assets are as follows:

| | |
|------------------------|---------|
| Office equipment | 5 years |
| Furniture and fittings | 5 years |
| Motor vehicles | 5 years |
| Computer equipment | 3 years |
| Library books | 3 years |
| Leasehold improvements | 5 years |

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

d) Revenue recognition

Fees and deferred income

Application fees are recognized as revenue upon receipt. Annual registration and license fees are due in January of each year and are recognized in income on a calendar year basis. Deferred income represents fees which will be earned in the next financial year.

Government grants

Government grants represent funds received from the Ministry of Finance and Economic Affairs during the financial year in the form of cash and goods or services to assist with operating expenses.

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements

Year ended 31 March 2018

2. Significant accounting policies (cont'd)

d) *Government grants (cont'd)*

Government grants are not recognized until there is reasonable assurance that the Commission will comply with the conditions attaching to them and that grants will be received. Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Commission with no future related costs are recognized in the statement of comprehensive income in the period in which they become receivable.

e) **Accounts receivable**

Accounts receivable are recognized initially at the fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and default and delinquency in payment are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income.

f) **Foreign currency translation**

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Commission operates ('the functional currency'). The financial statements are presented in Barbados dollars, which is the Commission's functional and presentation currency.

ii) Transaction and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchanges gains and losses resulting from the settlement of such transactions and the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

g) **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

| | 2018 | 2017 |
|----------------|------------------|------------------|
| | \$ | \$ |
| Cash at bank | 5,024,978 | 3,150,418 |
| Treasury bills | 1,982,000 | 2,976,000 |
| Cash in hand | <u>400</u> | <u>406</u> |
| | <u>7,007,378</u> | <u>6,126,824</u> |

Cash equivalents comprise of 91 day Government of Barbados Treasury Bills, with 0.90% coupon rate and maturing 3 May 2018.

4. Deposits with Central Bank

The Commission has an escrow account in the amount of \$11,174,446 (2017: \$10,341,398). The funds are deposited at the Central Bank of Barbados. The account comprises:

- a) A statutory deposit of \$6,552,371 (2017: \$5,592,356) representing amounts paid by insurance companies to satisfy their requirement under the Insurance Act CAP 310.
- b) Unclaimed moneys totaling \$4,409,125 (2017: \$4,536,092) which are unclaimed monies paid to the Commission by insurance companies, in accordance with the Insurance Act CAP 310 Section 138. These amounts are held in escrow until such time as they are claimed.
- c) Residual funds from a liquidated credit union totaling \$212,950 (2017: \$212,950) representing funds held with the Commission in accordance with the Co-operative Societies Act CAP378A Section 159(2).

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

5. Accounts receivable

Accounts receivable consist of the following:

| | 2018 | 2017 |
|------------------------------------|------------------|------------------|
| | \$ | \$ |
| Trade receivable | 37,217 | 22,128 |
| Registration fees receivable | <u>387,783</u> | <u>376,838</u> |
| | 425,000 | 398,966 |
| Less: Provision for doubtful debts | <u>(264,385)</u> | <u>(314,385)</u> |
| | <u>160,615</u> | <u>84,581</u> |

No interest is charged on outstanding receivables. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements

Year ended 31 March 2018

6. Property and equipment

| | Leasehold | Office Equipment | Computer Equipment | Motor Vehicles | Furniture and Fittings | Library Books | Total |
|-------------------------------------|-----------|---------------------|-----------------------|-------------------|------------------------------|------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | |
| Balance – beginning of year | 315,179 | 52,329 | 540,250 | 154,306 | 449,971 | 24,532 | 1,536,567 |
| Additions | 34,131 | - | 142,520 | - | 19,998 | - | 196,649 |
| Write-off | - | (27,692) | (80,932) | - | - | - | (108,624) |
| Balance – end of year | 349,310 | 24,637 | 601,838 | 154,306 | 469,969 | 24,532 | 1,624,592 |
| Accumulated depreciation | | | | | | | |
| Balance – beginning of year | 145,631 | 48,505 | 519,758 | 114,081 | 209,059 | 24,532 | 1,061,566 |
| Depreciation | 64,112 | 2,317 | 32,810 | 9,654 | 91,854 | - | 200,747 |
| Write-off | - | (27,692) | (80,932) | - | - | - | (108,624) |
| Balance – end of year | 209,743 | 23,130 | 471,636 | 123,735 | 300,913 | 24,532 | 1,153,689 |
| Net book value | | | | | | | |
| Beginning of year | 169,548 | 3,824 | 20,492 | 40,225 | 240,912 | - | 475,001 |
| End of year | 139,567 | 1,507 | 130,202 | 30,571 | 169,056 | - | 470,903 |

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

6. Property and equipment (cont'd)

| | Leasehold | Office Equipment | Computer Equipment | Motor Vehicles | Furniture and Fittings | Library Books | Total |
|---------------------------------|-----------|---------------------|-----------------------|-------------------|------------------------------|------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | |
| Balance – beginning of year | 315,179 | 52,329 | 515,243 | 106,037 | 447,419 | 24,532 | 1,460,739 |
| Additions | - | - | 25,007 | 48,269 | 2,552 | - | 75,828 |
| Balance – end of year | 315,179 | 52,329 | 540,250 | 154,306 | 449,971 | 24,532 | 1,536,567 |
| Accumulated depreciation | | | | | | | |
| Balance – beginning of year | 82,595 | 45,824 | 506,415 | 95,432 | 119,363 | 23,742 | 873,371 |
| Depreciation | 63,036 | 2,681 | 13,343 | 18,649 | 89,696 | 790 | 188,195 |
| Balance – end of year | 145,631 | 48,505 | 519,758 | 114,081 | 209,059 | 24,532 | 1,061,566 |
| Net book value | | | | | | | |
| Beginning of year | 232,584 | 6,505 | 8,828 | 10,605 | 328,056 | 790 | 587,368 |
| End of year | 169,548 | 3,824 | 20,492 | 40,225 | 240,912 | - | 475,001 |

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

7. Related party transactions

The amount due from related parties is \$25,547 (2017: \$25,408). This represents the refund of duties on office furniture from the Customs & Excise Department and the reimbursement of training cost from the Caribbean Regional Technical Assistance Centre.

The amount due to related parties is \$514,297 (2017: \$532,796). This represents \$440,000 (2017: \$440,000) collected from the exempt insurance companies for taxes due to the Barbados Revenue Authority in accordance with Section 29(2) of the Exempt Insurance Act Cap. 308A and \$74,297 (2017: \$92,796) due to the Government Printery for the printing of regulatory guidelines.

Key management compensation

The remuneration of members of key management personnel during the year was as follows:

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| Salaries and other short-term benefits | <u>1,542,258</u> | <u>1,736,345</u> |

8. Capital contribution

In accordance with Section 56 of the Financial Services Commission Act, 2010-21

- a) All assets and liabilities of the Securities Commission are deemed to be transferred to the Commission
- b) Any right, privilege, duty or obligation conferred on or imposed upon the Securities Commission and existing immediately before the date referred to, shall be deemed to be conferred on or imposed upon the Commission; and
- c) Any contract entered into by or on behalf of the Securities Commission before the date referred to have been entered into by or on behalf of the Commission.

In accordance with the above the following assets and liabilities were transferred to the Commission as of 1 April 2011:

| | \$ |
|------------------------|----------------|
| Assets | |
| Current assets | |
| Cash | 838,355 |
| Lease deposits | 20,547 |
| Property and equipment | <u>41,841</u> |
| Total assets | <u>900,743</u> |

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements
Year ended 31 March 2018

8. Capital contribution (cont'd)

| | \$ |
|-----------------------------|----------------|
| Liabilities | |
| Current liabilities | |
| Accounts payable | 24,090 |
| Deferred income | <u>388,684</u> |
| | <u>412,774</u> |
| Capital contribution | <u>487,969</u> |

A further amount of \$211,229 was contributed to the Commission in September 2011 which has been added to contributed capital.

9. Government grants

Government grants represent funds totaling \$1,105,000 (2017: \$1,170,000) which were received from the Ministry of Finance and Economic Affairs during the financial year in the form of cash and goods and services to assist with operating expenses.

10. Taxation

In accordance with Section 46 of the Financial Services Commission Act, 2010-21, the Commission is exempt from the payment of corporation tax, stamp duty and land tax.

11. Operating lease commitments

The future minimum lease payments under the operating lease are as follows:

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Not later than 1 year | 366,600 | 366,600 |
| Later than 1 year and not longer than 5 years | <u>733,200</u> | <u>1,099,800</u> |
| | <u>1,099,800</u> | <u>1,466,400</u> |

During the year, operating lease payments of \$366,600 (2017: \$366,600) were recognized as an expense.

FINANCIAL SERVICES COMMISSION

Notes to the Financial Statements

Year ended 31 March 2018

12. Contingent liabilities

Through its activities as a regulatory body, the Commission is subject to various legal proceedings.

Upon establishment in 1 April 2011, the Commission, as successor to the Supervisor of Insurance, was named as defendant in the legal proceedings brought by the Barbados Investors and Policyholders Alliance Inc. with respect to the failure of CLICO and BAICO. It is impracticable to estimate the outcome of these proceedings and their financial effect as they do not include a quantified claim against the Commission.

During the year ended 31 March 2018, a wrongful dismissal suit was brought against the Commission. The plaintiff claimed damages for unfair dismissal and/or wrongful dismissal. As it is probable that this obligation will require future settlement and as the settlement amount can be reliably estimated, a provision has been established. The Commission believes the recorded reserves in the financial statements of \$130,734 is adequate in light of the probable and estimable liability.

13 Pension plan

The Commission's defined contribution pension plan commenced on 1 July 2016. Contributions to the plan are determined by an independent qualified actuary. The Commission contribute to the plan at the rate 2.0% per annum of total pensionable salary up to the NIS maximum plus 5% of any salary in excess of this maximum to the pension plan.

The assets of this plan are held separately from those of the Commission and are invested and managed by its Trustees.

During the year, the total amount of \$128,285 (2017: \$215,078) was contributed to the plan by the Commission and this amount is included in salaries and benefits in the statement of comprehensive income.