



MOORE

SAN PEDRO TOWN COUNCIL

Financial Statements

For the year ended 31 March 2021



SAN PEDRO TOWN COUNCIL

Financial Statements

For the year ended 31 March 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE MANAGEMENT OF San Pedro Town Council

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of **San Pedro Town Council (the Council)**, which comprises solely of the statement of financial position as at 31 March 2021, and the related notes to this financial statement, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We were unable to confirm or verify by alternative means existence and completeness of property, plant and equipment balances included in the statement of financial position at a total amount of **BZD 14,268,822** as at 31 March 2021 due to the lack of supporting information.

We were unable to confirm or verify by alternative means cash and cash equivalents nor bank overdraft included in the statement of financial position at a total amount of **BZD 135,130** and **BZD 186,141** as at 31 March 2021.

We were unable to confirm or verify by alternative means existence and valuation of trade and other receivables included in the statement of financial position at a total amount of **BZD 17,207,151** as at 31 March 2021.

We were unable to confirm or verify by alternative means existence and valuation of loan balances included in the statement of financial position at a total amount of **BZD 1,434,328** as at 31 March 2021.



We were unable to confirm or verify by alternative means existence and valuation of negative cash balances included in the statement of financial position (bank overdrafts) at a total amount of **BZD 186,841** as at 31 March 2021.

We were unable to confirm or verify by alternative means existence and valuation of trade and other payables included in the statement of financial position at a total amount of **BZD 1,226,816** as at 31 March 2021.

We were unable to verify Council's valuation of Net assets included in the statement of financial position at a total amount of **BZD 28,763,119** as at 31 March 2021.

Council Management was unable to provide a statement of activities and statement of cash flows for the year ended 31 March 2021 as required by International Financial Reporting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB").

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in the respective accounts, balances and/or the elements making up the statement of financial position.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's Statement of Financial Position in accordance with International Standards on Auditing, and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial statement.



We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statement in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The engagement partner on the audit resulting in this independent auditors report is Orlando Azueta.

Moore Belize LLP.

**Chartered Accountants
Belize City, Belize, C.A.
17 August 2023**

SAN PEDRO TOWN COUNCIL

Statement of financial position

As at 31 March 2021

In Belize dollars

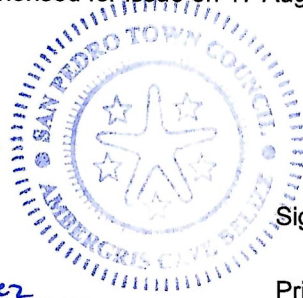
	Notes	2021
Assets		
Non-current assets		
Property, plant and equipment	4	14,268,822
Total non-current assets		14,268,822
Current assets		
Cash and cash equivalents	5	135,130
Trade and other receivables	6	17,207,151
Total current assets		17,342,281
Total assets		31,611,103
Liabilities and fund balances		
Non-current liabilities		
Borrowings	7	1,332,167
Total non-current liabilities		1,332,167
Current liabilities		
Borrowings - current portion	7	102,161
Trade and other payables	8	1,226,816
Bank overdraft	9	186,841
Total current liabilities		1,515,818
Total liabilities		2,847,985
Total net assets		28,763,118
Total net assets and liabilities		31,611,103

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

Approved on behalf of the Council and authorised for issue on 17 August 2023.

Signature: _____

Print Name: Gualberto Ramon Nuñez



Signature: _____

Print Name: Porfirio Rene Guzman

SAN PEDRO TOWN COUNCIL

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

1. General information

San Pedro Town Council (the Council) was constituted on 27 November 1984 and is governed by the Town Councils Act Chapter 87 of Belize. The Council's registered office is located at Barrier Reef Drive, San Pedro Town. The Council consists of 7 members: a Mayor, a Deputy Mayor and five councillors, who serve for a term of three years in accordance with the provisions of the Town Councils Act. Primary council duties include maintaining the welfare of San Pedro by maintenance/construction of public properties and infrastructure and enhancing the social environment for citizens and tourists within the town. Primary revenue producing functions include waste disposal management, business and property taxes administration, traffic control as well as business licensing.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs and the new Interpretation that are effective for the current year

The following standards and amendments have become effective for the annual periods commencing on or after 01 January 2020.

- Amendments to IAS 1 and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Material;
- Amendments to IFRS 3 - Business Combination-Definition of a Business;
- Revised Conceptual Framework for Financial Reporting;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform;
- Amendments to IAS 1 - Presentation of Financial Statements-Definition of material.

Adoption of standards and amendments stated above has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.2 New and revised IFRSs in issue but not yet effective

The following standards and amendments have become effective for the annual periods commencing on or after 01 January 2021.

- Amendments to IFRS 16-Leases-Covid-19-Related Rent Concessions;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16-Interest Rate Benchmark Reform - Phase 2;

The following standards and amendments have become effective for the annual periods commencing on or after 01 January 2022.

- Amendments to IAS 37-Provisions, Contingent Liabilities and Contingent Assets-Cost to include when assessing whether a contract is onerous;
- Amendments to IAS 16-Property, plant and equipment: Prohibiting deduction of proceeds while the company is preparing the asset for its intended use;
- Amendments to IFRS 3-Business Combination-Reference to Conceptual Framework;
- Annual Improvements to IFRS Standards 2018-2020 Cycle: IFRS 1, IFRS 9 and ISA 41.

SAN PEDRO TOWN COUNCIL

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

The following standards and amendments have become effective for the annual periods commencing on or after 01 January 2023.

- Amendments to IAS 1-Presentation of Financial Statements-Classification of liabilities and disclosure of accounting policies;
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Amendments to IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors-definition of accounting estimates.

The Directors of the Council do not expect that the adoption of the standards and amendments listed above will have a material impact on the financial statements of the Council in future periods.

3. Summary of Significant accounting policies

3.1 Basis of preparation of the financial statements

The Statement of financial position was initialised as of 31 March 2021, based on reconstructive reconciliation and revaluation methods of assets and liabilities from incomplete and erroneous financial records prior to this date. No other financial statements could be provided as of 31 March 2021. It is Council's intention to prepare future financial statements in accordance with International Financial Reporting Standards (IFRS). Significant accounting policies with regards to the Statement of financial position balances are as follows:

Cash and cash equivalents

Cash and cash equivalents are defined for the purpose of reporting cash flows as cash on hand and at bank, bank drafts, demand deposits and other short-term investments with maturities of three months or less.

Trade receivables

Trade receivables consists of fees due from customers and are stated at their nominal value. Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognised on the statement of activities.

3.2 Property and equipment

Property, plant and equipment are primarily used for administrative purposes. Land and buildings are stated in the financial position at their revalued amounts. For purposes of establishing a basis for land and buildings in the absence of historical values, independent appraisal valuations as of February 2023 were retroactively applied to initial balances established as of 31 March 2021. Other asset values were established based on estimated values from reputable sources for assets where the available cost basis less depreciation was not available.

SAN PEDRO TOWN COUNCIL

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Summary of Significant accounting policies (continued)

3.2 Property and equipment (continued)

The Council adds to the carrying amount of an item of property and equipment; cost comprises expenditure that is directly attributable to the acquisition of the assets. The cost of self constructed assets include the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for their intended use. All other repairs and maintenance are charged to the statement of financial performance during the period in which they are incurred.

Council has established depreciation guidelines depreciation of assets, other than land, which will be used going forward as of 01 April 2021. The cost less expected residual value is amortised on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Years
Buildings, reinforced concrete	40 - 50 years
Infrastructure	30 - 35 years
Furniture and fixtures	5 - 10 years
Other equipment	5 - 10 years
Machinery and vehicles	5 - 10 years
Computer and office equipment	3 - 5 years

Gains and losses on disposals of property and equipment are determined by comparing the sale proceeds along with the net book value of the asset. The loss or gain is recorded in the statement of financial performance.

3.3 Borrowings

Borrowings are recognised initially at the transactional price. Borrowing costs directly attributable to the acquisition and maintenance of qualifying assets which are assets that necessary take a substantial period of time to get ready for their intended use are added to the cost of those assets. All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

Borrowings are classified as non-current liabilities unless the borrowing terms allow the Council to defer settlement of the liability, or a portion thereof, for at least twelve months after the reporting date. Interest is charged to expense in the period incurred and is included in the statement of financial performance.

3.4 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

3.5 Income taxes

The Council does not pay income tax on its revenues as per the amended Income and Business Tax Act, Chapter 55 of the Laws of Belize.

SAN PEDRO TOWN COUNCIL

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Summary of Significant accounting policies (continued)

3.6 Financial risk management

The San Pedro Town Council controls its exposure to financial risk of impairment to assets by conducting its activities under policies approved by the Mayor and the Councillors.

4. Property, plant, equipment & depreciation

	Land	Buildings	Furniture & equipment	Motor vehicles	Total
Balance, 31 March 2021	13,176,177	655,294	129	437,222	14,268,822

The Council is in process of identifying and valuing assets as of 31 March 2021. Refer to Note 3.2 for further discussion.

5. Cash and bank

	2021
Belize Bank Limited account 1	108,417
Scotia Bank Limited	24,713
Cash at hand	2,000
	135,130

6. Trade and other receivables

	2021
Accounts receivable	20,880,430
Less provision for doubtful accounts	(3,673,279)
	17,207,151

Accounts receivables are in process of being evaluated and reconciled by Management based on continuance of financial data maintained in the Council's Neo-Municipality Information System. Management established the provision for doubtful accounts by reserving all receivable balances on file prior to 31 March 2016. Account receivable information remains in place as Council is able to recoup delinquent taxes and fees when citizens and businesses request the Council to provide statements of record for external party purposes

SAN PEDRO TOWN COUNCIL

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

7. Borrowings

	2021
(i) Government of Belize (GOB) loan	1,137,619
(ii) Private party loan	296,709
	1,434,328
Less: current portion	(102,161)
Non-current portion of borrowings	1,332,167

(i) As of 31 March 2021, the Council's books reflect a loan with the GOB which was obtained under the Council's previous management in September 2011 for the total of BZD 1,500,000 with an interest rate of 9% and 60 instalment payments of BZD 25,395. When the previous management defaulted on loan repayment terms, GOB issued a letter dated 29 November 2012 stating that the Council's monthly governmental subvention would be withheld and applied to outstanding loan amounts due. Management plans to record monthly subventions as revenue when due in the amount of BZD 5,750 and will be applied to the current loan balance. Council Management is currently in negotiations to address the long outstanding loan and has requested that any remaining balance be forgiven by GOB. The current loan balance was transferred from prior Council records but the actual balance cannot be verified at this point in time.

(ii) As of 31 March 2021, the Council held one loan with a private third party. The Council obtained this loan under the previous management in December 2020 for the total of BZD 300,000 with an interest rate of 8% payable over a period of 10 years with monthly payments including interest and principal of BZD 3,639 which is payable on the 4th of each month commencing on January 2021.

8. Trade and other payables

	2021
Trade payables	1,040,183
Year end accruals	186,633
	1,226,816

9. Bank overdraft

	2021
Atlantic Bank Limited	44,506
Belize Bank Limited account 2	142,335
	186,841

Negative cash balances initialised on the statement of financial position as of 31 March 2021 were reflected as a liability for financial statement presentation purposes.

SAN PEDRO TOWN COUNCIL

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

10. Categories of financial instruments

	2021
Financial assets	
Accounts receivable and other receivables	17,207,151
Cash and cash equivalents	135,130
Total financial assets	17,342,281
Financial liabilities	
Borrowings	1,434,328
Bank overdraft	186,841
Accounts payable and other payables	1,040,183
Total financial liabilities	2,661,352

11. Financial risk management

The Council has exposure to the following risks from its use of financial instruments:

- (i) Liquidity risk
- (ii) Credit risk
- (ii) Operational risk

The Council's financial instruments consist mainly of deposits with banks, accounts receivable and payable, borrowings and bank overdrafts.

(i) Liquidity risk management

Liquidity risk is the risk that the Council will not be able to settle all liabilities as they fall due. The ultimate responsibility for liquidity risk rests with management. The Council's liquidity position is carefully monitored and managed.

The following tables represent the Council's undiscounted contractual maturities for its financial instruments.

Liquidity analysis as at 31 March 2021:

	On demand	Due within 3 months	3 months to 1 year	Over 1 year/ no maturity
Financial assets				
Accounts receivable and other receivables	-	-	-	17,207,151
Cash and cash equivalents	135,130	-	-	-
Total financial assets	135,130	-	-	17,207,151

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Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

11. Financial risk management (continued)

(i) Liquidity risk management (continued)

Liquidity analysis as at 31 March 2021 (continued):

	On demand	Due within 3 months	3 months to 1 year	Over 1 year/ no maturity
Financial liabilities				
Borrowings	-	21,251	80,910	1,332,167
Accounts payable and other payables	-	-	-	1,226,816
Total financial liabilities	-	21,251	80,910	2,558,983
Liquidity surplus/(gap)	135,130	(21,251)	(80,910)	14,648,168

(ii) Credit risk management

Credit risk refers to the risk that one party to a financial instrument will default on its contractual obligations resulting in a financial loss to the Council. Credit risk arises from cash and cash equivalents and deposits with banks, as well as, credit exposures to customers and other counterparties, including outstanding uncollateralised accounts receivable and other receivables.

The Council's maximum exposure to credit risk is represented by the carrying amount of financial assets recorded in the financial statements, net of any impairment losses.

(iii) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Council's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Council's operations.

The Council's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Council's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;

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Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

11. Financial risk management (continued)

(iii) Operational risk (continued)

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- training and professional development; and
- ethical and business standards.

12. Contingent liabilities and contingent assets

As confirmed by Management and its legal counsel, Eduardo B. Aguilar & Associates, a reserve for employee litigation has been established on the books in the amount of BZD 96,139. This reserve is based on negotiations with prior employees of the Council and is deemed appropriate by Management.

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