MOORE

SAN PEDRO TOWN COUNCIL

Financial Statements

For the year ended 31 March 2022

SAN PEDRO TOWN COUNCIL

Financial Statements

For the year ended 31 March 2022

Table of contents

	Page
Independent auditor's report	1 - 4
Statement of financial position	5
Statement of activities	6
Statement of cash flows	7
Notes to the financial statements	8 - 31

Moore Belize LLP
New Horizon Building
3 ½ Miles Philip S. W. Goldson Hwy
Belize City, Belize
T +501 223 2144
T +501 223 2139
E r.magana@moore-belize.bz
www.moore-belize.bz

INDEPENDENT AUDITOR'S REPORT

TO THE MANAGEMENT OF San Pedro Town Council

Report on the audit of the financial statements

Qualified opinion

We have audited the accompanying financial statements of **San Pedro Town Council (the Council)**, which comprises the statement of financial position as at 31 March 2022, the statement of activities, changes in net assets, the statement of cash flows for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2022, its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for qualified opinion

We were unable to confirm opening balances for accounts due to Management's inability to produce documents relevant to the audit of all accounts. Since the opening balances as of 01 April 2021 are entered into the determination of the financial position of the Council as of 31 March 2022, we are unable to determine whether any adjustments might have been necessary for the year ended 31 March 2022. Management continued to make adjustments to opening balances as of 01 April 2021 in order to establish a net asset balance as of 31 March 2022 which is included with this qualification.

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 908,137** and related depreciation expense of **BZD 111,399** due to an incomplete asset register and the lack of supporting information. This qualified amount excludes the value of land and buildings which were independently appraised to establish a value of **BZD 13,876,827**. Refer to Note 5 for further discussion on this matter.

We were unable to verify balances relevant to unearned revenue accounts in the total amount of **BZD 1,685,198** due to lack of proper support of fees paid in advance of the period beginning 01 April 2022. As a result of this matter, we were unable to determine whether any adjustments to the financial statements in part or as a whole were needed.

We were unable to confirm or verify by alternative means the long-term debt with the Government of Belize (GOB), which is stated in the statement of financial position in the amount of **BZD 1,073,419** as at 31 March 2022. As a result, we were unable to determine whether any adjustment is required to be made to the carrying amount due to GOB. Refer to Note 8 for further discussion of this matter.

The Council has not adopted the IFRS 9 model relating to maintaining a loss allowance for trade receivables. The Council has reserved a bad debt allowance for all receivables that originated prior to 31 March 2016. This methodology is not in conformity with IFRS 9 guidelines. As a result of this matter, we were unable to determine whether any adjustments to the financial statements in part or as a whole were needed. Refer to Note 7 for further discussion of this matter.

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 the elements making up the statement of financial position, statement of activities and statement of cash flows.

Other matter

The financial statements for the San Pedro Town Council for the year ended 31 March 2021 were issued with a disclaimer of opinion due to lack of available records to perform an audit. Management has established records during the fiscal year 2022 to allow for an audit and issuance of this modified opinion.

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.

MOORE

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 does not 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 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 judgement and maintain professional scepticism 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 Company'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 Company'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 Company 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.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the Company. We remain solely responsible for our audit opinion.

MOORE

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's 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 2022
In Belize dollars

	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	5	**14,656,047**	14,268,822
Total non-current assets		**14,656,047**	14,268,822
Current assets			
Cash and cash equivalents	6	**2,303,653**	135,130
Trade and other receivables	7	**14,317,984**	17,207,151
Total current assets		**16,621,637**	17,342,281
Total assets		**31,277,684**	31,611,103
Liabilities and fund balances			
Non-current liabilities			
Borrowings	8	**1,260,887**	1,332,167
Total non-current liabilities		**1,260,887**	1,332,167
Current liabilities			
Borrowings - current portion	8	**86,753**	102,161
Trade and other payables	9	**1,597,236**	1,226,816
Bank overdraft	10	**-**	186,841
Unearned revenues	11	**1,685,198**	-
Total current liabilities		**3,369,187**	1,515,818
Total liabilities		**4,630,074**	2,847,985
Total net assets		**26,647,610**	28,763,118
Total net assets and liabilities		**31,277,684**	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: ____________ Signature: ____________

Print Name: Gualberto Ramon Nuñez Print Name: Porfilio Rene Guzman

SAN PEDRO TOWN COUNCIL
Statement of activities
For the year ended 31 March 2022
In Belize dollars

	Notes	2022
Revenues	**12**	**9,194,353**
Total revenues		**9,194,353**
Less: Expenditures		
Operating costs	**14**	**1,270,771**
General and administrative	**13**	**5,683,113**
Total expenditures		**6,953,884**
Increase in net assets		**2,240,469**
Net asset adjustments to correct net asset balance carried over from 2021	**15**	**(4,355,976)**
Net assets at the beginning of the year		**28,763,118**
Net assets at the end of the year		**26,647,611**

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

SAN PEDRO TOWN COUNCIL
Statement of cash flows
For the year ended 31 March 2022
In Belize dollars

	2022
Cash flows from operating activities	
Surplus for the year	**2,240,469**
Adjustments for non-cash items	
Depreciation	**128,917**
Correction for 2021 bank overdraft balances	**(186,841)**
Correction for 2021 net asset balances	**(4,355,976)**
Cash flows before working capital changes	**(2,173,431)**
Changes in working capital:	
Increase in unearned revenue	**1,685,198**
Increase in trade and other payables	**370,420**
Decrease in trade and other receivables	**2,889,167**
Net cash generated from operating activities	**2,771,354**
Cash flows from investing activities	
Purchases of property and equipment	**(516,143)**
Net cash provided used by investing activities	**(516,143)**
Cash flows from financing activities	
Loan repayments	**(86,688)**
Net cash provided used by financing activities	**(86,688)**
Net increase in cash and cash equivalents	**2,168,523**
Cash and cash equivalents at beginning of period	**135,130**
Cash and cash equivalents at end of period	**2,303,653**
Comprised of	
Bank balances	**2,303,653**
Cash and cash equivalents at the end of the year	**2,303,653**

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

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)

The Council adopts newly issued International Financial Reporting Standards in the year stipulated for adoption to the extent that they are relevant to the Council's operations. The Council may adopt a standard early if early adoption is permitted. The effect of adoption, if material, is disclosed in the financial statements.

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 beginning on or after 01 January 2021.

• Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39-Interest Rate Benchmark Reform-Phase 2;

• Amendments to IFRS 16-Covid-19-Related Rent Concessions.

Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 - Interest Rate Benchmark Reform – Phase 2. As a result of these amendments, among other matters, an Council:

• will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

• will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and

• will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

Amendments to IFRS 16 "Leases" Covid-19-Related Rent Concessions-Amendments to IFRS 16 ‘Leases’ provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID-19 pandemic and meets specified conditions, as if they were not lease modifications. The amendment is effective 01 June 2020.

This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendment is effective 01 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at the date this Standard was issued.

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

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

Where an Council early adopts COVID-19-Related Rent Concessions then they shall disclose that fact (including the requirements in the paragraph above) and provide the additional disclosures in the note.

2.2 New and revised IFRSs in issue but not yet effective

The following standards and amendments will become effective for the annual periods beginning on or after 01 January 2022:

- Amendments to IFRS 16 - COVID-19-Related Rent Concessions;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;
- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018–2020;
- Amendment to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates'.

Amendments to IAS 16 'Property, plant and equipment' require an Council to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. The amendments are applicable for annual periods commencing on or after 01 January 2022.

Amendments to IFRS 3 'Business combinations' update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are applicable for annual periods commencing on or after 01 January 2022.

Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that an Council includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 01 January 2022.

Annual Improvements to IFRS Standards 2018–2020 amend:

- IFRS 1 to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- IFRS 9 to clarify the fees an Council includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- IFRS 16 illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements.
- IAS 41 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards.

The amendments are applicable for annual periods commencing on or after 01 January 2022.

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)

Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates' clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. Otherwise, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments have been deferred until IASB has finalised its research project on the equity method.

The following standards and amendments will become effective for the annual periods beginning on or after 01 January 2023:

- IFRS 17 - Insurance Contracts;
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current.

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of the Council.

Amendments to IAS 1 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 01 January 2023.

The Council Members 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. Significant accounting policies

New Council Management has undertaken efforts to establish its financial reporting system by engaging external accounting professionals to assess prior management's records and adjusting records as best determinable. This included extensive reconciliation projects, confirmation with external parties, professional valuations and other means to establish balances as of 31 March 2021 for the statement of financial position. In order to generate financial records for audit, interim policies and decisions were made to establish the books subject to audit qualifications noted in the auditor's opinion report.

The principal accounting policies applied in the preparation of the financial statements are set out as follows:

3. Significant accounting policies (continued)

3.1 Statement of compliance

These are the first annual financial statements in which the Council adopts International Financial Reporting Standards ("IFRS) which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB").

3.2 Basis of preparation

(i) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for land and buildings. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Council takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value definition and measurements are disclosed in Note 3.15 (i).

(ii) *Functional and presentation currency*

The currency of the primary economic environment in which the Council operates (the functional currency) is Belize dollars and the financial statements are presented in Belize dollars (BZD), which is the Council's presentation currency. All amounts are rounded to the nearest dollar unless otherwise indicated.

(iii) *Going concern*

These financial statements have been prepared based on the going concern assumption, which means that assets are realised and liabilities are settled in the course of normal business operations. These financial statements do not include any adjustments which would be required had the Council been unable to continue as a going concern.

The principal accounting policies that have been applied consistently by the Council to all periods presented in these financial statements are set out as follows.

3.3 Property, plant and equipment

(i) *Recognition and measurement*

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. Additions during 2022 were recorded at cost including expenditures that are directly attributable to the acquisition of the asset.

3. Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

(ii) *Subsequent costs*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repair and maintenance expenses are charged to the statement of comprehensive income as incurred.

(iii) *Depreciation*

Depreciation is calculated to write-off items of property, plant and equipment less their estimated residual values over their useful lives, using the straight line method. Land is not depreciated. Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. The estimated useful lives, residual values, and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(iv) *Derecognition*

An item of property, plant and equipment is derecognised 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 of an item of property, plant and equipment calculated as the difference between the net proceeds from disposal and the carrying amount of the item is recognised in the statement of comprehensive income.

3.4 Impairment of non-financial asset

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. With that said, for the current year under audit, the Company does not conduct any impairment tests on its assets.

3. Significant accounting policies (continued)

3.5 Related parties

Due from/due to related parties are amounts loaned to and from related parties identified by Management. The terms and conditions of these agreements are at management's discretion.

3.6 Accounts receivable and other 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.

Other short-term financial assets

Other short-term financial assets comprise term deposits investments held for one year or less; initially recognised at transaction prices. Due to the short-term maturity of these financial instruments, their carrying values are approximately equal to their market values.

3.7 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.

3.8 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.

3.9 Severance payable

In accordance with the Labour (Amendment) Act 2011 section 183, an employee continuously employed for the period from 5 to 10 years and terminated by the employer or retires is entitled to severance pay of one week's wages for each year of service. An employee continuously employed for 10 years is entitled to severance pay of one week's pay for each year of service to April 2011 and two week's pay for each year of service after April 2011.

3.10 Accounts payable 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. Significant accounting policies (continued)

3.11 Provisions

Provisions are recognised when the Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the statement of financial position, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some of all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Revenue recognition

The Council measures revenue at the fair value of the consideration received or receivable, for the period services are rendered by the Council, representing amounts for services and taxes levied. The Council recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the Council.

The councils' source of revenues includes the following:

a) Property taxes
b) Trade licenses
c) Liquor licenses
d) Garbage fees
e) Rental and concession fees
f) Traffic related fees and charges
g) Government grants and subvention

Deferred revenues

Revenue collected pursuant to legislation or agreement (trade licenses, property taxes, liquor permits) in a period prior to which the fees related are reported as unearned revenue. Unearned revenues are recognised as revenue in the year for which these prepayments apply.

3.13 Taxation

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.

3. Significant accounting policies (continued)

3.14 Foreign currency translation

Assets and liabilities held in United States dollars are translated at a rate of USD 1.00 to BZD 2.00. Transactions in currencies other than the functional currency of the Council (foreign currencies) are recorded at the exchange rates at the dates of the transactions. At each statement of financial position date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the date of statement of financial position. Exchange differences arising from changes in exchange rates are recognised in the statement of comprehensive income. Non-monetary items carried at historical cost are translated at the exchange rate on the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate on the date on which the most recent fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

3.15 Financial instruments

(i) *Financial instruments-key measurement terms*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In estimating the fair value of an asset or a liability, the Council takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the Council. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). There were no transfers between levels of the fair value hierarchy at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(i) *Financial instruments-key measurement terms (continued)*

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

(ii) *Financial instruments-initial recognition*

Financial instruments at fair value through profit of loss ("FVTPL") are initially recorded at fair value. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments ("AC") in debt instruments measured at fair value through other comprehensive income ("FVOCI), resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Council commits to deliver a financial asset. All other purchases are recognised when the Council becomes a party to the contractual provisions of the instrument.

(iii) *Classification and subsequent measurement of financial assets-measurement categories*

The Council classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Council's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. As of 31 March 2022 the Council did not hold financial assets at FVTPL and FVOCI.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(iv) *Financial assets impairment-credit loss allowance for ECL*

The Council assesses, on a forward-looking basis, the ECL for financial assets measured at AC. The Council measures ECL and recognises net impairment losses on financial assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Accounts receivable are presented in the statement of financial position net of the allowance for ECL.

The Council applies simplified approach for impairment of accounts receivable. Note 7 provides information about the details of the applied approach and the provision matrix for accounts receivable.

In assessment of credit risk and expected losses, Management considers a risk of default and its probability for each customers or category of customers. On an ongoing basis an increase in risk is considered through comparison of probability of default at point of assessment vs when was last estimated. Rebuttable presumption that overdue by over 30 days is an indicator of significant increase is benchmark used by Council, with reviewing other indicators, such as (i) credit rating, (ii) significant adverse events impacting the customer or significate deterioration in results, particularly free cash flow, operating cash flows, current ratio, debtors days, (iii) increased frequency of missed payments or incorrect payments, (iv) difficulty in engaging and willingness to find a solution.

For other financial assets that are subject to IFRS 9 ECL model the Council applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Council identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 17 for a description of how the Council determines when a SICR has occurred. If the Council determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Council's definition of credit impaired assets and definition of default is explained in Note 17. Note 17 provides information about inputs, assumptions and estimation techniques used in measuring ECL.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(v) *Financial assets-write-off*

Financial assets are written-off, in whole or in part, when the Council exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include: (i) the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Council obtains; (ii) the counterparty considers bankruptcy or a financial reorganisation; (iii) there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty. The Council may write-off financial assets that are still subject to enforcement activity when the Council seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

(vi) *Financial assets-derecognition*

The Council derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Council has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

(vii) *Financial liabilities-measurement categories*

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g., short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments. As of 31 March 2022 the Council did not have financial guarantee contracts and loan commitments or financial liabilities at FVTPL.

A financial liability is classified as held for trading if (a) it has been acquired principally for the purposes of subsequent short-term repurchase; (b) on initial recognition it is part of a portfolio of identified financial instruments which have a pattern of short-term profit taking; or (c) it is a derivative financial instrument that is not designated and effective as a hedging instrument.

(viii) *Financial liabilities-derecognition*

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires).

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(ix) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Council's accounting policies, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions 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 by Management on an ongoing basis. Revisions to accounting estimates are recognised 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.

The following are the critical judgements, including those involving estimations (see as follows), that Management has made in the process of applying the Council's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and affect the amounts of assets and liabilities within the next financial year; and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that affect the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Useful life of property, plant and equipment

The Council's property, plant and equipment are depreciated using the straight-line method over their estimated useful lives which are based on Management's business plans and operational estimates, related to those assets. The factors that could affect the estimation of useful lives include the following: (i) changes in asset utilisation rates, (ii) changes in maintenance technology, (iii) changes in regulations and legislation and (iv) unforeseen operational issues. Any of the above could affect prospective depreciation of property, plant and equipment and their carrying and residual values. Management periodically reviews the appropriateness of assets' useful economic lives. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefits to the Council.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.1 Useful life of property, plant and equipment (continued)

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

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

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.

4.2 Provision for doubtful accounts

The provision for doubtful accounts was established on the books as at 31 March 2021 based on Management's decision to reserve for all receivables originating prior to 31 March 2016.

4.3 Impairment of property, plant and equipment

At each reporting date the Council's management assesses whether there is any indication of impairment of property, plant and equipment. If at least one such indication exists, Management estimates the recoverable amount of assets, which is calculated as a higher of fair value less costs to sell and the value in use. An asset's carrying amount is written down to its recoverable amount and the difference is charged as impairment to loss to the statement of profit or loss and other comprehensive income in the period when the fact of impairment was established. If the circumstances change and management decides that the value of property, plant and equipment and capital construction-in-progress has increased, the provision for impairment will be fully or partially reversed.

The estimation of the recoverable amount requires the Council to make judgements regarding long-term forecasts of future revenues and costs related to the assets subject to review. In turn, these forecasts are uncertain in that they require assumptions about demand for products and future market conditions. Significant and unanticipated changes to these assumptions and estimates included within the impairment reviews could result in significantly different results than those recorded in the financial statements.

4.4 Initial recognition of related party transactions

In the normal course of business the Council enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed herein.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.5 Write-off policy

Financial assets are written-off, in whole or in part, when the Council exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Determining the cash flows for which there is no reasonable expectation of recovery requires judgement. Management considered the following indicators that there is no reasonable expectation of recovery: receivables being past due over 360 days, liquidation or bankruptcy proceedings, fair value of collateral is less than the costs to repossess it or enforcement activities were completed.

5. Property, plant and equipment

2022	Land	Buildings	Furniture & equipment	Computer & software	Machinery & equipment	Motor vehicles	Infrastructure work in progress	Total
Cost								
As at 01 April 2021	13,176,177	655,294	129	-	-	437,222	-	14,268,822
Additions	-	45,356	92,927	80,156	21,270	33,203	243,231	516,143
As at 31 March 2022	13,176,177	700,650	93,056	80,156	21,270	470,425	243,231	14,784,965
Accumulated depreciation								
As at 01 April 2021	-	-	-	-	-	-	-	-
Charge	-	(17,516)	(7,309)	(12,023)	(958)	(91,111)	-	(128,917)
As at 31 March 2022	-	(17,516)	(7,309)	(12,023)	(958)	(91,111)	-	(128,917)
Net book value:								
As at 31 March 2022	13,176,177	683,134	85,747	68,133	20,312	379,314	243,231	14,656,047

5. Property, plant and equipment (continued)

2021	Land	Buildings	Furniture & equipment	Computer & software	Machinery & equipment	Motor vehicles	Infrastructure work in progress	Total
Cost								
As at 01 April 2020	-	-	-	-	-	-	-	**-**
Transfer values	13,176,177	655,294	129	-	-	437,222	-	**14,268,822**
As at 31 March 2021	13,176,177	655,294	129	-	-	437,222	-	**14,268,822**
Accumulated depreciation								
As at 01 April 2020	-	-	-	-	-	-	-	**-**
Charge	-	-	-	-	-	-	-	**-**
As at 31 March 2021	-	-	-	-	-	-	-	**-**
Net book value:								
As at 31 March 2021	13,176,177	655,294	129	-	-	437,222	-	**14,268,822**

Management initialised property, plant and equipment balances as of 31 March 2021 by recording physical assets to establish a fixed asset register (FAR) as prior records were not available under the Council's former Management group. Land and building values were retroactively booked as of 31 March 2021 based on independent appraisals obtained by Senior Valuation Officer, Mr. Troy E.D. Smith (MHA and HUCD Certified) on February 2023. Equipment and vehicles assets were identified and valued by individuals considered knowledgeable and their professional opinion. throughout the fiscal year 2022, Council Management continued efforts to further expand the FAR for identified assets owned by the Council.

6. Cash and bank

	2022	2021
Atlantic Bank Limited	**1,099,777**	-
Belize Bank Limited account 1	**546,775**	108,417
Belize Bank Limited account 2	**514,685**	-
Scotia Bank Limited	**-**	24,713
Undeposited funds	**140,511**	-
Cash at hand	**1,905**	2,000
	2,303,653	135,130

7. Trade and other receivables

	2022	2021
Employee advances	**30,914**	-
Accounts receivable	**18,695,005**	20,880,430
Less provision for doubtful accounts	**(4,407,935)**	(3,673,279)
	14,317,984	17,207,151

Accounts receivables were 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 the value all receivable balances on record prior to 31 March 2016. Account receivable balances were not written off 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 Forthcoming, Council will assess establishing a receivable provision based on estimated credit loss history and future collection expectations in accordance with IFRS 9.

8. Borrowings

	2022	2021
(i) Government of Belize (GOB) loan	**1,073,419**	1,137,619
(ii) Private party loan	**274,221**	296,709
	1,347,640	1,434,328
Less: current portion	**(86,753)**	(102,161)
Non-current portion of borrowings	**1,260,887**	1,332,167

8. Borrowings (continued)

Terms and conditions of borrowings:

(i) GOB Loan

As of 31 March 2022, 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 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. Monthly subventions are reflected as revenue when due in the amount of BZD 5,750 and are 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 not be verified at this point in time.

(ii) Private party loan

As of 31 March 2022, 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. The purpose of the loan is unknown and the loan balance is current as confirmed by the lender as of 31 March 2022.

9. Trade and other payables

	2022	2021
Trade payables	**785,207**	1,040,183
Year end accruals	**308,363**	186,633
Severance payable	**249,400**	-
Unidentified deposits	**157,638**	-
Employee litigation - refer to Note 18	**96,139**	-
Other payables and accruals	**489**	-
	1,597,236	1,226,816

10. Bank overdraft

	2022	2021
Atlantic Bank Limited	**-**	44,506
Belize Bank Limited account 2	**-**	142,335
	-	186,841

11. Unearned revenues

	2022	2021
Trade license	**1,000,908**	-
Property tax	**502,570**	-
Liquor license	**161,700**	-
Garbage collection	**20,020**	-
	1,685,198	**-**

Unearned revenues represent taxes, licenses and fees which were paid in advance as of the period beginning 01 April 2022. Prepayments are recorded and tracked by the Council's Neo-Municipalities Information System.

12. Revenue

	2022	2021
Property taxation	**4,883,487**	-
Traffic related revenue	**2,231,487**	-
Fees and services	**882,696**	-
Trade license fees	**837,863**	-
Liquor license fees	**134,888**	-
Donations	**101,998**	-
Funding from Government	**69,000**	-
Rent and concessions	**52,934**	-
Total revenues	**9,194,353**	-

13. Administrative expenses

	2022	2021
Salaries and wages	**3,300,339**	-
Bad debts	**734,656**	-
Pension and gratuities	**249,400**	-
Repairs and Maintenance - Vehicles, machinery	**201,787**	-
Repairs and Maintenance - Building	**172,364**	-
Bank charges	**87,258**	-
Computer and internet	**166,962**	-
Office supplies	**147,607**	-
Depreciation	**128,917**	-
Travel and subsistence	**115,434**	-
Indemnities	**96,139**	-
Utilities	**72,817**	-
Consultancy fees	**67,140**	-
Office improvements	**42,207**	-
Accounting and audit	**31,184**	-
Repairs and maintenance - Others	**21,271**	-
Rent/rentals	**18,886**	-
Training and entertainment	**15,974**	-
Licenses and insurance	**12,771**	-
Total administrative expenses	**5,683,113**	-

14. Operating cost

	2022	2021
Repairs and maintenance - Streets, parks, cemetery, bridges	**540,777**	-
Fuel	**269,556**	-
Social assistance and contributions	**176,116**	-
Council supported events	**144,564**	-
Traffic accessories	**80,474**	-
Other operating cost	**59,284**	-
	1,270,771	-

15. Net asset adjustments

Management undertook efforts to adjust prior Council financial records by reconciling its Neo-Municipalities Information System to QuickBooks. This reconciliation process covered the fiscal years of 2021 and 2022 resulting in adjustments to net assets in the amount of BZD 4,355,976. The primary source of adjustments pertained to reconciliation for previous property taxes, traffic and licensing fees as well as deposits. These net asset adjustments are a continuation of the report qualification pertaining to opening balances and will establish the official net asset balance as of 31 March 2022.

16. Categories of financial instruments

	2022	2021
Financial assets		
Accounts receivable and other receivables	**14,317,984**	17,207,151
Cash and cash equivalents	**2,303,653**	135,130
Total financial assets	**16,621,637**	17,342,281
Financial liabilities		
Borrowings	**1,347,640**	1,434,328
Bank overdraft	**-**	186,841
Accounts payable and other payables	**1,597,236**	1,226,816
Total financial liabilities	**2,944,876**	2,847,985

17. 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 Government of Belize has overall responsibility for the establishment and oversight of the Council’s efficient management. Management is responsible for directing and managing the affairs of the Council.

The Council’s financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans and borrowings and dues from related parties.

(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.

17. Financial risk management (continued)

(i) Liquidity risk management (continued)

Liquidity analysis as at 31 March 2022:

	On demand	Due within 3 months	3 months to 1 year	Over 1 year/ no maturity
Financial assets				
Accounts receivable and other receivables *	**-**	**-**	**-**	**14,317,984**
Cash and cash equivalents	**2,303,653**	**-**	**-**	**-**
Total financial assets	**2,303,653**	**-**	**-**	**14,317,984**
Financial liabilities				
Borrowings	**-**	**21,251**	**65,232**	**1,260,886**
Accounts payable and other payables *	**-**	**-**	**1,597,236**	**-**
Total financial liabilities	**-**	**21,251**	**1,662,468**	**1,260,886**
Liquidity surplus/(gap)	**2,303,653**	**(21,251)**	**(1,662,468)**	**13,057,098**

* No receivable or payable aging available.

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
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

* No receivable or payable aging available.

17. Financial risk management (continued)

(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.

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.

(iii) Operational risk

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;
- 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.

18. 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.

19. Subsequent events

Subsequent events have been evaluated through 17 August 2023. Management is unaware of any events after that date that they believe would materially and adversely affect these financial statements. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Moore Belize LLP
3 ½ Miles Philip Goldson Highway
Belize City, Belize, C.A.

T +501 223 2144 +501 223 2139
E info@moore-belize.bz
W www.moore-belize-bz

MOORE