

# Consumer Affairs Commission

An Agency of the Ministry of Industry, Technology, Energy and  
Commerce



Protecting your rights, securing our future

Annual Report 2004 - 2005

2004 - 2005 Annual Report

## VISION

The work of the Consumer Affairs Commission is driven by its commitment to meet the long-term objectives of helping to create:

***"a population in which consumers are informed, responsible and assertive; exercising their rights and discharging their responsibilities, capable of making informed choices about goods and services, knowledgeable in available redress procedures, armed with the skills and inculcated with the values to take action to ensure sustainable development, and a marketplace which allows consumers to exercise their right of choice, where sellers acknowledge and discharge their responsibilities to ensure that goods meet reasonable demands of durability, utility, and reliability and resolve consumer disputes in a fair and expeditious manner."***

## MISSION STATEMENT

The Consumer Affairs Commission is committed to fostering ethical relationships between providers and users of goods and services; the resolution of marketplace disputes, and communication of information to consumers and vendors alike...thereby creating a population of knowledgeable, vigilant, assertive and discriminating consumers.

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## The Board of the Commission



**Norris Crooks**  
Businessman



**Donovan Nelson**  
Communication Specialist



**Hugh Campbell**  
Information Technology  
Specialist



**Angela Chaplain**  
Principal



**Pearl Earle**  
Retired Public Servant



**Suzann Dodd**  
Attorney-at-Law



**Minna Wilmot**  
Cosmetologist



**Fay Sylvester**  
Consultant/Advisor



**Andre Hylton**  
Businessman



**Andrea McKenzie**  
Development Planner



**Andrene Collings**  
Director of Commerce, MCST

## The Eight Basic Rights of the Consumer

- The Right to be protected against hazardous products and processes
- The Right to choose between a variety of goods and services
- The Right to have the facts needed to make informed choices
- The Right to be heard in the making and execution of government policy
- The Right to fair settlement of just claims
- The Right to the satisfaction of basic needs
- The Right to live in a healthy and sustainable environment
- The Right to acquire the skills and knowledge to be an informed and responsible consumer

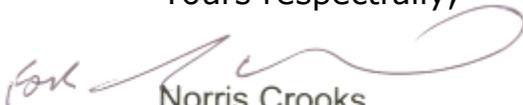
April 20, 2005

Honourable Phillip Paulwell  
Minister of Industry, Technology, Energy and Commerce  
Ministry of Industry, Technology, Energy and Commerce  
4 St. Lucia Road  
Kingston 5

Dear Minister,

In accordance with section 7-1 (a) of the Trade Act, I transmit herewith the Commission's report for the year ended March 31, 2005 and a copy of the Commission's Audited Accounts at March 31, 2005 duly certified by the Auditors.

I am,  
Yours respectfully,

  
Norris Crooks  
Chairman

## The Chairman's Overview



The Financial Year 2004/2005 was a historic year for the Consumer Affairs Commission in that in November 2004 a critical piece of legislation, the Consumer Protection Act (CPA) was passed in Parliament. Prior to this, the CAC derived its authority from the Trade Act of 1955.

The passing of the Act heralded a new phase within the commercial landscape and created a new paradigm for the Consumer Affairs Commission and provided the authority for more effective functioning, especially when dealing with consumer complaints.

It was very fitting therefore that the celebration of World Consumer Rights Day, on March 15, the flagship event of the Commission, was under the theme "CPA/CSME .... Empowerment to meet the Challenges of a Dynamic Market" as it bore great significance given our current thrust to consolidate regional ties and heighten our competitiveness by establishing an integrated market economy (CSME). A strong, dynamic consumer movement along with legislation and regulations are essential to the success of the CSME.

The CAC therefore, within the legislative framework, was able to carry out its mandate of "leading changes in society towards a population of knowledgeable, vigilant, assertive and discriminating consumers" through various programmes and activities.

The CAC's new posture was one that was more proactive, aggressively seeking innovative solutions to correct the knowledge gaps where they existed. The Consumer Education Programme was therefore very focused as it was directed



by knowledge gained through our market intelligence services and consumer interests surveys.

Consumers were also assured that our traditional role in the marketplace dispute prevention and resolution continued and provided real and calculable benefits to the consumers. In fact, for the year the Commission recorded a resolution rate of 92% and secured, on behalf of aggrieved consumers, in excess of \$18.6 million.

Despite the deleterious effects and the dislocation caused by the passage of Hurricane Ivan in September 2004, the Commission was able to surpass its target in most of the core areas. What was worthy of note was that the Commission played a substantive role in the timely supply of information regarding price and availability of various basic products throughout the island. The information so provided assisted the portfolio Ministry in coordinating an appropriate management and response mechanism to the resultant issues existing within the marketplace, linked to the passage of Hurricane Ivan.

On behalf of the Board of Directors, I would like to commend the management and staff for their continuous hard work in the interest of the consumers of Jamaica and once again pledge the support of the Board for the ensuing Financial Year.

  
Norris Crooks  
Chairman

# The Chief Executive Officer's Report



The Consumer Affairs Commission (CAC) works with the public and private sectors, using information, research and policy instruments to provide consumer protection for Jamaicans. We believe that ensuring the promotion and protection of the consumer's ability to make confident, well-informed decisions in the marketplace is not only in each of our own best interest, but also helps to ensure a more productive economy.

With a limited budget of \$44M, the Agency enjoyed a high level of success in the last Financial Year and made a number of strides in realizing some of its long-term objectives.

Based on all the measurable indicators, the Commission exceeded targets set in most core areas such as outreach activities, production of new material for dissemination to the public, the conduct of relevant research and surveys and resolution of consumer complaints. Effort to increase the capacity of the Commission to effectively carry out its mandate resulted in the organization of training workshops in which all staff members participated.

In November 2004, the Commission welcomed the enactment of the Consumer Protection Act; a vital legislative instrument which will facilitate greater and more effective resolution of consumer complaints.



The objectives of the Consumer Protection Act (CPA) are as follows:

- To codify other pieces of Consumer Protection Law
- To define the obligations and privileges of users and providers of goods and services
- To establish effective grievance and other redress procedures
- To establish the CAC in its own right with the requisite powers for effective functioning

## **CONSUMER EDUCATION**

One of the primary roles of the CAC is to create an environment that promotes the flow of relevant, accurate and utilizable information between consumers and providers of goods and services. In this capacity, despite its limited resources, the Agency printed five new brochures, participated in several radio broadcasts, appeared on television shows and published a variety of articles in local newspapers. Using these measures, the public was impacted on eight hundred and six (806) occasions with heightened emphasis during the back to school, post hurricane and Christmas seasons. This figure far outstripped the 340 public relations contacts which had been projected for the year.

With regard to consumer education, the Financial Year was brought to a grand finale with the commemoration of World Consumer Rights Day on March 15 at the Jamaica Conference Centre. The topic under discussion was '*The Consumer Protection Act / CARICOM Single market and Economy – Empowerment to meet the challenges of a dynamic market*'. This event recorded 328 participants however a significant number of Jamaicans were sensitized as the media fraternity, both print and electronic, partnered with us in disseminating the critical information.

## COMMUNITY OUTREACH ACTIVITIES

At the outset of the Financial Year, the Commission's projection for community outreach target was 50,000 persons. With careful management however, the Agency was able to surpass this goal, recording direct reach of 61,939 persons through 187 activities. This is just one example of the cost cutting measures adopted by the Agency to ensure that, while service is not compromised, the funds allocated to the Agency can accomplish more and impact an increased number of consumers. A comparison of the current figures against those of the past three years reveals that during this Financial Year, the Commission recorded the highest reach per activity.

Financial Year	Audience Reach	No. of Activities	Reach per Activity
2001/2002	64, 582	403	160
2002/2003	37, 958	177	215
2003/2004	55, 005	198	278
2004/205	61, 939	187	331

The activities during the period spanned 11 parishes mainly through the following fora:

- World Consumer Rights Day
- Displays at 4-H Achievement Days in Kingston, St. Andrew, Portland, St. Ann, St. Elizabeth and St. James
- Presentations to schools across the island
- Presentations to adult groups

### World Consumer Rights Day

The enactment of the Consumer Protection Act in November 2004 propelled the Commission to commence a consumer education campaign and a conference was seen as the ideal springboard for this process. In addition to focusing on

the Consumer Protection Act (CPA), the conference also provided an opportunity to equip Jamaicans with relevant information about the upcoming Caribbean Single Market and Economy (CSME). Both the conference and the ensuing discussions on RJR's Hotline programme with host Barbara Gloudon fared well and elicited commendations from a wide cross section of Jamaicans.



Minister of State in the Ministry of Foreign Affairs & Foreign Trade, Senator Delano Franklin, speaking to participants at the World Consumer Rights Day conference. Seated, Chairman of the Board Mr. Norris Crooks

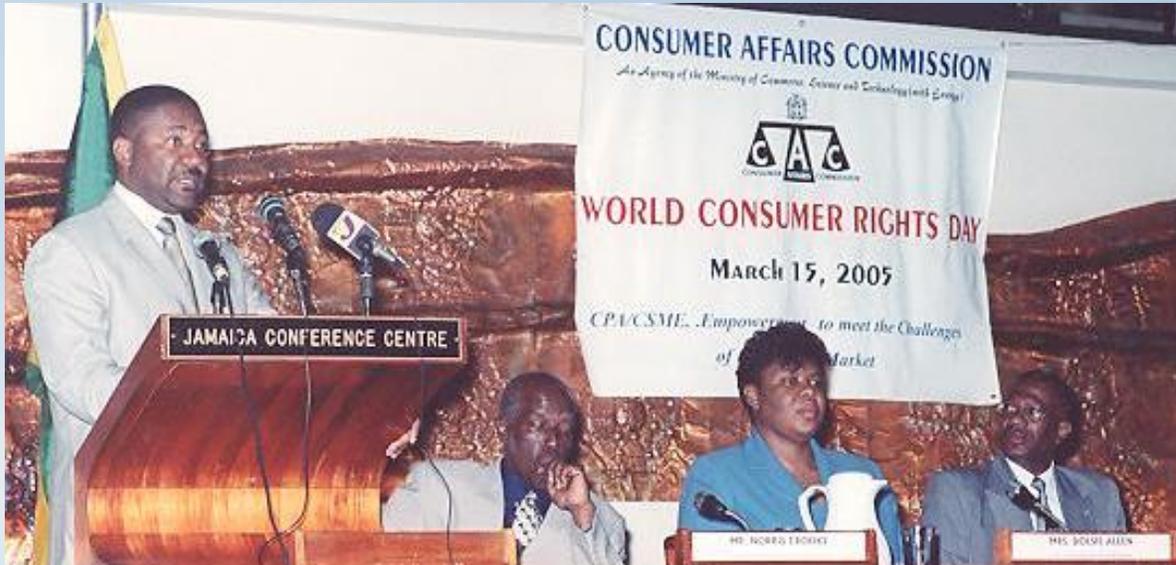
## **The PCJ/CAC Initiative**

One of the objectives as outlined in the Corporate Plan of the Consumer Affairs Commission was the development of a more proactive and responsive consumer movement. Therefore, when the Agency was approached by the Petroleum Corporation (PCJ) to partner with them in a Public Relations Incentive Programme for inner-city schools, which was dubbed the PCJ/CAC Initiative, the Agency eagerly seized the opportunity. The objective of the exercise was to educate young people on energy conservation issues while at the same time improving their behaviour, values and attitudes. This was executed through a number of one day seminars.

The programme, which initially had been slated to commence in September 2004 had to be postponed as a result of the passage of Hurricane Ivan and therefore, the first seminar was not held until November 4, 2004. These seminars reached 1, 460 persons and impacted 55 schools, close to the CAC target of 1,500 students. Regrettably, some schools were unable to attend as the loss of days caused by the hurricane made teachers reluctant to release students as this would further adversely affect their ability to complete the school curricula.

Testimonials from participants revealed tremendous satisfaction with the information that was provided and the Commission will therefore explore the possibilities of future collaboration with the Petroleum Corporation, or any other entity, to ensure that more members of the local school population benefit from the delivery of an effective consumer education programme.

## World Consumer Rights Day Celebrations March 2005



The Minister of Industry, Technology, Energy and Commerce, Honourable Phillip Paulwell addressing the audience. Seated are Chairman of the Board, the Chief Executive Officer of the CAC and Pastor Linton Williams of the North Street Seventh-Day Adventist Church



An attentive audience at the World Consumer Rights Day event

## Consumer Protection Act (CPA) Workshop



Participants at the CPA Workshop listen attentively to one of the presentations.



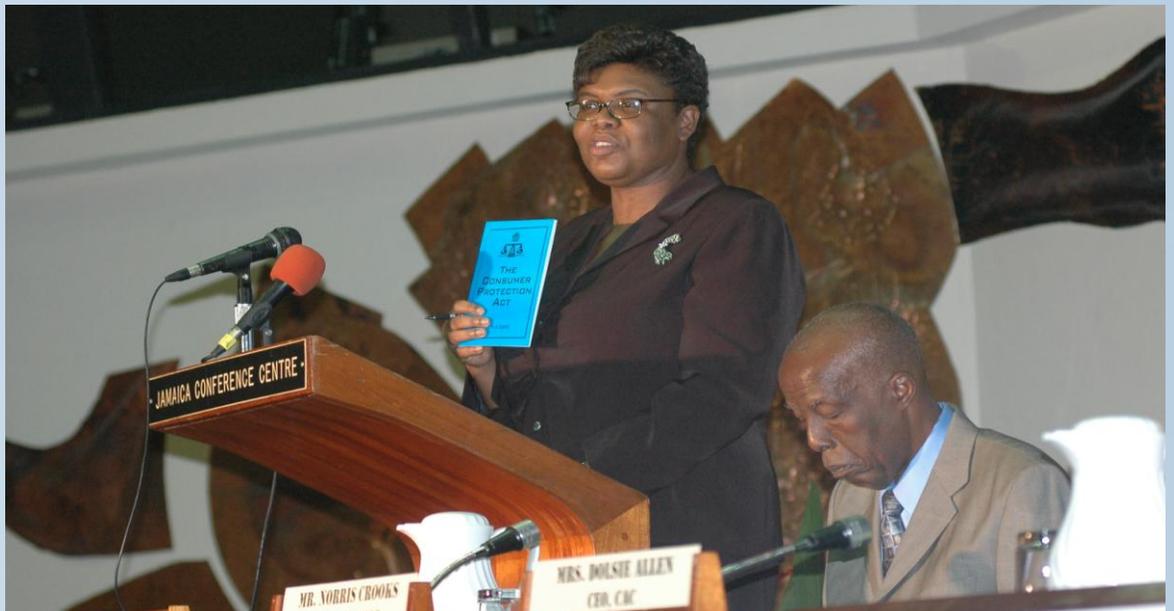
Suzanne Dodd, Attorney-at-Law and Board member of the CAC addressing the audience on the implications of the Consumer Protection Act



An attentive audience at the workshop on the Consumer Protection Act



CAC team members at the registration desk



Chief Executive Officer of the CAC, Mrs. Dolsie Allen, displays a copy of the Consumer Protection Act. Seated is Chairman of the Board, Mr. Norris Crooks.

## COMPLAINTS RESOLUTION

In its continued mission to obtain redress on behalf of aggrieved consumers, the Commission dealt with a myriad of complaints with varying levels of complexity and, for the most part, was able to provide satisfactory resolution. The period under review witnessed the CAC handling 2, 480 complaints of which 2, 290 were settled; a resolution rate of 92.3%. A comparison with the previous year indicated that there was a slight reduction in the number of complaints received, a fact which may be attributed to the disruptions caused by Hurricane Ivan. While the expected 3,000 complaints were not received however, the Commission was able to surpass the projected 80% resolution rate, an accomplishment that will be established as a benchmark for future endeavours.

Tangible benefits to consumers as a result of the CAC's intervention amounted to over \$18.69 million with most of this sum being secured from automobile companies. The proliferation of complaints within this category has led the CAC to believe that the situation warrants the implementation of a Code of Conduct to curb unethical practices within the Automotive Industry and steps will be taken, in the upcoming year, to lobby for this change.

St. Andrew continued to account for the majority of the complaints, but based on our statistical data all parishes continued to avail themselves of the service the Agency provides.

A significant number of consumers requested advice and information and the CAC is pleased with this new development as this indicates that the ongoing education campaign of the Agency is bearing fruit. The records suggest that 2, 295 persons accessed this service in the past year.

## **SURVEILLANCE ACTIVITIES**

Market surveillance is an integral part of the work of the CAC as the results are often used to inform policy decisions and determine the need for market intervention as well as to provide information to consumers in support of their exercise of choice in the marketplace. While the projection was for the conduct of 27 surveys, because of the passage of Hurricane Ivan in September 2004, the Commission had to respond to the needs of the consumers hence a number of surveys were conducted on price and availability of the agricultural and hardware items. As a result 47 surveys were conducted during the course of the past Financial Year. These focused on petrol, grocery and hardware prices, consumer knowledge, behaviour and attitudes, the labeling of Genetically Modified Foods available in supermarkets and the school textbook surveys.

With regard to the Petroleum Industry, based on the findings, changes in consumption pattern and instability in other parts of the world contributed to a significant increase in the price of oil. On the local front, the passage of Hurricane Ivan and an explosion at the Petrojam oil refinery further exacerbated the situation and drove prices to an all time high. Results of the petrol survey clearly indicated that there was a 22.38% increase in the price of 87 octane gasoline and a 21.33% increase in the price of 90 octane gasoline while the price of diesel increased by over forty percent (40%) for the period under consideration. The change in dollar value for consumers was \$6.57 for both grades of gasoline and \$11.15 for diesel.

The CAC's survey of 14 basic commodities revealed that, with the exception of dark sugar, there was an increase in the price of all other items with the highest percentage change being thirty percent (30%) in the price of corned beef and bulk rice.

## **LOCAL, REGIONAL AND INTERNATIONAL COOPERATION**

In its continued effort to liaise with members of the business community, the Agency facilitated eight meetings with distributors, producers and consumer interests groups, seven of which were chaired by the Minister of Industry, Technology, Energy and Commerce, the Honourable Phillip Paulwell. The primary emphasis in these meetings was the availability and price of some basic consumer items.

Subsequent to the passage of Hurricane Ivan, meetings were held with members of the distributive trade to address issues such as the supply of crucial items in light of increased demand.

The Consumer Affairs Commission availed itself of all opportunities to foster better delivery of its services to local consumers and as such representatives were, from time to time, asked to participate in conferences and seminars convened by local groups or by external consumer advocacy bodies.

Locally, staff members attended in excess of 135 meetings to ensure that the Agency had a voice in the formulation of policies and decisions impacting consumers. The Bureau of Standards Jamaica accounted for the majority of these meetings.

The Agency also took its issues to meetings that were held outside of Jamaica. The Chief Executive Officer attended two such events; a seminar on Trade, Food Safety and Security in Barbados convened by Consumers International Regional Office for Latin America (CIROLAC) and the second CARICOM meeting on consumer affairs held in Guyana to discuss developments with respect to the CARICOM Single Market and Economy.



Miss Aneita Banton, Research and Communication Officer, attended the 14<sup>th</sup> meeting of the CODEX Alimentarius Commission (CAC) Coordinating Committee for Latin America and the Caribbean (CCLAC) held in Buenos Aires, Argentina. The key recommendation of this meeting was the need for the development of guidelines to support the involvement of organizations such as the CAC in the work of CODEX.

## **SUMMARY AND OUTLOOK**

In retrospect, the year 2004/2005 was a quite eventful one that ended on a positive note with most of the objectives being realized. One of the greatest hurdles, the enactment of the Consumer Protection Act, has been surmounted and has given the Commission a renewed drive to execute its mandate. We once again reaffirm our commitment to the task at hand and will continue to:

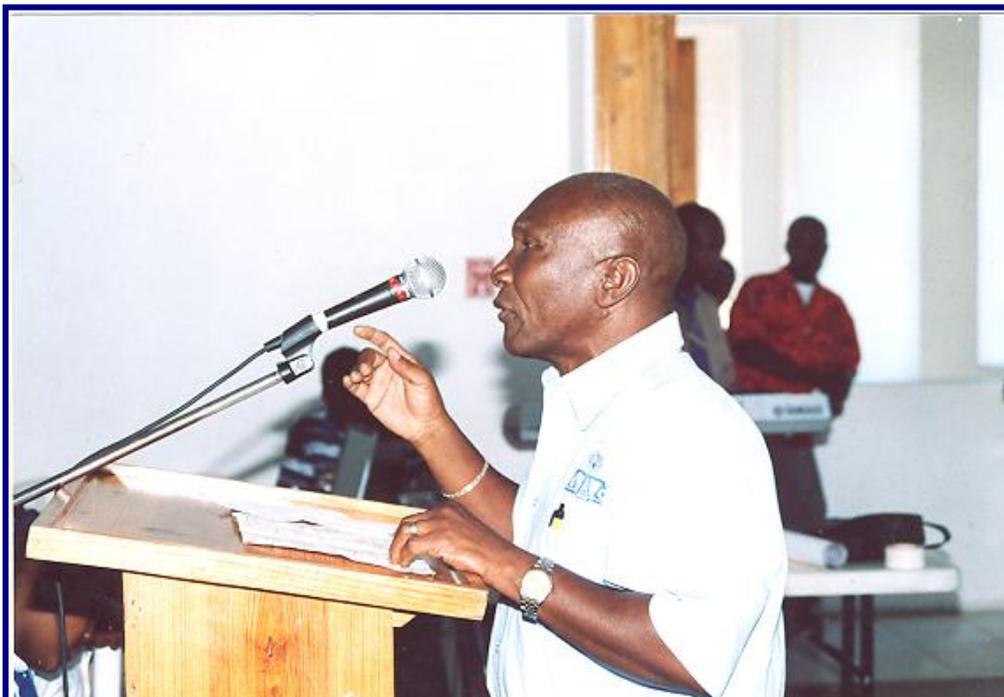
- educate consumers on the meaning and implications of the Consumer Protection Act (CPA)
- strive for the completion of a Consumer Documentation and Information Centre to provide increased access to information
- restructure the organization by improving and empowering its human resources to guarantee the highest level of efficiency
- intervene on behalf of consumers whose rights have been violated and
- liaise with members of the business community to guide and monitor their marketplace operations
- collaborate with other agencies and ministries to capitalize on synergies

The Agency and all its members are proud servants of the people and will continue to secure the rights of all, thereby protecting our future.

## Pictorial Highlights



Students of Guy's Hill High School performing at the PCJ/CAC seminar held in February 2005



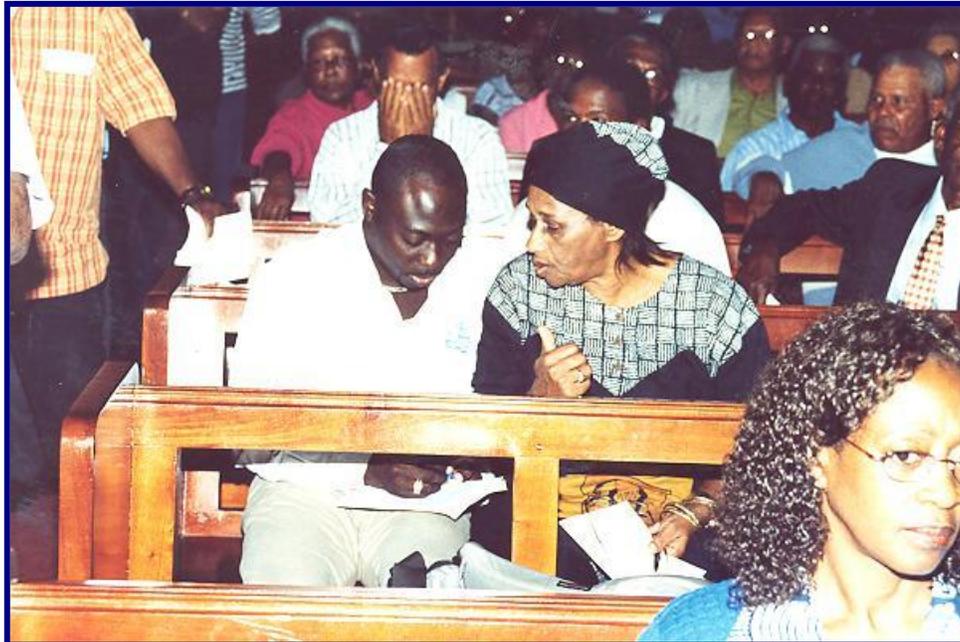
Regional Officer of the CAC, Ralston Patterson addressing the audience at the PCJ/CAC seminar held in February 2005



Visitors to the CAC booth at the Jamaica Consumer Electronic Show held July 2004



Regional Officer of the CAC, Ralston Patterson, making a presentation to Burger King staff members at the Burger King Book Drive held July 2004



CAC Regional Officer, Richard Rowe assisting a participant at the Utility Forum held in January 2005



Students performing at the PCJ/CAC seminar held at Knox College in November 2004



Dolsie Allen  
Chief Executive Officer

## Schedule of Emoluments – Directors and Senior Officers

### DIRECTORS COMPENSATION APRIL'04 –MARCH'05

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
<b>Chairman</b>	<b>\$96,000.00</b>				<b>\$96,000.00</b>
<b>10 Directors</b>	<b>\$392,500.00</b>				<b>\$392,500.00</b>

*Notes*

1. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

## SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Chief Exec. Officer	Apr'04-Mar'05	1,980,000.00p.a.		341,220.00p.a		22,620.00		2,343,840.00 p.a.
Finance & Admin Mgr	Apr'04-Mar'05	1,604,726.00p.a.		180,000.00p.a		22,620.00		1,807,346.00 p.a.
Dir. for Western Div. Field Op.	Apr'04-Mar'05	947,071.00p.a.		180,000.00p.a		22,620.00		1,149,691.00 p.a.
Dir. Of Field OP.	Apr'04-Mar'05	1,350,000.00p.a.		180,000.00p.a		22,620.00		1,552,620.00 p.a.
Senior Accountant	Apr'04-Mar'05	1,137,750.00p.a.		180,000.00p.a		22,620.00		1,340,370.00 p.a.
Communication Specialist	Apr'04-Mar'05	Vacant						
Dir. Of Research	Apr'04-Mar'05	1,490,147.00p.a.		180,000.00p.a		22,620.00		1,692,767.00 p.a.
Legal Officer	Apr'04-Mar'05	Vacant						

### *Notes*

1. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.



# CONSUMER AFFAIRS COMMISSION

An Agency of the Ministry of Industry,  
Technology, Energy and Commerce

## CONSOLIDATED FINANCIAL STATEMENTS 31<sup>st</sup> MARCH 2005



**CONSUMER AFFAIRS COMMISSION**  
**FORMERLY**  
**THE PRICES COMMISSION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2005**

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## **AUDITORS' REPORT**

To the Members of  
Consumer Affairs Commission  
(formerly The Prices Commission)

(A body corporate established under the Trade Law 1955 as  
amended by the Trade Amendment Act 1970)

We have audited the financial statements set out on pages 2 to 16 and have received all the information and explanations which we considered necessary. These financial statements are the responsibility of the Commission's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of the commission's affairs as at

31 March 2005, and of the results of its operations, its changes in equity and its cash flows for the year then ended, and have been prepared in accordance with International Financial Reporting Standards comply with the provisions of the Jamaican Companies Act.

**Chartered Accountants**

9 January 2006

**CONSUMER AFFAIRS COMMISSION**  
**FORMERLY**  
**THE PRICES COMMISSION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**31 MARCH 2005**

	<u>Note</u>	<u>2005</u> \$	<u>2004</u> \$
<b>INCOME:</b>			
Government grants		40,616,127	40,903,108
Grant (specific)	4	498,348	551,743
Interest income		<u>1,849,263</u>	<u>21,595</u>
		<u>42,963,738</u>	<u>41,476,446</u>
<b>EXPENDITURE: (pages 4 and 5)</b>			
Personal emoluments		16,567,054	( 14,026,990)
Travelling and subsistence		3,969,303	4,127,069
Rental		2,950,745	2,744,335
Public utilities		2,030,484	1,620,245
Other operating and general expenses		<u>4,712,003</u>	<u>6,008,099</u>
		<u>30,229,589</u>	<u>472,758</u>
Surplus for the year		12,734,149	41,003,688
Depreciation		( <u>454,643</u> )	( <u>464,113</u> )
Net surplus		<u>12,279,506</u>	<u>40,539,575</u>

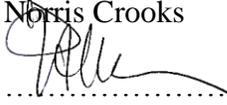
## CONSUMER AFFAIRS COMMISSION

## FORMERLY

## THE PRICES COMMISSION

## BALANCE SHEET

31 MARCH 2005

	Note	2005 \$	2004 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Fixed assets	6	3,324,388	3,663,350
Retirement benefit asset	7	<u>67,464,000</u>	<u>61,196,000</u>
		<u>70,788,388</u>	<u>64,859,350</u>
<b>CURRENT ASSETS:</b>			
Receivables and prepayments	8	440,629	284,921
Cash and bank balances	9	<u>5,552,322</u>	<u>685,021</u>
		<u>5,992,951</u>	<u>969,942</u>
		<u>76,781,339</u>	<u>65,829,292</u>
<b><u>RESERVES AND LIABILITIES:</u></b>			
<b>RESERVES:</b>			
Retirement benefit reserve		67,464,000	61,196,000
Retained earnings		<u>5,692,944</u>	( <u>318,562</u> )
		<u>73,156,944</u>	<u>60,877,438</u>
<b>CURRENT LIABILITIES:</b>			
Payables and accruals	10	3,624,395	4,951,854
On behalf of the Commission.			
<i>for</i> 	) Chairman	_____	_____
Norris Crooks	)		
	)		
.....) Executive Director			
Dolsie Allen		<u>76,781,339</u>	<u>65,829,292</u>

**CONSUMER AFFAIRS COMMISSION**

**FORMERLY**

**THE PRICES COMMISSION**

**SCHEDULE OF EXPENDITURE**

**31 MARCH 2005**

	<u>2005</u>	<u>2004</u>
	\$	\$
PERSONAL EMOLUMENTS:		
Permanent pensionable	18,504,561	19,328,484
Staff welfare            135,750            -		
Temporary and casual	1,088,211	2,455,229
Other allowance	1,509,772	1,413,589
Pension contributions	( 5,875,262)	(38,671,000)
Group health insurance	-	51,760
National insurance	250,883	200,976
National Housing Trust	498,348	607,398
Education tax	<u>454,791</u>	<u>586,574</u>
	<u>16,567,054</u>	<u>( 14,026,990)</u>
TRAVELLING AND SUBSISTENCE:		
Air passage	256,415	233,243
Motor cars - upkeep	2,770,816	2,800,308
Mileage allowance	724,731	663,153
Subsistence	199,140	188,741
Transportation	<u>18,201</u>	<u>241,624</u>
	<u>3,969,303</u>	<u>4,127,069</u>
RENTAL – offices	<u>2,950,745</u>	<u>2,744,335</u>

**CONSUMER AFFAIRS COMMISSION**

**FORMERLY**

**THE PRICES COMMISSION**

**SCHEDULE OF EXPENDITURE**

**31 MARCH 2005**

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>PUBLIC UTILITIES:</b>		
Electricity	642,767	472,277
Telephone and internet	<u>1,387,717</u>	<u>1,147,968</u>
	<u>2,030,484</u>	<u>1,620,245</u>
 <b>OTHER OPERATING AND GENERAL EXPENSES:</b>		
Directors' fees	488,500	614,500
Exhibition, conference and seminars	570,107	525,772
Professional services	355,000	150,655
Other services	6,786	374
Repairs - furniture and equipment	153,673	240,439
Insurance	220,826	129,815
Cleaning and sanitation	17,426	26,010
Audit fees - current year	435,000	395,000
- prior year overprovision	-	( 5,000)
Advertising	757,659	841,216
Security services	94,486	223,319
Miscellaneous	284,550	716,075
Food and drinks	256,719	323,100
Subvention	460,000	431,570
Medical supplies	3,548	3,518
Staff training	132,450	17,090
Printing, stationery and photocopy expenses	354,111	664,607
Wireless, cable and postage	11,710	8,839
Subscriptions and membership fees	89,813	80,888
WCRD activities	-	548,917
Bank charges	9,670	25,416
Loss on disposal of fixed assets	<u>9,969</u>	<u>45,979</u>
	<u>4,712,003</u>	<u>6,008,099</u>

**CONSUMER AFFAIRS COMMISSION**  
**FORMERLY**  
**THE PRICE COMMISSION**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 MARCH 2005**

	<u>Retirement Benefit Reserve</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
<b>Year Ended 31 March 2005 -</b>			
Balance at 31 March 2004	61,196,000	( 318,562)	60,877,438
Net surplus	-	12,279,506	12,279,506
Transfer to retirement benefit reserve	<u>6,268,000</u>	( <u>6,268,000</u> )	<u>-</u>
Balance at 31 March 2005	<u>67,464,000</u>	<u>5,692,944</u>	<u>73,156,944</u>
<b>Year Ended 31 March 2004 –</b>			
Balance at 31 March 2003	22,172,000	( 1,834,137)	20,337,863
Net surplus	-	40,539,575	40,539,575
Transfer to retirement benefit reserve	<u>39,024,000</u>	( <u>39,024,000</u> )	<u>-</u>
Balance at 31 March 2004	<u>61,196,000</u>	( <u>318,562</u> )	<u>60,877,438</u>

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**STATEMENT OF CASH FLOWS**

**31 MARCH 2005**

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>CASH RESOURCES WERE PROVIDED BY/(USED IN):</b>		
<b>OPERATING ACTIVITIES -</b>		
Net surplus	12,279,506	40,539,575
Adjustments to reconcile net surplus to cash provided by operating activities -		
Loss on disposal of fixed assets	9,969	45,979
Depreciation	454,643	464,113
Retirement benefit asset	( 6,268,000)	( 39,024,000)
	6,476,118	2,025,667
Changes in operating assets/(liabilities) -		
National Housing Trust	-	86,095
Receivables and prepayments	( 155,708)	178,651
Payables and accruals	( 1,327,459)	( 1,519,767)
Net cash provided by operating activities	<u>4,992,951</u>	<u>770,646</u>
<b>INVESTING ACTIVITIES -</b>		
Proceeds from disposal of fixed assets	-	1,500
Additions to fixed assets	( 125,650)	( 389,048)
Net cash used in investing activities	( 125,650)	( 387,548)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,867,301	383,098
Cash and cash equivalents at beginning of year	<u>685,021</u>	<u>301,923</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>5,552,322</u>	<u>685,021</u>
<b>Represented by:</b>		
Cash and bank balances	<u>5,552,322</u>	<u>685,021</u>

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**1. STATUS AND PRINCIPAL ACTIVITY:**

The Commission seeks to promote consumer education in all the parishes of Jamaica.

At 31 March 2005 the legislative changes regarding the Consumer Protection Act were not finalised. Therefore, the requirements in regard to its change of name to Consumer Affairs Commission had not been met.

These financial statements incorporate transactions for the Consumer Education and Consumer Alliance projects.

**2. REPORTING CURRENCY:**

These financial statements are expressed in Jamaican dollars.

**3. SIGNIFICANT ACCOUNTING POLICIES:**

(a) Basis of preparation -

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

(b) Use of estimates -

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

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

(c) Fixed assets -

All fixed assets are stated a historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on fixed assets at rates calculated to write off the cost of the assets to their residual values over their estimated useful lives. Annual rates are as follows: -

Leasehold improvement	2½%
Furniture, fixtures and equipment	10%
Computers	10%

Gains and losses on disposal are determined by comparing proceeds with carrying amounts are included in net surplus.

(d) Employee benefits -

The Commission operates a defined benefit pension plan, the assets of which are held in separate trustee-administered funds. The plan is funded by the payments from employees and by the organization, taking account of the recommendations of independent qualified actuaries.

The pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms of maturity approximating the terms of the related liability. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

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

(e) Revenue recognition -

Income is recognised as it accrues unless collectibility is in doubt.

(f) Pension costs -

The organization accrues and funds pension costs annually. Such costs are actuarially determined and include amounts to fund future benefits, expenses and past service benefits.

(g) Financial instruments -

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial instruments carried on the balance sheet include cash and bank balances, receivables and payables. The particular recognition methods adopted are disclosed in the respective policy statements associated with each item.

(h) Comparative information -

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

4. **SPECIFIC GRANT:**

The Ministry of Finance and Planning is committed to funding the Commission's liability for the National Housing Trust contributions. The amount of \$498,348 represents contributions payable for the year.

5. **STAFF COSTS:**

	<u>2005</u>	<u>2004</u>
	\$	\$
Personal emoluments	16,567,054	(14,026,990)
Travelling and subsistence	<u>3,001,687</u>	<u>3,332,316</u>
	<u>19,568,741</u>	<u>(10,694,674)</u>

The organization employed twenty two (22) persons at the end of the year as in the previous year.

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**6. FIXED ASSETS:**

	<u>Improvement</u>	<u>Equipment</u>	<u>Furniture, Fixtures Leasehold Computers</u>	<u>and Total</u>
	\$	\$	\$	\$
<b>Year Ended 31 March 2005 -</b>				
Net book value				
31 March 2004	1,486,141	1,260,126	917,083	3,663,350
Additions	-	71,085	54,565	125,650
Disposals	-	( 11,077)	-	( 11,077)
Depreciation charge	( 39,281)	( 241,569)	( 173,793)	( 454,643)
Eliminated on disposal	-	1,108	-	1,108
	<u>1,446,860</u>	<u>1,079,673</u>	<u>797,855</u>	<u>3,324,388</u>
31 March 2005	<u>1,446,860</u>	<u>1,079,673</u>	<u>797,855</u>	<u>3,324,388</u>
<b>At 31 March 2005 -</b>				
Cost	1,571,250	3,045,732	1,878,142	6,495,124
Accumulated depreciation	( 124,390)	( 1,966,059)	( 1,080,287)	( 3,170,736)
Net book value	<u>1,446,860</u>	<u>1,079,673</u>	<u>797,855</u>	<u>3,324,388</u>
<b>Year Ended 31 March 2004 -</b>				
Net book value				
31 March 2003	1,525,422	1,307,012	953,460	3,785,894
Additions	-	208,392	180,656	389,048
Disposals	-	-	( 69,971)	( 69,971)
Depreciation charge	( 39,281)	( 255,278)	( 169,554)	( 464,113)
Eliminated on disposal	-	-	22,492	22,492
	<u>1,486,141</u>	<u>1,260,126</u>	<u>917,083</u>	<u>3,663,350</u>
31 March 2004	<u>1,486,141</u>	<u>1,260,126</u>	<u>917,083</u>	<u>3,663,350</u>
<b>A 31 March 2004 -</b>				
Cost	1,571,250	2,985,724	1,823,577	6,380,551
Accumulated depreciation	( 85,109)	( 1,725,598)	( 906,494)	( 2,717,201)
Net book value	<u>1,486,141</u>	<u>1,260,126</u>	<u>917,083</u>	<u>3,663,350</u>

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**7. RETIREMENT BENEFIT ASSET:**

The Commission operates a defined benefit pension scheme (see note 3 (d)) which is open to all permanent employees and is managed by an independent outside agency. The scheme is funded by employees' contribution at the rate of 5% of pensionable salary. Employees may make additional voluntary contributions not exceeding a further 5%.

The Commission meets the balance of the cost of the scheme's benefits. Normal retirement pension is based on 2% of final pensionable salary per year of pensionable service.

The disclosures below are based on the independent actuarial valuation as at 18 October 2005.

(a) Amounts recognised in income in respect of the defined benefit plan are as follows:

	<u>2005</u> <u>\$'000</u>	<u>2004</u> <u>\$'000</u>
Net actuarial gain recognised in year	1,987	-
Current service cost	( 2,615)	( 725)
Interest cost	( 2,998)	( 2,437)
Expected return on plan assets	15,219	9,572
Change in disallowed assets	( 5,372)	36,395
Past service cost - non vested benefits	( 266)	( 266)
- vested benefits	<u>-</u>	<u>( 3,868)</u>
Net income recognised in income statement	<u>5,965</u>	<u>38,671</u>

This amount is included in staff costs.

(b) The amount included in the balance sheet in respect of the defined benefit

retirement plan comprises:

	<u>2005</u> <u>\$'000</u>	<u>2004</u> <u>\$'000</u>
Present value of funded obligations	( 28,942)	( 24,750)
Fair value of plan assets	<u>192,616</u>	<u>152,314</u>
	163,674	127,564
Unrecognised actuarial losses	( 63,191)	( 38,985)
Unrecognised past service cost	1,865	2,131
Unrecognised amount to limitation	( 34,884)	( 29,514)
Asset recognised in balance sheet	<u>67,464</u>	<u>61,196</u>

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**7. RETIREMENT BENEFIT ASSETS (CONT'D):**

(c) Movement in net assets in the current year were as follows:

	<u>2005</u>	<u>2004</u>
	<u>\$'000</u>	<u>\$'000</u>
Net asset at start of year	61,196	22,172
Net income recognised in income statement	5,965	38,671
Contributions paid by the company	<u>303</u>	<u>353</u>
	<u>67,464</u>	<u>61,196</u>

(d) Key financial assumptions used:

	<u>2005</u>	<u>2004</u>
	<u>%</u>	<u>%</u>
Discount rate	12.5	12.5
Rate of escalation of pensionable earnings	9	8.5
Rate of increase in pensions	5	4
Expected long term rate of return on scheme assets	10	10

Expenses - allowance is made for administrative expense at the rate of 5% of members' pensionable earnings.

**8. RECEIVABLES AND PREPAYMENTS:**

	<u>2005</u>	<u>2004</u>
	<u>\$</u>	<u>\$</u>
Staff receivables	135,583	10,911
Withholding tax	116,123	108,671
Other receivables	132,310	109,656
Prepayments	<u>56,613</u>	<u>55,683</u>
	<u>440,629</u>	<u>284,921</u>

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**9. CASH AND BANK BALANCES:**

	<u>2005</u>	<u>2004</u>
	\$	\$
Petty cash	3,000	3,000
Fixed deposits	1,022,358	-
Local currency accounts	<u>4,526,964</u>	<u>682,021</u>
	<u>5,552,322</u>	<u>685,021</u>

**10. PAYABLES AND ACCRUALS:**

	<u>2005</u>	<u>2004</u>
	\$	\$
Accounts payable	32,760	1,245,344
Other payables and accruals	<u>3,591,635</u>	<u>3,706,510</u>
	<u>3,624,395</u>	<u>4,951,854</u>

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**11. SOURCES AND USES OF FUNDS:**

The comparative details between budgeted and actual income and expenditure as are as follows:

	<u>Budget</u>	<u>Actual</u>	Variance Favourable/ <u>(Unfavourable)</u>
	\$	\$	\$
Income:			
Government grants	43,626,000	40,616,127	( 3,009,873)
Other	<u>-</u>	<u>2,347,611</u>	<u>2,347,611</u>
	<u>43,626,000</u>	<u>42,963,738</u>	( <u>662,262</u> )
Expenditure:			
Personal emoluments	27,523,000	16,567,054	10,955,946
Travel and subsistence	4,760,000	3,969,303	790,697
Other operating and general expenses	5,194,000	4,712,003	481,997
Rent	4,021,000	2,950,745	1,070,255
Public utilities and maintenance	<u>1,628,000</u>	<u>2,030,484</u>	( <u>402,484</u> )
	<u>43,126,000</u>	<u>30,229,589</u>	<u>12,896,411</u>
Operating surplus	500,000	12,734,149	12,234,149
Capital:			
Purchase of fixed assets	( <u>500,000</u> )	( <u>125,650</u> )	<u>374,350</u>
<b>TOTAL</b>	<u>-</u>	<u>12,608,499</u>	<u>12,608,499</u>

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**12. PENSION:**

The Commission maintains a contributory pension scheme which covers substantially all of its employees who meet eligibility requirements.

It is managed externally with employees contributing 5% of income and the Commission contributing 2%.

The scheme is subjected to annual actuarial valuations, the most recent being 18 October 2005, which revealed that the scheme was adequately funded.