

CONSUMER AFFAIRS COMMISSION

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



Protecting your rights, securing our future

Annual Report 2005 – 2006



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 market-place 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



Angela Chaplain
Principal



Pearl Earle
Retired Public Servant



Suzann Dodd
Attorney-at-Law



Hugh Campbell
Information Technology
Specialist



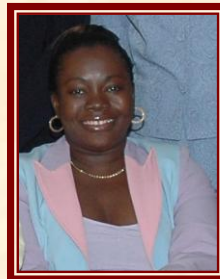
Minna Wilmot
Cosmetologist



Fay Sylvester
Consultant/Advisor



Andre Hylton
Businessman



Andrea McKenzie
Development Planner



Andrene Collings
Director of Commerce, MCST

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, 2006

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 15 of the Consumer Protection Act (2005), I transmit herewith the Commission's report for the year ended March 31, 2006 and a copy of the Commission's Audited Accounts at March 31, 2006 duly certified by the Auditors.

I am,
Yours respectfully,

A handwritten signature in purple ink, appearing to read "Norris Crooks", with a large, stylized flourish at the end.

Norris Crooks
Chairman

The Chairman's Overview



Consumers and businesses operating in today's society are displaying considerably more interest in matters relating to their rights and responsibilities. This is encouraging as it demonstrates that members of the society are increasingly recognizing the importance of consumer sovereignty.

Against this background, the Consumer Affairs Commission maintains a strategic approach to consumer education to empower consumers with the requisite skills and knowledge to function confidently, effectively and responsibly when engaged in purchasing decisions.

With the enactment of the Consumer Protection Act which became effective June 2005, the Commission has been better equipped to protect those consumers who have been aggrieved.

As we are aware, in any contractual agreement between consumers and providers, the consumer is normally the weaker of the contracting parties. Hence the CAC seeks to ensure that those who are negatively affected are protected and compensated for any loss or abuse.

The Financial Year 2005/2006 saw the Commission undergoing organizational adjustments to meet the growing expectations of a more enlightened population. The agency was granted approval for 12 additional posts, bringing the total permanent staff complement to 39.

With this new thrust, the Commission was able to have a very rewarding year having achieved most of its projected outcome.

The work of the Commission was not only confined to Jamaica but during the year the CAC was part of the decision-making process that led to the formalization of a regional consumer body known as the Caribbean Consumer Council.

Looking ahead, I am confident in our team's ability and commitment to meeting our stakeholders' expectations and wish to thank the management and staff for a job well done.

A handwritten signature in dark ink, appearing to read 'Norris Crooks', written over a horizontal line.

Norris Crooks
Chairman

The Chief Executive Officer's Report



March 2006 marked the end of another productive and fulfilling year for the Consumer Affairs Commission. The protection of the rights of consumers is our mandate and throughout the year every opportunity was seized to help us to effectively carry out this task.

Contemporary consumer-related issues garnered meaningful discussions and interest from the population and the Commission capitalized on these to identify the needs of consumers and to implement measures to improve its effectiveness. We acknowledge that there is much to be done but recognize the growing impact of the agency as we continue to promote some of the absolute rights of consumers and seek to foster balance between vendors and consumers in the Jamaican marketplace.

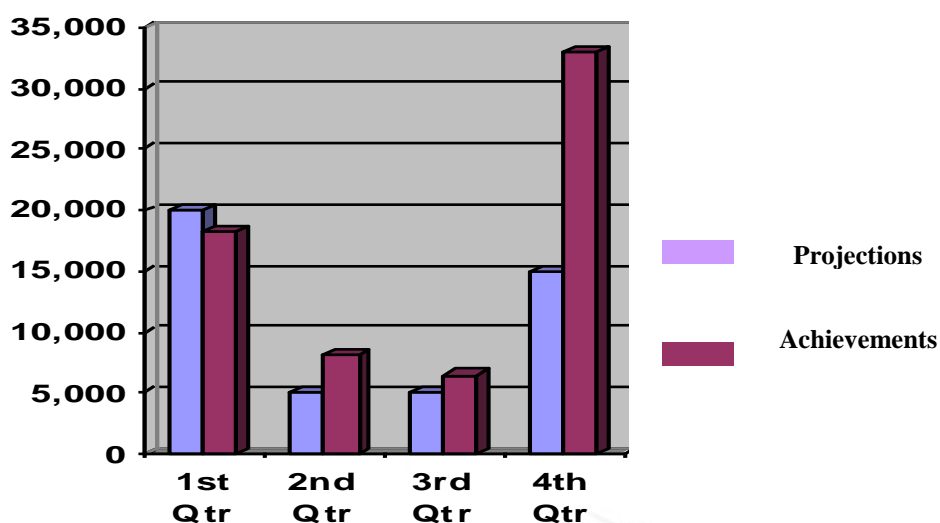
The CAC achieved its primary objectives for the year and, for the most part, met its targets in core areas such as consumer education and complaint resolution.

CONSUMER EDUCATION AND COMMUNITY OUTREACH ACTIVITIES

Community outreach plays a pivotal role in the work of the Commission as we seek to sensitize Jamaicans from all walks of life on the work of the agency, their basic consumer issues and the means by which they can obtain redress when their rights have been contravened. During the past Financial Year, the Commission was able to surpass its projected target for the year in this area as depicted in the table overleaf.

These figures reflect an improvement of 6.5% over the performance in the previous Financial Year.

PERIOD	ADULTS	STUDENTS	TOTAL	NO. OF ACTIVITIES
Quarter 1 Projections	8, 000	12, 000	20, 000	50
Quarter 1 Achievement	4, 106	14, 227	18, 333	58
Quarter 2 Projections	3, 000	2, 000	5, 000	30
Quarter 2 Achievements	5, 425	2, 743	8, 168	37
Quarter 3 Projections	2, 000	3, 000	5, 000	20
Quarter 3 Achievements	4, 588	1, 919	6, 507	58
Quarter 4 Projections	5, 000	10, 000	15, 000	60
Quarter 4 Achievements	19, 053	13, 920	32, 973	67



The year was not without its challenges however, as inclement weather hampered some activities of the Commission. The Agency however used these opportunities to devise creative solutions and strategies and deploy resources to ensure that the goals of the agency were realized. One of the fora which was used to target a previously untapped group was the incorporation of consumerism in the orientation exercise for grade 7 students at high schools. This interaction generated encouraging interest and as a result follow-up sessions were facilitated to entertain discussions on issues which had surfaced at earlier sessions. Based on this success, the Commission made formal requests to be included in the orientation exercise at schools and so far the response has been quite favourable.

In the wake of discussions about the impact of the Consumer Protection Act (CPA), several business entities, such as Singer Jamaica Limited and Courts Jamaica Limited, invited the Commission to address their management staff on the requirements of the Act. As a result, a workshop was staged at the Jamaica Conference Centre for the local business community. This provided an ideal opportunity to expose the public to the new legislation which established a structured grievance procedure for redress.

As in the previous year, the CAC in November again partnered with the Petroleum Corporation of Jamaica (PCJ) in its Energy Conservation and Environmental Education programme for students of corporate area inner-city schools. This along with the yearly presentations at schools and 4-H Parish Achievement Days formed the CAC's major community outreach thrust for the year.

World Consumer Rights day is an annual occasion for celebration and solidarity within the international consumer movement and the Commission's involvement this year took the form of a Media Breakfast hosted at the Jamaica Pegasus Hotel. The theme was "Energy: Sustainable Access for All Consumers". The CAC used the celebrations to promote its efforts at having consumer clubs established in schools and thus three schools – Kingsway High, Alpha Academy in Kingston and BalACLava High in St. Elizabeth were highlighted as having formalized consumer clubs in their schools. A World Consumer Rights Day message from the portfolio Minister, the Honourable Phillip Paulwell, was read in a number of schools and churches across the island during the week of March 15. The following table outlines the outreach activities for the Financial Year.

EVENT	NUMBER OF ACTIVITIES	REACH	PERCENTAGE OF TOTAL REACH	AVERAGE REACH PER ACTIVITY
Presentation to Adults	85	9, 586	14.5	113
Presentation at Schools	50	11, 007	16.7	220
Exhibitions, health Fairs, Trade and Agricultural Shows, SDC Community Outreach Programmes	60	25, 598	38.8	427
Presentation to Businesspersons or at Places of Work	10	392	0.6	39
Other (Pamphlet Distribution, reading of the Minister's World Consumer Rights Day Message	15	19, 398	29.4	1, 293

World Consumer Rights Day 2006



Mrs. Fay Sylvester C.D. makes presentation on behalf of the Hon. Phillip Paulwell who was unable to attend.



Minister, the Hon Burchell Whiteman makes presentation to a student of Balaclava High School. Teacher, Mrs. Patricia Bigsby looks on.



Miss Ruth Potopsingh of the Petroleum Corporation of Jamaica greets the audience.



The Alpha Boys Band performs for attendees at the World Consumer Rights Day media Breakfast.



Visitors to the World Consumer Rights Day display mounted at the St. Thomas Parish library March 15 – 31, 2006



Hon Burchell Whiteman making presentation to Principal, Mrs. Claudette Genas and student representatives of Kingsway High School

CONSUMER EDUCATION

The Commission has been exploring various avenues to ensure that its message is conveyed to consumers in a timely manner. To this end has been forging alliances with other agencies. This strategy, in addition to our continued independent effort, afforded the agency to better market its services resulting in 405 media exposures in 2005/2006.

Our mission to educate the public on consumer related matters continued during the “back to school” period. The task of educating families about budgeting and shopping for school supplies was coupled with hurricane preparedness guidelines, since this period also marked the start of the hurricane season. The involvement of the Commission in the “Back to School Fair” at the Chinese Benevolent Centre in Kingston provided an opportunity for us to reach our target audience; and this was aided by a live radio broadcast of the event.

The media also provided invaluable support through live coverage, interviews and follow-up discussions of the workshop on the Consumer Protection Act. This engaged business owners, lawyers and other related groups in discussions on the implications of this new legislation. Several of these interviews were conducted by talk show host Mrs. Barbara Gloudon on her programme RJR Hotline aired on RJR FM.

Despite management and operational changes at many media houses, the Commission maintained support from media personnel including a number of free slots on many programmes. A 15-minute interview on *Smile Jamaica TVJ* for example, which under other circumstances would have attracted a cost of \$108, 000.00 was done on March 14, 2006, at no cost to the Commission.

Our website is another avenue which allows us to disseminate vital information to consumers and the traffic on the site in the past year was an indication of increasing use and interest in the postings. Throughout the past Financial Year there were 4, 496 visits to the CAC website, a figure which we anticipate will increase drastically as more

Jamaicans become computer literate. Efforts to improve the layout and contents of the site are currently in progress.

The educational work of the Commission is inextricably linked to media and therefore the agency will continue to work in conjunction with our partners in the print and electronic media to ensure the continued dissemination of information.

COMPLAINT RESOLUTION SERVICES

The Financial Year 2005/2006 saw a noticeable decline in the number of new complaints, falling from 2,329 in the previous year to 1,792 in the year just ended, a decrease of 23%. In addition to the cases brought forward from the previous year the Commission handled 1,982 cases of which 1,845 were resolved, a resolution rate of 93%. The Commission was also able to reduce the complaints carried forward from 190 at the start of the year to 142 at year end.

In a number of instances, complaints lodged by some consumers allow us the opportunity to intervene in securing the rights of other consumers as was the case in this past year when complaints led to the recall of a no brand baby stroller and motorcyclist's helmet.

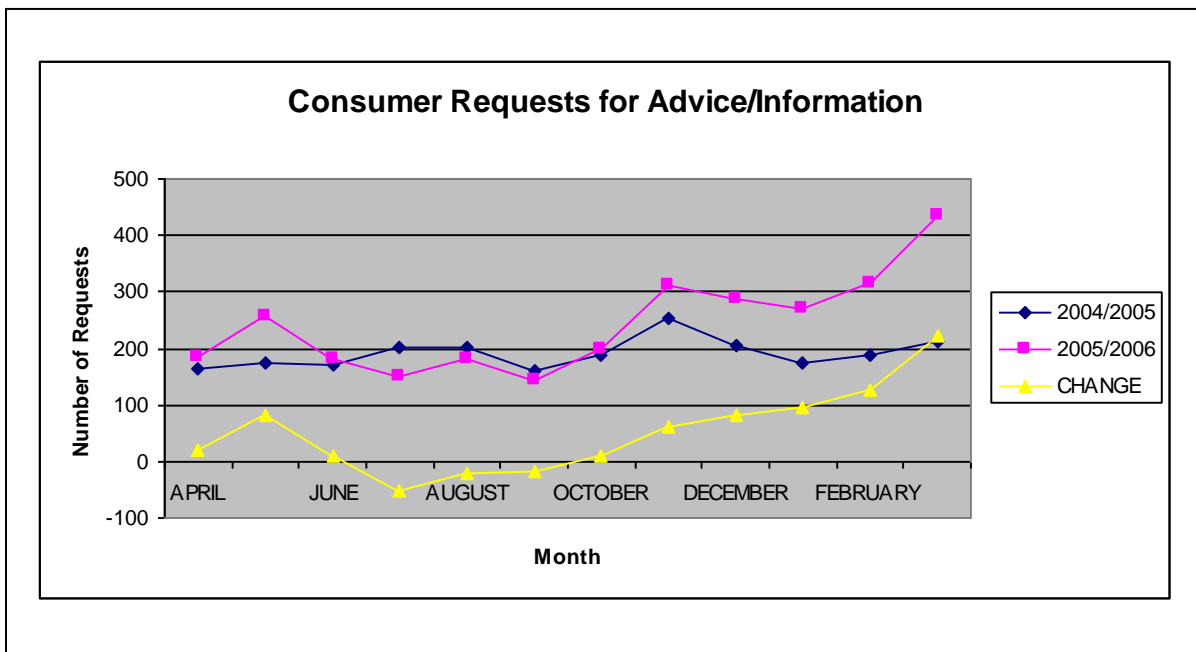
Based on observations of the trend over the year, the automobile sector continues to be the most problematic area of complaint because of the prevalence of unscrupulous practices. The Commission also remains concerned that many consumers are exploited because they fail to conduct due diligence in the process of acquiring a vehicle. This may explain why most of the \$17M recovered for refunds and compensation for the year was attributable to this area.

Unlike the reduction in complaints, the number of requests for information and advice increased. This may account for the reduction in new complaints as consumers are

better equipped to negotiate for themselves and therefore suffer less after-sale dissatisfaction. The queries, as usual, spanned a wide range of topics and sometimes required further investigation before appropriate responses could be furnished. In the past Fiscal Year, the requests for information were predominantly in regard to the recall by the Caribbean Cement Company Limited of non-conforming cement that was placed on the market in February 2006.

The Commission was instrumental in assisting the Caribbean Cement company in implementing a procedural guide to complainants in lodging their complaints against the company.

The graph below depicts the trend for consumer requests for advice/information between 2005 and 2006.



MARKET SURVEILLANCE

During the Fiscal Year 2005/2006, the CAC conducted market surveillance in all targeted areas despite the inclement weather particularly in the hurricane season.

The Research Unit of the Commission conducted eleven (11) grocery surveys, with four being special surveys of critical basic items during the hurricane season. The grocery surveys focused on thirteen (13) food items, twelve (12) of which reflected price increases, ranging from 5% - 20%. There were three major announcements of price increases over the period; the affected goods being best-dressed chicken, baked products and dark sugar.

Based on the Corporate Plan, the Commission projected to conduct monthly petrol surveys at 76 outlets. While we were not able to realize our goal, we were able to attain 93% coverage. The year in retrospect had a fair mix of challenges and positive developments as it relates to the Petroleum Industry. All grades of gasoline and Auto Diesel experienced price increase - 87 octane gasoline, 27.51%; 90 octane gasoline, 26.40% and Auto Diesel 31.49%.

The significant increases in the price of petrol have been attributed to the spiraling increase in the price of oil on the world market. During this financial period, however, Jamaica along with other CARICOM territories signed the PetroCaribe Agreement. All countries which are signatories to this agreement will be permitted deferred payment for oil imported from Venezuela. The PetroCaribe Agreement will also facilitate increased capacity for the state owned refinery, Petrojam and investment in Ethanol production and refining for export and local use.

On the local scene, there were other challenges such as an ongoing dispute between Jamaica Gasoline Retailers Association (JGRA) and the marketing companies, primarily Esso Standard Oils over alleged unfair pricing strategy and contractual policies. Following the failure of the marketing companies to sign the JGRA Code of Conduct,

the JGRA requested that the document be converted into law thereby making it mandatory.

STAFF

During the period 2005/2006, the Commission welcomed on board, two new members of staff, Miss Dorothy Campbell, Communications Specialist and Mr. Ralston Carnegie, Complaints Officer. The appointment of Miss Campbell is expected to help the CAC gain greater publicity and better market itself and the service it provides. Mr. Carnegie will augment the small cadre of complaint officers whose volume of work has been steadily increasing over time.

As one of the advocates of high standards, the CAC facilitated the ongoing training of its staff to equip them with the requisite skills for improved performance. A number of persons benefitted from these exercises.

SUMMARY AND OUTLOOK

The Commission looks forward to the future with great enthusiasm and high expectations. There are a number of plans afoot to better position the agency to carry out its mandate of creating informed and responsible consumers.

1. The Commission intends to intensify staff training in the use of the new Case Management System. This recently installed system should increase the efficiency of the agency in handling consumer complaints.
2. Every effort is being made to implement the Citizen's Charter at the earliest possible time. In fact, it is expected to become operational some time in May.
3. The Commission is working towards the introduction of Consumer Clubs in schools to expose students to consumer issues from an early age. A manual for this purpose is being drafted and should be ready for circulation some time in June.
4. The Commission intends to increase its media activities particularly with regard to familiarizing consumers with the contents of the Consumer Protection Act.

The Commission will continue to execute its responsibilities with diligence and increased efficiency to ensure that Jamaican consumers are protected from unscrupulous vendors and illicit practices, that they have a voice in the drafting and implementation of policies which directly or indirectly affect their rights as consumers, that there is always recourse when their rights have been contravened and that both vendors and consumers have reasonable grasp of their responsibilities.



CAC Director of the Western Region, Pash Fuller in conversation with visitors to the CAC booth at the National Health Fund Health Fair held in March 2006. Complaint Officer, Cleveland Parker looks on.

Dolsie Allen
Chief Executive Officer

Schedule of Emoluments – Directors and Senior Officers

DIRECTORS COMPENSATION APRIL '05 –MARCH'06

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 (\$)
Chairman	\$98,500.00				\$98,500.00
10 Board Directors	\$394,375.00				\$394,375.00

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 '05-Mar '06	2,080,238.00 p.a.		341,220.00p.a.		22,620.00		2,444,078.00 p.a.
Finance & Admin Mgr	Apr '05-Mar '06	1,604,726.00 p.a.		180,000.00p.a.		22,620.00		1,807,346.00 p.a.
Dir. for Western Div. Field Op.	Apr '05-Mar '06	1,350,000.00 p.a.		180,000.00p.a.		22,620.00		1,552,620.00 p.a.
Dir. Of Field OP.	Apr '05-Mar '06	1,418,344.00 p.a.		180,000.00p.a.		22,620.00		1,620,964.00 p.a.
Senior Accountant	Apr '05-Mar '06	1,166,194.00 p.a.		180,000.00p.a.		22,620.00		1,368,814.00 p.a.
Communication Specialist	Apr '05-Mar '06	947,071.00p.a.		180,000.00p.a.		22,620.00		1,149,691.00 p.a.
Dir. Of Research	Apr '05-Mar '06	1,604,726.00 p.a.		180,000.00p.a.		22,620.00		1,807,734.00 p.a.
Legal Officer	Apr '05-Mar '06	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, Investment & Commerce

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31 2006



CONSUMER AFFAIRS COMMISSION
FORMERLY
THE PRICES COMMISSION
CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2006

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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 17 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 that 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 2006, 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

21 July 2006

CONSUMER AFFAIRS COMMISSION
FORMERLY
THE PRICES COMMISSION
INCOME AND EXPENDITURE ACCOUNT
31 MARCH 2006

	<u>Note</u>	<u>2006</u> \$	<u>2005</u> \$
INCOME:			
Government grants		37,524,484	40,616,127
Grant (specific)	3	545,962	498,348
Interest income		<u>930,981</u>	<u>1,849,263</u>
		<u>39,001,427</u>	<u>42,963,738</u>
 EXPENDITURE: (pages 4 and 5)			
Personal emoluments		26,106,027	16,567,054
Travelling and subsistence		5,283,406	3,969,303
Rental		4,398,784	2,950,745
Public utilities		2,382,504	2,030,484
Other operating and general expenses		<u>6,284,980</u>	<u>4,712,003</u>
		<u>44,455,701</u>	<u>30,229,589</u>
 (Deficit)/surplus for the year		 (5,454,274)	 12,734,149
Depreciation		(<u>546,990</u>)	(<u>454,643</u>)
Net (deficit)/surplus		<u>(6,001,264)</u>	<u>12,279,506</u>

CONSUMER AFFAIRS COMMISSION

FORMERLY

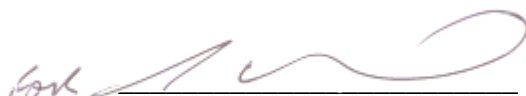
THE PRICES COMMISSION

BALANCE SHEET

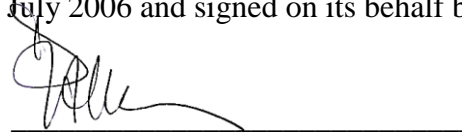
31 MARCH 2006

	Note	2006 \$	2005 \$
NON-CURRENT ASSETS:			
Fixed assets	5	4,676,022	3,324,388
Retirement benefit asset	6	<u>63,607,000</u>	<u>67,464,000</u>
		<u>68,283,022</u>	<u>70,788,388</u>
CURRENT ASSETS:			
Receivables and prepayments	7	654,046	440,629
Cash and bank balances	8	<u>1,496,773</u>	<u>5,552,322</u>
		<u>2,150,819</u>	<u>5,992,951</u>
		<u>70,433,841</u>	<u>76,781,339</u>
<u>RESERVES AND LIABILITIES:</u>			
RESERVES:			
Retirement benefit reserve		63,607,000	67,464,000
Retained earnings		<u>3,548,680</u>	<u>5,692,944</u>
		<u>67,155,680</u>	<u>73,156,944</u>
CURRENT LIABILITIES:			
Payables and accruals	9	3,278,161	3,624,395
		<u>70,433,841</u>	<u>76,781,339</u>

Approved for issue by the Board of Directors on 21 July 2006 and signed on its behalf by:



 Norris Crooks - Chairman



 Dolsie Allen - Executive Director

CONSUMER AFFAIRS COMMISSION

FORMERLY

THE PRICES COMMISSION

SCHEDULE OF EXPENDITURE

31 MARCH 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
PERSONAL EMOLUMENTS:		
Permanent pensionable	19,195,873	18,504,561
Staff welfare	-	135,750
Temporary and casual	968,507	1,088,211
Other allowance	469,948	1,509,772
Pension contributions	4,144,867	(5,875,262)
National insurance	267,283	250,883
National Housing Trust	545,962	498,348
Education tax	<u>513,587</u>	<u>454,791</u>
	<u>26,106,027</u>	<u>16,567,054</u>
TRAVELLING AND SUBSISTENCE:		
Air passage	138,582	256,415
Motor cars - upkeep	3,047,079	2,770,816
Mileage allowance	1,720,619	724,731
Subsistence	313,135	199,140
Transportation	<u>63,991</u>	<u>18,201</u>
	<u>5,283,406</u>	<u>3,969,303</u>
RENTAL – offices	<u>4,398,784</u>	<u>2,950,745</u>

CONSUMER AFFAIRS COMMISSION

FORMERLY

THE PRICES COMMISSION

SCHEDULE OF EXPENDITURE

31 MARCH 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
PUBLIC UTILITIES:		
Electricity	846,998	642,767
Telephone and internet	<u>1,535,506</u>	<u>1,387,717</u>
	<u>2,382,504</u>	<u>2,030,484</u>
OTHER OPERATING AND GENERAL EXPENSES:		
Directors' fees	492,875	488,500
Exhibition, conference and seminars	788,207	570,107
Professional services	600,400	355,000
Other services	48,849	6,786
Repairs - furniture and equipment	47,363	153,673
Insurance	265,627	220,826
Cleaning and sanitation	32,874	17,426
Audit fees - current year	550,000	435,000
- prior year overprovision	28,000	-
Advertising	863,783	757,659
Security services	90,517	94,486
Miscellaneous	433,433	284,550
Food and drinks	561,453	256,719
Subvention	460,000	460,000
Medical supplies	3,470	3,548
Staff training	18,500	132,450
Printing, stationery and photocopy expenses	801,249	354,111
Wireless, cable and postage	18,806	11,710
Subscriptions and membership fees	93,434	89,813
Bank charges	67,807	9,670
Loss on disposal of fixed assets	<u>18,333</u>	<u>9,969</u>
	<u>6,284,980</u>	<u>4,712,003</u>

CONSUMER AFFAIRS COMMISSION
FORMERLY
THE PRICE COMMISSION
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2006

	<u>Retirement Benefit Reserve</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
Year Ended 31 March 2006 -			
Balance at 31 March 2005	67,464,000	5,692,944	73,156,944
Net deficit	-	(6,001,264)	(6,001,264)
Transfer from retirement benefit reserve	(3,857,000)	<u>3,857,000</u>	-
Balance at 31 March 2006	<u>63,607,000</u>	<u>3,548,680</u>	<u>67,155,680</u>
Year Ended 31 March 2005 -			
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>	(6,268,000)	-
Balance at 31 March 2005	<u>67,464,000</u>	<u>5,692,944</u>	<u>73,156,944</u>

CONSUMER AFFAIRS COMMISSION

FORMERLY

THE PRICES COMMISSION

STATEMENT OF CASH FLOWS

31 MARCH 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
CASH RESOURCES WERE PROVIDED BY/ (USED IN):		
OPERATING ACTIVITIES -		
Net (deficit)/surplus	(6,001,264)	12,279,506
Adjustments to reconcile net (deficit)/surplus to cash (used in)/provided by operating activities -		
Loss on disposal of fixed assets	18,333	9,969
Depreciation	546,990	454,643
Retirement benefit asset	<u>3,857,000</u>	<u>(6,268,000)</u>
	<u>(1,578,941)</u>	6,476,118
Changes in operating assets/(liabilities) -		
Receivables and prepayments	<u>(213,417)</u>	<u>(155,708)</u>
Payables and accruals	<u>(346,234)</u>	<u>(1,327,459)</u>
Net cash (used in)/provided by operating activities	<u>(2,138,592)</u>	<u>4,992,951</u>
INVESTING ACTIVITIES -		
Proceeds from disposal of fixed assets	40,000	-
Additions to fixed assets	<u>(1,956,957)</u>	<u>(125,650)</u>
Net cash used in investing activities	<u>(1,916,957)</u>	<u>(125,650)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(4,055,549)</u>	4,867,301
Cash and cash equivalents at beginning of year	<u>5,552,322</u>	<u>685,021</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>1,496,773</u></u>	<u><u>5,552,322</u></u>
Represented by:		
Cash and bank balances	<u><u>1,496,773</u></u>	<u><u>5,552,322</u></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 2006 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. 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies.

Standards, interpretations and amendments to published standards effective in 2005.

Certain new standards, interpretation and amendments to existing standards have been published that became effective during the current financial year. The Commission has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following IFRS, which are relevant to its operations. The 2005 comparative figures have been amended as required in accordance with the relevant requirements.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

IAS 1 (revised 2003)	Presentation of Financial Statements
IAS 8 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised 2003)	Events after the Balance Sheet Date
IAS 16 (revised 2003)	Property, Plant and Equipment
IAS 36 (revised 2004)	Impairment of Assets

The adoption of IAS 1, 8, 10, 16 (all revised 2003) and IAS 36 (revised 2004), did not result in substantial changes to the company's accounting policies. In summary:

- (i) IAS 1 (revised 2003) has affected the financial statements presentation as well as a number of disclosures.
- (ii) IAS 8, 10, 16 (revised 2003) and IAS 36 (revised 2004) had no material effect on the Commission's policies.

(b) Functional and presentation currency -

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Fixed assets -

All fixed assets are stated at 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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2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) Revenue recognition -

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

(f) 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.

(g) Comparative information -

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

3. **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 \$545,962 represents contributions payable for the year.

4. **STAFF COSTS:**

	<u>2006</u>	<u>2005</u>
	\$	\$
Personal emoluments	26,080,822	16,567,054
Travelling and subsistence	<u>3,415,861</u>	<u>3,001,687</u>
	<u>29,496,683</u>	<u>19,568,741</u>

The organization employed twenty three (23) persons at the end of the year (2005 -22).

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5. FIXED ASSETS:

	Leasehold Improvement	Furniture, Fixtures and Equipment	Computers	Total
	\$	\$	\$	\$
Year Ended 31 March 2006 -				
Net book value				
31 March 2005	1,446,860	1,079,673	797,855	3,324,388
Additions	-	1,709,706	247,251	1,956,957
Disposals	-	(350,000)	-	(350,000)
Depreciation charge	(39,281)	(308,910)	(198,799)	(546,990)
Eliminated on disposal	<u>-</u>	<u>291,667</u>	<u>-</u>	<u>291,667</u>
31 March 2006	<u>1,407,579</u>	<u>2,422,136</u>	<u>846,307</u>	<u>4,676,022</u>
At 31 March 2006 -				
Cost	1,571,250	4,405,438	2,125,393	8,102,081
Accumulated depreciation	(<u>163,671</u>)	(<u>1,983,302</u>)	(<u>1,279,086</u>)	(<u>3,426,059</u>)
Net book value	<u>1,407,579</u>	<u>2,422,136</u>	<u>846,307</u>	<u>4,676,022</u>
Year Ended 31 March 2005 -				
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	<u>-</u>	<u>1,108</u>	<u>-</u>	<u>1,108</u>
31 March 2005	<u>1,446,860</u>	<u>1,079,673</u>	<u>797,855</u>	<u>3,324,388</u>
At 31 March 2005 -				
Cost	1,571,250	3,045,732	1,878,142	6,495,124
Accumulated depreciation	(<u>124,390</u>)	(<u>1,966,059</u>)	(<u>1,080,287</u>)	(<u>3,170,736</u>)
Net book value	<u>1,446,860</u>	<u>1,079,673</u>	<u>797,855</u>	<u>3,324,388</u>

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5. RETIREMENT BENEFIT ASSET:

The Commission operates a defined benefit pension scheme (see note 2 (d)) which is open to all permanent employees and is managed by an independent external 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 29 June 2006.

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

	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Net actuarial gain recognized in year	3,661	1,987
Current service cost	(2,468)	(2,615)
Interest cost	(3,463)	(2,988)
Expected return on plan assets	19,195	15,219
Change in disallowed assets	(20,810)	(5,372)
Past service cost - non vested benefits	(266)	(266)
Net (expense)/income recognized in income statement	<u>(4,151)</u>	<u>5,965</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>2006</u>	<u>2005</u>
	\$'000	\$'000
Present value of funded obligations	(31,089)	(28,942)
Fair value of plan assets	<u>193,945</u>	<u>192,616</u>
	162,856	163,674
Unrecognized actuarial losses	(45,153)	(63,191)
Unrecognized past service cost	1,599	1,865
Unrecognized amount to limitation	(<u>55,695</u>)	(<u>34,884</u>)
Asset recognized in balance sheet	<u>63,607</u>	<u>67,464</u>

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6. RETIREMENT BENEFIT ASSET (CONT'D):

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

	<u>2006</u>	<u>2005</u>
	<u>\$'000</u>	<u>\$'000</u>
Net asset at start of year	67,464	61,196
Net (expense)/income recognized in income statement	(4,151)	5,965
Contributions paid by the company	<u>294</u>	<u>303</u>
	<u>63,607</u>	<u>67,464</u>

(d) Key financial assumptions used:

	<u>2006</u>	<u>2005</u>
	<u>%</u>	<u>%</u>
Discount rate	12.5	12.5
Rate of escalation of pensionable earnings	9	9
Rate of increase in pensions	5	5
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.

7. RECEIVABLES AND PREPAYMENTS:

	<u>2006</u>	<u>2005</u>
	<u>\$</u>	<u>\$</u>
Staff receivables	59,693	135,583
Withholding tax	151,081	116,123
Other receivables	385,710	132,310
Prepayments	<u>57,562</u>	<u>56,613</u>
	<u>654,046</u>	<u>440,629</u>

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8. CASH AND BANK BALANCES:

	<u>2006</u>	<u>2005</u>
	\$	\$
Petty cash	3,000	3,000
Fixed deposits	1,127,231	1,022,358
Local currency accounts	<u>366,542</u>	<u>4,526,964</u>
	<u>1,496,773</u>	<u>5,552,322</u>

9. PAYABLES AND ACCRUALS:

	<u>2006</u>	<u>2005</u>
	\$	\$
Accounts payable	518,769	32,760
Other payables and accruals	<u>2,759,392</u>	<u>3,591,635</u>
	<u>3,278,161</u>	<u>3,624,395</u>

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10. 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/ (Unfavourable)
	\$	\$	\$
Income:			
Government grants	36,406,000	37,524,484	1,118,484
Other	<u>-</u>	<u>1,476,943</u>	<u>1,476,943</u>
	<u>36,406,000</u>	<u>39,001,427</u>	<u>2,595,427</u>
Expenditure:			
Personal emoluments	24,334,000	26,106,027	(1,772,027)
Travel and subsistence	3,108,000	5,283,406	(2,175,406)
Other operating and general expenses	4,834,000	6,284,980	(1,450,980)
Rent	2,150,000	4,398,784	(2,248,784)
Public utilities and maintenance	<u>1,380,000</u>	<u>2,382,504</u>	<u>(1,002,504)</u>
	<u>35,806,000</u>	<u>44,455,701</u>	<u>(8,649,701)</u>
Operating surplus/(deficit)	600,000	(5,454,274)	(6,054,274)
Capital:			
Purchase of fixed assets	(<u>600,000</u>)	(<u>1,956,957</u>)	(<u>1,356,957</u>)
TOTAL	<u>-</u>	<u>(7,411,231)</u>	<u>(7,411,231)</u>

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11. 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 29 June 2006, which revealed that the scheme was adequately funded.

