



Consumer Affairs Commission

2010/2011 Annual Report



Vision

The work of the Consumer Affairs Commission is driven by its commitment to meeting its long-term objective, namely:-

**To be recognized as the premier
Consumer Protection Agency in Jamaica
and the leading consumer advocate for
change in the Caribbean.**

Mission Statement

To foster ethical relations between providers and consumers of goods and services in the Jamaican marketplace through effective advocacy, public education and complaint resolution, utilizing the available legal framework and professional staff.

Role and Function of the Consumer Affairs Commission (CAC)

The mandated role and function of the CAC are driven by consumers' rights and strategic objectives which will continue to seek to:

- (a) Protect Consumers from hazards to their health and safety
- (b) Promote and protect Consumers' socio-economic interests
- (c) Ensure Consumers' access to adequate information to enable them to make informed choices according to their individual wishes and needs
- (d) Provide consumer education
- (e) Ensure effective and timely consumer redress and
- (f) Provide support for the formation of consumer groups and foster the opportunity for such organizations to present their views in decision-making processes, which affect Consumers.

The Consumer Education Programme of the CAC, is based upon the Charter of Rights of the Consumer and the United Nations Guidelines for Consumer Protection to which Jamaica became a signatory in 1985. The programme is predicated upon the following eight (8) basic Consumer Rights:

- (i) The Right to Choose
- (ii) The Right to be Informed
- (iii) The Right to be Heard
- (iv) The Right to Redress
- (v) The Right to the Satisfaction of Basic Needs
- (vi) The Right to a Healthy Environment
- (vii) The Right to Consumer Education
- (viii) The Right to Safety

Board of Directors

Chairman

Mr. Richard Fontaine J.P., JSIPT

Deputy Chairman

Mrs. Dorothy Carter-Bradford, OD.

Directors

Mr. Vernon Derby

Mr. Kent Gammon

Mrs. Stella Henry

Ms. Michelle N. Parkins

Mrs. Sandra Ramsey

Mrs. Fay Sylvester, CD

Mr. Donovan Walker

Mr. Morland Wilson

Mrs. Joyce Young

Board of Directors



Back row (left to right) – Messrs. Kent Gammon and Morland Wilson,

Middle row (left to right) - Mr. Vernon Derby, Mrs. Joyce Young, Mrs Sandra Ramsey, Mrs. Stella Henry, Ms. Michelle Parkins and Mr. Donovan Walker. Front

row (left to right) – Mrs. Dorothy Carter-Bradford, Mr. Richard Fontaine and Mrs. Fay Sylvester.

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TRANSMITTAL LETTER

August 23, 2012

Honourable Anthony Hylton
Minister of Industry, Investment and Commerce
Ministry of Industry, Investment and Commerce
4 St. Lucia Avenue
Kingston 5

Dear Minister,

In accordance with section 15 of the Consumer Protection Act, I transmit herewith the Commission's report for the year ended March 31, 2011 and a copy of the Commission's Audited Accounts as at March 31, 2011, duly certified by the Auditors.

I am,
Yours respectfully

Richard Fontaine
Chairman



Richard Fontaine

CHAIRMAN'S MESSAGE

"The quality of our work depends on the quality of our people"

During the Financial Year 2010/2011, the Consumer Affairs Commission, the CAC **(incorporating the Prices Commission)** celebrated 40 years of providing invaluable service to the Jamaican consumer. In keeping with local and worldwide dictates, the Commission has had to make the requisite adjustments to its business model to remain relevant and be in a position to provide the level of service and protection consumers deserve.

The year 2012 will mark Jamaica's 50th year of independence; and this anniversary will coincide with the introduction of the four basic consumer rights as articulated by former President of the United States of America, John F. Kennedy. These were the forerunner to the eight consumer rights the world now recognizes and which are entrenched in the consumer protection laws this country has enacted.

As we approach that anniversary year, the Agency must reflect on how effective it has been in discharging its mandate. Have our citizens as a rule become more discerning, assertive and discriminating? Our introspection must identify our assets, strengths and successes and leverage them, while simultaneously noting the gaps and areas for improvements, all in an attempt to unearth strategies to improve service delivery.

This review process was advanced during the Year. The Commission is now armed with a new Vision and Mission statement and a more output-focused approach to staff performance and reward.

The CAC made significant strides in capacity building in readiness for greater protection to consumers in an increasingly dynamic and complex environment. As

competition heightens for the acquisition and distribution of the dwindling resources globally, consumers remain the most vulnerable constituent. The Commission through research, training and advanced technology is now becoming better equipped and ready to stand in the gap for the consumer. The Agency embraced exposure opportunities locally and internationally, and fostered greater partnership with our Caribbean neighbours, enhancing capabilities to serve Jamaicans spread across the global village.

The Commission will greet the coming year better prepared and with much optimism as we look forward to the amendments to the Consumer Protection Act 2005. The overhauling of the Act will facilitate more effective intervention on behalf of aggrieved consumers. In addition, a revamped Education Programme will enable us to take a more targeted approach to consumers with special needs; the disabled, the very young and the elderly.

I am satisfied that the Commission is adequately prepared to remain relevant to the demands of our key stakeholders in a fast-paced and challenging environment. On behalf of the other members of the CAC Board, I must therefore commend the Staff for their effort and sustained commitment. Many thanks also to the members of the Board for the unstinting service they give to the Commission and by extension the consuming Jamaican public. We note with regret the tragic passing of Board member, Mr. Robert Williams during the year. Mr. Williams served the Commission well. Thanks to our portfolio Minister, the Permanent Secretary and staff of the Ministry of Industry, Investment and Commerce for their invaluable support. We all look forward to the upcoming milestone year, as we continue to accomplish our mission and play our part in bettering the lives of Jamaican consumers across the globe.

.....

G. Richard Fontaine

Chairman



CEO'S REPORT

"Service which is rendered without joy helps neither the servant nor the served. But all other pleasures and possessions pale into nothingness before service which is rendered in a spirit of joy."
Mahatma Ghandi

Dolsie Allen

The Consumer Affairs Commission (CAC) attained results in excess of the targets for The Financial Year in all key areas of its operation. Innovative approaches to achieving our goals and the tenacity of the staff committed to the realization of our strategic objectives, resulted in another year of commendable performance.

We were able to surpass all targets of our core activities; outreach by 39%, a complaint resolution rate of 91% (6% higher than the target). The number of surveys conducted exceeded the targeted number, as issues that arose during the year necessitated 2 banking and 4 ad hoc surveys. The banking surveys were conducted as part of the Jamaican Government's contribution to the joint project of **"Promoting Consumer Protection in the Caribbean"** with our partners Consumers International, Inter-American Development Bank, and the National Consumers League.

Excellent service and continued relevance remain the mantra of the Commission, and in the ensuing year, the Agency will strive to deliver even higher standards of service to consumers in Jamaica and the Diaspora.

Having attained 40 years of service to consumers, the Commission will be assessing its impact and revisiting its modus operandi to improve its work,

wherever warranted. The results of a recently conducted survey concerning the usefulness of the Consumer Alert publication as well as the findings of

prospective baseline studies will be used to inform our communications strategy to ensure greater levels of effectiveness in reaching our constituents.

The three-year Consumer Protection in the Caribbean Project, of which Jamaica is a part, maintained its focus on financial services and is expected to be completed with the adoption and implementation of a Code of Conduct for the financial sector in all three participating Caribbean countries. Other signatories to the Consumers International/inter-American Development Bank initiative are Trinidad and Tobago and Barbados. Through two workshops in the past year, the project sought to empower consumer organizations in the Region to improve on its service delivery.

This improved service delivery will be bolstered by increased use of technology and an enhanced Consumer Protection Act 2005, with greater authority for the Commission as it seeks to provide redress to consumers for marketplace abuses. The proposed amendments are currently going through the legislative process.

A new Information Technology System that facilitates the monitoring of all ICT assets, tracking every activity and being able to identify and rectify issues that may arise, was implemented. In addition, a Wide Area Network was installed to improve, at reduced cost, telephonic communication internally and externally.

Effort was made to enhance the human resource capital so critical to our success. The Cabinet Office conducted a Gap Analysis Survey, and the findings and subsequent recommendations resulted in the development of training programmes designed to correct the problems identified. We also continued the implementation of Performance Management Appraisal System (PMAS) which led to the creation of new Vision and Mission statements and the re-crafting of Job Descriptions which are now more output focused.

The new mission and vision statements express the aim of the Agency to be the leader in its class and to provide support to its consumer counterparts throughout the Caribbean. To this end, there has been greater collaboration with consumer bodies in the Region with plans for the establishment of a central alert system to inform stakeholders of the recall of defective goods in any of the Caribbean locales.

We commit to reviewing our Consumer Education Programme, exploring how consumers receive and process information and modifying our publication material and tools accordingly.

Thanks to Staff for their contribution to the Year's achievements. To the members of the Board for the guidance provided. Thanks to our portfolio Minister, the Permanent Secretary and staff of the Ministry of Industry, Investment, and Commerce, other Agencies, Ministries, and the Media Fraternity for their invaluable support.

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Dolsie Allen (Mrs)

Chief Executive Officer

CONSUMER EDUCATION

“Consumer Education, like the general curriculum, is part of that foundation on which individuals may begin to build their personal lives, and on which we must begin to build a more responsive and human world.”

The European Union defines Consumer Education as the process of supporting citizens to become more skilled, literate and responsible as consumers. At the CAC we understand that Consumer Education helps citizens to improve their understanding of goods and services and develop the skills and confidence to become more aware of their rights in the market, make better informed choices and know where to go for help.

During the Fiscal Year, the Commission continued to interface with its constituents by way of community outreach sessions which included presentations at schools, churches, clubs and community-based organizations, among others. The number of invitations sent to the Agency for expositions, fairs and seminars were indicative of the increasing awareness amongst Jamaicans, of consumer rights. Therefore the presentation material was modified to reflect a more discerning, intelligent consumer at respective events. New markets were sensitized and at Year’s end the Agency had directly impacted **90,403** persons through a total of **294** outreach activities.

A comparative analysis of the outreach of the Year’s achievement with that of the previous reflects a slight decline, in part attributable to a change in the nature of observance of our flagship event, World Consumer Rights Day. In terms of the number of events, the Agency participated in 11 more activities than in the previous Year in a strategic move to capture a larger proportion of adult consumers.

Despite the shortfall, the achievement nevertheless surpassed, by 39%, the target of 65,000 persons which had been established for the Year.

In addition to providing consumers with information about the roles and functions of the CAC, their rights and responsibilities in the marketplace, our Officers also engaged audiences in the discussion of the importance of conservation, backyard gardening and a myriad of other topics which directly impacted consumers. Financial Literacy issues also featured prominently in the discussions and was one of the areas the CAC established synergies with other Caribbean consumer protection organizations towards improvements of financial services in the respective CARICOM Member States.

Recognizing the influence of children in purchasing decisions, the Agency dedicated much of its efforts to the education of children from as early as the primary stage. Of the total number of consumers reached over the reporting period, **51,019** were children most of whom were impacted through our interventions at the schools they attend. We believe that our ability to impart consumer information at this level should augur well for the future in helping to create a more vigilant population equipped with the knowledge needed to demand and defend their consumer rights in the marketplace. This is also coupled with the appreciation that children can also share information with parents or their guardians.

Table 1 shows in detail the persons the CAC directly impacted during the Financial Year.

Table 1
Projected and Actual Reach for the Financial Year 2010/2011

	Reach Adults	Reach Students	Total	No. of Activities	Avg. Reach Per Activity
Q1 Projection	6,000	10,000	16,000	75	213
Q1 Achievement	9,172	9,141	18,313	78	235
Q2 Projection	8,000	4,000	12,000	50	240
Q2 Achievement	12,031	5,859	17,890	76	235
Q3 Projection	5,000	3,000	8,000	35	229
Q3 Achievement	7,486	3,691	11,177	66	169
Q4 Projection	11,000	18,000	29,000	140	207
January 2011	1,574	956	2,530	12	211
February 2011	2,877	1,617	4,494	33	136
March 2011	6,244	29,755	35,999	29	1,241
Year's Achievement	39,384	51,019	90,403	294	307



Mr. Richard Rowe, Regional Officer, listens keenly as he interfaces with students from the Ewarton High School, at the Annual 4-H National Achievement Day held at Denbigh April 2010

COMMUNICATION AND INFORMATION

“Media is first an audience gatherer, then an engagement gate-keeper. It can assist engagement by attracting an audience suited to the message and by keeping them attentive”

Without good access to national and community media, all public education programmes may be disadvantaged. Recognizing the power of the mass media in reaching a wide audience, the CAC sought over the Fiscal Year to increase its visibility and outreach through the creative use of traditional media of radio, television and print. New media technologies such as Website and Facebook were enhanced and established respectively, thus increasing our reach to a wider audience producing favourable results for the Commission.

Through print, radio and television, **747** media opportunities were capitalized on during the Year. Of these **503** were not paid for, which speaks to the continued willingness of local media houses to partner with the Agency for the delivery of consumer information to the public. In addition, over 17 press releases were disseminated throughout the Year to address matters of product recalls, defective items in the marketplace and other information critical to Consumer Health and Safety.

Diversification of the communication approach saw the Agency exploring new programmes and techniques to increase the number of persons in the population with access to consumer information. In an exploration of new programme delivery models, the Agency engaged in popular radio and television programmes such as “RJR Cross Country” and “What a Gwaan”, with some recording greater success than others. Our Facebook page and a revamped website also functioned as portals for communication exchange – providing critical information to

consumers and allowing them a chance for feedback and filing of complaints. Over the reporting period, the recorded traffic on the website was 7,718 visitors and 13,112 pages downloaded.

Anomalies in the marketplace such as defective or harmful products continued to warrant the intervention of the Commission. As a member of the National Agricultural Health and Food Safety Committee, the Commission was integrally involved in the education initiatives throughout the Year to address a number of recall matters which came to national attention, chief of which were the Similac recall, the krill in sardines and saltpetre issues. Together with the other members of this committee, the Agency was able to keep the public informed, and with the requisite cooperation from the manufacturers, brought each situation under control.

By the end of the Year, steps were being taken to draft a National Food Recall Protocol to ensure that consumers' right to protection against hazardous goods and processes is accorded the importance it deserves.

Major Achievements in Public Relations Activities

Radio Contracts

- A three-month contract with **Nationwide News Network** for time signals and spots on the one-hour programme '**At Your Service**' was established. In addition to the time signals, the Commission benefitted by having CAC officers in studio on a number of occasions throughout the Year.
- As an Associate sponsor of RJR's Cross Country Invasion from January 28, 2011 to March 6, 2011, the Agency was afforded live interviews from select locations as well as opportunities to interface with consumers at various venues.

Month	Press Releases 1.	Media Interviews	Print Articles	Radio Prog.	TV Prog.	Print Spots	Radio Spots	TV Spots	Total Exposures
	Issued	(Radio, TV, print)	(Free)	(Free)	(Free)	Paid	Paid	Paid	
April	1	3	0	12	1	3	0	0	19
May	2	3	1	8	0	2	0	0	14
June	2	4	5	8	0	3	5	0	25
Q1	05	10	06	28	01	08	05	0	58
July	1	10	1	6	0	2	0	0	19
August	2	35	5	42	12	1	25	0	120
September	3	20	1	19	5	2	10	0	57
Q2	06	65	07	67	17	05	35	0	196
October	3	8	0	8	0	4	0	0	20
November	1	5	6	19	3	2	0	0	35
December	1	84	6	22	5	1	74	0	192
Q3	05	97	12	49	08	07	74	0	247
January	0	11	0	9	2	4	0	0	26
February	0	7	9	26	0	2	38	0	82
March	1	12	4	48	8	6	57	3	138
Q4	01	30	13	83	10	12	95	03	246
Total YTD	17	202	38	227	36	32	209	03	747

The table above provides information on media exposures for the Financial Year April 1, 2010 to March 31, 2011.



Hon. Michael Stern, Minister of State speaking at the Press Conference to reveal the findings of the CAC's Annual Textbook Survey, in August 2010



An Outside Broadcast from the CAC's Office to mark World Consumer Rights Day. L-R are Mr. Dervan Malcolm (Host), Ms. Dorothy Campbell, Mrs. Cheryl Tracey, Mrs. Dolsie Allen, Mr. Richard Rowe (Staff Members), and Mr. Vernon Derby (Board Member).



Participants in the CI/IBD Workshop held December 8-11, 2010 at the Wyndham Kingston Hotel.

COMPLAINTS RESOLUTION SERVICES

“When complaints are freely heard, deeply considered and speedily reformed, then is the utmost bound of civil liberty attained that wise men look for.”

A consumer complaint or customer complaint is “an expression of dissatisfaction on a consumer’s behalf to a responsible party” (Landon, 1980). It can also be described in a positive sense as a report from a consumer providing documentation about a problem with a product or service. In fact, some modern business consultants urge businesses to view customer complaints as a gift.

Handling of Consumer Complaints is one of the core services offered by the Commission and perhaps the one best known to the citizenry. To this end, the Agency, in the past Year, augmented the staff complement of this Department to ensure the capacity to provide effective and efficient service to users of this facility. Recognizing the need for the Staff to sometimes mediate with customer and vendor, the CAC recommended that specialized training in conflict resolution be provided to its Complaints Officers.

Towards the close of the Year, preliminary work on the acquisition of a more efficient Complaints software package for the Department started with a comparative review of the available systems. It is expected that the introduction of the new system early in the 2011 - 2012 Financial Year will further enhance the quality of the work that the Commission will be able to provide in this regard.

For the reporting period, **2,187** complaint cases were brought to the attention of the Commission and the Agency was able to achieve resolution of **1, 991** of these. A resolution rate of **91%**, as was the case last Year, demonstrates our

commitment to ensuring customer satisfaction and the willingness of staff to extend themselves, in many instances, far beyond the call of duty to provide expeditious and effective service. By employing a more robust Public Education Programme, the Agency is working to achieve an upturn in the number of consumers who access the complaint resolution services, which is available to all Jamaicans.

An increase in complaints with high price tags, in particular those related to motor vehicle purchases, led to refunds and compensation of over **\$40.8M** to consumers during the 2010/2011 Financial Year. This Year's compensation figure was 73 per cent above the sum collected in the previous Year, albeit fewer complaints. It must be noted however that **\$27.5** million dollars was awarded to one complainant in a case relating to the construction industry. As in the previous Year, the complaint cases were dominated by electrical equipment and appliances **30%**, followed by utilities **18.5%**, other services **10.3%**, and motor vehicles and parts **8.5%**. Together they accounted for over **67%** of the total number of cases handled.

It is of interest to note that **1,716** persons also sought the advice of CAC's Complaint Officers prior to entering into transactions; a path which the Agency hopes more vendors and consumers will adopt to avert the disputes which develop when business arrangements go awry.

MARKET RESEARCH

“Market Research is the study of consumers' wants: the gathering and analysis of information about what people want or like or what they actually buy.”

Market Research is an important component of the work of the Commission as it informs the communication products employed in the consumer education programme and provides indispensable data which is used to influence national policy decisions as it relates to consumers.

During the Year, the survey targets outlined in the Corporate Plan were either attained or surpassed as activities in the marketplace required unplanned intervention. In an effort to contain cost, the number of grocery surveys and Consumer Alert publications were reduced when compared to the previous Financial Year, resulting in the conduct of 54 surveys, broken down as follows:

Table 3 - Total number of surveys done by the Research Unit in 2010/2011 Fiscal Year

Survey Type	Total Achieved	Target
Grocery Surveys	23	23
Petrol Surveys	12	12
Hardware Surveys	12	12
Schools Textbook Survey	1	1
Other Surveys	1	0
- Banking		
- Consumer Alert Publication		
Evaluation Survey	1	0
- Random surveys of cornmeal, refined sugar, corned beef brands, weight verification.	4	0
Total	54	48

The conduct of a survey to evaluate the effectiveness of our Consumer Alert publication was part of the overall attempt by the Agency to ascertain how useful consumers found the publication and to obtain suggestions on what additional data they desired. The findings were heartening as seventy-five per cent of the persons interviewed felt that the publication was effective and would create a noticeable void if terminated.

Towards the end of the Year, the Agency also made plans to conduct clientele studies to determine the mode of communication most preferred by consumers. These surveys will be administered early in the upcoming Financial Year and will be used to inform future communication products.

Sustained surveys of critical food items, hardware and petroleum products, and the annual textbook survey continued to provide local consumers and policy makers with vital data about marketplace trends for use at the micro and macroeconomic levels.

In keeping with the general focus of Consumers International, the Commission, for the second time in two years, again turned its attention to financial services. This came as a result of Jamaica's involvement in the three-year tripartite Consumer Protection in the Caribbean Project being implemented with the support of Consumers International and the Inter-American Development Bank. One of the key tasks carried as part of the project, which was also simultaneously implemented in Trinidad and Tobago and Barbados, was the conduct of a banking survey.

The Survey was conducted in three parts, to ascertain:

- citizens' awareness of Banking Institutions
- the rates and fees charged by the Banks
- the views of the Banks and regulatory entities

The deficiencies observed in the area of commercial banking were analysed and used to assist in the development a draft Code of Conduct for the Banking Services.

The Agency has intensified its work in the area of financial services as it has become increasingly clear that this is one of the areas in which consumers have not been sufficiently represented in the past. With the Consumers International turning the spotlight on banking, following the collapse of many financial institutions in the global economic meltdown, it was the right time for the Consumer Affairs Commission to make its impact on the financial landscape. It is hoped that the proposed Code will receive the required support of all stakeholders and will be embraced by the banks to curtail unreasonable demands which continue to be made of unsuspecting consumers.

Tables 4 to 6 provide a summary of how prices moved during the Year for the three most regularly surveyed products, namely Grocery, Hardware and Petrol. In addition, a diagram below provides a breakdown of (i) the petrol stations without display boards and (ii) those with display boards that do not display their prices.



Ms. Candice Ramessar, CI/IDB Project Coordinator, addresses Surveyors, (selected from the Western Region to conduct the Banking Survey), at a training session held in Montego Bay July 2010.

Table 4 - Items in CAC's Critical Grocery Basket showing price changes for the 2010/2011 Fiscal Year

Item	Brand	Size	April 2010	March 2011	Percentage Change
Powdered Whole Milk	Lasco	80 g	70.98	87.57	23
Powdered Whole Milk	Anchor	80 g	65.20	79.49	22
Hardough Bread	Any	"2 lb"	180.37	215.02	19
Counter Flour	Bulk	1kg	63.16	74.52	18
Sardines	Brunswick	125 g	83.51	98.48	18
Whole Chicken	CB	1kg	305.66	341.84	12
Sweetened Condensed Milk	Betty	397 g	129.42	142.57	10
Cooking Oil	Chef	500 mL	142.87	156.21	9
Rice	Bulk	1kg	79.12	86.41	9
Dried Salted Fish	Bulk	1kg	693.57	759.16	9
Whole Chicken	Best Dressed	1kg	315.92	340.10	8
Cooking Oil	Other	500 mL	132.32	143.18	8
Canned Corned Beef	Lasco	340 g	171.07	182.36	7
Canned Corned Beef	Grace	340 g	188.05	198.53	6
Skimmed Milk Powder	Readimilk	80 g	56.10	59.63	6
Cornmeal	Bulk	1kg	97.41	101.88	5
Dark Sugar	Bulk	1 kg	87.47	91.39	4
Canned Mackerel	Grace	155 g	60.53	59.52	-2
Canned Mackerel	Geddy's	155 g	47.02	44.03	-6

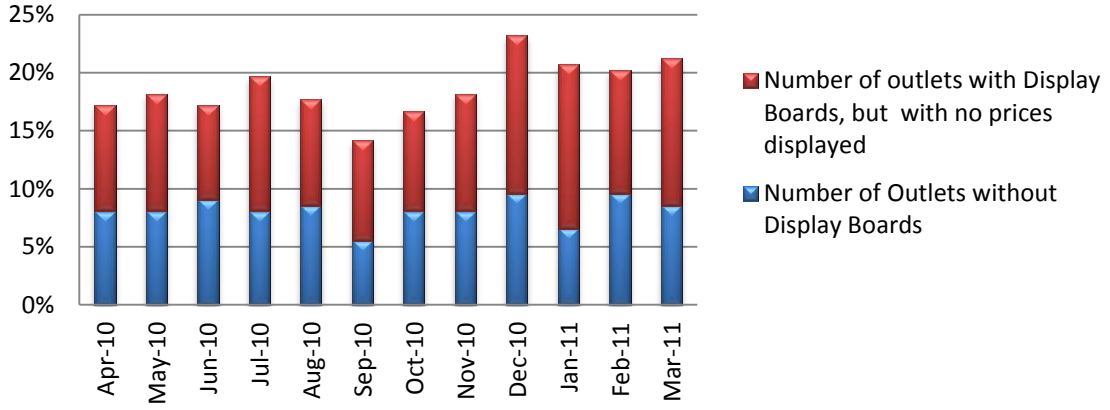
Table 5 shows price changes in hardware items

Hardware Items	Size	Fiscal Year Percentage Price Change
• Lumber (Other Form/ Rough Ply board)	5/8 inch	27
• Lumber (Building Untreated Dressed)	2x4x16	12
• Tarpaulin	18ft x 24ft	10
• Lumber (Building Treated Dressed)	4x4x16	8
• Nails (Concrete)	2 ½ inch	6
• Nails (Concrete)	2 inch	6
• Flash band	33 ft	5
• Lumber (Groove and Tongue Treated Dressed)	1x6x14	5
• Carib Plus Cement	94 lb	-2

**Table 6 shows Increase in Petrol Prices for the Fiscal Year
April 2010 –March 2011**

Product	Maximum Prices Observed \$		Minimum Prices Observed \$		Average Prices \$		Increases	
	April 2010	March 2011	April 2010	March 2011	April 2010	March 2011	Monetary	%age
87 Octane Gasolene	104.60	120.50	86.74	100.60	93.92	108.32	14.40	15.3
90 Octane Gasolene	108.40	123.80	90.51	104.10	98.68	113.27	14.59	14.8
Auto Diesel	104.90	124.20	87.16	104.80	94.59	112.83	18.24	19.3

Outlets with Prices not Displayed, FY 2010 /2011



INFORMATION TECHNOLOGY

“Information technology and business are becoming inextricably interwoven”

The increased use of technology underpinned almost all the major activities which were carried out in the past Year and will continue to drive the renewal process. Throughout the Year, a number of new software packages were developed and installed to enhance the service delivery standards at the Agency, and to boost the consumer education initiative.

One such innovative move was the creation of a **Facebook page** which was meant to foster increased interaction between the Agency and its constituents, providing an avenue for publishing past and impending events, and to solicit feedback on pertinent consumer issues. While the anticipated traffic on the page was not realized, we are cognizant of the fact that internet penetration in Jamaica is still not at the desired level, but we expect that our impact by way of this medium will improve over time.

The installation of new software intended to better streamline CAC’s participation in community events and to better document the results of these engagements improved the services offered in Field Operations.

LEGAL INTERVENTION

“Consumers by definition, include us all...they are the largest economic group, affecting and affected by almost every public and private economic decision. Yet they are the only important group... whose views are often not heard.”

Legal Proceedings

The Commission, driven by the concept of consumer justice and protection, continued its involvement in a civil suit before the Supreme Court which concerned misrepresentation that occurred in the sale of three motor vehicles bought by three separate complainants.

Proposed Amendments to the Consumer Protection Act (2005)

Through the Legal Department of the portfolio Ministry, the Unit was integrally involved in submitting information (content for the preparation of Cabinet Submissions) which sought to obtain Cabinet approval for amendments to the Consumer Protection Act. The proposals include:

- the establishment of a tribunal with quasi-judicial powers, to allow for quicker disposal of matters and the reduction of costs to the parties involved;
- widening the power of legal representation, to facilitate the institution of enforcement proceedings in the interest of consumers at large; and
- strengthening the investigative powers, to grant the Agency greater authority to pursue violations that cause a great amount of consumer detriment, whether or not a complaint is formally lodged with the Commission.

Legal Reviews, Advice and Representation

Throughout the Financial Year, the Unit continued to provide advice to internal Units and other relevant personnel on specialised and routine legal matters. It also participated in mediation negotiations and perused legal documents on behalf of the Commission to ensure conformity with the related laws, policies, and the interests of the Commission. Furthermore, it represented the Commission at local and international meetings, conferences and field operation and community outreach activities.

Corporate Governance

In addition to the provision of corporate secretarial support to the Commission's Board, administrative support was also provided by the Unit to the Telecommunications and Electricity Appeal Tribunals, which are hosted by the Commission.

HUMAN RESOURCE MANAGEMENT

“For only by nurturing the minds and strengthening the values of our workers can we give them an opportunity to be full, productive citizens, to reach their God-given potential”

Empowered employees who are networked and speaking with one voice, have the potential to serve as powerful change agents who have an impact on policy making and the enforcement of existing policies. An empowered staff must therefore have access to high quality information and knowledge.

The CAC endorses fully the Cabinet Offices’ initiative to improve the standard of service offered to the public in a courteous, efficient and professional manner. In that regard, it embarked on sensitizing the staff about the objectives and benefits of implementing a Performance Management and Appraisal System (PMAS) as a part of a Public Sector Transformation Project initiated by the Cabinet Office. As such, the following PMAS activities were conducted:

1. Sensitization of all members of staff regarding the objectives and operations of PMAS;
2. A Gap Analysis Survey to identify weaknesses in the areas of strategic and operational planning, human resource management, performance and leadership. These would need strengthening prior to the implementation of PMAS;
3. A series of Corporate Planning Sessions with the Managers of the CAC to update the Commission’s Corporate Plan in order to ensure that PMAS was underpinned and supported, by clear and measurable objectives and performance standards.

Training Plans were developed to address identified needs resulting in two members of staff of the Field Operations Division being trained in Customer Service Workshop, which was conducted by the Standards and Monitoring Unit of

the Cabinet Office. Other members of staff benefitted from a training session on Teambuilding and Professional Ethics.

In light of this new thrust, new Mission and Vision Statements were created to reflect this transformation as well as the creation of new job descriptions for each employee. These revised job descriptions placed emphasis on the output and outcomes rather than the tasks. In addition, Work Plans for individual as well as each Unit, were developed.

The PMAS implementation process will be carried through on the following strategic themes:

- 1. Increasing impact and reach*
- 2. Improving employee capability and performance*
- 3. Expanding research outputs*
- 4. Strengthening legislative framework*
- 5. Improving complaint handling capacity*
- 6. Improving data gathering management and information reporting systems*
- 7. Enhancing public confidence*
- 8. Creating greater independence for project funding*

Recruitment/Promotion/Separation

Mr. Sheldon Barnes joined the staff as Research Officer/Economist SOG/ST6 , February 21, 2011

Miss Giselle-Ann Perry was employed on February 21, 2011 as Project Assistant to IDB/CI Project Coordinator

Mrs. Charmaine Heslop-Thomas was employed as Director Research GMG/SEG3, August 3, 2010

Mrs. Denise Welcott was promoted from Complaint Officer GMG/AM2 to Complaint Officer GMG/AM3 effective August 3, 2010

Mrs. Petra Young was promoted from Administrative Assistant to Complaint Officer GMG/AM2 on August 3, 2010

Miss Dianna DaCosta resigned from her position of Research Officer/Economist with effect from January 3, 2011

DIRECTORS' COMPENSATION, APRIL 2010 –MARCH 2011

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	Total (\$)
Richard Fontaine Board Chairman	193,500.00	Not Applicable	Not Applicable	193,500.00
Robert Williams	11,495.00	Not Applicable	Not Applicable	11,495.00
Dorothy Carter-Bradford	82,000.00	Not Applicable	Not Applicable	82,000.00
Joyce Young	108,000.00	Not Applicable	Not Applicable	108,000.00
Fay Sylvester	128,500.00	Not Applicable	Not Applicable	128,500.00
Vernon Derby	136,000.00	Not Applicable	Not Applicable	136,000.00
Stella Henry	101,000.00	Not Applicable	Not Applicable	101,000.00
Andrene Collings	121,500.00	Not Applicable	Not Applicable	121,500.00
Kent Gammon	82,000.00	Not Applicable	Not Applicable	82,000.00
Sandra Ramsey	97,500.00	Not Applicable	Not Applicable	97,500.00
Morland Wilson	40,500.00	Not Applicable	Not Applicable	40,500.00
Michelle Parkins	7,500.00	Not Applicable	Not Applicable	7,500.00
TOTAL	1,109,495.00	Not Applicable	Not Applicable	1,109,495.00

Notes

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

SENIOR MANAGEMENT EMOLUMENTS, APRIL 2010-MARCH 2011

Position of Senior Executive	Annual Salary (\$)	Annual Gratuity or Performance Incentive (\$)	Annual Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Annual Pension or Other Retirement Benefits (\$)	Other Allowances Per Annum (\$)	Total Per Annum (\$)
Chief Executive Officer	3,233,464.00		796,500.00.		22,620.00	4,052,584.00
Finance & Admin Manager	2,208,993.00		420,000.00		22,620.00	2,651,613.00
Dir. for Western Div. Field Op.	1,401,169.00		420,000.00		22,620.00	1,843,789.00
Director of Field Operations	2,051,271.00		420,000.00		22,620.00	2,493,891.00
Senior Accountant	1,602,171.00		420,000.00		22,620.00	2,044,791.00
Communication Specialist	1,401,169.00		420,000.00		22,620.00	1,843,789.00
Dir. of Research	2,208,993.00		420,000.00		22,620.00	2,651,613.00
IT Manager	1,636,548.00		420,000.00		22,620.00	2,079,168.00
Legal Officer	2,916,202.00		420,000.00		329,670.00	3,665,872.00
Senior Economist	1,529,095.00		420,000.00		22,620.00	1,971,715.00
Writer/Editor	1,524,969.00		420,000.00		22,620.00	1,967,589.00

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.

**THE CONSUMER AFFAIRS COMMISSION
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

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INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of The Consumer Affairs Commission (the "Commission"), which comprises the statement of financial position as at March 31, 2011, the statement of comprehensive income, the statement of changes in reserves, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan, and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and is appropriate to provide a basis for our audit opinion.

Cont. /2

Independent Auditors' Report

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at March 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

CrichtonMullings & Associates
Chartered Accountants

Kingston, Jamaica
June 11, 2012

THE CONSUMER AFFAIRS COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	Note	2011 \$	2010 \$
ASSETS			
Non-current Assets			
Property, plant and equipment	5	12,526,044	12,781,062 *
Retirement benefit assets	6	180,115,000	155,596,000
		<u>192,641,044</u>	<u>168,377,062</u>
Current Assets			
Receivables and prepayments	7	1,550,757	1,067,740
Cash and cash equivalents	8	6,567,628	3,921,210
		<u>8,118,385</u>	<u>4,988,950</u>
TOTAL ASSETS		<u><u>200,759,429</u></u>	<u><u>173,366,012</u></u>
EQUITY AND LIABILITIES			
Retirement benefit reserve	6	180,115,000	155,596,000
Accumulated surplus		11,421,000	7,879,590
		<u>191,536,000</u>	<u>163,475,590</u>
Current Liabilities			
Note payable	9	259,042	1,576,550 *
Payables and accruals	10	8,964,387	8,313,872
		<u>9,223,429</u>	<u>9,890,422</u>
TOTAL RESERVE AND LIABILITIES		<u><u>200,759,429</u></u>	<u><u>173,366,012</u></u>

APPROVED, on behalf of the Board on June 11, 2012

Chairman

Chief Executive Officer

**-Restated, See note 16*

The accompanying notes form an integral part of the financial statements

**THE CONSUMER AFFAIRS COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2011**

	Note	<u>2011</u> \$	<u>2010</u> \$
Income			
Grants		103,724,035	118,211,481
Administrative and general expenses	11	<u>98,432,389</u>	<u>111,995,810</u>
Operating surplus		5,291,646	6,215,671
Other income		<u>48,369</u>	<u>197,218</u>
		5,340,015	6,412,889
Finance and policy costs	12	<u>1,649,605</u>	<u>1,485,391</u>
Net surplus		3,690,410	4,927,498
Other comprehensive income:			
Actuarial gain on defined benefit plan	6	<u>24,370,000</u>	<u>76,415,000</u>
Net surplus for the year, being total comprehensive income		<u><u>28,060,410</u></u>	<u><u>81,342,498</u></u>

The accompanying notes form an integral part of the financial statements

**THE CONSUMER AFFAIRS COMMISSION
STATEMENT OF CHANGES IN RESERVES
YEAR ENDED MARCH 31, 2011**

	Retirement Reserve \$	Accumulated Surplus \$	Total \$
Balance at March 31, 2009	79,046,000	3,087,092	82,133,092
Net surplus, being total income for the year	-	81,342,498	81,342,498
Transfer to retirement benefit	76,550,000	(76,550,000)	-
Balance at March 31, 2010	155,596,000	7,879,590	163,475,590
Net surplus, being total income for the		28,060,410	28,060,410
Transfer to retirement benefit	24,519,000	(24,519,000)	-
Balance at March 31, 2011	180,115,000	11,421,000	191,536,000

The accompanying notes form an integral part of the financial statements

**THE CONSUMER AFFAIRS COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2011**

	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net surplus	28,060,410	81,342,498
Adjustments for items not affecting cash resources:		
Depreciation	1,558,948	1,392,391
Retirement benefit assets	<u>(24,519,000)</u>	<u>(76,550,000)</u>
	5,100,358	6,184,889
(Increase) / decrease in operating assets:		
Receivables and prepayments	<u>(483,016)</u>	(165,994)
Increase / (decrease) in operating liabilities:		
Payables and accruals	<u>650,514</u>	1,196,748
Net cash provided by operating activities	<u>5,267,856</u>	<u>7,215,643</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	<u>(1,303,930)</u>	<u>(2,873,376)</u> *
Net cash used in investing activities	<u>(1,303,930)</u>	<u>(2,873,376)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Note payable	<u>(1,317,508)</u>	<u>(1,212,803)</u> *
Net cash used in financing activities	<u>(1,317,508)</u>	<u>(1,212,803)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,646,418	3,129,464
CASH AND CASH EQUIVALENTS - Beginning of the year	<u>3,921,210</u>	<u>791,746</u>
CASH AND CASH EQUIVALENTS - End of the year	<u>6,567,628</u>	<u>3,921,210</u>
REPRESENTED BY:		
Cash and cash equivalents	<u>6,567,628</u>	<u>3,921,210</u>

*-Restated, See note 16

The accompanying notes form an integral part of the financial statements

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

1. IDENTIFICATION

The Consumer Affairs Commission (the "Commission") was established under the Trade Act 1955 as amended by Act 22 of 1970 and acts as chief protagonist to ensure the fundamental rights of the consumer with respect to prices and trade practices.

The Commission is domiciled in Jamaica, with its registered office at 2 Seaview Ave, Kingston 6.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

The Commission's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Jamaican Companies Act (the "Act").

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars.

(b) Changes in accounting standards and interpretations:

i) Current year changes:

Certain new or amended International Financial Reporting Standards and Interpretations became effective in the current year.

The revisions, amendments and new standards and interpretations that became effective during the year but are not considered relevant to the Commission's operations are:

- *IFRS 1 'First-time Adoption – Revision'*. Relating to oil and gas assets – Revised July 2009 - Effective for periods commencing on or after 1 January 2010
- *IFRS 2 'Share-based Payment – Amendment'*. Relating to group cash-settled transactions - Issued in June 2009 - Effective for periods commencing on or after 1 January 2010
- *IFRS 5 'Non-current Assets Held for Sale and Discontinued'*
Revised April 2009 - Effective for periods commencing on or after 1 January 2010.
- *IFRS 8 'Operating Segments - Revision'*,
Revised April 2009 - Effective for periods commencing on or after 1 January 2010.

Additionally, in April 2009, the IASB issued "Improvements to IFRSs", as part of its annual improvements project, and a vehicle for making non-urgent but necessary amendments to various IFRSs. These amendments primarily become effective for annual periods beginning on or after 1 January 2010. Management has concluded that these amendments will not have a significant impact on the Commission's operations or financial position.

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Changes in accounting standards and interpretations (Cont'd):

i) Future Changes

The Commission has identified the following revised or new International Financial Reporting Standards or Interpretations which have been issued but are not yet effective, and which have not been adopted early. Those that are not considered relevant to the Commission's operations are:

- *IFRS 1 'First-time Adoption of International Financial Reporting Standards -*
- *IFRS 3 'Business Combinations -*
- *IFRS 10 'Consolidated Financial*
- *IFRS 11 'Joint Arrangements'*
- *IFRS 12 'Disclosure of Interests in Other Entities'*
- *IFRS 13 'Fair Value*
- *IAS 27 'Consolidated and Separate Financial Statements - Amendments'*
- *IAS 28 'Investments in Associates -*
- *IAS 34 'Interim Financial Reporting – Amendment' issued in*
- *IFRIC 13 'Customer Loyalty Programmes'*
- *IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'*

Those which may be relevant to the Commission's operations are as follows:

- *IFRS 7 'Financial Instruments: Disclosures - Revised standard', issued in May 2010 Effective for periods commencing on or after 1 January 2011*
- *IFRS 9 'Financial Instruments Classification and Measurement', issued in November, 2009*
- *IAS 1 (Revised), Presentation of Financial Statements, issued May 2010 Effective for periods commencing on or after 1 January 2011*
- *IAS 19 'Employee Benefits - Amendments' Effective for periods commencing on or after 1 January 2013*
- *IAS 32 'Financial Instruments: Presentation – Amendment', issued in October 2009*
- *IAS 24 'Related Party Disclosures, Revised; Effective for periods commencing on or after 1 January 2011.*
- *IFRIC 14 IAS 19' - The Limit on a Defined Benefit Asset' Effective for periods commencing on or after 1 January 2011*

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS and the Act requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from these estimates.

The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

(i) Critical judgements in applying the Commission's accounting policies:

Critical judgements used in applying the Commission's accounting policies that have a significant risk of material adjustment in the next financial year relate to the estimated useful lives and residual values of property, plant and equipment and pension and other post-employment benefits.

The residual values and the useful life of each asset are renewed at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset's expected utility to the Commission.

(ii) Key sources of estimation uncertainty:

Pension and other post-employment benefits:

The amounts recognized in the statement of financial position and statement of comprehensive income for post-employment benefits, are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognized include expected long-term return on plan assets, and the discount rate used to determine the present value of estimated future cash flows required to settle the pension

The expected return on plan assets assumed considers the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Commission's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

All property, plant and equipment held for administrative purposes, are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Commission and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income incurred.

Depreciation is calculated on the straight line basis over the estimated useful lives of such assets. The rates of depreciation in use are:

Leasehold improvements	2.5%
Computer	10%
Furniture, fixtures and equipment	10%

(b) Accounts payable

Accounts payable is stated at amortized cost.

(c) Cash and cash equivalents

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to statement of comprehensive income on a straight-line basis over the terms of the relevant lease.

(e) Revenue recognition

Revenue is recognized as it accrues unless collectability is in doubt.

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Impairment

At each reporting date, the Commission 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 Commission estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

When an impairment loss subsequently reverses, 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 recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

(b) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial assets and liabilities are recognized on the Commission's statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments issued by the Commission are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Commission after deducting all of its liabilities.

Financial assets include cash and bank deposits, accounts receivable, long-term receivables and other current assets except inventories and any prepayments.

Financial liabilities include current liabilities except accruals and income tax payable. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

The fair values of the financial instruments are discussed in Note 17.

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Employee benefits

Employee benefits are all forms of consideration given by the Commission in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, vacation leave, non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner:

- Short-term employee benefits are recognized as a liability, net of payments made, and charged to expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

(b) Retirement benefits

The Commission operates a defined benefit pension plan, the assets of which are generally held in separate trustee-administered funds. A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between present value of the defined benefit obligation at the reporting date and the fair value of plan assets, adjusted for unrecognized actuarial gains and losses and past service cost.

Where a pension asset arises, the amount recognized is limited to the net total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Method. Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of the employees. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

A portion of actuarial gains and losses is recognized in arriving at the statement of comprehensive income, if the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded 10% of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognized in arriving at profit or loss over the average remaining service lives of the participating employees.

THE CONSUMER AFFAIRS COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

4. REVENUES

Revenues represent grants from the Government of Jamaica on a monthly basis based on yearly budget allocation and arising needs of the Commission.

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold Improvement</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Computers</u>	<u>Total</u>
At Cost/Valuation:				
Beginning of year	1,691,250	12,229,874 *	5,626,901	19,548,025 *
Additions	-	1,111,630	192,300	1,303,930
End of year	<u>1,691,250</u>	<u>13,341,504</u>	<u>5,819,201</u>	<u>20,851,955</u>
Accumulated Depreciation:				
Beginning of year	323,795	4,076,550	2,366,618	6,766,963
Charge for year	42,281	1,062,088	454,579	1,558,948
End of year	<u>366,076</u>	<u>5,138,638</u>	<u>2,821,197</u>	<u>8,325,911</u>
Net Book Value:				
End of year	<u>1,325,174</u>	<u>8,202,866</u>	<u>2,998,004</u>	<u>12,526,044</u>
End of prior year	<u>1,367,455</u>	<u>8,153,324 *</u>	<u>3,260,283</u>	<u>12,781,062 *</u>

See Note 16 for details of restatements to furniture, fixtures and equipment.

THE CONSUMER AFFAIRS COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

6. EMPLOYEE BENEFIT ASSETS

The Commission operates a defined benefit pension scheme which is open to 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 benefits. Normal retirement pension is based on 2% of the final pensionable salary per year of pensionable service.

The disclosures below are based on the independent actuarial valuation at March 31, 2011.

The amounts recognized in the statement of financial position as assets were determined as follows:

	2011	2010
	\$	\$
Present value of the obligation	(74,880,000)	(63,227,000)
Fair value of planned assets	287,662,000	271,974,000
Fund status	212,782,000	208,747,000
Unrecognized actuarial gains	(32,936,000)	(47,799,000)
Unrecognized past service cost	269,000	535,000
Unrecognized asset due to limited in IAS 19.58(b)	-	(5,887,000)
	<u>180,115,000</u>	<u>155,596,000</u>

The amounts recognized in arriving at income were determined as follows:

	2011	2010
	\$	\$
Current service cost	(3,898,000)	(2,539,000)
Interest cost	(7,651,000)	(6,969,000)
Expected return on assets	28,424,000	32,017,000
Net actuarial gain recognized during the year	1,874,000	1,200,000
Change in disallowed asset	5,887,000	52,972,000
Past service cost	(266,000)	(266,000)
	<u>24,370,000</u>	<u>76,415,000</u>

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

6. EMPLOYEE BENEFIT ASSETS (CONT'D)

The movement in net assets in the current year were as follows:

	2011 \$	2010 \$
Net assets at start of year	155,596,000	79,046,000
Net income recognized in statement of comprehensive income	24,370,000	76,415,000
Contributions paid by the Commission	149,000	135,000
	<u>180,115,000</u>	<u>155,596,000</u>

The principal actuarial assumptions used were as follows:

	2011 %	2010 %
Discount rate	10.5	11.5
Rate of escalation of pensionable earnings	7.5	8.5
Rate of increase in pension	5	5
Expected long term rate of return on scheme assets	9.5	10.5

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

7. RECEIVABLES AND PREPAYMENTS

	2011 \$	2010 \$
Staff receivables	496,649	201,576
Withholding tax recoverable	198,780	198,780
Reimbursable from:		
The CARICOM Single Market and Economy	360,611	100,065
Other receivables	494,717	509,757
Prepayments	-	57,562
	<u>1,550,757</u>	<u>1,067,740</u>

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of financial position and statement of cash flows comprise the following:

	2011 \$	2010 \$
Petty cash	3,000	3,000
Local currency accounts	6,564,628	3,918,210
	<u>6,567,628</u>	<u>3,921,210</u>

THE CONSUMER AFFAIRS COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

NOTE PAYABLE

	2011	2010
	\$	\$
Mossel Jamaica Limited (Digicel)	<u>259,042</u>	<u>1,576,550*</u>

* - Restated

This represents the amount due to Mossel Jamaica Limited (“Digicel”) for the purchase of a PBX system. Management has represented that the loan is interest free. The loan is due to be fully repaid in June 2011.

PAYABLES AND ACCRUALS

	2011	2010
	\$	\$
Accounts payable	1,566,386	2,712,083
Other payables and accruals	7,398,001	5,601,789
	<u>8,964,387</u>	<u>8,313,872</u>

ADMINISTRATIVE AND GENERAL EXPENSES

	\$	\$
Salaries and wages	40,782,524	39,000,380
Temporary and casual wages	2,763,998	3,858,176
Mileage allowances	4,338,035	6,118,625
Statutory contributions	2,811,803	2,505,050
Motor vehicle allowance	9,758,878	9,659,419
Staff welfare	289,640	566,115
Travelling and subsistence	573,598	588,813
Rental:		
Equipment	101,541	329,929
Buildings	7,379,913	7,374,209
Electricity	2,643,387	1,780,426
Telephone	3,548,170	2,873,668
Water	98,970	85,330
Repairs and maintenance	1,635,578	1,881,998
Medical supplies	43,050	46,984
Meals and entertainment	710,221	845,515
Wireless, cable and postage	287,222	164,581
Directors’ fees	1,109,495	1,266,540
Professional fees	634,250	541,883
Insurance	361,349	208,682
Grants and contribution	1,030,000	1,080,000
Staff training	372,166	162,076
Printing and stationery	2,253,470	2,076,725
Audit fee	352,300	613,600
Advertising and promotion	7,412,426	21,423,772
Subscription and membership fees	520,794	489,224
Exhibition, conference and seminars	1,134,457	1,280,548
Under provision of payroll tax liability	685,895	-
General office expenses	270,989	584,489
Security	4,528,270	4,589,053
	<u>98,432,389</u>	<u>111,995,810</u>

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**THE CONSUMER AFFAIRS COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

12. FINANCE AND POLICY COSTS

	2011 \$	2010 \$
Bank charges	90,657	93,000
Depreciation	1,558,948	1,392,391
	<u>1,649,605</u>	<u>1,485,391</u>

13. SOURCE AND USES OF FUNDS

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

	Budget \$	Actual \$	Variance Favourable/ (Unfavourable) \$
Income:			
Grant - general	109,774,000	103,724,035	(6,049,965)
Other	-	48,369	48,369
	<u>109,774,000</u>	<u>103,772,404</u>	<u>(6,001,596)</u>
Expenditure:			
Personal emoluments	51,637,000	45,925,497	5,711,503
Travelling and subsistence	16,218,000	14,670,512	1,547,488
Other operating and general expense	28,253,000	25,815,545	2,437,455
Rent	6,679,000	7,379,913	(700,913)
Public utilities	3,437,000	6,290,527	(2,853,527)
	<u>106,224,000</u>	<u>100,081,994</u>	<u>6,142,006</u>
Operating surplus	3,550,000	3,690,410	140,410
Capital:			
Purchase of fixed assets	(3,550,000)	(1,303,930)	2,246,070
TOTAL	<u>-</u>	<u>2,386,480</u>	<u>2,386,480</u>

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

14. STAFF COSTS

The number of employees at the end of the year was as follows:

	2011	2010
Permanent	<u>31</u>	<u>29</u>

The aggregate payroll costs for these persons were as follows:

	2011	2010
	<u>\$</u>	<u>\$</u>
Salaries and other related costs	57,643,435	58,636,600
Statutory payroll contributions	2,811,803	2,505,050
	<u>60,455,238</u>	<u>61,141,650</u>

15. RELATED PARTIES

The Commission's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	2011	2010
	<u>\$</u>	<u>\$</u>
Transactions with key management personnel:		
Chief Executive Officer	3,983,959	3,951,099
Finance and Administration Manager	2,628,993	2,628,993
	<u>6,612,952</u>	<u>6,580,092</u>

16. PRIOR PERIOD ADJUSTMENTS

The Commission's audited financial statements as at March 31, 2010 reflects the cost of a PBX system, acquired in the year 2009 under a three (3) year payment plan, as the total of payments made to that date (being \$1.7 million). For the previous years ended 2009 and 2010, depreciation was charged on the amounts recognized, (being \$0.5 million and \$1.7 million, respectively).

In accordance with IAS 16, *Property, Plant and Equipment*, the acquisition cost of \$3.2 million should have been recognized on acquisition in the year ended 2009. As it is management's representation that the amount represents an interest free loan; all payments to-date should have been reflected as principal repayments under the three (3) year loan arrangement.

Accordingly, the financial statements as at and for the year ended March 31, 2010 have been restated to accurately reflect the acquisition cost and note payable balance as at that date.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

16. PRIOR PERIOD ADJUSTMENTS (CONT'D)

A summary of the effects of the re-statements on the financial statements as at March 31, 2010 are as follows:

	As previously Reported	Re-statements	Re-stated March 31, 2010
Property, plant and equipment	17,971,475	1,576,550	19,548,025
Notes Payable	-	1,576,550	1,576,550

17. FINANCIAL INSTRUMENTS

(a) Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Commission. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at reporting date.

Generally, considerable judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Commission would realize in a current market exchange.

The methods and assumptions have been used are as follows:

The amounts included in the financial statements for cash and bank deposits, receivable and payables reflect the approximate fair values because of short-term maturity of these instruments.

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

17. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

The Commission's directors, together with senior management have overall responsibility for the establishment and oversight of the entity's risk management framework.

The Commission's risk management policies are established to identify and analyze the risks faced by the entity in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Commission's principal financial assets are cash and bank deposits; and receivables and prepayments.

Cash and cash equivalents

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit rating.

At reporting date, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

	2011	2010
	\$	\$
Cash and cash equivalents	<u>6,567,628</u>	<u>3,921,210</u>

(ii) Liquidity risk

Liquidity risk is the risk that the Commission will not meet its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Commission.

**THE CONSUMER AFFAIRS COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

17. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd):

(ii) Liquidity risk (Cont'd)

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Less than 1 year
March 31, 2011:			
Accounts payable	<u>8,964,387</u>	<u>8,964,387</u>	<u>8,964,387</u>
March 31, 2010:			
Accounts payable	<u>8,313,872</u>	<u>8,313,872</u>	<u>8,313,872</u>

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Commission's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Commission materially contracts financial liabilities at fixed interest rates for the duration of the term. When utilized, bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. At March 31, 2011 and 2010, there were no financial liabilities subject to variable interest rate risk

Interest-bearing financial assets comprises of bank deposits, which have been contracted at fixed interest rates for the duration of their terms.

Fair value sensitivity analysis for fixed rate instruments

The Commission does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect surplus or deficit.

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