

FINANCIAL REPORT

2003





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AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF
SOCIAL SECURITY BOARD**

I have audited the accompanying balance sheets of Social Security Board as of December 31, 2003 and 2002 and the related combined statements of income and expenditures, changes in reserves and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with International Standards on Auditing. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Social Security Board as of December 31, 2003 and 2002 and of the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Belize City, Belize
April 30, 2004



BALANCE SHEETS

for the years ended December 31, 2003 and 2002

SOCIAL SECURITY BOARD

BALANCE SHEETS

December 31, 2003 and 2002

	2003	2002
ASSETS		
Current assets:		
Cash and bank	\$ 4,846,818	\$ 7,200,855
Short-term investments (Note 4)	15,972,642	9,733,382
Investment income receivable (Note 5)	2,726,504	5,287,401
Accounts receivable and prepayments (Note 6)	5,251,457	6,447,680
Advances to employees	948,941	843,695
	-----	-----
Total current assets	29,746,362	29,512,813
Fixed assets, net (Notes 2a and 3)	21,054,720	17,394,635
Investments in associates (Note 7)	76,744,312	70,826,601
Long-term investments (Notes 2g and 8)	149,448,723	150,283,290
	-----	-----
Total assets	\$276,994,117	\$267,717,339
	-----	-----
LIABILITIES AND RESERVES		
Current liabilities:		
Accounts payable & accruals (Note 9)	\$ 4,312,890	\$ 5,913,697
	-----	-----
Total current liabilities	4,312,890	5,913,697
Deferred income (Note 2i)	21,204,532	23,417,316
	-----	-----
Commitments and contingencies (Note 14)	-	-
	-----	-----
Reserves:		
Short-term benefits branch	21,789,770	28,429,374
Long-term benefits branch	179,055,731	164,835,184
Employment injury benefits branch	40,469,427	35,338,317
Disablement & death benefits reserves	10,332,776	9,952,004
Social development account	(171,009)	(168,553)
	-----	-----
	251,476,695	238,386,326
	-----	-----
Total liabilities and reserves	\$276,994,117	\$267,717,339
	-----	-----



 Chairman



 Director

The accompanying notes are an integral part of the financial statements.

COMBINED STATEMENTS OF INCOME AND EXPENDITURES
for the years ended December 31, 2003 and 2002



	2003	2002
INCOME		
Contributions:		
Employers and employed persons	<u>\$40,977,522</u>	<u>\$35,120,091</u>
Total contributions	<u>40,977,522</u>	<u>35,120,091</u>
Other income:		
Net investment income (Note 10)	15,014,049	17,650,570
Other income (Note 14)	<u>986,452</u>	<u>671,611</u>
Total other income	<u>16,000,501</u>	<u>18,322,181</u>
Total income	<u>56,978,023</u>	<u>53,442,272</u>
EXPENDITURES		
Benefits:		
Short-term benefits branch	7,053,012	5,973,956
Long-term benefits branch	11,606,977	9,667,389
Employment injury benefits branch	3,651,133	4,107,649
Disablement and death benefits reserve	1,635,163	1,560,239
National health insurance benefits	<u>4,640,865</u>	<u>5,965,858</u>
Total benefits	<u>28,587,150</u>	<u>27,275,091</u>
Operating Expenses:		
Administration (Note 11)	13,082,022	11,813,059
Establishment (Note 13)	687,424	660,849
Financial	<u>11,194</u>	<u>25,972</u>
Total operating expenses	<u>13,780,640</u>	<u>12,499,880</u>
Total expenditures	<u>42,367,790</u>	<u>39,774,971</u>
Excess of income over expenditures	<u>\$14,610,233</u>	<u>\$13,667,301</u>

The accompanying notes are an integral part of the financial statements.



STATEMENT OF CHANGES IN RESERVES for the years ended December 31, 2003 and 2002

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	2003	2003	2003	2003	2003	2003
	Short-Term Benefits Reserve	Long-Term Benefits Reserve	Employment Injury Benefits Reserve	Disablement and Death Benefits Reserve	Social Development Assistance Account	Total
Balance at January 1, 2003	\$28,429,374	\$164,835,184	\$35,338,317	\$9,952,004	\$(168,553)	\$238,386,326
Transfers to Social Development Account & Assistance Fund	(816,752)	-	-	-	816,752	-
Social Development Account and Assistance Fund Expenditures	-	-	-	-	(819,208)	(819,208)
Conjunctivitis epidemic expenditures	(700,656)	-	-	-	-	(700,656)
Excess (expenditures over income) income over expenditures	(5,122,196)	14,220,547	5,131,110	380,772	-	14,610,233
Balance at December 31, 2003	<u>\$21,789,770</u>	<u>\$179,055,731</u>	<u>\$40,469,427</u>	<u>\$10,332,776</u>	<u>\$(171,009)</u>	<u>\$251,476,695</u>
	2002	2002	2002	2002	2002	2002
	Short-Term Benefits Reserve	Long-Term Benefits Reserve	Employment Injury Benefits Reserve	Disablement and Death Benefits Reserve	Social Development Assistance Account	Total
Balance at January 1, 2002	\$34,143,241	\$150,605,713	\$31,927,263	\$8,998,025	\$(143,608)	\$225,530,634
Transfers to Social Development Account & Assistance Fund	(786,664)	-	-	-	786,664	-
Social Development Account and Assistance Fund Expenditures	-	-	-	-	(811,609)	(811,609)
Excess of income over expenditures		(4,927,203)	14,229,471	3,411,054	953,979	13,667,301
Balance at December 31, 2002	<u>\$28,429,374</u>	<u>164,835,184</u>	<u>\$35,338,317</u>	<u>\$9,952,004</u>	<u>\$(168,553)</u>	<u>\$238,386,326</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
for the years ended December 31, 2003 and 2002



	2003	2002
Cash flows from operating activities:		
Excess of income over expenditures	<u>\$14,610,233</u>	<u>\$13,667,301</u>
Adjustments to reconcile excess of income over expenditures to net cash provided by operating activities:		
Depreciation	1,566,908	1,313,408
Income from associates	(6,578,649)	(9,729,499)
Amortization of deferred income	(2,212,784)	(2,212,783)
Changes in current assets and liabilities		
Decrease (increase) in investment income receivable	2,560,897	(1,867,550)
Decrease (increase) in accounts receivable and prepayments	1,196,223	(629,419)
(Increase) decrease in employees' advances	(105,446)	973,481
(Decrease) increase in accounts payable and accruals	<u>(1,600,807)</u>	<u>910,497</u>
Total adjustments	<u>(5,173,658)</u>	<u>(11,241,865)</u>
Net cash provided by operating activities	<u>9,436,575</u>	<u>2,425,436</u>
Cash flows from investing activities:		
(Increase) decrease in investments	(5,404,693)	253,199
Dividends received	360,938	3,596,614
Net additions to fixed assets	<u>(5,226,993)</u>	<u>(2,417,373)</u>
Net cash (used in) provided by investing activities	<u>(10,270,748)</u>	<u>1,432,440</u>
Cash flows from financing activities:		
Social Development Fund disbursements	(819,208)	(811,609)
Conjunctivitis epidemic expenditures	<u>(700,656)</u>	<u>-</u>
Net cash (used in) financing activities	<u>(1,519,864)</u>	<u>(811,609)</u>
Net (decrease) increase in cash and bank	(2,354,037)	3,046,267
Cash and bank, beginning of year	<u>7,200,855</u>	<u>4,154,588</u>
Cash and bank, end of year	<u>\$ 4,846,818</u>	<u>\$ 7,200,855</u>
	=====	=====

The accompanying notes are an integral part of the financial statements



1. ORGANIZATION

Social Security Board (Board) is a statutory body which came into existence with the enactment of the Social Security Act, Chapter 44, Laws of Belize 1980. Social Security was established to provide various financial benefits to insured persons residing in Belize. Funding of these benefits is provided through contributions from employers and employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in Belize dollars and have been prepared in accordance with International Financial Reporting Standards and the requirements of the Financial and Accounting Regulations, 1980 of the Social Security Act.

a. Fixed assets

Fixed assets are recorded at cost and, other than land, are depreciated using the straight line method based over the estimated useful life of the assets as follows:

Buildings	40 years
Furniture, fixtures and equipment	10 years
Computers and accessories	5 years
Motor vehicles	4 years

Repairs and maintenance are charged against income. Improvements, which extend the useful life of the assets, are capitalized. When fixed assets are disposed of by sale or are scrapped the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income.

b. Foreign currencies

Transactions in foreign currency during the year have been converted into Belize dollars at the rates prevailing on the date of the transaction. Foreign currency balances outstanding at year-end have been converted to Belize dollars at the rate of exchange prevailing at the end of the year. Any gains or losses are recorded in income.

c. Income recognition

(i) Contributions are recorded on the cash basis. Accordingly, the Board does not accrue for contributions at December 31, which have not been collected.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

c. Income recognition

(ii) Investment income is accounted for on the accrual basis, except for dividends, which are recognized on the cash basis, and income from associates which is accounted for on the equity method.

d. Basis of apportionment of income

(i) Contributions -

Section 14(1) of the Financial and Accounting Regulations, 1980 provides that all contributions shall be distributed among the Benefits Branches in the following proportions:

(1) Short-Term Benefits Branch	18.75%
(2) Long-Term Benefits Branch	56.25%
(3) Employment Injury Benefits Branch	25.00%

(ii) Other income -

(1) Section 14(2) of the Financial and Accounting Regulation, 1980 provides that income from investment of the Reserves is allocated to each branch on the basis of their respective reserves at the end of the previous financial year.

(2) Section 14(3) of the Financial and Accounting Regulations, 1980 provides that all other income to the fund which cannot be identified with any specific branch shall be distributed among the three benefit branches in equal parts.

e. Disablement and death benefit reserves

The Disablement and Death Benefits Reserve is made up as provided by Section 16(3) of the Financial and Accounting Regulations, 1980 by transferring thereto at the end of each financial year the balance outstanding in the current account after the actuarial present value of the periodically payable disablement and death benefits awarded in that year have been charged against income for that year in the Income and Expenditure Account of the Employment Injury Benefit Branch and credited to a current account, which is also credited with the income from the investment of the said reserve, and debited with actual payment of the current periodical disablement and death benefit effected during that year.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

f. Basis of apportionment of expenditure

(i) Section 15(1) of the Financial and Accounting Regulation, 1980 states that the expenditures of each benefit branch shall be ascribed to that Branch under which the benefit is grouped, namely: Short-Term Benefits Branch, Long-Term Benefits Branch and Employment Injury Benefits Branch.

(ii) Section 15(2) of these regulations states that the administrative expenditures of the Fund shall be distributed among the three benefit branches in such a manner that the proportion allocated to a particular branch shall be equal to the proportion which the sum of the contribution income and benefit expenditure shown in the Income and Expenditure Account of that branch bears to the sum of the contribution income and benefit expenditure of the Fund as a whole. Administrative expenses are taken to mean all expenses properly incurred in the Administration of the Scheme.

All other expenditures that are not attributable to any specific branch are distributed among the three benefit branches in equal parts.

g. Investments

Short-term investments are stated at the lower of cost or market value. Long-term investments are stated at cost less any permanent diminution in investment value.

h. Pension Fund

The Board, as of January 1, 1991, operates and administers a pension scheme. The scheme, which is a defined benefits plan, is funded by contributions from the Board in amounts recommended by the actuaries, and from employees at the rate of 2.8% of annual pensionable salaries. The Board's contribution are charged against income in the year they become payable.

i. Securitization

The Board sold portions of the flows from its mortgage investment portfolio. The financial instrument associated with these flows is carried in the financial statements as "restricted mortgages (Note 8)" and are stated at cost less impairment losses. Income derived from these transactions are treated as deferred income and amortized over the term of each agreement-governing disposal of mortgage flows. Where losses are sustained as a result of servicing mortgage portfolios under the securitization programme, such losses are charged directly to income.

NOTES TO FINANCIAL STATEMENTS
for the years ended December 31, 2003 and 2002



3. FIXED ASSETS

	2003	2002
Fixed assets consist of:		
Land	\$ 2,180,588	\$ 2,168,588
Buildings	14,267,687	11,936,039
Furniture & fixtures	2,191,562	1,743,506
Office equipment	1,569,591	1,109,514
Computers and accessories	6,878,438	5,714,143
Motor vehicles	176,269	87,048
Library	52,360	47,826
	27,316,495	22,806,664
Less accumulated depreciation	8,148,311	6,597,870
	19,168,184	16,208,794
Work-in-progress	1,886,536	1,185,841
	\$21,054,720	\$17,394,635
	=====	=====

4. SHORT-TERM INVESTMENTS

Short-term investments consist of:

	2003	2002
Term deposits	\$11,785,874	\$5,298,402
Private sector crop loan	4,186,768	4,434,980
	\$15,972,642	\$9,733,382
	=====	=====

5. INVESTMENT INCOME RECEIVABLE

	2003	2002
Investment income receivable consist of:		
Loan and mortgage portfolios	\$2,302,616	\$4,905,259
Certificate of deposits	403,764	382,142
Savings account	20,124	-
	\$2,726,504	\$5,287,401
	=====	=====



NOTES TO FINANCIAL STATEMENTS
for the years ended December 31, 2003 and 2002

6. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2003	2002
Accounts receivable and prepayments consist of:		
Accounts receivable	\$ 447,163	\$ 712,748
Previous staff balances	98,502	15,347
Prepayments and other assets	1,837,836	1,943,899
Government of Belize	-	3,775,686
GOB social security contributions	848,602	-
St. James National		
Building Society (Note 14)	1,796,778	-
Alliance Bank of Belize Limited	222,576	-
	<hr/>	<hr/>
	\$5,251,457	\$6,447,680
	=====	=====

GOB social security contribution deposited January 2, 2004.

7. INVESTMENTS IN ASSOCIATES

	2003	2002
Investment in associates consist of:		
Belize Telecommunication Limited, 25.66% ownership	\$51,149,006	\$48,278,766
Belize Electricity Limited, 26.34% ownership	25,595,306	22,247,835
	<hr/>	<hr/>
	\$76,744,312	\$70,526,601
	=====	=====

Income from investments in the above associates for fiscal 2003 and 2002 amounted to \$6,578,679 and \$9,729,499 respectively.

8. LONG-TERM INVESTMENTS

	2003	2002
Long-term investments consist of:		
Term deposits	\$ 2,500,000	\$ 8,000,000
Shares	10,832,490	10,832,490
Private sector loans	59,552,601	58,153,269
Mortgages	41,821,236	39,330,379
Restricted mortgages (Note 2 (i))	24,590,259	27,356,564
Real estate	10,152,137	6,610,588
	<hr/>	<hr/>
	\$149,448,723	\$150,283,290
	=====	=====



8. LONG-TERM INVESTMENTS, continued

Non-performing investments at December 31, 2003 amounted to 5.61% of total long-term investments (December 31, 2002 4.65%).

Under the Board's mortgage securitization programme, interest earned on restricted mortgages does not accrue to the Board.

9. ACCOUNTS PAYABLE AND ACCRUALS

	2003	2002
Accounts payable and accruals consist of:		
Government of Belize	\$ -	\$ 700,000
Mortgage securitization programme	3,172,760	4,587,085
Benefits payable	483,820	300,718
Accrued expenses	304,272	214,915
Social Security Board Pension Scheme	26,032	95,618
Others	326,006	15,361
	\$4,312,890	\$5,913,697
	=====	=====

10. INVESTMENT INCOME

Net investment income consist of:

	2003	2002
Investment income from long and short-term investments, net	\$ 9,891,872	\$ 9,462,118
Income from associates (Note 7)	6,578,649	9,729,499
Mortgage securitization programme (Note 2i)	(553,522)	(942,130)
Investment expenses	(902,950)	(598,917)
	\$15,014,049	\$17,650,570
	=====	=====

Investment expenses includes commissions, fees and other direct costs of operating the mortgage unit.



NOTES TO FINANCIAL STATEMENTS
for the years ended December 31, 2003 and 2002

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11. ADMINISTRATION EXPENSES

	2003	2002
Administration expenses consist of:		
Salaries	\$ 6,379,684	\$ 5,448,809
Depreciation	1,302,466	1,070,459
Transfer and other allowances	852,052	773,022
Security	519,580	511,623
Telephones and cables	582,082	496,538
Traveling and subsistence	525,481	419,801
Publicity and promotion	479,287	359,392
Legal and professional fees	470,299	494,533
Premises repairs and maintenance	212,655	311,592
Printing, stationery and supplies	323,134	297,559
Medical and group health insurance	180,436	209,282
Insurance	65,145	55,757
Registration expenses	51,130	166,551
Training	104,516	166,208
Social security contributions	226,972	163,804
Pension contribution and expenses	190,882	151,475
Board expenses	141,828	144,490
Cleaning and sanitation	107,937	131,813
Managers gratuity and allowances	56,429	58,546
Reform commission expenses	-	53,104
Overseas conferences	79,632	50,258
Audit fee	48,000	48,000
Self-employed program expenses	14,368	49,626
Motor vehicle expenses	44,949	49,624
Postage	35,532	41,268
Subscriptions	31,355	32,541
Investment committee expenses	12,861	25,811
Pension trust expenses	3,780	15,302
Sundries	7,763	7,901
Appeals Tribunal expenses	2,500	4,895
Recruitment	6,171	3,475
Non-contributory expenses	22,382	-
Loss on disposal of fixed assets	734	-
	<u>\$13,082,022</u>	<u>\$11,813,059</u>
	=====	=====



12. OTHER INCOME

	2003	2002
Other income consist of:		
Interest on late contributions	\$491,218	\$262,119
Interest on savings	241,154	76,388
Interest on staff advances	99,008	174,397
Rental income	64,500	96,065
Others	90,572	62,642
	\$986,452	\$671,611
	=====	=====

13. ESTABLISHMENT EXPENSES

	2003	2002
Establishment expenses consist of:		
Light, power and water	\$342,047	\$328,163
Depreciation	264,442	242,949
Rent	75,574	78,961
Property tax	5,361	10,776
	\$687,424	\$660,849
	=====	=====

14. COMMITMENTS AND CONTINGENCIES

Mortgage Securitization - Tranche A

On April 21, 1999, the Board entered into an agreement for the Assignment of Mortgages (Tranche A). The Board, the Development Finance Corporation (DFC), and the Government of Belize (GOB) signed the agreement with the Royal Merchant Bank and Finance Company of Trinidad and Tobago (RMB). Under the agreement, the Board assigned a total of \$18,906,359 worth of mortgages. The Board's commitment under this agreement is for \$293,640 monthly. Under the Administrative Agreement, the monthly commitment is paid to DFC, for further payment to RMB, and shall remain in force until April 30, 2013.



14. COMMITMENTS AND CONTINGENCIES, continued

Mortgage Securitization - Tranche B

On December 23, 1999, a second Assignment of Mortgages (Tranche B) agreement was signed between the Board, DFC and RMB. The total value of mortgages assigned by the Board in this transaction is \$15,473,754. The Board's commitment under this agreement is for \$175,200 monthly payable to DFC, for further payment to RMB, and shall remain in force until December 30, 2013.

Mortgage Securitization - Tranche C and D

On March 21, 2000 and August 30, 2000, a third (Tranche C) and fourth (Tranche D) agreement was signed between the Board, DFC and RMB. Under these two agreements, the mortgages assigned by the Board came from the SJNBS, and totalled \$27,731,240. Under these agreements, the SJNBS pays the Board a total of \$1,221,720 on a quarterly basis. The Board then pays that amount to DFC for further payment to RMB. As signatory to these agreements the Board is responsible to ensure collections from SJNBS, this responsibility remains in force until March 21, 2009 for Tranche C, and August 30, 2010 for Tranche D. At December 31, 2003, the Board advanced to DFC \$995,212 for SJNBS, under these agreements (Note 6). Under a default scenario the Board is responsible to effect payment to DFC.

Other Securitization

In January 2000, the Board entered into an agreement for the Assignment of Mortgages. The agreement is between the Board, the Saint James National Building Society (SJNBS), and the Provident Bank and Trust of Belize Limited (PBT). The amount of mortgages assigned is \$1,778,706 and originated from the SJNBS. Under this agreement, the Board is a facilitator of the process. Payments originate from SJNBS to the Board for further payment to PBT. In a default scenario by SJNBS, the Board is not responsible for payment.

North American Securitization

On April 1, 2002, the Board participated in an issue of Mortgage Loan Collateralized Bonds. Under this agreement, the Board sold a total of \$16,358,586 worth of its mortgages to the DFC. The Board also facilitated the sale of SJNBS mortgages amounting to \$17,500,000 to the DFC. The DFC sold those mortgages to the Belize Mortgage Company (BMC)



14. COMMITMENTS AND CONTINGENCIES, continued

North American Securitization

2002-1. The BMC issued mortgage Collateralized Bonds to investors in the North American Market. The bonds are collateralized by and payable from the assets of BMC, which include loans secured by mortgage on real property originated by the DFC (including the mortgages bought from the Board and facilitated mortgages from SJNBS). The Board continues to service the mortgages sold to DFC and is responsible for making monthly and quarterly payments on behalf of the Board's mortgages. The Board forwards payments received from SJNBS for facilitated SJNBS's mortgages to DFC. At December 31, 2003, the Board advanced to DFC \$801,566 for SJNBS facilitated mortgages, under this agreement (Note 6). Under a default scenario the Board is responsible to effect payment to DFC.

Under the issuance of Bonds, a pre-funding account, trustee reserve fund, insurance premium reserve fund account, debt service reserve fund account, and a liquidity reserve fund account were established. The Board participates in the reserves for a total of 12.5%, also the DFC has signed a promissory note in favor of the Board that at the end of ten years the residual value of the mortgages it sold to DFC and the remainder of the reserve fund will revert to the Board.

Guarantee

On May 5, 2003, the Board gave a guarantee on borrowings by the Citrus Products of Belize Limited (CPBL) amounting to US\$4,500,000 with a further consideration that CPBL may at any time request the Board to provide a similar guarantee not exceeding BZ\$6,000,000 and the Board shall give favorable consideration to every such request. In the event the Board is called upon to make good on any default of payment by the CPBL, the CPBL shall issue debentures to the Board, those debentures to carry the option for the Board to convert it to ordinary shares. A 1.5% fee is payable on an annual basis on the guaranteed amount.

15. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, investments in associates and equity investments and loans and other receivables. Financial liabilities have been determined to include accounts payable and accruals.



15. FINANCIAL INSTRUMENTS, continued

(a) Fair value

Fair value represents the estimate of the arm's length consideration that would currently be agreed between knowledgeable, willing parties who are under no obligation to act and is best evidenced by quoted market price, if one exists.

The carrying value of each class of financial instruments approximates its fair value.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. The Board manages this risk by monitoring interest-earning assets and procuring the most advantageous interest rates.

(c) Credit risk

The Board faces credit risk in respect of its cash and cash equivalents, loans and other receivables. However this risk is controlled by close monitoring of these assets by the Board. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable.

(d) Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The Board manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At December 31, 2003, current assets exceeded current liabilities by \$25,433,472 (2002 - \$23,599,116).



RECOMMENDATIONS

RECOMMENDATION ONE

The Government of Canada should ensure that the Social Security Administration (SSA) has the necessary resources and expertise to effectively manage the Social Security program. This includes ensuring that the SSA has sufficient staff, training, and information systems to support the program's operations. The Government should also ensure that the SSA is able to effectively coordinate with other government departments and agencies to ensure the program's overall effectiveness.

Management Response:
The SSA has taken steps to address the recommendations, including hiring additional staff and improving its information systems. The SSA will continue to work with other government departments to ensure the program's overall effectiveness.



STATEMENT OF INCOME AND EXPENDITURES SHORT-TERM BRANCH

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for the years ended December 31, 2003 and 2002

	2003	2002
INCOME		
Contributions:		
Employers and employed persons	\$ 8,198,920	\$ 7,515,700
Total contributions	<u>8,198,920</u>	<u>7,515,700</u>
Other income:		
Net investment income	1,786,672	2,665,236
Others	328,818	223,870
Total other income	<u>2,115,490</u>	<u>2,889,106</u>
Total income	<u>10,314,410</u>	<u>10,404,806</u>
EXPENDITURES		
Benefits:		
Maternity	2,095,264	1,956,040
Sickness	3,965,648	3,057,615
Maternity grants	992,100	960,301
National health insurance	4,640,865	5,965,858
Total benefits	<u>11,693,877</u>	<u>11,939,814</u>
Operating Expenses:		
Administration	2,954,025	2,701,645
Administration - NHI	555,832	461,609
Establishment	229,141	220,283
Financial	3,731	8,658
Total operating expenses	<u>3,742,729</u>	<u>3,392,195</u>
Total expenditures	<u>15,436,606</u>	<u>15,332,009</u>
Excess (expenditures over income) income over expenditures	<u><u>\$(5,122,196)</u></u>	<u><u>\$(4,927,203)</u></u>

STATEMENT OF INCOME AND EXPENDITURES LONG-TERM BRANCH



for the years ended December 31, 2003 and 2002

	2003	2002
INCOME		
Contributions:		
Employers and employed persons	<u>\$21,833,738</u>	<u>\$17,560,045</u>
Total contributions	<u>21,833,738</u>	<u>17,560,045</u>
Other income:		
Net investment income	10,374,707	11,790,581
Others	<u>328,817</u>	<u>223,870</u>
Total other income	<u>10,703,524</u>	<u>12,014,451</u>
Total income	<u>32,537,262</u>	<u>29,574,496</u>
EXPENDITURES		
Benefits:		
Retirement	6,470,831	6,030,219
Invalidity	1,025,637	1,016,049
Survivors	2,204,901	2,007,009
Funeral	660,051	614,112
Non-contributory pension	<u>1,245,557</u>	<u>-</u>
Total benefits	<u>11,606,977</u>	<u>9,667,389</u>
Operating Expenses:		
Administration	6,476,866	5,448,696
Establishment	229,141	220,283
Financial	<u>3,731</u>	<u>8,657</u>
Total operating expenses	<u>6,709,738</u>	<u>5,677,636</u>
Total expenditures	<u>18,316,715</u>	<u>15,345,025</u>
Excess of income over expenditures	<u>\$14,220,547</u> =====	<u>\$14,229,471</u> =====



STATEMENT OF INCOME AND EXPENDITURES EMPLOYMENT INJURY BENEFIT BRANCH

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for the years ended December 31, 2003 and 2002

	2003	2002
INCOME		
Contributions:		
Employers and employed persons	<u>\$10,944,864</u>	<u>\$10,044,346</u>
Total contributions	<u>10,944,864</u>	<u>10,044,346</u>
Other income:		
Net investment income	2,222,080	2,488,731
Others	328,817	223,871
Total other income	<u>2,550,897</u>	<u>2,712,602</u>
Total income	<u>13,495,761</u>	<u>12,756,948</u>
EXPENDITURES		
Benefits:		
Disablement grants	557,254	382,262
APV disablement benefits	852,314	804,885
APV death benefits	533,031	1,003,311
Employment injury	3,074,379	3,713,387
Funeral grants	19,500	12,000
Total benefits	<u>5,036,478</u>	<u>5,915,845</u>
Operating Expenses:		
Administration	3,095,299	3,201,109
Establishment	229,142	220,283
Financial	3,732	8,657
Total operating expenses	<u>3,328,173</u>	<u>3,430,049</u>
Total expenditures	<u>8,364,651</u>	<u>9,345,894</u>
Excess of income over expenditures	<u>\$ 5,131,110</u>	<u>\$ 3,411,054</u>

**STATEMENT OF INCOME AND EXPENDITURES
DISABLEMENT & DEATH BENEFITS RESERVE**



for the years ended December 31, 2003 and 2002

	2003	2002
INCOME		
Contributions:		
APV disablement benefits	\$ 852,314	\$ 804,885
APV death benefits	<u>533,031</u>	<u>1,003,311</u>
Total contributions	<u>1,385,345</u>	<u>1,808,196</u>
Net investment income	<u>630,590</u>	<u>706,022</u>
Total income	<u>2,015,935</u>	<u>2,514,218</u>
EXPENDITURES		
Benefits:		
Disablement pension	1,057,320	1,023,480
Death benefits	<u>577,843</u>	<u>536,759</u>
Total expenditures	<u>1,635,163</u>	<u>1,560,239</u>
Excess of income over expenditures	<u><u>\$ 380,772</u></u>	<u><u>\$ 953,979</u></u>



INVESTMENTS LISTING
for the years ended December 31, 2003 and 2002

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INVESTMENTS CONSIST OF:

	2003	2002
TERM DEPOSITS		
Alliance Bank Limited		
8.0% maturing January 12, 2004	\$ 534,466	\$ -
8.5% maturing March 1, 2004	3,578,766	3,298,402
8.5% maturing July 22, 2004	1,000,000	1,000,000
8.5% maturing August 24, 2004	2,000,000	2,000,000
8.5% maturing September 15, 2004	2,000,000	2,000,000
Scotiabank (Belize) Limited - restricted		
8.25% maturing February 9, 2004	2,172,642	2,000,000
Belize National Building Society		
8.5% maturing September 29, 2004	500,000	500,000
8.5% maturing January 9, 2005	500,000	500,000
8.5% maturing January 16, 2005	500,000	500,000
8.5% maturing March 26, 2005	1,500,000	1,500,000
	<hr/>	<hr/>
	14,285,874	13,298,402
INVESTMENTS IN ASSOCIATES		
Belize Telecommunication Limited		
9,459,518 "C" Ordinary Shares, BZ \$1 par value	51,149,006	48,278,766
Belize Electricity Limited		
7,619,702 Ordinary Shares, BZ \$2 par value	25,595,306	22,247,835
	<hr/>	<hr/>
	76,744,312	70,526,601
SHARES		
Belize Electric Company Limited		
400,000 Ordinary Shares, BZ \$1 par value	4,680,000	4,680,000

INVESTMENTS LISTING

for the years ended December 31, 2003 and 2002



INVESTMENTS, CONTINUED

	2003	2002
SHARES, continued		
Belize Water Services Limited 4,000,000 Shares, BZ \$1 par value	6,000,000	6,000,000
Atlantic Bank Limited 1,014 Shares, BZ \$100 par value	152,490	152,490
	10,832,490	10,832,490
PRIVATE SECTOR LOANS		
Development Finance Corporation 12-year loan at 8.5% interest	7,917,511	8,636,238
Mayaland Enterprises (Belize) Limited 12-year loan @ 12% interest	-	1,808,376
Belize Odyssey Limited 12-year loan @ 12% interest	1,656,689	1,372,134
St. James National Building Society Ltd 5-year loan @ 9.5% interest	865,630	944,105
Development Finance Corporation 10- year loan @ 9% interest	4,644,860	5,302,051
National Development Foundation of Belize, 15-year loan @ 8.5% interest	388,681	437,064
12-year loans @ 8% interest	2,511,470	2,325,436
Spanish Lookout Community 1-year loan @ 8.5% interest	-	471,555
Belize Offshore Services Limited 6-year loan @ 12% interest	27,635	40,536
Belize Elementary School 9-year loan @ 10% interest	549,420	574,383
Urbina Brothers 5 1/2-year loan @ 12% interest	6,477	30,000



INVESTMENTS LISTING

for the years ended December 31, 2003 and 2002

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INVESTMENTS, CONTINUED

	2003	2002
PRIVATE SECTOR LOANS, continued		
BRC Printing Limited		
15-year loan @ 10% interest	54,835	94,405
Universal Travel Service Limited		
5-year loan @ 13% interest	19,568	20,000
Banana Growers Association		
3-year loan @ 10% interest	5,369,462	7,543,684
Belize Airport Authority		
7-year loan @ 8% interest	295,694	474,353
Belize Airport Authority		
10-year loan @ 8.5% interest	2,414,355	2,751,160
DFC/CDB Counterpart		
12-year loan @ 9% interest	2,951,246	3,000,000
Citrus Growers Association		
crop loan @ 10% interest	4,186,768	4,434,980
Citrus Growers Association		
15-year loan @ 8.5% interest	1,700,000	1,700,000
Citrus Growers Association		
3-years loan @ 10% interest	3,220,329	3,762,909
Citrus Growers Association		
2-year loan @ 11% interest	79,100	91,775
Development Finance Corporation		
15-year students loan @ 8% interest	11,405,745	8,996,377
Development Finance Corporation		
15-year Yarborough loan @ 8.5% interest	523,708	556,207
Border Management Agency		
10-year loan @ 8.5% interest	2,426,401	2,267,579
Toledo Fish Farming Company Limited		
3-year loan @ 10% interest	1,951,692	1,951,692

INVESTMENTS LISTING
for the years ended December 31, 2003 and 2002



INVESTMENTS, CONTINUED

	2003	2002
PRIVATE SECTOR LOANS, continued		
Development Finance Corporation agriculture and industrial 10-year loan @ 8.5% interest	900,158	1,004,120
Belize Cane Farmers Association 3-year loan @ 8.5% interest	348,077	547,555
Belize Cane Farmers Association 5-year loan @ 8.5% interest	1,214,380	1,449,575
Development Finance Corporation 15-year loan @ 8.5% interest	2,500,000	-
Development Finance Corporation 20-year loan @ 8.5% interest	1,997,609	-
Fresh Catch Belize Limited 1-year loan @ 12% interest	1,380,000	-
CGA Workers Union 5-year loan @ 8.5% interest	231,869	-
	63,739,369	62,588,249
MORTGAGES AND HOUSING		
Development Finance Corporation 15-year housing loan @ 8% interest	2,083,333	2,541,667
15-year housing loan @ 9% interest	1,500,000	1,666,667
20-year mortgage loan @ 8% interest	1,022,975	1,166,329
20-year loan @ 6% interest	465,298	500,000
Freshpond Pond Mortgages 20-year loans @ 8% to 8.5% interest	1,435,501	1,701,255
Housing/RECONDEV Mortgages 10 to 20-year mortgages @ 8% to 12%	26,592,421	22,963,701
Recondev 10-year loan @ 8% interest	693,725	708,057



INVESTMENTS LISTING

for the years ended December 31, 2003 and 2002

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INVESTMENTS, CONTINUED

	2003	2002
MORTGAGE AND HOUSING, continued		
Civil Service Credit Union Limited		
20-year loan @ 9% interest	376,931	396,046
Civil Service Credit Union Limited		
10-year loan @ 8.5% interest	1,778,713	1,861,001
St. Martin's Credit Union		
10-years loan @ 8.5% interest	150,000	-
St. Martin's Credit Union Limited		
20-year loan @ 9% interest	391,959	410,040
St. Martin's Credit Union Limited		
12-year loan @ 8.5% interest	792,703	859,322
St. John's Credit Union Limited		
15-year loan @ 8.5% interest	2,543,777	2,679,776
10-year loan @ 8% interest	79,381	96,276
St. Francis Xavier Credit Union Limited		
10-year loan @ 8.5% interest	673,083	765,394
10-year loan @ 8.5% interest	743,039	829,706
Evangelical Credit Union Limited		
10-year loan @ 8.5% interest	67,308	76,539
Belize National Teachers Union		
20-year loans @ 10% interest	289,857	297,421
BNBS Assigned Mortgages		
20-year loans @ 10-12%	1,452,116	1,357,067
Housing Mortgages - BNBS:		
District and Secondary, 10 - 20 year loans @ 12%	5,274,701	5,789,576
Vista Del Mar Project:		
Secondary mortgages, 20 years @ 12%	4,251,090	4,992,573
Police housing loans, 20 years @ 12%	238,381	290,013
Belize Defense Force loans, 20 years @ 12%	249,544	253,409
Teachers' general loans, 20 years @ 12%	158,999	185,774

INVESTMENTS LISTING
for the years ended December 31, 2003 and 2002



INVESTMENT, CONTINUED	2003	2002
MORTGAGES AND HOUSING, continued		
St. James National Building Society Ltd assigned mortgages, 5-20 years @ 10-12% interest	5,007,830	5,810,190
P.S.U. Housing Scheme		
Middle income, 20-year loans @ 12% interest	3,746,919	4,066,009
Housing, 20-year loans @ 12% interest	1,028,955	1,095,551
Home improvement loans @ 12% interest	23,983	29,203
 Staff housing and other mortgage loans, 10-20 years @ 8% interest	 2,281,426	 2,318,092
 Previous staff housing loans 10-20 years @ 8% interest	 992,807	 955,549
 Cohune Walk Project	 24,740	 24,740
	<hr/>	<hr/>
	66,411,495	66,686,943
	<hr/>	<hr/>
REAL ESTATE		
Vista Del Mar Housing Project		
Remaining lots acquired from Vista Del Mar Development Company Ltd	1,124,318	1,232,259
San Pedro, Ambergris Caye		
Lots acquired from Sunset Cove Ltd	177,819	185,318
Dinger Enterprise Limited		
Bellevue & Cottage colony properties	3,650,000	3,993,011
Homeland Development Limited		
1,200 plots of land	1,200,000	1,200,000
San Pedro, Ambergris Caye		
1,000 acres land	4,000,000	-
	<hr/>	<hr/>
	10,152,137	6,610,588
	<hr/>	<hr/>
Total Investments	\$242,165,677	\$230,543,273
	=====	=====

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